

Operator: Ladies and gentlemen, good day and welcome to Nirlon Ltd. Q1 FY27 Earnings Conference Call, hosted by Valorem Advisors. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star and zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Purvangi Jain from Valorem Advisors. Thank you, and over to you, Ms. Jain.

Purvangi Jain – Valorem Advisors: Thank you. Good afternoon, everyone. My name is Purvangi Jain from Valorem Advisors. We represent investor relations for Nirlon Ltd. On behalf of the company, I would like to thank you all for participating in the company's earnings call for Q1 FY27.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ from those anticipated. Such statements are based on management's beliefs, assumptions made by management, and information currently available to management. The audience is cautioned not to place any undue reliance on these forward-looking statements when making investment decisions.

The purpose of today's earnings call is purely to educate and create awareness about the company's fundamental business and the financial quarter under review. Now let me introduce you to the management participating with us in today's earnings call and hand it over to them for their opening remarks.

We have with us Mr. Rahul D. Sagar, Chief Executive Officer and Executive Director; Mr. Manish B. Parekh, Chief Financial Officer and VP Finance; Mr. Jasmine K. Bhawsar, Company Secretary, Vice President Legal and Compliance Officer; and Mr. Ashish Bharadia, VP Business Development and Investor Relations, Nirlon Management Services Private Limited.

Without any delay, I request Mr. Rahul D. Sagar to begin with his opening remarks. Thank you, and over to you, sir.

Rahul D. Sagar – CEO & ED: Thank you. Thank you, Purvangi. It is a pleasure to welcome you all to our earnings conference call for Q1 FY27. Let me begin by taking you through the company's financial performance for the quarter.

Operator: Speaker, sorry for interrupting. Can you speak a little louder? Thank you.

Rahul D. Sagar – CEO & ED: For Q1, the company reported a total income of 173 crores, representing year-on-year growth of 3%. EBITDA stood at 134 crores, reflecting year-on-year growth of 1%, with EBITDA margins of 77.30%. Profit after tax for Q1 stood at approximately 69 crores, registering 19% year-on-year growth, while PAT margins stood at 40.19%.

On the operational front, average occupancy across our portfolio, comprising NKP and Nirlon House, stood at 99.8% during Q1 FY27. As of June 30, 2026, the combined vacant area across both properties was approximately 6,900 square feet.

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With that, we conclude our opening remarks and would now like to open the floor for questions. Thank you. Thank you.

Operator: Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking questions. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Thank you.

The first question comes from the line of Dilip Jain, an individual investor. Please go ahead.

Dilip Jain – Individual Investor: Good afternoon, sir. Am I audible?

Rahul D. Sagar – CEO & ED: Yes.

Dilip Jain – Individual Investor: Recently, an amendment was proposed to the Income Tax laws, and it is very close to enactment. It has already been passed in the Lok Sabha. It states that the dividend component of income distribution by a REIT will remain tax-free in the hands of shareholders, even if the underlying SPV of a REIT opts for the new tax regime.

We recently converted from the old tax regime to the new tax regime. Given the favorable income tax treatment now available even to a new tax regime SPV of a REIT, do we have any plans to convert to a REIT that are under discussion, or is some progress being made in those discussions? I would request you to kindly share whatever you can with us.

Rahul D. Sagar – CEO & ED: Essentially, as of now, we have no concrete plans to convert to a REIT. As we have said in the past, if we have anything significant to say on this front in terms of any significant change in the structure of the company or restructuring, we will let you know.

Dilip Jain – Individual Investor: As far as Nirlon House is concerned, is there any progress in the ongoing discussion to potentially redevelop it? We had heard about this a couple of years ago. Is the discussion still stuck in limbo, or is anything happening?

Rahul D. Sagar – CEO & ED: Just to refresh your memory, although you may already be aware, there are 12 other co-owners in the building. There are 12 other co-owners in the building as well.

Anything that happens in Nirlon House will obviously need the consent and/or approval of the other owners. As you know, these processes take a significant amount of time. We do not have anything significant to say at this point in time. When we do, we will tell you.

However, you must keep in mind the structure of the building in terms of the number of owners and other related matters, as well as the issues always associated with strata-owned assets across Mumbai and India.

Dilip Jain – Individual Investor: We had a small office of approximately 1,100 square feet leased this quarter at Nirlon House. What was the leasing rate per square foot per month?

Rahul D. Sagar – CEO & ED: That was approximately 200; the rate for the area was about 250 rupees per square foot.

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Dilip Jain – Individual Investor: Is that purely carpet area, or is it...?

Rahul D. Sagar – CEO & ED: No. These are old buildings, so you do not have these loadings and efficiencies and all, as you well know. It will essentially be more or less carpet area, but without extensive loadings, as you know.

You can consider it to be an older building from the 1960s or 1970s, or whenever it was constructed around that time—late 1960s. The carpet and chargeable ratios are very different from those of newer constructions and buildings.

Dilip Jain – Individual Investor: Is this at approximately the same 90% or 100% efficiency of carpet area, or is it slightly lower? I just want to get a ballpark idea of the...

Rahul D. Sagar – CEO & ED: I am saying that the difference between carpet area and chargeable area in older buildings is not very significant. It is normally between 90% and 95% efficiency.

Dilip Jain – Individual Investor: All right, sir. Congratulations on a good set of numbers. Thank you.

Rahul D. Sagar – CEO & ED: Thank you for your good questions. Thank you.

Dilip Jain – Individual Investor: Thank you.

Operator: Thank you. The next question comes from the line of Naman Jain, an individual investor. Please go ahead.

Naman Jain – Individual Investor: Hello, sir. Thank you for the opportunity. I want to know specifically about the Goregaon office micro-market. What is the rental rate per square foot there, and how does it compare with your realized rentals?

Rahul D. Sagar – CEO & ED: We do not really want to speculate or comment on another asset's rentals because we do not know the terms and conditions in sufficient detail. We do not want to say anything without complete information in terms of a comparison.

In terms of our rentals, you can see very clearly from the quarterly numbers and from the transactions completed in the recent past what the existing rentals are. We can say that we feel we are very competitive and consistent with regard to the competition and with regard to the other assets in the micro-market of the Western Suburbs, Goregaon, or whatever you want to call it.

It is not really a straightforward comparison of one number with another. You have to look at a lot of other factors, including efficiency, rent-free periods, security deposits, and escalation. We can only say that we feel our license fees are steady and consistent compared to those of other assets.

Naman Jain – Individual Investor: I understand, sir. My next question is: what are the standard escalation clauses and license-free periods in new agreements?

Rahul D. Sagar – CEO & ED: Initially, Mr. Jain, we had a 15% escalation in license fees every 3 years. Very often, that also meant a 15% increase in the security deposit.

Now, as we have said in the past, we are more focused on annual escalations, which are approximately 4.5–5%, plus or minus a few basis points.

Naman Jain – Individual Investor: Thank you, sir.

Rahul D. Sagar – CEO & ED: Thank you.

Operator: Thank you.

Sampriti Dutta – Individual Investor: Hello, sir. Am I audible?

Management: Yes.

Sampriti Dutta – Individual Investor: Thank you for giving me this opportunity. Given the high occupancy levels, are there any planned capex investments, such as redevelopment initiatives or expansion opportunities for the existing properties?

Management: There is nothing significant in NKP apart from the ongoing capex we have for upgrades and to ensure that the licensed premises and the park in general maintain international quality and Grade A office standards.

There is nothing significant or additional apart from the regular capex, which is very important for the improvement and maintenance of the licensed premises and the park as a whole.

Sampriti Dutta – Individual Investor: Understood. My second question is: will the company consider prepaying its debt, given that it currently has a healthy cash balance?

Management: The company has not taken any decision so far and has not had any serious discussion with the lenders regarding prepaying any debt at this point in time.

Sampriti Dutta – Individual Investor: Understood. That is all from my side. Thank you.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Suhag Patel, an individual investor. Please go ahead.

Suhag Patel – Individual Investor: Hello, can you hear me?

Management: Yes.

Suhag Patel – Individual Investor: First of all, thank you for the opportunity. How should we think about rental growth over the remaining quarters of FY27?

Management: Rental growth over the remaining quarters of FY27, as of now, will predominantly be based on contractual increases. Whatever the contracted terms and conditions are, they will be followed, as is usually happening in NKP.

We do not see anything significant happening outside of contracted growth as per the existing leave-and-license agreements. We have not heard anything significant from any of the larger

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licensees for FY26–27, and we expect that things will continue as per the existing leave-and-license agreements and contracts in place.

Suhag Patel – Individual Investor: Understood. My second question is regarding any lease renewal schedule over the next few quarters, such as in FY27.

Management: FY26–27 is a fairly quiet year in terms of any significant leave-and-license agreements expiring or coming up for renewal. As I said, we have not heard anything to the contrary. We have not heard anything significant that would make us change our view or think otherwise.

We have not heard anything from any of the larger licensees apart from what is contracted.

Suhag Patel – Individual Investor: Understood. That is all from my side. Thank you.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Rishabh Jain, an individual investor. Please go ahead.

Rishabh Jain – Individual Investor: Hello, am I audible?

Management: Yes.

Rishabh Jain – Individual Investor: Thank you, sir, for the opportunity. I had 2 questions. Can you provide an update on any tenant additions that you had this quarter?

Management: Any tenant additions during this quarter? I do not really think there were any significant additions in NKP or anything significant in NKP in Q1 FY27.

Rishabh Jain – Individual Investor: All right, understood. That is all from my side. Thank you.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Naman Jain, an individual investor. Please go ahead.

Naman Jain – Individual Investor: I have one more follow-up question. License fee income grew by only 0.9% quarter-on-quarter. What limited the growth in this quarter?

Management: These are all contracted license agreements with contracted terms and conditions. As and when the escalations happen, you may see increases in revenue. Similarly, as and when licenses expire and we renew them and/or obtain new licensees, you may see some change in revenue for that particular quarter.

However, these are all contracted licenses with the existing licensees. Therefore, it will be exactly as per the contracted leave-and-license agreements.

Naman Jain – Individual Investor: One more question: our EBITDA margins have moderated sequentially. Should we expect margins to remain around the current levels?

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Management: Are you saying that EBITDA margins are steady, or what is your question?

Naman Jain – Individual Investor: Basically, our EBITDA margins continue to remain healthy, and sequentially they are also...

Management: Our efforts as management are always directed toward increasing all the relevant numbers. We want to improve them.

While our endeavor is always to improve the relevant numbers, including EBITDA margins, which are a very important metric, we feel that based on the contracts we have in place, they should not fluctuate greatly. They should remain fairly steady. Thank you, that is a good question. Thank you.

Naman Jain – Individual Investor: Understood, sir. Thank you.

Operator: Thank you. The next question comes from the line of Akshay Chawla, an individual investor. Please press star and one to ask a question. Thank you.

Akshay Chawla – Individual Investor: Hello, am I audible?

Management: Yes.

Akshay Chawla – Individual Investor: Thank you for the opportunity. I wanted to ask whether the growth of GCCs is a significant issue for us going forward.

Management: What is the significant issue? Growth...

Akshay Chawla – Individual Investor: GCCs—Global Capability Centres.

Management: Understood. We are, of course, trying to obtain as much information and detail as possible regarding GCCs because, as you know, GCCs are a very good source of real estate demand. They are a very important source of real estate demand in Mumbai, Maharashtra, and India.

We feel that any growth in the number of GCCs in India is only going to help the office market significantly. This would really be the right direction for growth, in terms of an increase in the number of GCCs in India, as well as an increase in the number of functions and the scope of work of existing GCCs in India. There could also be an increase in the scope of work of future GCCs in India.

We feel all these factors are very important and would be positive. As you know, GCCs comprise a large part of the office market and office demand in India, Mumbai, and Maharashtra as well.

Akshay Chawla – Individual Investor: Thank you for that. My next question is regarding any other specific trend you may be seeing in the Goregaon micro-market. Can you throw some light on that?

Management: The issue for us is that our occupancy is more or less full, and we have no significant vacancies. A lot of the demand is obviously going elsewhere. Because of this, we do not receive many live inquiries or serious inquiries either, because there is no space here.

We are obviously aware that there are other real estate assets and other commercial assets in the NKP micro-market, as well as in the North, East, and Southeast. We can only monitor them on a general basis, not very specifically, because it is more important for us to look at our business and the trends that are going to affect our business.

There will always be other assets and other commercial complexes wherever you are. This is perfectly normal. We also feel that if Goregaon or the Western Suburbs is growing as an office micro-market and as a commercial office/IT location, it is very positive for the area, the region, and many of the companies located here.

The fact that the Western Suburbs and Goregaon are growing well as an international office-location hub, attracting the right international companies and the right amenities to this area, is extremely positive. Whether these companies come to our complex or somebody else's office asset or development in general, it is extremely positive if the micro-area grows as well.

Akshay Chawla – Individual Investor: That was helpful. That is all from my side. Thank you for the opportunity.

Management: Thank you.

Operator: Thank you. A reminder to all participants that you may press star and one to ask a question. The next question comes from the line of Shayam Khan, an individual investor. Please go ahead.

Shayam Khan – Individual Investor: Hello.

Operator: Mr. Khan, please go ahead with your question. Mr. Khan, please unmute yourself and go ahead with your question. Since there is no reply from Mr. Khan's line, please go ahead.

Shayam Khan – Individual Investor: Am I audible now?

Management: Yes, yes.

Shayam Khan – Individual Investor: My question was regarding the dividend. In FY26, we gave a very good dividend. Going forward, what is the guidance for the dividend? Will it improve, remain stable at the current levels, or reduce back to the levels in FY25? Can you throw some light on the dividend outlook?

Management: Firstly, we do not want to comment on what the dividend will be in future years. As you know, over the past few years we have been paying an interim dividend and then a final dividend after the AGM in September as well.

Over the past few years, it was 26 rupees per share. This year, for FY25-26, we increased it to 30 rupees per share. Going ahead in FY26-27, Mr. Khan, we just do not want to specifically state what the dividend will be. It has not been discussed internally either.

Our focus is on improving the park, improving the rentals, and doing what any other management would do and what management should do to improve the performance numbers and keep the park at an international level. This will ensure that we are in a position to do the best we can for our

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shareholders. Thank you.

Shayam Khan – Individual Investor: I also have another question.

Management: Please go ahead.

Shayam Khan – Individual Investor: In recent days, the stock has performed very well, and commercial real estate trends are showing yields of approximately 7% or 9% overall in India as well. What is the current rental yield we are seeing on the property portfolio we have? What is the market value of our property, and what exactly is the situation there?

Management: Mr. Khan, if you look at the numbers for FY26 and Q1 FY27, you can see that {? NKP and L ?} is fairly consistent. Occupancies are high, the numbers are consistent, and vacancies are low.

The cost basis is steady and consistent. Interest cost is well under control and is being carefully monitored. There are no significant issues in terms of any of the costs. Our focus is to ensure that we obtain the best possible A-grade licensees who will ensure that our numbers continue to look strong and positive, and increase as well.

In terms of the yield or whatever calculation you are referring to, you have all the numbers. You can look at the numbers and make any calculation in terms of yield, dividend, and so on fairly easily.

I am not exactly sure what yield you were asking about, but all the numbers are available in the disclosures and the investor report. You can derive any yield you choose from the existing numbers.

Shayam Khan – Individual Investor: Thank you, sir. That is all from my side.

Operator: Thank you. The next question comes from the line of Pranay Jain with Dealwealth Capital. Please go ahead.

Pranay Jain – Dealwealth Capital: Good afternoon. Am I audible?

Management: Yes.

Pranay Jain – Dealwealth Capital: My question is regarding the net debt position. How would you guide for the next couple of years? Currently, we are at 1.81. How do you see this trajectory moving forward?

Management: Regarding the net debt position, net debt would be approximately {? 1,150 ?} as of date. {? 1.81 ?} net debt-to-EBITDA.

Oh, you are talking about the net debt-to-EBITDA ratio. We do not really see anything significant. We hope, and it is our endeavor, to maintain healthy EBITDA margins. Of course, our endeavor is to improve them, but also to ensure that they remain healthy.

In terms of debt, as per the agreement, we have to start paying back in May 2027. As per the existing agreement with the lender, we have to pay back 5% annually over the next few years and then 25%.

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To that extent, we will be guided by the terms and conditions of the agreement with the lender. This may or may not have some impact on the EBITDA margin, but essentially we will be guided by the terms and conditions we have with the existing lender.

Pranay Jain – Dealwealth Capital: As per this agreement, should we be around 1.5 in the next couple of years, from 1.8 where we are now?

Management: I have not done that calculation, and I cannot do it right now. Theoretically, it is not a very difficult calculation, but of course, we do not want to speculate on what the numbers will be going forward.

It is not practical, and we are not comfortable making speculative remarks regarding any of the numbers. As I said earlier, we can only try our best and hope that the numbers remain healthy. Of course, all management teams will endeavor to improve the numbers.

Pranay Jain – Dealwealth Capital: There is no doubt that the numbers will remain healthy; we are very well placed. My second question is regarding the restructuring and whatever optionalities we have been evaluating, and the discussions we have been having.

I understand that it takes time, and we have been hearing for a couple of years that efforts are ongoing, but nothing significant is moving forward. I wanted to understand the challenge or hurdle at this stage and what will help us move to the next stage of the favorable options on our table.

Management: Firstly, it really depends on what you consider to be the next stage or what you consider to be the favorable option. As you know, in FY25-26, we moved to the new tax regime, which was fairly significant.

We will keep you closely informed of any significant developments like these in the current year and in the future as well. However, it is difficult for us to specifically say what is best, what is favorable, or what is significant.

As and when we have something to say, we will tell you. Thank you.

Pranay Jain – Dealwealth Capital: I meant to ask from the co-promoter's point of view. We had talks earlier with GIC, and at Nirlon House we have been looking at some kind of discussions to help us develop this space better among the different owners.

I wanted to know whether there is anything to look forward to from your discussions compared with last year, or whether there is really nothing to speak about.

Management: As of right now, to answer your question very frankly, there is nothing very significant to say. If there is something significant, of course, we have these calls every quarter and we will keep you closely informed.

Pranay Jain – Dealwealth Capital: Thank you, and I wish you all the best for that.

Management: Thank you. Thank you for your wishes. Thank you.

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Operator: Thank you. The next question comes from the line of Jay Jain, an individual investor. Please go ahead.

Jay Jain: Hello.

Management: Hi.

Jay Jain: Just one question. What is your average remaining lease tenure across your portfolio right now?

Management: Regarding the average remaining lease tenure across the portfolio, we may not want to answer that offhand... [inaudible]

Operator: Speakers, we cannot hear you. Can you come a little closer to the microphone and speak?

Jay Jain: Hello?

Management: It is a little difficult for us to answer that right now because there are so many assumptions associated with that number and with that question.

To answer immediately, on the spot, would be challenging because we do not want to give any misleading statements or anything that can [inaudible].

Jay Jain: Understandable, sir. I am just looking for a small indication. Are there any large leases that are due for renewal in the near term, such as a year or two from now?

Management: Nothing in FY25-26. So there is not much in FY25-26.

Jay Jain: All right. Thank you very much.

Management: Thank you for your questions.

Operator: Thank you. Ladies and gentlemen, as there are no further questions, we have reached the end of the question-and-answer session. I now hand the conference over to Mr. Rahul D. Sagar from Nirlon Ltd. for his closing comments.

Rahul D. Sagar – CEO & ED: Thank you. Thank you all for participating in this earnings conference call. I hope we were able to answer your questions satisfactorily and, at the same time, offer insights into our business.

If you have any further questions or would like to know more about the company, please reach out to our investor relations managers at Valorem Advisors.

Thank you once again for all your questions. They are greatly appreciated, and we look forward to seeing you again next quarter. Thank you again, everybody. Thank you. Thank you.

Operator: Thank you. On behalf of Nirlon Ltd., that concludes this conference. Thank you for joining us. You may now disconnect your lines.

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Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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