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MILLS LIMITED**

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March 1, 2017

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The National Stock Exchange of India Ltd**
Bandra-Kurla Complex, Mumbai.

Ref: The Phoenix Mills Limited (503100/ PHOENIXLTD)
Sub: Transcripts of Earnings Conference Call held on Wednesday, February 15, 2017

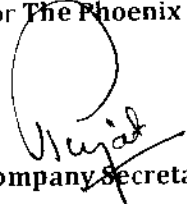
Dear Sir(s),

This is further to our letter dated February 9, 2017, regarding invitation for earnings conference call organized by the Company on February 15, 2017. 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 Q3 & 9M FY2017 Results Conference Call

February 15, 2017

Moderator: Ladies and Gentlemen, Good Day and Welcome to the Q3 & 9M FY2017 Results Conference Call of the Phoenix Mills Limited. The management is represented by Mr. Shishir Shrivastava – Joint Managing Director and Mr. Pradumna Kanodia – Director, Finance. As a reminder, all participant lines will be in a 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. I now hand the conference over to Mr. Pradumna Kanodia – Director, Finance at Phoenix Mills. Thank you and over to you sir.

Pradumna Kanodia: Thank you. Good Afternoon, Ladies and Gentlemen and thank you for participating in the Phoenix Mills Limited Conference Call to discuss the Q3 & 9 Months Results for the Financial Year 2017. We have reported consolidated income from operations of Rs.13,702 million for the 9-months ended December 2016 which is up 4% year-on-year. Retail income from Malls remain strong at Rs. 8,878 million with YoY growth of 6%. The Hospitality and F&B business grew at 29% year-on-year with revenues at Rs. 2,172 million for the 9-months ended December 2016.

We reported a consolidated EBITDA of Rs. 6,473 million, which is 11% up year-on-year and margin of 47% and PAT before minority interest and other comprehensive income of Rs.1,388 million for the 9-months ended 2017, growth of 50% year-on-year. For the 3-months ended December 2016, we reported income from operations of Rs. 4,367 million, EBITDA of Rs. 2,137 million with PAT before minority interest and comprehensive income of Rs. 630 million, which is up 80% year-on-year.

Retail consumption at our malls for the three months ending December 2016 remain strong at Rs. 16 billion, up 10% year-on-year, while total rental income from our Mall portfolio came in at Rs. 2 billion, up 12% year-on-year. Our retail assets continue to consolidate their position as being the leading malls in the cities they operate, in particular, Phoenix MarketCity, Pune recorded rental income growth of 23%, EBITDA growth of 21% and consumption growth of 21% for Q3 FY2017. Likewise, our Phoenix MarketCity in Bengaluru recorded a consumption growth of 20%, rental income and EBITDA also saw growth of 20% year-on-year for the three-months ending December 2016.

Rental rates at both Phoenix MarketCity, Pune and Bengaluru have crossed Rs.100 per sq.ft. p.m. and are at Rs.102 per sq.ft p.m for Pune and Rs.107 per sq.ft. p.m for Bengaluru respectively. Phoenix MarketCity Mumbai continues to see a sustained uptick in performance with

consumption growth at 22%, trading density growth at 21% and EBITDA growth at 24% year-on-year for the three-months ended December 2016.

Very briefly moving on to our Development Portfolio: We have received the Occupation Certificate for Towers 1, 2, 3 of our Project One Bangalore West and hand over of these apartments is in process. Construction of Tower 6 is going on at a steady pace, so is the construction at Kessaku which is going on as per the schedule and construction of all the five towers is complete from a civil work point of view. For the three-months ended December 2016 total collections for One Bangalore West, Kesakku and our development in Chennai Crest were at Rs. 861 million.

Briefly, on our Hotel Business, our hotels are performing well and have established themselves in their markets; The St. Regis Mumbai has been doing very well consistently. In the 9-months ending December 2016, Room revenues were up 35% year-on-year. Total income up by 17% year-on-year. ARR remains strong at Rs. 10,666 for Q3 FY17 with an average occupancy of 79% for this quarter. Agra Hotel Courtyard by Marriott revenues were up 23% year-on-year, while total income was up 26% year-on-year, average occupancy for the three-months ended December 2016 was 71% with ARRs of Rs. 4,809.

With this, I conclude my opening remarks and would now welcome any questions that you may have. Thank you.

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

Puneet Gulati: Just wanted to understand a few things; what is the net debt number? Secondly, if you can give some insight on what is the update on your CPPIB deal for the Bengaluru assets and if you would look to do similar deals in other assets and what do you intend to do with the cash that you may be getting from the deal?

Pradumna Kanodia: So, if you have seen our presentation, I draw your attention to Slide #10 and #11 which talk about our current debt profile and the numbers. Our current debt stands at around Rs.3,926 crores on a consolidated level and the movement from the previous quarter has been marginal. During this 3rd quarter we were able to refinance couple of our assets namely Vamona and Lucknow asset also got refinanced in this period, there has been a marginal increase in the debt, but that largely has meant that some of the other natural repayments happening at the mall levels, have continued to bring the level of debt down which has allowed cash to be upstreamed to Phoenix Mills to repay some of the unsecured loans that were extended to these two entities. So, money has actually come back to Phoenix Mills and the outstanding towards the unsecured loans have got settled and there is no further outstanding from these two companies which is a healthy sign for both the assets where now the cash flows that are getting generated at the mall level, are sufficient to meet all its obligations. At the same time the pricing for the new debt has been very-

very attractive, like for Pune we were able to do refinance at 9.5%, this was even before the announcements by most of the banks in terms of rate reduction, so we are hoping that 9.50% will continue to move downwards and so has been the case with Lucknow where we have seen saving of almost 100 basis points as compared to what was the earlier number from my interest point of view.

Puneet Gulati: Yes but why has the gross debt level gone up quarter-on-quarter, I thought this should have been positive cash flow generation this quarter?

Pradumna Kanodia: Fair enough, as I mentioned Vamona we did a refinance for a higher amount which allowed us to repay the unsecured loan that was there from Phoenix Mills, so the money that was extended by Phoenix in the past towards last mile funding has now been completely returned, there is no outstanding which is currently there between Vamona and Phoenix Mills. So when you look at the debt profile while the absolute debt number we have marginally increased because of these refinances, but as a group the money has come back to Phoenix. So if you were to look at the cash flow available with Phoenix net of cash numbers may not have changed anything significantly.

Puneet Gulati: So net debt level would have remained same?

Pradumna Kanodia: Marginally, yes, it would be in the same broad parameter. The other 2 questions I will just have Mr. Shishir answer that for you. CPPIB and going forward how we are looking at this matter.

Shishir Shrivastava: So, the transaction with CPPIB is that the companies are in negotiation on the definitive documentation. We anticipate that it should be closed in the next 35-45 days. Your question was what will be the use of these funds?

Puneet Gulati: And what kind of incremental data you can share in terms of valuation or amount?

Shishir Shrivastava: So, the valuation at this point in time is still being determined, it is going to get crystallized closer to the execution of the definitive agreement, but I can confidently say that this transaction will probably be setting new benchmark in the way retail assets are valued in India. With regards to the use of proceeds, the funds are going to be a primary infusion into the company and the company intends to use these funds for further growth opportunities in India both on the development side as well as acquisition of completed and operating malls.

Puneet Gulati: Will it be under the same umbrella or will it be under the Phoenix mills parent umbrella?

Shishir Shrivastava: No, it is a primary infusion into the company that owns the Bengaluru Mall and that SPV will become the growth engine. So, it will be under the JV umbrella with CPPIB. Of course, from a branding perspective, this is going to expand the Phoenix brands.

Puneet Gulati: Would you look at similar kind of deals for your other malls, etc., sir?

Shishir Shrivastava: No, not at this point in time, I think the idea was to create a significant growth platform once we have and we are going to work towards deployment of all these funds that will be infused by CPPIB before we consider other platforms.

Moderator: Thank you. Next question is from the line of Adhidev Chattopadhyay from Emkay Global. Please go ahead.

Adhidev Chattopadhyay: First question is on the High Street Phoenix. Sir, just want to understand impact of demonetization. So we had lot of talk that Palladium as it caters to the Luxury segment would be more prone to slowdown, obviously that has not reflected in the numbers. So, is there versus Palladium the other parts of HSP did you see a marked difference in the consumption pattern or was it more or less similar across all parts of the asset?

Pradumna Kanodia: I am sure you have looked at the consumption numbers and the other details that we have shared with you in our presentation specifically if you are talking of High Street Phoenix and Palladium, Slide #17 gives you the details of the consumption trading density which is of course for the entire property, we do not bifurcate between the Palladium part of it which houses some of the luxury brands and the rest of the areas which has a mix of both upscale as well as the local brands which are there. But, clearly, the impact of demonetization has been very limited across all our centers, the growth as I mentioned in my opening remarks also if you were looking at a 9-month sort of a thing we have seen a growth which is almost 10% and specifically if you talk about the months of November, December and January which have been the post-demonetization numbers, clearly, the numbers for November were impacted for a while because of many reasons primarily because of demonetization, but also because it was coming after a strong Diwali performance in the month of October. December, we have seen our consumption and trading density grow across all the centers, so if we were talking about HSP as a specific number we have seen our December 2016 growth at 8% year-on-year compared to what we were seeing as a November growth of less than 3%, so clearly there has been a significant move up in December and January also the number I am told is up by almost 6% year-on-year. So the impact of demonetization clearly is history and overall the center continues to do very well as far as High Street Phoenix and the rest of the assets are concerned.

Adhidev Chattopadhyay: Obviously, we have a recent exit run rate of around Rs.800 crores annually on the rental business. So where do you see this scaling up in the next couple of years -- is a double-digit CAGR possible in rental income growth over the next 2-years beyond FY17?

Pradumna Kanodia: So, we are seeing significant renewals in Bengaluru and Chennai and Kurla in that order in the next year and a half, and that is probably going to impact a good move on the rental income we estimate, but in any event since we are seeing a very good trend in consumption growth that directly is going to contribute to our rentals by way of revenue share. So I think that expecting rental income growth in the high teens for these malls is easily evidenced already in the past.

Adhidev Chattopadhyay: Especially at High Street Phoenix, is there now more room for the double-digit rental income growth to come in?

Pradumna Kanodia: Absolutely yes, there are certain new developments that are happening at High Street Phoenix in terms of a change in certain brands, Pantaloon has moved out and we are creating another zone there which will house some very good international brands. So, yes, we remain confident that we are going to see a high consumption growth as the products and the brands keep changing at High Street Phoenix.

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

Kunal Lakhan: On your Kurla property, it is clearly like things are improving over there, you also had some reversal in the provisions this quarter, and there is significant amount of renewals also coming up. So some sense in terms of the rentals at which currently your renewals would be happening and also like when can we see the trading density at Kurla reaching up to levels of say Pune or Bengaluru?

Shishir Shrivastava: So, as you can see Kurla is clearly demonstrated a significant turnaround in the last few quarters. In this quarter our trading density were close to about Rs. 1100, in January the trading density moved up close to Rs.1,250. So we are clearly seeing that consumption at this center is growing. The performance of H&M's been quite impressive and all the other brands have also started showing higher consumption and we work towards improving the centers appeal over the last year. There have been significant upgrades at the center in terms of interior design and fixtures as well as changes in brands. So that has now started attracting the correct profile of customer and we are only seeing an upward movement in terms of trading density. In Kurla when we have seen January 2017 growth of close to 18% in consumption as compared to last year. This is very promising and I think this mall is going to very soon show us some very incredible numbers.

Kunal Lakhan: Any color on rentals at which renewals could happen or expecting to happen?

Shishir Shrivastava: So, in this current year we are seeing good amount of space coming up for renewals or we are seeing a significant churn, I think currently we are at an average in terms of the new transactions that we are executing, we are at an average rental of about Rs.105. We have done some 55 renewals where the average rate has moved up to about Rs. 64. Your question was more on "when do we see the trading density catch up to Pune and Bengaluru," I think we should be seeing this catch up in the next 2-quarters for sure.

Kunal Lakhan: My second question was on the development portfolio. Clearly things have slowed down a bit, but in terms of Q4 what is happening over there in terms of new launches planned plus like we had some launches in Bengaluru, are we planning it to launch it in Q4 or is it going to be delayed because of approval process or DDR policy or any sense on that?

Varun Parwal: So Kunal, Varun this side. On the development portfolio, I think FY17 has been a historic year for the company, we delivered 3 towers in Bengaluru, we delivered 3 towers in Chennai and we are at present in the process of handing over these apartments to their owners and provide possession to them, in fact, if you look at the inventory of the launched towers that we have, we have sold off almost 80% at this point in time. I think given that this was the first time that we had delivered such a number of residential units, we wanted to ensure great experiences and of course after that in November we had the demonetization event. Although like we have commented in the past our developments are in a position of their own, they are not really driven by the market sentiment that impact the mid income housing segment, they are in established locations and therefore there is an inherent demand for these projects, and in the coming quarters we will update you regarding our development plans for the new portfolio as well. At this point in time, we are awaiting the occupation certificate for the two towers; Tower 4 and 5 in one Bangalore West and right now Tower 6 and Kessaku are under construction wherein we are almost completing the RCC structure.

Kunal Lakhan: One last question on the hospitality front; St. Regis, Mumbai we are already at Rs. 10,000 plus ARR. Do we see any scope of further improvement in the ARRs as well as in the F&B revenue part?

Pradumna Kanodia: Clearly, I think the city ARRs are also showing promising sign in terms of improvement, we are rated amongst the top-3 hotels in the city, that is clearly going to impact us in the first instance. F&B revenues are also on the rise, I think in the last quarter we had launched Luna Nudo and Luna Gusta to F&B venues at the hotel and that is clearly going to add to the F&B revenues and again, I think we still have a few months of the wedding season which is going to add to the F&B revenues and banquets. ARRs in January are typically above the average for the year, so it will be interesting to see our performance in January, February, March for the last quarter of this year.

Moderator: Thank you. The next question is from the line of Raphael from Target Asset Management. Please go ahead.

Raphael: I just want to find out what happened with the debt -- was there a debt to equity swap going on with St. Regis, Mumbai, I just wanted to understand what happened and why did you do it?

Pradumna Kanodia: So we had some other partners also in the hotel and one of them held an equity stake of about 14% and we saw an opportunity to purchase that stake and increase our shareholding there. Subsequent to that we also realize that it was important to work out a scheme of recapitalization, the unsecured loans that were on this company were quite significant and I would say at a very high interest rate. So we decided to infuse funds against the quasi equity instrument, reduce the interest on the unsecured loans and consequently as a result of also the key money coming in from Starwood Hotel, we were able to reduce the unsecured loans that were extended by Phoenix Mills and Phoenix Mills got repaid about Rs.101 crores from this recapitalization. So, the

objective was really to improve the financial wherewithal of the SPV which owns this hotel , and I think from every other aspect we are pretty neutral in terms of the overall taxation, etc.

Raphael : But what is the new shareholding in the SPV now that you own?

Pradumna Kanodia: It is 73% held by Phoenix Mills and 27% by another entity. So the OFCD were infused by both the shareholders in the ratio of the shareholding.

Raphael : So the SPV debt has come down?

Pradumna Kanodia: The SPV debt has come down, yes, if you look at the secure plus unsecured debt that has come down.

Raphael : Is this on the presentation?

Pradumna Kanodia: No, it is not in the presentation, I think there was a note to accounts in the standalone P&L slide #8.

Raphael : The other thing I wanted to ask regarding Phoenix is, why did your current tax decrease so much this particular quarter?

Pradumna Kanodia: So, the answer to that is related to the question that you had on the recapitalization of the Palladium Hotel, so part of our accrued interest on the unsecured loans which Shishir mentioned was carrying a very high rate of interest, we decided jointly between the two residual partners in the hotel that is 73% with us and 27% with the other partner that some of the unsecured loan, the interest which had accumulated, would need to be written off so as to provide a complete solution to the cash flow situation of the asset. So keeping in view the rates which we had charged in the earlier periods when we had a 3rd partner, we decided to write-off some of those interest income in the books of Phoenix Mills Limited, that will be available for us as an expense for the current year and as a result of which my tax liability for the current fiscal year would go down proportionate to the income that I am reversing in the current fiscal year.

Raphael : I noticed your cash OPEX for Kurla has decreased quite a bit. I just wanted to understand what happened.

Pradumna Kanodia: Our EBITDA margins have improved significantly in Q3 as compared to Q3 of last year and also for the 9-months on account of lower provisioning requirements at the mall. Earlier some of the billings that we were doing there was under recovery to some extent and we were providing for those and to the extent now we are seeing our cash flows becoming very strong, all our current billings are being recovered to a great extent and also we are seeing past recoveries happening. So some of those adjustments have allowed us to improve our EBITDA margins, and also in the few quarters earlier there was certain operational related repairs and maintenance activities which were being booked as an expense, so some of those expenses are also now completed, so

you have seen the EBITDA margins improve and this number should continue to exhibit strong performance as we go forward.

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

Abhinav Sinha: Can you give a brief idea of when the various stake purchases which were planned between September and December, likely to complete and what is the cost for that?

Pradumna Kanodia: So, while we have a few residual stakes that we have to pay out while the agreements have been entered, there are some payments which are likely to happen towards the Q4 ending and Q1 beginning of next fiscal year and then there are payments which are in the end of Q2 and beginning of Q3 of next fiscal year. So it has been spread out pretty evenly over the next calendar year if you were to say from our internal cash flow and the other accruals that we are seeing, will be able to meet our obligations as far as these payments are concerned, and as and when we pay out these numbers we would be of course sharing more details with you, but roughly in the range of between Rs.250 crores and Rs.275 crores is the number that we are providing for such payouts over the next 8 to 9-months time.

Abhinav Sinha: So by let say end 2017 the consolidation would be in effect whatever has been tied up now, right?

Pradumna Kanodia: Yes, whatever have been tied up, all those would have been completed, shares would have been transferred to our name, and our effective shareholdings would then get completely reflected properly.

Abhinav Sinha: Sir, second question is on the CPPIB platform. If You do not have deals in the next 3-4 quarters. Even then do we go ahead and dilute the stake or the dilution will remain linked to as and when the deals come through?

Shishir Shrivastava: Yes, that is a very-very good point, the dilution is anticipated to bring Phoenix's stake down to 51%, but this is going to happen only in stages as and when the funds are infused to be further deployed in future assets. There is of course going to be an initial subscription which will give CPPIB a certain shareholding in the company and then subsequent investments will be dependent on deployment opportunities that we conclude. Having said that I must also mention that we are actively pursuing several opportunities today which will probably fructify very-very soon and we will be in a position to deploy the funds that CPPIB infuses in the first tranche very rapidly.

Abhinav Sinha: So does this mean that new acquisitions in even medium term will be on retail and not on the DevCo platform?

Shishir Shrivastva: Actually the joint venture with CPPIB, the mandate is retail, we may consider doing some other DevCo platform investments as well which will be outside of that JV, but there is nothing at this point in time that we would like to announce on the DevCo platform.

Moderator: Thank you. The next question is from the line of Himanshu Bade from DHFL. Please go ahead.

Himanshu Bade: I had a question on residential portfolio of the company. If we look at the One Bangalore West, the sales you have been very slow means, if I last year also look at the numbers, the area sold was 1,14,000 and in one year we have sold 3,000 square feet type of thing it seems, again on the Crest also the sales volumes have been very-very low over a one year period if I say Y-o-Y and there is still a large amount of inventory which remains to be sold. What are our views on this and how do you look at the business because many of these projects are now coming to completion and will still have inventory to be sold and there is no momentum what we are able to see right now in last one year in some of these projects?

Varun Parwal: So, I think first to answer your question your observation is right, I think this year we have focused on delivering these developments that we completed during the year, also our construction progress has been very good and all of these are at advanced stages of construction plus we have not launched a new tower during this financial year, so there is no new inventory, and of the inventory that we have launched almost 80% is sold, now the inventory that we have sold that is more than adequate to cover and fund the entire construction of these particular entities and also return profit back to the company. At this point in time given the competitive landscape in the market where in we do not see a parallel development of the standard and quality of the ones that we have done, we believe that the rest of the units really could get us good profits in the coming few months. At this point, I think we are handing over possession of the flat and over the coming few months you will see traction coming back into the phase of the remaining inventory.

Himanshu Bade: If I see the One Bangalore West Tower 1,2,3 what would be the total volume in those 3 projects?

Varun: So total volume in those 3 projects would be about 0.7 mn sq.ft., out of which 90% has been sold. So all towers are almost similar sized 1,2,3 were launched earlier, their total area is slightly smaller than the rest of the remaining sets, but broadly they are of similar range, 0.23, 0.24 mn sq.ft. each.

Himanshu Bade: So, if I take the Tower 1,2,3 they are 0.7 mn sq.ft., 4,5,6 is around 1 mn sq.ft. because we are saying the overall area launched is 1.7 million?

Varun: So, the total area launched also includes the area for tower 7, which is currently at ground level and we are not selling any units in that particular tower. If we take off tower 7, then we are at about 1.3 mn sq.ft., so 0.7 is with the first three towers and the rest is between 4,5 and 6.

Himanshu Bade: When do we expect Kessaku to get completed?

Varun: Kessaku, we have completed the RCC structure, I think in fact as we speak at the moment the complete 31 floors of the RCC structure of Kessaku has been completed and we now would move into the interiors and completing the interiors and the exterior part of this particular development. I would say that another 18 to 21-months from delivery which is within our timelines and we should be able to complete it within that. On Crest we have launched only 3 towers which together are about 0.5 mn sq.ft. These 3 towers are in top of the Phoenix MarketCity Chennai. Crest D is another 0.41 mn sq.ft., that would come up on top of the Palladium Mall in Chennai. So Crest A, B C that we have launched, 80% of the inventory has been sold and again in that company all expenses are funded by this phase of the project and some money, like I said has come back to the company as profits.

Himanshu Bade: If I see Kessaku, the area sold till last year Q3 FY16 was 0.22 mn sq.ft., right now it shows 0.21 mn sq.ft., so out of 0.57mn sq.ft. we sold only 0.2 mn sq.ft. in this. Is that not worrying at some point of time that move, means next 18 months we are going to deliver the building and will have a significant area yet to be sold, what is your sense on that?

Varun: I think, if you look at the sales volume of about Rs.320 crores, out of which we have collected Rs.176 crores as on date. The total money needed to fund this particular construction is not significantly higher than the sales that we have done. So even assuming a worst case scenario wherein we do not sell any particular inventory, we would still have enough money in the bank just from the Kessaku development to complete the overall development of Kessaku and hand it over. Secondly, we have not launched two of the towers which have the better views which should see good demand in the market per se.

Moderator: We will take that as the last question. I would now like to hand the conference back to the management for closing comments.

Pradumna Kanodia: Thank you for your questions and the interactions that we had. We have already shared the presentation and have put up the same on the website. In case you have any queries you can be in touch with us offline, we will be happy to answer, and we look forward to further interaction as we move forward. Thank you so much.

Moderator: Thank you very much. On behalf of Phoenix Mills Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.