THE PHOENIX
MILLS LIMITED

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

June 6, 2016

The Corporate Relationship Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai- 400 001
Fax: 22722037 / 39 / 41 / 61

The Corporate Relationship Department
The National Stock Exchange of India Ltd
Bandra-Kurla Complex, Mumbai.
Fax: 26598237 / 38, 26598347 / 48

Ref: The Phoenix Mills Limited (503100/ PHOENIXLTD)
Sub: Transcripts of Earnings Conference Call held on Tuesday, May 17, 2016

Dear Sir(s),

This is further to our letter dated May 13, 2016, regarding invitation for earnings conference call organized by the Company on May 17, 2016. In this regard, we are enclosing herewith transcripts of the aforesaid conference call for your reference.

We request you to kindly take the same on record.

Regards,

For **The Phoenix Mills Limited**

Company Secretary

THE PHOENIX MILLS LIMITED
MUMBAI

Regd. Office : The Phoenix Mills Ltd., 462, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. • Tel: (022) 2496 4307 / 8 / 9 • Fax: (022)(2493 8388
E-mail : info@the phoenixmills.com • www.thephoenixmills.com

Phoenix Mills Limited
Q4 and FY-2016 Results Conference Call
May 17, 2016

Moderator: Ladies and Gentlemen, Good Day and Welcome to the Phoenix Mills Limited Fourth Quarter and FY2016 Results Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be 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 that this conference is being recorded. At this time I would like to hand over the conference to Mr. Pradumna Kanodia – Director Finance at Phoenix Mills Limited. Thank you and over to you, sir.

Pradumna Kanodia: Good afternoon, Ladies and Gentlemen. Thank you for participating in the Phoenix Mills Limited conference call to discuss the fourth quarter results and the 12 months financial year 2016 results. I have with me Varun Parwal from the IR side and my colleagues from the accounts, Suyash and his team members.

To start with, we reported a consolidated income from operations of Rs. 17,786 million for the 12 months ended March 2016. Retail income, which comprises of rental and recoveries from the malls, remained strong at Rs. 11,145 million with a year-on-year growth of 9%. The residential sales income have also increased by 9% year-on-year and for the year FY16 the number was Rs. 2,742 million. On the hotel operating side, both the hotels have been operating for the full year as a result of which there has been a 43% year-on-year growth in the hotels revenue which stood at Rs. 2,467 million for the 12 months ended March 2016.

Moving on to the EBITDA and the margin numbers, we reported a consolidated EBITDA of Rs. 7,900 million with a margin of 44% and PAT after exceptional items of Rs. 815 million for the financial year 2016. Of course we will spend some time discussing the exceptional item as well. We continue to drive high footfalls and quality footfalls in all our malls, this is thanks to the innovative marketing activities, our targeted events and the promotional activities that we do. The consumption at the centers have also been very encouraging, the retail consumption for the 12 months stood at Rs. 54 billion, up 10% year-on-year across all our retail assets.

Very briefly on each of these assets, I am sure you have gone through the presentation and gone through the numbers as well. At High Street Phoenix and Palladium the rental income grew by 13% year-on-year to Rs. 2,601 million with an average rental of over Rs. 289 per square feet per month. Consumption also kept pace at the mall and was at a high of Rs. 15,438 million with the trading density at Rs. 2,741 per square feet per month for the financial year 2016.

Moving on to our MarketCity projects, the Chennai MarketCity mall achieved a 8% year-on-year growth with consumption at Rs. 11,289 million and trading density at Rs. 1,572 per square feet per month. Rental income grew by 8% year-on-year which was in line with the consumption growth and the average rentals that we achieved for this mall was Rs. 109 per square feet per month. Bangalore Phoenix MarketCity also saw a year-on-year consumption growth of 14% and the total consumption at the center was Rs. 8,859 million, trading density at Rs. 1,287 per square feet per month and the rental income in totality grew at 9% year-on-year and the rate that we achieved here on an average was Rs. 91 per square feet for the entire 12 months.

Moving on to our Pune MarketCity, the trading density was around Rs. 1,077 per square feet per month and the rental stood at around Rs. 87 per square feet per month. We saw a yoy consumption increase of 13% to Rs. 8,659 mn. Moving on to our MarketCity at Kurla, we continue to improve the experience of consumers visiting our mall. In FY16, we achieved a 9% yoy growth in consumption at Rs. 5,957 mn and trading density of Rs. 797 per square feet per month. Rental rate achieved in the year was Rs. 88 per square feet per month.

Moving on to our development portfolio, which comprises of our residential developments in Bangalore which is One Bangalore West and Kessaku along with our other developments in Chennai, the Crest A, B and C and of course our Art Guild House where now we have stopped selling and are largely leasing out the property. During the twelve months of FY16, we sold 3.1 lakh sq. ft for sales value of Rs. 4,618 mn reflecting an average price realization of Rs. 14,806 per sq. ft.

So moving on to specific project highlights, Kessaku, which is our high end luxury product at Bangalore, has seen very high sales velocity. We have sold over 2.4 lakhs square feet area at an average price just shy of Rs. 15,000 per square feet. This project was launched in February 2015 and the product has been very well accepted in the market. One Bangalore West continues to do very well with Tower 1 to 5 almost completed and handovers to start in the next month or so. The collection efficiency also for One Bangalore West has been very high where 97% of our scheduled receipts have been collected and only 3% remain overdue which is also a very negligible number.

The Art Guild House which is our premium commercial development along with our Kurla Mall in Bombay has been completed and it marks our delivery of the first very high end premium commercial office space in our group. We have started handover of the units to the people who have bought it and who we have leased out the units and we hope that this office complex will become operational over the next two to three months' time as the fit outs get completed and as the tenants move in.

Concluding our opening remarks with a small note on how the hotel business has performed, I think we have the two best operators that one would could have asked for in The Starwood

Hotels in Mumbai and the Marriot as an operator for our Courtyard Hotel in Agra. Both the operators are trying their best to ensure that we remain ahead of the curve in terms of performance whether it be the ARR or it be the RevPar or the operating profitability. For The St. Regis we closed the year FY16 with an average occupancy of 72% with an average room rental of Rs. 9,284. If we specifically talk about the fourth quarter we saw our average room rentals go up to an average of Rs. 10,700 which is a 26% improvement year-on-year and that is a huge number for us to really draw comfort from.

The other property at Agra saw its first full year of operations and we hope that the asset really starts performing well as we move forward, the asset ended the year with a blended occupancy of 45% which is truly reflective of the market conditions in Agra. Average rentals were around Rs. 4,500, of course the last six months or between October and March which is the most healthy month for the Agra hotel in terms of the tourist arrivals and occupancies, we have seen our fourth quarter numbers where occupancies were 65% and above and average rentals were in excess of Rs. 5,350.

So this is a brief summary of our performance for the last one year and the quarter gone by. With this, I conclude my opening remarks and now wish to leave the platform open for any questions that any of you would have. Thank you for patiently listening to me.

Moderator: Thank you very much. Ladies and Gentlemen, we will now begin the question-and-answer session. We have the first question from the line of Abhishek Anand from JM Financials. Please go ahead.

Abhishek Anand: Sir, my first question is of course related to Kurla, this quarter we saw very little provisioning, I think it was Rs. 4 million or thereabout, but still the EBITDA margins were on the lower side especially as compared to three quarters where we again saw lower provisioning. So any particular reasons for this 49% EBITDA margin?

Pradumna Kanodia: See, basically what has happened that it is not on account of any specific provisioning, there are certain expenditures which come in the last quarter of financial year which is primarily on account of certain property tax numbers as well as the provisioning that we would have done. There were certain marketing and one-off events which also happened towards the end of the year along with certain small upgrades which were part of our routine repairs and maintenance which also became expensed out in the period of the fourth quarter, as a result that is the reason why you see the EBITDA numbers to be slightly low. But going forward I think on the recovery part or in the provisioning part we have been taking adequate numbers and covers, so we do not really expect the blips from quarter-on-quarter, if at all they will be more evened out in terms of any requirements and provisioning. But this EBITDA number is more of an aberration for this quarter and it should come back to its normal of 60% or thereabouts as we move into the new financial year.

Abhishek Anand: Sir this 60% is on total revenues or just rental revenues?

Pradumna Kanodia: It is on the rental because if you look at our presentation we have also indicated EBITDA margin as a percentage of the rental income.

Abhishek Anand: So 60% is what should be the recurring part?

Pradumna Kanodia: Correct.

Abhishek Anand: And again, just looking at the rent renewals on two malls, firstly of course Kurla and secondly Pune. Pune we had seen already 33% in FY16 we have seen the renewals happening, so would like to know the kind of trends we are going to see in Pune in FY17. And secondly Kurla is going to see 40%-odd renewables, so any pressure on rentals in Kurla, if you could help us out in both the malls.

Pradumna Kanodia: For Pune if I were to just summarize it for you, I think the renewals that have happened and the 33% number that you speak about, the impact of that would be felt in the current financial year because these renewals happen over a staggered period of time and the impact of each renewal takes its own time before it gets reflected in the top-line and in the bottom-line. Having said though, the increase will be there, the rental income will grow, the fact remains that the renewals have happened at prices which are current and which are basically what we are looking at is from a market point of view today most of our retailers were doing extremely well in Pune, many of them were contributing not only the fixed rentals but also they were contributing towards the revenue share component as well. So ideally our rent was derived as a combination of these two, so it was not restricted to the minimum guaranteed rental alone. So what we are seeing is that many of our retailers when we are now getting into the new cycle where this 33% have got renegotiated, they are giving us a much larger or much bigger number in terms of the minimum guarantee and also a higher revenue share percentage. So as you move into this financial year and as all these renewal effects get kicked on, we are hoping that our rental growth will continue to be impressive as we move in the next financial year. I would not want to give any specific numbers but I can only say that Pune mall continues to remain the number one mall in Pune, it continues to get the best retailers that the country is seeing right now and in that context we are very happy with the kind of numbers that our mall team has been able to churn out for the renewals. And how this translates into actual performance I think the quarterly results will speak for themselves but we remain very-very positive and optimistic about how the impact of these renewals will span out on Pune mall is concerned. As far as the Kurla one is concerned, you are right, we will have almost 43% of the renewals happening in the current fiscal year, many of our retailers have already been in discussion with us. The provisioning and write-off that you see in the past and ever quarter is a result of some of these negotiations which are now nearing completion. So while the rentals may not increase significantly from the current numbers, but what we are hoping that we will stop having the situation where our collections will be shorter than the billing, that is one very positive out of it. And two, we may reach agreements on the past issues and we may be able to collect moneys towards the past dues by closing on the renegotiations in a manner where we agree on a revised term which is beneficial to the mall in terms of a better collection and the ability for us to bill and collect the entire amount rather than billing an x and collecting a y. And that is something which most of the retailers are now agreeing for and we also have seen that our collection percentage has improved, earlier we used to collect around 85% and this year we were just shy of 90%. So hopefully as we move into the next financial year our gap between the billing and collection will narrow down and you would see that the Kurla mall, the billing and collection becomes equal and our EBITDA margins which currently for the last year were 61% we are hoping that this number would be better as we move forward in the next fiscal year.

Abhishek Anand: If I can squeeze one more, just wanted to understand from you the impact of IndAS on our P&L, specially I am trying to understand from consolidation point of view, do we see material changes especially in malls like Chennai where we hold 50%, do we still continue to consolidated it or it will be a part of a JV?

Pradumna Kanodia: So basically consolidation will continue for Chennai because the holding is just north of that 50%, so 50.01% is what we hold. I think if we have evaluated the entire impact of IndAS with our current auditors and they have given us a report which suggests that there would be no negative impact on any of our accounting policies, in fact there will be a few positives and to name one would be the consolidation that we do for our The St. Regis Hotel which currently has those instruments which are convertible in nature. And since the conversion has not happened they are treated as a loan instrument rather than as a debenture which is a convertible instrument. So we are currently consolidating 100% of my top-line and my loss arising out of the hotel without providing for any minority interest. Going forward, based on the new IndAS we will have to reflect the actual ownership rather than just the equity ownership into the Company, and as a result of which 58% being our ownership will get reflected and the balance will be shown as a minority interest. So our losses which currently are reflected would be much lower even if the hotel was to perform at the current levels, our gross PAT numbers at a consol level will go up significantly better because last year we had a loss of around Rs. 130 crores for the hotel which entire number came to Phoenix Mills. So if you take away 40% of that or 42% of that you are talking about Rs. 55 crores - Rs. 60 crores of number moving away from being 100% subscribed to Phoenix and moving to the minority part, so the PAT will improve significantly as we go forward and that is one of the biggest positives. However, as I said we have done a complete review, there are no reasons to feel otherwise or no surprises in store as far as any change in accounting policy lead by anything that IndAS is suggesting or otherwise.

Abhishek Anand: Okay, not any straight lining impact?

Pradumna Kanodia: No.

Moderator: Thank you. Our next question is from the line of Kuan Hong Lim from Target Asset Management. Please go ahead.

Participant: May I just have a review on the maximum liability related to the some of your large settlement?

Pradumna Kanodia: So it is reflected in our notes to the accounts, if you look at the disclosure that we have made, the total settlement that we achieved was including the past dues which were not paid to them both on account of their hotel operating agreement as well as the reimbursement of any expenses that they had incurred on behalf of the property. So put together, all of this was to be paid was around Rs. 10 crores over a period 12 months, so we have partly paid the first installment and the second installment is due in June and the balance in December. So the maximum amount that we need to pay would be around Rs. 10 crores for the entire settlement of the Shangri-La**.**

Moderator: Thank you. Our next question is from the line of Adhidev Chattopadhyay from Elara Capital. Please go ahead.

Adhidev Chattopadhyay: Sir, my first question is, would you like to give an overall rental income guidance for the malls, you have done I think Rs. 700-odd crores this year, so for the group over the next two years what is the sort of rental income growth do you see in the overall portfolio?

Pradumna Kanodia: So we never give out any guidance, I think our numbers historically which are available for you would give you enough sense in terms of how the next year should look and even how each quarter should be looking, while there is always a cyclical and a seasonality built to the rental cycle because there are certain lean periods and there are certain strong periods within a 12 month cycle, so those ups and downs will always be there. But if you look at each of our malls High Street Phoenix and Palladium of course being very old mall still continues to grow between 8% and 12% and 14% while the newer malls have grown by 13%, 14% and 9%. So I do not see a major surprise from these numbers going forward, however I would want you to probably look into each of these performances over the last four years. For the malls at Kurla, Bangalore and Pune, they would be completing five years or have already completed five years and Chennai is in the fourth year now. So this gives you enough data to understand the pattern and the trends and the behavior in which they move forward, but clearly rental income is more of a steady state income where you will not see 25% - 30% growth coming in unlike some of the development side of the business, so here you would have growth which is more stable, which is more I would say natural in its progressive nature and which can be really seen quarter-on-quarter barring the ups and downs which the cyclical industry may issue you. But otherwise I think we are on strong footings, all our malls continue to do well and we derive very high comfort from the fact that the quality of retailers, the quality of consumers that come to our mall really continues to improve every year. So from that point of view without putting a number to it I would say the retail portfolio will continue to remain very strong as we move forward in the current fiscal year.

Adhidev Chattopadhyay: Sir and just to put this question in other way, if we see the consumption growth across the mall is around 10% last year whereas the rental income growth was around 8% on an overall basis, so going forward do you see this changing like the rental income growing at a faster pace in the growth in consumption in the malls due to the change in mix of the tenants or will the similar pattern continue?

Pradumna Kanodia: No, ideally if everything was perfect then of course both the numbers should be moving in tandem with each other, but I think the 2% variation between the two numbers is really not something to worry about or be pleased about.

Varun Parwal: So just on that particular question I think it is fair to assume that Pune and Bangalore moving into renewals we should see a stronger growth in rentals going forward. Consumption on the other hand would also improve because of the change in retailer-mix as well as any improvement in occupancies that would take place during the year.

Adhidev Chatopadhyay: Second question is on the debt level, so on The St. Regis hotel, are we expecting any further equity infusion into that subsidiary this year from standalone balance sheet or you are seeing the hotel should be able to support itself from this year onwards?

Pradumna Kanodia: I think we have done a refinance at the hotel, the debt number which currently in the presentation stands at around Rs. 538 crores is going to move up to Rs. 650 crores and the balance amount which will be disbursed, I am hoping that the disbursement will happen this week or maybe next week once the security has been perfected, will reduce my unsecured loan or the promoters quasi equity that has gone into the project by almost Rs. 100-odd crores. This loan comes with a three year moratorium so there is no principle repayment over the next three years. The business plan that we have from the operator also gives us a lot of comfort that the hotel property should be able to service the secured loans in terms of the interest obligations that it has. So from that point of view we do not see any equity or quasi equity going into the asset as a requirement from a funding point of view. However, as I said the unsecured loans or the quasi equity which is already there will continue for some more time before we see some withdrawals from that, but the secured loan allows us to take out almost Rs. 70 crores - Rs. 80 crores as we move forward in this current fiscal year.

Adhidev Chatopadhyay: Is there any update on the CCD conversions in hotel?

Pradumna Kanodia: So well this is just a technical issue, the new accounting standard really do not impact whether you have a CCD or otherwise, but it is just a timing issue. The shareholders are totally I would say of one opinion that there is no rush for us to convert the CCD into equity or otherwise because their conversion is not dependent on anything, it is only a time issue. So once the time which is part of our prescribed conditions comes in for both the holders then the conversion will happen, right now there is only about a difference of timing.

Adhidev Chatopadhyay: And my final question is, we have been reading a lot in the media that we are in the race to acquire stake in some existing malls, and we may also look to get into new malls, especially at airports, so any comments on anything we can expect in the coming year on that front?

Pradumna Kanodia: Really not able to comment on specific stories or specific articles that you were mentioning from the newspapers or otherwise, but as an organization we remain very keen on evaluating opportunities on the retail front and we would be happy to share with you as and when certain things materialize. Right now really have no specific transactions which I can quote or refer to, but we remain excited about how the retail industry is panning out, how the consumption story is unfolding and of course given the fact that we have such wonderful malls across the key gateway cities of the country we would want to maintain our leadership as we move forward. So clearly if there is anything that is getting concluded I am sure the Company will share with the investors at large, but right now I would say these are more of stories which have been built around rather than any factual details around that.

Adhidev Chatopadhyay: And just if I can squeeze last question, sir so is it true that H&M is now replacing Big Bazaar in High City Phoenix mall?

Pradumna Kanodia: Yes, so if you visit our mall there is nothing to hide about that because Big Bazaar has moved out, their term expired somewhere in February of this year and they vacated the place, H&M has signed a contract and they are currently fitting out their store. So hopefully they may be three months or four months before they open their store and we all look forward very excitedly for that event because I think it really is a natural progression in a mall like ours where we have seen that every year the quality of retailers that have come to our mall continues to improve and the consumption also is trending towards such better brands and such better names. So we are hoping that that kind of a combination works well for us and in that direction naturally H&M will add a lot of value to the whole thing and we are hoping that before Diwali or before around that time when we open with H&M it will be a roaring success as has been many of the other retailers who opened their flagship stores with us.

Moderator: Thank you. Our next question is from the line of Teena Virmani from Kotak Securities. Please go ahead.

Teena Virmani: My question is regarding the impairment of EWDPL that we have been providing from past two years, we still have some amount left as compared to the investments which we had made in that. So do we have a possibility of recovering that amount or would we have to make provisions for that going ahead in the coming years itself?

Pradumna Kanodia: So we have done a proper evaluation of the whole investments that we made into these two companies, EWDPL and Treasure World Developers. We provided a significant amount last year and when we did the analysis this year, we were of the view that there was an additional amount that needed to be provided. After factoring in my provisions for the impairment for these two years we believe that the balance amount is definitely recoverable, there are good quality of land parcels and assets that those two companies own and as and when those parcels or those assets get liquidated or there is a solution that is found to that the differential amount that we still have left it into the investment will definitely get recovered. So the Board and the Management both are of the view that the impairment has been done keeping in view what the residual recovery should happen. The recovery may take its own time but I think land is an asset which God stopped manufacturing a long time back so I am hoping that the value of the land continues to appreciate. And of course once we unlock the surrounding or the background to the whole thing and we are able to find a solution to some of these issues which the Company has run into, definitely we have the ability to realize money out of these investments and that is the reason why we feel that no more impairment may be needed as we move forward and definitely we will make assessments but I think that assessment maybe two, three years down the line and it can be for a positive rather than for a negative.

Teena Virmani: So we may not have to provide for the remaining amount as impairment for the investments which we have made in EWDL.

Pradumna Kanodia: Yes, because the Board discussed it internally. I think the Board and the Company and the Management are very clear in their views that at this stage there is adequate impairment and nothing further is required at this stage.

Teena Virmani: And my second question is regarding the residential revenue booking, like you mentioned that couple of projects are about to be handed over, so how would the revenue booking pan out going forward for the entire residential segment?

Pradumna Kanodia: Well, I think we follow a very simple accounting policy which is the percentage of completion method, so as and when we complete a particular project or as and when we continue with our construction and as we increase our percentage of completion that corresponding revenue gets reflected in our accounts. So now the Tower 1 to 5 which was our One Bangalore West first phase of development would see the handover somewhere starting in the next couple of months and whatever sales have happened so far would ideally get recognized once I hand over the property and the 100% achievement is done. And whatever additional sale I do in Tower 1 to 5, the day I enter into a binding agreement and I collect money I will recognize the revenue 100% to that, while the other developments which is basically the Tower 6 and 7 of One Bangalore West will continue to get accounted based on the percentage of completion basis, and similarly the Kessaku and the Crest at Chennai or Fountainhead at Pune. So the larger project is the One Bangalore West and Kessaku and you would continue to see that we have a steady pipeline as far as how revenues will get reflected because the execution and construction of Kessaku and One Bangalore West is happening as per schedule and we are very hopeful that the revenue streams arising out of our real-estate residential business will continue to show a healthy number as we move forward without really having to worry about too much of cyclical or too much of this percentage completion because there is a significant amount of work going on at different projects.

Teena Virmani: So as per the presentation, basically collections in One Bangalore West have been around Rs. 820 crores and in Kessaku they are around Rs. 95 crores - Rs. 96 crores, so these would be recognized, part of it has already been recognized in last two years, so these would be recognized, the remaining of these amounts would be recognized in the current financial year i.e. FY17?

Pradumna Kanodia: Yes. So if I just give you a very broad number, there is a column which says the sales value for each of these projects, so there is a Rs. 1,097 crores of sales value out of which I have already recognized around Rs. 827 crores, so the balance amount whichever is left out which is roughly around Rs. 200-odd crores or Rs. 180 crores will get recognized once I hand over the asset and similarly for the other developments as well.

Teena Virmani: So Rs. 350 crores is for Kessaku which is the total sales value but out of that you have already recognized Rs. 96 crores?

Pradumna Kanodia: No, we have not recognized anything because we have not reached the threshold of 25%, so hopefully in the first quarter of this financial year we should be looking at that and you may see that Kessaku gets recognized for the first time.

Teena Virmani: Corresponding to 25%?

Pradumna Kanodia: Whatever the percentage.

Teena Virmani: Whatever be the percentage at that point of time?

Pradumna Kanodia: Yes.

Moderator: Thank you. Our next question is from the line of Himanshu Upadhyay from DHFL Primarica. Please go ahead.

Himanshu Upadhyay: I had one question on this One Bangalore West, out of 1.2 million square feet of Phase-I what proportion has been sold till now?

Pradumna Kanodia: I would guess it will be around 1 million or thereabout, so I think 1.01 million square feet or 1.02 million square feet.

Himanshu Upadhyay: So around 0.2 million square feet is inventory with us?

Pradumna Kanodia: Yes.

Himanshu Upadhyay: And what has been the run rate in this, means by when do we expect this project to get or the inventory to get over because it is nearing completion now?

Pradumna Kanodia: The product has come out extremely well and I think when you go and have a look at the property people are really very keen on moving in, so we have purposely been very-very specific or offering very selective apartments in Tower 1 to 5 for sale because we do believe that once the club house and the rest of the facilities get completed and handover happens the value could significantly improve from thereafter. So we are in no rush to sell our inventory, this asset belongs to a company which has no debt on its balance sheet, so from that point of view our cash flows are very-very comfortable here, we have got enough sales for us to complete our construction without any hindrance or without having to borrow any additional fund. We are selling reasonable amount of apartments or square footage on a monthly basis for us to continue to have that comfort. So there is no desire for us to keep waiting for an indefinite period but at the same time we want to offer and maintain a balance between the quantum of sales and the price that we can achieve so that we can improve our profitability and margins as you go forward. So that is the reason why we continue to maintain an optimum balance and you would see that this inventory will remain, but every quarter the number will slightly be reducing.

Himanshu Upadhyay: Because we also have the Phase-II also on us, so…

Pradumna Kanodia: Yes, so if you look at my Phase-II, out of the 2.2 I have launched 1.6, so primarily 1.2 is the first phase of Tower 1 to 5 and 400,000 of the Tower 6 and 7, we have already sold 1.15 million out of this so I do not see any reason for us to feel otherwise, our sales teams have been performing very well and the kind of business plan that we have for the current year, of course I cannot share the numbers, I would suggest that the traction and the velocity will be maintained and of course the prices will improve and our margins will be better.

Himanshu Upadhyay: But do we have any timelines sort of thing that in next one year or two we want to…

Pradumna Kanodia: Yes, so this project One Bangalore West and Kessaku put together, I think the idea would be to complete it over a four, four and half year period from now if I speak because the Tower 8 and 9 are yet to be launched. So if you look at the extreme timelines I think a four, four and half year is a timeline in which the project would have been completed, sold and delivered. So I do not think so the inventory would be carried forward beyond that period, but every year as I said we will maintain a balance between what we desire to sell, what price point we want to achieve and what profitability we want to keep in mind such that in the four, four and half year period we complete and exit the project 100%.

Himanshu Upadhyay: And again on our slide 46 of our PPT, we have stated that we expect to complete Kessaku by Q2 FY2018, but if I see we have not yet started realizing the revenue also, so nearly 25% has not been done and collection from customers is also around 30%. So we expect to reach, complete the project by Q2 FY2018 or you expect some delays in that project?

Pradumna Kanodia: If you look at Q2 FY18 we are talking of October of 2017 which is one and half year from now, I think if you look at the progress of the project we have already, and of course the June quarter numbers will suggest that we have already recognizing the revenues, collections will also happen, so we are on track for a timely delivery of Kessaku as well. So as we have done in One Bangalore West I think our deliveries were within the 30 days period that we had suggested to our buyers at the original time and I think we will continue to honor in that suggestion. And that Q2 2018 is reflective of not the financial year, this is the calendar year of 2018, so that will give you enough time because when we are talking of it is June of 2018, so sorry for that confusion, it is not financial year but it is a calendar year 2018 that we are talking about.

Himanshu Upadhyay: Because your presentation says Q2 FY18.

Pradumna Kanodia: So I think that was a slight confusion because Q2 2018 we mean calendar year rather than financial year Q2 2018.

Himanshu Upadhyay: And again in terms of Crest Tower A, B and C, 2.47 million square feet, how much has been sold out in the Phase-I which we have launched?

Pradumna Kanodia: So, we have almost told that 65% of that has been sold out, so if you look at it there are tower A, B and C which are there, tower D of course has not been launched as yet, so between just tower A, B and C the total area that has been launched is around 530,000-odd square feet, we have sold almost 380,000 square feet, so roughly there is an inventory of 150,000 or 140,000 square feet which is currently available. We are hoping to get the OC and the final occupancy certificate in the next quarter or so and once that happens then the balance inventory and the possession will happen, so it is just a matter of time. We may be able to sell the inventory based on how the markets are but currently we are waiting for the OC and once that happens then we can move forward.

Himanshu Upadhyay: And in terms of residential market we are currently present in three places - Pune, Chennai and Bangalore. What would be our strategy going ahead and again what are your plans for Pune where we have launched a project but not much is happening?

Pradumna Kanodia: Pune is a small project and it continues to probably have its own challenges as far as sales is concerned because the market in Pune for that kind of an asset or that kind of a ticket size and a premium offering, there has been a little bit of concern as not just our product, I think across all the developers we are seeing a significant slowdown as far as luxury products are concerned in Pune. So it is not that we are really having an issue in terms of managing that because construction is going on at a slightly slower speed but we should be able to complete the tower 1 in the current fiscal year and then we can move on to the tower 2 there. But our strategy would largely remain focused on a progressive way of doing any development, so largely we would want to continue to remain focused on the retail side of the business while doing the other developments which are part of my mixed use development. So as we move forward we will be selectively, we have a lot of pipeline right now for us to deliver in terms of our residential platform, Bangalore also has the Oberhaus which is part of our Bangalore mall which has to be launched. So we are not really looking for new greenfield developments or we are not looking at new land parcels at this stage but we have a strong residual pipeline of residential development. And you are right, those will continue to be in these three cities of Bangalore, Pune and Chennai.

Himanshu Upadhyay: And the CAPEX for financial year FY2017?

Pradumna Kanodia: So there is no CAPEX per say required because whatever CAPEX is there will be all for the residential development which are on a self-funding basis, our Art Guild House has almost got completed so there could be a Rs. 4 crores - Rs. 5 crores number which is there, Rs. 15 crores odd including retention money and all. The entire activities are complete and there are no further capital expenditure as far as the mall piece is concerned. So whatever CAPEX happens will depend on my residential development progress, but those are largely self-funding in nature, so there is no incremental requirement of capital to be allocated for any CAPEX.

Himanshu Upadhyay: In terms of Palladium Chennai how much do we need to spend in FY2017 to complete that?

Pradumna Kanodia: Not much, I forget to mention that, but I think between Rs. 25 crores and Rs. 30 crores is what the number because cable structure, plumbing, MEP and all is almost done, it is only the finishing, final stage and the retention amount that may be required to be released in the current fiscal year, so it is again not a significant amount from a CAPEX point of view.

Himanshu Upadhyay: How much was done in FY2016?

Pradumna Kanodia: Maybe Rs. 60 crores to Rs. 65 crores or thereabout.

Himanshu Upadhyay: And again, in residential what was the construction spend in 2016, development properties?

Pradumna Kanodia: I will have to give you an offline answer to that, so Rs. 300 crores was there for One Bangalore West and Kessaku and I think the others put together Art Guild House, Crest A, B and C and some of these would be put together, maybe Rs. 120 crores odd. So maybe I am talking of Rs. 425 crores collectively on our residential and commercial offices.

Moderator: Thank you. Our next question is from the line of Abhinav Sinha from CLSA. Please go ahead.

Abhinav Sinha: First question on the commercial portfolio where you have certain area which you have already started putting on lease, now whatever area is still to be sold is it fair to announce that that balance area will all be put on lease?

Pradumna Kanodia: Yes Abhinav, so as a Phoenix Group we had made a conscious decision a year back where we decided not to sell any of our commercial office property because we felt that these were again akin to our malls which were irreplaceable in nature, we were creating a very high quality office buildings and the desire is now to retain the ownership rather than to sell it. So largely yes, the residual areas which are not sold out as on yet will continue to remain under our ownership and we will endeavor to lease them at the best of the rate. But our desire to sell would be very limited, maybe one-off case here and there but otherwise we would largely want to retain them and to release that out.

Abhinav Sinha: And the Rs. 60 to Rs. 80 sort of indicative rent that you have put in, is that fair to assume for the remainder of these projects as well?

Pradumna Kanodia: Yes, so if you look at my office portfolio largely it is in Kurla and there is a small place in Phoenix Mill as well, while Phoenix Mills is going at a rental of 125, 140 average, the Kurla property will see an average of between 65 to 85 is my sense, that is the current level of enquires that are coming. So these are the rentals that one can have but it will again vary from case to case and size to size and the commercials that we negotiate. But on a blended price one could look between 65 and 85.

Abhinav Sinha: And when do these properties start funding for us?

Pradumna Kanodia: Phoenix Paragon Plaza is already throwing a small amount of rent, there a larger piece will come towards the third half of this financial year and Art Guild House as I just mentioned a little while earlier that we are starting to hand over the units somewhere towards the end of this month and maybe the second half of this year we will see the rentals starting to kick in, but it may take six to eight months before the occupancies move beyond 60% - 70%.

Abhinav Sinha: But you have visibility on occupancies going that way, right?

Pradumna Kanodia: Yes, we are closing quite a few transactions, that is the reason why we have given that desire for us to rent it out, it is not that the office market is really bad, it is better than what it was earlier but yes for us to establish the location and to establish a new property it will take a while.

Abhinav Sinha: Secondly on the residential portfolio, can you tell us, what is the launch timeline for the Chennai and Bangalore properties?

Pradumna Kanodia: So while I do not want to give a number but I think we are in a state of readiness, the markets are also slightly itchy right now because if you see Bangalore and Chennai and Pune and for that matter Bombay and otherwise residential market continues to remain a little sluggish. We already have inventory to sell in the same micro market so we are first focusing on our existing projects and how we are able to realize the best prices and be able to sell an optimum quantity rather than launching new projects and then having to look at sales all over again. So it is our desire to maintain a balance between how much we can execute, how much we can sell and how much profitability we can achieve. So from that point of view our margins at One Bangalore West and Kessaku and Crest are improving year-on-year and I am hopeful that as we compete these deliveries our margins would be much better than what they were in the previous year. Going forward, once our execution team has a visibility where they can take up those additional tasks and the market also starts responding to a better environment I think then we will be able to launch these two projects, really no rush for it, it is not that something is really working against us, the land has been purchased long back, there is no debt on these balance sheets so clearly for us we have the ability to wait and time the project in such a manner that we start selling in a right number at the right price.

Abhinav Sinha: And any investments you have to make in the current year on the stake acquisitions?

Pradumna Kanodia: So there is only one residual amount which needs to be paid out around Rs. 60 crores which will be paid out in the last week of July or thereabout for first week of August, but apart from that all other payments have been made and there is no other payment that is…

Abhinav Sinha: Anything else on pipeline here?

Pradumna Kanodia: Not that I have which I can share, but these are I would say largely we have completed our acquisitions and a few minority stake still remain but there are no ongoing discussions at this stage.

Moderator: Thank you. Our next question is from the line of Kunal Lakhan from Axis Capital. Please go ahead.

Participant: So if you look at the debt breakup, the debt for Pune went up by about Rs. 90-odd crores in this quarter, now I think Pune mall is doing pretty well and the East Court is also pretty much sold out and done, just wanted to understand the reason for this additional drawdown?

Pradumna Kanodia: So while the number speaks only half of what it is really worth, Phoenix Mills have extended certain last mile funding to the project and we had an outstanding of some Rs. 80 crores - Rs. 90 crores which we had to recover from this SPV, so at a time when the mall has now stabilized where the performance has really matured and it is now able to sustain a larger debt we did a top up refinancing of the loan which allowed us to borrow additional Rs. 100 crores against the same rental which then enabled Phoenix Mills to take back the unsecured loan that it had extended. So it just works perfectly well for all of us and that is the reason why Pune has seen this additional facility being taken in the last quarter.

Participant: So you would have corresponding cash in the SPV for this drawdown right, sort of?

Pradumna Kanodia: No, there is no corresponding cash because earlier Phoenix had extended this unsecured loan to Vamona Developers which has come back.

Participant: Secondly, just wanted to understand the quantum of debtors that Kurla SPV and how much of that could be potentially written off?

Pradumna Kanodia: So while I think the numbers have become more and more manageable as we have looked at each quarter and provided for numbers as we felt were appropriate, going forward we believe that our billing and collections pretty much will remain in line and the need for additional provisioning may be very limited, yes, there could be I think for the next 12 months very insignificant number because if we look at the top-line that I will do in the current year is going by what we did last year also in between rental and CAM will be over Rs. 100 crores, maybe Rs. 150-odd crores. So from that point of view even if I have to provide for another Rs. 4 crores - Rs. 5 crores or Rs. 10 crores I do not see that as a challenge. But as I said we have taken care of our balance sheet and adequately provided for whatever numbers that we feel are required and I do not see a major jump in the need for any further provisioning, yes a normal cleanup always is required, so that part of that effort will continue to happen but you will see some more recoveries and maybe a few more retailers would need to be given some credit, but nothing significant.

Moderator: Thank you. Our next question is from the line of Ritwik Seth from Stan Capital. Please go ahead.

Ritwik Seth: I had a couple of questions, firstly on the residential part, so I see we have 5 million square feet and 2 million we have not launched, so what is the strategy going forward, when do you plan to launch is and as I see One Bangalore West first phase we are going to hand it over the coming quarter, maximum two quarters, so what is the strategy on the residential front for the next three years?

Pradumna Kanodia: So I just answered this question a couple of minutes back, but for the comfort of everyone let me just emphasize that. Our sales at One Bangalore West, Kessaku and Crest at Chennai have been very much to our satisfaction, we sold significant areas that gives you a huge comfort and we have collected a significant amount, we have recognized also corresponding to the percentage completion. The markets in Bangalore, Pune and Chennai as of now really are not too conducive for residential products and each one of us is having its own challenge. So while we do have the ability to launch the tower D at Chennai and the rest of the areas in One Bangalore West which is tower 8 and 9 and Kessaku also the balance two areas, but we are taking in our own comfort manner because clearly the desire is to optimize between how much you can sell without really compromising your ability to generate superior return and also the fact that how much is the market willing to absorb in a given micro market. So we are looking at all these aspects and accordingly we have put in a plan for ourselves, of course those are more internal plans. As the markets improve, as the velocity and ability of a market to absorb high number appear we have the ability to launch these projects in a very short span of time.

So without really putting a pressure on to ourselves by launching more projects and then not be able to achieve the profitability margins we would rather wait for an opportune time, we have enough in the pipeline, we have enough time at our hand, there is no debt meter which is ticking on these assets, these are all virtually debt free assets that we are talking about. So from our point of view there is no rush for it, we want to do very good work as far as residential development is concerned, we want to offer superior products and at the same time have superior margins on our sales.

Ritwik Seth: So basically we are not looking at it anytime soon?

Pradumna Kanodia: No, we will wait for the right time, we are in no rush.

Ritwik Seth: And if I see we have three malls in PMC Bangalore, Mumbai and High Street Pune like coming up for renewal in FY17, so what kind of upside are we looking at in terms of renewal of rentals if you can throw some light on that.

Varun Parwal: Ritwik, as we also discussed this earlier in the call we are looking at significant upsides at this point in time, given attaching a number to it would not be fair but you will see the impact of it effecting in our financials going forward.

Moderator: Thank you. We will take the last question from the line of Sameer Kasbekar from Emkay Global. Please go ahead.

Sameer Kasbekar: Just wanted to understand the reason for the muted consumption growth in HSP despite a strong growth in our rental rates.

Pradumna Kanodia: So if you look at mall which has such high trading density of almost 2,700 and which has a limited space in terms of what it can offer. There are a little bit of churning also which keeps happening, so from our point of view the consumption growth of 7% also reflects very-very healthy from overall point of view. If you go into specific numbers in terms of how rentals have moved up today we have seen our rentals from a year-on-year basis grow by 14%, so 254 has become 289, so these are very healthy numbers. So from a consumption point of view as the mall achieves a steady state which High Street Phoenix has achieved I think a 7% - 8%, 10% growth also would be a very good number to be really looking at. But yes, when you see the renewals coming up, when you look at some of the new retailers coming up, so now with H&M we spoke about that they will be largely coming up in this financial year the consumption will improve, the formats and the combination of it needs to change. So Big Bazaar was occupying a large space but had probably reached a saturation in terms of how much consumption could happen there. So from that point of view there are significant things which needs to be looked into rather just an absolute number, so I am sure that as we move into the current fiscal year and as we complete each quarter you will be able to better comprehend how the pattern emerges and how the consumption is really something which is very-very comforting to us.

Moderator: Thank you very much. As there are no further questions from the participants I now hand the conference over to Mr. Pradumna Kanodia for closing comments.

Varun Parwal: Dear All, thank you for joining us for the quarter four conference call. We look forward to seeing you again at the Q1 conference call. Have a great evening.

Moderator: Thank you. Ladies and Gentlemen, on behalf of Phoenix Mills. That concludes this conference. Thank you for joining us. You may now disconnect your lines.