

NIRLON LIMITED

Western Express Highway,
Goregaon (E), Mumbai - 400 063.
T +91-22-4028 1919 / 2685 2256 - 59.
F +91-22-4028 1940.
www.nirlonltd.com, Email: info@nirlonltd.com
CIN: L17120 MH1958PLC011045



August 13, 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 August 13, 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 August 13, 2019 has taken on record update of summary on the phase 5 of Nirlon knowledge Park (NKP) – June 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

Encl: a/a



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

1. 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. Details are shown in the Budget Variation Sheet attached as **Annexure 1A, 1B & 1C.**

As on 30th June 2019, for Phase 5, the Company has incurred/certified a cost of approximately Rs. 634.00 Crore and the committed cost is approximately Rs. 936.00 Crore, out of the total budget of Rs.1198.30 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 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.

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, in a phased wise manner 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. 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.

7. As on date, the Company has completed approximately 75% of the Civil work, and is currently casting the slab for the 19th 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 5th floor (out of a total of 7 floors) for the Building B11.

July 30, 2019

**NIRLON KNOWLEDGE PARK - PHASE V
BUDGET VARIATION SHEET SUMMARY - HARD COST AND SOFT COST**

ANNEXURE - 1A

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	Hard Cost	672.96	Less by 4.67	668.29	Hard Cost in Phase V will continue to be carefully monitored. Further increase in the price of Steel are anticipated. There could also be increases in the projected volume of Steel for various reasons.
2	Soft Cost	495.35	Less by 25.00	470.35	Soft Cost should be approximately 5% lower than the original Budget
	TOTAL COST	1,168.32	Less by 29.67	1,138.65	Approximate Cost reduction of 2.5% from the original Budget, after increased area

Marketing Cost has been excluded in this projection.

The above numbers are as per IGAPP.

**NIRLON KNOWLEDGE PARK - PHASE V
BUDGET VARIATION SHEET SUMMARY - HARD COST**

ANNEXURE - 1B

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	Preliminaries	5.74	2.00	7.74	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	Main Building- Core & Shell	302.47	40.00	342.47	
	Excavation and Site preparation works	9.41	4.00	13.41	Increase includes Royalty charges. Budget was for 2 basements. However work executed for 3 basements.
	Main Building- Concrete Shell and Civil Works	282.98	36.00	318.98	This increase is inclusive of anticipated price escalation of Rs. 30 crore (approx.) (as on date Rs 23.81 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	Facade and Terrace Structures	100.13	Less by 6.00	94.13	As anticipated and projected, Façade Tender has been finalised for approximately Rs. 72 Crore. With additional extra items, the total façade package should be approximately Rs. 94 Crores.
	Structural Glazing and Façade Work	95.42			
	Special Façade Fabrication works	4.70	-		
				-	
4	Common Area Interiors	41.89	Less by 4.00	37.88	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 addition and negotiation
	Signage	0.26	-	0.26	
	Fire and General MS Doors	4.83	-	4.83	
	Fire Sealing	0.39	-	0.39	
				-	
5	External Development	20.86	-	20.86	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	Utilities	190.18	Less by 26.00	164.18	Approximately Rs. 152 Crores of orders have been placed. Balance packages of Access Control, Luminaries and STP will be finalised shortly. Final Utilities Number will be approximately Rs. 164 Crores.
	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	Site Overheads	1.04	-	1.04	
				-	
8	Contingency for Hard cost/direct construction)	10.67	10.67 (will be utilized)	-	This contingency will be utilized to offset the increased in hard cost.
	TOTAL HARD COST	672.96	Less by 4.67	668.29	

The overall cost will be subject to the final quantities and Prices of Steel.

Steel Prices were at a near record highs and are assumed to be at this price till the end of the Project.

The above numbers are as per IGAPP.

**NIRLON KNOWLEDGE PARK - PHASE V
BUDGET VARIATION SHEET SUMMARY - SOFT COST**

ANNEXURE - 1C

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	Soft Cost (Consultants) + MSC Charges	109.62	Less by 5.00	104.62	The projected reduction is despite the fact that approximately Rs. 3 Crores is lost due to change in tax structure from Service Tax to GST. This is a dead loss.
2	Authorities (Fees, Connections, etc.) and Land Cost/ FSI Purchase Cost	235.55	Less by 10.00	225.55	Currently projected to be lesser by approximately 10 Crores despite increased volume. However, Statutory Costs remain very unpredictable.
				-	
3	Finance Cost	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	Other (Non - Direct Construction related eg Taxes, Insurance, etc)	40.00		40.00	
	TOTAL SOFT COST	495.35	Less by 25.00	470.35	

The above numbers are as per IGAPP.