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**August 14, 2023**

**To,**

**BSE Limited**

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

**National Stock Exchange of India Limited**

Exchange Plaza,  
Bandra-Kurla Complex, Bandra East,  
Mumbai- 400051

Security code: 503100

Symbol: PHOENIXLTD

Dear Sir/Madam,

**Sub: Transcript of Earnings Conference Call**

This is further to our letter dated August 09, 2023, wherein we had informed the exchange about the conclusion of our Earnings Conference Call held on that date with Analysts / Institutional Investors on the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter ended June 30, 2023, please find attached herewith the Transcript of the said Earnings Conference Call.

The enclosed Transcript is also available on the Company's website and can be accessed at <https://www.thephoenixmills.com/investors/FY2024/Earnings-Call-Transcript>.

You are requested to take the same on record.

Yours faithfully,

**For The Phoenix Mills Limited**

**Gajendra Mewara**  
**Company Secretary**

**Encl.:** As enclosed

**The Phoenix Mills Limited**  
**Q1 FY24 Earnings Conference Call**  
**August 09, 2023**

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**Moderator:** Ladies and Gentlemen. Good day and welcome to the Q1 FY24 Results Conference Call of the Phoenix Mills Limited.

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.

We have with us on the call today the management of the company being represented by Mr. Shishir Shrivastava, Managing Director; Mr. Anuraag Srivastava, Group CFO and Mr. Varun Parwal, Group President, Strategy and Corporate Finance.

Should you need assistance during the call, please signal an operator by pressing ‘\*’ followed by ‘0’ on your touchtone phone. Please note that this conference is being recorded.

I would now like to hand the conference over to Mr. Shishir Shrivastava. Thank you and over to you Sir.

**Shishir Shrivastava:** Good morning, ladies and gentlemen. We take pleasure in welcoming you all to discuss the operating and financial performance over the 1st Quarter of FY24. We hope you have had a chance to look at the “Results Presentation” shared by us. It has also been uploaded on the stock exchanges as well as on our website.

We will now take you through the key highlights of the results and we will refer to relevant slides of the “Results Presentations” from time to time.

We start with the “Operational Update” on our retail mall portfolio.

Please refer to Slide #3 onwards of the Results Presentation:

Consumption in Q1 FY24 stood at Rs. 2,574 crore with a growth of approximately 18% over Q1 FY23. If we exclude the contribution from Phoenix Citadel, Indore and Phoenix Palladium, Ahmedabad, which were not operational in the corresponding quarter in the previous year, this growth in consumption would be approximately 9% over Q1 FY23. At Phoenix Palladium, Mumbai, the lifestyle block has been closed for renovation from May 2023 onwards, adjusted for the reduction of consumption from this specific renovation, Q1 FY24 consumption has grown by approximately 10% over Q1 FY23. Consumption was robust across categories in the first quarter. Fashion and accessories up 17% from Q1 FY23. Jewelry has continued its momentum with a 31% growth of over Q1 FY23. Food and beverages up 24% from Q1 FY23,

FEC Multiplex entertainment up 3% from Q1 FY23. This is promising considering the ramp up from new movie releases expected in the running quarter. Gourmet stores and hypermarkets have come back with full recovery of supply chain and clocked 88% growth over consumption in Q1 FY23. Our retail collections stood at Rs. 614 crore for Q1 FY24.

Moving on to Slide #4 for the month of July 23, consumption stood at approximately Rs. 931 crore demonstrating a growth of 15% over July 22. On a like-to-like basis, adjusted for malls which were not operational in the last year, that is Phoenix Citadel, Indore and Phoenix Palladium Ahmedabad, growth has been approximately 6%. On a like to like basis adjusted for the renovation of Lifestyle block at Phoenix Palladium Mumbai, the growth in overall like to like consumption was approximately 7% over July 22. Gross retail collections for the month of July 23 stood at Rs 210 crore. End-of-season sales this year started in June compared to July in the previous year. Also, heavy monsoons in the cities across Maharashtra and in the cities of Ahmedabad, Indore and Bangalore through the entire month of July, impacted weekday and weekend footfalls and consumption, especially in Mumbai. We expect some momentum to come in the remaining months of Q2 FY24 from some factors like i) strong cinema content pipeline in Q2 with encouraging lineup of new releases which will continue from the pickup we saw in July '23, ii) monsoon subsiding, iii) the Independence Day weekend, Rakhi and Onam in August followed by Ganesh Utsav in September.

Please refer to Slides #5 through #8 for an update on Phoenix Palladium, Ahmedabad. 26<sup>th</sup> February 2023 marked our entry in Gujarat with the launch of Phoenix Palladium, Ahmedabad, slides 6 and 7 depict the images of the mall. We opened the city center to our patrons with a trading occupancy of 32%, which has steadily ramped up to 68% as of July 2023. Trading density in the month of July 2023 remains strong at Rs 1,064 per square foot per month, with new trading units becoming operational. We expect the ramp up in trading occupancy to continue and touch approximately 85% by the end of Q2 FY24. The mall is currently leased at approximately 95%.

Moving on to slides 9 through 11 for an update on Phoenix Citadel, Indore. Phoenix Citadel, Indore, which is the first retail asset in India to have received the IFC EDGE Advanced Certification was opened to our patrons on 1<sup>st</sup> December 2022. Trading occupancy at this city center location has shown a steady ramp up and now stands at approximately 87% in July 2023 versus 42% at the time of launch in December 2022. We have seen excitement picking up at Phoenix Citadel, Indore, with new stores opening in Q1 FY24 such as Clicktra, One Exchange, Reliance Digital, Croma, Smart Bazaar, Under Armour, Senco Diamonds, Malabar, Inspire which is an Apple reseller, and food and beverage outlets such as Pizza Hut, Zero Degree and Plated. We are also going to see further see addition of some gastropubs and F&B options in the coming months to enhance the offering.

May I draw your attention to Slide #12 onwards for an update on our upcoming assets. Mall of the Millennium at Wakad, Pune is on track to commence operations by Q2 FY24 and currently

has over 190 stores which is approximately 700,000 square feet which is under fit out. The construction work at Millennium Towers, the commercial offices integrated with the mall at this mixed-use development is progressing well and these offices are set for launch in FY25. At Phoenix Mall of Asia, located in Hebbal, Bangalore, we have received the occupation certificate for the retail portion of the development. It currently has over 214 stores under fit out, which translates to approximately 700,000 square feet. At Phoenix Asia Towers, which are the commercial offices integrated with the Mall of Asia mixed-use development, the lobby and common area finishing and facade work is nearing completion. The first phase of these offices of approximately 800,000 square feet is expected to be operational during the current financial year. At Whitefield, Bangalore, part of our Phoenix MarketCity mixed-use development, excavation and shoring is progress is in under progress for the expansion which includes commercial offices. We also plan to densify this asset by adding a retail area of about 200,000 square feet and a Grand Hyatt Hotel with upto 400 keys. At the commercial offices integrated with Palladium, Chennai we see considerable progress on the project. We have completed slabs up to the first two floors of the office building and are seeing expeditious progress. At Project Rise at Lower Parel Mumbai forming part of Phoenix Palladium mixed-use development, all our requisite approvals are secured, and construction has progressed. At our retail project at Kolkata, we have completed the excavation and is moving on to the next stage of construction. For our retail project in Surat, we are at the final stages of approval and building plans have been submitted. Consultants for the various work streams have been onboarded and design development is progressing swiftly. We have received the height and ULC clearance as well and fencing work is also complete for our luxury residential project at Alipore. For our warehousing development at Sohna NCR, we have received all the NOCs including the road access permission, land development work at site has commenced and consultants across various work streams are finalizing the design development and working drawings.

We now move to the financial performance of our retail mall portfolio and I draw your attention from Slide 26 onwards.

In line with consumption, our retail rental income and EBITDA growth has also demonstrated a steady increase. For Q1 FY24, the retail rental income was Rs. 377 crore, up 17% compared to Q1 FY23. With increasing operational efficiency, retail EBITDA for this quarter grew by 19% and was at Rs. 387 crore compared to Q1 FY23. I now request Anuraag to take you through the Commercial Offices, Hotel and Residential section and the overall financial results.

**Anuraag Srivastava:**

Thank you, Shishir. Good afternoon, everyone. I will draw your attention to Slide #30 to 32 for an update on our commercial offices portfolio. Our commercial office portfolio continues to see strength in leasing traction with gross leasing of about 1.76 lakh square feet during the period from April to July 23, of which about 0.88 lakh square feet were new leases and about 0.87 lakh square feet were renewals. The weighted average effective net rental for the portfolio stands at about Rs. 90 per square per month. The total income from the commercial office portfolio for Q1 FY24 stood at Rs. 45 crores with EBITDA at about Rs. 26 crores,

demonstrating a growth of about 11% over Q1 FY23. Collections for the quarter, including taxes were approximately Rs. 51 crores.

Moving on to update on the hospitality segment, please refer Slide #33 to 39. At The St. Regis, Mumbai, the performance for Q1 FY24 was led by occupancy for the quarter at 82% with ARR at about Rs. 16,500, which was up 38% from Q1 FY23. ARR for the month of July 2023 stood at Rs. 14,191, up 29% from July 2022. The total income for Q1 FY24 stood at Rs. 112 crores, up 34% over Q1 FY23. EBITDA for the quarter stood at Rs. 48 crores, demonstrating improved efficiency with the growth of over 50% over Q1 FY23. With programming of events in the coming quarters and update of various venues, we are hoping for continued momentum for this marquee asset. At our hotel in Agra, Courtyard by Marriott, total income for Q1 FY24 was at about Rs. 11 crores up 33% from Q1 FY23, driven by occupancy at 72% and ARR Rs. at 4,408 showing a growth of about 18% over Q1 FY23.

Moving on to our residential business which is on Slide #41. Sales in the quarter stood at about Rs. 135 crores and collections were Rs. 136 crores. Revenue recognized for Q1 FY24 was Rs. 106 crores. This traction of demand in our luxury residential projects in Bangalore continued in July 2023 with sales of Rs. 94 crores, taking the April to July, year-to-date number to about Rs. 229 crores.

Moving on to financial results, please refer to slides 42 onwards. Some of the key highlights of our consolidated financial performance as presented on Slide #44 are as follows. Income from operations for Q1 FY24 stood at Rs. 811 crores, up 41% over Q1 FY23. EBITDA for Q1 FY24 at Rs. 492 crores, up 52% over Q1 FY23. Reported profit after tax after minority interest and after comprehensive income for Q1 FY24 at Rs 241 crores.

Moving on to the cash flows, debt and liquidity position, which is in Slide #45 onwards. In Q1 FY24, we generated about Rs. 545 crores of net cash from operating activities and our operating free cash flow adjusted for interest outflow stood at about Rs. 450 crores vis-a-vis Rs. 254 crores in Q1 FY23 last year and Rs. 492 crores in Q4 FY23. During Q1 FY24, we continue to fund development of our assets and spent over Rs. 344 crores in capital expenditure.

Debt on Slide #48 onwards. Consolidated gross debt, which stood at about Rs. 4,050 crores as on 30th June 2023 showed a remarkable decrease of Rs. 523 crores since March 2020, which was the pre-COVID period. We borrowed approximately Rs. 73 crores for last mile funding of construction of our upcoming malls in Wakad, Pune and Hebbal, Bangalore. These facilities will be converted to lease rental discounting facilities after the start of operation within this financial year for optimizing the leverage position over these assets. During the same period, we have repaid approximately Rs. 60 crores of our outstanding debt on the operational portfolio. Average cost of borrowing is up 13 basis points to 8.87% in June 2023 from 8.74% in March 2023. Currently our lowest cost of borrowing stands at about 8.5%. However, with loan refinancing underway at Indore and Ahmedabad, we expect our borrowing rates to reduce in Q3

FY24 onwards. Credit ratings of several facilities have been upgraded by one or two notches, and now all of our facilities are rated between A minus Stable to AA minus Stable.

Our liquidity is outlined in Slide #50. Our liquidity position as on 30th June 2023 was Rs. 1,873 crores. This excludes the amount remaining in unutilized OD accounts. At a group level, our net debt is about Rs. 2,177 crores and PML share of net debt is Rs. 1,629 crores. We are bullish on our business prospects and with a strong balance sheet position, our focus is now to deliver our under-construction projects in time and judiciously deploy our capital to expand our portfolio. With this, we would close our opening remarks and we open the call for an interactive question and answer session. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Puneet Gulati from HSBC. Please go ahead.

**Puneet Gulati:** Thank you so much and congrats on good numbers. My first question is on your guidance where you indicated last time that you're looking at, you know, double digit growth on the consumption side and rental side on a like to like basis. How happy are you with what you are seeing right now? Especially in the context that even if you look at broad numbers, the trading area seems to have gone up by almost 28%, while your rentals have gone up by 17% or and consumption by similar numbers how should we think about the consumption growth and rental growth now?

**Shishir Shrivastava:** Hi, Puneet. Thank you for your question. I would say that our goal continues to remain the same; to drive double digit consumption growth, so we are achieving that in a combination of addition of new assets and the same mall consumption growth. Yes, we would say that if you just look at it on a like to like basis and seeing this approximate 7% growth compared to the same quarter in the last year, but it is also important to understand that last year we had seen a substantial growth in the month of July which was the post COVID period and I think at that time the concern everybody had was that is this level of consumption sustainable or is this as a result of revenge shopping or otherwise? I think the consumers have shown resilience, you continue to see a 7% growth and we hope that with the additions and the changes and the upgrades that we are making across all our assets we are going to continue to see this inch upwards again toward double digit growth. The trading occupancies across our malls will be at 95% or more by Q3. We are expecting that and then of course we have Mall of Asia, Bangalore and Mall of the Millennium at Pune, which will also open up in Q3, which will further add to that consumption growth. Today in four months, we have seen a consumption growth of about Rs. 3,500 odd crore and I think that should be certainly sustainable and of course we are now heading into a high consumption season in the month of August through November, December, January and even February.

**Puneet Gulati:** Would it be a right observation that so far we have seen the consumption growth being attributed only to the increase in trading area growth.

**Shishir Shrivastava:** I don't think it is mainly because of that I think there is an inherent increase in consumption compared to last year even for the same stores when we compare same store sales growth across the mall and as we have explained in the growth contributors across categories during my opening remarks and if you like, we can recap that we are seeing same category, same store sales growth also increasing you know and contributing to the overall growth plus there is some impact on account of the like as we have illustrated for Phoenix Palladium, Mumbai closure of Lifestyle has certainly impacted consumption, but when we adjust it from on like to like basis we do not adjust what is the secondary impact right because visitors who go to the Lifestyle store also visit other parts of the mall.

**Puneet Gulati:** Right, understood and secondly, can you comment upon what are you seeing on the leasing for your upcoming office spaces and what is the timeline that you are expecting in terms of leasing those office spaces as well as the commission over the upcoming year.

**Shishir Shrivastava:** So, the approximately 800,000 square feet of offices that will go live this year at the Mall of Asia Development, we are expecting to find ourselves executing our first deal in the next few weeks in fact. We are waiting for the part OC for that building to come through before we can go ahead and execute. There is a strong line up in fact, the pipeline that we built was close to about I would say about 2 million square feet of pipeline that was built and we are seeing demand for front office coming back and I think there is a lot of curiosity and interest for people for existing tenants at other office buildings where their tenure is coming to an end to move. So, there is a lot of interest for the new development for sure, but I think we should have this conversation perhaps in the next quarter when we will be able to report some deals that we have done.

**Puneet Gulati:** That's helpful. Thank you so much. I will come back in the queue.

**Shishir Shrivastava:** Thank you, Puneet.

**Moderator:** Thank you. The next question is from the line of Pritesh Sheth from Motilal Oswal. Please go ahead.

**Pritesh Sheth:** Hi, thanks for the opportunity and congrats on great numbers. First is on margin where I think since last 2-3 quarters we have been ramping that up quarter on quarter. Now as you said, I mean trading occupancy, which is probably at 89%-90% across the mall portfolio right now, which will go up to 95% in the next couple of quarters. How should we think the trajectory of margins from here on.

**Anuraag Srivastava:** Yeah, Anuraag, this side, I think margin improvement, as you rightly said, some of it is related to a strong operating performance and a significant increase in terms of people visiting through their vehicles etc. So, parking and other services like event marketing, event signage, etc, they are all adding to the margins. The other important part is with improving the trading densities, the common area gets apportioned over a lot of operating stores. So, that increases the margin. I think we are moving towards once we hit a 90 to 95% of trading occupancy and that is where the true margin trajectory will go and after that it will be linked to I think specific operating performance. Right now, EBITDA is at about 102 to 104% of rental income and I think this is a sustainable margin even for the new malls which we are constructing.

The second part of this is on the hotels where I think the strong ARR's you have seen the ARR are increasing significantly in both, The St. Regis, Mumbai and in Courtyard by Marriott Agra. So, that sort of increases the hotel margin over last year. So, over the same cost base we are able to increase our profitability. Offices occupancies have picked up I think we have seen net addition in the rented space in office. So, there again the apportionment of common areas etc. is giving us better margin.

**Pritesh Sheth:** So, another maybe 100-200 basis point increase in this is possible because of share coming from the trading occupancy growth?

**Anuraag Srivastava:** I think we will. Yes, we can say that the numbers though, I don't have the exact numbers mapped out, but I think that seems to be the trend. Between 102 to 104 is what we have said is where this will stabilize and we will see organic growth afterwards.

**Pritesh Sheth:** Sure, got it. That was helpful and Ahmedabad this quarter contributed really-high in terms of, rental income. Rentals are also 150. Was there some unusual I mean maybe some previous months rents getting accrued now, because stores are opening up, how should I look at it?

**Varun Parwal:** Hi Pritesh, Varun this side. So, I think one thing you should consider is that Ahmedabad is a premium and a luxury development compared to Indore. So at Indore the average rentals would stabilize in the range of 87 to 90 rupees, whereas at Ahmedabad rentals would stabilize at a range of Rs. 145 plus. So we did see trading occupancy going up sharply during this quarter and we expect Ahmedabad to continue ramping up over the next 2-3 quarters as well such that by Q4 it would be at 92% and above of trading occupancy. While it is a smaller sized asset than Indore, Ahmedabad is only 750,000 square feet of GLA compared to Indore, which is a million square feet, the average rent at Ahmedabad is much higher than at Indore and hence it can and it will contribute more in rental income compared to say in Indore.

**Pritesh Sheth:** So, basically, nothing unusual about this quarter, this is how we should look at in terms of rentals per square feet and rental contribution coming from Ahmedabad, right?

**Varun Parwal:** Yes.



- Pritesh Sheth:** Okay that answers my question. Thank you for answering. All the best.
- Moderator:** Thank you. The next question is from the line of Kunal Lakhan from CLSA. Please go ahead.
- Kunal Lakhan:** Hi, good afternoon. So, firstly, just to follow up on an earlier question. So, once like say trading occupancy stabilizes at say 95% from Q3 onwards, what kind of same store consumption growth would you expect?
- Shishir Shrivastava:** Wow, Kunal, that is a tough question to answer like this, I would just say historically we have always seen 10-12% same store sales growth we are hopeful that we will be in that early teens, early 2 digit growth.
- Kunal Lakhan:** Sure, sure. Okay. Just coming to the rentals right now, we have seen that in the last one year or so like no rentals increasing by say anywhere between say 4 to 6%, average rental y-o-y. Is this something that one should like expect going ahead? Also, I am talking about average mall rental.
- Shishir Shrivastava:** That would be a fair assumption, I would say. But let's also see that there will be some impact on account of the retailer mix change, so for ongoing contracts, etc. that would be a fair assumption i.e. 6-7% would be fair. But with the change in retailer mix that the base will increase initially you know our model how the minimum guarantee in the first few years is much higher than the revenue share component kicks in and takes the overall rental even higher. So, we expect to see some changes on account of that and we have quite a few good brands coming in. In Kurla, we are opening Armani, we are opening Tim Hortons, Blue Tokai and of course, Uniqlo in October. There are similar brand mix changes that are being undertaken at Pune and Bangalore as well.
- Kunal Lakhan:** But like when I try to correlate this at 10 to 12% same store growth and then you know 6 to 7% average rental growth, I mean even if there is even if there is a revenue share kicking in technically right and long term right your average mall rental growth should kind of like fall in line with your consumption growth, right? Like the way you work out your resets, right? So, is there some disconnect there? Like no.
- Shishir Shrivastava:** See we have had as you are aware, we have had churns in the last year across centers, right? So, when a churn happens, the minimum guarantee moves up. So, while same store sales growth has increased, the revenue share component over the increased minimum guarantee on account of these new contracts has just about started kicking in. We have seen that additional contribution of revenue share over MG at Kurla that has already happened. We are going to see that at other centers as well. There is a direct correlation, but there is a trailing effect because at the start of the contract the MG is high. As the trading density of that store picks up, that's when the revenue share component goes beyond the minimum guarantee and the contribution starts moving up.

**Kunal Lakhan:** Sure, sure. My last question was on the on the debt side. We are generating enough OCF, which is funding our interest as well as our CAPEX. Would this be the peak debt level, you think with the kind of OCF that we are generating and plus the new malls kicking in from this year onwards. Will this be the peak debt you think.

**Anuraag Srivastava:** I mean peak debt in what period of time is the question? I think as we add more malls etc., while as I mean we have stated in past many times that our strategy is that we do not borrow on an under construction asset unless there is a line of sight available for opening the asset, which usually comes in between 6 to 9 months. Once the asset is operationalized, we would like to borrow on that asset because it gives us various advantages. It releases the capital for further deployment and we have I mean while we are very robust operational cash flows as well, but we would like to release our equity in some projects to deploy in new projects and as long as the as the operational asset supports that debt, we are fine to borrow within conservative limits. So, I don't think this will be a peak level of debt. We may add LRD debt in few of our assets.

**Shishir Shrivastava:** Sure, if I may add to that, Kunal, yes, I may just add one point to that. See if you look at our interest cover, it is almost 5x; so, our EBITDA is almost 5x of the interest cover. We used to be at 3x and now of course we are seeing a higher EBITDA margin, so we are seeing that number and we have also paid down debt. So, there is a lot of elbow room. I think we are going to always use that as a measure of you know how we want to be placed in terms of drawing down further debt and as Anuraag explained, we will be drawing down further debt on operational assets and make sure that we have enough elbow room on account of this interest cover and borrow probably much lower levels of construction finance.

**Kunal Lakhan:** Got it. Thank you.

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

**Mohit Agarwal:** Thanks, and good afternoon, everyone. So, my first question is in your opening comments you gave some numbers around the category wise growth, so jewelry, F&B, premium, grocery and hypermarket doing well. How do we connect those numbers with the overall numbers that you reported for July 7%? So, what are the key laggards there if you could give some color on that and are there any post COVID how these categories have been doing? Are there any learnings that you want to, are you applying that to the new leasing that you are doing in the under-construction malls.

**Shishir Shrivastava:** Let me answer the last part of your question first. The learnings have definitely translated in a slight change in the category mix I would say to some extent. But contractually, the business model structure, I don't think that there is any structural change to that. In fact, we are back to where we were pre COVID and neither do our retailer partners expect much of any structural change to the overall contractual terms or the commercials. Your question pertaining to July

23, I think the information is a little raw for the moment, but we have seen, I would say we have seen just give me one moment. Let me try and pull out some information for you. The numbers are little raw, so I would hesitate to try and put percentages in terms of growth across categories. But specifically on entertainment and FEC, when you ask that, I think July numbers are very, very high compared to last year for the month of July, the growth is quite high.

**Mohit Agarwal:** And just a couple of clarifications of what, what would be the laggard in this month and also you mentioned about the slight change in category mix in new leasing, if you could elaborate on that.

**Shishir Shrivastava:** For July, I am unable to give you an answer on this on the laggards because I think we will cover it in the next quarter and as I mentioned, the information at this stage is still a little raw.

**Mohit Agarwal:** Sure.

**Shishir Shrivastava:** But if you look at Q1 FY24 versus Q1 FY23 you can see that electronics and multiplex were up about 2% and 3% approximately here this is where I think we hope to see some growth in this ongoing quarter. In terms of the category mix we have I think this is something that we have you know stated right from 2022, when we reopened our malls that we have taken fashion up. We have taken jewelry as a category up. We have taken food and beverage as a category up in terms of the overall square footage. So, fashion and accessories typically are seeing about 55% of the trading area today. Jewelry is still at 1%, but it contributes 11% of consumption. Food and beverages at about 9 to 10% depending on location to location and it contributes about 11% of the overall consumption.

**Mohit Agarwal:** Okay, perfect and my second question is on the business development. So, what is the outlook like there you know and any challenges that you may be facing in terms of availability of land parcels or you know the prices going up very high so you could give some color on that as well.

**Shishir Shrivastava:** I think we have a very strong pipeline which we should be able to announce, hopefully something in the next quarter, but we do have a strong pipeline across different geographies, different markets in the country. Yes, of course there are challenges in finding clean, clear land with no title issues. Price expectation has moved up, but I think we are still being able to find land parcels which really will fit well within our mandate and our overall return expectations.

**Mohit Agarwal:** Okay any color on you know what kind of additions you could do this year. Any indicative pipeline?

**Shishir Shrivastava:** I am sorry, but at this point in time I won't be able to share that information Mohit.

**Mohit Agarwal:** Sure, sure, that is fine. Thank you so much. Those are my questions.

**Moderator:** Thank you. The next question is from the line of Biplab Debbarma. Please go ahead.

**Biplab:** Good afternoon and thank you for taking my call. So, Sir my first question is on the under - construction retail and the under-construction office. So, we have seen that in the past in the retail malls under construction, you are significantly pre-leased much before the mall became operational, whereas for the office we have not started leasing significantly. So, just trying to understand is there any strategy different for office versus mall and I mean intuitively would it not reduce leasing risk significantly if we pre-lease in advance in office?

**Shishir Shrivastava:** I think the nature of the product is only very different. Typically in a mall you can when you launch the mall even before you break ground you end up doing some kind of pre-leasing to large anchors which set the tone for the brand, mix etc. and retailers can take a look ahead of four years, because they know their expansion strategy across geographies. In offices, RFPs come out typically, maybe for six months prior to the intended date of occupancy. So, while a building is under construction in very few cases is one able to do a pre-lease unless you do a build to suit requirement which are very few, not too many in numbers. Also in front office spaces, which is what we are building, the sweet spot what we are seeing is in the range of about 30,000 to 50,000 square feet in terms of demand. Now that is the kind of demand that comes typically six months prior to the actual need.

**Biplab:** Okay, that is good and, sir what kind of rentals do you expect in this upcoming office spaces like in Whitefield, Hebbal, Wakad and Chennai?

**Shishir Shrivastava:** See we had under-written our returns or our business plans for Hebbal, which is the office building which is going to become operational in this financial year. We had underwritten that at the range of, if I remember correctly about Rs 65 or 70 per square foot per month (pspm). We expect to lease higher than that for sure.

**Biplab:** And what about the other offices in Wakad, Whitefield and Chennai?

**Shishir Shrivastava:** So, Wakad will also be in the range of; we expect to outperform the business plan, but we would expect to be in the range of about Rs 80 pspm or thereabouts. Whitefield is a little far out in terms of the project completion.

**Biplab:** And Chennai?

**Shishir Shrivastava:** Chennai should be in the range of again Rs 65 to 70 pspm i.e. today's rental in that micromarket.

**Biplab:** Okay and one final question, just curious to know sir, when you start looking at a land deal and after preliminary evaluation, you have shortlisted a land based on preliminary information and from there to finally doing that definitive agreement and you closing the deal typically is there a ballpark number, say one year or one and half year or six months? Is there any ballpark number but all it varies from location to significant varies from location to location?.

**Shishir Shrivastava:** It varies. I mean if it is a simple, straightforward, clear land title without requiring any statutory governmental approval, etc. one can complete the transaction and we have done it in the past in three months also. So, when we acquired Hebbal that was concluded in less than three months, but there are typically if there is a government auction then you conclude it between one to two months. If there are transactions which require land use conversion etc., then the timeline can be anywhere between 6 to 9 months.

**Biplab:** And what takes most of the time? Is it the title due diligence or negotiations on the valuation or post agreement there are you know?

**Shishir Shrivastava:** Title due diligence is anywhere between a 60-to-90-day process and like I mentioned, the timeline varies on account of other aspects depending on statutory approvals if any required for transfer of land, land use conversion if it is required.

**Biplab:** So, mainly approvals?

**Shishir Shrivastava:** You may take away from this conversation.

**Biplab:** Okay sir. Thank you.

**Moderator:** The next question is from the line of Ashwini Kumar Agarwalla from Edelweiss Mutual Fund. Please go ahead.

**Ashwini Kumar Agarwalla:** Good afternoon, sir. I have got a couple of questions. Can you tell me that the broader inflation is offering the range of 6%, whereas our retail consumption is in the range of 6 to 7%. So, how do we see the value the actual real growth coming in and from this 7% also the jewelry part really did very well and that was aided by a 15% jump in the gold prices. So, how has been the overall footfalls, ticket size purchase per person and do we see real growth coming in?

**Shishir Shrivastava:** I would say that the footfalls would have, certainly footfalls are back to the pre COVID levels now. The ticket price has probably, you know been marginally impacted. If your question is, are we going to expect to see consumer spending a larger wallet share during their mall visits, I think that that is what we are working on by way of improved category and brand mix and upgraded offering and newer products in our mall. So, that is always the goal to certainly out-beat the inflation and we have consistently done that for the last 20 years and I think it is just there is no there is no long term impact in our opinion. But it requires probably an upgrade and meeting customer aspirations on newer brands and newer categories.

**Ashwini Kumar Agarwalla:** Okay and another question, I have got a few questions. So, if you see the last Diwali or the last festival season, we have had a lot of pent-up demand because people did not celebrate the festival for two or three years now this would be a normal year. So, do you see a real traction coming in this festival?

**Shishir Shrivastava:** I would hope so. See again, when last year's performance there was speculation whether it is revenge shopping and pent up demand for the full year that was out, you know, the question that we have, I think this Q1 is giving us the confidence that consumption, while it may not have grown the way we would have liked it to, there is certainly a growth and there is it was not a not an interim spurt of consumption that we saw. This time Dusshera is in October, Diwali in November, Christmas in December, the celebrations also more spread out. So, logically one would hope that we can get more of the consumer wallet share.

**Ashwini Kumar Agarwalla:** Okay and so now if I come to the financials, so post COVID, we had a round of price negotiation where we had a significant price increase or the rentals increase. Now, what are the kind of rental increases which we expect in the next one year or six months especially from the ongoing current malls.

**Shishir Shrivastava:** See, I will try and answer this question slightly differently. If you look at rent collection on consumption, I think that is a good measure to understand where we are. This quarter we have been at approximately 14 odd percent. In malls, where consumption continues to grow, trading density continues to grow up higher, you have the ability to push this number even higher. So, for example, at Phoenix Palladium, Mumbai, which is our flagship mall in Bombay where trading density is approximately at about Rs. 3,500 to 3,800 pspm, there typically the cost of occupancy which is rent on sale can be as high as 17% as well. So, as the mall consumption moves up, you have the ability to take up your rental received because the margins are higher and the retailers can afford to pay that higher rental.

**Ashwini Kumar Agarwalla:** Apart from

**Shishir Shrivastava:** I beg your pardon.

**Ashwini Kumar Agarwalla:** Apart from Palladium in the other malls, because Palladium is quite concentrated.

**Shishir Shrivastava:** Bangalore this year, if you compare Bangalore's rental growth this year, you will see that Bangalore has really outperformed into in terms of consumption, in this quarter and our rentals have started to show an improvement and currently we would approximately see a 9% rental income growth over there.

**Ashwini Kumar Agarwalla:** Okay sir. Thanks a lot.

**Moderator:** Thank you. The next question is from the line of Nimit Gala from Ace Lansdowne. Please go ahead.

**Nimit Gala:** So, firstly, on the leasing trends, commercial offices leasing trends, I see that the commercial offices leasing has been quite strong in the current quarter. So, would you be able to provide the verticals from where these the tenants are and secondly about the residential, I remember

you mentioning in the last quarter about being extremely selective in the residential segment. So, just wanted your thoughts on the expansion plans beyond Bangalore or Kolkata.

**Shishir Shrivastava:** Okay on commercial leasing, I think you can connect with the team to get a breakdown on which sectors the occupants have come from.

**Nimit Gala:** Okay.

**Shishir Shrivastava:** We have seen about 175,000 to 176,000 square feet of leasing in this first four months of this financial year. Just to name a few, I think we have Adani, IndiGo, JSW Steel, Bajaj group in Pune so you can get a detailed list from our IR team on that subject.

**Nimit Gala:** Sure.

**Shishir Shrivastava:** In terms of residential, as we mentioned in the past, we are only looking at, you know, opportunistic situations today where we have the ability to acquire a land parcel in an established market where the established rates are high, so at present we are not actively going out to look at growth in that space, but we are going to continue to look at opportunities where the returns, expectations are high and in an established and mature residential market.

**Nimit Gala:** That is helpful. Thank you.

**Moderator:** Thank you. We will have to take that as the last question. On behalf of The Phoenix Mills Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.