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CIN No. : L17100MH1905PLC000200

August 10, 2021

To,

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai- 400 001

Security code: 503100

National Stock Exchange of India Limited
Exchange Plaza,
Bandra-Kurla Complex, Bandra East,
Mumbai- 400051

Symbol: PHOENIXLTD

Dear Sir/Madam,

Sub: Transcript of Earnings Conference Call

Further to our letter dated August 07, 2021 informing of conclusion of our Earnings Conference Call held on Saturday, August 07, 2021 with Analysts / Institutional Investors on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter ended June 30, 2021, please find enclosed herewith Transcript of the said Earnings Conference Call.

This Transcript is also being uploaded on the Company's website at https://www.thephoenixmills.com

You are requested to take the same on record.

Yours faithfully,

For The Phoenix Mills Limitedp

Gajendra Mewara
Digitally signed by Gajendra Mewara
Date: 2021.08.10 21:28:48 +05'30'

Gajendra Mewara
Company Secretary

Encl.: As above

The Phoenix Mills Limited
Q1 FY22 Earnings Conference Call
August 07, 2021

Moderator: Ladies and Gentlemen, Good day and welcome to the Q1 FY22 Results Conference Call of the Phoenix Mills Limited. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Management of the company is being represented by Mr. Shishir Shrivastava – Managing Director, Mr. Varun Parwal – Deputy CFO and Mr. Pawan Kakumanu. – Deputy CFO. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. At this time I would like to hand the conference over to Mr. Shrivastava. Thank you and over to you sir.

Shishir Shrivastava: Thank you. A very good afternoon, ladies and gentlemen and I hope that you are all keeping well and staying safe. We take pleasure in welcoming you all to discuss the operating and financial performance for the first quarter of FY22. In our retail portfolio, consumption was at approximately Rs. 260 crore in the first quarter FY22 versus Rs. 1,440 crore in Q4 of FY21. Local restrictions were imposed across our malls in April 2021. These restrictions were only removed at end of June 2021 in most states except Maharashtra. All our malls except those in Maharashtra are operational and operating as per local guidelines. We are extremely happy to see swift recovery in consumption for the malls that are operational.

In July 2021 our operational malls recorded a consumption of approximately Rs. 200 crore adjusted for the number of operational days and select non-operational categories, we are seeing consumption recovery at approximately 93% of July 2019 levels and 120% of March 2021. As a percentage of July 2019 consumption, watches, jewellery and fashion accessories were at 91%, electronics at approximately 82%, fashion and apparel at 75%. The ramp up this time around has been much higher than the recovery that we had seen after the malls opened after the first lockdown last year. We remain very positive on our consumption recovery outlook for the second half of FY22 given the increasing pace of vaccination across the country and easing of local restrictions.

Moving on to our commercial office portfolio, our commercial office portfolio continues to remain resilient. collection efficiency for the commercial portfolio in Q1 was in excess of 92%. Fountainhead - Tower 1 at Pune with a leasable area of approximately 250,000 square feet has started generating revenue from this quarter with tenants moving in. Revenue contribution should improve significantly from the second half of FY22. Fountainhead - Tower 1 in Pune has a leased occupancy of approximately 95% and is fully operational. Work at Fountainhead - Tower 3 is now complete and we are awaiting occupation certificate. A quick update on the expansion at our Lower Parel site. Project Rise, which is an office led mixed use development will substantially complement our existing retail and hospitality landmarks at Lower Parel. We have recently received the IOD during June we paid approximately Rs 280 crore to secure a million square feet of development potential and we have further paid another Rs 65 crore towards the development charges.

Meanwhile at our other projects under development, we are progressing with our plans for offices at Wakad at Pune, Hebbal in Bangalore and Chennai and expect to share more detailed updates on construction status for the various under planning office assets in the second half of FY22. Our mall projects which are under development, we expect the mall Phoenix Citadel at Indore and Phoenix Palladium at Ahmedabad to be operational sometime in FY23. With regards to our two large malls in Wakad at Pune which is Phoenix Millennium and Phoenix Mall of Asia at Hebbal, we expect these to be operational in FY24.

Moving on to our residential business we have witnessed good traction in residential sales mainly led by the reconfiguration of our Kessaku property into smaller units and the robust demand of ready to move inventory. Between April and July we sold 8 apartments at one Bangalore West and Kessaku which represents an area of approximately 33,000 square feet and a sales value of about Rs 50 crore. Customer interest in our property remains extremely high. We are now launching a very attractive subvention scheme to cover both the completed units at Kessaku as well as the under-construction Tower 7 at One Bangalore West. We expect a subvention scheme to give a massive boost to our sales trajectory in the coming quarter.

With regards to our hotels, well they have had a testing time in the months of April and May; however the business has looked up from June and we are seeing increasing traction in staycation, social events and corporate events between July and August. The St. Regis Mumbai reported revenues of approximately Rs 130 million while Courtyard by Marriott contributed about Rs 20 million. At The St. Regis, we have invested in upgrading our property with an eye on the future, we believe that as things recover and return back to normal. Our various strategic upgrades at the hotel will enable us to recover faster and reemphasize the hotels positioning as the epicenter of all marquee corporate and social events in the city. We have carried out upgrades at several facilities of the St. Regis including improvement to the guest experience, upgrades to our banquet facilities and new restaurants being launched amongst others.

I am pleased to share that Seven Kitchens our all day dining is now open in his new avatar, we are also delighted to announce the launch of our new Middle Eastern restaurant called Sette Mara at St. Regis Mumbai. We expect the second half of this year to be much better for hotels driven by leisure travels and social events. We had stated our strategy to keep on adding at least a million square feet of retail to our portfolio every year post FY24. Earlier this year we had completed the acquisition of a land parcel in Kolkata and this Greenfield development opportunity will be the first such addition to our portfolio beyond 2024. I have already covered the delivery timelines for our four ongoing mall projects, while the pace of construction and sight had slowed down on account of local restrictions, all our sights are operational and we are not expecting any significant delays in our timelines to commence operations at these assets. Retail interest in our under-construction malls also remains extremely high and we have seen significant traction in leasing activity in the quarter gone by across all locations.

A quick line on our debt strategy before I request Varun to update you on the financial performance. Our strategy continues to be to optimize the capital structure; we have consciously deferred construction finance for our under-development projects until development risk is significantly mitigated. As we reach timelines where we are about 12 to 18 months away from completion of various malls, we intend to draw down some construction finance and the intent is to convert this into LRD facility soon after these malls become operational. I will now request Varun to update you on the financial performance.

Varun Parwal: Thank you Shishir. Good afternoon ladies and gentlemen and thank you for joining us on this call. Continuing with the briefing which Shishir gave, I would like to share with you some of the key highlights of our consolidated financial performance. Our income from operations for Q1 FY22 stood at Rs. 2,043 million which is at 33% of Q1 FY20. Our EBITDA was at Rs. 761 million which was at 26% of Q1 FY20 and we have reported a loss after tax of Rs. 262 million. Retail rental income came in at Rs. 870 million which was at 34% of FY20. Our Q1 retail EBITDA was at Rs. 919 million and this was a 36% of Q1 FY20. Our commercial office portfolio continues to remain very strong and we reported total income of Rs. 365 million and an EBITDA of Rs. 247 million. We expect the EBITDA from the commercial office portfolio to cross Rs. 1,000 million or Rs. 100 crores for the full year as occupancy ramps up across our assets and we release additional area in the newer assets.

Overall from a cash flow perspective, our inflow from operations were at Rs. 2,110 million while other receipts from our transactions with CPPIB and GIC were at approximately Rs 15,220 million. Our outflows were at approximately Rs 736 million out of which operating expenses were at only Rs. 76 million. Our CAPEX for Q1 FY22 was at Rs. 1,160 million and while the pace of construction have been slow given the restrictions imposed in various cities, we expect this CAPEX spend to pick up in the remaining three quarters. Like Shishir mentioned, we made some FSI payments and for Q1 FY22, our total payments for the Lower Parel project was at approximately Rs 325 crores. We also repaid debt of about Rs 350 crores during the quarter and this was supplemented by additional debt which we took at Island Star Malls Developers and at our commercial office towers in Pune.

Our overall interest expense stood at approximately Rs800 million for the quarter. From an operational perspective, we had an operational free cash flow of Rs. 550 million for Q1 FY22 after considering interest and tax payments, but before principal repayments. Our consolidated gross debt stood at Rs. 43,567 million as compared to Rs. 44,865 million at the end of Q4 FY21. Gross debt overall was down by about Rs 130 crores for the quarter. We paid off approximately Rs. 3,500 million across principal repayments in Q1 and we also paid down certain revolving credit facilities. Like we have mentioned, we took some additional debt at Island Star Malls Developers which was approximately Rs 150 crores and at our office towers in Pune of Rs. 75 crores.

Just to highlight, the office towers in Pune were constructed completely out of the equity and this is the debt that we have taken against the operational Tower 1 in Pune which has an annual EBITDA of approximately 15 crores. Our average cost of borrowing is now down to 7.9% from 8.17% last quarter, our cost of borrowing is down by 27 basis point in the last three months. We further have more interest resets in July and in the first week of August and we expect our cost of borrowing to further decline in the coming quarters. Post the transactions which we announced where GIC and with CPPIB our group liquidity is in excess of Rs 1,662 crores. This excludes funds of almost Rs 700 crores which are parked in revolving credit facilities at this point in time and remain available to PML should be needed for any CAPEX or acquisition opportunities.

Phoenix share of gross debt today stands at about Rs 3,237 crores adjusted for the liquidity available with Phoenix in the form of bank balances and investments, our share of net debt is at only Rs 1,686 crores today. With an extremely strong balance sheet position we are prepared for any challenges that the current environment made for and we continue to focus on timely completion of our under-construction projects and expansion into new cities that we have identified. With this, we would close our opening remarks and we would open the call for an interactive Q&A session. Thank you.

Moderator: Thank you very much sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Parikshit Khandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: My first question is now with the coming lack of consumption in excess of 80%, but what is the outlook on the rentals, have the rentals normalized now to the pre COVID levels that is my first question?

Shishir Shrivastava: So, we believe that I think with the malls reverting back to close to pre COVID levels of consumption we believe that there should be no impact going forward on rentals. Our discussions with our retailer partners are ongoing for what is the discount that we should be offering them for the period of the malls being shut. So, that is an ongoing discussion as we had done this time around as well we waited for the restrictions to be eased and for the malls to be operational for consumption visibility before we entered into an educated and reasonable negotiation with our retailer partners.

Parikshit Kandpal: So when do you expect the rentals to revert to the pre COVID levels now since the consumption has now been more than 80%, so the timeframe for which the months were shut, so how do you want to basically bake in these numbers if you can give sense after doing this adjustment

Shishir Shrivastava: I would say for malls that became operational in the period of June and July, I believe that we should be able to get to normalized rentals without any impact of further restrictions etcetera starting the second half of the year. But I would also rather refresh your memory that we have even when I say normalizing rentals we are only talking about reverting to the minimum guarantee rent as per contractual terms. We anyways have a revenue share component which we have negotiated to be higher for the period where we offer any waivers. So, with consumption reverting back to normal I think the impact of that is also going to be very less, very significant and we should be able to recover rentals higher than the discounted minimum guarantees.

Parikshit Kandpal: The second question is on the business development side, now that we have added Kolkata have we started working on any other new greenfield opportunity in mall segment and newer cities and likely closures possible in this financial year on that?

Shishir Shrivastava: So, we are actively looking for growth opportunities, we have raised capital in our joint venture with the Government of Singapore with GIC and there is a primary infusion of cash over there to fund growth opportunities so under that JV we are actively looking for some opportunities, there is nothing share at the present because it is all at the initial evaluation stage.

Parikshit Kandpal: Just my last question if you can touch upon them the last quarter you had seen a good response on the lease in the under-construction assets, so if you can just share some numbers how has been movement there in terms of the leasing?

Shishir Shrivastava: We can give you a broad overview on the leasing activity that we have seen in under construction sites perhaps I am going to request Pawan to give you a more recent updates.

Pawan Kakumanu: We had started our leasing for under construction assets about a month ago once COVID-19 second lockdown had moved away and we started our interaction. To refresh your memory a significant amount of leasing was already completed in Indore and that is picking up pretty well as well given that this is amongst the first ones to open, we expect to end the year at almost 60% plus leasing activity to be completed. Even in our other assets such as Mall of the Millennium which is in Pune, mall of Asia which is in Hebbal and Phoenix Palladium in Ahmedabad we are also seeing significant traction coming up. I am also very happy to share with you that our traction even in the recent times we have been able to close in line rentals at higher than what we had planned in our business plan so we believe the traction continues to be very strong for market leading assets.

Shishir Shrivastava: I will just add to what Pawan mentioned by the end of this financial year we expect at Mall of Asia Bangalore we expect to be at 55% to 60% lease we are in active discussion with more than 140 brands including several luxury brands with a large group we have concluded the initial discussions to bring in 50 brands across the center. Phoenix Mall of the Millennium at Pune we expect to be close to about again 50% by the end of this financial year. Phoenix Citadel Indore which is likely to open in FY23 we expect to be at about 70% by the end of this financial year.

Parikshit Kandpal: And what about Ahmedabad?

Pawan Kakumanu: Ahmedabad has actually already achieved about a 70% plus leased occupancy and the mall will also become operational sometime in FY23 so we expect by the end of this financial year to be at least at 80 - 85% lease.

Moderator: Thank you. The next question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

Adhidev Chattopadhyay: Phoenix Rise already made FSI payments so what will be the total development size and what is the overall budgeted cost and what is the expected completion timelines along with what have been your cost savings if the FSI remained operational that is the first question?

Shishir Shrivastava: Sorry could you repeat the third part of your question.

Adhidev Chattopadhyay: What FSI payments we have made right it is basically the IOD what is the sort of savings we have made I am trying to understand have we met all the payments we need to do right now or is there more savings to come in future?

Shishir Shrivastava: On the FSI payment we have paid about Rs 280 crore already and there is about Rs 400 odd crore saving there because the normal charges premium would have resulted in about a number close to Rs 700 crore. So, we have paid the premiums on that and secured that FSI. There are development charges that have to be made after which one will move with the process of the CC etcetera that is about another 65 odd crores which we have also paid and expect the next stage of approvals in some time. The overall project cost excluding cost of land etcetera we expect to be at about Rs 1,000 crore and the overall development potential is about 1.2 million square feet which includes roughly around 300,000 square feet of retail and 900,000 odd square feet of commercial offices.

Adhidev Chattopadhyay: And this you have mentioned in the presentation some densification in our High Street Phoenix of 0.5 million square feet, is that 0.3 million point of that or that is part of Rise exclusively?

Shishir Shrivastava: Yeah, so this includes the 300,000 square feet of Rise that I mentioned the lower Parel expansion project. In addition to that we have now converted some area of the Palladium basement to retail and we are currently working on the interiors over there and also in the sky zone we have added level 2 and level 3 so two floor of retail have been added in Phoenix house above Skyzone.

Adhidev Chattopadhyay: And just on the construction timeline when do you expect the broad completion of this project?

Shishir Shrivastava: The 200,000 square feet of retail is already work is in progress in the next few months I would say we will be able to make the space operational part of it is already operational, leased and operational. The project Rise alone which is the 1.2 million square foot development we expect to break ground maybe in the next few months and I think FY26 will be the first full year of operational. So, we would probably end up operating some part of FY25 as well.

Adhidev Chattopadhyay: Second question is on a group liquidity position for the GIC the first tranche of money which you received is the Rs 1,100 crores obviously Rs 800 crores plus came through primary and rest for secondary, how has been the upstream to Phoenix the standalone entity is it all lying at the SPV level that money or has there been some settlement between the standalone and the SPV?

Shishir Shrivastava: So, it was Rs 800 crore of secondary and balance was primary. Now of this about Rs 800 crore which was a secondary or repayment of liabilities of these SPVs to PML cumulatively Rs 800 crore that came in to PML we have used it to pay down certain OD facilities, we have used some part of that to pay for the premiums for project Rise etcetera and roughly Rs 281 crores continues to sit in the SPVs which are part of the joint venture with GIC and form part of the growth capital. We expect that as we identify opportunities or before the end of 12 months when the balance Rs 400 crore comes in so we have about Rs 680-700 crores thereabout to spend for growth opportunities under the GIC JV.

Adhidev Chattopadhyay: And last question is on the committed obviously the rights issue for Island Star of Rs 400 crore between CPPIB and us, so is there any clarity we will be making any commitments by both the partners this year on next year some time?

Shishir Shrivastava: We have already infused approximately Rs 200 crore each into that JV we have already infused the money that in June this year and that money we have used again temporarily to park within the revolving credit facilities and the balance continues to stay as treasury investments in Island Star or its subsidiaries.

Adhidev Chattopadhyay: So, just to understand correctly at an aggregate for Phoenix level Rs 1,100 crore has been come in GIC and another Rs 200 crores have come into CPPIB, is the understanding correct?

Shishir Shrivastava: Correct so Rs 1,100 crore from GIC and roughly Rs 200 crore odd has come in from CPPIB plus they have also invested in our Calcutta project where at the first instance they have brought another Rs 180 crore which was paid out to part of it Rs 150 crore came up to Phoenix which was a short term loan that Phoenix had given to that subsidiary which was returned. So, that is the liquidity that has been created in this last quarter.

Moderator: Thank you. The next question is from the line of Biplab Debbarma from Antique Stock Broking. Please go ahead.

Biplab Debbarma: Sir my question I just wanted to know what would be the amongst this you have 350 odd stores in your typical mall amongst this stores how many are the brands that are common across your malls and how many of those brands have preleased in your under-construction projects?

Shishir Shrivastava: So, I would say that about 75% of the brands would be common across all our malls roughly all the malls have about 320 odd stores. So, I would say 70% would be a more accurate number which are common across malls. Several of these are owned by groups and we have anchors. So, I would say at least half of this have signed up at across all of our locations or as an active discussions with us and we will be executing there LOI sometime soon.

Biplab Debbarma: So, we also expect by the time this under construction malls become operational around 60%, 70% of this I mean this brands are more or less would be occupying your new under construction?

Shishir Shrivastava: Yes.

Biplab Debbarma: Sir second question is on your expansion HSP, not the Phoenix Rise. I am talking about the expansion I believe it is some 97,000 square feet, sir once this becomes operational what would be the total leasable area in HSP Palladium that is Phoenix share what would be the total visible area of Phoenix share once this become operational?

Shishir Shrivastava: So, Phoenix Palladium as I mentioned to you now the entire property at Lower Parel is branded as Phoenix Palladium excluding project Rise 97,000 square feet was the expansion in Skyzone of Phoenix Palladium which is on the second and the third floor of the building where we used to earlier have offices and we have now converted those in to retail space and we have also purchase some of our long-term tenants who own spaces there we purchase those units back. So, this is 97,000 square feet we have a further approximately 90,000 odd square feet which is an expansion of the Palladium buildings which sits below the St. Regis hotel. So, the basement of that structure we have now converted into retail. So, that is where we said that approximately 200,000 square feet is the expansion and another 300,000 square feet will get added as part of the project Rise greenfield development.

Biplab Debbarma: So, sir including this 200,00 sq ft what would be your excluding the Project Rise expansion?

Shishir Shrivastava: Excluding Project Rise we will be approximately 970,000 odd square feet.

Biplab Debbarma: Phoenix share right?

Shishir Shrivastava: Yes sir Phoenix share that is only at the Lower Parel your question is focused only on Lower Parel.

Biplab Debbarma: Yes. One final question I am just comparing your rental revenue in Q1 FY22 excluding Palassio is less than your rental revenues in Q1 FY21 where is the consumption is in this quarter is higher than Q1 FY21 I know these are not the normal times, so I am just trying to understand what happened I mean why despite higher consumption you have lower rental revenue this quarter compared to first quarter previous year?

Shishir Shrivastava: So, for the purpose of our rental income recognition in this quarter I would say we have been quite conservative as I had mentioned at the start of my call, we have you know the circumstances this year around are actually very different as they were in

Q1 FY21, people are getting vaccinated, we are seeing consumption trends pickup much faster as opposed to the last lockdown. So, while we have taken our conservative view our confidence remains that we will actually be able to see a much higher rental recovery and in fact the billing that we have done is also significantly higher than what we had provisioned for this quarter.

Moderator: Thank you. We take the next question from the line of Kunal Lakhan from CLSA. Please go ahead.

Kunal Lakhan: I am just trying to understand the borrowing cost has been coming down consistently it is almost at some 8% now, I am just trying to understand again our strategy of using more equity towards expansion versus debt which is now like really available at cheap cost?

Shishir Shrivastava: Very valid point I think we have also in the last quarter we were actively on reducing our cost of debt. We have typically seen that at least on LRD one is getting a significantly better rate. Construction finance however continues to be available in the range of about 8.5% to 8.7% plus I would say until the end of the last financial year banks were not readily looking at construction finance and the terms were quite onerous and typically not the kind of terms that Phoenix has agreed during the past. So, to derisk the projects and to ensure that the development timelines have met us along with our JV partners, CPPIB where bulk of this assets hit, development projects sit we took a very conscious call of ensuring funding closure by way of equity and as we proceed with construction activities and development risk has gotten mitigated we will be drawing down construction finance. In the last month we have made significant strides on construction finance as well for our project at Indore we have been able to negotiate some fantastic terms, we believe in the last 12 to 15 months of the completion of works before the mall becomes operational we will be drawing down construction finance on that project, freeing up some of the equity for expansion and soon after it becomes operational we will move into an LRD structure. So, just to give you very quick update on some significant debt activity that has happened at our end after the completion of Q1 which is only in the month of July at Phoenix Palladium part of our debt the ROI has reduced from 7.85% to 7.25% at our Phoenix Palassio it is under the SPV called Destiny. We have refinance the debt there and we brought the cost down from 10.6% to 7.55% in July alone. Our construction finance at Palladium Ahmadabad the ROI is down to 8.3% from 8.6% earlier and we continue to work on bringing the cost of debt at other SPV also down by evaluating multiple options.

Kunal Lakhan: So, fair to say that your LRD rates are about 7.25% in the construction finance that you are getting is around 8.3% to 8.6%?

Shishir Shrivastava: That would be absolutely correct.

Kunal Lakhan: So, there is almost like a 120 - 130 bps?

Shishir Shrivastava: Exactly.

Kunal Lakhan: So, that would mean that by FY23 since we are expecting completion of Indore and other malls so there will be a lot of debt which we have converted into LRD and that means that there will be lot of unlocking of equity also there, so in that context I just want to understand like how is the acquisition environment today like versus what it was let us say 6 months back in terms of the new deals that you are seeing are you seeing increasing number of deals and are those deals coming at better terms?

Shishir Shrivastava: I would say on greenfield and brownfield we are seeing some very interesting terms and good deals. On ready assets I mentioned on several previous occasions that there are not too many ready malls that fit the bill for us, the malls that we like once the lockdown restrictions have eased there, they are all doing extremely well and I do not think that the promoter or the owner groups are looking at exit on all of those malls, but certainly on Greenfield and Brownfield we are seeing some very good opportunities.

Kunal Lakhan: When we say greenfield, brownfield are these under construction malls or these are like?

Shishir Shrivastava: The greenfield are plots of land and brownfield would be under construction malls.

Kunal Lakhan: My second question was on your discussion with municipal authorities of Mumbai and Pune because Maharashtra has allowed the malls to operate, but I think it is up to the municipal authorities what is the sense like what is the thinking like I mean if you look at High Streets are kind of flooded, but mall remains shut so what is the thought process there what are they saying?

Shishir Shrivastava: So, I would say that we are extremely concerned about the fact that our malls are not operating in Maharashtra. We also genuinely believe that the environment that we would provide to our consumer and visitor to the mall would be far superior in terms of sanitization, social distancing as opposed to crowded markets and High Street locations. I think these are representations that we are making through the appropriate forum to our state government and the disaster management authority and the corporation. We have gone ahead and ensured that we provide the safe environment, across all locations, across all malls in the country we have vaccinated more than 20,000 people which include not only our staff, but also our retailer staff, the service providing, contractual employees, housekeeping, security etc. So, we have ensured that we are ready to go and as soon as we get the node we are ready to offer a fantastic safe, shopping experience to our customers.

Kunal Lakhan: But will they be reevaluating it after 15 days or it will be like month end only?

Shishir Shrivastava: I do not think I can hazard a guess there; the committee meets every alternate week.

Kunal Lakhan: Just lastly, a book keeping question on project Rise the Rs 1,000 crore of project cost just clarifying that this excludes the Rs. 345 crores that you have paid already this is over and above that?

Shishir Shrivastava: No it would include all of that. It also includes some estimate for construction finance IDC interest during construction.

Moderator: Thank you. The next question is from the line of Pulkit Patni from Goldman Sachs. Please go ahead.

Pulkit Patni: Sir my first question is in line with what one of the previous participants asked if you compare on a YoY basis we would have expected given the footfalls, given that there was a lot more leniency in terms of home deliveries etcetera that revenues in the retail side would have been slightly higher than last year, so when you say you have been conservative, should we expect there would be more revenue possibly that could come pertaining to this quarter in the outer quarter or how should one look at that particular number?

Shishir Shrivastava: So, if we look at Q1 FY21 our billing for that quarter was roughly around Rs 115 crore and Q1 FY22 our billing has been Rs 226 crore. Would you like to explain your question further if I have not answered it correctly.

Pulkit Patni: When I compare so I think that billing number makes it much clearer because when I just look at absolute revenue recognized that does not seem to be very different there?

Shishir Shrivastava: So, absolute revenue recognized was Rs 84 crore and Rs 87 crore for these same quarter, but we have gone on a conservative basis this is the direction from our auditors as well. So, we have taken that very conservative approach.

Pulkit Patni: My second question is given that we have had two waves already any sort of structural trends you have seen in terms of any future changes required in any specific kind of tenants that you think you would like to have or any specific tenants that you would not like to have and particularly this question is in context of multiplexes in the under construction malls, any thoughts on changing the percentage of area that we typically allocate for that, so just some thoughts on that would be helpful?

Shishir Shrivastava: No I think after a lot of internal discussions and looking at our architectural plans etcetera I think we have come to the conclusion that the malls that we had originally designed were designed with a lot of these large open spaces, open indoor, outdoor F&B villages etcetera and that is the trend that is picking up today. So, we have not seen any change in the category mix as such, multiplexes continue to be confident and optimistic about the future and we have been in discussions with them for their expansion across locations. So, really what we are doing in our new malls is ensuring that we have a lot of these of course there are upgrades in the MEP I would say in the MEP design itself to comply and probably exceed what is the statutory requirements in terms of fresh air changes, etc., but I think in terms of basic design I think the malls do not require any significant change.

Moderator: Thank you. The next question is from the line of Atul Mehra from Motilal Oswal AMC. Please go ahead.

Atul Mehra: Just one question, you said that in the greenfield and brownfield projects you are getting better yields in finished ones, so one question here is given that our longer term growth aspiration is long and strong so from that perspective do you sense that this in the next 12 months' time - 18 months' time could be an opportunity for you to not grow say 2x in next four, five years on your mall portfolio the but grow 3x or even higher and basically perceived entire boom that we might see in the next five years time rather than saying going more linear and adding one mall at a time and two malls at a time this was because of the current trajectory, so any views on that you guys can look at this as a much bigger opportunity step up given that we also have funding capabilities unparalleled to most of the peers in the sectors, so any views on this?

Shishir Shrivastava: You are right that this a time of opportunity. We have seen several projects not proceed as a mall but getting converted to other use. So, I would say that you are right I think the supply will continue to be less in the next three to four years or five years as well and if you look at our statement where we had said that by FY24 we want to reach a 12 million square feet GLA mall portfolio and beyond that add at least a million square a year. I think we have already recalibrated the opportunity and we maybe looking at a higher GLA being added on beyond FY24 each year. So, you are right, but we are being very selective about the locations in the market where we want to be and focusing mainly on Tier 1 opportunities.

Atul Mehra: On a same question in terms of are there any constraints where you think about say growing 2x in our stated goal if you have to grow at 3x in the next say three, five years, but are there any management in terms of the bandwidth constraints or could it be in terms of the number of sites you want to run at one point in time, are there any other constraints that in terms of limit growing even faster than about our stated goals?

Shishir Shrivastava: So, I would say capital is not a constraint for us Atul in fact we have the fire power to really go out and expand the footprint significantly. Bandwidth is also not a constraint because our teams continue to be well staffed and we have always grown our bandwidth as we have seen the requirement well in time. I think there are two points one is the opportunities themselves as I said we are being extremely selective and we want to be in specific markets first where we believe becoming a dominant consumption player is not a very difficult task to achieve we want to focus on those, but we would not go extremely wide, we would not go with any cookie cutter model. So, we are looking at only creating this best destinations and that is why I think there are only limited opportunities that one can pursue at a point of time because there are limited number of cities where we would like to have our presence.

Atul Mehra: Just second question on the residential side so in terms of while we are having the inventory is there a outer date by which so the management has in mind like say FY23 and something, but you want to completely done with the residential piece and maybe liquidate it even in a wholesale manner, is there a outliner because if you are sitting on any inventory it occupies management bandwidth so if you are done with it completely you do not have to think about it residential ever again, so any news in terms of outer date by which you want to be totally done with residential inventory?

Shishir Shrivastava: Atul, in this FY22 our estimates are to achieve sales of Rs.350 odd crores so that is what we estimate to achieve here. We completely appreciate our view that it does occupy management bandwidth, but we have a very different dedicated residential team that focuses on that. I would say that will take us about three and half to four years to complete the sales of what we have built and also complete Towers 8 and 9 and exit those. So, I would say about four to five years including Towers 8 and 9 at OBW, but we are open to working with perhaps a purchase of our larger inventory for single towers. So, we are open to those opportunities as well and we have initial discussion, but there is nothing again to really talk about right now.

Moderator: Thank you. The next question is from the line of Venkat Samala from Tata AMC. Please go ahead.

Venkat Samala: My first question is really a book keeping question FY21 I just want to understand what is the total amount of billing that we have done and again that what has been our collection and the second question there would be our hospitality segment profit numbers have come off YoY despite registering a better revenue if you could give some sense what is really happening in there?

Shishir Shrivastava: Venkat for your first question I think in FY21 our total collections were about 770 crore about 50% of that came only in the last quarter of the financial year when the malls were operating at full stream and approaching virtually pre COVID levels of consumption. In terms of billing, you can connect with Varun and get the details on that perhaps on a separate call what was your second part of your question.

Venkat Samala: The hospitality EBIT was lower YoY despite having our revenues increased about double?

Shishir Shrivastava: So, in the last year when we were in the midst of the first lockdown we had taken several measures including salary reductions on employee cost, we had shut down several services and therefore the cost of electricity was lower all other ancillary operating cost were reduced. This time around we have marketed the hotels for staycation and we are seeing some fantastic occupancies of close to 90-100% over the weekends and consequently the operating expenses have gone up also as Varun has captured previously in my opening remarks we have undertaken several upgrades in the interiors etcetera which have all been expensed out. So, I would think roughly around Rs 8- 9 crores in July about Rs 6-7 crore in June perhaps another Rs 4 odd crore may have happened in May and last year we had received some additional benefit in terms of reduced cost on electricity, utilities etcetera by the local authorities so that had impacted our EBIT performance positively last year which is not available this year.

Venkat Samala: My second question is I mean with the improved outlook that we are seeing obviously the consumption recovery this time seems to be more accelerated compared to last time and your expectation that assuming there are no further waves, etc., we expect them to normalize by H2 and obviously with consumption to be better and we are saying that some part of the revenue that we had forgone last year you would be collecting through higher share percentages, so is it fair to expect that H2 our rental income could be higher compared to pre COVID levels?

Shishir Shrivastava: I would hesitate to answer that in a simple way here. I would say that we expect our MG to normalize in H2 for sure and if consumption is at pre COVID levels then clearly because of the higher revenue share in lieu of the discounts that we have offered in the previous period should translate into a higher rental income.

Venkat Samala: And one last request if you could just give cash flow statement meaning what is the total collections, what is the total OPEX, what is the total CAPEX that we have incurred for the particular quarter and therefore what is the total change between your opening cash and cash equivalent and what is the close in cash and cash equivalent this will be really helpful in understanding for the investors as you know what changes are really happening, if you could please inculcate that would be a great?

Shishir Shrivastava: Thank you so much for that recommendation we typically cover it in our opening remarks, but I will request the team to evaluate if we should build this into our presentation as well.

Moderator: Thank you. The next question is from the line of Mohit Agrawal from IIFL. Please go ahead.

Mohit Agrawal: My first question is that is there a vision or target with respect to our platform with GIC and actually even with the CPPIB in terms of what kind of rentals you would want to achieve before we take it into a possible REIT kind of a structure or a medium term let us say FY25, FY27, what is that target of rentals that you will see especially with the GIC platform?

Shishir Shrivastava: I will put it like this, every asset that sits under either of these platforms has the potential in normal situation to deliver us an NOI of about 150 crore or higher than that. These are our long-term partners in these two JV I do not believe the intent is to look at or bundled up exit. We have certainly agreed that at the appropriate point in time we will evaluate creating a liquidity event by way of an REIT or an IPO etcetera. However, that is not the goal, the goal is to grow the platform and for both partners to be part of an ongoing and growing business. We expect that under the CPPIB platform, FY25 we should see an NOI of about 700 odd crore under the GIC platform that should be more than 600 crore in FY25.

Mohit Agrawal: That GIC target is from the currents assets or that is including some acquisition?

Shishir Shrivastava: No this is only based on the current assets and perhaps one could consider another at least one more project under that if not more which could also generate maybe another anywhere between Rs 170 to 200 crore.

Mohit Agrawal: And my last question is basically on your commercial expansion so the 5 million square feet let us exclude Phoenix Rise you have already explained that, when does the construction start for the Bangalore projects and all, is it after the completion of malls and approximately by when do you expect that portfolio to get completed and leased?

Shishir Shrivastava: You know these offices all form part of our large mixed-use development and typically build on over and above the podium level of the malls. So, in terms of construction commencement the earlier the construction can commence for the offices will be when we reach the mall podium level. We have already taken into account the cost of foundations etcetera or rather the structural requirement in the foundation we have already taken care of that in the first phase of construction. So, what happens is once you achieve the top of the mall you would expect to start constructing and just building those slabs above that. We feel that we should be able to complete the RCC work maybe in a period of about 9 months after the malls become operational we should be able to complete the RCC work and then take it into interior design. However, I must clarify at this point in time we are still evaluating on what will be the most appropriate timing to build these out depending on the demand in that micro market. In certain cases, it make sense to deliver these in FY25 in some cases it make sense to deliver in FY24 itself.

Mohit Agrawal: So, broadly if I understand correctly maybe a year or so after the completion of demand?

Shishir Shrivastava: Correct.

Moderator: Thank you. The next question is from the line of Amandeep Singh from Ambit Capital. Please go ahead.

Amandeep Singh: First on retail especially when you speak about rental normalization of the MG saying towards FY22, so can you please help us understand this is the base rental from FY20 or this is after two years of escalations say over FY20 to FY22?

Shishir Shrivastava: See the escalation as per contract will continue this is for our understanding for last year that escalation as per contract will continue and the discounts offered for limited period on the MG will be on those escalated amounts.

Amandeep Singh: Secondly on commercial when you say about rental collection have been to the North of 92%, so can you highlight tenants from which sector within the office portfolio would have been impacted and if the remaining part should be treated as rental waiver or you expect it to be collected in the upcoming quarters?

Shishir Shrivastava: We expect it to be collected I think typically one does see in the normal course one feel every quarter you will be at about 95% to 97% kind of a collection and if the balance goes through in the subsequent month or whatever.

Moderator: Thank you. Ladies and gentlemen that was the last question for today. I would now like to hand the conference back to the management for closing comments.

Management: Thank you ladies and gentlemen for joining us today. We look forward to interacting with you at the end of the next quarter, in the interim should you have questions or follow on conversations please feel free to contact our team at Phoenix Mills and wish you all the very best. Stay safe bye-bye.

Moderator: Thank you. On behalf of the Phoenix Mills Limited that concludes this conference. Thank you all for joining us and you may now disconnect your lines.