THE PHOENIX
MILLS LIMITED

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November 19, 2019

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 November 12, 2019 informing of conclusion of our Conference Call held on Tuesday, November 12, 2019 with Analysts / Institutional Investors on the Unaudited Standalone and Consolidated Financial Results of the Company for the second quarter and half year ended in September 30, 2019, we hereby enclose herewith the Transcript of the said Conference Call.

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

You are requested to take the same on record and acknowledge receipt.

Yours faithfully,

For The Phoenix Mills Limited

Pradumna Kanodia
Director Finance
DIN: 01602690

THE PHOENIX MILLS LIMITED

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The Phoenix Mills Limited
Q2 FY20 Earnings Conference Call
November 12, 2019

Moderator: Good day, ladies and gentlemen and welcome to the Phoenix Mills Limited's Q2 FY20 Earnings Conference Call. The Company will be represented by Mr. Shishir Shrivastava -- Joint Managing Director and Mr. Pradumna Kanodia – Director, Finance. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' followed by '0' on your touchstone phone. Please note that this conference is being recorded. At this time I would like to hand the conference over to Mr. Shishir Shrivastava. Thank you and over to you sir.

Shishir Shrivastava: Good Afternoon, Ladies and Gentlemen. We take great pleasure in welcoming you all to discuss the Operating and Financial Performance of the Second Quarter and First Half of Financial Year 2020.

We have delivered a strong operating performance across our business segments and across key geographies in India where we are present during this quarter. Our rental income growth outpaced consumption growth across our retail assets in the first half of FY20. Phoenix MarketCity Mumbai, Phoenix MarketCity Pune, and Phoenix MarketCity, Bangalore continue to be our top performing retail assets in terms of strong consumption and rental income growth despite the tepid environment. While our consumption growth during the first half of FY20 was 3% at Rs. 34,762 million, our retail-led rental income growth was up 7% at Rs. 5,190 million and retail EBITDA was up 8% at Rs. 5,023 million during this period. The festive season, which was in the month of October 2019, was one of the best ever in terms of consumption across all our malls. While final audited numbers for consumption are yet to come, the initial set of numbers that have come are looking very encouraging with all our malls showing consumption growth of 30% compared to October 2018. Also, if we compare October 2019 consumption against November 2018 as Diwali was in November last year, we see a consumption growth in excess of 20% year-on-year.

Our commercial segment which is an important pillar for our growth aspirations, continues to do well, led by Art Guild House, Mumbai and Fountainhead Tower-I in Viman Nagar, Pune. Commercial revenues for the first half of FY20 was Rs. 514 million, up 66% year-on-year.

An update on our Underdevelopment Retail Portfolio: We are pleased to inform you that work at our new mall in Lucknow Phoenix Palassio, is progressing smoothly and fit out of retail stores is underway as of now. Work across our other set of new malls in cities of Pune, Bangalore, Indore and Ahmedabad is in full swing and progressing as per the schedule. We expect to commence operations in the coming few months.

In our commercial portfolio, we have approximately 0.5 mn sq.ft. of office portfolio under development at Fountainhead Tower II and Tower III in Pune. We also intend to add commercial offices at our flagship property, High Street Phoenix, Mumbai as well as at Phoenix MarketCity, Bangalore and Phoenix MarketCity, Chennai.

The current pipeline looks promising and we are on course to double our retail portfolio and significantly add to our office portfolio by FY24. We continue to look for new opportunities and our endeavor is to add projects which can deliver a million square feet of retail area each year across key catchments in tier-1 markets after 2024 as well.

With this I would like to hand over the call to Mr. Kanodia, Group Director- Finance who would brief you on our financial performance.

Pradumna Kanodia: Thank you, Shishir. Good Afternoon, Ladies and Gentlemen. Thank you for joining us on the call. Continuing with the briefing which Shishir just gave you, I would like to share with you some of the key highlights of our consolidated operating and financial performance. Aggregate retail rental income was up 7% YoY to Rs. 2,594 million in Q2 of FY20 and was up 7% YoY to Rs. 5,190 million for the first half of FY20. Retail EBITDA was up 10% year-on-year at Rs. 2,468 million for Q2 FY20 and was up 8% year-on-year at Rs.5,023 million for the half year FY20. Commercial income was at Rs. 264 million which was up 64% year-on-year for the quarter ending September 2020 and was at Rs. 514 million for the half year, which indicated a 66% year-on-year growth. The hotel, St. Regis, Mumbai reported an EBITDA of Rs. 491 million for the first half of FY20, relatively flat year-on-year growth. The Courtyard by Marriott Agra reported revenues of Rs.141 million for the first half of FY20, up 14% largely driven by improvement in the occupancy at the hotel. Consolidated revenue from operations was at Rs. 4,151 million in Q2 of FY20 which was up 3% year-on-year, whereas for the half year it was at Rs. 10,301 million which is up 26% year-on-year.

Excluding the contributions from the residential business, our PAT from our core annuity income generating business of retail, hospitality and commercial offices, was at Rs. 1,516 million for the first half of FY20 which is up 27% year-on-year.

The group has selectively elected to exercise options permitted under Sec. 115BAA of the Income Tax Act 1961, as introduced in the taxation laws amendment ordinance 2019. This is pertaining to the new income tax rates which the finance minister had recently announced. Accordingly, the group has recognized provisions for income tax for the quarter and for the half year ended 2019 and wherever required remeasured its deferred tax asset or liability including available MAT credit as per the provisions of the aforesaid section. The impact of this change will be recognized over the period up to 31st March 2020.

We had also initiated legal proceedings against the Kalani family and their associates due to a dispute arising in one of our property acquisitions. The same has now been settled. As per the terms of the settlement Rs.490 million is receivable by The Phoenix Mills, of which we have already received Rs.100 million in this quarter and the balance will be receivable over a period of time, and is also secured by deposit of title deeds of certain immovable properties.

A very quick brief update on the scheme of amalgamation of Phoenix Hospitality Company Private Limited with the Phoenix Mills Limited that was approved by the board of directors of the company in August 2019. We are happy to share that we have received the NOC from both the stock exchanges. The effect of the merger will be accounted for after the scheme is approved by NCLT and the shareholders of the company. The tentative timeline for completion in our view would be Q1 of FY21. Thank you. We can now take your questions please.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Puneet Gulati from HSBC. Please go ahead.

Puneet Gulati: Can you just give us more color on what is happening on the tax side, the reported tax rate also is higher this time and seems that you are guiding for a similar number for the rest of the year despite a favorable movement?

Pradumna Kanodia: Hi, Puneet! Pradumna here. As I stated in my own opening remarks, selectively we have looked at the new rates across all our SPVs and of course at the parent company as well, and wherever we felt that there was merit in continuing with the old scheme largely because of two reasons -- one being that over the next four to five years' time, we would have MAT credit which could be utilized, so when we looked at those projections we realize that the old rates where MAT credit can be utilized and those collectively over a five year period would mean lesser outflow of taxes. We have continued to go into the old regime. Very specifically, if I were to share the names, Classic Mall and Island Star, the two entities where there is a large MAT credit available, we have continued with our old scheme. While the rest of the malls and our residential development clearly would go into the new tax regime. Why you see slightly higher number on the tax side is the write off of deferred tax assets and the MAT credit in those cases which are being written off over a period of this first half and the next two quarters. From a cash flow point of view, we have been very judicious and we have taken a call keeping in view the four to five years timeline and how the MAT credit can be best utilized and in scenarios where as I said all the companies have been evaluated. So one needs to ignore the non-cash flow related tax entries which are pertaining to the MAT reversal as well as the deferred tax adjustment, so which should not be considered as a tax outflow from an expense point of view.

Puneet Gulati: Cash outflow is a lower number?

Pradumna Kanodia: Yes.

Puneet Gulati: Also, if you can give some more color on the consumption side? Your quarterly consumption has grown by 1%, but October has grown by 30%. What really has changed and if you can give more color on which category seems to be performing better in the new season?

Shishir Shrivastava: Hi Puneet, this is Shishir. Thank you for your question. Puneet, yes, if we just look at Q2 compared to the same period last year, we have seen some specific assets where consumption has been flat more or less. However, we have also seen good consumption growth in a few of these assets. Now, for example, we have seen Pune and MarketCity Mumbai showing 7% and 4% growth respectively. We have seen this October performance has been a blockbuster performance, and we look at Diwali period of last year, we have seen growth of close to 20% just compared to November last year. That is a huge positive in our opinion which is also giving us confidence that perhaps now going forward one could see better consumption growth.

Puneet Gulati: The last time when we discussed the consumption, your malls seem to be largely unaffected by the slowdown, and then Q2 it seems to have gotten affected and then October they have come back again. Is there something different that you are doing in your malls?

Shishir Shrivastava: Firstly, Q2 this year we have also seen a bit of an extended monsoon. So our weekend sales typically have gotten a little impacted in that way. I would not attribute this to of any major economic slowdown reflecting here into our consumption story, and like I said the October sales are hugely encouraging. And again if we look at categories, entertainment is up 13% to 14%. Typically fashion, footwear, accessories are up in that range. Books, toys, gifts are up like 9% to 10%. We have seen a reduction probably to some extent in electronics of about 8% and overall that would be translating into a 1% growth year-on-year for this quarter compared to the same quarter last year. Home Accessories has not seen any growth; it is at 0%. Cosmetics is up 9%, Footwear, Bags, Accessories 12%, Fashion is more or less flat, Jewelry and Watches have shown only 4% growth, Departments was up 5%, F&B is also more or less flat. F&B has seen some impact on the extended monsoon in my opinion.

Puneet Gulati: And the 30% jump in October, in which categories it is happening?

Shishir Shrivastava: Puneet, we do not have that detail breakup as yet, but I am sure in the next 30-days or so we will have deep-dived and in some way audited internally some numbers on the consumption and the category growth. So we can share that offline with everybody in about say three to four weeks.

Puneet Gulati: The debt in the Classic Mall has gone up. What is happening there?

Pradumna Kanodia: Basically, we have done a refinance there. We had the CMBS bond which was earlier the case and subsequently we decided to take a normal loan which was cost effective and also which suited our purposes. So some of the requirements of our contribution to the new projects are met by the increased cash flows which were generated here from the new loans and we use that effectively at a much lower rate to invest money into our new projects, namely, Destiny at Lucknow and Ahmedabad, the new project, so some of our funding happen through the money which we could upstream here from this project.

Puneet Gulati: You are showing a debt of Rs.409 crores. Is that peak debt for Destiny or should we expect further to get added over a quarter or so?

Pradumna Kanodia: Destiny is very close to now getting operationalized. We are looking at January, February as the start date for our Lucknow Mall and currently the amount which remains to be drawn down is approximately Rs. 90 crores. We do not envisage this amount to be completely utilized but yes, another Rs. 50-odd crores would be our equity contribution and similar amount of debt will be drawn down. So that should be good enough for us to take it forward and complete the project including the first few months where it stabilizes. Once it stabilizes we will convert the construction finance into a lease rental discounting.

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

Swagato Ghosh: For HSP Mumbai and for PMC Bangalore, the consumption growth was slow. Was there any specific reason or was it like overall slowdown?

Shishir Shrivastava: Thank you for the question, Swagato. HSP and Palladium in the same period last year compared to now in this quarter there were quite a few areas that were under fit out or have just about commenced trading. So, for example, the stores like Bayroute, Hublot, OnePlus, Aptronix, Tanishq, Ishara which is the restaurant, Mothercare etc. These are some of the stores that were in fit out for most of this quarter and they have commenced trading and therefore we are seeing that consumption growth may have been flattish, trading density has gone up at 3%. So I would not say that when they commenced operations, they hit optimal sales per square foot immediately, it takes time to build up. In this quarter we have seen a 3% growth in our trading density. We expect that this is now the festive season - October, November, December, Jan, Feb, this is the period when we should see some significant growth in both consumption and trading density.

Swagato Ghosh: Similar like that for PMC Bangalore?

Shishir Shrivastava: I would say yes, similarly for Bangalore, there we continue to see some impact in terms of that metro construction work but similarly there were a few stores that commenced trading in this quarter, but largely I would say the impact of the metro-related work continues to be there, which is why in the half year we have seen a growth in Bangalore of 5% overall for this period, while for the second quarter it may have only seen a 1% growth in consumption.

Swagato Ghosh: But based on what you said, both these numbers should pick up as those stores which are under fit out become fully operational in the third quarter?

Shishir Shrivastava: Certainly.

Swagato Ghosh: Going back to your earlier comment about the consumption growth across categories, do you think entertainment growth, which is in the likes of PVR, INOX, who also serving F&B within their facilities, that is eating into your F&B which is like separate from the theatre growth?

Shishir Shrivastava: I think while generally we would see the customers who come into the multiplex, they would filter out into the mall and that would result in a consumption both in F&B and non-F&B there. Not everybody is utilizing the F&B options provided within the multiplex. I do not think that there is any cannibalization there. In fact, there is just a spread and a mix there. It is great if the multiplex F&B consumption also shows growth because we continue to earn that revenue share from that component as well.

Swagato Ghosh: And electronics has generally been slower. From last quarter's numbers, it was also slow on an absolute and relative basis compared to other categories. So, is it a consistent trend and hence going forward will the mix shift away from electronics and more into the other categories?

Shishir Shrivastava: In electronics, one really interesting thing is that one sees typically these new products launches happen in the month of September. So in the subsequent quarters, you do see a upswing in consumption and in the immediately preceding quarter you may not see a big consumption growth, it may largely be flattish, but I think it is just a question about the timing on this. It will be interesting to see how electronics performs in this October-December quarter.

Swagato Ghosh: One last book-keeping question. On One Bangalore West, you did some fresh sales during this quarter, Tower 7, but the cumulative area sold that you show in preceding slide #62, that number has gone down slightly versus last quarter. So, I am presuming there were cancellations.

Shishir Shrivastava: Yes, we did launch Tower 7. This was not even a public launch; this is a pre-launch where we have released very limited inventory and sales over there is about 13 apartments during this period. To your second question, correct, I think what we are doing is we are showing all agreements that are registered and only that number has been shown as cumulative area sold. So, if you are saying that we had 1.3 mn.sq.ft. shown in the first quarter, I think this is a correction to that extent where agreements are registered. There may be other sales which are done but the registration is pending. Just a correction in the reporting. So, we are not showing the Tower 7. New sales are not showing in this cumulative area sold.

Swagato Ghosh: Because none of those registered yet?

Shishir Shrivastava: Yes, exactly.

Moderator: Thank you. The next question is from the line of Adhidev Chattopadhyay from ICICI Securities. Please go ahead.

Adhidev Chattopadhyay: Firstly, now we are seeing a very strong start to the festive season. So in terms of a consumption growth for the full year, do you think we will be able to land up in high single digits for the year overall for consumption? And as for rental income also, do you think the double-digit growth is possible this year from the existing mall properties?

Shishir Shrivastava: Just to give you a very comprehensive answer on this. I would say on a portfolio basis, we would like to expect consumption growth for the full year of FY20 to be somewhere in the range of about 7%-8%. However, there are some assets which are going to continue to show high growth, some could be in the early teens as well, some could be in the range of 5%- 6%. Now, let us talk about those which are in the range of 5%-8% why the consumption growth is low. So we are seeing Bangalore, the impact of the metro is there. In Chennai, consumption has seen a bit of de-growth in this quarter which we hope will stabilize. We have launched some additional areas as well over there; We Have Launched A Large Food Court in Palladium which is a spectacular product, we hope to see that positively impact consumption as well. High Street Phoenix in Palladium stands on a very high base, should see some significant growth on account of these new stores which have opened in the end of last quarter, see traction in consumption out there. On an overall consolidated basis, we hope to see somewhere in the region of 7%-8% or thereabouts.

Adhidev Chattopadhyay: On the rental income, are you expecting a double-digit growth there for the full year or it is just a touch and go over there?

Shishir Shrivastava: Rental income, well, we would hope to see a close to 10%, 11% kind of growth on the rental income front.

Adhidev Chattopadhyay: Secondly, on Lucknow Mall, when do we see the rental income actually start flowing in?

Shishir Shrivastava: The first full year of rental income coming in will be in FY21. We hope to make the last quarter of this current financial year as well.

Adhidev Chattopadhyay: One house-keeping question. I believe at the end of March ’19, we had around roughly Rs. 2,600 crores of capex left across all our five upcoming malls. Could we have the updated number what is the balance capex now as of September?

Shishir Shrivastava: In this quarter, we have spent about Rs.118 crores. I am only talking about the retail portfolio, comprising Wakad, Hebbal, Indore, Lucknow and Ahmedabad. So, by the end of this year, I think we will have the total spend in FY20 will be about Rs. 815 crores, is the number that we have.

Adhidev Chattopadhyay: So post FY20, what will be the balance capex left over like roughly around Rs. 2,000-odd crores at the end of the year?

Shishir Shrivastava: I would say yes, that is about more or less accurate.

Moderator: Thank you. The next question is from the line of Amit Agarwal from Nirmal Bang Securities. Please go ahead.

Amit Agarwal: My question relates to the hospitality income which you have. What we have seen is I think in The St. Regis, the RevPAR has been more or less flat on YoY basis. Most of the other companies have indicated at least 2%, 3% or 4% growth. Any particular reason for the flattish RevPAR growth?

Shishir Shrivastava: The St. Regis, Mumbai is the one that is setting the RevPAR benchmark for the city. It is the highest RevPAR in its comp set comprising all the neighborhood hotels including Four Seasons, Taj Colaba, The Oberoi, Taj Lands End all of these form part of the comp set.. So, just to give you an idea, I think we are about Rs.1,500 higher than the next best in our comp set in terms of RevPAR. So, I think the other hotels have to thank us for pulling the RevPAR rate up. If you can see today, the RevPAR is at a certain point. We have seen our occupancy to be close to 80% year around and as the demand continues to remain strong, there is an opportunity to move it up, but one cannot place ourselves out of the competition and give them that opportunity to pull that.

Amit Agarwal: Most of your competitors in the hotel sector in the call, they pointed out the other side, what they have said is slowing economy could have impact on the growth. everybody has been cautious, nobody is negative. So, are you also looking at some kind of caution going ahead?

Shishir Shrivastava: Let us put it like this. The concern continues to remain, and I would say that the operators have certainly during our discussions on the budgets for the next year, they have put this down as a potential risk. So far we are not seeing our business on books decline. Its maybe that bookings are now getting crystallized closer to the date of occupancy. Earlier you would see three months out significant, but we are also seeing big retail sales through OTA, etc., that segment has gone up. Groups is more or less flattish and one is fighting in that business, there is some growth and St. Regis is seeing strong preference in terms of group bookings, so our group bookings maybe higher than our competition. As of now, there are no indications that we should be conservative in our projections on both occupancy or ADR.

Amit Agarwal: If your OTAs are going up, could I be looking at probable fall in the ARR?

Shishir Shrivastava: No, in fact, non-qualified business is increasing, which is OTA etc., it is the long-term suppressed contracts which is seeing a decline. So the qualified business is seeing a decline and therefore the RevPAR will certainly be going up on that account.

Moderator: Thank you. The next question is from the line of Sourabh Gilda from Karvy Stock Broking. Please go ahead.

Sourabh Gilda: We are having around 20% renewal in High Street Phoenix in this year. So just wanted to understand what have been the new renewal rates there.

Shishir Shrivastava: Good Afternoon. Typically, one is seeing minimum guarantee rental for new transactions happening generally at a growth rate of about 29%. So today we sit at average rental of about Rs. 383 per sq.ft. average in Q2. We are seeing new transactions happening north of about Rs. 600.

Sourabh Gilda: So, this is for the incremental renewals?

Shishir Shrivastava: Correct, I would say that large areas maybe closer to Rs.475-500 a sq.ft. and smaller in-line stores would be higher than that, closer to Rs.600 - 650 a sq.ft. in that range.

Sourabh Gilda: One more small question on residential portfolio. In the Kessaku, Bangalore, the share value has been decreased as compared to the sequential Q1 FY20 quarter though the cumulative area sold has remained same. So has there been any renegotiation happened or …?

Shishir Shrivastava: In Kessaku specifically, there have been two things that have happened – one is I think we are only demonstrating where the agreements are registered. There are several transactions that have been concluded but agreements have not been registered. In this period, we have canceled two units because of some purchaser defaults, and we have sold three units. If you are seeing a reduction in a cumulative area sold, it may be on account of this reporting correction in terms of not reporting all sales but only those where agreements are registered.

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

Kunal Lakhani: Shishir, just coming to consumption again. This revival that we are seeing in October and November, is it largely driven by any discounts and if so, then what is the discussion with the retailers, how are they playing out on the profitability front and any of them have they indicated stress to you in terms of profitability and given any indication of some tenants or retailers who are coming up for renewal over the next two, three years, have they given any sense or thrown any caution around the renewal front?

Shishir Shrivastava: Just to answer the first part of your question, I would not attribute this growth to discounts alone. Firstly, if we just look at November ’18 versus October ’19, both being the same festive period and a 20% growth in consumption there, the same discounts were applicable last year for the same period as they were applicable for this Diwali season. So it is not on account of discount. I would like to attribute a higher consumption growth in terms of higher wallet spend and more number of people coming into the malls and spending here. It is genuinely an improvement in consumption is our opinion, not driven by discounts. It is because of the product, I would say, basically the consumption being focused on this center because these are leadership centers in the micro markets.

Kunal Lakhani: Just to get some more insight in terms of the consumption growth. So overall consumption growth that we put out is also a function of the churn that happens every year or quarter. But if we have to put out growth in terms of same-store sales, the same tenants, how has that been growing, how would you look at it for the full year in terms of same-store sales growth?

Shishir Shrivastava: I would say same-store sales growth would be in the range of about 5%-7% depending on format-to-format but generally it would be in that range.

Kunal Lakhani: In the same light, with 5%-7% kind of same-store sales growth, are any of them giving an indication or cautioning you on the renewal front in terms of the rentals which they may have to pay up once their agreement ends?

Shishir Shrivastava: Firstly, just to answer straightaway, we have not seen any indication of any retailer coming to us asking for reduced rent or no escalation in rent. Having said that, let us understand what happens on end of contract. At end of contract, you have two options -- you either renew with the same brand at that location or you exit the brand, or you relocate the brand. And in the past at the time of end of contract, we have seen gross rent which could be a combination of minimum guarantee plus some component of revenue share, we see a growth of at least 15%-25% for that same unit compared to the last rent that was paid, and we have already seen this across two cycles in the past. So that is not a matter of grave concern. I think it is a matter of getting the right product at the right location and being able to derive the maximum rental from that unit which of course is a function of sales at that store itself.

Kunal Lakhani: Just another one for Mr. Kanodia. The other income of Rs. 28 crores in the standalone, is it on account of the settlement of Rs. 40-odd crores that we have booked in Q2 or is that something else?

Pradumna Kanodia: No, the Rs. 49 crores of other income was reflected in the line below, it is an exceptional item, so it is not reflected as other income. What you see on the other income is one-time dividend which our SPV Offbeat Developers has given to The Phoenix Mills. Otherwise, that Rs. 49 crores will be reflective in the exceptional income, net of all the provisioning and all which we have done, so that will be a negative Rs. 1.25 crore number which is reflective there.

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

Swagato Ghosh: On the Chennai property, you have given a combined number for Phoenix Marketcity Chennai and Palladium. So just wanted to know if you can give some color on say Palladium numbers from which we can derive then the PMC Chennai numbers as in how the occupancy or trading density or how Palladium Chennai specifically has trended this Q2?

Shishir Shrivastava: Before we share that number, in Palladium Chennai in this quarter we have opened the food court. That is an area of approximately 40,000-odd sq.ft. So while one may see consumption contribution coming from this area, typically, food court sees a lower trading density. So, one must be mindful of the fact that this additional area opening up there will show a positive on the consumption but it might end up showing a reduction on the overall trading density which is sales per square foot. So, for the first half this year, we have seen rental income growth of about 20% in Palladium Chennai and consumption has also grown roughly about 24% for the same period. Trading density which for the same half year last year, stood at about Rs. 768 per sq.ft. has moved up to about Rs. 812 per sq.ft. for the first half, and trading occupancy has moved up by 12% from 71% to 83%.

Swagato Ghosh: One another related question, the trading density number that we see for this asset, Rs. 1,350 crores combined number, which obviously has a drag of the Palladium Chennai lower number. But I am just curious that is this number highest across Chennai malls like even without us performing not to a fullest potential, are we still the highest in Chennai in terms of trading density?

Shishir Shrivastava: Today, yes, we would be, for example, MarketCity alone excluding PMC is at about Rs.1,500 a sq.ft. kind of trading density which would be highest in the city for sure.

Swagato Ghosh: Can you help us which would be the next best in the city?

Shishir Shrivastava: As of now it would be Express Avenue.

Moderator: Thank you. The next question is from the line of Harsh Pathak from ICICI Direct. Please go ahead.

Harsh Pathak: This is with regards to HSP. Just wanted to check it out, if I look at a mall rental rate divided by mall trading density, that is close to 14% which is indirectly a revenue share shared by the retailers. From your perspective, could you please share some experience you facing any pressure from the retailers on this revenue sharing arrangement kind of thing or how has been this range in some of the other malls, I know we have one of the best properties. At the same time if you could also share some of the international experience, how has been this arrangement or what level usually the retailer shares?

Shishir Shrivastava: Just to clarify so that your calculation was correct, mall trading density is computed on carpet area, so the denominator is lower as opposed to the built up area. So rent per square foot is computed on leasable area. So the correct way to look at occupancy cost would be to look at consumption of say Rs. 825 crores versus rental income of Rs.176 crores for the first half of FY20. The numbers I gave you was consolidated for retail and commercial offices. So let us look at retail area for the first half; Rs. 154 crores of rental income and consumption of Rs. 825 crores, translates to about 18%. Now for a mall where your trading density is typically at about close to Rs. 3,000 and the kind of premium brands that one has and the formats which are there, I would say that this is indicative of a mature mall and it is a sustainable number. If you were to compare our other malls which are yet evolving to reach the status of High Street Phoenix and Palladium, there the occupancy cost as compared to 18% at High Street Phoenix for this half year, would be roughly in the range of 10%-14%. There is a lot of elbow room there as well for premiumization and improvement on rental income.

Harsh Pathak: Sir, how that would have been the international experience, I mean, what would be the headroom to grow this 18% ?

Shishir Shrivastava: If you were to compare internationally, the trading density internationally is much higher, therefore the margins that the retailers earn are much higher, the product cost maybe more or less the same, but the trading density is much higher, the volumes are much higher, therefore the margins that they have are much higher. So in a very-very good quality mall, where let us say the trading density maybe about $600-$700, they could probably go up as high as 25%, 30% also in terms of occupancy.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for the closing comments.

Shishir Shrivastava: Thank you very much everybody for joining us on our call today and looking forward to the next interaction at the next conference call after the next quarter.

Moderator: Thank you. Ladies and gentlemen, on behalf of the The Phoenix Mills Limited, that concludes today's conference. Thank you for joining us and you may now disconnect your lines.