



Corp. Office: Shree Laxmi Woolen Mills Estate, 2nd Floor,
R.R. Hosiery, Off Dr. E. Moses Rd. Mahalaxmi, Mumbai - 400 011
Tel: (022) 3001 6600 Fax : (022) 3001 6601
CIN No. : L17100MH1905PLC000200

March 27, 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 March 26, 2020 by CRISIL, 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

Rating Rationale

March 26, 2020 | Mumbai

Phoenix Mills Limited

Rating placed on 'Watch Negative'

Rating Action

Total Bank Loan Facilities Rated	Rs.400 Crore
Long Term Rating	CRISIL A+ (Placed on 'Rating Watch with Negative Implications')

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has placed its rating on the long-term bank facilities of Phoenix Mills Limited (PML; flagship company of the Phoenix Mills group) on '**Rating Watch with Negative Implications**'.

The rating action follows measures taken by various state governments towards containment of COVID-19 which includes temporary closure of non-critical establishments, inter-state transportation etc. along-with advisory against travel and visiting areas of mass gatherings. These measures including mandatory closure of its retail assets could lead to delay in the collection of lease rentals from tenants, for the affected months.

While, most of the state government's measures are applicable till April 14, 2020, revocation of the measures will be contingent upon directive from the central government and extent of spread of COVID-19. A sustained long period of closures can result in significant deterioration in credit profile of the company. On the other hand, a faster reversal to normalcy may contain the extent of deterioration likely in credit quality of the company. That said, the ability of the business to revert back to operational stability and any relief measures given by the government will be key rating sensitivity factors, and CRISIL will continue monitoring these events.

The Phoenix Mills group enjoys healthy liquidity and maintains debt service reserve accounts (DSRA) covering 3 months of debt servicing obligations for all its assets. Cash and cash equivalents were Rs 489 crore (including DSRA) as on March 31, 2019. The group also had access to unutilised bank lines of Rs 740 crore as on March 31, 2019. The group is in the process of enhancing its bank lines to manage the cash flow mismatches if such a situation continues beyond a 9 month period.

The rating continues to reflect the group's leadership position in the Indian retail mall segment. The rating also factors in the group's diversified revenue portfolio and comfortable financial risk profile. These strengths are partially offset by exposure to project risks because of significant expansion plans, and vulnerability to cyclical in the real estate sector.

Analytical Approach

CRISIL has combined the business and financial risk profiles of PML and its associate and subsidiary companies. This is because the entities, collectively referred to as The Phoenix Mills group, are in the same line of business, and have common promoters and strong business and financial linkages.

Refer to annexure - List of entities consolidated, which captures the names of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths

Leadership position in the Indian retail mall segment: The Phoenix Mills group has a strong track record of over three decades. It is India's largest retail mall operator, and has a robust market position, underpinned by the prime location of the assets and their steady performance. Occupancy and trading density exceeded 95% and Rs 1,000 per sq. ft per month, respectively for fiscal 2019. Occupancy and average trading density of the group's flagship asset - High Street Phoenix and Palladium (Lower Parel) - was 94% and around Rs 3,000 per sq. ft per month, respectively, in fiscal 2019. The group is in the process of doubling its retail portfolio over the medium term, in partnership with Canada Pension Plan Investment Board (CPPIB).

Diversified revenue profile: The group primarily focuses on retail-led mixed-use development. Revenue profile is moderately diversified and comprises three main businesses: lease assets, hospitality, and real estate development. Turnover was Rs 2,128 crore in fiscal 2019, with lease assets contributing around 62% to total revenue. Presence of other portfolios'office, hotels, and residential real estate'supports business risk profile further.

Comfortable financial risk profile: Consolidated net worth was Rs 4,685 crore, while debt was Rs 4,564 crore as on March 31, 2019 (CRISIL-adjusted financials). Consequently, gearing remained below 1.0 time. Close to 84% of total debt is backed by highly stable rent-generating assets, while 18% of the debt is against income from stabilised hotels. Financial flexibility is supplemented by strong refinancing ability, access to consolidated unutilised bank lines of around Rs 740 crore, and ability to raise additional lease rental discounting loans; debt to lease rental ratio was healthy (below 4.0 times). Cash and cash equivalents exceeded Rs 400 crore as of March 31, 2019. However, interest coverage and return on capital

employed ratios were moderate at 3.16 times and 12.1%, respectively, in fiscal 2019.

Weaknesses

* **Exposure to risks related to significant expansion plans:** Large projects have been planned in new and current geographies, with overall investments of around Rs 4,800 crore. Although the group has sound experience in developing and managing retail assets, its ability to execute, market, and scale-up these projects on time will remain critical. Any significant delay in project execution or cost overruns may weaken financial risk profile. Nevertheless, close to 60% of the funds have been deployed, and debt-to-equity ratio for the investments is expected at 1.0 time, which mitigates the risk to a large extent.

* **Vulnerability to cyclical in the real estate sector:** Cyclical in the real estate segment could lead to fluctuations in cash inflow because of volatile realisations and saleability. In contrast, cash outflow, such as debt obligation, is relatively fixed.

Liquidity Strong

The Phoenix Mills Ltd enjoys healthy liquidity driven by expected cash accruals of more than Rs 500 crore per annum over the medium term and cash and cash equivalents of Rs 489 crore as on March 31, 2019. The group also has access to unutilised bank lines of Rs 740 crore as on March 31, 2019. The group has long term repayment obligations Rs 333-522 crore between fiscal 2020 and 2022 with capex of around Rs 2,000 to be incurred over the medium term. The group can fund its repayment obligations and partly fund the capex requirements through internal accruals. Liquidity is further supplemented by steady cash and flows from lease rentals and ability to raise additional LRD loans, if required.

Rating Sensitivity Factor

Upward Factors

*Execution and scaling up of the proposed projects within stipulated time

*Revenue growth of over 10% while maintaining profitability, leading to sizeable cash accrual and improvement in debt protection metrics

Downward Factors

*Mall shut-down extends beyond April 30, 2020

*Weakening of financial risk profile due to higher-than-expected borrowing

*Significant delay or cost overrun in construction and/or leasing of ongoing projects

*Lower-than-expected revenue or profitability, resulting in low cash accrual.

About the Company

PML is the flagship company of the Phoenix Mills group, and was incorporated in January 1905 as a textile manufacturer. It diversified into real estate development in 1986 by first developing a residential tower and then opening High Street Phoenix (HSP) Mall in Lower Parel in 1999, followed by Palladium Mall (next to HSP) in 2009. Palladium Mall caters to uber-luxury brands. Apart from retail assets, PML also owns and operates Phoenix House, a commercial office space of 1.4 lakh sq. ft, in the same premises.

About the Group

The Phoenix Mills group is the largest player in the Indian retail mall segment, and has a portfolio of 59 lakh sq. ft of eight well-established retail mall assets across major cities in the country. It also has an office portfolio of 17.6 lakh sq. ft in Mumbai and Pune, two operational hotels (one in Mumbai and another in Agra), and residential real estate of 37 lakh sq. ft in Bengaluru and Chennai.

In April 2017, the group entered into an agreement with CPPIB to sell up to 49% stake in Island Star Mall Developers Pvt Ltd (ISML, rated 'CRISIL A/Watch with negative implications'; part of the group and owns and operates the Phoenix Market City Mall in Bengaluru) for close to Rs 1,700 crore. ISMLD is the main vehicle for the group's next growth phase. Development of retail assets will be undertaken across metros and Tier-I cities via wholly owned special purpose vehicles.

Key Financial Indicators - Consolidated*

Particulars	Unit	2019	2018
Revenue	Rs crore	2,128	1,749
Profit After Tax (PAT)	Rs crore	532	300
PAT margin	%	25.0	17.1
Adjusted gearing	Times	0.97	1.17
Interest coverage	Times	3.16	2.53

*CRISIL-adjusted numbers including full consolidation of Classic Mall Development Company Pvt. Ltd (CMDCL), Classic Housing Projects Pvt. Ltd (CHPPL) and Starboard Hotels Pvt. Ltd (SHPL)

Key Financial Indicators - Consolidated*

Particulars	Unit	2019	2018
Revenue	Rs crore	1,982	1,624
Profit After Tax (PAT)	Rs crore	497	256
PAT Margin	%	25.1	15.7
Adjusted gearing	Times	0.99	1.24
Interest coverage	Times	3.18	2.49

*Based on consolidation approach followed by TPML wherein CMD CPL, CHPPL and SHPL have been treated as associate companies and consolidated only to the extent of TPML's shareholding in these, i.e., 50%

Any other information: Not applicable

Note on complexity levels of the rated instrument:

CRISIL complexity levels are assigned to various types of financial instruments. The CRISIL complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Cr)	Rating assigned with outlook
NA	Term Loan	NA	NA	Sep-27	335.0	CRISIL A+/Watch Negative
NA	Overdraft*	NA	NA	NA	65.0	CRISIL A+/Watch Negative

*Sublimit of term loan

Annexure - List of Entities Consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Phoenix Hospitality Company Pvt. Ltd (PHCPL)	Full	Subsidiary
Alliance Spaces Pvt. Ltd (subsidiary of PHCPL)	Full	Subsidiary
Bellona Hospitality Services Ltd	Full	Subsidiary
Big Apple Real Estate Pvt. Ltd (BARE)	Full	Subsidiary
Blackwood Developers Pvt. Ltd (subsidiary of BARE)	Full	Subsidiary
Butala Farm Lands Pvt. Ltd	Full	Subsidiary
Enhance Holdings Pvt. Ltd India	Full	Subsidiary
Gangetic Developers Pvt. Ltd (subsidiary of BARE)	Full	Subsidiary
Grace Works Realty & Leisure Pvt. Ltd (subsidiary of PHCPL)	Full	Subsidiary
Island Star Mall Developers Pvt. Ltd	Full	Subsidiary
Market City Resources Pvt. Ltd (MCRPL)	Full	Subsidiary
Market City Management Pvt. Ltd	Full	Subsidiary
Mugwort Land Holding Pvt. Ltd	Full	Subsidiary
Offbeat Developers Pvt. Ltd	Full	Subsidiary
Palladium Constructions Pvt. Ltd	Full	Subsidiary
Pallazzo Hotels & Leisure Ltd	Full	Subsidiary
Pinnacle Real Estate Development Pvt. Ltd	Full	Subsidiary
Plutocrat Assets And Capital Management Pvt. Ltd	Full	Subsidiary
Sangam Infrabuild Corporation Pvt. Ltd (subsidiary of BARE)	Full	Subsidiary
Upal Developers Pvt. Ltd (subsidiary of BARE)	Full	Subsidiary
Vamona Developers Pvt. Ltd	Full	Subsidiary
Savannah Phoenix Pvt Ltd	Full	Subsidiary
Insight Hotels & Leisure Pvt. Ltd	Full	Subsidiary
Alysum Developers Pvt. Ltd (subsidiary of ISML)	Full	Subsidiary
Sparkle One Mall Developers Pvt. Ltd (subsidiary of ISML)	Full	Subsidiary
CHPPL	Full	Subsidiary
SHPL	Full	Subsidiary
CMD CPL	Full	Subsidiary
Mirabel Entertainment Pvt. Ltd (associate through PHCPL)	Partial	Associate
Columbus Investment Advisory Pvt. Ltd (associate through MCRPL from 04/10/2017)	Partial	Associate

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2020 (History)		2019		2018		2017		Start of 2017
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/ST	400.00	CRISIL A+/(Watch) Negative			31-07-19	CRISIL A+/Stable	12-04-18	CRISIL A+/Stable		--	--

All amounts are in Rs.Cr.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Overdraft*	65	CRISIL A+/Watch	Overdraft*	65	CRISIL A+/Stable

		Negative			
Term Loan	335	CRISIL A+/Watch Negative	Term Loan	335	CRISIL A+/Stable
Total	400	--	Total	400	--

*Sublimit of term loan

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[CRISILs Criteria for Consolidation](#)

For further information contact:

Media Relations	Analytical Contacts	Customer Service Helpdesk
<p>Saman Khan Media Relations CRISIL Limited D: +91 22 3342 3895 B: +91 22 3342 3000 saman.khan@crisil.com</p> <p>Naireen Ahmed Media Relations CRISIL Limited D: +91 22 3342 1818 B: +91 22 3342 3000 naireen.ahmed@crisil.com</p>	<p>Sachin Gupta Senior Director - CRISIL Ratings CRISIL Limited D:+91 22 3342 3023 Sachin.Gupta@crisil.com</p> <p>Sushmita Majumdar Director - CRISIL Ratings CRISIL Limited D:+91 22 3342 3162 Sushmita.Majumdar@crisil.com</p> <p>Padmaja Lakshminarasimhan Rating Analyst - CRISIL Ratings CRISIL Limited D:+91 22 3342 3981 Padmaja.Lakshminarasimhan@crisil.com</p>	<p>Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301</p> <p>For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com</p> <p>For Analytical queries: ratingsinvestordesk@crisil.com</p>

Note for Media:

This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper / magazine / agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL. However, CRISIL alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites, portals etc.

About CRISIL Limited

CRISIL is a leading agile and innovative, global analytics company driven by its mission of making markets function better. We are India's foremost provider of ratings, data, research, analytics and solutions. A strong track record of growth, culture of innovation and global footprint sets us apart. We have delivered independent opinions, actionable insights, and efficient solutions to over 1,00,000 customers.

We are majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit www.crisil.com

Connect with us: [TWITTER](#) | [LINKEDIN](#) | [YOUTUBE](#) | [FACEBOOK](#)

About CRISIL Ratings

CRISIL Ratings is part of CRISIL Limited ("CRISIL"). We pioneered the concept of credit rating in India in 1987. CRISIL is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI"). With a tradition of independence, analytical rigour and innovation, CRISIL sets the standards in the credit rating business. We rate the entire range of debt instruments, such as, bank loans, certificates of deposit, commercial paper, non-convertible / convertible / partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 24,500 large and mid-scale corporates and financial institutions. CRISIL has also instituted several innovations in India in the rating business, including rating municipal bonds, partially guaranteed instruments and microfinance institutions. We also pioneered a globally unique rating service for Micro, Small and Medium Enterprises (MSMEs) and significantly extended the accessibility to rating services to a wider market. Over 1,10,000 MSMEs have been rated by us.

CRISIL PRIVACY

CRISIL respects your privacy. We may use your contact information, such as your name, address, and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy please visit www.crisil.com.

DISCLAIMER

This disclaimer forms part of and applies to each credit rating report and/or credit rating rationale that we provide (each a "Report"). For the avoidance of doubt, the term "Report" includes the information, ratings and other content forming part of the Report. The Report is intended for the jurisdiction of India only. This Report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this Report does not create a client relationship between CRISIL and the user.

We are not aware that any user intends to rely on the Report or of the manner in which a user intends to use the Report. In preparing our Report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the Report is not intended to and does not constitute an investment advice. The Report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind or otherwise enter into any deal or transaction with the entity to which the Report pertains. The Report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in the US).

Ratings from CRISIL Rating are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities / instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CRISIL assumes no obligation to update its opinions following publication in any form or format although CRISIL may disseminate its opinions and analysis. CRISIL rating contained in the Report is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment or other business decisions. The recipients of the Report should rely on their own judgment and take their own professional advice before acting on the Report in any way. CRISIL or its associates may have other commercial transactions with the company/entity.

Neither CRISIL nor its affiliates, third party providers, as well as their directors, officers, shareholders, employees or agents (collectively, "CRISIL Parties") guarantee the accuracy, completeness or adequacy of the Report, and no CRISIL Party shall have any liability for any errors, omissions, or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the Report. EACH CRISIL PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CRISIL Party be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the Report even if advised of the possibility of such damages.

CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors. CRISIL's public ratings and analysis as are required to be disclosed under the regulations of the Securities and Exchange Board of India (and other applicable regulations, if any) are made available on its web sites, www.crisil.com (free of charge). Reports with more detail and additional information may be available for subscription at a fee – more details about CRISIL ratings are available here: www.crisilratings.com.

CRISIL and its affiliates do not act as a fiduciary. While CRISIL has obtained information from sources it believes to be reliable, CRISIL does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and / or relies in its Reports. CRISIL keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of the respective activity. As a result, certain business units of CRISIL may have information that is not available to other CRISIL business units. CRISIL has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CRISIL has in place a ratings code of conduct and policies for analytical firewalls and for managing conflict of interest. For details please refer to: <https://www.crisil.com/en/home/our-businesses/ratings/regulatory-disclosures/highlighted-policies.html>

CRISIL's rating criteria are generally available without charge to the public on the CRISIL public web site, www.crisil.com. For latest rating information on any instrument of any company rated by CRISIL you may contact CRISIL RATING DESK at CRISILratingdesk@crisil.com, or at (0091) 1800 267 1301.

This Report should not be reproduced or redistributed to any other person or in any form without a prior written consent of CRISIL.

All rights reserved @ CRISIL