THE PHOENIX MILLS LIMITED

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July 2, 2020

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 Conference Call

Further to our letter dated June 30, 2020 informing of conclusion of our Conference Call held on Tuesday, June 30, 2020 with Analysts / Institutional Investors on the Audited Standalone and Consolidated Financial Results of the Company for the quarter and year ended March 31, 2020, we enclose herewith the Transcript of the said Conference Call.

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

You are requested to take the same on record.

Yours faithfully,

For The Phoenix Mills Limited

Gajendra Mewara
Digitally signed by Gajendra Mewara
Date: 2020.07.02 22:02:34 +05'30'

Gajendra Mewara
Company Secretary

Encl.: As above

The Phoenix Mills Limited
Q4 & FY20 Results Conference Call
June 30, 2020

Moderator: Ladies and gentlemen, good day and welcome to Q4 and FY20 Results Call of The Phoenix Mills Limited. As a reminder all participants' lines will be in the listen-only mode and there an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call please signal an operator by pressing '*' then '0' on your touchtone phone. Please note this conference is being recorded.

The management is represented by Mr. Shishir Shrivastava – Managing Director and Mr. Pradumna Kanodia – Director (Finance). At this time I would now like to hand the conference over to Mr. Shrivastava. Thank you and over to you, sir.

Shishir Shrivastava: Good afternoon ladies and gentlemen. Hope you are all doing well and staying safe. We take pleasure in welcoming you all to discuss the operating and financial performance of the fourth quarter and full year FY2020 for the company.

The outbreak of COVID19 happened at a time when all our business segments were witnessing a sustained period of robust growth. We were witnessing strong double digit consumption growth in the range of 12% to 20% across our retail portfolio until the end of February, 2020. However our malls started operating with restrictions from March 13, 2020 as per the guidelines issued by the respective state governments. Consumption fell between 40% to 60% across the malls in the period of March due to the outbreak of COVID19 and the subsequent nationwide lockdown. On 8th June, 2020 we resumed operations at three of our malls, Phoenix Marketcity Bangalore, Phoenix United Lucknow and Phoenix United Bareilly. We expect our other malls to open gradually as governments ease lockdown measures. We have adopted the highest standards of safety and hygiene across all our malls. We are conscious of the fact that our retail partners are going through tough times and based on reasonableness we have offered them a moratorium of 3 months for the rents payable.

We are hopeful that as the lockdown eases in the coming days, visibility of retail businesses will improve. We anticipate that COVID19 will have a short to medium term impact and remain bullish on the long-term prospects of our business model and never malls continue to play a pivotal role as social hubs in city centers as we return to normalcy.

Our commercial office segment which is least impacted continues to remain an important pillar for our growth aspirations. We have seen good traction in gross rental collections in the recent months and continue to see interests from clients for leasing new spaces. We promptly took various measures to safeguard our properties and increased security and housekeeping services to maintain the highest hygiene and safety standards. We have two towers at Fountainhead Pune which are nearing completion and traction for leasing appears strong there as well.

With regards to our hospitality segment, The St. Regis, Mumbai had an occupancy of 85% in January and February, 2020, before air travel restrictions in early March and the subsequent lockdown impacted operations. We continue to operate the hotel at a limited capacity as permitted by the state government guidelines. Courtyard by Marriott in Agra is expected to remain shut temporarily until July as we do not anticipate any tourist demands in the near term. Demand for new broking is expected to improve in the second half of FY21 with gradual relaxation of lockdown norms.

With regards to our projects under development; in the retail segment work across our Marketcities in Pune, Bangalore, Indore and Palladium Ahmadabad has restarted. Phoenix Palassio Lucknow, the latest addition to our portfolio is expected to become operational in early July. The opening of this mall was earlier stated for mid-March despite the current challenges we are on course to double our retail portfolio and significantly increase our commercial office portfolio by FY24. This is based on projects that are already under development.

As we all understand, humans by nature are social beings and while COVID19 has presented us an unprecedented challenge all of us together will overcome it in some time. Our business model will continue to be relevant in the times to come. As cities expand, they give rise to multiple hubs within which they become the go to places of the city. We are in the business of building such towns centric locations across key cities of India where people can come and experience shopping, dining, entertainment and socializing in safe and regulated environment. We believe that our business model will become more relevant as people will now prefer to go to only those places that are considered to be safe.

With this I would like to hand over the call to Mr. Kanodia, our Director of Finance who will brief us on our financial performance.

Pradumna Kanodia: Good afternoon ladies and gentlemen. Thank you for joining us on this call. Considering with the briefing which Shishir just gave I would like to share with you some of the key financial highlights of our consolidated operating performances. Retail consumption was at Rs. 13, 874 million for Q4 FY20 which was down 15% year-on-year and was at Rs. 69,309 million for the full-year FY20 which is up by 1%. Aggregate retail rental income was down 11% year on year at Rs. 2,227 million for the Q4, FY20 while it was up 3% year-on-year at Rs. 10,200 million for the full year FY20. Retail EBITDA was down 12% year-on-year at Rs. 2,123 million for Q4 FY20 while the same it was up by 3% year-on-year at Rs. 9,774 million for FY20. Commercial income was at Rs. 11,038 million for the quarter which was up 29% year-on-year and for the full-year it was at 290 million, up 19% year-on-year FY20. Income from hospitality and others were at Rs. 867 million, down 14% in Q4 FY20 and was at Rs. 3,486 million down 3% for full year FY20. The consolidated revenues from operations were at Rs.3,992 million for Q4 FY20 which was down 45% year-on-year while for the full-year FY20 it was at Rs.19,411 million which is down marginally at 2% year-on-year.

Despite challenging business environment, we continue to maintain a robust balance sheet, our consolidated debt stood at Rs. 45,732 million as on the end of 31st March, 2020. Our cost of borrowing is down to 8.93% as compared to 9.29% for the last quarter and we are hopeful that the borrowing cost should further go down in the coming quarters as the banks start passing on the rate cut benefit to the customers. We have availed moratorium offered by our banking partners as per the RBI guidelines for a period of 6 months across all our SPVs. We have also carried out various cost rationalization efforts across our business verticals to ensure we can bounce back strongly once the business environment normalizes.

To summarize, our company is comfortably placed with sufficient liquidity to navigate through this crisis period. We are confident that in the long run consumption will be back to normal and the people will continue to look at malls as a safe and regulated way to shop, dine, entertain and socialize. Thank you very much once again and we would be happy to take any specific questions now. Thank you.

Moderator: Thank you very much. Ladies and gentlemen we will now begin the question-answer session. We take the first question from the line of Puneet Gulati from HSBC.

Puneet Gulati: I have two questions, number one on the commercial side; you mentioned that there is an 80% collection rate. Is it normal or is it less than normal in the current perspective?

Shishir Shrivastava: Just to give you a perspective, for this last quarter we have probably invoiced close to about Rs. 37 crores in the commercial office business and collections for the month of June are still ongoing, so this number will soon creep up beyond 80%, we expect to be closer to 87-88% or 90% as well and the balance is—this is pretty normal I would say, the impact is nominal if at all—so I would say this 80% collection by this point in time is pretty normal.

Puneet Gulati: What is the update on the leasing pipeline for the new Fountainhead which is coming up?

Shishir Shrivastava: So Fountainhead Towers 2 and 3 are nearing completion. We are awaiting OC for Tower 2 and Tower 3 still have some work on going. I think on a leasing side we were waiting to commence leasing in this last quarter and while we reached out to clients there is some level of interest but there is a little bit of cautiousness. So I would think that we will open up for leasing only in the month of August or September when we see some demand picking up. Decision-making from occupant side at present is a little bit on hold but these offices are not the large IT offices, these are smaller size offices. We are seeing a lot of consolidation in the space especially in Pune where people are looking at reducing the size of their offices but looking for smaller spaces. So this asset is poised to benefit from that.

Puneet Gulati: On your CAPEX plan, if you can give more color on what is the spend that you intend both on the malls and office side and also on the residential side?

Shishir Shrivastava: For this current year in the rest of FY21 when we look at our retail portfolio which is mainly Phoenix Marketcity Hebbal in Bangalore, Wakad Pune and Indore we expect to spend between now and the end of the year close to about 75 to 80 crores in that range on these three projects.

Puneet Gulati: Each?

Shishir Shrivastava: No, cumulatively, simply because right now while we have recommenced construction activities. Construction pace is not picked up, so we are working with a limited labor force at sites so we don't expect the billing to really cross that roughly about Rs.70 to Rs.75 crores by the end of this year is what we expect to spend and we still have the equity available which was brought in by our JV partner to fund this construction activity. In these projects offices would have logically, we would have incurred expenditure around office construction only after completion of the mall because the offices sit on the top of the mall structure. With regards to Phoenix Palassio Lucknow, we have by and large completed all works over there. So there may be some outflow towards vendor bills as they present their final bills etc. There I don't think we will spend more than Rs. 6 to Rs. 8 crores between now and end of the year. Then we come to Palladium Ahmadabad where we have a balance spend between now and the completion of the projects which will be about 2.5 years or thereabout. So that's roughly around 340 crores odd between now and by end of 2.5-3 years but within this year again we don't expect to spend more than about I would say between now and end of the year FY21 this number would be closer to 50 crores and we have recently drawn down the debt on this asset in the month of May to fund this construction.

Puneet Gulati: So in all we are looking at only what 140 crores odd of CAPEX?

Shishir Shrivastava: We also have CAPEX on our Fountainhead Tower 3 where we would expect to spend about Rs 50 crores between now and end of the year. Of course we have the Residential projects where we are continuing completion activities for Kessaku where we expect to spend about Rs.80 to Rs.100 crores. We have deferred the launch of Towers 8 and 9 in One Bangalore West. Right now we are incurring expenses on Tower 7 and completion of some reconfiguration activities in Kessaku where the cost would be nominal.

Moderator: Question is from the line of Kunal Lakhan from CLSA.

Kunal Lakhan: Just on the board approval to raise funds of Rs. 1,200 crores odd, broadly can you give us some color on what would it be utilized for and how much would be the equity and debt mix and what will be the form of equity in terms of it will be at the entity level or looking at the platform if you can give some color?

Shishir Shrivastava: Before I answer this question I want to just talk a little bit about our cash flows. At present we have close to about Rs.700 crores odd—by mid of this month we had about 770 crores—in terms of liquidity available if you look at all the investments, cash, cash equivalents, OD limits and the DSRA accounts. Now going forward as I mentioned in terms of CAPEX we are fully covered in terms of our funding availability. When it comes to operating expenses of the malls that is also fully covered because that is the operating expenses are passing as CAM and we have reduced the quantum significantly and in our understanding with the retailers we will be recovering all the operating expenses there as well. With regards to the Ahmadabad, Phoenix Palladium project in Ahmadabad we have achieved financial closure and that will fund the construction activity. So from a cash position we are fine. We've also availed of the 6 months extension on the bank moratorium, so our debt obligations we will be able to cover between now and the end of the year and even beyond. So we are comfortable from the cash position. Having said that we believe that this is the time to have some cash available because we are seeing unprecedented times and there is no visibility to the end of the crisis, so it will help to have some kind of a war-chest to meet uncertain times to pay down debt to probably even if there is some spectacular distress opportunity that comes our way because we believe in the long-term potential of our business to be able to participate in such an acquisition opportunity. So while we have taken currently an enabling resolution, it's to an extent of Rs. 1,200 crores. The decision on whether we want to raise capital at the listed company level or not will finally be taken—has not yet been taken—and we are going to be deliberating on that. As of now we are not contemplating any debt increase except to the extent where we may drawdown on Palladium Ahmadabad and maybe where we have Fountainhead Towers 2 and 3 which are debt-free we may raise some debt there. So we are not really looking at a significant debt increase. Does that answer your question?

Kunal Lakhan: Just kind of follow on that, so you mentioned that a part of this fund base could be utilized towards sparing down debts, so would that be fair to assume then that large part of this Rs. 1,200 crores would be equity raise?

Shishir Shrivastava: Yes, we are saying that if we go ahead with a capital raise the quantum has not yet been decided. The board has given their approval to raise a maximum of up to Rs.1,200 crores but we may be well within that number. So it would be an equity raise if we go down that path.

Kunal Lakhan: And the second question was on how are your negotiations panning out with tenants on rentals especially post-lockdown period? Are you closing on those negotiations and have we reached understanding with the retailers on this, what kind of structures you are working on if you can help us with that?

Shishir Shrivastava: I would like to say that by and large with most retailers we have arrived at an understanding. We did commence operations of our malls in Bangalore, Lucknow and Bareilly on the 8th of June and of the permissible area that we have—when I say permissible, the leasable area that is allowed to be operational as per the government guidelines—we have seen close to about 80% odd, even higher than 80% becoming operational. Now we have not taken a very general I would say solution across the board for all retailers but if I were to put that into two buckets, first bucket being that what have we arrived at for the period of lockdown. We believe that we should be somewhere in the region at an average of about 50% of the minimum guarantee rent to be paid during this period but it varies from brand to brand marginally here or there and post the lockdown we have agreed to a waiver only for a limited period. It may vary from between 3 months to the rest of financial year and that also on the case to case basis we have arrived at a solution. The solution broadly entails a relief to a certain percentage which is subject to negotiation with retailers on the minimum guarantee rent but on the other side, the retailers have also understood that in the event consumption does go up they are willing to share a higher percentage of the revenue when compared to the contract for this limited period and also generally we also address that should the retailers arrive at a 70% to 75% of consumption for the last year then we revert to the original rental terms. So again just to reiterate that any relief that we are providing is only for this limited period of 3 months or for the rest of FY21 which is negotiated on a case to case basis. In some cases where we have agreed to this reduction in minimum guarantee rent and the retailers did not have a cash flow issue we have also received some advance rental for the next 6 months based on the minimum guarantee.

Kunal Lakhan: Again a follow up on that, so you said (+) 80% of the permissible area is operational, so the balance 20% is not operational because of disagreement on the rentals?

Shishir Shrivastava: No, so let me clarify. For example in Phoenix Marketcity Bangalore where we have a little over a million square feet of GLA, about 82% is operational of the permissible area. F&Bs were allowed to commence operations only a little later, so they are now gearing up to become operational including the Food Court etc., so we expect this number to move up significantly by the end of this week, by this weekend when a lot of F&B will also become operational. So it's not about not achieving closure on the understanding and of course in a few cases we still have ongoing discussions but that's not going to really materially impact the number. In case of Lucknow and Bareilly we are close to anywhere between 85% to 90% of the permissible area of becoming operational and there again we are seeing the numbers increase every week.

Moderator: We will take the next question from the line of Sourabh Taparia from UBS.

Sourabh Taparia: Two questions from my side. Shishir can you highlight if there is a change in strategy towards residential business or the inventory that we have? What has been the target set for this vertical in terms of cash flow for the year?

Shishir Shrivastava: There is no change in strategy in the residential business as such. If the question of are we looking at undertaking more residential projects, at the present time, no.

Sourabh Taparia: My question was more about are we looking to monetize this rapidly or is it a phase of monetization?

Shishir Shrivastava: Right now the significant assets that we have, we have about Rs. 1,400 crores of inventory in Kessaku at Bangalore where we have received the OC. Now also there is no debt on this asset. There is about Rs.100 crores of debt on the Palladium construction which owns this asset. Now here we had larger apartments in Kessaku and the ticket size was very-very high, so about 8 or 9 months ago we embarked on a journey looking at how we could reconfigure the apartments to have smaller 3 and 4 bedroom apartments in the ticket size of Rs.4.5 crores as opposed to a higher number of 10-12 crores etc. Now we have re-created or rather reconfigured these apartments and we have recently gone into market and there seems to be a very high interest for apartments in this ticket size and the number of site visits that we are seeing are increased. So we have been seeing about approximately 100 people come for site visits and inspections, We are quite confident that this product has a significant demand. I would say that our target would be to sell about 30 apartments in next 6 months in this ticket size of 4 to 5 crores, so this is about Kessaku. We are also continuing on the construction of Tower 7 of One Bangalore West and there from the sales that we have already completed to customers, the proceeds will fund the construction cost of the Tower 7. Towers 8 and 9 for present we are going slow on construction, we have already come up above ground there but we are going slow on construction. We will progress on that once we've launched that which will be at a later date.

Moderator: Sir we proceed to the next question from the line of Mohit Agarwal from IIFL.

Mohit Agarwal: My first question is on the CAM charges. So I understand that CAM would have been billed entirely during the lockdown also. Have a received the CAM already for the malls that we have already started? That's a first question and secondly also on the rentals bit for the malls which you started on June 8th, have we received any rentals till now?

Shishir Shrivastava: Firstly our sincere apologies we got dropped off the call. But coming down to your question, so on CAM we have made every effort of reducing the expenses for the period of lockdown and also going forward for some period in time we expect that our marketing expenses are going to be lower since we are focusing only on communication of our health and safety standards that we are maintaining in the mall today and mostly on social media, so we are expecting the marketing expenses also to be lower going forward. For the period of lockdown we are recovering the reduced CAM as per our understanding with the retailers and with regards to rentals we expect that for the month of April, May and June whatever is the reduced rental as we may have agreed on a case to case basis that will be recovered along with the month of July since we had offered a 3 months moratorium for that period in any case. So from the month of July we will start seeing in addition to the rental of July we expect to receive the rental of

March, in August we will expect to receive the rental of May as well and in September for the month of June along with the rental of that particular month.

Mohit Agarwal: So if I understand correctly the CAM will also be received along with the rentals only?

Shishir Shrivastava: CAM has been ongoing, recovery has been happening during the period of shutdown as well.

Mohit Agarwal: One another question is on the industry, there are reports suggesting that there could be a one-time restructuring of the retail sector loans. However it is expected that realty may not be covered. So just wanted to understand what is an update on that, have you been in discussions with any part of the government which is taking the decision on this because it's a COVID impacted sector, if there is a one-time restructuring will you also be considered for that, any thoughts on that?

Pradumna Kanodia: I think RBI and the Ministry of Finance have been very forthright and in the last two extensions that they have allowed 3 months each for the industry to benefit from the extended period of payment of interest and principal clearly helped us and helped everyone in this period of crisis. As far as restructuring is concerned, I think RBI is yet to take a decision while the Finance Ministry is of the view there would be a window which may be made available. So from that point of view the ongoing discussions with banks are not really around the restructuring because our cash flow position remains healthy. But once we get a complete sense of how long the lockdown exists because this is a dynamic situation where everyday things are changing. So as of now enough liquidity and cash available for us to sustain our operations but if the opportunity of restructuring was to come and it is given to the real estate sector also we will evaluate it on the merits of it and see if there is a need case to case basis. From that point of view be a little premature in taking any decision at this stage.

Mohit Agarwal: A last book keeping question, could you share the CAPEX number for FY20, full-year FY20 number?

Pradumna Kanodia: We shall come back to you off-line, just give us some time because I think that we don't have it handy but we will come back to you quickly.

Moderator: We take the next question from the line of Abhishek Bhandari from Macquarie.

Abhishek Bhandari: I have two questions, the first one is if we look at the last 4 years of our malls performance one of the reason was pivoting it towards more social activity where F&B experience, multiplexes helped us a lot. But as things stands without vaccine probably these parts of economy will have more troubled in terms of paying rents and the businesses are uncertain. So do you think from a medium term perspective you would want to reduce the exposure what you have to these segments and all related lines has there been any movement on the pre-leasing for the new five malls which have come where these kind of factors would have probably taken up within between 10% to 15%?

Shishir Shrivastava: So you are right in the short to medium term we do expect to see several of our F&B partners go through a little bit of stress. However from a consumer point of view we don't expect the demand to be significantly reduced but there will be operating restrictions which will impact their revenues. So when I say operating restrictions for example we expect that the various state governments are going to implement a minimum or a maximum density approach, so they may say that restaurants need to operate at 50% occupancy etc. which is likely to impact the revenue. Also liquor sales have not yet commenced in F&B outlets in Bangalore for example, so that may take some time because that's going to impact revenue as well. Additionally we are seeing that a lot of the manpower working out of these F&B spaces are generally from other towns and there may be a shortage of manpower for some period in time so we understand that there is going to be some stress on F&B operations for some period of time. Having said that from a product perspective we don't expect to reduce the F&B offering because this is going to be in our opinion a short to medium term impact, we also expect that consumer demand may not really be very-very low simply because people are going to move or prefer coming to a safe and controlled environment such as a mall even for their F&B offerings as opposed to High Street locations simply because they will have that confidence and trust in health and safety standards which will be higher than other locations. So we are not looking at reducing the F&B offerings but we understand that the number of restaurants that may be operating maybe fewer or the number of people that they can accommodate maybe fewer and that will the revenues

Abhishek Bhandari: What about the contract with the multiplexes in the five new coming malls? Have they come up with you with some kind of renewed business plans asking you to push out the leasing, etc., or things stand as they were at maybe 5 months before?

Shishir Shrivastava: Yeah, for the moment multiplex operators also don't have any visibility on how their business operations will pan out and what is the government regulations and guidelines that will govern their operations. So for the present we have not had discussions because they don't know what their business plans look like right now.

Abhishek Bhandari: My second question is more around business model in LRD, so if you look at last 5 years one of the hallmarks has been rising minimum guarantee which probably is now around 90%-91% of revenues that makes the income predictable and hence LRDs are available for a longer duration and a much higher number. Do you think with probably the revenue-sharing increasing making the revenue little more volatile, the LRDs might be talked up and going forward you would want to increase our equities, not only for operating assets but also for the under construction assets?

Pradumna Kanodia: So from a technical point of view just the mathematics what you spoke about is a fact which can happen but I think reality is quite different. Banks are looking at the FY21 as the period of really an uncertain period and an abnormal period, so clearly a decision based on that would be not right. Having said that I think most of our malls anywhere when you look at the eligibility criteria we had already repaid a loan significantly downwards so like example Bangalore mall the loan was less than Rs.400 crores when even in the current avatar the EBITDAs could be in excess of Rs. 100 crores odd even for this financial year. So from that point of view we have been discussing all our current situation with our bankers and there is no such sort of a request that had come in from any banker. Second as the RBI and Finance Ministry also is talking about onetime window of restructuring, so if that window comes in and some banks feel that there would be some mismatch between the revenue for the current year definitely but not from the year FY22 onwards, so then some bit of a restructuring around that maybe necessitated which we may evaluate on its merit. But from a group level perspective I don't think there is a need for us to and of course the second point which is important is the loan to cover, so the value of these each assets and the security cover that it provides to the bankers is tremendous. So any case which you take the security cover would always be greater than 2X while the stipulation would be 1.5 or 1.6 but having offered the entire asset to the bank the security covers are greater than 2 times in most of the cases. Now coming to the fact that currently we have used the moratorium as extended by RBI and with the current cash flow that we have and the DSRAs that are available with the banks we don't foresee any such issue coming up from a banking side where extra equity may be required and I don't even foresee that going forward because our ongoing construction side if you were to look at, the construction finances have not been, there is no need for construction finance loan for three of our under development assets under the Canadian Pension and PML joint venture because equity is still available and there is no cost over and that is happening there. Ahmadabad project is going as per schedule. The debt had been tied up and the first disbursement has happened, again we don't foresee any change in our timelines and cost parameters for the bank to be worried about looking at any form of additional equity that may be required, so from that point of view there is no need for us to worry about additional capital infusion in any of our projects given the fact that there may be some revenue dip for the FY20-21 period which is normal in the current scenario. To give you also perspective of the other two verticals that we have, the commercial side we spoke about how the collection from the commercial continues to be robust and really have not got impacted by the current lockdown and the fact that two more additional Towers of Tower 2 will become almost ready for leasing towards August-September of this year, should add to our kitty in terms of our commercial collection. So from Art Guild House at Kurla from the Centrium Units at Kurla and Tower 1 and 2 at the Alliance at Pune we should have a very robust cash flow which has very limited debt on that so that would come in good stead for us. On the residential side we had outstanding of around Rs. 164 crores at the beginning of FY20-21 and this Rs. 164 largely will get collected in the current year and that is going to be a good sign from a cash flow point of view while our expenses on the CAPEX would be limited since we are only doing Tower 7 right now, so from that extent there is enough and more liquidity surplus that may be available. And also important to highlight that our completed OC received inventory between Kessaku and OBW at our Bangalore residential developed is in excess of Rs. 1400 crores. So any additional sales that we do there would completely come down as a positive cash flow because there is no CAPEX pending on those accounts. So the outstanding debtors as on day one the limited CAPEX and the high value of inventory which has no CAPEX required really gives us a great comfort and there will be surplus getting generated from our Residential portfolio as well.

Abhishek Bhandari: One last question, in-line stores in particular probably would need more handholding from us rightly so because their balance sheet might be weaker compared to the larger brands, so do you want to really reduce the dependence on in-line stores going forward because such kind of volatility is unpredictable and we don't know if it will recur in future or not? It probably makes more sense to partner only bigger brands, so any thoughts there would be helpful.

Shishir Shrivastava: So Abhishek in our malls, you may be aware that basically groups which have anchor as well as in-lines, they comprise about 40% odd of our retail space. We have very few franchisee operated stores, even the other in-line stores bulk of them are company owned and we have very-very few brands which are local, single stores which may have severe cash stress at this point in time. So we don't expect to reduce our dependency on in-line stores because they are most of them are owned by groups or company operated where we don't expect to see them to have a

Moderator: Next question is from the line of Abhinav Bhandari from Nippon India.

Abhinav Bhandari: I actually had a few clarifications to understand rather than questions. So first is on the March lockdown period as you mentioned that selectively you have given a 50% of waiver on the minimum guaranteed rentals, so just to understand on the 6 to 8 days of March has that already been done in FY20 or some impact of that would come this fiscal because these negotiations are still ongoing?

Shishir Shrivastava: So firstly for the month of March what we have done is, we were in negotiations with retailers and almost every retailer had reached out to us for some kind of a relief March for the month of March for the period of shutdown as well. So we have been a little conservative in our approach in terms of accounting and knowing fully well that retailers will expect some relief during this period we have already considered that and we have taken that impact in our Q4 rental numbers so I would say that we have been more than conservative for the month of March we have assumed that for the half of the month one would not receive the minimum guaranteed rent. However we continue to remain in conversations with these retailers and it cannot be assumed that for the entire period of lockdown that there will be no rent as I mentioned we expect to be somewhere at least recover 50% in that range for the period of shut down based on the minimum guarantee rent.

Abhinav Bhandari: Related clarification that I needed it is in some places specifically Maharashtra, the lockdown is now been continuing announced to be there till 31st of July, so fair to assume that wherever lockdown situation persists that kind of equation would be there in Q2 as well?

Shishir Shrivastava: Yes, for the period of shut down in Q2.

Abhinav Bhandari: There is one line in our press release that we are looking to extend the renewals as well by 6 to 12 months in some of the cases, so just to understand how much area was overall up for renewal in this year or next 6 to 12 months and how much of upside it would have fetched us just to understand how much deferment would happen?

Shishir Shrivastava: Firstly let me address the extension bit; whenever we had any renewals coming up in the mall for over the next 6 to 12 months period we have taken the view and discussed with the retailers and extended the existing contract and existing terms by period of 6 months to 9 months to 12 months depending again for the renewal and whatever relief we have separately negotiated is for limited period during that renewal. Now coming up in FY20 let's talk about FY21 and FY22, the renewal schedule varies from mall to mall but let's talk about our large mall at…

Abhinav Bhandari: Broader number would be fine.

Shishir Shrivastava: Broader number would be roughly in the range of about 20% at an average of the area coming up for renewal in FY21 which as I mentioned some of those contracts we have extended and in FY22 it would also be in the range of about 30% at an average, 30%-32% at an average of the entire GLA in retail.

Abhinav Bhandari: Got it. And ideally we would have been expecting how much of leg up just to understand if this 20% would have gone ahead as usual.

Shishir Shrivastava: So the leg up is on the minimum guarantee so normally what happens is because of these malls already deriving a higher number on account of revenue share, the leg up on minimum guarantee would not impact the overall rental significantly, it would be more of a catch up with the revenue share component. So normally that leg up would probably impact the minimum guarantee would probably the impact say 4% to 5% of the overall rental or 3% to 5% somewhere in that range.

Abhinav Bhandari: Just one last thing. On this RBI guideline on moratorium as you mentioned that you have availed of it, just to understand is this only on the principal repayment or on the interest as well that we have availed?

Pradumna Kanodia: So we have availed for both because it comes as a package and then of course we thought it will be better to conserve our cash flows in the current environment. So for both interest and principal that was due for this period we have availed of this moratorium as per the RBI guidelines.

Abhinav Bhandari: And if I understand it correctly, this amount gets accumulated at the end of your loan tenure is that understanding correct?

Pradumna Kanodia: So the principal part gets extended and gets the tenure of the loan gets extended to that period but as far as the interest is concerned that needs to be repaid to the bankers as per the current directive within the balance six months of the current financial year.

Moderator: We take the next question from the line of Manish from JM Financial.

Manish: I was going for the average daily consumption data which you have provided for malls which have opened. So there is a variation across Lucknow, Bareilly and Bangalore. So going forward which trend is more likely to play out because Bareilly is at 38, Lucknow I can see is much higher. So what sort of trends to expect?

Shishir Shrivastava: So let's talk about Bareilly for the moment. Bareilly there are several containment zones in the vicinity of our malls and that has impacted footfalls and consumption and also we have quite a few franchise stores, franchise operated stores there where they commenced recently they are slowly starting commencement of operations. Therefore if you look at Bareilly weekend, last weekend is when several stores had had also opened up and of course the third week shows a 34% daily consumption versus 2019. Also I would like to highlight one doesn't realize this but in North India with this solar eclipse etc. on that particular Sunday, we did notice a huge drop in consumption on that one particular day and that was people were not stepping out on that solar eclipse day. So we saw that in Lucknow as well. So if you really look at the average daily consumption of week 2 within 82% that drop was because of Sunday consumption getting impacted. But the big positive is, if we look at our the profile of vehicles coming in, categories if we look at the sale in terms of categories you can see that higher ticket items seem to be generally being showing a higher sale. And more so if you go to for example if you look at Phoenix United, Lucknow, electronics showed a 240% growth in terms of consumption as compared to the same period last year in June and watches and fashion accessories were high of course hyper markets are operating across generally at very high consumption levels. When we come to Bangalore also one can see consumption in terms of higher ticket items is higher for the moment. We are seeing certain electronic stores have even demonstrated a 130% of consumption compared to last year same period and again here the profile of the vehicles coming in, profile of the customers coming in we're seeing that it's a very high profile. Also if you look the good indicator is what is the average spent towards footfall which in week 3 has shown a 50% growth or slightly higher than 50% growth as compared to week 1 and week 2 and the average daily consumption on weekends is 51% of what we saw in June 2019. So we're seeing that slowly and steadily the consumption is building but it's going to take a time and we are cognizant of the fact that as there is a high element of fear today and that fear will take time to dissipate as we build trust and that will impact positive consumption.

Manish: So going forward you expect these trends to improve only, you wouldn't attribute this to some pent up demand showing higher consumption numbers?

Shishir Shrivastava: Yes. So one more important point was to understand that is in June, 2019 for the most of the month we had the end of season sales going on where in Phoenix Market City, Bangalore it's just picking up. We've just started with that. So typically the consumption is much higher during the end of season sales. I would not say that there is any revenge shopping but certainly there is a pent up demand because you are seeing that home and electronics and high ticket items of television etc. doing very well. So there has been a pent up demand for the last 3 months in this segment.

Manish: And would it be fair to extrapolate the performance of maybe Bangalore as an urban city to maybe Mumbai, Pune and Chennai malls going forward whenever they open?

Shishir Shrivastava: I think it would be fair to assume that yes.

Manish: And just one clarification on the minimum guarantee part. So for the closure period, whenever the malls are closed 50% of the minimum guarantee needs to be paid, is that the correct assumption?

Shishir Shrivastava: Broadly yes. That is what we expect in terms of our entire recovery for the period of lockdown. But as I mentioned earlier in the call, we had negotiated, we don't have a blanket rule across for all retailers. Customizing our understanding for each one of them after understanding whether they have a cash flow issue or they have P&L issue. For example there are very few retailers with whom we've understood that they had a P&L issue and not cash flow issue so we've been able to give them a greater relief during this period but they have also up fronted the next 6 months rent. So that reduces the impact to us from cash flow point of view. Some cases where cash flow is an issue, we have a different solution. But broadly I would say that we expect to recover about 50% for the period of lockdown.

Manish: And if by chance post the lockdown period also you're unable to recover consumption so at least 50% of the rentals should be locked in basically for the full year.

Shishir Shrivastava: Yes because the negotiations are not in excess of 50% relief in any event.

Manish: And just one last question; any colour on when Maharashtra malls would perhaps open or Chennai malls would open?

Shishir Shrivastava: I think the state government does understand this is impacting the livelihood of many people and there is a genuine intent to open up the cities to whatever extent they can but it's the state government's decision and we are hopeful they will take a positive decision soon enough.

Moderator: Next question is from the line of Pulkit Patni from Goldman Sachs.

Pulkit Patni: Just to understand the accounting bit of this a little more in detail. So as we look at Q1 which you will be reporting in some time, would the revenue be recognised in full and rest would be shown as receivables or we are going to be showing only revenue which is going to be lower amount which is basically 50% of the minimum guarantee? How would the accounting work and similarly if you could talk about how would the accounting work in terms of interest payments would be accrue the entire interest and rest would be in payable; if you could talk about both these aspects please?

Pradumna Kanodia: I will answer the second question first. As far as the interest is concerned yes it will show as an accrued interest and will reflect as an expense for the quarter for which it will be reported. So Q1 when I report in spite of me taking the moratorium the number would appear there because it's a liability which will have to be paid in the same financial year and it's not converting into a term loan or any other form. So the interest figure will continue to be reflected as expense in my Q1 results. Coming to the other question yes, we will not be reporting or accounting for the entire amount as a topline and having the balance as receivables. Whatever we have so-called negotiated and have the arrangement with, to that extent we will reduce our topline and to that extent our revenues from retail would be down compared to what we would have done in otherwise situation.

Moderator: Next question is from the line of Anubhav Sinha from Jefferies.

Anubhav Sinha: Hi Shishir just one cue on you did say that wherever stores are hitting above 70%-75% of last year's sale, you will be getting roughly the same rental as last year. So based on the current trend, what percentage of the mall should be in that direction?

Shishir Shrivastava: That's a very tough question but first I want to clarify that it's not in all cases that we have this provision of full rental recovery when they hit 70%-75%. I would say broadly about 50% or 60% of the stores we would have this provision. If we just look at the existing trend it's tough to say but one hopes that in the next 3 to 4 months, I would say that by the time we get into Diwali, consumption is going to start picking up and we would say by sometime in the fourth quarter, definitely by the fourth quarter of this year we should start hitting that 70%-75%. But it's a shot in the dark for anybody to say this because there are so many factors that determine this, the number of tests, the number of cases testing positive, government action. So generally I would say that retailers and us have understood that we start seeing some form of normal consumption by Q4, that's been the general discussions and assumption while we have arrived at our commercial arrangement and therefore we have restricted any relief only for this balance period of FY21.

Moderator: We take the next question is from the line of Ashish Maheshwari from Antique Stock Broking.

Biplab: Shishir, Biplab here. I am using Ashish's number, my other line got disconnected unfortunately. So my question is basically you were evaluating some new projects in Kolkata, Chandigarh, Hyderabad etc., what are the status of those projects? Have you abandoned those projects or I mean have you stopped working on those projects or still under evaluation?

Shishir Shrivastava: I think all these discussions are presently on hold Biplab. We are not aggressively pursuing growth in these uncertain times. We have kept our new acquisitions on hold but I think one can safely assume that the next 12 to 18 months will present some very interesting and good well priced opportunities. So we will keep our eye out for that but we are not aggressively looking at any land acquisition for Greenfield development etc. for the moment.

Biplab: And regarding Phoenix Palassio you have around 85%-90% leased then you have some rental agreement and this is going to be opened in July. The rental structure, has it changed or it remained the same or it will be decided after 2-3 months of operation?

Shishir Shrivastava: Sorry may I request you to repeat your question again?

Biplab : You have some rental arrangement structure in Phoenix Palassio, pre-COVID, when it was supposed to be launched in 14th March. Has it changed that rental structure agreement with the tenants or it remained the same as it was earlier?

Shishir Shrivastava: No, the rental arrangements for the term of the contract remain unchanged. There may be some relief for the initial period that we will certainly look at and we have been in discussions with retailers. There again there may be a reduced, for example there could be a reduced minimum guarantee rent for the first 3 months after we commence operations before we move to the original agreement terms.

Moderator: We take the next question from the line of Alpesh Thakkar from Motilal Oswal.

Alpesh Thakkar: One question is on the HSP expansion plan that we have. So can you just throw some light and when are we planning to go ahead with that?

Shishir Shrivastava: As we had always stated in the past we are waiting to get the approvals from the authorities to take that project forward but for the moment; so I think the administration needs some time before they grant any approvals and there will be no rush to go out and commence construction because as we understand right now we are little tight on our cash flows, we want to maintain, conserve the cash flow. So we don't want to rush into construction over there, we will time it right with the market and the demand.

Alpesh Thakkar: One last question if I may please that is on the retail, the rental collection for the month of April to June, so I understand that we collect the rentals at the start of the month. So definitely we were in the negotiation stage with them. But if I look at standing today, how much of the rentals have we collected for our retail asset, ballpark figure would work?

Shishir Shrivastava: So for the months April-May and June as I had mentioned earlier, we had provided relief to retailers and allowed them a moratorium of 3 months. So what that essentially meant was that the rent that was payable for the month of April, whatever it would be finally negotiated down would actually get paid out in July. What was payable in May would get paid out in August, what was payable in June would get paid out in September. So now that we have also concluded on the relief for this limited period of the next 3-4 months, I think we will start seeing collections only in July-August and September for the past period.

Moderator: We take the next question from the line of Atul Mehra from Motilal Oswal AMC.

Atul Mehra: I don't have a question; I have a suggestion to make on behalf of our clients who are shareholders. One is that in today's environment what we are seeing is that anybody which has any business which has a large amount of debt and given the uncertainty we are living in; it is generally on the negative side of things. So from a sustainability perspective and from a longevity perspective, the suggestion is that if we could utilize in multiple avenues, be it residential in terms of project that we have which can get us about Rs. 1,500 crores of cash flow. Similarly, if it all, commercial assets or something if we can say monetize to an extent, we have a part-time CPPIB, if we can monetize to an extent to pay down the debt and to add to that if maybe as you guys have already put in place a resolution to raise Rs.1200 crores; if we can to a rights issue at a certain level of price so that the existing shareholders stake is not diluted. If we can do the multiple things so that we can get towards zero debt in the next 12 to 18 months' time, that will be something in our opinion which can substantially give you the ammunition to take advantage of the distressed opportunities which will be available in the next 12 to 18 months' time. So obviously it is the decision of the board and the management team to think about this but I would strongly recommend please take this as a suggestion, so that as you would also realize that businesses today which are cash rich, they are very differently positioned than businesses which are indebted. So if we can get on the other side of things where we are not just doing away with the debt but we are having ample cash in the books that will actually place us in a position that we can really capitalize on the next 10 years of opportunities. And just one final thing is that in our understanding, The Phoenix Mills is the best mall operator in the country. So the ability for you to raise money today is unparallel to anybody else in your business. So if you are able to take advantage of that and then act accordingly, in terms of business for the next 10-20 years for you will be, to a very large extent will get sorted. So I think that is the only thing I had to say and maybe if you can take that under consideration. Thank you.

Shishir Shrivastava: Atul, thank you very much for your suggestion.

Moderator: We take the next question from the line of Atul Tiwari from Citigroup.

Atul Tiwari: My question is on again on the moratorium and waiver, a combination of which is being offered. So as far as the lockdown period this 50% of the minimum guarantee, would it be fair to say that most of your clients have already agreed to this or the negotiations are still on?

Shishir Shrivastava: I would say we have generally come up with a solution which averages out to let's say a 45% to 55% kind of a waiver for the period of lockdown and this would hold true for at least 75% of the GLA because when it comes to multiplexes, the discussions are yet to be concluded, several F&B operators, we are still trying to find the right solution which will help them but for about 70% to 75% of the mall GLA this would apply.

Atul Tiwari: So on a weighted average basis, very roughly 75% of the clients have agreed to pay roughly 50% of minimum guarantee, that much, very roughly we should be comfortable as you know?

Shishir Shrivastava: I would think so yes.

Atul Tiwari: For the post lockdown periods, what is the exact payment? So once the malls open you offer a lower minimum guarantee for how many months like 3 months or 1 year or what is the arrangement in that?

Shishir Shrivastava: It may be 1 to maximum of 2 quarter, it varies from contract to contract and while we may offer relief of some 20%-30% on the minimum guarantee rent, we are on the other side also negotiating with retailers for an increase in the revenue share percentage for this period.

Atul Tiwari: So roughly speaking the discount being offered to the current minimum guarantee is 20%-30% for 1 or 2 quarters maximum?

Shishir Shrivastava: Yeah it could be higher in some few cases as well.

Atul Tiwari: But roughly I mean broadly, on an average?

Shishir Shrivastava: Yeah 30% would be a good estimate because...

Atul Tiwari: And again, would it be fair to say that 75% weighted average by rental clients have agreed to this or this is also is still a open matter with most of the clients?

Shishir Shrivastava: Yeah 70% to 75%, that would be generally the average.

Moderator: We take the next question from the line of Adhidev Chattopadhyay from ICICI Securities.

Adhidev Chattopadhyay: My question is on our CAM charges and on our St. Regis Hotel expenditure. Could you tell us how much we have brought this down by and in case of CAM how much have we collected from our tenants for the lockdown period?

Shishir Shrivastava: So CAM has been reduced for the period of lockdown. It's a pass through expense as you are aware so we have really reduced that common area maintenance costs down significantly and in terms of collections, we have been collecting. We would have collected about, I would say about 40%-45% of the CAM invoices so far and now that we have concluded on the commercial negotiation for the period of lockdown and for the limited period thereafter collections are underway. We expect most of it to come along with the rent in July.

Adhidev Chattopadhyay: So just to understand so the CAM should go back to the pre-COVID levels once the mall start, is the right understanding or it may be higher also because of the sanitation and digitization which you have to implement?

Shishir Shrivastava: Well honestly the cost of the sanitization etc. is not much higher than what we were incurring in any case simply because we were maintaining high levels of cleanliness and hygiene standards in the mall. Now this sanitizer etc. is a nominal increase in our cost. I don't think that that's going to result in an increased CAM because on the flipside we have also cut down on, we have reduced the number of public entrances into the mall. So your requirement of manpower has gone down, we have made several changes to our mall operations which have resulted in a lower CAM cost. So the retailers are not likely to see any increase in their CAM cost.

Adhidev Chattopadhyay: And just on the hotel what are the expenses now versus pre-COVID, what are the expenditure levels?

Shishir Shrivastava: If you look at The St. Regis today our cash burn is about Rs. 2.2-2.3 crores a month as of now and that's also likely to reduce with other initiatives that we are undertaking. In Agra it's about 30 lakhs a month.

Moderator: We take the next question from the line of Dhaval Somaiya from PhillipCapital.

Dhaval Somaiya: I just wanted to understand that in Q4 consumption and EBITDA numbers the HSP seems to be quite resilient compared to other assets, any specific reasons for that?

Shishir Shrivastava: Sorry may I request you to repeat that question again?

Dhaval Somaiya: So for Q4 numbers of EBITDA and consumption the decline for the rest of the malls is relatively higher compared to that which is being witnessed in HSP, so any specific reasons for that?

Shishir Shrivastava: We had a very-very strong month, strong 2 months of January and February in terms of consumption which was of about 15%-16% year-on-year compared to the previous year in HSP.

The other malls were probably in the range of about 8% to 9% or whereabouts compared to last year and so I think the support of the month of Jan and Feb was for HSP was much higher and in March, Mumbai malls shutdown on the 14th or 15th of the month and Bangalore was probably 2-3 days prior to that.

Dhaval Somaiya: It's just a bookkeeping question on tax rate that seems to higher for this particular quarter. So what is it that we should expect for the next couple of quarters, should it be around 25% or will it be notched up a little higher?

Pradumna Kanodia: No, actually the tax rates have not gone up, in fact because of the last budget announcement, some of the companies where we have chosen to go with the new tax rates; it is down as compared to the old tax rate. So we have the option of choosing between the old and the new and we have done our analysis on that but what you feel as a tax hit is probably the write-off of MAT or the deferred tax credits which were available. So to that extent some of them are one-time in nature specially the MAT write-off so going forward you will not see those similar kind of expenses coming under the tax expense part and hopefully as we have cleared up our MAT credits write-off etc. then next year our tax expenses would be lower as compared to what you have seen in the current financial year.

Moderator: We take the next question from the line of Shankar Mehta from Lobo Capital.

Shankar Mehta: My question was for the future projections about your revenue in year 2021-22, like what kind of deviation are you expecting?

Shishir Shrivastava: Sorry may I request you to repeat your question?

Shankar Mehta: What percentage of deviations are you expecting in your revenues for '21 and '22?

Shishir Shrivastava: We hope that at least the current outlook is that FY22 should see normalcy, so we should be similar to the levels of FY19 if not FY20.

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 their closing comments. Over to you all.

Shishir Shrivastava: Thank you everyone for joining us on this call. We request you all to stay home, stay safe and hopefully we will see normalcy return soon. Looking forward to our next interaction and we look forward to welcoming you all into our malls very-very soon. Have a good day.

Moderator: Thank you. On behalf of The Phoenix Mills Limited we conclude today's conference. Thank you for joining, you may now disconnect your lines.