

NIRLON LIMITED

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CIN: L17120 MH1958PLC011045



June 30, 2020

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 June 30, 2020 – Summary of measures taken to prevent/mitigate the impact of COVID 19 on the Company's operations and on the development of Phase 5

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 June 30, 2020 has taken on record the Summary of measures taken to prevent/mitigate the impact of COVID 19 on the Company's operations and on the development of Phase 5. A copy of the same is attached herewith.

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 LIMITED: COVID 19 UPDATE – JUNE 2020

Summary of measures taken to prevent/mitigate the impact of COVID 19 on the Company's operations and on the development of Phase 5

Ref: Board meeting to be held on June 30, 2020

PART A: CONTINUITY OF OPERATIONS AT THE COMPANY'S LOCATIONS, AND MEASURES TAKEN TO PREVENT THE SPREAD OF COVID 19 AT THESE LOCATIONS

1. CONTINUITY OF OPERATIONS AT NIRLON KNOWLEDGE PARK (NKP), GOREGAON (EAST), MUMBAI 400 063

Post the onset of the lockdown on March 24, 2020, the number of persons coming to work every day in NKP is substantially lower than normal levels. However, this number has remained reasonably consistent over these past three months from the onset of the lockdown.

The number of persons working currently in NKP is not expected to become much lower or drop to a level where Park operations can/need to be suspended.

As Banking and IT Services have been designated essential services by the relevant authorities, persons engaged in these businesses are exempt from the lockdown and can travel to/from their place of work.

Accordingly, Nirlon Limited (NL)/Nirlon Management Services (**NMS**) have continued to keep NKP operational.

At the present time, the Company feels that it will be successful in maintaining the continuity of operations at NKP through the duration of this crisis. The Management will constantly continue to evaluate scenarios and best endeavor to formulate solutions where operations continue unaffected.

2. HEALTH, HYGIENE AND SAFETY MEASURES IMPLEMENTED/TO BE IMPLIMENTED AT NKP TO PREVENT THE SPREAD OF COVID 19

A. Broad guidelines covering preventive actions shared with all licensees on March 9, 2020. Guidelines covered the following action items:

- i. Increased in cleaning cycle of high touch points by chemical disinfectant. Face masks & hand gloves provided to cleaning staff involved in the cleaning activities.
- ii. Hand sanitizers placed at prominent locations for frequent hand cleaning.
- iii. Communication protocol shared for sharing information of any potential Covid 19 case in NKP between Licensees & Licensor/NMS/NPMT.
- iv. Adequate stock of face masks, hand sanitizers, hand gloves, infrared thermometers etc. are maintained at NKP.
- v. Evacuation/Tracing protocol for any potential Covid 19 case identified and shared with Licensees.
- vi. Specialized agency identified and contacted for sanitization of premises as and when required.
- vii. Advised all NKP occupants to maintain social distancing as per Government Guidelines.

B. The Company has also implemented the following additional measures :

- a. 100% temperature screening using infrared thermometers of all persons entering any building in NKP was introduced from March 19, 2020. Any person found with a high temperature is to visit the medical centre, and their information is to be shared with the concerned licensee.
- b. Social distancing guideline signage has been placed at prominent, relevant locations including on/inside the lifts (not more than 4 persons per elevator), on lobby floors, before turnstiles and access control points etc. to facilitate social distancing.

- c. Face masks are mandatory as per the MHA notification of 15th April.
- d. To reduce touch points, all swing doors for building lobbies have been kept open.
- e. Touchless soap dispensers have been placed in all common area washrooms.
- f. Foot operated hand sanitizers have been placed at prominent locations
- g. Besides building common areas, vehicles entering NKP are also sanitized at the boom barrier check point, by spraying green seal chemicals.
- h. The company has also purchased and is using spraying machines within buildings and in common areas.
- i. Split Operations for NL /NMS/NPMT teams have been introduced with effect from March 19, 2020 with the following guidelines:
 - a. Teams to be divided as per buildings/phases with strict instructions not to interact with teams from other buildings/phases.
 - b. Multiple team briefings are done for small numbers of persons only.
 - c. Meal timings are staggered to maintain distance between the teams.

The following measures are under evaluation:

- a. Sensor based flush valves to reduce touch points in common area washrooms.
- b. Auto door opener for swing doors in common area washrooms.
- c. COVID protection treatment (coating) for Elevators and lift lobby common areas.

All steps mandated by the Central and/ or State Government from time to time continue to be incorporated in NKP protocols.

Similar measures, as applicable, are in place at Nirlon House as well, the Company's other location.

3. LICENCEE, EMPLOYEE AND VENDOR/SUPPLIER/SERVICE PROVIDER SUPPORT

Licensee support during the lockdown in so far as coordination, communication, adherence to guidelines and the payment of License Fees and other contracted charges are concerned continues to be good. Similarly, the Company has ensured timely payment of salaries to its employees, and payment of bills/fees to its vendors/suppliers/service providers. This is critical to retain their ongoing support and active cooperation during this difficult phase, so as to ensure smooth and uninterrupted functioning of the Company's operations.

4. NL'S CSR CONTRIBUTIONS TOWARDS COVID 19 RELIEF

The Company has approved a total of Rs.1.33 Crore in this F.Y. as a part of its CSR initiative to date. Recipients include 'The Maharashtra 'Chief Minister's Relief Fund-COVID 19' and various hospitals and organizations for monetary donations, as well as for the donation of PPE's ventilators, oxygen support equipment etc. It continues to be in close touch with the Municipal Corporation to better understand where it can effectively contribute.

PART B: IMPACT OF COVID 19 ON THE COMPANY'S FINANCIAL OPERATIONS

1. LENDER SUPPORT

The Company remains in close touch with its lender, HDFC. HDFC have confirmed that any RBI sanctioned deferment on its EMI's will be available to the Company if it chooses to avail of the same. However, they

also confirmed that a deferral will attract the prevailing interest charge, and therefore come with a cost. Deferred amounts may be paid back in installments, in a bullet payment, or be amortized over the balance tenure of the loan.

HDFC also confirmed that the balance undrawn amount of the phase 5 construction loan (Rs.215.00 Crore as on date) is available for drawdown as per the Company's requirements, notwithstanding the present Covid crisis.

HDFC have also reduced the Company's interest rate effective 1st May 2020 from 9.35% to 8.80% in the context of the RBI's interest rate reductions as a response to the Covid 19 crisis.

2. CASH FLOW

The Company has received approx. 99% of its invoiced license fees (i.e. excluding agreed abatements to eating houses, the Gym and the Creche amounting to approx. Rs. 10.23 lakh per month) from NKP and Nirlon House for April and May 2020 respectively. For June 2020, it has received approx. 98.65 % of its invoiced license fees as on 19th June 2020. It expects to collect approx. 99% of its invoiced license fees for June 2020 by the month end.

Therefore, it has had adequate funds during the April-June 20 Quarter to meet its monthly operational expenses, the EMI on its securitized loan, as well as the EMI on its construction loan. The Company was also able to pay its Phase 5 project expenses and misc. project expenses during the April-June 2020 period from these monthly license fee collections, without drawing down any further on its construction loan. The April-June 2020 cash flows have also been able to absorb the increased costs (one time and recurring) the Company has had to incur as a result of the pandemic. It may be noted that due to the already existing principal moratorium in place on the Company's securitized and construction loans, the EMI presently consists of interest alone, which makes the EMI amount lower than it would

be with repayment of principal. Principal repayment is proposed to begin simultaneously with the commencement of License Fees from phase 5.

If the same trend of collections continues in the July-Sept 20 Quarter, a similar pattern of expenditure with usual monthly variations may be expected to continue, including servicing securitization and construction loans. Project expenditure and loan drawdown will be dependent on when Phase 5 construction starts (**please see the following PART C of this note for further information**).

However, in the prevailing environment, the Company cannot be certain that its collections will continue at the present level of approx. 99%.

3. INCREASE IN COSTS FOR THE COMPANY AS A RESULT OF THE COVID 19 EMERGENCY

In order to safeguard the health and safety of its employees and licensees during this health emergency, and to thus ensure continuity of its operations, the Company has had to expeditiously put in place several measures and implement various protocols (**described in more detail in PART A of this note**). To facilitate the same, it has incurred various costs (Rs.110.83 lakh as of June 19, 2020) that have not so far been a normal part of its cost structure or a part of its budget for the 20-21 F.Y. The full extent and nature of these costs will become clearer as the year progresses based on the constantly evolving requirements to keep people safe and healthy, and consequently to keep the keep the Company's operations running smoothly and without any interruption. These will be updated and presented to the Board every quarter.

4. GENERAL MARKET OUTLOOK:

As on date, NL has not received any notices for license termination or for a reduction in presently licensed area in NKP post the Covid -19 outbreak in India as a direct outcome of this pandemic. To date, the contracted Phase 5 Licensee too, continues to be on track to occupy Phase 5

as per contract, subject to the completion of the Project as per revised timelines because of the ongoing work stoppage caused by the pandemic (**please see the following PART C of this note for further information**).

The Company has so far received one notice for termination for approx. 1,000 sq feet from Nirlon House (out of a presently licensed area of 29,775 sq. ft.).

It is also relevant to note that the Company has received some requests for license fee deferments/license fee reductions from some licensees. As of date, the Company has replied explaining its inability to accede to these requests.

The Company has approx. 40,000 sq. ft. of space being vacated in September 2020 as per notices served just prior to the Covid 19 crisis in India. Under the prevailing circumstances, there is a possibility that these spaces may be vacant for more time than the normal 3-4 months.

The lack of a credible time frame for a Covid 19 vaccine/cure and the resulting continuing spread/spiking of the disease in India and internationally, remains the most critical issue causing the present chronic uncertainty.

PART C: IMPACT OF COVID 19 ON THE DEVELOPMENT OF PHASE 5 OF NKP

Phase 5 construction was suspended on March 21, 2020 in observance of the Government's Lockdown directives, and as a responsible measure to stop the spread of the virus.

At the time of work suspension, there were approx. 875 persons on site representing multiple agencies, i.e. civil, facade, MEP etc. Of these, approx. 173 were residing within the project site, and the balance were housed offsite by the respective contractors.

In April 2020, GOM allowed pre monsoon works to begin on the site. Subsequently, the Company applied for the pre-monsoon work approval and received this approval on April 30, 2020. Pre monsoon work therefore commenced gradually from May 4th in NKP Phase 5 in a phased manner.

There are approximately five pre-monsoon activities taking place currently on the site in NKP Phase 5 with separate contractors.

On June 3, 2020 Mumbai experienced severe weather from Cyclone Nisarga. There was a preparation process of approximately 2 days on the site in this regard, and thankfully there was no untoward incident in Phase 5.

As on date, approximately 80 persons remain housed onsite where they are provided food, bathing and washing facilities, sanitizers, masks and access to medical care. These workmen are from four different Contractors, and are housed separately in Phase 5 in independent colonies so as to minimize contact with each other. The Phase 5 site is also visited almost every day by a doctor and the temperature and other symptoms of the workmen are recorded daily. Up to June 19, 2020, no workman has exhibited any symptoms which in the opinion of the visiting doctor required Covid 19 testing. The accommodation provided to these approximately 80 persons is reasonably spacious, as these areas were used to accommodate more than 400 persons earlier in the project.

Additionally, the site is closely monitored for fire safety, and outside visits are strictly regulated, largely for purchase of essentials only. No person unrelated to the project apart from a doctor is allowed into the site.

As of April 17, 2020, based on the MHA Guidelines for reopening of sites across India, GOM had issued guidelines for the reopening of construction sites in Maharashtra, including Mumbai through directives and procedures from the BMC. Sites which have in house labor residing on the site may be allowed to reopen and commence work once BMC formalities have been complied with. Currently, the Company is in the process of gradually beginning regular work with in situ labor in a phased manner, with separate living and working arrangements and logistics for all contractors independently.

The Company has ensured payment of bills to its Phase 5 suppliers/contractors. A majority of R.A. Bills are paid till March 2020, and updated till the work stoppage date. It has also been in touch with them to understand and to jointly discuss their problems with regard to availability

of adequate labor, for recommencement of work in the future and a mutually beneficial way forward. This is critical to retain their support and active cooperation to recommence construction expeditiously, once conditions for the same are conducive.

The Phase 5 O.C. was scheduled to be received in the Oct-Dec 2020 quarter. Commencement and continuity of operations and the availability of labor, resources etc. over the next few months will have a significant bearing on the potential revised O.C. date. Subject to full mobilization of manpower on the site by August 1, 2020 and no interruptions on account of work stoppage for Covid 19 related delays, the revised OC date may currently broadly be estimated to be the April-June quarter of the F.Y. 21-22.

A proactive, patient, empathetic, responsible and balanced process of addressing these issues will continue to be followed to allow for the best possible answers in the days to come.

Note: *This update is being provided in terms of SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 20, 2020.*

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