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CIN No. : L17100MH1905PLC000200

April 17, 2020

To,

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

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

Security code: 503100

Symbol: PHOENIXLTD

Dear Sir(s),

Sub: Intimation regarding Rating - Compliance under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed rating published on April 16, 2020 by India Ratings & Research, the Credit Rating Agency.

You are requested to take the aforesaid information on record.

Thanking you,

Yours Faithfully,
For The Phoenix Mills Limited

Gajendra Mewara
Company Secretary

Encl: As above

India Ratings Places The Phoenix Mills on RWN

16

APR 2020

By Harsha Sodhani

India Ratings and Research (Ind-Ra) has placed The Phoenix Mills Limited's (TPML) Long-Term Issuer Rating of 'IND A+' on Rating Watch Negative (RWN). The Outlook was Stable. The instrument-wise rating actions are given below:

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Rating Watch	Rating Action
Fund-based working capital facilities*	-	-	-	INR1,500	IND A+/RWN/IND A1+/RWN	Placed on RWN
Term loans	-	-	March 2028	INR7,500	IND A+/RWN	Placed on RWN
Commercial paper#	-	-	Up to 360 days	INR1,000	IND A1+/RWN	Placed on RWN

* Sub-limit of the term loans

To be carved out from the existing working capital facility

Analytical Approach: Ind-Ra continues to take a standalone view of TPML while factoring in the support requirements of its special purpose vehicles (SPVs)/subsidiaries.

The RWN reflects the business disruptions that are caused by the temporary closure of malls, given the ongoing nation-wide lockdown. This has also elevated the near-term downside risks for the economic growth and discretionary consumption in the country, leaving the retail assets of the company exposed to rental related risks during the course of the year. The agency will continue to monitor the effects of these measures and the consequent economic/business ramifications on TPML's cash flows and liquidity.

The ratings continue to factor in the group's* strong brand and leadership position in the Indian retail mall segment, together with TPML's sustained high occupancy and rentals in FY20. The ratings also consider the adequate liquidity position of the company with access to diversified source of funding.

KEY RATING DRIVERS

Stable Operating Performance: TPML's revenue grew 5% yoy to INR3,462 million in 9MFY20, driven by a rise in consumption and rental rate (4% yoy to INR401/square feet (sf)/month). Occupancy remained stable at around 95% on an average between 9MFY20 and 9MFY19. At end-December 2019, the top 10 tenants accounted for 23.6% of the lease rental generated by the malls. TPML's net leverage (net debt/EBITDA) was stable at 2.8x in FY19 (FY18: 2.9x) and gross interest coverage (EBITDA/gross interest expense) improved slightly to 3.5x (3.4x).

Liquidity Indicator - Adequate: Basis Ind-Ra's discussions with the company's management, TPML had adequate liquidity in the form of cash and cash equivalents, including a debt service reserve account and undrawn working capital limits to the tune of INR7,650 million at FYE20 across TPML and its SPVs/subsidiaries. TPML has fund-based working capital limits of INR2,050 million, which are a sub-limit of the overall term loan limits. Its average fund-based working capital limit utilisation was 80% for the 12 months ended December 2019. Furthermore, the three-month moratorium on term loans and working capital repayments beginning March 2020, along with some fixed cost curtailment initiatives could help conserve the company's liquidity. Ind-Ra expects TPML's cash flow from operations to be sufficient to meet its debt servicing obligations in the near term, thus limiting its refinancing risk.

Sizeable Retail Portfolio under Development: At end-December 2019, TPML had a retail operational portfolio of 5.9 million sf and an under-development portfolio of 4.6 million sf, which is likely to be operational by FY22-FY23. The group, thus, remains exposed to the risks related to cost overrun, occupancy and lease rates. However, Ind-Ra believes such risks are low, given the established track record of the group in developing and operating malls. Also so far, no debt has been drawn down for under-construction malls (except for the one in Lucknow).

*Note: The group refers to TPML along with its SPVs/subsidiaries.

RATING SENSITIVITIES

The RWN indicates that the rating may be affirmed or downgraded depending on the ability of the company to return to its pre-pandemic operational performance. The RWN will be resolved once there is more clarity on COVID-19's impact on TPML's operational performance and/or liquidity.

COMPANY PROFILE

TPML is a leading retail mall developer and operator in India, with presence across major metros. TPML, along with special purpose vehicles, subsidiaries and joint ventures, has a portfolio of eight operational malls, four commercial buildings, two hotels and three residential projects. TPML, on a standalone basis, operates the High Street Phoenix and Palladium malls and the Phoenix House commercial building.

FINANCIAL SUMMARY

Particulars	FY19	FY18
Revenue (INR million)	4,403	3,972
Operating EBITDA (INR million)	2,686	2,522
Interest expenses (INR million)	778	745
EBITDA margin (%)	61	63.5
Operating EBITDA/gross interest expense (x)	3.5x	3.4x
Net Debt/EBITDA	2.9x	2.8x

Source: TPML, Ind-Ra

RATING HISTORY

Instrument Type	Current Rating/Rating Watch			Historical Rating/Outlook		
	Rating Type	Rated Limits (million)	Rating	17 January 2019	15 September 2017	10 June 2016
Issuer rating	Long-term	-	IND A+/RWN	IND A+/Stable	IND A+/Stable	IND A/Stable
Term loans	Long-term	INR7,500	IND A+/RWN	IND A+/Stable	IND A+/Stable	IND A/Stable
Fund-based working capital facilities	Long-/short-term	INR1,500	IND A+/RWN/IND A1+/RWN	IND A+/Stable/IND A1+	IND A+/Stable/IND A1+	IND A/Stable/IND A1
Commercial paper	Short-term	INR1,000	IND A1+/RWN	IND A1+	IND A1+	IND A1

COMPLEXITY LEVEL OF INSTRUMENTS

For details on the complexity levels of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

SOLICITATION DISCLOSURES

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

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Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

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Applicable Criteria

[Corporate Rating Methodology](#)

Analyst Names

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