THE PHOENIX MILLS LIMITED

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August 1, 2020

To,

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

Security code: 503100

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

Symbol: PHOENIXLTD

Dear Sir/Madam,

Sub: Transcript of Conference Call

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

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

You are requested to take the same on record.

Yours faithfully,

For The Phoenix Mills Limited

Gajendra Mewara
Digitally signed by Gajendra Mewara
Date: 2020.08.01 21:17:18 +05'30'

Gajendra Mewara
Company Secretary

Encl.: As above

The Phoenix Mills Ltd
Q1 FY21 Results Conference Call
July 30, 2020

Moderator: Ladies and gentlemen good day and welcome to the Q1 FY 21 Results Conference Call of The Phoenix Mills Ltd. 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. Management of the company is being represented by Mr. Shishir Shrivastava - Managing Director and Mr. Pradumna Kanodia - Director Finance. 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. I now hand the conference over to Mr. Shrivastava. Thank you and over to you sir.

Shishir Shrivastava: Thank you. A very good afternoon ladies and gentlemen and I hope that you all are keeping well. We take pleasure in welcoming you all to discuss the operating and financial performance of the company for the first quarter of FY21. We are extremely pleased to share with you that our malls in Mumbai and Pune will now recommence operations from August 5th, 2020 as per the directives of the state government. We assure you implementation of the highest standards of safety and look forward to welcoming you all back into our malls. We commenced operations across Phoenix Market City Bangalore, Phoenix United Lucknow and Phoenix United Bareilly on the 8th of June as per the guidelines of the respective state government. Currently these malls are operating at an occupancy of close to 90% of the permissible operational area, with some activities which are not permitted at each of these locations. At Phoenix Market City Bangalore, the average daily consumption has witnessed sustained improvement since reopening and has reached approximately 47% of the average daily consumption of July 2019 for the permissible activities and this was reached in the week of July 22nd through 26th. The consumption trend has been consistently going up since reopening, further the average spend per footfall has also increased over three times to approximately Rs. 2,670 in the week of July 22nd through 26th and this is much higher than the average daily spends of July 2019 by over 3 times. We have also launched new digital initiatives including home delivery and curbside pickup as of last week, where customers can now message us on WhatsApp, select merchandise from an online catalogue or through assisted virtual shopping from the comforts of their home, pay online for their orders and choose either Home Delivery or curbside pickup from the mall. The response from the customers to this initiative has been extremely encouraging and we look forward to sales ramping up on account of the same. We are also extremely happy to share that we launched our latest retail mall asset, Phoenix Palassio in Lucknow on the 8th of July. This was a brownfield acquisition and we took possession of this asset in August 2018 and completed the construction and it was actually ready to commence operations in less than 21 months in March 2020, however in light of the ongoing crisis, we had decided to differ the opening of the mall and the same commenced operations on 8th of July. The mall is spread across approximately 950,000 square feet of the total leasable area and will be a key district consumption hub for us in the region going forward. We take this opportunity to thank all our retail partners for their support in completing their fit-outs and being ready to commence operations in this current environment. It possibly makes Phoenix Palassio Lucknow the only new mall to open up in India and possibly across the world during this pandemic.

Our commercial office portfolio has been a steady performer despite the outbreak of COVID-19. Art Guild House in Mumbai has a leased occupancy of approximately 87% as of June 2020. Fountain Head Tower 1 in Pune has a leased occupancy of approximately 95% and is fully operational. Construction work at Fountain Head Tower 2 is complete and we are witnessing strong interest from potential lessees. Work at Fountain Head Tower 3 is on course and we anticipate to complete work in the next 3-4 months.

Speaking about our projects under development in the retail segment, work across our new malls, Phoenix Millennium in Pune, Mall of Asia - Bangalore, Phoenix Citadel in Indore and Palladium Ahmedabad is back on track. We remain extremely positive on the long-term prospects of retail consumption in India and are extremely confident of strengthening our leadership position once normalcy returns. We are well on course to double our retail portfolio and significantly increase our commercial portfolio by Financial year 2024. With this, I would like to handover the call to Mr. Kanodia, our Group Director Finance who would brief us on our financial performance.

Pradumna Kanodia: Hi Good afternoon friends, ladies and gentlemen. Thank you for joining us on this call. Continuing with the briefing which Mr. Shishir just gave, I would like to share with you some of the key financial highlights of our performance for the quarter ended June. The focus of course was on cash flows and conserving our resources because malls except for Lucknow, Bareilly and Bangalore were largely shut during this period.

To give you a better sense of the cash flow during this period, the collections from the retail malls across the group was approximately Rs. 400 million. From our commercial portfolio, the collections during this period was Rs. 330 Million, while the hotels contributed around Rs. 118 million during the same period. Our residential portfolio also contributed Rs. 100 million for the quarter ended June. And to add to this, we have received Income Tax refunds across our various SPVs to the tune of Rs. 400 million during the same quarter.

Our cumulative CAPEX spend was approximately Rs. 664 million for this quarter, largely on the three ongoing projects, namely Pune, Ahmedabad, Indore and some expenditure on Lucknow mall which became operational. Payments towards statutory dues including GST which covered the period from March till May was Rs. 460 million and other operational expenses across all our assets including malls, commercial office, retail, residential was around Rs. 850 million. As informed to you earlier, we have carried out various cost rationalization efforts across our business verticals which will ensure that we can bounce back once the business environment normalizes in the near future.

To summarize the cash flow, we had a total inflow of approximately Rs. 1,350 million during the quarter while our expenses were around Rs. 2,000 million, so this resulted in a cash burn of approximately Rs. 650 million for the quarter ended June. Despite a challenging business environment, we continue to maintain a robust balance sheet. Our consolidated debt and cash stood at Rs. 47,489 million and Rs. 7,500 million respectively as on June 2020. We continue to remain prudent in our expenditures and continue to engage with various stake holders to ensure sufficient cash flows across the group. Thank you very much for these opening comments and we would be happy to take any specific questions now. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may now press '*' and '1' on their touch tone telephone, if you wish to remove yourself from the question queue you may press '*' and '2'. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Kunal Lakhan from CLSA. Please go ahead.

Kunal Lakhan: So, basically the rental income that we have booked in P&L is about 32% of the run rate of the same quarter last year, now this is based on accrual accounting as I understand. So, just wanted understand what is the status and visibility on the actual collection of the rent? I understand we collected about Rs. 40 crore in this quarter. Would this also include some of the historical collections or this includes only the collection for this quarter?

Pradumna Kanodia: You are right in your assessment that the accrual system of the accounting has been followed and all this income that has been booked is based on our concluded or ongoing negotiations with the retailers and accordingly the income has been booked. Our collection which you refer to around Rs. 40 crore during the period comprises of, because it is period April, May and June, some of the collections during April were pertaining to February and March but largely yes, they are pertaining to this period of April, May and June and we continue to see robust collections in July as well and during this month, we have seen significant cashflow coming in as well.

Kunal Lakhan: Okay, so is it fair to assume that the Rs. 84 crore of rental income that we have booked in Q1, we should be able to collect by Q2 or worst by Q3?

Pradumna Kanodia: So, we had also indicated in our last call that there was a deferment that we had offered to our retail partners so that they could take some time to start paying us the amounts that were due during the lockdown period. We now hope that as the mall start operations; Bombay, Pune will commence operations very soon within a week's time and of course, Lucknow, Bareilly and

Bangalore have already commenced. So, for the period under the operating period, we hope to collect the funds in the same months or in the same period while for the previous period which is under lockdown, the payments will be little more staggered and come over a period of time. So, it may not be apple to apple but yes, we are hoping that our deals which we have concluded with our Retail partners would enable us to recover this money in due course of time. And since this deferment is an advantage which we have passed on to our partners, they will make sure that this payment gets payed out over a period of time.

Kunal Lakhan: Sure, that is helpful. My second question is on the malls in Maharashtra. Like you said, it opens very soon, can you throw some color on the rent negotiations on these malls? Since they have been shut for a longer period, waiver there would be more than 50% that we had offered for Bangalore retailers and if they get the national support over there?

Shishir Shrivastava: Hi Kunal, just to clarify that we have concluded our discussions with bulk of our retailer partners across all malls across the group, so it is not, these negotiations were not limited to only Bangalore, Lucknow and Bareilly Mall which became operational on 8th June. The understanding has generally been that for the period of lockdown, on a brand to brand negotiation or group to group negotiation, we have given a waiver of fixed rental to a certain percentage for the period of lockdown. This would roughly translate I would say, to about anywhere between 45% to 55% waiver for this period of lockdown in each mall. Having said that, we have not concluded the negotiation with certain brands who have not been permitted to commence operations on account of the government notification because the brands and us, we felt it would be better to get into that negotiation once there was visibility of their activities being permitted and once they could start trading. So, we have taken into account that for the purpose of Q1. We have considered for the moment to be absolutely transparent, we have considered negligible to 'no income' coming from these activities. And therefore, our rental estimate for this quarter has shrunk but we hope that as our negotiations conclude, we will be able to get more than this approximate 30% that we have considered as fixed rental for the first quarter. Moving on, once the malls become operational, the extent of discount reduces but we have on the other side have also agreed on a higher percentage of revenue share with several of the brands and as consumption ramps up, we expect this recovery to increase significantly rather the rental income to increase significantly. So, looking at our estimate , Q2 would certainly show a much higher revenue coming than Q1.

Kunal Lakhani: Right, my last question is on the cashflow side, the cash burn of Rs. 65 crore, would that be the peak cash burn for this year, considering there was an IT refund component of about Rs. 40 crore which will not be there in the second quarter or subsequent quarters, would you still assume that Rs. 65 crore would be the peak cash burn in this year?

Shishir Shrivastava: I would say that yes, for the quarter since our income is going to be going up with the Mumbai and Pune malls also operating and our operating expenses have been, we have been very prudent on reducing those, we do not see any reasons why our cash burn would go beyond this.

Moderator: Thank you. The next question is from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati: I missed out the breakup of the Rs. 200 crore of total expenses, Rs. 46 crore you said the statutory dues, Rs. 85 crore is others and what was the balance?

Shishir Shrivastava: CAPEX.

Puneet Gulati: Okay, that was CAPEX. So, on CAPEX what is the plan now, what are your thoughts on how you would spend for the balance of the year?

Shishir Shrivastava: So we have four projects that are currently underway; we have Phoenix Millennium in Pune, Mall of Asia in Bangalore, Phoenix Citadel in Indore and Palladium Ahmedabad, between these and of course we have Fountainhead Tower 2 and there may be some payments done against Tower 1 as well, Tower 3 as well. So cumulatively, we expect our CAPEX not to exceed Rs. 300 crore to Rs. 320 crore somewhere in that range but it could get impacted and be reduced in the event the contractors who are working at these sites are unable to ramp up their manpower. So, on the outer side, it could be that number but it could be less than that as well, if the things are not as fast as we expect.

Puneet Gulati: Now on your discussions with the Retailers, have you seen any instances where retailers have walked out and they will shut their shops in any of your malls?

Shishir Shrivastava: No, we have not really. See let me clarify that you know, we have not seen any such issue with the large groups and brands that we have across malls, there may be few smaller single store outlets which are localized to each city which may not be able to survive this crisis and this could be mostly in let us say, F&B and food court. So, across the malls, there may be 10 to 12 stores that may not be able to open but there has not really been any termination as such. About 1%, one could assume a 1% of the total GLA getting impacted by certain retailers who are not able to continue with their operations on account of their financial crisis.

Puneet Gulati: Okay, 1% is actually a small number. Secondly, on your retailers, you were expected to receive some rent by July as well. Have they largely paid?

Shishir Shrivastava: We have received roughly in July so far, we have received Rs. 20 odd crore of collections from retailer rents.

Puneet Gulati: And this is what percentage of the commitments the retailers would have made to you?

Shishir Shrivastava: I think we will deep dive on this offline Puneet and explain the numbers better.

Puneet Gulati: Sure.

Moderator: Thank you. The next question is from the line of Pulkit Patni from Goldman Sachs. Please go ahead.

Pulkit Patni: Sir two questions; firstly when I look at the equity invested till June 2020 on slide number 23, just wanted to get a sense, has the equity commitments on these projects changed in the last few months or is it the same number that you had expected to spend on these projects?

Shishir Shrivastava: Yes, in fact there has been no change in our equity commitments towards these projects. We continue to have in PMC Wakad, Hebbal and Indore cash that remains to be deployed as what we had earmarked there and Palladium Ahmedabad as well, we have just commenced drawing down debt, drawing down the construction finance on Palladium Ahmedabad, in May we did the first drawdown, it is at an average cost of about 8.6%. In the other three projects which are at Pune, Hebbal – Bangalore and Indore, we have not drawn down any construction finance and we have enough cash in the JV to fund construction activities going forward for the next nine to twelve months.

Pulkit Patni: Sure, so the change that we see in your debt schedule quarter on quarter is the reflection of, a) the moratorium interest getting added and b) the additional debt on Palladium Ahmedabad.

Shishir Shrivastava: That would be correct.

Pulkit Patni: And my second question is on, raised by the previous participant about there would be some cancellations. I understand that these cancellations, can you highlight what is the treatment of the security that you have against some of these early terminations and is that something that we have gained from, in the previous quarter in the Rs. 40 crore rental number that you discussed on the retail front?

Shishir Shrivastava: No. So, let me clarify that contractually we have, at an average we have about six months rent as a security deposit but the termination clause beyond the lock-in may require anywhere between one to three months' notice. So, in the event that there is an early termination which is within the lock-in period then clearly there is a six month's rent that can get adjusted against the security deposit. If it is after the lock-in, then for one to three months that is the notice period and one can adjust the security deposit against that. In our current collections that we have discussed earlier in the call or the rental income that we have demonstrated, we have not, since there have been no terminations, we have not have to adjust any security deposit against that.

Moderator: Thank you. The next question is from the line of Dashrath Mishra from Sage One Investments. Please go ahead.

Dashrath Mishra: I was just asking if you had any, adjusted your payment terms with the construction company working on any of under construction projects?

Shishir Shrivastava: Not really. We have not had to re-negotiate or change any payment terms. We have in fact been looking at ways and means to support them and there were several running bills that had been generated prior to the lockdown, so this was money that we owed the contractors and we have over the last three months, in small amounts disbursed funds against these invoices that were raised against work completed but we have not had to re-negotiate any payment terms.

Dashrath Mishra: Okay and the second question is on the waiting list. So, given that you have only had 10 to 12 people leave each mall, how is the waiting list looking according to that one, is it fair to assume that you will be able to operate at those 98% occupancy going forward?

Shishir Shrivastava: Well we remain confident that vacancies if any and largely these are in the, as I mentioned in the F&B and Food Court space. As we start seeing some level of normalcy return and as you know in Maharashtra, they have not yet allowed F&B to commence operations, we hope that these vacant spaces as they come up will get replaced by newer formats because the F&B business generally does see a lot of churns but we have also seen that where there is a vacuum created, there are always new formats and new operators that come into play. So yes, I would say that we should be in the high 90s in terms of trading occupancy going forward as well. If there is a drop up, it may be for a very short period.

Moderator: Thank you. The next question is from the line of Abhishek Bhandari from Macquarie. Please go ahead.

Abhishek Bhandari: Shishir, I had two questions. First, on the upcoming fund-raising program; one of the reasons you have mentioned for raising that kind of money is seeking growth opportunities in the current environment when many weak players might be exiting or you might have some opportunities. So, if you could give us some kind of idea about what kind of opportunities you are seeing. Are they more in tier 1 markets and are they more brownfield kind of venture or land, that is one? The second thing, especially on this re-opening of malls, congrats on that, finally some good news coming in Mumbai and Pune. So, what kind of percentage of area will be started in the first few weeks?

Shishir Shrivastava: Thank you for your question Abhishek. I want to mention here that we will only take a decision on further capital raise once after we get our shareholders' approval. Our belief is that in this current environment, companies that have a strong balance sheet liquidity and cash on books; these are companies that are going to continue to grow bigger and stronger going forward. That is our approach to this capital raising. We have not decided finally on the final quantum or signing as yet. I would like to again draw attention to our last investor call on this matter where we had explained that if we were to raise cash it would be to have a bit of a war chest available with us to bide over the present uncertain times and as we start seeing some level of normalcy starting to return, that is the time when we will look at growth opportunities. There are sporadic few acquisition opportunities that have been presented, both in completed assets and brownfield assets but we will seriously evaluate these only once we start seeing some levels of normalcy return. We expect that in about four to six months, that would be a time to really consider any serious evaluation of acquisition but for the moment we would like to hold on to this cash and just keep it available as a war chest to bide over uncertain times. Your second question, if I may request you Abhishek to repeat again?

Abhishek Bhandari: Yes, second question was Mumbai, Pune malls which will open on 5th of August, so what percentage of GLA we will start with, in the first few weeks, just like in Bangalore if I remember correctly, it was almost between 75% and 80%, what is the number what you think would be in those?

Shishir Shrivastava: Okay, so let us understand that there are certain activities that are not permitted, so we know that restaurants are not permitted, family entertainments centers are not permitted, and the multiplexes are not permitted to commence operations. Cumulatively these may translate to about 25% or thereabouts at an average of our total GLA. so one can say, about 75% of our total GLA is permitted to operate, we are, since this notification has come out only yesterday, our teams are now actively engaging as we speak with our retailer partners to understand their opening plan and how soon they can inventorize their stores and get their staff back in but I would assume that we should see a similar trend as we have seen in Bangalore. As far as the mall is concerned, we are extremely well prepared to welcome our guests back in terms of all safety standards, sanitization procedures, other initiatives but it would be safe to assume that in the first four weeks, out of the 75% of the permissible activities, we should be able to hit about at least 80% of that area.

Moderator: Thank you. The next question is from the line of Amandeep Singh from Ambit Capital. Please go ahead.

Amandeep Singh: Sir can you help us understand what has been the operational area in early trends at Phoenix Palassio, Lucknow?

Shishir Shrivastava: It is too early days Amandeep to talk about Phoenix Palassio but just to give you a broad overview, we have approximately a hundred stores that are currently operating at Phoenix Palassio. We have seen footfalls of roughly around 4,000 people averaging every day. In UP, malls are not being allowed to operate on weekends, so Saturdays, Sundays are off, the mall is shut. And of the permissible activities, roughly 60% or slightly higher than that is currently operating. In the next sixty days, we expect this number to move up closer to about 80% as the fit outs are ongoing with other stores. So, this is an important point to understand that retailers and several of the large brands are working, I would say, at a very good pace to complete their fit outs or refreshing of their stores to open. Every day we are seeing two, three, four stores open up at an average at this moment.

Amandeep Singh: And sir as a follow up on this, I believe that the in-place rentals were around Rs. 105 per square feet per month, will it be fair to assume that minimum guaranteed negotiations have also been extended to this month?

Shishir Shrivastava: Yes, for an initial period I would say, of about three months, some relief we have given for the initial period of three months and in some cases, we may have extended some relief until December.

Amandeep Singh: And sir lastly, you were witnessing increasing traction on your residential portfolio as highlighted in the previous call, will there be any update on the same or too early to comment?

Shishir Shrivastava: As I had mentioned in the last call, we have created a new product in our luxury towers there where we have actually resized some apartments and split the larger apartments into smaller apartments. We launched this sometime in the middle of June and we have seen a significant traction in terms of the number of people coming in and the interest level remains high, in this period we have concluded, formally concluded one transaction and there are three more which have reached the stage of finalization and the initial deposits have come in or will be coming in any day, roughly around 15,000 square feet odd between these four transactions will get completed in terms of sales and the average price would be somewhere in the middle of, range of about 14,500 to 15,000 per square foot.

Moderator: Thank you. The next question is from the line of Biplab Deb from Antique Stock Broking. Please go ahead.

Biplab Deb: My first question is that looking at your EBITDA margins, just trying to understand what would be the fixed employee cost including management salaries and other corporate expenses that cannot be passed on as CAM charges?

Shishir Shrivastava: I am going to answer this in multiple parts; a) we have been firstly, all the employees who are located and working within a mall, their costs do get translated into the CAM expenses and they get passed through there b) secondly, therefore it is only the head office team whose cost do not get passed on as CAM c) secondly, during this period, we have also taken certain steps in terms of reducing salary cost, we have had to work with our teams and everybody has been very forthcoming in taking a little bit of a reduction in those costs. Typically, in our hotels, our employee cost was about Rs. 56 crore per year and that is now down to about half. Does that answer your question?

Biplab Deb: Yes partly sir. I just wanted to understand what is the employee cost that cannot be passed on to as CAM because it is a hotel I mean there will be some head office cost.

Shishir Shrivastava: Effectively, essentially the head office cost is what you are looking at approximately.

Biplab Deb: Yes.

Shishir Shrivastava: We will just look it up and we will answer that question shortly.

Biplab Deb: Second question is sir, regarding as you mentioned family entertainment, F&B and Multiplex not allowed to start in Maharashtra, although it is a good news that they are allowing Malls to operate, very much welcome but just trying to understand the impact of that Sir, in general, the pre-COVID income contribution of these segments; Multiplex, F&Bs and family entertainment segment in terms of percentage level of the total income that the Mall earns?

Shishir Shrivastava: Okay, so in some States F&B has been permitted, so for example we know in Bangalore our restaurants and all have commenced operations, generally the contribution from entertainment, F&B Multiplex in the range of about 17% to 20% across the Mall, the contribution of rent towards overall rent is in that range. And just to answer your previous question, our Head Office costs are in the range of about Rs. 1 crore, currently they have been reduced to about to about Rs. 1 crore to Rs. 1.25 crore per month, that is the reduced cost that does not get passed to as 'CAM'.

Moderator: Thank you. The next question is from the line of Atul Mehra from Motilal Oswal Asset Management. Please go ahead.

Atul Mehra: Good afternoon and thanks for the opportunity. So particularly on the slide 11, very interesting initiative by us on the pick-up initiative like 'shop on the go' and home delivery, so just want to understand a little bit more over here, so lot of these, while you chat on the WhatsApp the shopping assistant is primarily the employee of the retailer who is interacting or is it one of our Phoenix Mills' employee who is interacting? How is it, so far?

Shishir Shrivastava: Yes, you know we have a kind of a concierge service across all locations. We have taken this initiative as a test case in Bangalore and it is our team member who sits at that asset as part of the concierge team who coordinates this entire effort, so the WhatsApp messaging happens with our concierge team and they are the shopping assistant who reach out to the retailers, we try and provide a catalog and facilitate the sale, the transaction. And also I want to add here that in Bangalore we have also started this new initiative where from our Instagram handle, one can order food as well online. So, there is a link-up through Zomato from our instagram handle and one can order food as well from the restaurant there.

Atul Mehra: And just in this shopping interface that we have on WhatsApp, so is that also over and above, say in the initial conversation that we might have for, with one of our employees, does it also re-direct to say one of the store employees if at all there is a deeper level of inquiry?

Shishir Shrivastava: No, so the customer interface is our team member and that does not get re-directed through to the store employees.

Atul Mehra: And Shishir just one more thing, I am just thinking about this, like a slide of yours when we think about Phoenix as a place to visit, it is one of the more affluent places to visit with very interesting store and brand presence, at this point in time if you look at it from a digital perspective you do not have any in terms of digital platform which will have the store mix and the brand mix that you offer. So is it possible for us and is it something that we can think about where we can have an online platform in terms of having all our brands and stores listed and taking this initiative forward like we have done with WhatsApp, is that something that we can look at because in today's time like lot of people I am aware of who were regular shoppers and today this time they are somewhat thinking about to visit or not and so on. So that can be like a great enabler for your regular shoppers per say, so anything of that sorts?

Shishir Shrivastava: Yes, what you are referring to is, what we are internally working on an initiative called the omni channel which basically, if you see our new websites of all Phoenix market cities, you will see that it has been designed in a manner to facilitate an OMNI channel platform which we are currently working on with our Retailers which allows them to use our platform to facilitate as an additional sales channel to facilitate online sales. So, this is that initiative that we have undertaken, and it is being developed.

Atul Mehra: Just one final thing on this. As we, maybe look at this platform and so on, I think what is also important is, given like for us in the past, we were like one of the popular destinations to come and everybody knows about it. The awareness around say, even the WhatsApp or the Phoenix market city platform, we might need to build some awareness through advertising maybe, if we can participate and with the Retailers and co-promote in terms of the online platform or the omni channel experience. So that can potentially build a lot of awareness then in that sense, so this is on that.

Shishir Shrivastava: Thank you for that thought, I think our teams are actively working on this. As I mentioned, we have kicked off these initiatives at Phoenix market city, Bangalore and soon they will extend to our other locations. Currently, direct marketing is what we are focusing on and we have been only couple of weeks since we have launched these initiatives at Bangalore, so there will be a lot of social engagement that will continue to follow as we see traction pick up on this.

Moderator: Thank you. The next question is from the line of Abhinav Bhandari from Nippon India. Please go ahead.

Abhinav Bhandari: Thanks for the opportunity Sir, while in the initial comment that you mentioned, on the lockdown period the waiver off rental is pretty clear, just wanted to understand more on the breakup between revenue share and the guaranteed rental, so what we hear from media with some of the Mall Developers is that the breakup has gone down to as much as 50-50 or 60-40 in some of the cases for the next twelve to fifteen months so where we would be in this overall breakup scheme of it?

Shishir Shrivastava: Sorry, may I request you to explain what you are looking for?

Abhinav Bhandari: So, the minimum guaranteed and there is a revenue share from retailers which if I understand correctly was 80 -20 or 85-15 for us previously. Is there a change in that structure also in the negotiations and if yes, up to how much and up to what tenure, just to understand?

Shishir Shrivastava: Okay, so let us understand that typically out of our gross rental, approximately 90% was coming from the fixed rental and because consumption was growing, we were getting the incremental say 10% or thereabouts on account of increase in revenue share. Now for the period of lockdown as you mentioned is quite clear, once the Mall becomes operational, there is a reduction on the fixed rental component for a fixed period that we may have agreed with on a case to case basis, I think if we just look at majority of the cases, nothing kind of really spins over into FY22 now that Maharashtra malls are also opening. So, such waiver may continue for two quarters and in some cases until the end of FY21 before we return to contractual rental. So one could assume that as consumption picks up, by the end of this year in some cases you may see fixed rental becoming about 80% or 75% to 80% in that range of the overall rental and the incremental coming from revenue share but it all depends on how consumption starts picking up, sorry does that answer your question?

Abhinav Bhandari: Got it, so just the main base of 90-10 there is no change on that base, right? Is that understanding correct?

Shishir Shrivastava: Let me explain the construct of our rental arrangement with Retailers, it is always the higher of either the fixed rent or the agreed percentage of revenue, whichever is higher is what one derives.

Moderator: Thank you. The next question is from the line of Mohit Agarwal from IIFL. Please go ahead.

Mohit Agarwal: Yes, good afternoon everyone and thanks for the opportunity. Sir my question is, are banks looking at any of the deposits that we maintain with them. So, like the debt service of accounts and all. Are they looking at that differently for industries considering there could be some volatility in the rentals for some time or once the moratorium opens, do you foresee any change in that? So that was my first question.

Pradumna Kanodia: So as far as the DSRA which is a debt service reserve account which is maintained as a part of any standard loan agreement, we have already in the past created these fixed deposits with the bankers at the time of the sanction and disbursement of the loans. Some of them is in the way of fixed deposits and some also are by way of blocking of our OD limits to the extent of the amount that is required for DSRA so it allows us to avoid any negative carry because fixed deposits are generally at a lower rate and the interest which they charge on the loans are on higher side, so some of the banks have allowed us to block the OD limits to create the DSRA so between these two, we have already taken care of our existing obligations, given the fact that there has been this moratorium which has been extended by the banks for the first two quarters, there has been no additional requirement of DSRA or any other conditions that have been stipulated by any of our bankers, we continue to remain at the same terms and conditions as was before the start of COVID and the lockdown and the moratorium. So from that point of view, there has been no change and we hope that once the mall operations begin and cash flows start becoming normal, the banks will feel much more comfortable and they would really not feel any need for imposing any additional conditions which is really not required and not called for because the assets clearly are very superior in terms of the security cover that we have offered, so from a security cover point of view each of these assets offer more than 2x of the loan amount and it was a temporary mismatch of the cash flows moratorium extended by RBI has allowed us to overcome, so I do not see going forward there would be any issues with our banking partners from any point of view.

Mohit Agarwal: And sir, just one clarification; you said that the first quarter numbers when you gave the cash flow that will be the peak cash burn, you said that even as the next quarter the rental might still be low but you may start servicing the debt so you maintain that even in the second, third quarters you would see the cash burn lower than first quarter, is that understanding correct?

Pradumna Kanodia: Yes I think because the first two quarters if you see our rental income typically in the last year used to be, our EBITDA used to be equal to our rental income or even greater than that, so from that point of view any recoveries that we have and as malls begun operations, our ability to recover all our operating cost through CAM is clearly there, so there will be no burning of cash there and it is only fair to say that whatever surplus we get, will get utilized to meeting our debt, interest and principle obligations but largely this Rs. 65 crore which you saw was towards our CAPEX and all, so it is not really a burn which is on account of the operational cost or the cost that we were incurring during the lockdown period, so from that point of view if you were to break it between CAPEX and non-CAPEX items including the interest obligation that we would have going forward, I think we should be clearly meeting our obligations and the cash burn may not be to that extent.

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

Abhinav Sinha: I have two questions; one is on the category wise sales that you have given, the sales trend. So, this fashion, accessories, these bits are running fairly low, now you would attribute this to some trends change in consumption or these things do very good footfall which seem to be lagging, so that is one. And second question is on fund raising part again; follow up to what the earlier participant has asked, now if suppose the banks are extending a moratorium or doing a re-structuring and either of the two seems to be the outcome in the next thirty odd days, why do you really want to raise equity at this point in time?

Shishir Shrivastava: So, let me answer your first question. You know, it is quite evident when people are not being allowed to step out of their homes for any social activities, social engagements going out to restaurants, bars, night clubs, people are not buying fashion and accessories. So that is clearly an interim impact that one will see for some time as we start seeing more activities getting unlocked, right. So that is the reason but if we actually look at Bangalore what we have provided is for the period of June on a like to like basis compared to June 2019, where also operations in June in Bangalore were impacted on account of an extended 10-day lockdown that was announced in July, there was some, I would say some restriction of operations on weekend on Sundays which continues even now. If we just look at the category of fashion for last week of June, the number would have been higher than this 19% which is an average for the full month and its kind of picked up during the month. Abhinav, may I move on to your next question?

Abhinav Sinha: Sure Sir, thanks, yes.

Shishir Shrivastava: With regards to capital raise, as I have mentioned, the final the decision on the quantum and the timing will be taken later once we have shareholders' approval. Today we have adequate cash and even to service, let us say, if the moratorium does not get extended, we have adequate cash to service our debt obligations for the coming three quarters. Having said that, these are uncertain times and none of us had imagined this kind of a pandemic, it makes sense to just be safe and have adequate liquidity to weather any further storms. We do not intend to dip into the cash that we raise if we go ahead with the capital raise, we do not intend to dip in to that cash for any of our existing obligations of operating expenses or interest servicing, etc. but it is good to have that cash available on your balance sheet to weather any further unforeseen circumstances and as I mentioned, this is the time when we anticipate several opportunities for growth that are likely to come up in the next twelve to eighteen months. Some of those we may evaluate once we start seeing some level of normalcy start to return.

Moderator: Thank you. The next question is from the line of Swagato Ghosh from Franklin Templeton. Please go ahead.

Swagato Ghosh: I have two questions; first one is, are we closely tracking the financial health of various tenants, maybe at the company level or the franchise level and if we are, what percentage of our total tenant pool is under stress now and what is our contingent plan if some of these tenants are not able to resume operations or have to somehow shut shop, especially for maybe the restaurant industry which has not been allowed to open yet?

Shishir Shrivastava: Right, so I would say that excluding F&B we have not seen any indication, we understand that this is a time of financial stress for everybody, retailers at large in general are looking at reducing the number of nonperforming stores and they have been shutting stores across the country. Their stores in our malls continue to be extremely profitable for them, retailers have a general view as do we that as people start stepping out for their shopping needs and the malls open up. Malls will become their preferred port of call for their shopping needs, simply because we are able to provide a very safe and secure environment as opposed to High street locations and this is the view that our retailer partners have also taken, so while they maybe shutting non-performing stores or stores where they believe sales are not going to be high across the country, they continue to have high level of confidence in our malls and we have not seen as such any termination. Moving on to F&B as you said yes, F&B operators barring the ones who have pan India presence and have some cash, typically this is not a balance sheet business, so one can see some stress happening in F&B operators in the smaller localized ones more or so who have food court operations, but as I mentioned earlier the contribution from F&B to our overall rental is not that high and the business is one of skill, so if one operator does shut down it gets replaced and one will see that happening in the coming months.

Swagato Ghosh: Okay, so are we pro-actively having those conversations or will we wait till they come to us and say that they cannot continue?

Shishir Shrivastava: So, we have seen in Bangalore our F&B operators have started commencing operations in Bangalore because the state government has permitted them to commence operations there, bulk of them have already recommenced their stores, bars are not yet permitted to operate but that is a discussion at the time when they are permitted to operate we will get into that. We have negotiated and closed the negotiation with those activities that are permitted to operate.

Swagato Ghosh: Got it and second question is while for all our operational assets we have the safety measures in place, do we have any data on how we are actually doing on the safety part, what I mean is how many people we have turned away who have been probably symptomatic or how many people who have visited and probably tested positive but have not been able to spread the virus within our assets, any sort of data which would give us the confidence that the measures we have put in place are actually working?

Shishir Shrivastava: Sure, we are insisting that mall visitors have Arogya Setu as a contact tracing app on their phones and so we are not letting people in who do not have the app. I am not personally privy to how many people have been turned away because the thermal camera showed their temperature exceeding normal levels but at the operational level we would have the correct protocols in place for that.

Swagato Ghosh: Okay but have the authorities demanded any that sort of data?

Shishir Shrivastava: Yes, there are strict guidelines at both in Lucknow as well as in Bangalore of records to be maintained and we are compliant with all guidelines.

Moderator: Thank you. The next questions is from the line of Prem Khurana from Anand Rathi. Please go ahead.

Prem Khurana: Sir my questions have already been answered just one if you can help me with slide number 10, so data that we have given is eventually from July over June, we seem to have seen a sharp drop in footfalls because when I look at average daily consumption for the month of let us say June versus July there is a 34% growth but average spend per footfall is up by 76% odd which eventually means either people have started rather, the invoice size have gone up substantially, so what would explain this sharp jump. Is it that the way the change in terms of category mix or would you kind of, just because of the fear that there could be further lockdown, which is why people have started stocking more, which is why size would have gone up in terms of average bill?

Shishir Shrivastava: A couple of things firstly, so we are seeing that the profile of shoppers coming into our malls is, these are serious shoppers, I would say in terms of, as you rightly mentioned our average spend per footfall has been almost more than 3 times compared to the previous year, so these are serious shoppers who are coming in to the mall. The other thing there has been an impact as I mentioned earlier in July, for 7-8 days the mall was actually shut because of the lockdown being announced in Bangalore again and even today, Sundays are not operational, the mall is not operational on Sundays. I do not believe that the average spend per footfall has gone up because of people wanting to stock up, if you look at the category wise consumption that indicates that there is some discretionary spend also. The average daily consumption has, as you can see the average daily sales have roughly gone up to about almost Rs. 1 core a day in the week of operation compared to the last year. Also interestingly, last year we had the end of season sale where the base of consumption was very high in the month of June and this commenced only sometime in the month of July in Bangalore and was shut down and impacted for 7 days, so right now the end of season sales are ongoing and that does drive a little bit of consumption up.

Prem Khurana: Sure, but if I look at the same trend for Lucknow it seems to be reverse eventually, it seems footfalls have been going up but then average size is going down, so?

Shishir Shrivastava: Lucknow, the malls are not operating on weekends and there was a 3-day lockdown also announced earlier in July. In fact, the weekend after we opened Phoenix Palassio, immediately for 3 days there was a lockdown in the month of July. So, yes compared to June where the weekends we were operating, in July the weekend business has been impacted because of the lockdown on Saturdays and Sundays.

Moderator: Thank you. Ladies and gentlemen due to time constraint we will take that as our last question. I will now hand the conference over to Mr. Shishir Shrivastava for closing comments.

Shishir Shrivastava: Thank you everyone for joining in on this call and we look forward to interacting with you at the end of the next quarter.

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