

**NIRLON LIMITED**

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CIN:L17120 MH1958PLC 011045



**February 8, 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 February 8, 2019

**Ref:** Pursuant to the provisions of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

We hereby inform you that interalia; the Board of Directors of the Company, at their meeting held on February 8, 2019, has taken on record update summary on the Phase 5 of Nirlon Knowledge Park (NKP) - January 2019.

The said information with details will also be made available on the website of the Company i.e. "**www.nirlonltd.com**".

We request you to take the same on record.

Thanking you,  
Yours faithfully,  
**For Nirlon Limited**



Jasmin K. Bhavsar  
**Company Secretary, Vice President (Legal) & Compliance Officer**  
**FCS 4178**  
**Encl: a/a.**

## Update

### summary on the Phase 5 of Nirlon Knowledge Park (NKP) - January 2019.

1. The area of Phase 5 is approx. 11.59 lakh sq. feet of Chargeable Area an approx.17.83 lakh sq. feet of Constructed Area. The Budget for Phase 5 is Rs.1,198.30 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. Details are shown in the Budget Variation Sheet attached as **Annexure 1A, 1 B & 1 C**.

As on 31<sup>st</sup> December 2018, for Phase 5, the Company has incurred/ certified a cost of Rs.474.10 crore and the committed cost is Rs.824.30 crore, out of the total budget of Rs.1,198.30 crore. The Phase 5 Financial Summary is shown in **Annexure 2**.

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 3**.

2. The Company has received regulatory approval to construct the entire area of 17.83 Lakh Sq. Feet. The IOD, 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 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.

3. NKP is eligible for 3:1 FSI and plans to develop 10.56 lakh sq. feet against a total potential area of 16.51 lakh sq. feet. The balance potential available (on payment of the applicable premium) including fungible FSI if desired, is therefore 5.95 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.
4. 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 17.83 lakh sq. feet at the original Budget for 16.74 lakh sq. feet.
5. 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, which were the original targets, notwithstanding the loss of approx. 180 days at the start of the Project due to non formation of MOEF Committees.

6. In Principle Marketing interest for Phase 5 remains strong.

**NIRLON KNOWLEDGE PARK - PHASE 5 ANNEXURE 1 A - ITEM 10**  
**BUDGET VARIATION SHEET SUMMARY - HARD COST AND SOFT COST**  
**31st December 2018**

Sl. No.	Budget Head	Original Budget in INR Crores	Anticipated / Targeted Cost Variation in INR Crores	Projected / Targeted Cost in INR Crores	Remark
		Original Constructed Area - 1674000 Sq.Ft.		Revised Constructed Area - 1783000 Sq.Ft.	
		Original Chargeable Area - 1090000 Sq.Ft.		Revised Chargeable Area - 1159000 Sq.Ft.	
1	<b>Hard Cost</b>	-	Add by 2.33- 5.33	675.29 - 678.29	Hard Cost should be approximately 1% higher or lower than the original Budget.
2	<b>Soft Cost</b>	-	Less by 25.00	(25.00)	Soft Cost should be approximately 5% lower than the original Budget
	<b>TOTAL COST</b>	-	Less by 22.67 to 19.67	<b>1,145.64 - 1,148.64</b>	Approximate Cost reduction of 2% from the original Budget, after increased area

**Marketing Cost has been excluded in this projection.**

**NIRLON KNOWLEDGE PARK - PHASE 5 Annexure 1B**  
**BUDGET VARIATION SHEET SUMMARY - HARD COST**  
**31st December 2018**

SI. No.	Budget Head	Original Budget	Anticipated / Targeted Cost Variation	Projected / Targeted Cost	Remark
		in INR Crores	in INR Crores	in INR Crores	
		Original Constructed Area - 1674000 Sq.Ft.		Revised Constructed Area - 1783000 Sq.Ft.	
		Original Chargeable Area - 1090000 Sq.Ft.		Revised Chargeable Area - 1159000 Sq.Ft.	
1	<b>Preliminaries</b>	<b>5.74</b>	2.00	<b>7.74</b>	Shore piling for the entire area was not considered in budget. This was required from a schedule and safety point of view. Approx Rs. 4.3 crore increases for shore piling and other misc. work, however Rs. 2.30 crore received from the demolition work, i.e. the net increase of Rs. 2.00 Cr.
2	<b>Main Building- Core &amp; Shell</b>	<b>302.47</b>	38.00 - 43.00	<b>340.47- 345.47</b>	
	Excavation and Site preparation works	9.41	4.00	13.41	Increase includes Royalty charges. <b>Budget was for 2 basements. However work executed for 3 basements.</b>
	Main Building- Concrete Shell and Civil Works	282.98	34.00 - 39.00	316.98- 321.98	This increase is inclusive of anticipated price escalation of Rs. 30 crore (approx.) (as on date Rs 13.77 crore), Rs. 6 crore for Peri Skydeck system, other GST variations after setoff, extra items, etc. . However the overall BOQ qty. variation will be assessed on receipt of all drawings (GFC's) from Consultant.
	Post Tensioning work	9.48	-	9.48	The overall BOQ qty. variation if any will be assessed on receipt of all drawings from Consultant.
	MS and GI Fabrication	0.60	-	0.60	
				-	

3	<b>Facade and Terrace Structures</b>	<b>100.13</b>	Less by 8.00 - 10.00	<b>92.13 - 90.13</b>	The overall BOQ qty. variation if any will be assessed on receipt of all drawings and after tender finalization. The Targeted/anticipated variation is based on anticipated local vendor prices.
	Structural Glazing and Façade Work	95.42			
	Special Façade Fabrication works	4.70	-		
				-	
4	<b>Common Area Interiors</b>	<b>41.89</b>		<b>37.88</b>	The overall variation if any will be assessed on receipt of all drawings, BOQ and tender finalization.
	Interior Fitout for common area - Lobby, Staircase, Passages, toilet, etc.	36.40	Less by 4.00	32.40	Rs. 4 crores will be overall targeted saving by value additional and negotiation
	Signage	0.26	-	0.26	
	Fire and General MS Doors	4.83	-	4.83	
	Fire Sealing	0.39	-	0.39	
				-	
5	<b>External Development</b>	<b>20.86</b>	-	<b>20.86</b>	The overall variation if any will be assessed on receipt of all drawings, BOQ and tender finalization.
	Hardscape - Road zone, Park zone and Pathway	8.91	-	8.91	
	Gratings and Covers	0.94	-	0.94	
	External Civil Works	7.38	-	7.38	
	Irrigation, rain water harvesting, etc.	0.74	-	0.74	
	Softscape	2.30	-	2.30	
	Artifacts and Accessories	0.05	-	0.05	
	Water features	0.54	-	0.54	
				-	
6	<b>Utilities</b>	<b>190.18</b>	Less by 15.00	<b>175.18</b>	We are anticipating for a saving of 15 crores for utilities budget, out of that Rs. 11 crores (approx.) by way of GST setoff of Capital items and Rs. 4 crores will be overall targeted saving by negotiation. Further Rs. 8.00 Crores can be saved by changing the make of DG engine from MTU to Perkins/ or equivalent.

	HVAC System	28.16	-		
	Electrical	36.50	-		
	Luminaries	5.21	-		
	DG Sets (8) with HSD Yard	46.93	-		
	PHE & Fire Fighting System	26.07	-		
	Sanitary ware, CP fittings	0.88	-		
	Elevators (29 )	27.12	-		
	IBMS	13.56	-		
	STP	5.74	-		
				-	
7	<b>Site Overheads</b>	<b>1.04</b>	-	<b>1.04</b>	
				-	
8	<b>Contingency for Hard cost/direct construction)</b>	<b>10.67</b>	10.67 (will be utilized)	-	This contingency will be utilized to offset the increased in hard cost.
	<b>TOTAL HARD COST</b>	<b>672.96</b>	<b>2.33- 5.33</b>	<b>675.29 - 678.29</b>	This is without change of DG Brand, Change from MTU to Perkins will be approximately Rs. 8 Crore.

The overall cost EVEN AFTER the volume increase of 6.6% should be approximately 1% up or down from the original Budgeted hard cost Steel Prices were at a near record highs and are assumed to be at this price till the end of the Project.



**NIRLON KNOWLEDGE PARK - PHASE 5 Annexure 1 C item 10**  
**BUDGET VARIATION SHEET SUMMARY - SOFT COST**  
**31st December 2018**

Sl. No.	Budget Head	Original Budget	Anticipated / Targeted Cost Variation	Projected / Targeted Cost	Remark
		in INR Crores	in INR Crores	in INR Crores	
		Original Constructed Area - 1674000 Sq.Ft.		Revised Constructed Area - 1783000 Sq.Ft.	
		Original Chargeable Area - 1090000 Sq.Ft.		Revised Chargeable Area - 1159000 Sq.Ft.	
1	<b>Soft Cost (Consultants) + MSC Charges</b>	109.62	Less by 5.00	104.62	The projected reduction is despite the approximately Rs. 3 Crores is lost due to change in tax structure from Service Tax to GST. This is a dead loss.
2	<b>Authorities (Fees, Connections, etc.) and Land Cost/ FSI Purchase Cost</b>	235.55	Less by 10.00	225.55	<b>Currently projected to be lesser by approximately 10 Crores despite increased volume.</b> However, Statutory Costs remain very unpredictable.
3	<b>Finance Cost</b>	110.18	Less by 10.00	100.18	Finance cost could have been lower. However, Due to unpredictable nature of Statutory Costs and fluctuating interest rates the finance costs will vary.
4	<b>Other (Non - Direct Construction related eg Taxes, Insurance, etc)</b>	40.00		40.00	
	<b>TOTAL SOFT COST</b>	<b>495.35</b>	Less by 25.00	<b>470.35</b>	

# Financial Summary – Phase 5

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

PHASE 5 - COST SUMMARY (Rs. Cr.)	Budgeted	Committed	Incurred / Certified
Civil	302	300	163
MEP	190	104	7
Common Area Interiors	42	5	-
Landscape	21	1	1
Façade	100	72	0
FSI Premiums	186	128	128
Finance Cost / Interest	110	13	13
Soft services and Others	247	202	162
<b>TOTAL</b>	<b>1,198</b>	<b>824</b>	<b>474</b>

# Debt Summary (as on 31 Dec. 18)

Particulars	Debt o/s (Rs.Cr.)
Operational Areas	581
Phase 5	234
<b>TOTAL OUTSTANDING</b>	<b>815</b>
Balance undrawn limit for Phase 5	395

- The entire debt 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 F.Y. 2022 - 23 or till Phase 5 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 10.35% p.a. (floating rate).