



Nirlon Limited

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November 15, 2023

BSE Limited,

The Corporate Relationship Dept.

P.J. Towers,

Dalal Street,

Mumbai - 400 001.

Security Code: 500307

Dear Sir/ Madam,

Sub: Participation in Investors' / Analysts' conference call held on Thursday,
November 9, 2023

We refer to our intimation dated October 28, 2023 informing the stock exchange of earnings conference call will be held on November 9, 2023.

This is to inform you that the conference call was attended on November 9, 2023 by Mr. Rahul V. Sagar, Chief Executive Officer & Executive Director, Mr. Kunal V. Sagar, Promoter & Non-Executive Director, Mr. Manish B. Parikh -Chief Financial Officer, VP (Finance) of the Company, and Mr. Ashish Bharadia-VP (Business Development & Investor Relations), Nirlon Management Services Pvt. Ltd.

The transcript is attached herewith. The Transcript and the audio recording will be 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
Second Quarter First Half FY24 Earnings Conference Call
November 09, 2023

Moderator: Ladies and gentlemen, Good day and welcome to Nirlon Limited Second Quarter First Half Fiscal Year FY24 Earnings Conference Call. 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 call, please signal an operator by pressing “*” followed by “0” on your touchtone phone. Please note this conference is being recorded. I would like to hand over the conference to Mr. Amit Thakkar from Valorem Advisors. Please go ahead, sir.

Amit Thakkar: Thank you. Good evening, everyone and a warm welcome to you all. My name is Amit Thakkar 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 earnings conference call for the second quarter and the first half of the financial year 2024.

Before we begin, let me mention a short cautionary statement as always. Some of the statements made in today's concall may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's belief as well as assumptions made by and information currently available to 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 company's fundamental business and financial quarter under review.

Let me now introduce you to the management participating with us in today's conference call and hand it over to them for 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
- Mr. Jasmin Bhavsar – Company Secretary and Vice President Legal and Compliance Officer and
- Mr. Ashish Bharadia, Vice President Business Development and Investor Relations of Nirlon Management Services Private Limited.

Now, without any further delay I would request Mr. Kunal Sagar to give his opening remarks. Thank you and over to you, sir.

Kunal Sagar: Thanks Amit. Good evening everyone, and welcome to the earnings call for the second quarter and first half of financial year 2024. Let me first take you through the financial performance of the company.

For the second quarter of the financial year 2024, the company reported a total income of 151 crores, an increase of approximately 4.7% on a year-on-year basis. EBITDA stood at 121 crores which grew by about 3% on a year-on-year basis representing an EBITDA margin of 80.21%. Profit after tax was 52 crores, witnessing a growth of approximately 30% on the year-on-year basis while PAT margins were 34.79%.

In the first half of the financial year 2024, the company reported a total income of approximately 300 crores, an increase of 6% when compared to the first half of the financial year 2023. EBITDA stood at 238 crores, an increase of 5% year-on-year and representing an EBITDA margin of 79.31%. Profit after tax was 102 crores, an increase of 87% year-on-year and representing a PAT margin of 34.13%.

On the operational front, we are pleased to inform you that phases 1 to 4 of NKP has received LEED Zero Water Certification in October 2023. This is in accordance with our focus on consistently bettering our sustainability initiatives, which have always been a large part of our development ethos.

The average occupancy rate for the Company, that is NKP as well as Nirlon House combined increased to 99.6% for quarter 2, FY 2024 and as on 30th September, approximately 13,000 square feet of area was vacant including in Nirlon House. Deutsche has renewed approximately 397,000 square feet at NKP and E&Y has expanded its base at NKP by approximately 15,000 square feet.

As regards the regular questions from shareholders and investors about potential restructuring or other possible value accretive measures including making dividends more tax efficient in the hands of investors, discussions and consultations with relevant parties are continuing. The company understands that these are relevant and important aspects for investors and shareholders and will communicate any decision taken in this regard to them. With this we conclude our opening remarks and open the floor to questions.

Moderator: Our first question will come from Rajat Malhotra Horological Components Pvt. Ltd.. Please go ahead.

Rajiv Malhotra: Good afternoon Mr. Sagar. Let me congratulate everybody for an absolutely outstanding set of results. We also had a wonderful visit to your site and let me also compliment you for one of the best asset of your type in the Mumbai region if not all of India. Thank you for pre-empting thoughts in the mind, but is there any other addition you'd like to do on that basis of restructuring, or we just let it be as is?

Kunal Sagar: Mr. Malhotra, thank you for your visit and thank you for your kind words subsequent to that. We really wanted to make the statement on the restructuring, etc. up front so that it was clear to all participants straight away. So, we'd like to stay with that statement. We're happy to answer other questions if you have any.

Rajiv Malhotra: None except that one thought which we carried from the visit is, while of course you have reiterated it earlier that you were almost built out on the site, but seeing the immense demand, it seems that maybe a partial phase could be tried out. That may not be like a question, but it may be taken as a suggestion or comment.

Kunal Sagar: Thank you for mentioning that Mr. Malhotra.

Moderator: The next question will come from Harshit Jain with Flair Investment. Please go ahead.

Harshit Jain: Sir in the last earnings call, you have voluntarily mentioned that we are looking to sell the Nirlon House. What is the status of that development, by when can we expect that to materialize?

Kunal Sagar: In the previous call, if I remember correctly, we had mentioned that we were working on various options in terms of how to monetize or to unlock the value from Nirlon House. We hadn't specifically mentioned whether it would be a sale or a redevelopment or something else. This is an area on which we are focusing, and we are making some progress in that regard. We have nothing in terms of a specific way forward because we are evaluating various options and going through the process of assessing what would be the most appropriate one. So, what we'd like to leave you with is to say that we are cognizant of the matter and working towards an appropriate solution or an appropriate monetization from Nirlon House. We don't want to be more specific at this point until we know what shape or form that will take because there are various formalities and prerequisites that we need to put in place before we actually take that decision. Rahul, do you want to add something?

Rahul Sagar: No, I think that's fine. What we had said was we were looking at the best ways to monetize the asset, which is exactly what we're reiterating here. We're looking at the best option or the various methods available to monetize the asset to the maximum benefit for the company, and we just want to reiterate that here, nothing more.

Kunal Sagar: It is worth recognizing that Nirlon House is held in an undivided share with another entity, which is a public trust. So, necessarily there are various issues that need to be addressed and need to be clarified when we move forward and while we move forward. So that is the process which we are presently going forward with the guidance of our board and major shareholder.

Harshit Jain: So, there are two options regarding the Nirlon House, either we will sell it or we will redevelop it?

Kunal Sagar: Those are two options. There may be others; there may be various others that also come up during the course of our discussions. As I said, we won't want to preempt any of that. It depends on certain permissions and regulations and what we need to do within the structure that we have in Nirlon House; what is most expedient to move forward with.

Harshit Jain: And any time frame, sir within which we are planning to clear this issue?

Kunal Sagar: We wouldn't want to comment on the time frame just now. Once we have a better idea of, something that is more definitive, we'll make sure that we communicate it.

Harshit Jain: And even if at all we are planning to sell it and we have those 5 years from moratorium in our hands and balloon structure, we are not required to pay any principal loan payments. So, is it fair to believe that the amount received from the sale of Nirlon House will be rewarded to the shareholders in the form of dividend, sir?

Kunal Sagar: We hear your question. As you will appreciate that's not something that we'll be able to comment on at this stage.

Harshit Jain: Like what else use of cash do we have sir, like are we planning for any expansion, that's my question. After sale, with the cash, what's your future plan?

Kunal Sagar: Mr. Jain, when we have more visibility on the transaction that will be the question that we can answer with more confidence and it will be more relevant to answer it at that stage not just now.

Harshit Jain: Ok. Because this was never in my mind about Nirlon House. It was only after the last concall, this came to my mind, that's why I'm just asking this questions

Rahul Sagar: That's fine.

Harshit Jain: Because these things and all are just too much. Now we have already asked many things and we thoroughly understand that you guys are trying your level best, so that's it nothing on the REIT part, that's it, this was on Nirlon House, nothing else.

Moderator: The next question will come from Mr. Arun Malhotra with CapGrow Capital. Please go ahead.

Arun Malhotra: Good afternoon and congrats on the good numbers. I think it has been quite frustrating for the minority shareholders since the last 24 months on the slow progress of the restructuring. Every time we hear the same comment, we are still discussing with the shareholders. Can you at least, let us know what direction you are moving, what the regulatory hurdles are and also give us some sense of the timeframe. Because the sense what we are getting is that the management and probably the main shareholder, the majority shareholders are least concerned about the minority shareholders. So, could you comment on this?

Kunal Sagar: Mr. Malhotra, the comment we'd like to make is that we are deeply concerned about all shareholders, minority, majority and any shareholder, and we are trying to communicate as much as we can to you. The process by its nature is complex and it has various aspects that we need to look at which we have mentioned several times on this call. We understand your frustration and we appreciate your question. There's nothing more, unfortunately, that we would want to add at this stage because we would not want to give any answer that is misleading in any way in terms of whether we are leaning towards A, B or C. We'd rather be in a situation where we were prudent in terms of our answer and then we revert to you once

there is definitive feedback to give you, rather than try and answer something halfway which would perhaps create more confusion or mislead people in any way. Again, we do recognize your frustration on this issue.

Arun Malhotra: I appreciate that, but your answer is devoid of any concrete statement. You said we are concerned, but where are the actions, why is it taking so long? You need to give us the minority shareholders some kind of timeframe that this is the deadline by which we should be able to. This is our sense that we should be able to resolve this issue?

Kunal Sagar: We hear you. We will not contradict what you are saying. We are not intending to make a concrete statement. We are simply stating the facts as they stand today. So, we will not contradict what you're saying in any way, except to say that we once again take what you're saying on board on this matter.

Arun Malhotra: Any timeframe you could give us?

Kunal Sagar: Sorry, it would be misleading if we give you any more information than we ourselves have at this point. If we had any kind of timeframe that we thought was credible, we would certainly mention it to you.

Arun Malhotra: So is it possible, see I understand that the majority shareholder is in Singapore, is it possible to have one of their representative answer these questions for the minority shareholders? Because I believe they would be the ones who would be taking this decision on behalf of the company?

Kunal Sagar: Mr. Malhotra, we will revert on that, that's not a practice that we have followed. We as a management discuss with them, and we have very constructive discussions with them and we try to give as clear a picture we can to all shareholders. We hear again what you have to say.

Arun Malhotra: My request would be if we could have some representation from them in the next call and lastly could you give a sense of the micro market, the pricing trends, the supply?

Rahul Sagar: You mean the micro market in Goregaon, in our area?

Arun Malhotra: Yeah.

Rahul Sagar: So, by and large, we are fully focused on our assets and we feel that licensing in our asset is going fairly well, fairly positively. As you know, we don't have much vacancy. We are well aware that there will be additional supply in our micro market in the next few years as well as in other parts of Mumbai and Maharashtra, as well as Bangalore as well as Hyderabad, which are really the IT/ITES hubs, so to speak.

So, while we are cognizant of the fact that there will be additional supply in the years to come in our micro market. We are equally following the additional supply that's going to come in outside of the micro market as well. But right now, to answer your question, we feel that

licensing is fairly positive for us. We feel that the demand is fairly positive in NKP. We don't know what the other people in our micro market are doing specifically in terms of their licensing and in terms of their demand, we don't want to comment on that, but for us, we feel that the demand is fairly positive, as well as the licensing and the future demand, as well in the immediate future we see it to be a fairly positive as well.

Moderator: Thank you. I will now hand the call back over to management for any closing remarks. Please go ahead.

Kunal Sagar: Amit, can you please confirm that there are no further questions? Just take a couple of minutes to confirm there are no further questions, then let us know. Amit, can you hear us?

Amit Thakkar: Yes, , I can hear you.

Management: Do confirm whether there are some more questions so that we know whether to continue.

Amit Thakkar: So, we'll wait for couple of minutes and then maybe. No, sir, I think there are no further questions now.

Kunal Sagar: Alright, Amit. Thank you all for joining us today and we wish everyone a Happy Diwali in advance and hope to see you again in subsequent calls. Thank you for your interest.

Rahul Sagar: Thank you.

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