



Nirlon Limited

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May 26, 2025

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:**
1. Participation in Investors' / Analysts' conference call held on Wednesday, May 21, 2025
 2. Audio link for the Earnings Conference call held on Wednesday, May 21, 2025 with Investors' / Analysts'

We refer to our intimation dated May 9, 2025 informing the stock exchange of an earnings conference call on Wednesday, May 21, 2025.

This is to inform you that the conference call was attended by Mr. Rahul V. Sagar, Chief Executive Officer & Executive Director, Mr. Manish B. Parikh, Chief Financial Officer and V. P. (Finance), Mr. Jasmin K. Bhavsar, Company Secretary, V.P. (Legal) and Compliance Officer of the Company and Mr. Ashish Bharadia, V.P. (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

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Nirlon Limited
Q4 FY25 Earnings Conference Call
May 21, 2025

Moderator: Ladies and gentlemen, good day and welcome to the Q4 and FY'25 Conference Call of Nirlon Limited.

As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on 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 afternoon, everyone. My name is Purvangi Jain from Valorem Advisors. We represent the investor relations for Nirlon Limited.

On behalf of the Company, I would like to thank you all for participating in the Company's earnings call for the 4th Quarter and 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 risk 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 the management. Audiences are cautioned not to place any undue reliance on these

forward-looking statements in making any investment decisions.

The purpose of today's earnings call is purely to educate and bring awareness about the Company's fundamental business and financial quarter under review.

Now, let me introduce you to the management participating with us in today's earnings call and hand it over to them for their opening remarks.

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

Without any delay, I request Mr. Rahul Sagar to start with his opening remarks. Thank you and over to you, sir.

Rahul Sagar: Thank you. It is a pleasure to welcome you all to our Earnings Conference Call for the 4th Quarter and full year FY 2025.

Now, let me first take you through the Financial Performance of the Company:

For the fourth Quarter, the Company reported a total income of Rs. 161 crores which grew by 4% year-on-year. The EBITDA was reported at Rs. 126 crores representing a 2% growth year-on-year. EBITDA margins were about 78.22%. Profit after tax for the quarter stood at around Rs. 54 crores which also grew by 5% year-on-year while PAT margins reported at 33.29%.

For the Financial Year 2025, the Company reported a total income of approximately Rs. 645 crores, a growth

of 6% year-on-year. EBITDA stood at Rs. 512 crores, an increase of 6% year-on-year and EBITDA margins stood at 79.33%. Profit after tax was Rs. 218 crores, an increase of 6% year-on-year and representing a PAT margin of 33.83%.

On the operational front, the average occupancy rate for the Company as a whole comprising NKP and Nirlon House stood at 98.2% for the 4th Quarter of the Financial Year 2025. As of 31st March 2025, approximately 92,000 square feet at NKP and 6,200 square feet at Nirlon House were vacant. Of this vacant area, approximately 76,000 square feet has been licensed by BNP and the balance approximately 15,000 square feet are under advance discussions.

NTT has renewed approximately 57,000 square feet of the space it occupies at NKP. Of the approximately 316,000 square feet coming up for renewals in 2025-26, we have already finalized terms for re-licensing 136,000 square feet and the balance approximately 147,000 square feet is under advance discussions.

After this, we conclude our opening remarks and open the floor to questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from line of Arun Malhotra from CapGrow Capital Advisors. Please go ahead.

Arun Malhotra: Good afternoon. This is just one standard question which we keep on asking every quarter. What is the status on the restructuring which we had proposed? Where are we in the process? Any regulatory clearance are we awaiting? What are we waiting for?

Rahul Sagar: Yes, we have been asked this question before. Basically, we would like to clearly state that at this point, we have nothing further to really add, nothing significant to say which we can tell you at this point. As and when we do, of course, we will keep you posted. But there is nothing really significant to say.

Arun Malhotra: That is the most frustrating part because this has been going for the last 8, 10, 12 quarters, like 2-3 years. And every time we hear the same answer that we have nothing to say in that front, where are we stuck? Why is the management, maybe the GIC, not present on the calls and answering these questions for the minority shareholders?

Rahul Sagar: Unfortunately, that is not something I can answer. We can clearly say that as and when we have something significant to say, we will, of course, be ready.

Arun Malhotra: That is an oppression of the minority shareholder right, that we do not know what is going to happen to our investment. Where are we headed? Why are we paying higher taxes? There is a tax leakage. Who is responsible for all this? All these questions need to be answered. At least, maybe if you do not want to answer in a call, the GIC management can come out with a memo highlighting what their stand is, especially on the tax part. So, there is definitely a tax loss to all the shareholders and GIC is the biggest shareholder. I do not know, they being the NRI, they being the foreign status, how does that impact them? But as a minority shareholder it does impact us.

Rahul Sagar: Yes, your points are appreciated and definitely been taken on record. We will take your suggestions on record. Thank you.

Arun Malhotra: I appreciate, Rahul, your stance. But where do we go from here? As a minority shareholder, do we have any hope

from the management? Or we just keep sitting or we just exit the Company? There is no response from the management. I do not know. We are really frustrated.

Moderator: Sorry to interrupt, sir. May I please request you to rejoin the queue?

Arun Malhotra: Sure.

Rahul Sagar: Okay, thank you, though. Sorry, thank you.

Moderator: We have our next question from the line of Dilip Jain from Ayush Capital. Please go ahead.

Dilip Jain: Sir, given that the advance tax deadline of June 15 for the current fiscal is upcoming, are you going to compute and pay advance taxes as per the old tax regime or as per the new tax regime?

Rahul Sagar: At this point, with regards to advance tax, we feel that the TDS should be enough to take care of it and there is no real concrete plan to change anything significantly as of now.

Dilip Jain: So, are we going to stick to the old tax regime despite our MAT Credit getting completely exhausted on 31st March, as you mentioned in the last con-call? So, currently, we have exhausted all the MAT Credit, right?

Manish Parikh: We have already answered this question earlier. At this stage, we cannot comment on this question.

Ashish Bharadia: Mr. Jain, just to clarify, on the MAT Credit, we are largely using it for FY25. For FY26, we have to decide before the time of filing of the returns.

Dilip Jain: I know you mentioned that, but aren't we supposed to pay advance taxes going through Q1, Q2, Q3, and Q4 of FY26?

Ashish Bharadia: In our case, basis the TDS that gets deducted, we do not really have much advance tax that needs to be paid.

Dilip Jain: So, if we decide to stick to the old tax regime, it is going to lead to a higher cash outgo, right? Is there any rationale that is coming from GIC as to what kind of restructuring we are looking forward to and paying this extra cash to the government?

Ashish Bharadia: As of now, it has not yet been decided, the decision will be taken by the date of filing of the returns.

Dilip Jain: That is going to be next year of September, right, as you mentioned in the last con-call for this fiscal. So, we have another 15-16 months. So, until that time, we are open to any kind of restructuring because we still technically stay in the old tax regime, right?

Rahul Sagar: Yes. As and when we have anything significant which is different from what we are doing now, we will, of course, tell you.

Dilip Jain: My next question is, NTT and Barclays renewal and their interest. What kind of rates per square foot per month are we looking at in this case?

Rahul Sagar: We can say that the range for NTT and Barclays is in the range of approximately, say, 174 to 185.

Dilip Jain: And this is all at 80% efficiency, right?

Rahul Sagar: Yes.

Dilip Jain: I had another question. Morgan Stanley is supposed to vacate a large tract in this current fiscal in the coming month. So, I wanted to understand how much moratorium for furniture does the new tenant get, before their rent starts.

Rahul Sagar: Each case is not the same. There is no fixed period as such. With every licensee, the terms are not exactly the same. But we can say that we believe in this case, and in most of the cases, the actual gap between the vacating of Morgan Stanley and the new licensee coming in is not

significant. Approximately 177,000 is coming due on the 18th of June, we can say that the time period, it is not very significant, Mr. Jain. Some part of that space has been signed, some part is proposed to be signed, but discussions are highly advanced, but what we can say is that the immediate transition, the periods are not extensively long, it is fairly efficient in that regard. And whatever rent free there are is spread out over the 5-year term.

Dilip Jain: We can assume 3 or 4 months of moratorium in general, is that a fair assumption on an overall basis for various tenants?

Rahul Sagar: You must know it can be 4 months, it can be 5 months, but it is not usually something that happens concurrently after the existing licensee leaves. It basically can happen over a period of the license, which is sometimes approximately 5 years, so approximately it is over 60 months, it is usually not happening concurrently.

Dilip Jain: All of it will not happen at once, so it is going to be bits and pieces spread over all through.

Rahul Sagar: Spread over different fiscal years, spread over different license fees also, over approximately 5 years.

Dilip Jain: Over the last 2 years, I have seen a top line that is rental collections in our case, go up by about mid-teens, about 12%-13% growth in 2 years. For us shareholders, we would like to know based on your forecasting, based on the pricing for the new agreements and based on the legacy contracts, do you envisage like a high single-digit top-line growth in this fiscal as compared to last year? Or are we looking at 4%-5%?

Rahul Sagar: We do not want to speculate on the future, but if you really look at this industry, if you look at the business,

everything is fairly consistent. The escalations whether they are every 3 years or whether they are, now in some cases annual, are also fairly consistent. I do not want to speculate on a number with regard to growth, but if you can see, most of the licences are fairly consistent, whether it is 3-year growth or annual growth, etc. So, in that regard, I think we should hopefully not have any problem on the agreed licences. Hopefully things will progress as per the licenses signed and proposed to be signed.

Dilip Jain: So, we are looking at more of a linear consistent growth if I look at the historical trend for rental directions?

Rahul Sagar: That depends how you want to classify. We can only say that we will go exactly as per the licenses, and you can make your conclusions from what happened in the past with regard to the numbers.

Dilip Jain: There is a question on the balance sheet. We have a capital work-in-progress as of 31-3-2025, and that is of 9 crores. Could you please throw some light on what this is?

Manish Parikh: These are some of the miscellaneous capex that we have to incur to maintain the complex. Some of these works are still in progress.

Dilip Jain: So, this is all just maintenance capex, nothing more than that?

Management: Correct.

Dilip Jain: There is one more entry that I wanted to discuss. The cash and cash-equivalents, they have gone up from 54 to 164 crores as of 31-3-2025. So, is there any reason why we are keeping so much cash on the balance sheet? I mean, technically, we could prepay loans.

Manish Parikh: This cash will be distributed by way of a dividend to shareholders.

Dilip Jain: That was my question. So, if you say that the dividend outgo is going to come in October and that is Rs. 11 per share. That is going to be about 99 crores, right? And what we have is about 165 crores. By the end of H1, we are going to have 110 crores of PAT, for H1 of this fiscal. And then we have accumulated depreciation of 30 crores. So, we would have 140 crores coming in the next 6 months. And then beyond that, we have 160 crores of cash on the balance sheet. So, if I forecast the balance sheet for H1, that is of Q2's ending, we are going to sit with 300 crores of cash of which we are going to distribute just 99 crores. So, why are we keeping so much cash on the balance sheet?

Rahul Sagar: Your point is noted.

Dilip Jain: Sir, but could you let me know, what are the options that we have, like put them in an FD or use it for Nirlon house or give a special dividend of the same? I mean, something, right?

Rahul Sagar: At this point in time, apart from the things which we have discussed, there is nothing significant to say really.

Dilip Jain: So, this cash is just going to lie around on the balance sheet for no reason?

Manish Parikh: We have invested this into fixed deposits, so we are earning interest on it. And right now, we have no proposal to repay the loan or anything. So, that is why it is lying in the books.

Dilip Jain: Any development on Nirlon House?

Rahul Sagar: Nothing significant.

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

Satinder Singh Bedi: What is the exact rate of interest as of 31st of March 2025? Is it repo-linked and what is the markup?

Manish Parikh: Interest rate as on March is around 8%.

Satinder Singh Bedi: And, sir, it is repo-linked or is it MCLR linked?

Ashish Bharadia: No, it is linked to one-month T-bill.

Satinder Singh Bedi: With a quarterly reset, is it right?

Manish Parikh: Monthly reset.

Satinder Singh Bedi: And what is the MAT Credit left as of 31st of March 2025?

Manish Parikh: Entirely utilized.

Satinder Singh Bedi: What is the valuation arrived at? So, we would have got a clear valuation of the investment properties done as of 31st of March 2025. So, what is the value figure for that like?

Rahul Sagar: Can you say that again what is the valuation?

Satinder Singh Bedi: The fair valuation of investment properties as of 31st of March 2025, we get this done as an annual exercise so every 31st of March.

Rahul Sagar: That we will be putting that in the annual report.

Satinder Singh Bedi: Otherwise, the valuation would already have been done, no?

Rahul Sagar: Whatever it is, it will be in the annual report.

Satinder Singh Bedi: This is an issue which probably others have also mentioned. I would like to urge you to do something about the structure because the current structure is highly tax inefficient. So, we are talking about Rs. 100 of kind of distributable income on which at the Company level, we are suffering now a 35% tax. So, that leaves us with Rs. 65. And then you pay out the rest of it all in the form of dividend. And we suffer a hit of again about 35%, 30% plus. Okay. So, out of the Rs. 100 of distributable income when you apply two cuts of 35% that leaves less than 50% with us. Now, the majority shareholder which is GIC might not be taking these similar hits because of their

status as a foreign investor. They might be taking a hit of about probably 10% on the dividend under the double taxation treaty.

The minority shareholders are getting very badly hit because of this 35% on dividends. So, kindly do something about the structure. Like others have mentioned, it has been going on for a long time. So, that is the feedback we want you to convey to the majority shareholder, okay, because we do not have access to them directly. Kindly do keep this in mind. It is most tax-inefficient, and as management you are committed to maximisation of shareholder wealth, which will not happen in case we have such an inefficient structure.

Rahul Sagar: Yes

Satinder Singh Bedi: Finally, one more thing. So, this quarter, while the occupancy has dropped by about 1%, the revenue from operation has gone down by about 3% or thereabouts. Anything to read in this?

Rahul Sagar: This basically has to do with the transition from Morgan Stanley to the new licensees. In some cases, or in one case, there was a gap of approximately two months and that would probably be the reason.

Satinder Singh Bedi: Does this mean we count for rental income on an accrual basis, or is it a lease equalization? How do we address this? Do we apply IndAS-116 where we even out the income over the period of the lease? What is the standard we follow for this?

Manish Parikh: Over the lock-in period of the license.

Satinder Singh Bedi: So, you are saying that the premises was vacant and not earning rent for a certain period of time, and thereafter you equalize the rent over the lease period. Is that a correct understanding?

Ashish Bharadia: Over the lock-in period, not the entire lease period.

Moderator: We have our next question from the line of Harshit from Flair Investments. Please go ahead.

Harshit: First of all, as we have requested for more than 12 quarters for any GICs key person to attend any of the calls, but I do not think you have accepted our request, but no issues. We just have two questions. I request you to kindly reply on those, please sir. The first question is on the Nirlon House. Is there any development in Nirlon House? Have the tenants approached Nirlon House?

Rahul Sagar: No, we have nothing significant to say for Nirlon House at this point.

Harshit: My next question is, we are very clear that we do not want to do any expansion. Despite of this, we have declared a dividend of only Rs. 11. As another shareholder has clearly mentioned, we will be having an excess cash of Rs. 300 crores by end of this year. What is the purpose of this extra cash? I request you to kindly answer these two questions. GIC is also not coming in any of the con-call or even in the AGM. No problem, sir. I know they will be very busy; you are the key person of GIC I believe, and I request you to reply to these questions. A very humble request to you, sir.

Rahul Sagar: Okay. We will take into account certain balances and in future meetings we will, of course, update you when the Company decides on the dividend. But apart from that, there is nothing really significant to say with regards to uses of the surplus cash. As and when there is a dividend, we have been updating you in the past and we will continue to do that.

Harshit: But this kind of cash has never been generated. How are we going to use this cash? It has never been generated in our history.

Rahul Sagar: As and when there is anything significant to say in this regard of course we will be letting you know.

Harshit: Sagar sir, we have been requesting you for just the key person of GIC from 12 quarters. You have not been able to do that. We are asking you one question. How will we be using this cash? You are not replying on that. Whom should we go and ask the question, sir? Every time my questions have been noted but never been answered. And if you have noticed for past 4 or 5 con-call, I have not attended any of your con-call because only my questions are only getting noted and not replied on.

Rahul Sagar: Okay, when there is anything significant, we will let you know.

Harshit: By when can I expect a reply from you sir? For past 12 quarters I have not got any reply from your end. So, at least now can I ask you time sir?

Rahul Sagar: Cannot really make a comment on that. Thank you.

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

Rahul Sagar: Thank you all for participating in this earnings con-call. I hope we were able to answer your questions satisfactorily and at the same time offer insights into our business. If you have any further questions or would like to know about the Company, please reach out to our Investor Relations Manager at Valorem Advisors. Thank you once again on behalf of all of us here in this room and the management, Ashish and Manish as well, thank you.

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

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