THE PHOENIX MILLS LIMITED

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February 13, 2023

To,

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

Security code: 503100

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

Symbol: PHOENIXLTD

Dear Sir/Madam,

Sub: Transcript of Earnings Conference Call

This is further to our letter dated February 08, 2023, wherein we had informed the exchange about the conclusion of our Earnings Conference Call held on that date with Analysts / Institutional Investors on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and nine months ended December 31, 2022, please find attached herewith the Transcript of the said Earnings Conference Call.

The enclosed Transcript is also available on the Company's website and can be accessed at https://www.thephoenixmills.com/investors

You are requested to take the same on record.

Yours faithfully,

For The Phoenix Mills Limited

GAJENDRA MEWARA
Digitally signed by GAJENDRA MEWARA
Date: 2023.02.13 11:44:36 +05'30'

Gajendra Mewara
Company Secretary

Encl.: As enclosed

The Phoenix Mills Limited
Earnings Conference Call
Feb 08, 2023

Moderator: Ladies and gentlemen, good day and welcome to the Q3 and 9M FY23 Results Conference Call of The Phoenix Mills Limited. As a reminder, all participants' line will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Management of the company is being represented by Mr. Shishir Shrivastava - Managing Director, Mr. Anuraag Srivastava - Group CFO and Mr. Varun Parwal – Deputy CFO. Should you need assistance during this conference call, please signal an operator by pressing " * " followed by " 0 " on your touch tone phone. Please note that this conference is being recorded. At this time, I would like to hand over the conference to Mr. Shishir Shrivastava. Thank you and over to you sir.

Shishir Shrivastava: Good afternoon, ladies and gentlemen. Thank you for joining us today. We take pleasure in welcoming you all to discuss the operating and financial performance of the third quarter and first nine months of FY23. I hope you have had a chance to look at the results presentation shared by us. The same is uploaded on the stock exchanges as well as on our website. We will now take you through the key highlights of the results and will refer to relevant sections of the results presentation from time to time.

We will now start with the performance of our retail portfolio. May I draw your attention to page 4 onwards of the results presentation. Consumption in Q3 FY23 stood at Rs. 2,647 crores, showing a growth of 28% over Q3 FY20 which was historically our best year. Excluding Phoenix Palassio, Lucknow and Phoenix Citadel, Indore the growth was 14% of Q3 FY20. Consumption was robust across categories in the third quarter. Some of the top performing categories were jewelry, which was up 142% from Q3 FY20, Electronics up 21% from Q3 FY20, Fashion and accessories up 26%, Food and beverage up 31%, FEC, Multiplex and entertainment up 30% from Q3 FY20.

Turning to page 5, consumption in 9M FY23 stood at Rs. 7,037 crores, up 27% compared to 9M FY20. Excluding Phoenix Palassio and Phoenix Citadel's contribution growth was 14% compared to 9MFY20. Retail collections for 9M FY23 stood at Rs. 1,585 crores, maintaining the quarterly average run rate of over Rs. 525 crore per quarter. Moving to Page 6 and 7, in January 2023, we saw consumption at approximately Rs. 816 crores, which was up 27% compared to January 2020. At Phoenix Palladium, two of our key stores, Zara and Reliance Digital are undergoing renovations. Zara is recreating a flagship store with a much larger GLA and is currently not operational since January 1st. This has had a negative impact of about 8% on consumption growth at Phoenix Palladium, a 3% impact on consumption growth on a like to like basis and a 2% impact on overall consumption growth. YTD April to January 2023 we achieved consumption of approximately Rs. 7,853 crore and are on track to cross annual consumption of approximately Rs. 9,000 crores. Any bump up on account of new trading areas becoming operational inside existing malls at Chennai, Pune, Kurla, sustained consumption growth in existing malls, new mall opening at Ahmedabad in this month and consumption growth at our latest mall, Phoenix Citadel, Indore will account for an increase beyond the Rs. 9,000 crores estimate.

We have had a robust event calendar for each mall with major spike events scheduled for weekends and engaging mini-spike events during weekdays. We continue to invest in innovative eye-catching decor across properties and bring in the best of brands and categories and fine dining, food, and beverage experiences. We gear all these activities towards making each mall the de facto destination for consumers.

Turning to page 10 through 13. We have some photos depicting the beautiful interiors at our recently launched Phoenix Citadel Indore, which is the largest mall of Central India with the GLA of a million square feet. Phoenix Citadel currently has a trading occupancy of 50%, up from 42% in December 2022 and we are on track to cross occupancy of 85% by March 2023. The trading density for this month was in the range of Rs. 700 to 800 per square foot per month, and we expect to reach approximately Rs. 1,000 per square foot per month in FY24.

Please turn to page 14 onwards for an update on our upcoming malls. I'm happy to announce that we are set to launch Palladium Ahmedabad later this month with the retail GLA of approximately 770,000 square feet. This mall is 99% leased as of January 2023. This will be followed by the launch of Phoenix Mall of Asia at Bangalore and Phoenix Mall of the Millennium at Pune in Q1 FY24. Phoenix Mall of Asia Bangalore has a retail GLA of approximately 1.2 million square feet and has achieved leased occupancy of 87%. Phoenix Mall of the Millennium Pune has a retail GLA of approximately 1.1 million square feet and has achieved leased occupancy of 88% by January 2023. At our retail project in Kolkata, we have completed the demolition work for the old on-site structures and currently piling and diaphragm work is in progress. At Project Rise in Lower Parel, shore piling work has been completed, rock anchoring excavations in progress.

Moving on to offices, Phase 1 of offices at Bangalore, part of the Mall of Asia Development, we have a GLA of approximately 800,000 square feet in the first phase and the RCC structure of the towers is completed. We are in advanced leasing discussions and expect to operationalize the offices in the first half of FY24. Moving on to other office projects; design work has been completed for both Palladium offices at Chennai and Millennium offices at Wakad, Pune, with the target completion in FY25 for both. In case of Millennium offices, construction has commenced for 2 out of 4 towers and for Palladium offices at Chennai, slab casting has commenced on the top of the mall podium. Excavation and shore piling is underway for our retail and office expansion at Phoenix Market City, Bangalore. As we make fast inroads in Gujarat and with the launch of Phoenix Palladium, Ahmedabad later this month, we also completed the acquisition of a 7-acre land parcel in Surat in December 2022 to develop a premium retail destination for customers.

Now moving on to our performance of our retail portfolio from page 25 onwards. In line with consumption, our rental and EBITDA growth has also been strong. Q3 FY23 retail rental income was approximately Rs. 336 crores, up 21% compared to Q3 FY20. Retail EBITDA for the same quarter was Rs. 339 crores, up 29% compared to Q3 FY20. In the first nine months of FY23, our retail rental income stood at Rs. 972 crores, showing a growth of 22% over 9M FY20, and retail EBITDA stood at Rs. 982 crores, showing a growth of 28% over the same period FY20. Page 33 gives you a status on leased occupancy, trading occupancy and trading density. We have seen a significant ramp up across these three parameters vis-a-vis June 2022. May I now request Anuraag to take you through the office, hotel and residential section and overall financial results.

Anuraag Srivastava: Thank you Shishir. Good afternoon, everyone. Please refer from page 35 to 37 for an update on our commercial portfolio. Our commercial office portfolio continues to demonstrate a strong leasing traction. For the period from April to January 2023, we saw gross leasing of 3.95 lakh square feet, of which 2.45 lakh square feet is the new leasing and 1.50 lakh square feet is the renewal. Total office income for Q3 FY23 stood at Rs. 42 crores, up 16% year on year. Total EBITDA stood at Rs. 23 crores. Collection efficiency for the quarter was at 96% and we collected about Rs. 55 crores. During 9M FY23 office income stood at Rs. 126 crores; was up by 10% year on year and EBITDA was flat year on year at Rs. 71 crores. Collection efficiency for the nine months was at 98% and we collected about Rs. 146 crores in this part of our business.

For update on hotels, I'll request you to please refer to page 39 to 44. At both our hotels we have witnessed strong improvement on account of social and corporate events, pickup in F&B, and the festive season which has led to the higher occupancies and the ARRs. At The St. Regis, during January 2023, our ARR stood at Rs. 17,765 and RevPAR at Rs. 14,786 showing significant improvement over the same period last year. The operating performance at The St. Regis, Mumbai has surpassed most parameters in last nine months led by resumption of foreign travel, domestic corporate travels, social events and staycation. These factors provide an excellent visibility for higher occupancy and ARRs in the coming month. Total income stood at Rs. 109 crores, up 13% from Q3 FY20. Occupancy for the quarter stood at 81% and ARR was at Rs. 16,392, up 18% as well. Operating EBITDA came in at Rs. 49 crores, which was a 21% growth compared to Q3 FY20. At Courtyard by Marriott Agra total income stood at Rs. 14 crores, up 13% from Q3 FY20. Occupancy for Q3 FY23 was at 79% and ARR at Rs. 5,610, up 14% from Q3 FY20. During the month of January, Courtyard Marriott RevPAR stood at Rs. 4,125.

Moving on to residential business update, please refer to page 46. We are witnessing very good traction in residential sales, mainly led by robust demand of ready to move in inventory and faster conversions. We achieved overall sales of Rs. 104 crores in Q3 FY23, of which Rs. 14 crores worth of sale is pending registration. Momentum in sale continues with sale of Rs. 275 crores in the period from April to December 2022. Further, we have now crossed the sale of Rs. 300 crores if we take the first week of February also into consideration. Collections in Q3 were at Rs. 129 crores and nine months at Rs. 254 crores. We are following through our strategy on marquee residential projects in mature markets and we are pleased to announce that we expect to close the acquisition of a very prime 5.5-acre land parcel in Alipore, Kolkata for consideration of Rs. 430 crores. More details to follow on this account in the coming quarters.

I would request you to turn to page 48 to 51 for our financial results. Some of the key highlights of our consolidated financial performance are as follows. Income from operations for Q3 FY23 was at Rs. 684 crores, up 66% year on year and 34% compared to Q3 FY20. Income from operations at Rs. 1,909 crores for 9M FY23 up 93% year on year and 24% compared to 9M FY20. EBITDA for Q3 FY23 at Rs. 384 crores up 67% year on year and 48% compared to same quarter FY20. EBITDA at Rs. 1,088 crores for 9M FY23 up 121% year on year and 43% compared to 9M FY20. Reported PAT after minority interest and before comprehensive income for Q3 FY23 at Rs. 176 crores, up 78% year on year and 92% compared to Q3 FY 20. Same numbers for 9M FY23, PAT at Rs. 1,081 crores compared to Rs. 133 crores for 9M FY22 and Rs. 288 crores for 9M FY20.

I would now move to cash flow debt and liquidity position and would request you to refer pages 50 to 58. For Q3 FY23 we generated Rs. 419 crores of net cash from our operations. And our operating free cash flow adjusted for tax stood at Rs. 339 crores. For nine months period, our operating cash flow stood at Rs. 1,152 crores and our free cash flows stood at Rs. 911 crores which has surpassed our FY22 numbers of Rs. 501 crores. Our capex for the quarter was Rs. 775 crores. The pace of spending has picked up as three of our under-construction malls enter their final phase of completion. As mentioned earlier, Palladium Ahmedabad is set for launch later this month, and Phoenix Mall of Millennium and Phoenix Mall of Asia are set to commence operations in Q1 FY24.

Moving on to our debt numbers on page 55. Consolidated gross debt, which stood at Rs. 3,953 crores as on 31st December 2022, showed a decrease of Rs. 311 crores from Rs. 4,264 crores as on 30th September 2022. On the operational portfolio, there has been a decline in debt due to gradual repayments as well as few planned repayments that have been done during the quarter. As Phoenix Citadel Indore has become operational, the debt has been moved to operational asset because of which the under-construction portfolio has witnessed a decrease in debt. Average cost of borrowing is up 52 bps to 8.41% in December 2022 from 7.89% in September 2022. Currently, our lowest cost of borrowing stands at 7.35%. Despite RBI increasing rates by 225 bps since March 2022, our borrowing costs have gone up only by 111 bps so far. As the overall interest rates in the economy start to rise, our effort will be to minimize the impact of this on our cost of borrowing by reducing this rate charged by the banks on top of the repo rate.

Moving to liquidity on page 57, our liquidity position as on 31st December 2022 was Rs. 1,863 crores, this excludes Rs. 1,285 crores in unutilized OD accounts. At a group level, our net debt position is Rs. 2,090 crores and PML share of net debt is Rs. 1,550 crores. We are bullish in our business prospects and with a strong balance sheet position, our focus is now to deliver on our under-construction projects in time and judiciously deploy our capital to expand our portfolio. Last but not the least, I'm pleased to announce our foray into warehousing through our recent acquisition of a land parcel admeasuring about 33 acres at Sohna, NCR. The acquisition cost of this parcel was about Rs. 53 crores. With this, we would close our opening remarks and we'll open the call for an interactive question and answer session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati: My first question is with respect to the two malls, Kurla and Chennai, this seems to be lagging the others. Can you comment on what's happening there and what steps are you taking and when should we expect them to come back to normal sustainable levels.

Varun Parwal: Thanks for your question. Kurla I would say that if you see the January consumption, we are seeing a recovery in the numbers in Kurla. We have taken a relook at the brand mix and we have opened several new stores which has helped freshen up the brand category mix in Kurla. We also have the first Uniqlo in Mumbai, which is under fit out at this point in time and that would also add further to help draw customers to Kurla. Secondly, we are also stepping up our spike events both over the weekend as well as during the week to ensure that we continue to establish Kurla as a go to destination as people increasingly come back to offices. I think January has seen a turn around and going forward in the coming months you should continue to see a turn around. Going to your second question which is on Chennai. Chennai as you are aware, we had a significant amount of renewal that were lined up in Chennai and as part of that we have been phasing out some of the non-performing retailers even in Q3 at this point in time. Now several new stores have opened and you see their positive impact on consumption coming through as we go through the rest of the months in this year.

Anuraag Srivastava: And just to add on this, I think there has been a decent increase in trading occupancies in both these malls. I think we were in mid-80s couple of quarters back on both the malls and both these malls have moved in early 90s in terms of trading occupancies. Also, there is a healthy growth in trading density in both these malls. It's just a question of time as these malls catch up to the other malls in terms of trading occupancy, we will have the similar numbers on consumption.

Puneet Gulati: Ok, and rentals should follow the same as they are still lagging a bit compared to consumption.

Varun Parwal: I think if you see Kurla, rentals have increased to 118 rupees, compared to about 108 that they were pre COVID.

Puneet Gulati: Yeah, but look Kurla is still ok. For Chennai, if I look at YoY renters, they're still 14% despite consumption up almost 20%. So they're still to be lagging behind a bit.

Varun Parwal: So Chennai also I think if you see the rental rate that has gone to 159. Now as the trading occupancy ramps up, you will see a positive impact happening on the rental income and the asset EBITDA as well. Right now it's flat compared to the pre COVID period, but that's because of the trading area is about 9% lower than what it was in the pre COVID period. So with the new stores and we have a very active Instagram profile for all of these assets, and I encourage everyone to follow it. Because you will get far quicker updates on the new stores that are opening at each one of these centers. And Chennai has seen a lot of new stores opening in January.

Puneet Gulati: My second question is on your new malls. Both Pune and Bangalore, now you're indicating to start in first quarter of FY24, so by June, and there is still almost Rs. 400 crores in my view that needs to be spent there. Is there reasonable certainty that they will start in Q1, or is there a risk of them getting pushed out to Q2 and following up on that, how soon should we see them ramp up to 90%? For example, Indore now you're guiding in four months you will be 80%. How soon will these malls reach over 90% in trading occupancy?

Varun Parwal: Indore started at 42% occupancy, and it has gone to 50% today and I think we are looking at it crossing 85% by March 2023. Even in Indore, there is a bit of retention money that is held back and that is a figure of about Rs. 48 crores and this retention money is typically spent or released, rather within 12 months of the mall getting completed. So when you look at Wakad (Pune) and Hebbal as well, right now our monthly spending run rate here is going to be at about Rs. 60 crores a month in the two malls combined, so by the time we open we would have spent another Rs. 250 to 300 crores. So the balance amount that would be left with us would be about Rs. 100 to 120 crores, which is very typical for an asset of this size.

Puneet Gulati: And ramp up, should we expect similar four months, these malls going up to 85% level or are these different in some sense?

Varun Parwal: See our typical guidance is ramp up to 85% plus by within 12 months and we have seen a significantly, aggressive ramp up and a very positive ramp up in both Lucknow and Indore. And fingers crossed our teams were endeavored for the same show and even a better show for Pune and Bangalore as well.

Puneet Gulati: Last one on the residential, have you paid anything for Kolkata Alipore Land?

Anuraag Srivastava: No, we haven't paid anything yet, only I think an initial amount of about close to Rs. 5 crores we have paid. The balance payment will go out in this quarter, and I think the formalities are underway and we should be acquiring that land parcel soon.

Puneet Gulati: Ok and how much is the balance.

Anuraag Srivastava: Rs. 432 crores

Puneet Gulati: And what would you need to spend to build it up fully? Any estimate you have at this point of time?

Anuraag Srivastava: I think very rough estimate is very initial and it will depend on the kind of project and how it will go. But roughly about I think in ballpark of Rs. 1,000 crores.

Puneet Gulati: Rs. 1,000 crores additional construction cost.

Anuraag Srivastava: Rs. 1,000 crores is total.

Shishir Shrivastava: While we have Rs. 1,000 crores of total estimated outflow on this project at Alipore, I think we will need to fund only about 20% of the construction cost because balance will get funded from sales. Rs. 500 crores for construction, and about Rs. 100-120 crores is what we will require to fund initially before the project goes into sales and collections from there will fund the balance.

Moderator: Thank you. We have our next question from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.

Pritesh Sheth: First question is on the retail rental income for this quarter. While consumption growth was roughly 25%-26% quarter on quarter, but our retail rental growth was 7%. And even if we compare the ratio of consumption, I mean retail income to consumption that's at 13% versus on an average 13%-14%-15%. So, anything to read into or this is not supposed to be followed on a quarterly basis, but over the period. So, if you can just highlight.

Anuraag Srivastava: I think our overall guidance on a number is we've been growing at a CAGR of about 15%-16% (mid-teens) and we continue to be on that trajectory. The consumption increase vis-a-vis rental increase, largely depends on the category which is growing in consumption. Like for this quarter, we have seen Jewelry on a much higher growth rate than in the other category because it's a festive season and wedding season. So Q3 jewelry tends to be on the higher amount. So that is that is one aspect. Second is, our revenue share is about between 12% to 15%, and proportionate amount will only fall down to our rental increase which we are seeing this quarter as well. Broadly, I'll say there's nothing much to read into this. I think this business as usual. And an overall basis I think our guidance remains intact of those numbers.

Pritesh Sheth: Secondly on office, so we have had a good leasing, at least in January for Fountainhead Tower 3. What sort of timeline we built into to basically see full occupancy in that project and since we are completing our Bangalore Asia offices in first half FY24, any pre-leasing that we have done till now or what's the timeline that we are looking there?

Shishir Shrivastava: For Fountainhead Towers 2 and 3, we have a fairly good pipeline in sight. We would expect to see about by the end of FY24 we should be at about a 90% leased occupancy, and we are seeing Fountainhead Tower 3 reaching about 50% by July or August of this year. So, there's a decent pipeline in place. We've ramped up the team. We've got some very good senior members on board now across our leasing teams. Bangalore, Asia Towers we expect the OC sometime around June or July of this year. And again we have about 8,70,000-8,80,000 square feet of GLA there. All the RFPs where we are engaged with and other requirements that have come in we've seen approximately 30 lakh or 3.5 million square feet of visibility which is part and we are engaged with potential tenants there. We remain very optimistic seeing the bounce back in demand and the confidence is coming out of the RFPs, which are in the market.

Pritesh Sheth: Just lastly on Citadel, the rental if I see there at Rs. 114-115 per square feet, while we have earlier guided around Rs. 95-Rs.100 per square feet, is it that initial mix has the higher rentals, and probably when mall fully stabilizes, we'll get back to Rs. 95 per square feet of rental or should we consider Rs. 114 as the normalized rental rate for that asset?

Shishir Shrivastava: So we had originally underwritten our business plan, I think at about Rs. 85 per square feet. I think we should be somewhere in that range of about Rs. 95 to 100 per square feet only.

Pritesh Sheth: Rentals are right now higher at Rs. 114 per square feet, is what you have mentioned in the presentation versus we had underwritten at lower. So should we consider Rs. 114 as the normalized rental rate for that asset?

Shishir Shrivastava: Yes, your analysis is correct that it is basis the current mix. As the mall gets occupied and more of the anchors open, we expect it to stabilize in the range of about Rs. 95 to 100.

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

Kunal Lakhan: My first question was on, this month (January) we have seen some extended end of season sales both in the physical and online format. So how should we read this whole extended end of season sale? Are retailers seeing more pressure in terms of you know, offloading inventory or parallelly is there any slowdown in the discretionary consumption side?

Shishir Shrivastava: Not at all. In fact, that was the concern in December. But looking at January performance, I think the demand continues to be sustained, and we continue to drive that demand through our innovative marketing. So previously, the end of season sales used to be, I think from 10th of December to 14th of February, typically and presently in fact the duration has shortened. It's from 20th of December to 30th of January.

Kunal Lakhan: So you're not seeing any slowdown in discretionary consumption.

Shishir Shrivastava: No, we are not seeing any slowdown in the discretionary consumption. And if you also look at the categories, specifically, I would say that jewelry at 142% growth, we are also trying to understand what the drivers are. As Anuraag mentioned, it’s on account of perhaps the wedding season being an extended period, but if you look at the other categories of discretionary spend, whether it's F&B or fashion and accessories, electronics, they've all shown significant growth, even entertainment for that matter.

Kunal Lakhan: Sure. My second question was on the Alipore land, so this is not under any platform, right? This will be done by us, right?

Shishir Shrivastava: Yes, it's under 100% subsidiary of Phoenix Mills that we're developing it under.

Kunal Lakhan: So just wanted to understand the thought process here because there's a lot of capital to be deployed there, almost Rs. 900 crores from our books and there are some parts getting funded by presales. How are we thinking about this? How should one read this in terms of our strategy going in. Because we are a mall developer and operator, but now like incrementally, we are seeing a lot of capital getting deployed into newer business segments. Should one read that the incremental opportunities in the tier one cities that we are targeting are getting fewer and fewer or is it like a conscious strategy for us to diversify our business? How should one read it?

Shishir Shrivastava: I think in the last year, we have on multiple occasions stated what our strategy is both on the residential side and on other businesses such as warehousing. So, I would like to just reiterate that. As far as residential is concerned, our strategy has been to look for opportunities in mature locations which are usually value accretive where a product similar in format and quality like One Bangalore West, which we already have, and accordingly we've gone and acquired, or we are in the midst of concluding the conveyance on the Alipore land parcel. That immediate neighborhood or that market has typically seen sales at a rate of about Rs. 17,000-18,000 to going up to Rs. 20,000-21,000 for good quality projects per square foot. So, this is the kind of micro market where we would like to build out the residential. The reason why we did that of course, was again as I have explained in the past, this has been a learning through COVID where retail income had come to a halt, but the office business and the residential business supported our cash flow. So, we want to have some diversification of risk. So, it's in line with our strategy of marquee projects, iconic residential developments in mature markets. Having said that, the mall business itself will continue to grow and we continue to focus on the key markets that we have identified in the past. We have check-boxed the Kolkata and Surat in that, and we are actively looking for opportunities in other markets.

Kunal Lakhan: So, it’s like you're not seeing any dearth of opportunities in Tier 1, just a conscious strategy of deploying this capital by diversifying our portfolio.

Shishir Shrivastava: We are at an approximate Rs. 900 crore of free cash flows in 9M FY23. So, if one looks at about Rs. 1,200 crore, kind of a free cash flow this year going to about we would estimate Rs. 1,500-1,600 or 1,800 crores in the next year. We have a capital deployment strategy in place. Anuraag and Varun will delve into that deeper in a short while.

Kunal Lakhan: My last question is on the warehouse side as you have made foray into this. It’s a small deployment of capital, but in the long run like what is the strategy here and how big it can be and what kind of capital you will look to deploy in the next three to five years.

Shishir Shrivastava: For warehousing the whole idea started with providing quality warehousing space base because our retailers had demand in cities where there isn't good quality warehousing real estate available. So we are focusing on those markets to start with. I think as we progressed and we've concluded the first acquisition in NCR, and the demand the pipeline that is being built for this location, it does appear to be an extremely attractive business. For the present, we are looking at deploying our own capital to grow it to a certain point to fulfill the needs of our retailers. Approximately Rs. 300 to 350 crore is what we expect to spend from our own pocket before we decide to probably expand that business by way of bringing in a financial partner.

Moderator: Thank you. We have our next question from the line of Mohit Agrawal from IIFL. Please go ahead.

Mohit Agrawal: My first question is currently where are the footfalls across your malls? I think last quarter that number was in the 85% to 90% range, so have they recovered back to 100%?

Shishir Shrivastava: This last quarter we should be close to about 100% yes in some locations. In some locations it may be even higher, Bangalore for example, maybe about 115%.

Mohit Agrawal: And what do you think will lead to that growth from here and if you could also elaborate what segments were earlier lagging, which have recovered, and what segments are doing fine across your malls.

Shishir Shrivastava: When you say growth, is this a continuation to your question on footfall growth?

Mohit Agrawal: So I mean to suggest that do you see the footfall growth and the consumption growth converging or do you see the gap between let's say you see 127% consumption level. Do you see 127% versus 100% to kind of that difference to sustain? How do you see that going forward?

Shishir Shrivastava: Our focus is consumption, so I'm not going to delve into footfalls. All the marketing initiative that we undertake is to drive that correct profile of footfalls to our mall. But the focus is consumption and a growing ticket size per person. So, consumption growth, we have always said that once we are back to pre-COVID levels and beyond, one can estimate of 15 or mid-teens growth annually. And I think we should be on track with that. And your next question was it on categories?

Mohit Agrawal: So my question was actually on footfalls. Which categories have turned around, which were going slow and we were at 85% and now which one have recovered?

Shishir Shrivastava: Of late we have seen a significant growth in the entertainment bit, which is family entertainment centers and multiplex, which in this quarter compared to Q3 FY20 has shown a 30% growth. We expect that this may in the subsequent quarter also grow further because this quarter again, there's a good lineup of content. And of course the summer will also bring in a lot of content for multiplexes, so we expect that also to grow. Supermarkets and hypermarkets have shown a de-growth, but that may be more on account of specific brand related issues which we are trying to fix. But our dependency on the hypermarket or supermarket business contribution to rental is only 1%.

Mohit Agrawal: Ok understood. My second question is on the GIC platform, so it's been about two years and we have recently added the Surat asset. How do you see the progress in this? And because initially we had said that within three to five years we might do a REIT. So what are your thoughts on that, given the progress that we've seen in the last two years? And are we still looking to do a REIT and especially considering post budget changes, what are your thoughts on that?

Shishir Shrivastava: The GIC joint venture platform is on track. We are also looking at a significant expansion potential both at Phoenix Market City, Mumbai and at Phoenix Market City, Pune. So we are working on the plans for that expansion. Beyond that, we are actively looking for opportunities for one more mall to be added immediately in that joint venture, which we hope in the next quarter or so we should be able to secure some opportunity there. Moving on to your question on REIT. I think one has to wait and watch. There have been some regulatory changes. There is a retail REIT which is on the road. We would like to see the performance and we will take that decision depending on how value accretive it is for us in terms of being a capital source.

Mohit Agrawal: OK, and when you talk about expansion in the Mumbai and Pune malls, is it utilizing the unused FSI in this or is it talking about some redevelopment opportunity within that asset?

Shishir Shrivastava: So, it is to utilize the additional FSI potential available under the current regulations.

Moderator: Thank you. We have a question from the line of Parikshit Kandpal from HDFC Securities. Please go ahead.

Parikshit Kandpal: The first question is, in this quarter, how much is the contribution from the revenue share?

Shishir Shrivastava: It is approximately 13%. If you look at the overall rental income as a percentage of consumption, we are at about 12.5% or 12.6%. The incremental revenue share over and above the minimum guaranteed rental would also be in the range of about 12% to 13%.

Parikshit Kandpal: You mentioned about within the business development pipeline, how is it looking now in different regions? Again, on the FSI side, which you said on two malls, so what could be the incremental FSI potential in these two malls?

Shishir Shrivastava: In the past we have explained how we are looking at Jaipur, Chandigarh, NCR, Navi Mumbai, Hyderabad, and Thane as opportunities and we are actively engaged in four of these markets today on opportunity. We were also evaluating Nagpur, Goa and Visakhapatnam as the next priority set for us.

Moderator: Thank you. We have a next question from the line of Niket Shah from Motilal Oswal. Please go ahead.

Niket Shah: Given the kind of cash flow that you're generating this year and next year, you will effectively be ending with care of about Rs. 500-600 crore worth of net debt. What would you plan to do with such massive cash flow generation going forward?

Anuraag Srivastava: If you look at our cash generation and the uses, we still have about Rs. 4,500-5,500 crores to be spent as capex on our existing line of expansions and new malls etc. So that should consume a significant amount of cash. Then we are planning to expand in some of the newer cities as well, so we expect to acquire one to two land parcels every year at least. So that will take up about Rs. 1,000 crores of cash per year for that, so that takes up most of the cash which we are generating. We don't expect to increase the debt significantly. We tend to be on the similar levels. But these are the requirements which are there and of course we have very minimum amount of cash going in, let's say in warehousing a project here and there and or residential, but that that will be just, I think 10%-15% of our overall cash deployment. So, these are the uses of cash. I think the story continues as usual focus on retail and 80%-90% cash will be utilized there and balance in other areas.

Moderator: Thank you. We have a next question from the line of Vasudev Ganatra from Nuvama. Please go ahead.

Vasudev Ganatra: So I was asking that once these Bangalore and Pune malls are operational, so what kind of rents are we expecting from these malls?

Varun Parwal: From the Bangalore mall we are expecting average rentals in the range of Rs. 150 to Rs. 160 at 90% trading occupancy and when fully leased, we should see our rental income of about Rs. 180 crores and Wakad (Pune) we expect to see annual rental income for about Rs. 140 to 150 crores when fully leased, and at 90% trading occupancy.

Vasudev Ganatra: OK and second thing, what could be your total collections for this quarter?

Varun Parwal: From retail we have Rs. 540 crores, from residential we have Rs. 129 crores, from hotels we have Rs. 123 crores and from commercial we have Rs. 55 crores, so that takes it to about Rs. 850 crores for three months ended December 2022. For nine months, we are at an aggregate of about Rs. 2,300 crores in collections from operations.

Moderator: We'll take our last question from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati: My question is you're now one year into the lease renewal cycle almost I think about 17%-18% of the meaningful area would have already been re-leased and you would have had discussion. What kind of rental growth are you seeing in the re-leasing discussions or renewal discussions in FY23? And if you can guide it to what do you see for 2024 and 2025 as well?

Shishir Shrivastava: Typically, we have seen approximately in the range of about 10% to 15% growth on minimum guarantee depending on the category and the size of the store. There is an increase in revenue share as well, that we have been negotiating. So again, varies from category to category. In fashion we may see 1%- 1.5% increase, 2% increase, similarly in F&B as well.

Moderator: Thank you. As there are no further questions, I would now like to hand over the call to management for closing comments over to you Sir.

Shishir Shrivastava: Thank you ladies and gentlemen for joining us today and we look forward to our next interaction at the end of the last quarter. In the interim, if you need any further information or assistance, please feel free to reach out to our IR team. Thank you very much.

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