

NIRLON LIMITED

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CIN: L17120 MH1958PLC011045



November 7, 2019

The Secretary,

BSE Limited,
P.J. Towers,
Dalal Street,
Mumbai- 400 001.

Security Code: 500307

Dear Sir,

Sub: Outcome of the Board meeting held on November 7, 2019

Ref: Pursuant to the provisions of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We hereby inform you that inter alia; the Board of Directors of the Company at their meeting held on November 7, 2019 has taken on record update of summary on the phase 5 of Nirlon knowledge Park (NKP) – September 2019.

The said information with details will also be made available on the website of the Company “www.nirlonltd.com”.

We request you to take the same on record.

Thanking you,

Yours faithfully,
For Nirlon Ltd.,



Jasmin K. Bhavsar

Company Secretary, Vice President (Legal) & Compliance Officer

FCS4178

Encl: a/a.

Nirlon Knowledge Park (NKP) - Phase 5 Update Summary – September 2019

The area of Phase 5 is approx. 11.59 lakh sq. feet of Chargeable Area and approx.17.83 lakh sq. feet of Constructed Area. The Budget for Phase 5 is Rs.1198.30 Crore - including Rs.30 Crore for the Marketing Cost – and is for the original area of 10.90 lakh sq. feet of Chargeable Area and 16.74 lakh sq. feet of Constructed Area. The actual area being developed is approx 6.6% higher, i.e. 11.59 lakh sq. feet of Chargeable area and 17.83 lakh sq. feet of Constructed area.

As on 30th September 2019, for Phase 5, the Company has incurred/certified a cost of approximately Rs. 711.50 Crore and the committed cost is approximately Rs. 965.60 Crore, out of the total budget of Rs.1198.30 crore. The Phase 5 Financial Summary is shown in **Annexure 1**.

Any cost reductions Nirlon Ltd. is targeting in the hard cost of Phase 5, will not be due to lesser/lower specs, material, brands etc. Licensees must rate the Phase 5 Buildings the same or better than the earlier Phases, from a technical and user experience point of view too.

A summary of the Company's debt including the debt for Phase 5 is shown in the attached **Annexure 2**.

The Company has received regulatory approval to construct the entire area of approximately 17.83 lakh Sq. feet. The IOD for the entire area which effectively constitutes the building approval, has been received in June 2018. Plans for this entire area have been approved simultaneously with a payment of approximately Rs.176 Crore to MCGM and UD (Town Planning & Urban Development). This payment constitutes the premium payable @30% of R.R Rates to be paid to GOM for the additional FSI from 2 to 3. Nirlon Ltd. will have utilized FSI of approximately 2.63 after the completion of Phase 5. As on date, Nirlon Ltd. has received all the relevant approvals to complete execution of the Phase 5 Project in NKP. The C.C's for all the Blocks, i.e. B9, B10 & B11 have been received as of October 30, 2018.

NKP is eligible for 3:1 FSI and plans to further develop approximately 10.56 lakh sq. feet against a total eligible potential area of approximately 18.58 lakh sq. feet. The balance potential available area (on payment of the

applicable premium) including fungible FSI if desired, is therefore approximately 8.02 lakh sq. feet. However, as per the latest DP 2034 and revised latest DCR (Development Control Regulations for Mumbai), NKP could be eligible for 5:1 FSI. This is contingent on the access road width. NKP has an access road width of greater than 27 meters, which potentially makes it eligible for 5 FSI.

There are two primary objectives for Phase 5 at the present time. First, to continue to execute in as safe a manner as possible, and to try and complete the project within the revised target date due to higher productivity and technical innovations. Second, to try and execute approximately 17.83 lakh sq. feet at the original Budget for approximately 16.74 lakh sq. feet. The following factors have played a major role in the cost and time frame of Phase 5:

- Regulatory uncertainty has been a very serious issue. Premiums and regulations were fluctuating prior to the new DP 2034 and the latest revised DCR being released by the State Government of Maharashtra.
- Steel Prices were at near record highs in India, and had increased up to 45% from the contract prices. Cement prices had increased up to 25% from Contract prices.
- The Rupee has depreciated approximately 10% against the US Dollar from Phase 4.
- GST has been introduced in April 2017 after the Budget for Phase 5 was finalized. This has resulted in a direct cost increase in some areas/cases.

However, despite these issues the Company will target completion of Phase 5 within the original Budget (excluding Marketing Cost), notwithstanding the increased volume and the negative factors mentioned above. Also, the Company will try and complete the Project by April 2020 and October 2020, in a phased wise manner which were the original targets, notwithstanding the loss of approximately 180 days at the start of the Project due to non formation of MOEF Committees.

In Principle Marketing interest for Phase 5 remains strong. The Company would try and ensure that the profile of the Licensees in Phase V is similar to the existing phases 1-4 in NKP. Currently, there is a healthy interest from existing licensees in NKP as well as potentially new licensees.

As on date, the Company has completed approximately 85% of the Civil work, and is currently casting the slab for the 23rd floor (out of a total of 23 floors) for the Building B9. The Company is currently executing the work above the roof in B10, such as the LMR, Staircase and Cooling Tower Platform etc. The Company is currently casting the slab for the 7th floor (out of a total of 7 floors) for the Building B11.

Financial Summary – Phase 5

	Rs. Cr.
Budgeted Cost (including Interest)	1,198.3
Proposed to be funded by:	
Internal Accruals	578.3
Debt	585.0
Licensee Security Deposits	35.0

PHASE V - COST SUMMARY (Rs. Cr.)	Budgeted	Committed	Incurred / Certified
Civil	302	301	282
MEP	190	159	47
Common Area Interiors	42	34	4
Landscape	21	2	1
Façade	100	79	11
FSI Premiums	186	128	128
Finance Cost / Interest	110	37	37
Soft services and Others	247	225	201
TOTAL	1,198	966	711

The above numbers are as per Indian GAAP.

Debt Summary (as on 30 September 19)

Particulars - Term Loan	Debt o/s (Rs. Cr.)
Operational Areas	581
Phase V	354
TOTAL OUTSTANDING	935
Balance undrawn limit for Phase V	275

- The entire Term Loan is borrowed from HDFC Ltd. and is secured by a mortgage on NKP.
- Interest is being serviced for the entire loan on a monthly basis.
- At present, the company enjoys a principal repayment moratorium on the entire debt till FY 22-23 or till Phase V completion, post which the entire debt is proposed to be converted into an EMI repayment. Historically, HDFC loans to the company have had a repayment tenure of 108 to 120 months.
- The weighted average gross cost of debt is 10.05% p.a. (floating rate).
- In addition, secured Buyers Credit facility of approx. Rs. 32 mn. has been availed. This is US\$ denominated and unhedged.
- The above numbers are as per Indian GAAP.