

Sept 05, 2019

## Phoenix Mills Ltd

Phoenix Mill Ltd is one of the leading mall developers and operators in India. Phoenix offers a unique opportunity for any retailer to expand rapidly in India due to its strong operational performance and scalability. Its revenue CAGR over 5 years stand at 6.5%. During 1QFY19 the company's sales rose by 48.9% to ₹615cr. This was on the back of higher revenue recognition in residential business and was driven by retail rental income. PMC Lucknow is expected to be operational in H2FY20E. With ~75% area already pre-leased, the management expects trading on ~80% leasable area at the commencement of operations. The company's retail income is expected to bolster with these property additions. Further, PML announced an amalgamation scheme of its subsidiary company, Phoenix Hospitality Company Pvt Ltd (PHPCL), with PML. This is just for simplification of the corporate structure with direct holding by PML in key operating companies.

Phoenix Mills focuses on strengthening its balance sheet with a decrease in debt-equity. From 2x in FY15, it has come down to 1.3x in FY19. Simultaneously interest coverage ratio has improved from 1.6x in FY15 to 2.5x in FY19. ROCE has been improving continuously and stands at 13% in FY19 from 10.4% in FY15. The stock is currently trading at 12xEV/EBITDA. The company also pays dividend of average 15%. Considering all the operational performance factors, we recommend BUY.

## BUY

CMP	₹656
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### Stock Info

Sector	Realty
Market Cap (₹ cr)	10,052
Beta	0.5
52 Week High / Low	736/489
Avg. Daily Volume	10,848
Face Value (₹)	2
BSE Sensex	36,644
Nifty	11,017
Reuters Code	PHOE.BO
Bloomberg Code	PHNX IN

### Shareholding Pattern (%)

Promoters	62.8
MF / Banks / Indian FIs	6.2
FII / NRIs / OCBs	26.9
Indian Public / Others	4.2

Abs. (%)	3m	1yr	3yr
Sensex	(7.3)	(3.6)	26.5
PHOENIXLTD	0.3	7.1	55.6

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### Disclosure of Interest Statement

### Phoenix Mills Ltd

1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

**Ratings (Based on expected returns over 12 months investment period):**

Buy (> 15%)

Accumulate (5% to 15%)  
Reduce (-5% to -15%)

Neutral (-5 to 5%)  
Sell (< -15)