THE PHOENIX
MILLS LIMITED

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May 16, 2017

The Corporate Relationship Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai- 400 001

The Corporate Relationship Department
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, May 11, 2017

Dear Sir(s),

This is further to our letter dated May 6, 2017, regarding invitation for earnings conference call organized by the Company on May 11, 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
Q4 and FY2017 Conference Call
May 11, 2017

Moderator: Ladies and gentlemen, Good afternoon and welcome to The Phoenix Mills Limited Conference Call to discuss the Q4 and FY 2017 Results. As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the Presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*"then "0" on your touchtone telephone. Please note that this conference is being recorded.

The management will be represented by Mr. Shishir Shrivastava -- Joint Managing Director.

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 and thank you for participating in The Phoenix Mills Limited Conference Call to discuss the Q4 and FY 2017 Results.

We reported a consolidated income from operations of Rs. 18,246 million for the year ended March 2017, up 3% year-on-year. Retail income from Malls remained strong at Rs. 11,930 million with a year-on-year growth of 7%. There was a 24% year-on-year growth in hospitality revenues of Rs. 3,072 million for the year ended March 2017.

We reported a consolidated EBITDA of Rs. 8,469 million, up 8% at a margin of 46%. And PAT after minority interest and before our other comprehensive income of Rs. 1,679 million for FY 2017 which was a growth of 29% year-on-year.

Retail consumption at our Malls for the year ending March 2017 remained strong at Rs. 57,834 million, up 7% year-on-year. While total rental income from our Malls came in at Rs. 7,748 million, up 9% year-on-year.

Our retail assets continue to consolidate their position as being the leading mall in the city that they operate in.

In particular, Phoenix MarketCity Pune recorded a rental income growth of 16%, EBITDA growth of 10% and consumption growth of 11% during the year. Likewise, Phoenix MarketCity

Bengaluru recorded a consumption growth of 15%; rental income grew 14% year-on-year and EBITDA also saw a growth of 15% for the year ended March 2017.

Our Phoenix MarketCity at Mumbai continues to see a sustained uptick in performance with consumption growth of 17%; trading density growth of 18% and EBITDA growth of 33% year-on-year.

Moving on to our development portfolio, we have received the occupation certificate for Towers 1 through Tower 5 at One Bangalore West and handover of these apartments is in process. Construction of Tower 6 is going on at a steady pace. Construction progress at Kessaku is as per schedule and construction for all the five Towers is now complete.

For the year ended March 2017, total collections for One Bangalore West Kessaku and Crest were Rs. 3,107 million.

Moving on to the Hospitality portfolio, our Hotels are performing well and have established themselves in their market. The St .Regis Mumbai has been doing well consistently in the 12 months ending March 2017. The room revenues were up 26% year-on-year at Rs. 1,068 million with a total income up 16% year-on-year at Rs. 2,520 million. Average room rates remained strong at Rs. 10,594 for FY 2017 with an average occupancy of 72% for the full year. Average occupancy for Q4FY 2017 was 80% with an ARR of Rs. 11,798.

For The Courtyard by Marriott at Agra, room revenues were up 9% year-on-year while total income was up 15% year-on-year. Average occupancy for the 12 months ended March 2017 was 57% with ARRs at Rs. 4,336.

With this I conclude my discussion and would like to address any questions that you may have. Thank you.

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

Puneet Gulati: Just wanted to understand where is the progress on the commercial office space, AGH and also on Palladium Chennai.

Shishir Shrivastava: Palladium Chennai is currently undergoing interior works and fit-outs. Few retailers have commenced their fit out works over there. We expect to see the OC for Palladium coming shortly and soon after that sometime during this year we will certainly get into operations. We would expect to see a trading occupancy in excess of 60% when we commence operations.

Puneet Gulati: 60%?

Shishir Shrivastava: Yeah.. Obviously, the mall is leased but we will open when 60% of the leasable area is operational.

Puneet Gulati: And when do you expect it to start, which quarter?

Shishir Shrivastava: I would think sometimes towards the end of the first quarter or middle of the second quarter.

Puneet Gulati: And on AGH?

Shishir Shrivastava: AGH is operational. As you are aware we have a total area over there of about 760,000 sq.ft of which roughly the area that is being leased out is 550,000 sq.ft the balance is sold. Half of the area that we intend to lease is already leased, so we have got 260,000 sq.ft leased and we achieved an average rate of Rs. 93 per square foot.

Puneet Gulati: And when do we start seeing the revenue coming in the books?

Shishir Shrivastava: From this month onwards we will start seeing the revenues.

Puneet Gulati: If you can give more color on what's happening on Pune, the consumption has gone up by almost 20%, trading density up by 10% but EBITDA margin has kind of fallen on a Q-on-Q basis, so some color on how to read this.

Shishir Shrivastava: In Pune what we have done is, in the last year we have seen a significant churn in terms of new brands that have moved in there. We've relocated existing lessees and accommodated newer brands there. That has clearly worked for us because that has demonstrated in the consumption and the trading density moving up. So consumption growth if compared to last year it's been about 20%.

Puneet Gulati: But trading density is only up 10%?

Shishir Shrivastava: That's because the occupancy is also higher. If you look at the overall occupancy that has moved up compared to the last year.

Puneet Gulati: And in terms of EBITDA margin, it's down 83% versus 90% previous quarter despite having higher rental income, so any more thoughts that you would like to give here?

Shishir Shrivastava: In the last quarter one would have seen the property tax payout which would have impacted the EBITDA margin and we also had some mall upgrades that we've incurred some cost towards upgrading the interiors on the mall. But one would not look at the 83% as being the standard going forward. This is only specific in this quarter that we've observed there.

Puneet Gulati: The big picture, the progress on CPPIB if you can comment. How much money has come in, how much money has been deployed so far?

Shishir Shrivastava: As per our agreed terms, Rs. 724 crores has come in. They have acquired a 30% stake in Island Star Mall Developers Limited and the intent is for their stake to move up to 49% by further infusion of fresh equity into the company. However, that money will only come in once we've deployed a certain percentage of the initial first tranche in new projects. So at present we are evaluating several acquisitions, land acquisitions for development and we will keep you updated. As you may be aware, we have won an auction for a partly built mall in Indore and the intent is for that mall to be developed under this platform. At present the due diligence is going on and subject to outcome of that this asset will be developed, taken to completion and made operational under the ISML platform with CPPIB.

Puneet Gulati: How much would you have to pay for this Indore mall?

Shishir Shrivastava: The bid was won at a price of Rs.233.5 crore plus registration, stamp duty etc.

Puneet Gulati: How much would you need to spend on this?

Shishir Shrivastava: We are currently working on that. Already about 1.7 million square feet is constructed and we would not really be needing too much more. So the estimated leasable area of the area currently constructed is roughly around 600,000 odd square feet. We may add another 150,000 or 200,000 square feet onto the same in terms of construction. So the civil or rather the RCC is going to be only maybe another 200,000 odd square feet and the bulk of the expenses are going to be towards the MEP services and finishing and interior works. So it's not going to be... you won't look at on per square foot basis, you won't look at it being anywhere close to what it would be had you built out from scratch.

Moderator: We take the next question from the line of Abhishek Bhandari from Macquarie Securities. Please go ahead.

Abhishek Bhandari: Does the RERA bill in any way impact our business given that now the commercial real estate is also under the ambit of RERA?

Shishir Shrivastava: No, RERA does not really impact us because I think we have always envisaged that this is going to come into effect anytime soon. And all our agreements were drafted to be in compliance with RERA and maybe from an accounting standards also I don't see there is going to be much because AGH is more or less done. Whatever we had to sell has already been sold in past and going forward you will have only rental income coming in from or rather new deals only being on the lease basis. For the residential business also I don't see there is going to be any impact.

Abhishek Bhandari: My second question Shishir is that your efforts to rationalize or improve the tenant mix is quite reasonable in Kurla, Bangalore and Pune. But if I look at Chennai this is the third quarter of decline in consumption, now down to almost 16%. By when do you think this will probably start going again because that's a leading indicator of the rent growth what you could expect in….

Shishir Shrivastava: So Chennai became operational in Jan 2013, the first five years cycle comes to an end on Jan 2018. So starting from some time, starting towards the late third quarter of this financial year FY18, we are going to see many deals being renewed or we are going to see a churn on account of us bringing in newer brands in. This is what we saw in Bengaluru and previously in Pune. So I expect to see a similar trend. Chennai as a market has seen in terms of consumption you have seen a little bit of fighting the sentiment has been not as positive as other locations such as Pune and Bangalore. But also what we have done is there were some jewelry brands where the ticket size was higher and that was adding to the consumption but not really adding in our rent significantly because the percentage of revenue that came to us as rent was very small. Several of these brands have moved out and been replaced by other fashion and apparel which pay us higher rental though their total consumption is small. So some amount of consumption being flat or like decline has been on account of this as well. If we compare a year-on-year growth, the rental income has grown by about 7% and quarter-on-quarter compared to last FY16 fourth-quarter you will see 9% growth in rental income.

Abhishek Bhandari: And Shishir my last question is that now you are almost touching an annual run rate of Rs. 800 crores on the rent business with 85% kind of margin, so the EBITDA number looks quite high. But when it comes to reported P&L still we are struggling with very lower amount of reported profit. By when do you think this difference will narrow out, especially given that the interest rate environment is now very subdued and most of the malls are actually going to do better from here?

Shishir Shrivastava: Correct, firstly it's important to understand that our PAT is impacted on account of about Rs. 400 crores of interest that is paid out, about Rs. 150 – Rs. 160 crores of depreciation which is impacting the PAT at a consolidated level. Now if we look at our year-on-year growth on PAT of course it's 1.3 times what it was last year. I believe that going forward we are going to probably see some amount of rationalization on the interest cost as well which will positively impact this PAT. So our debt if you see on a consolidated basis it's still at very rational levels. We don't see that really going to be impacting us adversely. We are going to see interest cost coming down clearly and that should certainly impact our PAT positively.

Moderator: We take the next question from the line of Atul Tiwari from Citi Group. Please go ahead.

Atul Tiwari: How much payment needs to be done? I mean how much is the total amount pending for the various stakes that you have purchased in the Market city projects from Island affairs, MPC etc.?

Shishir Shrivastava: We have paid out about Rs.1,100 crores and approximately Rs. 250 crores more is pending to be paid which will happen between now and September of this year.

Atul Tiwari: So this will basically take your stake to different markets cities to 80% to 51% roughly across three or four of them, now beyond that….

Shishir Shrivastava: Actually 50% to 100%.

Atul Tiwari: So in Pune it will go to 100%, right?

Shishir Shrivastava: Pune, we will be at 100%, in Kurla we will be at 96% or 95%, Chennai we will be at 50%.

Atul Tiwari: So now beyond this in Chennai etc. there is no talk of purchasing more….?

Shishir Shrivastava: No, nothing at present, nothing at this point in time.

Atul Tiwari: I mean because the company has been buying these assets slowly over past few years, so once this Rs. 250 crores payout is done and in Pune and Kurla the stake reaches effectively close to 100%, there is no more buy out etc. happening. Now the growth will be through CPPIB platform in Island Star. I mean I just wanted to make sure that is this the strategic direction now we are headed towards?

Shishir Shrivastava: Yes, you are right. I think from a strategy perspective we are looking at growth in the Tier I and Tier II cities through the CPPIB platform until we exhaust the funds infused by them. So I would say 3 to 4 developments would be the mandate under that platform subsequent to which we will be also looking at opportunities directly under PML. Also one must understand that we are free to take up opportunities outside of the CPPIB platform as well.

Atul Tiwari: But you have to offer it to that platform first?

Shishir Shrivastava: Yes, it's a right of first offer which is a great thing. I mean we don't see that as a restriction but the good thing is that should that platform not want to pursue any opportunity we could independently pursue those as well.

Atul Tiwari: And my last question is on this Indore Mall, so you said about 1.7 million square feet of construction but only 600,00 square feet of leasable why such a big difference?

Shishir Shrivastava: No, firstly there are two levels of parking there within the basement. So when I'm looking at the total constructed area I am also counting the parking in that. So there is a significant amount of parking which is much beyond what is the requirement as per the local development regulations. But from a practicality point of view one would want to retain a higher amount of parking. One could consider reducing the parking and increasing the leasable area as well. So we are currently in the midst of working on the appropriate design over there. We believe that if we build another 200,000 odd square feet we should get 750,000 or 800,000 square foot mall or more than that. That would be leasable area and still retain the ability to add another 300,000 or 400,000 square feet going forward in the future like we have added in Pune. We are currently looking at plans to add in Bangalore on the basis of the available FAR, you have the potential of increasing the size of the mall as the demand increases and the mall establishes itself.

Moderator: Next question is from the line of Abhishek Anand from JM Financial. Please go ahead.

Abhishek Anand: Again following on the Indore mall, so firstly of course I would like to understand our strategy going into a market where there are existing I think 2-3 malls which are relatively in the city centre and markets capability of absorbing 1 to 2 million square feet of additional mall. So how are we strategizing such a market, if you could give us some color on that?

Shishir Shrivastava: We have studied Indore as the market. We have gone quite deep in our analysis of that market. Currently there are three shopping centers in Indore. They are all in the range of 250,000 to 350,000 square feet in terms of size, so really there is no formidable supply in that city existing not expected to come up. Our objective has always been in the past with our existing malls and going forward will continue to be the number one market leader in any city that we enter in. We believe that if we build a mall of close to a million square feet in a market like Indore that will establish itself as a market leader in a very short span of time and also we are ready to run for future competition. We believe that we know how, what is the right product that we have to create for the Indore market, Indore as a market is a fantastic market. You're going to see high consumption, the profile of the customers visiting the malls is great, consumption is very high in that city. So our strategy is only one and that is to be the leading mall in the city of Indore and we believe that the current market conditions provide us that opportunity.

Abhishek Anand: I think this was part of EWDPL and we had a 40% stake in Treasure Island Mall, so do we benefit from that….so basically trying to understand do we draw from our experience of some sort and benefit here or what exactly are we going to do differently this time around?

Shishir Shrivastava: The reasons why EWDPL was not able to complete this mall and proceed forward was not because of any concerns with the market or the design of the mall. I think there were financial concerns with the market or the design of the mall. I think there were financial constraints in that company and that led them to not be able to complete this mall. For us what we are going to do differently is I think in the last 10 years since we have seen this mall, the product needs to be a very different product. In terms of design it's a very good design. But in terms of branding, in terms of the experience, in terms of the services that one provides and of course the interior design and the layout, these are the things that we would do differently to ensure that we have the leadership position in there.

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

Adhidev Chattopadhyay: Would you like to give some guidance on FY18 on the overall consumption growth and rental income growth you are targeting across your malls?

Shishir Shrivastava: Our all malls have if you just look at the trend over the last 3 to 4 years you've seen annual growth on consumption and rent anywhere between 15% to 20% year-on-year. We expect to see a similar trajectory for next 2 to 3 years. This is based on the renewal schedule that we have across all our malls and the trend that consumption has shown in all of these cities and in particular with our malls.

Adhidev Chattopadhyay: Would it be okay to say that you are targeting at least double-digit growth in at least in the rental income portion on a CAGR basis in the next three years is the right way to look at it?

Shishir Shrivastava: Yeah, you may look at it that way.

Adhidev Chattopadhyay: Now on the St. Regis hotel, what is our effective stake currently and how would the transaction execute? If I believe there are number of small-small deals which happened and the stake has gone up in that entity.

Shishir Shrivastava: No, stake in St. Regis continues to be at 100%. There is a Quasi-Equity instrument which is held by one entity which owns 27%.

Adhidev Chattopadhyay: So 57% has gone up to 73% during the year, is that right way?

Shishir Shrivastava: That would be correct.

Adhidev Chattopadhyay: Following on that if you could just for the entire FY17 what is the accounting loss in St. Regis, the gross figure I'm asking not getting into our share could you just share that number?

Shishir Shrivastava: The gross figure would be closer to about Rs. 40 crores after depreciation etc.

Adhidev Chattopadhyay: Which has come down significantly from warranting Rs.100 crore plus closed in the previous year?

Shishir Shrivastava: That's right.

Adhidev Chattopadhyay: Again I'm taking a 2 to 3 years view, so do you expect at least PAT level to not to see any further losses from FY18 onwards?

Shishir Shrivastava: We are clearly seeing a growth in our revenues. They are clearly seeing reduction in the interest cost. I think all of these should contribute to improvement in the PAT going forward. But I would hesitate in the giving some kind of a projection in the same.

Adhidev Chattopadhyay: Again continuing on the hotel only….

Shishir Shrivastava: May I just add one more thing there?

Adhidev Chattopadhyay: Sure.

Shishir Shrivastava: If you look at the growth on the revenue and EBITDA of this property for the last two years, I would expect a similar growth to continue for the next 2 to 3 years.

Adhidev Chattopadhyay: My next question is on that front only, so now our ARRs have touched almost Rs. 12,000 so it's very high occupancies even in the first quarter onwards do you see a similar pattern emerging or has it dropped off if you could just share some light on that?

Shishir Shrivastava: In the first quarter which is…

Adhidev Chattopadhyay: Just trying to hint that the trend we have seen, the improvement in Q4 is it sustaining or is it more the seasonal jump in Q4 that is what I am trying to get at?

Shishir Shrivastava: Some of it is certainly seasonal but if you look at it like this April, May and June are actually good months. April may not be all that great a month, May and June are still better with all the wedding season. So we see what we have achieved in the last year if we look at FY17 compared to FY16, our ARR is grown 14%. I would say that we should expect is something similar on these lines going forward for the full year.

Moderator: Next question is from the line of Raphael from Target Asset Shishir Shrivastava. Please go ahead.

Raphael: I just wanted to ask couple of questions, the first one was you mentioned about the Indore Mall. I just wanted to understand when will it likely to be completed, when will the mall start opening its stocks?

Shishir Shrivastava: Raphael we look at the completion period of about 30 months from the time we complete the acquisition. The acquisition is currently on, the due diligence is ongoing etc., so we expect that to take another say 60 days on the higher side and thereafter we will go into developing. We expect the completion period to be between 30 to 36 months which will mean that in 3 years and a quarter we should be operational.

Raphael: My second question is regarding High Street Phoenix, I noticed that the utilities has gone up 17% year-on-year but the recoveries have come down 17% I just wanted to understand why is there a divergence?

Shishir Shrivastava: Utility cost has gone up 17%?

Raphael: Yes I got that from your standalone results, the utility cost then your recoveries have come down 17% so I just wanted to understand why didn't you pass through the utility cost increase to your tenants?

Shishir Shrivastava: No, we have passed through all costs. I'm not really able to understand. Are you saying that the utilities costs have gone up 17%, is that your first question?

Raphael: Yes, gone up 17% based on your standalone resultss which you disclosed, the standalone resultss have the utilities cost, right and there is for High Street Phoenix. But then in the recoveries for High Street Phoenix, the recoveries have declined by 17% year-on-year. So I'm just wondering why did your costs go up but the recoveries come down?

Shishir Shrivastava: In fact I am seeing the utilities cost is more or less the same because electricity cost was at a Rs.10.4 crores last year and its Rs.10.4 crores this year that's the cost in the standalone, from last quarter. So even if we compare the year-on-year electricity expenses, year-on-year electricity expenses are pretty much the same. It was 41 crores last year and its 41 crores this year. In fact it's marginally come down by 10 lakhs.

Raphael: I will see that again.

Shishir Shrivastava: Please feel free to reach out to us off-line if you require more details.

Moderator: Thank you. That was the last question. I now hand the floor over to Mr. Shishir Shrivastava for his closing comments.

Shishir Shrivastava: Thank you ladies and gentlemen for joining us for the Q4 and FY 17 conference call. We remain available to respond to any specific queries that you may have. You may reach out to my colleagues Varun Parwal, Advait and Pawan Saxena.

Moderator: Ladies and gentleman, on behalf of Phoenix Mills Limited., that concludes this conference call. Thank you for joining us and you may now disconnect your lines.