Phoenix Mills Limited
Q4FY14 Earnings Conference Call
May 29, 2014

Moderator: Good evening Ladies and Gentlemen, I am Barkha Davar, the moderator for this call. Thank you for standing by and welcome to the Phoenix Mills Limited Q4FY14 Earnings Conference Call. For the duration of the presentation all participants' lines will be in the listen-only mode. We will have a Q&A session after the presentation. I would now like to hand over the call friends to Mr. Pradumna Kanodia over to you Sir.

Pradumna Kanodia: Good evening ladies and gentlemen, and thank you very much for participating in the Phoenix Mills Ltd conference call to discuss the FY14 standalone and consolidated results.

At the outset it gives us great pleasure to report that the operating metrics across all our malls continue to grow in double digits despite the economic headwinds and therefore given the change in the current political environment we are very confident of continuing the double digit growth even in the coming years. I am sure you would have received the FY14 investor presentation which we have circulated and also uploaded on the stock exchanges and also on the company website.

Let me briefly highlight the operating and financial trends of our operating assets starting with HSP. During the FY14 consumption HSP has increased 13% year-on-year to Rs 13.2 billion translating into a strong trading density of almost Rs 2260 psf which is up by 12% year-on-year. In the fourth quarter of the fiscal year '14, the quarterly consumption at the market city Pune increased by 28% year-on-year to Rs 1603 million, consumption at Bangalore increased by 54% year-on-year to a number of Rs. 1674 million, the Kurla the increase was 37% year-on-year to a figure of Rs. 1244 million and Chennai which has completed, one year of its operations in January achieved consumption of Rs. 1850 million, the highest among the four market city malls that are currently operational. We expect these strong consumption trends to continue in the current fiscal year as occupancies ramp up and consumption per footfall continues to increase.

Now moving on to the financials of our development portfolio, Phase-1 development of One Bangalore West which is our largest development in terms of residential play is almost entirely sold out. The current selling prices for Phase-1 is in excess of Rs 10,900 per square foot, which is almost a 70% increase from the launch price which was in September 2012. We are in the process of launching Phase-2 and Phase-3 which is the luxury tower in the next three months timeframe. At Kurla in Mumbai, the opening of Santacruz Chembur Link Road, it has already resulted in the improvement in consumption at the mall and also the enquiries for office space at our mall has increased significantly. The Phoenix Paragon Plaza project at Kurla has almost reached completion stage and leasing is picking up very briskly and almost 100,000 square feet has been leased out so far. We will also be launching Orion Park which is now known as the Art GuildHouse with higher specifications at the end of this month and expect the sale prices to increase to over Rs 12,000 per square foot post the repositioning of that asset. During Q4 of FY14 we launched our luxury residential project at Pune and we have sold almost 10% of the inventory in the first three months of its launch.

Moving on the hotel business – the Palladium Hotel completed one year of operations in December of the last December and continues to build on operational momentum. The hotel has been steadily ramping up and currently more than 310 rooms are operational along with several F&B and banquets spaces. We are currently in advance discussion with the global luxury operator to manage the hotel and we expect to sign the final agreements very shortly.

A brief synopsis of the financial highlights – Phoenix Mills supported a consolidated income from operations of Rs. 14.9 billion for the year FY14 and a consolidated EBITDA of Rs 6.8 billion which represents a growth of 208% and 162% year-on-year respectively. The large increase in topline is on account of the continuing growth in the recurring rental income from the retail business, and the onset of sales recognition in our residential and commercial projects across various geographies, and three, on the acquisition of stakes of our private equity partners which has given us majority stakes in all our key projects. With this I conclude my opening remarks and would like to now open the platform for any questions that you may have, thank you so much.

Moderator: Thank you Sir, with this we will start the Q&A interactive session. I would request all the participants, if you wish to ask any questions you may press '0' and '1' on your telephone keypad and wait for your name to be announced. I requests all the participants, if you wish to ask any questions, kindly press '0' and '1' on your telephone keypad and wait for your name to be announced. The first question comes from Mr. Adhidev Chattopadhyay from HDFC Securities, your line is un-muted, you may please go ahead and ask your question please.

Adhidev Chattopadhyay: Yes, good evening, thanks for taking my questions, just a couple of things, first in the residential & commercial business, the bookings you have done for FY14, on the sale component, the margins you are making, Sir, are there any specific reasons for lower margins or is this the indicative margins going forward that you think are sustainable for the business.

Pradumna Kanodia: Well, I had just mentioned in my opening remarks, the prices for one Bangalore West have appreciated by almost 70% since the launch of the project, so the initial inventory that has got sold out probably reflects the initial pricing. As we move into the second phase and the luxury towers you will see that our margins will definitely improve. Currently our selling price is in excess of Rs 10,900 even for the existing inventory, which definitely gives us a much higher margin as compared to what you would have seen on an average going so far, and so has been the similar case with our commercial property, the Kurla we are now selling at Rs 12,000 which probably got sold at Rs 8000 a couple of years back, so initially the launches were at a price which were at the market price at that time, but thankfully the market prices have moved up significantly and we hope to improve upon the margins as we move forward.

Adhidev Chattopadhyay: Okay, and my second question is a related issue, you must be obviously aware that one of your peers have done CMBS issue in the market, especially referred to DLF doing a CMBS for its emporium mall in Delhi, so any thought on like converting our LRD loans into a CMBS,are there any plans of that, and if you have to do it, what would be the benefits if any to the company. Could you just explain that?

Pradumna Kanodia: Well a lot of bankers and financial institutions have been talking to us, but I think we need to evaluate the pros and cons. The fact that most of our assets are now not really very mature and the debt currently in each of these malls, has also been priced very, very attractively from our point of view. In fact Punewe did a refinance in November December of 2013 which was five or six months back, so for us to really get into a CMBS structure right now probably, the arbitrage is not so significant, they need to finally mature and a little more where we can, then look at the pricing which is significantly better and then there is a residual portion which is still under development in each of these malls. Like in Chennai we have a residential development; in Bangalore we are launching our residential development along with a mall development. In Kurla, Art Guild House is also coming closer to end of development, so all these developments aspect within that SPV also influences the ability of the company, of that SPV to raise to the funds, the way DLF has done so really we believe that in the six to eight months' time once these assets will really completed their development part of the cycle like Chennai, we just want to evaluate and examine the possibility of a CMBS structure, but of course we continue to enjoy very good pricing from the LRD itself, so we don't feel we will be doing something in the future.

Adhidev Chattopadhyay: And just lastly just wanted to get an understanding, obviously at Phoenix you have been renegoting for the rentals, you expect an upward trend over there. Across all other malls they have been a couple of years now, at least many of them, two or three years since they are operational, could you give any guidance on the sort of rentals we should see on the other market city Malls going forward, I mean is this going to be a normal upward trend of 5 to 7% or do you expect it to be higher on the average rentals.

Pradumna Kanodia: As I mentioned in the opening remarks, I think double digit growth across market cities is definitely going to be achieved, Pune is about to complete three years, Kurla will complete three years in October, November, there are a lot of these escalations which are normally as a part of a normal process are kicking in plus the revenue share and the improvement in terms of the consumption trading density would also give us a higher rental realization so keeping view that we are completing three years in Pune, three years in

Bangalore, and Kurla we should expect double digit growth to come in. But I think as we move forward, as the market and as the overall dynamics improve there is the possibility of us to even do better in these areas.

Adhidev Chattopadhyay: Okay finally any clarity on the hotel operator for Palladium, are we looking at anything in the short term, any announcement.

Pradumna Kanodia: Like I mentioned in my opening remarks, we are in a very advanced stage of closing out with the agreement with a luxury operator and once we do that in the next 30 to 45 days, we should be able to announce that.

Moderator: Thank you Mr. Chattopadahyay, Next we have Mr. Gaurav Pathak from Standard Chartered Securities, you may go ahead and ask your questions.

Gaurav Pathak: Just a couple of questions, in terms of Orion Park, when are you expecting this sales to start.

Pradumna Kanodia: If you look at my investor presentation the Orion Park which is known as Arcade House is already a significant sales that we have already done. So out of approximately 800,000 square foot of space we have sold almost 50% of thereabout, so if you want the exact number you can just, I will open up that sheet, Sastha how much is the number.

Sastha: Around 380,000 square feet.

Pradumna Kanodia: Yes, 380,000. Out of 760,000 we have sold 380,000 square foot already and the balance I think, now with the relaunch of this project, we should see much better traction at much finer prices.

Gaurav Pathak: Okay, and for the other project, Paragon Plaza, is the idea to put it on lease or eventually sell it out.

Pradumna Kanodia: We have a mixed approach there, so some of the space we intend selling as well, and part on the leasing aspect, so it will be a mix of it, currently there is a traction on both sides, the leasing also is showing strong traction, and so is the case with the shops and some of the offices on top of Paragon Plaza, so we hope that in the next two or three months once the asset is ready for operation, a significant portion of it could be ready in terms of both either as a leased out asset or as an asset sold which is sold off to end users.

Gaurav Pathak: Okay, and in terms of the put option that you mentioned on EWDPL what is the idea you have used. Do you get your investment back and if so what is the structure that you looking at to get the money back.

Pradumna Kanodia: There is no structure, it is basically a provision which was there in the debenture agreement that we had and as per that because of certain timelines we had exercised this put and out of that we have already received almost 20 crores from the company and as we move forward we are looking at selectively liquidating some of their assets which will allow them to distribute their funds to us in terms of our ability to get the money back which we have invested.

Gaurav Pathak: So the investment is around 160 crores right.

Pradumna Kanodia: Yes, that is between the two companies.

Gaurav Pathak: And you should get back money back holistic

Pradumna Kanodia: We are evaluating that, liquidation is not a process which can be timed and which can be really predicted, these assets will take their own time, but their intentions are very clear, they have already honored their first commitment of the Rs. 20 crores, which came up somewhere in November December of 2013, so we are working towards ensuring that they really don't sell it out as a distress asset, and at the same time are able to get a reasonable value for this sale and which will allow all parties to benefit from that rather than doing a distress sale.

Gaurav Pathak: Okay, and just one last question, what was the rent in High Street Phoenix for Q4.

Pradumna Kanodia: We had a total topline of 78 crores, out of that it included both the Recoveries as well as the Rental, how much was the rental Sastha.

Sastha: Around 53 crores. Rs. 222 psf per month.

Moderator: Thank you, Mr. Gaurav, next we have Mr. Puneet Jain from Goldman Sachs, Sir,your line is unmuted you may please go ahead and ask your question.

Puneet Jain: Good evening everybody, my first question with respect to your footfalls in Pune, Chennai, and Bangalore. Footfalls seems to have stagnated for the last few quarters and so is the consumption. Is it any cause of worry or is just linked to the economic sentiment that has been there.

Pradumna Kanodia: Yes let us start with Chennai, I think after the long, long wait finally we have seen the multiplex which is Satyam opening up, and that really will see in a huge change in terms of the number of footfalls and also of course reflect on the consumption and trading densities, so the numbers for the first quarter of new fiscal year 15 will definitely reflect a much bigger consumption number, much higher in terms of footfalls, etc. That is one aspect, but apart from that your observation about the footfalls being little stagnant, yes, in fact we have a little bit of cyclicality that also has crept in and also there is a little bit of overhang of the overall macro environment that we have faced up to, but clearly the trends are still biased towards the North movement because if you see on a year-on-year the growth has been in terms of trading density, if I take the Bangalore example, it has been 36%, the sales, the consumption has increased by 54%, license fees which are now currently at Rs 73 used to be below Rs 67, Rs 68 at the beginning of the year, so in spite of that I think a little bit of maturity also coming in where the markets are now slightly stabilizing but with the holiday season coming in and we will see the next three months really being a season when a lot of consumption happens, you will find that these trends again start picking up and the Q1 if you look at FY14 Q1 numbers of any particular mall, and then compare it with the Q4 numbers at the end of that year, then there has been an increase and a good growth and I think that number and the growth will continue to be seen as we move forward.

Puneet Jain: Okay, second thing is that you mentioned in TWDL**,** you will be exiting completely once this money gets back, or will it be a mix of that you will get the money back and you would also retain your stake in the company.

Pradumna Kanodia: Well the fact is that there are two investments, one is the entertainment world where we have equity investment and the other is the debenture investment in TWTL, so what we have done is, exercise of put under in the TWDL so that is where the money will come back while our equity investment in PWTL will be as an equity investment, so there will be no recovery unless we exit completely and sell to a third party or somebody, so I think right now what has been happening is the money that is coming in against the put- that we have exercised against debentures that we had in Treasure World.

Puneet Jain: Okay, so your stake will still remain the same.

Pradumna Kanodia: In entertainment world, it should remain the same, nothing which will happen overnight for us to suggest that there will be a change in ownership there.

Puneet Jain: Just one more thing on this quarterly results, what is the property taxes.

Pradumna Kanodia: At times in Bombay you would have been observing that BMC has raised property tax on all the developers which are basically also billed for the last couple of years, so it is not just for the current year, it is also in arrears for two years which have billed now, we are having to book an exceptional sort of a number for the current year, which also is partly pertaining to the years 2012-13, and may be 2011-12 also to some extent, the BMC was referring to capital value and the change in method for applying for the purpose property tax so all those things have now come into effect and raised those bills that is why you see a little larger portion of property tax coming into play in the last quarter.

Moderator: Thank you Mr. Jain, next we have Mr. Priyansu Bakshi from New Vernon Capital. Mr. Baxi your line is unmuted now.

Priyansu Bakshi: Hello Sir, a couple of questions, one is in the current quarter, there has been a slight decrease in rental across market cities, is it because of consumption going down and revenue share, because I don’t know that revenue share had kicked in the market cities.

Pradumna Kanodia: Sastha, you want to take that question.

Sastha: In High Street Phoenix there is a slight reduction in rental, that is only because we settled one particular dispute with a retailer who was not paying for a long period of time. Because we had already billed that rental income in prior quarters, and prior years, therefore we had to reduce it from our topline. That is the only reason why there was a reduction in our rental income in the case of High Street Phoenix. Also in the market cities as you know since these are new assets and they have just started operations over the last three years, there were some disputes regarding billing, which was accumulating as debtors.So once we actually resolve those issues there will be a one-time kind of correction that you see, and the correction that we have witnessed in Q4 is yes, the result of the previous disputed amounts.This does not mean that the rental income has actually reduced or the rental per square foot has reduced in anyway, it should be a temporary blip that you are seeing in this quarter.

Priyansu Bakshi: Understood, so right now revenue share has not really kicked in right, anywhere.

Sastha: There is significant revenue share in the market cities, if you look at Pune, we are seeing revenue shares of maybe almost a crore or crore and a half on a monthly basis and even in Bangalore, the number is close to a crore, Chennai maybe a little bit lesser than that in Kurla is a bit low.

Priyansu Bakshi: Sure understood, and the EBITDA reduction in High Street Phoenix in the standalone numbers, maybe I missed this initially, I joined five minutes late, did you specify why that is the case, the 500 basis points reduction in EBITDA margin.

Sastha: That is mainly because of the property tax.

Priyansu Bakshi: I understand, two years.

Sastha: Rental was also slightly lower so that is why the margin is corresponding lower.

Priyansu Bakshi: But going forward you do not expect to be the correct, it should go back to the mid-60s level.

Sastha: It will go back to the previous run rate starting the next quarter.

Priyansu Bakshi: Which is mid 65-66.

Moderator: The next question comes from Mr. R.N. Aggarwal from Jeffries, Mr. Aggarwal your line is unmuted now.

Anand: Hi good afternoon this is Anand here, firstly I mean we see if I look at some of the malls, right, or the leasing status and the occupancy status, the occupancy status does not seem to be going up in few of the malls, almost for a year now, while the leasing, I mean there is a big gap that is built up, so any particular reason.

Sastha: Not really, see we have to look at it on a case-to-case basis, in the case of Pune, if you look at it, our leasing status is close to 90%, whereas our occupancy status is 83% and that is only because we have this third floor in Pune, which we have leased out but there is some small bit of work which is left and once that is done automatically the fit outs will be done for the retailers and you will see this ramp up between trading and leasing status. The second point to that is that we are also in a continuous journey to improve the categories and the category mix in our malls, so there is lots of shifting and changing that we do because we leased this asset out into 2009, 2010, so there may be some retailers who have occupied some prime spaces but they are not doing justice to the location that they are currently in, so we negotiate with these retailers, we ask them to shift to different areas and we try to get you know, bigger better brands in that same location so while the area is leased so it may not actually show up as trading because of this continuous shifting and changing that is happening. Similar logic would apply to even a Bangalore and similar logic would apply to Chennai as well as Kurla. So we are continuously evaluating in each and every sector of the mall, which sectors are actually functioning, which sectors are not performing, and based on that we are trying to change the tenant mix within those sectors so that the flow of traffic is much better and people find a reason to go to those sections of the mall so that the entire mall can perform better.

Anand: And what is our expectation, I mean, how long will this take? Will we take the entire FY15 also to go through this exercise and therefore may not see a significant pick up in the occupancy levels or do we expect that to happen?

Sastha: I think we are more or less done all our shifting. All the plans are finalized, so I think by middle of this current fiscal maybe by November December we should see that all the market cities would have reached an occupancy of 94 or 95%. Very good example is say in Pune, we are getting Forever21 into the mall, but they obviously require a prime location, so just to enable Forever21 to get a prime location, we are shifting two or three tenants in one floor, two or three tenants in another floor so that they get a 2-floor store, so these kind of changes while they are resulting in currently lower occupancy, but on a overall basis they are significantly beneficial to the mall. So, maybe in the second half of FY15 and then FY16 you are going to see the true benefits accruing from all these changes that we are doing.

Anand: Right, and more in terms of the strategy for the company going forward, we are now close to having launched or having launched all our projects of the second Phase-1n most of the locations that we have, so beyond this what are we thinking about, I mean, do we want to go to more residential development or into more retail malls and if so will we go to a JDA model or outright purchase of land, any thoughts on that.

Sastha: There are obviously two aspects to our business, one is the development side, and one is the mall side. In the development side, I think a natural progression would be to finally start acquiring some land, but this is one aspect that we have not really put in a lot of thought in given that land purchasing can start only when our development assets starts generating significant amount of cash, so that might be say 12 or 15 months away and initially when that business generates cash, some of it might be utilized into repaying or prepaying debt, which is currently sitting on the mall asset as well as the entire SPV. So we are probably, maybe 15 to 18 months away from that story, but we are starting to give some thought along those aspects. Second is in the mall business we are looking out and seeing if there are some opportunities available for inorganic growth but finally any deal would be based on the right price and a right return for the incremental capital that we are investing because if you look at it, there is enough growth that is already there in the company, and we have a rental business which is going to grow at an annual CAGR of 15% to 20% going forward we have a development portfolio of over 7 million square feet, out of that we have sold just 2 or 2.5 million square feet till date, so we have lots of growth which is still available in the company so we are in no rush, we have a Phase-4 in High Street Phoenix, which has a development potential of 0.25 msf, so there is significant growth, we are not rushing into anything, but we are definitely evaluating how to take forward our mall business as well as development business.

Anand: Okay, and just last, on the committed stake buyouts, we have a payment of 20 crores coming up in Q1 right, that is it for FY15, right.

Sastha: Yes, that is right for FY15.

Anand: And then we have something in FY16.

Sastha: Yes.

Moderator: Thanks. Next we have Mr. Pathak from Standard Chartered, Sir, you may please go ahead and ask your question.

Pathak: Yes sir, just quickly wanted to check when are you looking to launch a couple of your remaining development projects, the one in Chennai, also the Bangalore Island Star Mall.

Sastha: In the Island Star Mall, we will probably be launching maybe in the next three months, we are in the process of freezing the designs, a lot of work has already gone in into it, our internal business plan, the first cut is ready, just pending approval, so we are probably three months away from doing full launch of the Phase-1, which is the 0.35 million square feet project which is going to be slightly premium or luxury then in Chennai for the Phase-2 of residential I think we have some fair bit of inventory left to sell Phase-1, so once we complete selling most of the remaining inventory and once the luxury mall is closer to completion, that is when we will actually launch this project and it may take us at least another 9 to 12 months to launch this residential because it is going to be built on top of the luxury mall. I think in Pune, we have already launched like Pradumna mentioned in his opening remarks.

Pathak: And what is the billing size in Pune?

Sastha: In Pune we are selling at roughly Rs 11,500 per square foot of base selling price.

Pathak: Rs 11,500 per square feet.

Sastha: Yes, I think that is a very good price given the current situation in the Pune market where not too many developers are able to achieve sales, I think it is a testament to the quality of our product and the marketing that we have been able to do that we have sold 10% of our inventory at a pretty attractive price.

Moderator: Next we have Mr. Puneet Jain from Goldman Sachs. Sir, your line is unmuted.

Puneet Jain: Thanks for taking my question. So, if I look at this Q-on-Q result, your income from operations are at 9 while your trading density is down as well as the consumption is down, so how should I read this?

Sastha: You are talking about High Street Phoenix.

Puneet Jain: High Street Phoenix, standalone profit & loss statement, your income from operations is up 9% Q-on-Q while your consumption is down, so were there any stores that got renegotiated? Did the occupancy level go up in this quarter?

Sastha: I think Puneet you have to consider the cyclicality for High Street Phoenix in that the December quarter is a really strong quarter, given you have Christmas, you have New Year, you have Diwali, it is a festive season overall, so generally it is difficult for the fourth quarter to be able to match up to the third quarter. What we need to look at is a year-on-year comparison which is 8% growth in consumption, while I take your point that you know we would rather that it had been in double digits, but we think it is more a blip because looking at the current quarter the recent trend that we are seeing are once again indicating that double digit kind of growth on a year-on-year basis, so I would put it to mainly cyclicality and in terms of rental income growth on a quarter-on-quarter basis that is a result, I don't know if there was a growth on a quarter-on-quarter basis, but on a per square foot basis, if we did not have those adjustments that we needed to do, definitely there would have been an increase in rentals because it is a function of minimum guarantee and some amount of revenue share, so minimum guarantees are increasing on a quarter-on-quarter basis so it should have been able to offset any loss in revenue share. So had there been no adjustments which where made in the current quarter I am sure that the rental income would been at least flat on a quarter-on-quarter basis.

Puneet Jain: It is up 9% on a quarter-on-quarter basis.

Sastha: Yes but the rental income was actually down on a quarter-on-quarter basis.

Puneet Jain: So what contributed to this extra growth, property income?

Sastha: I think that was from Recoveries, there was some property tax that we had to bill retrospectively to some of the retailers, so there was that amount also which came in the top-line in terms of our recoveries, so that was one significant contribute to the top line. The rentals actually dropped on a quarter-on-quarter basis.Because we got these bills from the department on property tax and since our agreements with the retailers are that they are supposed to bear certain proportion of the property tax so we in turn ended up billing the retailers since they were the occupants during that period, and that is included in our top-line which is why you are seeing a quarter-on-quarter increase.

Moderator: Thank you Puneet. Next we have Mr. Prem Khurana from BNK Securities, Mr. Khurana your line is unmuted now.

Prem Khurana: Hi, good evening all. At Palladium we still have debt of around 600 odd crores which is the term loan I believe. Although we have had some improvement in operations but the number still seems to be somewhat low? When do you expect this property to be able to meet obligation on its own because as of now if I look at the numbers, I mean the numbers do not seem to be sufficient enough to take care even your interest cost?

Sastha: You are right, currently we are not able to cover our interest cost, but we are going to sign up with a luxury operator, and it will be the first hotel of that operator in the country. So we expect significant benefits to accrue once we get the new operator in to the hotel and if you also realize the entire inventory of rooms is not yet operational and you know, even the service apartments are not yet operational. Completion of these inventory are awaiting the signing with the new operator and once that signing happens we would like the new operator to actually provide direction with regards to the remaining inventory and progressively once this inventory comes online and the hotel is rebranded we are going to see a significant improvement in operations. Coming to your first question, when do you think we will break even, I think this fiscal we are going to break even on cash basis.

Prem Khurana: Okay, till that time who would be providing the stop gap funding, we or the partners in proportion to the share as we own 53% odd as the economic stake is around 57% so we will be putting in 53% and the remaining 47% would come from other partners, or we only would be required to provide this entity with stop gap funding. Till the time it turns around and its starts meeting obligations on its own.

Sastha: Firstly we own a 53% economic stake in the company and we had already announced a rights issue in the month of October for this company so currently any shortfalls between the operations funding interest is being covered by this rights issue and once we sign up with the new operator we also expect some kind of key money to come in so using those funds and the funds from the rights issue we think that we should be fully funded for this hotel.

Moderator: The next question comes from Rajesh calling from Premji Investment. Sir your line is unmuted now.

Rajesh: Quickly two questions, I mean just extending on the last question basically, can we give concrete timelines on exactly when the partner is expected to come on board because it has been two quarters now and I mean it is a wonderful asset that is actually being under utilized, and continues to drag even the standalone.

Sastha: Hi Rajesh, I think we are continuously improving the operations on our own as you can see, there is a momentum which is building up on a quarter-on-quarter basis and even despite us not having an operator and operating the hotel on our own, we are achieving continuous quarter-on-quarter growth, second is, on the timelines, like I have always mentioned finally until we sign all the agreements we cannot reveal the name of the operator and Pradumna had mentioned in his initial remarks that we should be able to hopefully close whatever I's have to be dotted or T's which have to be crossed, in the next 30 to 45 days. While I understand it has been a delayed process, but given these large agreements and given that there are lawyers involved and it takes time to revert each time a change is made, this process is taking much more time than we initially thought. But rest assured there is no uncertainty with regards to finally signing up with the operator, it is only a matter of time to get the agreement signed and ironing out any remaining issues, which may be left.

Rajesh: Got it, second question is pertaining to the consol net worth, I don't know if I missed it or you covered it early but why did our net worth actually come down on a consolidated basis in FY14?

Suyash: This is mainly on account of, we have acquired the majority stakes of the additional companies during this year, so there is a lot of transfer of goodwill that we have purchased them through premium price, that is why there is a reduction in net worth.

Moderator: Thank you Rajesh. Next we have Nick calling from Capital Investment, Sir, your line has been unmuted now.

Nick: I have got some questions on your residential projects, now in Pune how is the sales momentum in Pune and how is that from pre elections, is there a large difference.

Sastha: In the case of Pune actually we have done all our sales pre the election results, we have sold roughly 10% of the inventory, now post the election results, we are seeing lots of enquiries. The product in Pune is such that it is a large ticket size. It is a luxury product, so it takes some time for buyers to come in, check it out, check the vastu, and then finally take a decision on whether they want to buy the apartment. But definitely the number of enquiries have increased post the election results in the case of the Pune residential project. In the Bangalore West, our Phase-1 is unfortunately more or less sold out. There is hardly any inventory that we are currently selling to the market. So while we are seeing a huge number of enquiries. Unfortunately, we are not able to satisfy all of their requests, only because we don't have any inventory left, we should hopefully launch our Phase-2 very soon, but to answer your question, definitely the post elections, there has been a positive turn in momentum for sales.

Nick: Okay, thank you. I saw that the saleable area in Bangalore West increased by 160,000 square feet, how did you achieve this?

Sastha: We are always trying to optimize our design. The amount of FSI or buildable potential of that plot is significantly higher than the 3.1 million square feet that we have been able to achieve, but because there is a height restriction in the plot, there is only so much that we can build, but initially we had given a number of 2.95 million square feet, but post that we worked with the architects, we tried to optimize the design and saleable area given the limitations of height etc and have been able to increase the area to 3.1 million square feet.

Nick: That would be the Kessaku project.

Sastha: Yes, that is the luxury project where we got the additional area, because of a change in design.

Nick: Okay thanks, and are you planning to pay out from this project since I think the salesare now about higher than the proposed cost of Phase-1, is it correct.

Sastha: Correct, you are right, whether we are going to take out money from this company is a decision which has to be taken by the board of that company and we do have excess liquidity in this company and we are considering what to do, whether to take out some money from this company or whether to keep the money and fund the construction of the remaining phases, so that is a call that we will probably take in the next three to four months.

Moderator: Thank you Sir, next we have Sachin from Axis Capital.

Nitin: This is Nitin, just two questions, one is when you see the CAM growth of course it is growing much faster now, because occupancies are still ramping up, but once occupancies have become steady, how do we read, how do we see the cam growth, is there something in the agreement which has an escalation clause even for the CAM.

Sastha: Yes, there is an escalation clause of around 5 to 6% on an annual basis, but the way our CAM agreements read is that we always have another condition which says that if our costs are actually higher then we what are billing, then we can actually recover our costs. So we are completely protected in that aspect, even if inflation is higher than the annual increase in cam cost, we will still be able to recover all our expenses through CAM.

Nitin: Sure, and just one more question, in terms of future capital requirements, _____ andEW RetailI believe does not require much more capital here out, where do you see capital being required in the near term, I remember you mentioned new lands under the development portfolio but that is something that you have still not figured out, any other avenues or you know cases where you see there a need for capital.

Sastha: We don't really have a need for capital as of now because our capital needs are basically for inorganic growth or acquisition of stakes and like I mentioned earlier in the call, any land acquisition if we ever decide to go down that path will happen from the cash flows which are generated from the current development business. The stake acquisitions that we have been doing are all on a deferred payment basis which allows our own internal accruals to fund these acquisitions or you know raising of higher amount of debt on Phoenix Mills standalone itself would be able to fund any of these acquisitions that we announced. The final aspect which remains is inorganic growth and if we decide to acquire some mall which is available at a really good valuation then in such a scenario we have to see if our current financials are able to do acquire this asset without any external need for capital. We will evaluate it when the actual situation arises, but as now we don't see any requirement for capital per se in our current business.

Sachin: Sure, and just on that, the tenant that was settled at High Street Phoenix, what was the area being occupied.

Sastha: There were actually two or three tenants and you know, without commenting on the names I think it was a pretty decent area of close to 60, 70 odd thousand square feet overall for that particular party.

Sachin: Okay, and you include that area when you say in the next 12 months there is certain amount coming up for renewals.

Sastha: Yes, if it is as per contract coming up for renewals, then, like I just clarified that there were certain billings made to those clients and those billings were disputed and finally we have come to a solution so there has been a reversal, it does not change anything per se, that retailer continues to operate. He will continue to pay us as per agreement and nothing really changes, it is just a one-time adjustment made based on billings which were disputed over a period of time, that is it.

Moderator: Thank you Sir. Next we have Mr. Abhishek Ranganathan from Phillip Capital, sir, your line is unmuted now.

Abhishek Ranganathan: Just wanted to touch on the goodwill part, essentially there was no goodwill on the books which I see, so is that the goodwill has been set off and adjusted against the results, is that how it has been accounted for.

Shuyash: Most of the goodwill has been adjusted against the capital reserve on the consolidation.

Abhishek Ranganathan: Okay, nothing into investments.

Shuyash: No.

Moderator: Thank you Mr. Ranganathan. At this time there are no further questions from the participants, I would like to hand over the floor back to the panelists for their final remarks. Over to you Sir.

Sastha: We thank you all for attending Phoenix Mills FY14 Conference Call. We are always available to take up your queries, so please do let me know if you have further queries.

Moderator: Thank you sir. This concludes our conference call for today. Thank you for participating. Have a great evening to all of you. Thank you. You all may disconnect your lines now.