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Initiating Coverage

The Phoenix Mills Ltd.

01-July-2021

RETAIL RESEARCH

The Phoenix Mills Ltd.

Industry	LTP	Recommendation	Target Price	Time Horizon
Realty	Rs. 815.2	Buy at LTP and add on dips to Rs. 727-735 band	Rs. 973	2-3 quarters

HDFC Scrip Code	PHOMIL
BSE Code	503100
NSE Code	PHOENIXLTD
Bloomberg	PHNX:IN
LTP 30th June, 2021	815.2
Equity Capital (Rs cr)	34.4
Face Value (Rs)	2
Equity Share O/S (cr)	17.2
Market Cap (Rs cr)	13,995
Book Value (Rs)	284.5
Avg. 52 Wk Volumes	370654
52 Week High	889.6
52 Week Low	542.7

Share holding Pattern % (Mar, 2021)	
Promoters	45.5
Institutions	50.8
Non Institutions	3.7
Total	100.0

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Our Take:

Phoenix Mills Ltd (PML) is a leading retail mall developer and operator in India. It has pioneered in retail-led, mixed-use properties in India and has developed over 17.5 mn sq ft of retail, hospitality, commercial, and residential asset classes. The company has an operational retail area of approximately 7 mn sq ft, spread over nine operational malls in six gateway cities of India. It is also developing five malls with over 6 mn sq ft of retail space in five gateway cities. Besides retail, it operates commercial offices and has a gross leasable area of 1.5 mn sq ft. It plans to add approximately 5 mn sq ft of commercial office space across existing retail properties, going forward.

Consumption increased from Q3FY21 onwards on account of (a) increase in mall operating hours across cities, (b) resumption of F&B and (c) festive season pick-up. Consumption across all malls grew around 5% QoQ to Rs 1,440 crore in Q4FY21 (Rs 3,330 crore for the full year FY21, 69% approximately of the FY20 level on a like-to-like basis). Gross consumption reached approximately 100% of Q4FY20 levels. Excluding the contribution of Phoenix Palassio, which was launched in July 2020, consumption recovery was 90% on a like-to-like basis in Q4FY21 versus Q4FY20. In line with consumption, retail collections continued to witness sharp improvements. Collections further improved 42% QoQ to Rs 370 crore in Q4FY21, taking the total collection to Rs 760 crore in FY21.

Similar recovery trends have been observed in footfalls and four-wheeler traffic at Phoenix malls during Q4FY21, where footfalls and four wheelers across all malls were at 83% and 93% respectively of the previous year’s level. Further, PML is looking for inorganic growth and new markets to diversify its geographical presence, in places like Hyderabad, Chandigarh, Kolkata and Gurgaon, apart from being present in Mumbai Metropolitan Region and Bengaluru.

Supply shrinkage, low interest rates, pent-up demand, economic easing and strong IT/ITES sector are driving presales to a lifetime high for retail mall developers. Launches may help sustain the momentum due to pent-up demand.

Valuations & Recommendation:

In FY21, PML posted good consumption, footfalls, and collection numbers as the economy gradually opened. We expect stronger recovery (owing to pent-up demand across the country), after the economy opens, following the second wave (though now there are talks of a third wave). FY21 retail rental income stood at Rs 563.2 crore - 55% of FY20 rental - higher than the initial guidance of 45-50%. Even during the worst phase for the retail industry, PML has achieved impressive preleasing at attractive rentals for its under construction malls - palladium Ahmedabad (50% pre-leased at Rs 155 per sq ft per month), Hebbal Bengaluru (30%, Rs 160 pspm) and PMC Indore (65%, Rs 90 pspm). Its Lucknow mall with 189 brands (24 additional stores) has performed exceedingly well in Jan, Feb, and March with Rs 135 crore of consumption in Q4FY21 and 75% trading occupancy.

Strong traction was seen in residential sales, mainly as the Kessaku property was reconfigured into smaller units and there was robust demand for ready-to-move-in inventory. The company sold and registered agreements for inventory worth Rs 63 crore during Q4FY21 and Rs 172.5 crore during FY21. Q4FY21 collections were Rs 49.9 crore and Rs 138.9 crore for FY21.

Although the second wave and expectations of a third wave has dampened the near-term prospects, the long-term outlook is positive. We currently like the stock, given the company’s (a) large scale mall business, (b) healthy internal accruals leading to positive cash flows, (c) low debt, (d) aggressive capex, (e) QIP fund raise/investments by GIC/CPPIB, (f) geographic diversification, (g) FDI inflows, and (h) expected recovery in retail consumption.

PML is one of the best reopening trades. We think investors can buy PML at the LTP and add on declines to Rs.727-735 band for a target of Rs.973 over the next 2-3 quarters (see SOTP value calculation below).

Financial Summary (Consolidated)

Particulars (Rs cr)	4QFY21	4QFY20	3QFY21	YoY (%)	QoQ (%)	FY19	FY20	FY21E	FY22E	FY23E
Total Operating Income	385.8	399.2	337.8	-3.4	14.2	1981.6	1941.1	1073.3	1615.1	2143.0
EBITDA	173.4	204.3	158.8	-15.1	9.2	993.1	967.1	494.2	693.0	1158.4
Depreciation	52.0	54.5	53.1	-4.7	-2.0	204.2	207.6	209.4	256.1	266.8
Other Income	49.6	10.4	15.1	377.1	228.1	85.1	58.5	92.3	61.4	64.4
Interest Cost	80.7	84.0	85.7	-3.9	-5.8	350.6	347.8	347.8	294.8	315.5
Tax	26.0	27.9	-24.9	-6.7	-204.3	109.8	122.1	-4.7	40.7	128.1
APAT	46.6	46.7	65.4	-0.1	-28.7	421.1	334.7	52.6	170.2	452.0
Diluted EPS (Rs)	2.7	2.7	3.8	-0.1	-28.7	27.5	21.9	3.1	9.9	26.3
RoE-%						12.2	8.4	0.9	2.6	7.9
P/E (x)						29.6	37.3	266.1	82.2	31.0
EV/EBITDA						16.6	17.2	34.7	25.8	15.1

(Source: Company, HDFC sec)

Recent Triggers

- All the three Fountainhead towers in Pune are performing well - tower 1 (total area 0.2 mn sq ft; leased 0.2; leased occupancy level at ~95%) is fully operational; tower 2 with leasable area of ~2,50,000 sq ft (leased 60,000 sq ft since receipt of OC in Oct 2020) is expected to start contributing to the revenue from Q2FY22; tower 3 is on course and nearing completion.

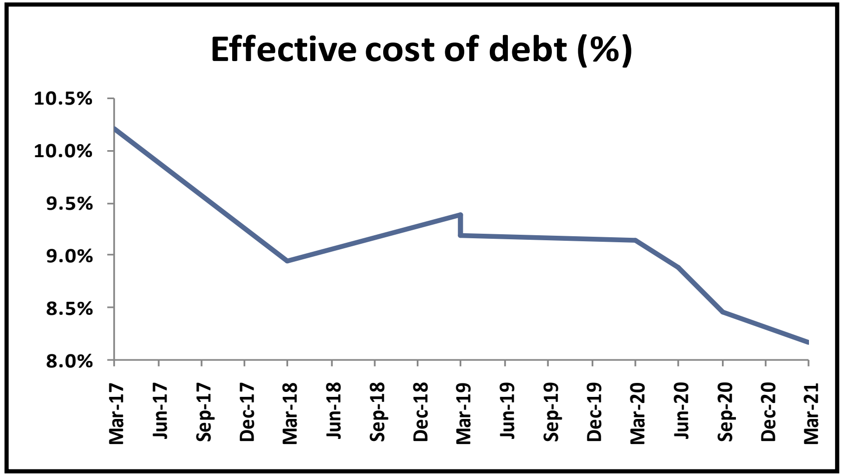
- Recently, PML's 100% subsidiary Mindstone Mall Developers struck a deal with Canada Pension Plan (CPP) Investments. Under this, it has acquired a 7.5-acre land parcel in Kolkata's Alipore in Feb 2021, to develop a retail-led mixed-use project of Rs 926 crore (Rs 870 crore + land+ FSI premiums + construction approval costs + construction cost + construction management + site operating). This land has approximately 1 mn sq ft chargeable area in the first phase. The target completion date is for the second half of 2024. CPP Investments has committed to invest up to Rs 560 crore in three tranches in Mindstone, with PML having already infused equity of Rs 310 crore. In tranche 1, CPP is about to bring Rs 180 crore for an initial stake of 31.03% on the first closing on a fully diluted basis. Upon receipt of construction approvals, it will further bring in Rs 204 crore, taking its aggregate stake in Mindstone Mall Developers to 49% on a fully diluted basis. Subsequent to that, when PML needs more funds, CPP will bring in more. Alipore in Kolkata is a premium neighbourhood and the site is strategically located, surrounded by dense catchment of residential and office space. The company believes that the site's proximity to established and developing micro-markets through extensive and well-developed civic infrastructure will provide ample opportunity to address the region's significant untapped consumption potential.

- Phoenix Mills Ltd and CPP Investments are also extending their commitment to the existing joint venture at Bengaluru. In order to reduce dependency on construction finance availability in the under-development projects, PML has agreed to invest collectively up to Rs 800 crore in its joint venture entity with CPP called Island Star Mall Developers, in tranches, and according to their respective shareholding. The alliance was formed in 2017 to develop, own and operate retail-led mixed-use properties across India, wherein Phoenix MarketCity and Whitefield Bangalore served as the seed asset for the alliance.

- PML has also struck a deal with the Government of Singapore i.e. GIC which is in the final stages of completion and negotiation. Singapore's sovereign fund GIC and Phoenix Mills Ltd (PML) have partnered to establish a $733 million investment platform for retail-led mixed-use properties across the country. A significant minority stake in PML's portfolio of developments will be acquired by GIC in Mumbai and Pune. The assets have a total of 3.4 mn sq ft in leasable retail and office space. GIC will initially acquire an equity stake of ~26.4% in the PML subsidiaries by investing an aggregate amount of approximately Rs 1,111 crore by way of a combination of primary infusion and secondary purchase of equity shares in the said PML Subsidiaries. The platform is valued at a pre-money enterprise value of Rs 5,500 crore. GIC's stake may further increase to ~33%-36% in the above-mentioned subsidiaries through an additional infusion of up to Rs 400 crore within 12-month period from closing. This money will be used for growth opportunities and ploughed back as and when required into projects being developed. This JV has also enabled the company to look for potential acquisitions.

- For the full year FY21, PML's average cost of borrowing has come down 102 bps and has reduced by a further 29 bps (8.2% in March 2021 from 8.5% in Dec 2020). Consolidated debt decreased by 15.6% YoY from Rs 4,331.5 crore to Rs 3,653.7 crore in FY21. The cost of borrowing could go below 8%, post refinance of certain existing loans in H1FY22. Moreover, the construction at Kolkata land will be largely met through equity infusion, which will lead to control in increase of debt.

The Phoenix Mills Ltd.



- The company expects operational retail GLA of about 12 mn sq ft, and commercial office GLA of about 6 odd mn sq ft by FY23-24. Also, the company expects to continue to deliver 1 mn sq ft of retail GLA every year beyond FY24 as well.
- Currently, the company is not negotiating with retailers owing to uncertainty but expects a bounce-back and phased openings after the vaccination drive.
- The company has one of Mumbai's best commercial centre coming up (Phoenix Rise) at its flagship property in Lower Parel, which is a sizable project of roughly 1.2 mn sq ft of FAR.
- PML has committed a cumulative capex of Rs 2,200 crore over the next three years for upcoming malls. PML has raised Rs 1,100 crore through QIP in Q2FY21 providing ample liquidity during this tough phase, and resulting in net debt reduction to Rs 3,600 crore now from Rs 4,300 crore in FY20. However net debt would increase owing to capex. Underconstruction malls are witnessing strong interest from tenants; PML has achieved significant progress on leasing for its Ahmedabad/Indore projects, which are at advanced stages of completion. We believe the doubling of its retail footprint by FY24 and the addition of 1mn sq ft p.a. thereafter would drive strong earnings growth, even though FY22 earnings may be negatively impacted.

RETAIL RESEARCH

Long-term Triggers

Phoenix is the owner-operator of India’s largest mixed-use retail development portfolio in organized retail. Over 2 decades’ experience in managing strategic asset in Mumbai (HSP) provides deep understanding of consumption trends, input for other prime assets. Phoenix has the strongest exposure to India's retail mall theme. We expect healthy rental EBITDA growth driven by portfolio rental renewals and new asset additions. Geospatial and demographic quality data suggests strong demographics around all of Phoenix's retail assets, implying potential for robust medium-term business and rental growth. Phoenix has successfully transitioned from a real estate, entertainment hub, shopping destination developer-operator to an owner-operator of India’s largest mixed-use retail development portfolio.PML scores highly given innovation (experiential retail/micro-market expertise), brand reputation (mall formats, longer relationships/tie-ups with tenants) and strategic assets (highest trading density, different concepts).

Industry data suggests per capita penetration of retail space is one of the lowest in India globally. Whilst several factors can be attributed to this low penetration, scarcity of land along with difficulty in land acquisition (especially at key catchment areas), higher regulatory approvals and relatively nascent stage of evolution for retail malls (late 90s in India vs early 60s in developed markets) are among factors responsible for this low penetration of organised retail space. India's modern retail market has grown significantly over the past six years (28% sales CAGR), driven by improving penetration. However, rental space absorption in the top-14 cities was subdued over the same period with a high divergence in occupancy levels across malls. Combination of higher disposable incomes in an ever-burgeoning middle class, changing lifestyle needs driving preference for larger-format stores, liberalisation in FDI policies and the rapid rise of experiential retail implies share of organised retail is projected to increase from 9% (2017) to 18% (2021E). While there is a continued shift towards online retail from offline retail, we think malls in prime locations and with superior tenant mixes and low exposure to standard product categories (such as electronic products) should continue to do well. The opening up of India's retail industry to foreign direct investment and the emergence of REITs for commercial real estate will boost investment in the sector.

Land acquisition (at catchment areas) and capital are the biggest entry barriers for the retail real estate industry Relationships/tie-ups with anchor tenants, concept planning and mall management expertise are amongst the constraints for new players to emerge.

What could go wrong?

- Commercial office portfolio continues to remain resilient. Phoenix' hotels business has started witnessing early signs of recovery, led by social events and staycations. However, operating performance is expected to remain subdued in the near term due to lockdowns. The management expects social events in the second half of this year to contribute significantly to recovery.
- Rental income for FY21 is likely to be impacted by waivers and rental concessions given to most of the tenants. We assume a ~50% of rental waiver for Q1FY22 (similar to FY21).
- Large capex is lined up as projects are being planned in new geographies, whose execution and scaling up would be the key monitorable.
- Volatility to occupancy and vulnerability to cyclicality are structural phenomena in the real estate sector that become painful during off seasons and crisis periods.
- Unlike other realty firms, PML is focusing more on expanding retail and commercial office verticals, which are facing a high degree of uncertainty currently.
- With the resurgence in covid-19 cases, especially in Maharashtra, the government has in Mumbai and Pune imposed fresh restrictions/extended restrictions including conducting random antigen tests (RAT) on some mall visitors per day/mall at the cost to be borne by visitors and decided to restrict capacity of Malls/cinemas/restaurants to 50% and restrict timings. These decisions are likely to impact consumption sharply, especially in Mumbai, where PML's two malls account for ~40% of FY20 consumption.
- Data as per Anarock indicates ~28 mn sq ft of upcoming mall supply across metro & Tier- I (22msf) and Tier- II Cities (6 msf) in India. This upcoming supply over CY20-22 could increase competitiveness for PML.
- Delays in commencement of under-construction/under-planning annuity assets: Phoenix currently has 5 under-development malls (totalling 5 mn sq ft) across Bengaluru, Pune, Lucknow, Indore and Ahmedabad and 0.9 mn sq ft of retail area under planning (HSP & Palladium and PMC Bengaluru). Further, the company has 1.6 mn sq ft and 2.8 mn sq ft of commercial area under construction and under planning respectively. Delays in commencement and/or execution in these projects could result in delay in revenue generation.

The Phoenix Mills Ltd.

SOTP valuation

		GAV (Rs crore)											
Project name	Total Leasable/Saleable Area (mn sq ft)	Residential/Land Bank	Commercial	Retail	Hospitality	GAV - Rs crore	Implied EV/sft - Rs crore	Less: Net Debt	NAV - Rs crore	PML equity stake	PML Share of NAV - Rs crore	Value per Share - Rs	% of total NAV
High Street Phoenix	1.2	385	-	3,965.6	-	**4,350.6**	3,718.5	-	4,350.6	100%	4,350.6	253	26.0
Market Cities											***9,842.8***	***573***	58.9
Kurla Market City	2.3	-	149.5	1,560.4	-	**1,709.8**	759.9	-	1,709.8	100%	1,709.8	100	10.2
Pune Market City	1.7	-	18.1	2,067.5	-	**2,085.6**	1,248.8	-	2,085.6	100%	2,085.6	121	12.5
Bangalore East - Whitefield Market City	1.9	288.5	-	1,886.4	-	**2,174.9**	1,098.4	-	2,174.9	51%	1,109.2	65	6.6
Pune MC- Wakad	1.8	80.9	-	577.2	-	**658.1**	365.6	-	658.1	51%	335.6	20	2.0
Bengaluru Hebbal Market City	1.8	288.9	-	1,306.3	-	**1,595.2**	886.2	-	1,595.2	51%	813.5	47	4.9
Indore Market City	1	-	-	491.9	-	**491.9**	491.9	-	491.9	51%	250.9	15	1.5
Ahmedabad Market City	0.7	-	-	457.6	-	**457.6**	653.8	-	457.6	50%	228.8	13	1.4
Lucknow - Gomti Nagar Market City	0.9	-	-	1,444.6	-	**1,444.6**	1,520.7	-	1,444.6	100%	1,444.6	84	8.6
Bangalore West - Malleswaram (OBW & Kessaku)	2.9	840	-	-	-	**840**	284.7	-	840	80%	672	39	4.0
Chennai Market City	1.5	-	-	2,385	-	**2,385**	1,644.8	-	2,385	50%	1,192.7	69	7.1
Total	**17.72**	**1,883.3**	**167.6**	**16,142.5**	**-**	**18,193.3**	1,026.7				**1,4193.4**	**827**	84.9
Add: Value of other assets/subsidiaries												-	-
Shangri-La Hotel, HSP		-	-	-	1,432.4	**1,432.4**		-	1432.4	73%	1,045.6	61	6.3
Phoenix Hospitality Company (PHC)										57%	-	-	-
EWDPL									1,58.5	100%		-	-
PUM Lucknow, BARE	0.3	-	-	454.7	-	**454.7**		-	4,54.7	100%	454.7	26	2.7
PUM Bareilly, BARE	0.4	-	3	350	-	**353**			3,53	100%	353	21	2.1
Other BARE equity inv. At book value						**-**		-	-	100%	-	-	-
Other investments											-	-	-
Galaxy Entertainment										100%	-	-	-

The Phoenix Mills Ltd.

Other investments												-	-
Office Assets						**662.3**			662.3	100%	662.3	39	4.0
Total											**16,709.1**	**973**	100.0
Less: Consolidated Net Debt - FY20 (adjusted for Shangri-La CCDs)									34,90.8	80%	2,794.4	163	
Less: Balance money for SPV stake buyouts											-	-	
NAV											**13,914.7**	**810**	
Premium for future development pipeline-15%											**2,782.9**	**162**	

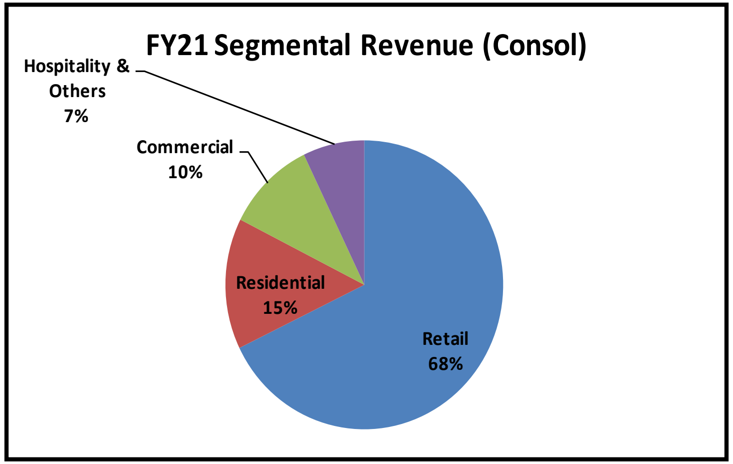
Target Price	**973**
CMP	**815**
% Upside/Downside	**19%**

Company Profile:

Commencing operations as a textile manufacturer in the early 1900s, Phoenix Mills is now the owner-operator of India’s largest mixed-use retail development portfolio. In 2017, PML entered into an alliance with Canada Pension Plan Investment Board (CPPIB) to develop, own and operate retail-led mixed-use developments across India through PML's 100% subsidiary Island Star Mall Developers Private Limited (ISML); which houses PMC Bengaluru (ISML). The enterprise value of ISML was pegged at Rs.2200 cr for this investment. Further, CPPIB infused Rs.1660 cr in equity (over 2017-18) for a 49% stake in ISML and PML continues to hold the balance 51%. Funds raised in ISML were used to acquire land in Wakad, Pune and Hebbal, Bengaluru and for the under-construction mall in Indore.

Phoenix Mills Ltd is engaged in development and operation of malls and other real estate properties. It operates through two segments: Property & Related Services, and Hospitality Services. It specialises in the ownership, management and development of retail-led mixed-use properties that include shopping, entertainment, commercial, residential and hospitality assets. Its core business includes retail, hospitality, commercial, and residential. Under the retail segment, it operates seven malls in six cities. Under Commercial and Hospitality segments, it operates five commercial centres in two cities and two completed hotel projects.

Under retail segment it has ~13 mn sq ft of spaces comprising of ~7 mn sq ft of operational spaces with ~6 mn sq ft under-development & under-planning spaces. Under the commercial segment the company currently has a total of ~6.9 mn sq ft of spaces with ~1.6 mn sq ft of operational and ~5.3 mn sq ft of under-development & under-planning spaces. Under the hospitality segment, the company is having 588 keys with ~300 keys (Grand Hyatt, Bengaluru). Under the residential segment the company has a total saleable area of ~4 mn sq ft.



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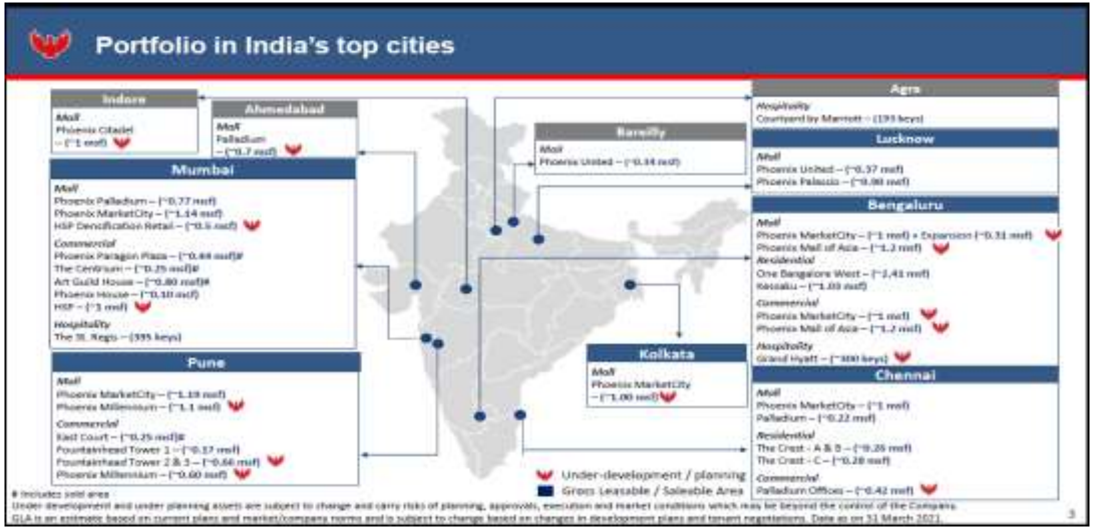
The Phoenix Mills Ltd.

Dynamic and diverse leading developer of mixed-use projects

Retail	Commercial	Hospitality	Residential
Operational Retail Spaces GLA	Operational Office Spaces GLA	The St. Regis, Mumbai + Courtyard by Marriott, Agra	Total Saleable Area
~7 msf	~1.6 msf	588 keys	~4 msf
Under-development & Under-planning Retail GLA	Under-development & Under-planning Offices GLA	Under-planning Grand Hyatt, Bengaluru	Completed Area (OC Received)
~6 msf	~5.3 msf	~300 keys	~3 msf
Total ~13 msf	Total ~6.9 msf	Total ~888 keys	Total ~4 msf

Note: Under development and under planning assets are subject to change and carry risks of planning, approvals, execution and market conditions which may be beyond the control of the Company.
GLA is an estimate based on current plans and market/company norms and is subject to change based on changes in development plans and tenant negotiations.
Grand Hyatt term sheet executed, definitive documentation underway. Data as on 31 March 2021



Annuity Income Generating Commercial Portfolio

OPERATIONAL OFFICE PORTFOLIO (1.58 MSF)

Project Name	Total Area (msf)	Area Sold (msf)	Net Leasable Area (msf)	Area Leased (msf)
Phoenix House	0.09	-	0.09	0.08
Centrium	0.28	0.16	0.12*	0.08
Art Guild House	0.80	0.17#	0.63#	0.48
Phoenix Paragon Plaza	0.43	0.12	0.31	0.16
Fountainhead – Tower 1	0.17	0.00	0.17	0.16
Fountainhead – Tower 2	0.25	0.00	0.25	0.06**
Total	**2.04**	**0.46**	**1.58**	**1.02**

#Total Area sold is 0.38 msf out of which PML owns 0.17 msf – this area is also counted in area available for lease
^Rental income from Phoenix House is part of Standalone results
*Area owned by PML
**Fountainhead tower 2 area has been recently leased and is expected to start generating rent soon.

OFFICE PORTFOLIO UNDER DEVELOPMENT (0.83 MSF)

OFFICE PORTFOLIO (0.83 MSF)		
Fountainhead – Tower 3	Pune	0.41
Phoenix MarketCity	Chennai	0.42
Total		**0.83**

Full forms of commonly used terms in the realty sector:

- GLA – Gross Leasable Area
- PSPM – Per Sq Ft Per Month
- Mn Sq Ft – Million Square Feet
- F&B – Food & Beverages

The Phoenix Mills Ltd.

Financials (Consolidated)

Income Statement

(Rs Cr)	FY19	FY20	FY21	FY22E	FY23E
Net Revenues	**1981.6**	**1941.1**	**1073.3**	**1615.1**	**2143.0**
Growth (%)		*-2.0*	*-44.7*	*50.5*	*32.7*
Operating Expenses	988.4	974.0	579.1	922.1	984.6
EBITDA	**993.1**	**967.1**	**494.2**	**693.0**	**1158.4**
Growth (%)		*-2.6*	*-48.9*	*40.2*	*67.2*
EBITDA Margin (%)	*50.1*	*49.8*	*46.0*	*42.9*	*54.1*
Other Income	85.1	58.5	92.3	61.4	64.4
Depreciation	204.2	207.6	209.4	256.1	266.8
EBIT	**874.0**	**818.0**	**377.0**	**498.3**	**956.1**
Interest	350.6	347.8	347.8	294.8	315.5
Exceptional items	48.1	7.8	0.0	0.0	0.0
PBT	571.6	478.0	29.2	203.5	640.6
Tax	109.8	122.1	-4.7	40.7	128.1
RPAT	**461.7**	**355.9**	**33.9**	**162.8**	**512.5**
APAT	**421.1**	**334.7**	**52.6**	**170.2**	**452.0**
Growth (%)		*-20.5*	*-84.3*	*223.6*	*165.5*
EPS	**27.5**	**21.9**	**3.1**	**9.9**	**26.3**

Balance Sheet

(Rs Cr)	FY19	FY20	FY21	FY22E	FY23E
SOURCES OF FUNDS					
Share Capital	30.7	30.7	34.4	34.4	34.4
Reserves	3443.5	3677.7	4850.4	4950.3	5332.0
Total Share-holders Funds	***3474.1***	***3708.3***	***4884.8***	***4984.7***	***5366.3***
Minority Interest	***1223.3***	***1278.8***	***1319.0***	***1351.6***	***1454.1***
Long Term Debt	3694.6	3629.3	3016.1	3416.1	3216.1
Short Term Debt	549.1	702.2	637.6	637.6	637.6
Total Debt	***4243.7***	***4331.5***	***3653.7***	***4053.7***	***3853.7***
Deferred Taxes	-139.0	-61.2	-123.7	-123.7	-123.7
TOTAL SOURCES OF FUNDS	**8802.2**	**9257.4**	**9733.8**	**10266.3**	**10550.4**
APPLICATION OF FUNDS					
Net Block	6148.9	6079.5	6901.3	6876.0	6978.7
CWIP	896.0	1534.1	1274.0	1608.1	1684.1
Goodwill	371.1	371.1	371.1	371.1	371.1
Investments, LT Loans & Advances	745.0	589.7	574.0	674.0	774.0
Inventories	898.6	816.1	768.2	718.2	668.2
Debtors	195.5	201.7	295.0	305.0	315.0
Cash & Equivalents	192.0	140.7	513.9	157.0	333.1
ST Loans & Advances, Others	529.8	753.2	634.0	649.0	664.0
Total Current Assets	***1815.9***	***1911.7***	***2211.0***	***1829.2***	***1980.3***
Creditors	147.9	111.7	84.7	93.2	102.5
Other Current Liabilities & Provisions	1026.9	1116.9	1512.9	999.1	1135.3
Total Current Liabilities	***1174.8***	***1228.7***	***1597.6***	***1092.2***	***1237.8***
Net Current Assets	***641.2***	***683.1***	***613.4***	***737.0***	***742.5***
TOTAL APPLICATION OF FUNDS	**8802.2**	**9257.5**	**9733.8**	**10266.3**	**10550.4**

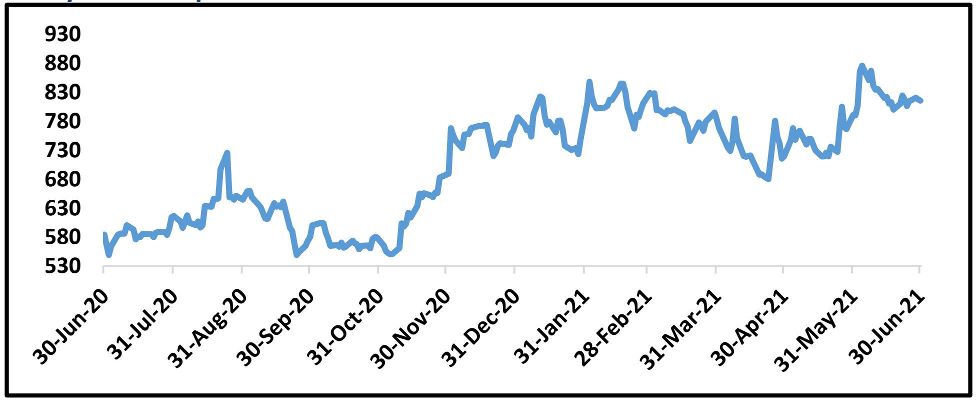
RETAIL RESEARCH

The Phoenix Mills Ltd.

Cash Flow Statement

(Rs Cr)	FY19	FY20	FY21	FY22E	FY23E
PAT from Operations	**461.7**	**355.9**	**33.9**	**162.8**	**512.5**
Interest expenses	350.6	347.8	347.8	294.8	315.5
Depreciation	204.2	207.6	209.4	256.1	266.8
Working Capital Change	-574.9	-98.5	-92.7	-480.4	170.6
OPERATING CASH FLOW (a)	**441.7**	**812.9**	**498.4**	**233.3**	**1265.3**
Capex	-1460.6	-780.1	-694.9	-565.0	-445.4
Investments	60.9	0.0	0.0	-100.0	-100.0
INVESTING CASH FLOW (b)	**-1399.7**	**-780.1**	**-694.9**	**-665.0**	**-545.4**
Share capital Issuance	903.5	6.3	1135.7	0.0	0.0
Debt Issuance	530.1	87.8	-245.8	400.0	-200.0
Interest expenses	-332.9	-325.6	-368.0	-294.8	-315.5
Dividend	-48.0	-55.5	-0.3	-70.3	-70.3
FINANCING CASH FLOW (c)	**1052.7**	**-286.9**	**521.7**	**34.9**	**-585.8**
NET CASH FLOW (a+b+c)	*94.7*	*-254.2*	*325.2*	*-396.8*	*134.1*

One year stock price chart



Key Ratios

Particulars	FY19	FY20	FY21	FY22E	FY23E
PROFITABILITY RATIOS (%)					
Gross Margin	89.0	89.9	92.8	89.3	91.1
EBITDA Margin	50.1	49.8	46.0	42.9	54.1
APAT Margin	21.2	17.2	4.9	10.5	21.1
RoE	12.2	8.4	0.9	2.6	7.9
RoCE	12.1	9.8	4.2	5.3	9.9
SOLVENCY RATIOS (X)					
Net Debt/EBITDA	4.3	4.5	7.4	5.8	3.3
Net D/E	1.2	1.1	0.6	0.8	0.7
PER SHARE DATA (Rs)					
EPS	27.5	21.9	3.1	9.9	26.3
CEPS	40.9	35.4	15.3	24.8	41.9
DPS	3.7	3.7	4.2	4.2	4.2
BVPS	227.1	242.4	284.5	290.3	312.6
TURNOVER RATIOS (Days)					
Inventory	143.7	161.2	269.4	168.0	118.1
Debtors	29.9	37.3	84.5	67.8	52.8
Payables	23.7	24.4	33.4	20.1	16.7
VALUATION					
P/E (x)	29.6	37.3	266.0	82.2	31.0
P/BV (x)	3.6	3.4	2.9	2.8	2.6
EV/EBITDA (x)	16.6	17.2	34.7	25.8	15.1
EV/Revenues (x)	8.3	8.6	16.0	11.1	8.2
Dividend Yield (%)	0.5	0.5	0.5	0.5	0.5

(Source: Company, HDFC sec)

Disclosure:

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