

NIRLON LIMITED

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CIN:L17120 MH1958PLC 011045



May 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 May 13, 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 May 13, 2019, has taken on record Annual operating Plan/ Budget for the F.Y. 2019-20.

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.

RS IN LACS

ANALYSIS OF PROFIT & LOSS A/C	PROPOSED		% OF NET OPERATING INCOME	APPROVED	
	BUDGET			BUDGET	
	01-Apr-19 to 31-Mar-20			01-Apr-18 to 31-Mar-19	
LICENCE FEES	26,585.47			25,265.82	
ADD : OTHER OPERATING INCOME *	4,170.16			4,283.86	
TOTAL OPERATING INCOME	30,755.63			29,549.68	
LESS : PROPERTY MANAGEMENT EXP	(3197.71)		11.60%	(3326.73)	12.69%
NET OPERATING INCOME	27,557.92		100.00%	26,222.95	100.00%
LESS : OPERATING COST	4,304.18		15.62%	3,630.20	13.84%
OPERATING PROFIT/(LOSS) BEFORE INT & DEPR	23,253.74		84.38%	22,592.75	86.16%
ADD : OTHER INCOME #	6.00			24.00	
OPERATING PROFIT/(LOSS) BEFORE INT & DEPR	23,259.74		84.40%	22,616.75	86.25%
LESS : INTEREST	5,895.79		21.39%	5,326.91	20.31%
CASH PROFIT/(LOSS)	17,363.95		63.01%	17,289.84	65.93%
LESS : DEPRECIATION	5,360.76		19.45%	5,638.03	21.50%
NET PROFIT/(LOSS) FOR THE PERIOD	12,003.19		43.56%	11,651.81	44.43%

RS IN LACS

BREAK UP OF OPERATING COST	PROPOSED	% OF NET OPERATING INCOME	APPROVED	% OF NET OPERATING INCOME
	BUDGET		BUDGET	
	01-Apr-19 to 31-Mar-20		01-Apr-18 to 31-Mar-19	
POWER & WATER	47.04	0.17%	45.12	0.17%
PAYMENTS TO & PROV. FOR EMPL.	483.12	1.75%	435.74	1.66%
PENSION PAID	18.00	0.07%	145.32	0.55%
LOSS ON SALE OF ASSETS	0.00		0.00	
INSURANCE	112.05	0.41%	107.34	0.41%
REPAIRS and MAINTENANCE	981.15	3.56%	204.35	0.78%
RATES & TAXES	866.86	3.15%	866.86	3.31%
DIRECTORS FEES	46.50	0.17%	67.50	0.26%
LEGAL, PROF. & RETAINER EXP.	333.49	1.21%	398.58	1.52%
OTHER EXP.	237.94	0.86%	245.29	0.94%
FEES PAID TO NMS	818.50	2.97%	780.10	2.97%
MARKETING FEES (Not considered being non cash)		0.00%	0.00	0.00%
SECURITY EXPENSES	108.59	0.39%	113.36	0.43%
TELEPHONE & TRUNK CALL EXP.	4.99	0.02%	4.80	0.02%
TRAVELING EXP.	65.70	0.24%	60.95	0.23%
CSR CONTRIBUTION	180.26	0.65%	154.88	0.59%
	4,304.18		3,630.20	
BREAK UP OF LEGAL & PROF & RETAINER EXP				
NIRLON - RETAINERS (INCL CTC)	0.00	0.00%	0.00	0.00%
PROFESSIONALS includes Rs 34.50 lacs for NED's	134.36		111.78	
ADVOCATES	199.13		286.80	
TOTAL	333.49		398.58	

Assumptions for the P & L Budget for the FY 2019-20

1. License fee income :

- i. Following License agreements are expiring during fy 2019-20.
- ii. It is assumed that the License Fees will be escalated as per details given below :

LICENSE AGREEMENTS EXPIRY DATES IN FY 2019-20				
Sr No	Licensees	Premises & area	Expiry Date	Escalated / Renewed rate
NIRLON KNOWLEDGE PARK				
1	Tata Starbucks Limited (Licence fee rate Rs. 117.70 as per expiring agreement)	B6 Gr flr chargeable area 977 sq ft	17-Apr-19	Renewal assumed at same rate as per side letter for extension. No rent free assumed in FY 19-20
2	TCS (Licence fee rate Rs. 91.25 as per expiring agreement)	B3 chargeable area 2,93,417.48 sq ft	7-Oct-19	Renewal assumed @ 140/- . 3 months rent free assumed in FY 19-20.
3	Deutsche CIB Centre Private Limited (Licence fee rate Rs. 112.41 as per expiring agreement)	B7 2 nd & 3 rd flr chargeable area 76,882 sq ft	9-Dec-19	Renewal assumed @ 140/- . Same terms as B1. One month rent free assumed in FY 19-20.
4	HDFC Bank Limited (ATM) 15 sq ft (Licence fee rate Rs. 2300/- as per expiring agreement)	B6 Gr flr chargeable area 15 sq ft	15-Dec-19	Renewal assumed with 15 % escalation @ 2645/- . No rent free assumed in FY 19-20.
5	Citicorp Services India Private Limited (Licence fee rate Rs. 111.55 as per expiring agreement)	B4 B5 10 th flr chargeable area 58,401.95 sq ft	12-Mar-20	Renewal assumed at same rate as licence is expiring in March 2020. The licence fee @ new

				rate will be considered in FY 2020-21.
6	Virtela India Private Limited (Licence fee rate Rs. 111.55 as per expiring agreement)	B4 B5 11th flr chargeable area 57,095.76 sq ft	18-Mar-20	Renewal assumed at same rate as licence is expiring in March 2020. The licence fee @ new rate will be considered in FY 2020-21.
7	Morgan Stanley Advantage Services Pvt.Ltd. (Licence fee rate Rs. 119/- as per expiring agreement)	B7 1 st flr chargeable area 14,725 sq ft	31-Mar-20	Renewal assumed at same rate as licence is expiring in March 2020. The licence fee @ new rate will be considered in FY 2020-21.
NIRLON HOUSE *				
8	Vaarse Beauty Private Limited (Licence fee rate Rs. 150/- as per expiring agreement)	1 st flr chargeable area 1,000 sq ft	10-Oct-19	Renewal assumed at same rate.
9	State Bank of India (Licence fee rate Rs. 250/- as per expiring agreement)	Gr. Flr chargeable area 4820 sq ft	31-Dec-19	Renewal assumed at same rate. (The agreement expiring on 31st Dec 2019 was for 2 years)
10	G Corp Private Limited (Licence fee rate Rs. 150/- as per expiring agreement)	5 th flr chargeable area 1500 sq ft	30-Mar-20	Renewal assumed at same rate.

* Please Note : Nirlon House agreements are short term i.e. 1 – 3 years.

Please see tab “License Fees 19-20 & NMS fees” in the P & L budget file for details of rent free periods.

- i. The licence fee from B6 1st floor (Gym) is assumed from 1st Jul 2019.
 - ii. No licence fee from telecom service providers is considered (same assumption like last year).
5. **Other operating Income:** The other operating income includes car parking charges, CAM income and other recoveries from licensees. The average CAM billing rate for NKP is assumed @ Rs. 14 (Except TCS which is assumed @ Rs. 13.29 up to 7th Oct 2019) per sq ft per month plus property management fees assumed @ approx. 12.74 %. CAM expenses on Nirlon a/c while B3 building is vacant / rent free is estimated @ Rs. 9.48 lacs. Nirlon House average CAM billing rate is assumed @ Rs. 11.46 per sq ft per month.
2. **Power, Fuel and Water :** Power and Water is considered assuming 10% increase over 2018-19 actuals.
3. **Employment cost :** Employment cost includes salaries of MP, JB and RVS. Salary of MP and JB assumes 15 % increment from Sep 2019. Variable pay to the Executive Director is assumed at 200%. Recovery of salary payments from NMSPL is considered under other operating income. Pension unwinding of liability is estimated at approx. Rs. 18 lacs.
4. **Insurance:** Insurance charges are estimated assuming 10% increase over the FY 2018-19 actuals.
5. **Repairs and Maintenance Expenses:** Repair and Maintenance expenses are estimated based on inputs provided by the technical team which mainly includes Structural Repairs of Nirlon House building, aesthetic refurbishment of lobbies of phase 1 and 2, improvements of phase 4 building lobby, refurbishment of B3 building, and expenses for maintenance of existing areas on the ROB towards south gate, etc.

The budget assumes refurbishment of B3 building presuming TCS will vacate the building in Oct 2019. In the event TCS is continuing, all these improvements may not be required to be carried out.

Structural repairs at Nirlon House have been considered as per last year's assumptions. Report from J+W (structural consultant) will be available in March 2019 after load test on cantilever area. Remedial measures of cantilever area, if any, is not considered in the budget for the moment. These expenses may require to be added to the budget if the amount is high.

6. **Rates and Taxes (Property Tax):** Property tax is estimated based on bills received for the year 2018-19.

Property tax for Phase 1 is likely to come down as the Company is in process of reassessing E & Y B2 5th flr and MSAS B2 8th flr on IT basis. The effect of this likely reduction is not considered in the budget. Property tax for CTC (Phase 0) is likely to increase because of modifications done on the 1st floor of the building. The effect of this likely increase is not considered in the budget. Both these items will be included in the budget if the Company is advised of the respective amounts by MCGM prior to March 2019 end.

7. **Directors Fees:** The projections assume meetings of the Board of Directors and sub committees of the Directors based on actuals for 2018-19, and the sitting fees are assumed Rs. 50,000/- per meeting per Director.

8. **Legal and Professional Expenses:** Legal and Professional Expenses are estimated based on 2018-19 actuals. The budget assumes additional fees for two new independent directors replacing the retiring two independent directors. The budget also assumes fees to the existing two independent directors to be increased to the same level as well.

9. **Other Expenses:** Other Expenses are estimated based on actual for 2018-19 with an approximate 10% increase. Fees for Shops & Establishment License, Fees to Bombay Stock Exchange, printing and stationery, postage exp, statutory audit fees etc. are included under this head.

10. **Nirlon Management Services Private Limited (NMSPL) Fees:** Fees payable to NMSPL is calculated at 3% on the License Fees income and other operating income as per the Agreement.

11. **Marketing Fee amortization:** Marketing Fees Amortization is not considered being a non cash item.

12. **Security Expenses:** Security Expenses are estimated based on actual deployment for 2018-19 actuals with an increase of approximately 10% plus 7 % DA increases.

13. **Telephone Expenses:** Telephone Expenses are estimated based on 2018-19 actuals with an increase of approx. 10%

14. **Travelling expenses:** Travelling Expenses are estimated based on 2018-19 actuals with an increase of approx. 25%. Travelling Expenses are budgeted higher due to international travel of Directors for attending board and other committee meetings.

- 15. CSR contribution:** CSR contribution is estimated at 2% of the average profit of last 3 years i.e. 2016-17, 2017-18 and 2018-19 (estimated).
- 16. Other Income:** The other income is considered towards misc. scrap sales. No interest income on the Fixed Deposits is considered as it is assumed that the surplus cash flow will be used for phase 5 developments.
- 17. Interest Expenses:** Interest expenses are estimated based on principal moratorium granted by HDFC Limited. The interest rate of 10.15% pa is considered presently. The final interest rate in the budget will be adjusted to reflect the interest rates prevailing on 31st March 2019. Interest on further loan to be taken from HDFC Ltd in the FY 2019-20 is assumed to be capitalized under phase 5.
- 18. Depreciation:** Depreciation is considered on an actual basis.
- 19. Foreign Exchange fluctuations:** Profit/ (Loss) on Foreign Exchange Fluctuations on imports are not considered.
- 20. Provision for Income Tax** will be considered at the year end based on applicability of MAT or Provision for income Tax as the case may be.
- 21. Deferred Tax provision** will be calculated at the end of the year.
- 22.** All numbers projected are as per IGAPP.