THE PHOENIX MILLS LIMITED

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June 12, 2020

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street Fort, Mumbai- 400 001
(Security Code: 503100)

The National Stock Exchange of India Limited
"Exchange Plaza" Bandra-Kurla Complex,
Bandra East, Mumbai- 400051.
(SYMBOL: PHOENIXLTD)

Dear Sir/Madam,

Sub: Outcome and Call Transcript of Interaction with Analysts/Institutional Investors - Regulation 30 of Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

This is further to our letter dated June 11, 2020, wherein we had given an advance intimation of interactions with various Analysts/Institutional Investors via conference call to discuss general business update.

In compliance with the Regulation 30(6) read with Schedule III of the Listing Regulations, we hereby inform you that The Phoenix Mills Limited ('Company') has concluded interaction with the Clients of CLSA Securities organized by CLSA Securities on Thursday, June 11, 2020.

The discussion covered general business update which was sent to the Stock Exchanges vide our letter dated June 11, 2020 and was also uploaded on the Company's website:
https://www.thephoenixmills.com.

We also enclose herewith Transcript of the aforesaid conference call and the same is also being uploaded on the Company's website at: https://www.thephoenixmills.com.

Kindly take the same on record.

Thanking you,

Yours faithfully,

For The Phoenix Mills Limited

Gajendra Mewara
Digitally signed by Gajendra Mewara
Date: 2020.06.12 20:16:01 +05'30'

Gajendra Mewara
Company Secretary

Encl: a/a

India Reality Check on Discretionary Consumption spend post COVID-19 – Management of The Phoenix Mills Ltd.
Webinar hosted by CLSA
June 11, 2020

Melrick D'Souza: I look at India Equity Sales based out of New York and I am happy to welcome all the participants that we have on this call. I am happy to introduce to you the management of The Phoenix Mills Limited. We have Mr. Shishir Shrivastava, who is the Managing Director of The Phoenix Mills Ltd, Mr. Pradumna Kanodia is Director (Finance), Mr. Varun Parwal is Senior VP Finance and in-charge of Finance and Investor Relations and Senior VP Finance – Mr. Pawan Kakumanu.

Thank you to all of you for joining us today and to the management of Phoenix Mills for always been so strongly supportive of our work and coverage of their stock. Along with us today is also Kunal Lakhan, Kunal has joined us recently and as over two decades of experience tracking realty and a couple of other sectors. I am happy to have him on board and I am going to let him take the call forward from here. We will have about 30 minutes of content from management which will be moderated by Kunal and then going to join you for questions.

Just a couple of housekeeping notes, in case you have questions do not hesitate to throw them in the box even while the speakers are projecting their views. If you prefer doing it on Bloomberg kindly hit me up IM and I will put those questions in the box, post the content from management and Kunal we will turn it over to you if you would like to ask the question in person. Over to you Kunal.

Kunal Lakhan: Thanks Melrick for the introduction. Hi, everyone. Thanks for taking the time to attend this webinar. Firstly, I would like to thank the management of Phoenix Mills to do this webinar.

Before I begin I would like to give a brief on the company. So Phoenix Mills Ltd. was originally started in 1905 as a textile mill in Bombay. In late 1900s the management redeveloped the mill in Mumbai and that was the inception of High Street Phoenix which started its operations with India's first hypermarket Big Bazaar in 2001. Even today after nearly 20 years High Street Phoenix is still one of the best malls in the country and if you look at over the past decade or so the company has replicated the success of High Street Phoenix and expanded its portfolio in 5 other cities besides Mumbai. Currently it is a portfolio of 6 million square feet of malls across 8 malls and it further plans to expand its portfolio or rather double its retail portfolio from FY20. So with this I would like to now turnover to you Shishir. Shishir, before we start to understand the impact of COVID19, it will help if you can give some perspective on how the operations were pre-COVID in terms of consumption and rental growth and also in terms of how the hospitality business was.

Shishir Shrivastava: Sure Kunal. Thank you Melrick and Kunal for having us on this forum and giving us a platform to interact with several of our investors. To answer your question Kunal with our 6 million square feet that have been operational in bulk of it has been operational since 2011-2012, in the last year we were seeing consumption across our portfolio, across these 8 malls at almost a billion dollars annually and that was growing in Indian rupee terms that had demonstrated a consistent growth, a CAGR of about 13% odd in the last 3 years, if we look at a 5 year CAGR that would demonstrate probably a close to 14%-15% growth. As we understand in the mall business, rental is a function of the consumption at the malls themselves, so while we do have a minimum guarantee rent in most of our contracts we were deriving a number higher than the minimum guarantee rent on account of the revenue share percentage that was coming in. So this has been our business and we have seen consistent growth on our topline in retail business. What many of you may not be aware of is that over the years we also built up a fairly good sized office portfolio comprising about 1.3 million square feet which is also growing with the projects that we have under development to close to 5.5 million square feet. We have 2 hotels in our portfolio, The St. Regis in Mumbai and a smaller 200 key hotel in Agra which is the Courtyard by Marriott. The St. Regis has easily demonstrated that it is the best property in Mumbai, if not in the country in terms of yield per square foot if we look at various metrics, so with Rs. 300 crores + of a topline in the last calendar year and that was also demonstrating a huge upswing going forward. We also have a residential portfolio which is largely concentrated at one gated community in Bangalore, the overall size being about 3.2 million square feet and we have seen a decent amount of sales there pre-COVID and even in the current environment we are seeing a lot of enquiries coming up.

So to give you a general sense on the retail business as such, I would say that in FY20 we were well on our way to see close to a Rs.900 crores+ of topline coming in from that, so the final numbers are yet to come in and we will publish that as soon as that comes up.

Kunal Lakhan: That's very helpful Shishir. Just coming to the current situation after more than 2.5 months your malls have opened this week in some key cities. Can you give us some statistics in terms of how many retailers have opened their stores, how the footfalls have been or how the pattern you are seeing in this short while and compliance with the whole social distancing aspect?

Shishir Shrivastava: Yes, I think the Central Government came out with its order allowing malls to commence operations on June 8 and thereafter the state governments of Karnataka and UP permitted the malls to open and then we opened our million square foot mall in Bangalore - Phoenix Market City in Bangalore that opened on June 8 and our 2 small malls in Lucknow and Barelli, they have also recommenced operations on June 8th. I would say that the big positive is that we have seen anywhere between—there are certain activities which are not permitted for example the multiplex and family entertainment center is not permitted, the food court while it is permitted we have decided to just wait it out for a few days or a week or two before we commenced operations in the food court. So out of the area that is permissible as of yesterday we had somewhere between 70% to 73% in that range already operational. Our retailer partners have also supported us and they were also keen to see that stores trading, so we have seen out of the permissible area somewhere between 70% to 73% become operational.

Kunal Lakhan: What's the footfalls you are seeing now versus say pre-COVID situation?

Shishir Shrivastava: Kunal I couldn't hear you very clearly but I guess your question was on footfalls; so let's understand that in two days of operations and that's the data that we have, it's going to take a little time for footfalls to come back in. But I would say it's still been encouraging to see close to about—for example in our million square foot in Bangalore on the 9th of June—we had close to 3700 people who came in and we still had about 260 odd cars that came in and we saw some—I would not say very high consumption—but with this 3700 people who walked in we still saw at least the ticket size of about Rs. 1000 odd being spent per person. So I would say that for the sixth day of operation of a million square foot mall in Bangalore that is a very encouraging sign and if we just look at trends that we have seen probably in China when they reopened and how consumption picked up and grew for the first two months 100%-150% month-on-month I think this is a very-very good start. And I would say to a very large extent we have not gone out and extensively commenced in the marketing activities because we are concerned that the consumer will come in large numbers and we would still want to restrict the number of people entering our malls and just to meet with what we have set as our social distancing standards.

Kunal Lakhan: Sure, in terms of consumption pattern, are you seeing some trends emerging in terms of certain retail segments doing better, certain retail segments doing not so good versus earlier?

Shishir Shrivastava: In all honesty it's too early to say anything in two days Kunal but I would like to say that electronics did see a very high number in these two days, cosmetics or department store and the hypermarket, there was some decent consumption there. But it's really too early to say that this is the trend going forward, food and beverage is going to take some time to pick up as we all understand and I would like to really answer this question after at least seeing a good 60 days of mall operations before saying that the trend has been established in a particular direction.

Kunal Lakhan: Sure, fair enough. Let me turn to you Mr. Kanodia. What has been the impact of shut down of malls and hotels on our cash flows during this period and how is our cash positions and how do our credit lines look like and more importantly are banks allowing us to fully draw down the credit lines?

Pradumna Kanodia: I think I will start with the last statement. We are banking which almost 12 banks as of now. They include a mix of foreign banks, private banks, PSUs and our dependency on NBFC has been virtually zero. All of them have stood with us in these difficult times. They understand our business because they have been partners with us for over 10 to 15 years each one of them. I don't want to take names here but these are all the big names in the Indian context today. From that point of view there is enough and more comfort from the support that we have receiving or understanding of the business model by these banks, so no one has really withdrawn any of the existing facilities that were with us. All the overdraft facilities which were part of the term loan continue to be honored by them and we have full ability to draw them as and when required and there has been no withholding of those by any of these. In the last few weeks—just to give you a very positive news—our Ahmadabad construction, the loan was sanctioned by SBI way back in February but since we had our equity pumped in we were not withdrawing that. We did our first withdrawal from that line early this month which again speaks very highly of the fact that in spite of having seen the COVID effect SBI has gone ahead and released the initial funding. So from that point of view clearly there is huge amount of comfort that the group and the brand commands in the market and that has given us the ability to withstand the difficult times over the last 2.5 months. Collections of course have been dipping because all of us have been forced to work from home, the retailers have also been able to only deliver what limited amount of money could have been deposited in our bank accounts but that's a one side of the story. But our cash and cash equivalents if you go back to the December numbers which were published somewhere in February, we had over Rs. 7,120 million to be precise in terms of our cash and cash equivalents on December of 2019. Since then the collections got impacted only towards the end of March and of course April and May being the low numbers, the cash position remained comfortable and remains comfortable for us. We have done a lot of cost rationalization and cost cutting as things which have resulted in our expenses going down significantly and that has been that we have been able to conserve our resources reasonably well and the current cash and the cash positions is comfortable, while I can't give you specific numbers because we are under the period of results; But I can only tell you that these numbers are very comfortable and they give us a huge amount of comfort going forward, of course now with the malls opening up in Bangalore, Lucknow and all, these numbers will only become better as we move from here.

Shishir Shrivastava: If I may just add to what Pradumna just mentioned, I want to also state here that our collections for our commercial office business has not really been impacted. So we have been seeing some cash flows coming in there, albeit the size is not too much and we have made some collections on CAM and some of the past dues from our retailers as well. Would that be comprehensive Pradumna?

Pradumna Kanodia: Yes, in fact the commercial portfolio continues to deliver us if I can just give a number here, the last month we collected over 13 crores just on the commercial side of it and our Residential flow has started again picking up with opening of Bangalore and collections across malls have been there but compared to the size those numbers are low but yes, retailers continue to make payment even during the lockdown across all our centers.

Kunal Lakhan: Just a follow up there Mr. Kanodia, you mentioned about the cash conservation strategy or cost optimization strategy, can you elaborate a little bit on that?

Pradumna Kanodia: So as soon as we realized that this is going to be a long drawn process, we sat down to analyze all our costs across all our malls, all our development assets including the underdevelopment assets and also the Residential and hotel business. All our fixed costs were looked at, all our variable costs were looked at very intensively, so wherever we have the ability to zero the cost from a variable cost point of view we did that very quickly, wherever the fixed cost could be reduced in terms of whatever possibilities were there we did that so as to bring our ongoing recurring cost to the bare minimum. We also saw assistance from all our vendors in terms of deferring our payments to a level where their operations didn't get impacted and we were able to share some of our cash flows with them. So overall the variable costs were brought down to the lowest possible level and fixed costs were rationalized to a level where our continued operations are—current malls and all—were kept at the bare minimum level of operations from a readiness point of view so it didn't impact the readiness of the mall but at the same time the amount that we were spending was reduced to a very-very small part.

Kunal Lakhan: That's very helpful Mr. Kanodia. Shishir a lot has been spoken about retailers invoking force majeure clause because of lockdown and asking for rental waivers. Before we get into the rental re-negotiation part wanted to understand whether force majeure is applicable and contractually what is our stand on this?

Shishir Shrivastava: So Kunal, I am going to just give you a very brief explanation on the legal point of view. But that is not really relevant in a relationship with the retailer. So the legal point of view is very-very simple and straightforward that a force majeure event is in effect only in the event there is a physical damage to the store and that results in our licensee not have being able to access their stores or not being able to open it for trading. So contractually this is a standard clause and government action does not result in a force majeure clause. So having said that—I want to put that aside—because at the end of the day we are partners with our retailers in this business and the moment one starts invoking and then refuting force majeure clause, the direction is not one of collaboration or reasonable, it becomes a legal point, so we have moved away from that with our retailers. What we have done is, we have understood that they have cash flow issues and now the banks have given us a moratorium on our interest and repayment obligations we have been able to extend this moratorium to our retailers in the first instance. So what that means is that for the month of April when all malls were shut down, if one was to take an example of a mall that opened last week, for the month of April and May the rent that was due will now become payable in June-July and along with the rent of June and July. So that's a first step of at least easing their pressure from a cash flow perspective. I can tell you that many of the retailers initially in March rather in April, by mid of April nobody had visibility of any end in sight, so a lot of retailers—I would say—would have been under duress not knowing when their stores will start trading, when will revenue start kicking in and at that point in time many of them did reach out to us for a rental waiver for the lockdown period and with questions on what, how will we function even after the lockdown because nobody knew how long the lockdown is going to be, how long it's going to take for the malls to reopen. So I think we all agreed that the best time to have this conversation would be once the malls commence operations and we all have visibility on cash flows, to find a reasonable solution that works for them and for us because at the end of the day as much as their business is impacted, we also have outflows, there is no relief on property taxes. Utilities in the mall even during lockdown we were still running the air-conditioning of the malls just to ensure that our retailers' inventory and our entire hardware installation doesn't get adversely impacted by the moisture and the humidity and the heat. So there are expenses that had to be met as well, so we all agreed that we will find a reasonable solution closer to or soon after we opened the malls. And I think in our case I would say with our relationships with the retailers the fact that most of them have opened stores already and a large number of them are geared up to open stores in this coming week in our malls and they have filled out inventory, is testimony to the fact that we all understand that a reasonable solution is going to be found. Now what that is going to be will be determined on a case to case basis as and when we get into discussions with each retailer brand or each retailer group. I would also like to mention one more thing here Kunal, we have a large mall, a second mall in Lucknow which is about a million square feet which was scheduled to commence operations on 14th of March. However we took the decision on the 11th of March to differ it because we had anticipated that some form of government action might happen, so we deferred that opening. Many of our retailers who are in the final few days of completing their fit outs etc. and building out the inventory in their stores, I would like to mention that now that we have been able to recommence the finishing work of our new mall in Lucknow, many of these retailers have got their labor back in and have commenced not to get it ready to become operational when we decided in let's say next month or so. So that again is testimony to the fact that of the retailers confidence in us and the confidence that we will be reasonable in finding a solution that will work for all of us.

Kunal Lakhan: Thanks for the elaborate response. Let me just ask this slightly differently; have Reliance brands opened up stores in your malls?

Shishir Shrivastava: Reliance brands and Reliance Retail have opened up all their stores in our malls.

Kunal Lakhan: Sure, the reason I am asking is because if you recall a couple of weeks back Reliance Retail and its brands had decided to take an extreme step of basically serving termination notices to one of your competitors due to disagreement on the rentals and the fact that they have opened stores in our malls, does that mean that there has been an agreement on the rental side that we have reached with the group?

Shishir Shrivastava: I honestly can't comment and honestly with my hand on my heart, I can tell you that I'm not aware how accurate that news report was about them terminating at our competitors and what the reasons behind that might be, I know for a fact that they open the their stores in our malls and we are in discussions with them and once we have clarity on what the final solution is we will be sharing an update with the investor community at large on what the impact of that might be on our numbers. So at present I don't have that information Kunal because it's not concluded. When it does, we will be transparent about that.

Kunal Lakhan: Just a follow up on that, the whole Retailer Association had asked mall owners to basically move to revenue share agreements. So basically what's your take on that and how do you see rentals moving ahead, would we more move towards revenue share model versus the minimum guarantee model?

Shishir Shrivastava: Let me tell you that we're engaging with retailers on an individual basis. We are not engaging with an Association to find a solution which is a macro, it doesn't work that way. One has to understand each retailer's capability and what is the forecast or their business outlook which will emerge in the next I would say 60 to 90 days. So will we move to a pure revenue share model? I think that's unlikely to happen and at a macro level. I don't think that's going to happen for a very large percentage and even if it does it will be only be for a very short period of time because at the end of the day we are not talking about renegotiating longer tenure contract which may have 3 years of expiry. If anything has to be done whatever is the solution, it will be for a period of 3 to 6 months. I don't expect it to go be beyond that and again I would like to reiterate that I don't expect that we are going to be doing away with minimum guarantee rent as such for everybody and it all depends on how we see consumption pan out and then we will be better informed to take a better informed decision.

Kunal Lakhan: Let me come back to you Mr. Kanodia; so what are the costs associated with complying to the standard operating procedures for social distancing and how much of that would be a onetime cost versus a sustainable cost going ahead and also how much of that would we be able to pass on to the customers?

Pradumna Kanodia: First of all the company is making all efforts to make sure that all the assets are of the highest safety in terms of our customers who come in, so we are actually following all the best SOPs and practices globally that are currently prevailing in such a situation and for that whatever is required to be done, the Bangalore team, Lucknow, Barelli has already done it and the other malls which are gearing the opening as and when the government allows would be ready to welcome customers with all the safety and security in terms of the COVID impact that we could have. The cost associated is not significant while I don't want to give a specific number. But these are part of our constant upgrade, so if you would have seen over the past several years we have been constantly upgrading our facilities across all malls whether it will be facilities relating to the rest rooms or whether it will be the ambience for the decorations and things like that. So from that point of view these numbers that we are spending on our post-COVID efforts for the malls is not really something which is very large and it is not going to change the recovery patterns from the retailers in such a manner that the current CAM recoveries which we are doing will significantly go up from the numbers that they are currently giving to us. So I would say it will be well absorbed by the ongoing CAPEX and also the operating cost would not be something which stands out significantly.

Shishir Shrivastava: May I just add one or two points to Pradumna's response as well; Kunal lets understand that what is really required to be done in the mall within the mall space is we have to put in some effort and not that much cost, was the air-conditioning system. We had to increase the intake of fresh air as per the standards recommended and fortunately the mall air-conditioning system was designed to simply increase that inflow. So it took us absolutely no time and very nominal cost to do that. In terms of sanitization etc. in any event we were using the best quality of chemicals and products for cleaning and sanitization, so that has not changed. The only addition I would say in operations would be sanitizers for our customers who are walking in, making available face masks for people to just use in the event they are not carrying their own, installing a UV disinfection system in the baggage scanners which is not at a very high expense, it comes at a few lakh rupees. I would say that I'd best we may have spent not more than Rs.15, on the higher side Rs. 20 lakh at each mall on infra upgrade. And in terms of operating expenses it would be in few lakhs increase per month, not more than Rs. 10-11-12 lakhs a month. On the other side one must also understand that while this is over a million square feet, Rs. 10 lakh increased is not really, it's a one rupee cost per square foot. But we have also made efforts on reducing CAM expenses, so it kind of offsets. It's not going to be an increase in CAM for our retailers.

Kunal Lakhan: Shishir, going ahead if you look at FY21 and FY22 almost 30% to 60% of our retail area is expected to come up for renewals, what do we expect there, like do we expect renewals to happen at a premium or will there be some downward pressure on the rents or will we see some churn due to retailer exits?

Shishir Shrivastava: I don't expect to see a churn by retailers unless there are retailers who go bust where there is a probability in this current environment, some of the retailers may not be able to survive and that could result in a vacancy. But what we have already done is in most cases we have already extended the existing current contracts between 6 to 12 months. So we were doing that in any case and I think everybody understands that before they can take a decision to continue, whether they are going to continue at the same rental or at an escalated rent, everybody needs to have visibility on what their business is looking, what their sales are looking like. And therefore I would say that the discussion and renegotiation has shifted by 6 to 12 months even those contracts which were ending in late calendar year 21, early calendar year 22 all of those have been moved by 6 to 12 months.

Kunal Lakhan: But just going by the kind of resets that we had seen in the rentals, almost 35%-40%, 50% in some malls, do you see the resets happening at those levels going ahead?

Shishir Shrivastava: Kunal do you see salary increments going at 30%, 20% which has generally been the norm? I don't know. I think nobody has the answer to that question today. But when we start seeing normalization business is great. Yesterday after many days I went out on the street, so I drove on the Mumbai streets and saw 60% of the traffic was back. That itself is a very-very positive and optimistic outlook just to see people being back, some form of normalization happening. I think normalcy or at least people understanding what the new normal is going to be is going to give them visibility on their business and the ability to pay rents. But let's just say that in even very-very recently we have seen escalations up to 15%, right. Why am I talking about this? Let's talk about 2008-2009, at that point in time we only were working on a fixed rental model with our single mall that was operational in Mumbai. At that point in time retailers approached us and they said 'listen the global financial crisis has impacted us, can we move away from this model?' so we said 'okay if you are paying us a Rs. 100 let's make a fixed rental Rs. 80 but instead you give me 10% of your revenue as revenue share' and that worked very well for us, right. It worked very well for retailers as well, so I'm sure we will find the right and appropriate solution with our retailers but it's too early days to talk about that because these discussions are not happening yet. Yes we have extended the contracts by 6 to 12 months and we have given room for their business to normalize so that they have the ability to take an informed decision.

Kunal Lakhan: On our growth side, does the current environment delay our growth plans? Are we still continuing with our FY24 plan or rather target of doubling our retail portfolio or would you strategically delay certain projects?

Shishir Shrivastava: I would say that the Lucknow project is fully done, it's completed. Ahmadabad has moved at a very fast pace, what remains are the large projects in Hebbal in Banglore and Wakad in Pune and Indore which is also nearing completion. In fact, again this takes me back 2008-2009 when demand seemed to be low from the retailer's point of view. However we kept continuing to build all these retail assets and we leased to them out in 2010-2011-2012, so when demand was back we had the first mover advantage of having these assets ready. I think all of us have confidence that this is a short to medium term crisis and not a long-term crisis. So by the time our malls in Hebbal and Wakad and Indore get ready for operations which would be in 30 to 48 months from now we feel that the demand is going to be back and we will have that advantage again. Also I want to mention that all these assets have well capitalized by equity. All of Hebbal, Indore and Wakad we have not drawn down in the debt as on date. We've funded construction so far by equity and we don't have the stress of debt and we will continue to fund at least for next 6 to 8 months, 9 months more, construction activity is the way we expect them to pan out that will get funded by equity. We have looked at a—I would say—55% LTV on these assets, so I don't think the next 2 to 3 quarters we will be drawing down any debt because we have the equity for that available.

Kunal Lakhan: Just a quick question before we open for Q&A. On the residential portfolio what is our strategy to monetize the inventory considering our product offering is pretty much in that premium category which in the current environment is a little challenging to monetize?

Shishir Shrivastava: So very-very interesting question and I want to explain this to you. Our luxury towers which sit under Kessaku, we have five towers over there. These were large sized apartments where the ticket size was becoming too big, so about 7 or 8 months ago we to the decision despite the fact that we will see the OCs in this interim period; we took the decision of resizing these apartments. So these large 7000 square foot apartments we were able to resize them into 2500+3000+3500, somewhere in that range and suddenly we have seen a huge interest because now the product is ready. The mock ups of that are ready and we have started doing some initial show rounds. I would like to tell you that in the last week alone between the 2nd and the 8th of June we had seen some 35-36 customer site visits to see this product and the interest remains very high amount. So suddenly we have seen the number of inquiries moving up and for this new product now we have a very-very—I would say—a well thought out marketing and launch plan which will come into effect in the next 30 days and we are going to go all out to market that product. The other product which is One Bangalore West that's not the luxury product, Kessaku is the luxury one. One Bangalore West we have six towers, OCs received, we started handing over position of Tower 6 as well. We have launched Tower 7, Tower 8 and 9 we will probably hold on. We will only continue with construction activities once we see how sales pan out there. And as you may be well aware that the SPV under which our residential sits we don't have too much debt there either. So yes, we are doing all right on that front as well. There is no distress there.

Kunal Lakhan: That's great. Melrick should we open the floor for Q&A?

Melrick D'Souza: Yes. Thank you Kunal for taking us through the last 40 minutes. We do have some questions in the queue. I will just remind participants you can either type your question, raise your hand or press 9 on your phones. The first question I am going to ask Mohan Babu, our colleague to help us to read out these questions that we already have. Mohan please take it over.

Mohan Babu: Thank you Melrick. The first question is - Do you see a move to e-commerce the future appetite for malls rental?

Shishir Shrivastava: I think this is the question that we were concerned about for the last several years and this is not just in the current COVID environment. What we have realized is that in India and more so urban India where we have our businesses or our malls are concentrated, there aren't too many opportunities and options for citizens to really go out for leisure activities, the weather is not very good, the infrastructure is not great and the options are few. I don't know how many of us really went to a park in Mumbai city the last or how many of us went to the beach the last time, right. So really we see that malls become the social hub for people to come back. Now we understand that at the same time we are talking about social distancing but like I said we all believe that this is a short to medium term crisis and we expect that by the end of this calendar year more so towards the festive season we will all understand how to deal with this crisis, how to safeguard ourselves and we will do you want to engage socially and go and malls are the best place for people to go out because of our inability to provide a controlled, sanitized environment to our customers. So we feel that in this current environment malls will continue to be well visited by customers and as time progresses let's say in 12 months things are going to back to normal. Yes, there is going to be an interim impact when people are going to be ordering more of their groceries from online platforms available to them. But as I mentioned in the last two days we have seen some significant amount of sales even in electronics in our stores where people have just come to buy the TVs and all their household white goods as well.

Mohan Babu: Thank you Mr. Shishir. The next question is how much of PAT mix will be office after they finish the 5.5 million square foot development pipeline; also acknowledging the uncertainty any big picture outlook views for this fiscal year particularly on the revenue line but broader financial outlook welcomed as well?

Shishir Shrivastava: Our 5.5 million square feet of development, I'm guessing you are talking about the retail mall portfolio and not the commercial office portfolio at present, right? Because we have 1.3 million square feet of commercial offices and we have another close to 4 million square feet under development. By the time the offices come online we will have 12 million square feet of retail operational as well. So in terms of the PAT mix, in terms of percentage terms I don't think it's going to be too much different from where it stands today because by the time we hit 5.5 million square feet of offices, we will have 12 million square feet of retail also operational. The next point is also acknowledging the uncertainty, any big picture outlook news for this fiscal year particularly on the revenue line. It's difficult to give an answer to a FY21 outlook in this form as yet. I would like to say that we understand that April-May-June have been the worst hit, so clearly there is going to be a dip from the last year's performance in these months. There is no income coming in from retail for these months and I would say that July-August-September 3 months more will be the time when it will take for business to start picking up. But if I may just make one more point that the lockdown months in our opinion do not translate into zero rent for the mall business and the commercial business is still contributing. So while the retail consumption has been low; at least we won't be out of pocket in terms of meeting our expenses for the lockdown period and there will be whether, the income covers at least property taxes etc. So let's just say that April-May-June, the rental income is going to be negligible for this period. July-August-September is the time when things will start picking up and we are hopeful that the festive season of October-November-December, we will see some good consumption.

Melrick D'Souza: Thank you Shishir. Mr. Kanodia any comments from you?

Pradumna Kanodia: Thank you Shishir. Going forward, as Shishir was mentioning the ability of us to quickly revamp and start our operations across all the different locations would stand testimony to the fact that the performance will improve significantly towards the third and fourth quarter and that goes for both our mall business as well as our residential business.

Mohan Babu: Thank you Mr. Kanodia. We have the next question. The question is how are you thinking about tenant mix give e-commerce as a threat?

Shishir Shrivastava: I would say e-commerce is a parallel business. I don't think that the tenant mix is going to get impacted by e-commerce; the tenant mix will get impacted by retailers who are not able to survive the next 6 months. I would not say that e-commerce is the threat as I explained earlier, e-commerce has been present and prevalent and been a competitor or I would say a parallel retail stream for several years now that has not really impacted the consumption in our malls as we have seen the growth in the last several years. So as I mentioned there could be a shift for essentials, people purchasing essentials over e-commerce platform for some period of time but I don't believe that that's going to really impact our tenant mix. Let's say like I mentioned electronics, all through these years while people had moved or rather were exploring discount opportunities in electronics; in the last year we have seen electronics really perform extremely well in our malls. I think we will co-exist with e-commerce and that's not going to impact our tenant mix for now.

Mohan Babu: Thank you Mr. Shishir. The next question is - Multiplex companies were saying that they have got rent waivers, is that true?

Shishir Shrivastava: We have not engaged with any waiver discussion with multiplex companies. As I mentioned earlier, we provided a moratorium for the present. But we do understand that multiplexes are going to be the last formats that are going to be opening up in our malls and they may require some kind of a special arrangement or special understanding and attention.

Mohan Babu: Thank you Mr. Shishir. The next question is on the profit mix that comes from offices now, also can you give a sense for how much of retail revenue comes from minimum rent versus revenue profit share?

Shishir Shrivastava: I would say that office is about Rs. 110 crores of annual revenue or annual rental and translating to about Rs. 70 crores of EBITDA contribution generally and on the retail side we have seen about Rs. 1000 crores of rental income and about Rs. 950 crores on the EBITDA line and generally I would say that it's a slightly longer answer to explain how much of our revenue comes from minimum rent because the minimum rent escalates every year between 5% to 7% and 15% at the end of 3 years, so it kind of keeps catching up. In the last year I would say about 85% to 90% of our rental income at an average was coming through minimum guarantee rents because we had significant renewals in those years. So the minimum guarantee moved up in any case on account of those renewals. But if we look at 3 years ago, our minimum guarantee was in the range of 70% to 75%. In 2016-17 our minimum guarantee was about 70% to 75% of our overall rental income in the malls because the renewals happened in 2019 and FY20.

Kunal Lakhan: Mr. Kanodia would you like to add anything further?

Pradumna Kanodia: Breakup which Shishir mentioned of our past 1 year has been that the minimum guarantees account for almost 90% of our rental income on the retail side and roughly it's around 10% that we generate from our revenue share and it keeps varying from quarter-to-quarter, month-to-month, year-to-year depending on how escalations have moved in but pretty much in line with an average of around 10%.

Melrick D'Souza: Thank you for all those responses. We are approaching the hour and I have always been a fan of Shishir, your team and you have been extremely good with your flawless execution and management style and today's insightful and incredibly helpful answers have helped us to understand that at a more detailed level. Besides that, even your views on where the marketplace is and how it goes. I do see probably some consolidation in developers as well as malls and you as a beneficiary of that. Thank you for also guiding us on your e-commerce strategy. I will invite you to make closing comments and if Mr. Kanodia or Varun would like to add anything and along with my stalwart analyst Kunal, I would like to thank you for giving us the first chance to host you and to support you once again. Please go ahead Shishir.

Shishir Shrivastava: Thank you Melrick and thank you Kunal for arranging for us to have this platform to interact with so many of our investors. I would like to end the session or rather before I hand over to Pradumna and Varun for any comments that they would like to add. I would like to mention here that every individual globally has been impacted by this crisis. Our heart goes out to all the families that have seen tragic losses. But at the end of the day we are all looking to get back to some sense of normalcy. The government order permitting our malls to commence operations as we have seen that as a huge motivating factor for us to get back into the drive and to look at new strategies to interact with our retailer partners and work out solutions to their problems and find solutions to our problems. The next I would say 6 months are going to be very-very important not just for our business but I would say globally for all of us, for humanity and we should all stay focused on being well and doing our best to see how our businesses can excel in this environment and I would like to assure all our investors and shareholders that the team is entirely focused on that and there is nothing else that's going to derail our objectives and our goals and our efforts.

Pradumna Kanodia: Shishir has really brought out the human aspect of it very nicely. The efforts and the good work that the Phoenix Group has done over the last 15 years in terms of establishing itself as a market leader in the retail space that has come really good for us, the goodwill that we have generated, the kind of relationship that we have nurtured over the last 15 years with our retailer friends and community who stand us with and we have full belief in a lot of optimism at hand in the terms of our way forward. That's the reason why we continue our growth journey and we would want to assure all our investors and shareholders that the company is going to be using its resources very-very wisely and going forward you would see that we would be coming back to normalcy as soon as things improve in the shortest possible time.

Varun Parwal: Thank you so much CLSA team for hosting us. You have always supported us and we look forward to your continued support and interacting with our investors and shareholders going forward. We will soon have our Q4 results and we hope you all tune in for that. Until then stay safe and let's engage virtually.

Melrick D' Souza: Thank you very much Varun, thank you Shishir, thank you Mr. Kanodia. Good night.

Kunal Lakhan: Thank you everyone. Good night.