

The Phoenix Mills Ltd

Q2FY12 first cut: Delivering as per expectations

Fundamental Grade	3/5 (Good fundamentals)
Valuation Grade	4/5 (CMP has upside)
Industry	Real Estate Management & Development

The Phoenix Mills Ltd's (Phoenix's) Q2FY12 standalone results were in line with CRISIL Research's expectations. Standalone revenues grew by 7% y-o-y driven by higher footfalls. EBITDA margin declined slightly y-o-y due to an increase in employee costs. Earnings registered a healthy 8% growth supported by higher other income. We continue to remain positive on Phoenix given the steady cash flow from High Street Phoenix (HSP) and contribution from the market city projects, majority of which will be on stream by FY12-end. We may revisit our earnings estimates post the concall. We maintain the fundamental grade of **3/5**.

Q2FY12 standalone result analysis

- Revenues grew by 6.9% y-o-y (up 0.8% q-o-q) to Rs 474 mn driven by steady performance at HSP. Footfalls during the quarter were ~5 mn averaging ~1.6 mn a month, which compares well with Q1FY12 footfalls of 4.4 mn.
- EBITDA margin declined by 113 bps y-o-y to 70.4% due to an increase in employee costs; it was flat q-o-q.
- PAT grew by 8.2% y-o-y to Rs 239 mn supported by growth in other income. Debt increased from Rs 1,300 mn in Q1FY12 to Rs 2,460 mn in Q2FY12, resulting in higher interest costs and, subsequently, 12.1% q-o-q decline in PAT. EPS was Rs 1.7 vs. Rs 1.5 in Q2FY11.

Valuations: Current market price has upside

We continue to use the sum-of-the-parts method to value Phoenix. We maintain our fair value of Rs 232 per share. Given the current market price, this translates to a valuation grade of **4/5**.

KEY FORECAST

(Rs mn)	FY09	FY10	FY11	FY12E	FY13E
Operating income	996	1,252	2,117	2,913	4,709
EBITDA	605	800	1,398	1,861	2,728
Adj PAT	768	620	686	1,305	1,078
Adj EPS-Rs	5.3	4.3	4.7	9.0	7.4
EPS growth (%)	NA	(19.4)	31.5	60.5	(17.4)
Dividend yield (%)	0.7	0.7	1.0	1.6	1.3
RoCE (%)	2.6	2.6	4.1	5.4	7.4
RoE (%)	5.0	3.5	3.7	6.8	5.4
PE (x)	33.9	48.4	43.9	23.1	27.9
P/BV (x)	1.5	1.6	1.6	1.5	1.5
EV/EBITDA (x)	46.4	42.0	26.8	20.4	14.2

NM: Not meaningful; CMP: Current market price

Source: Company, CRISIL Research estimate

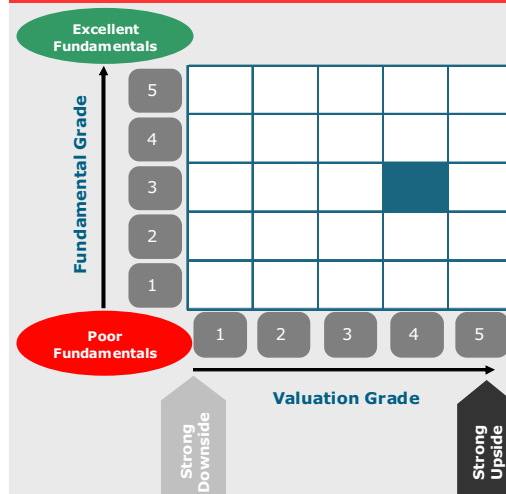


November 14, 2011

Fair Value Rs 232

CMP Rs 208

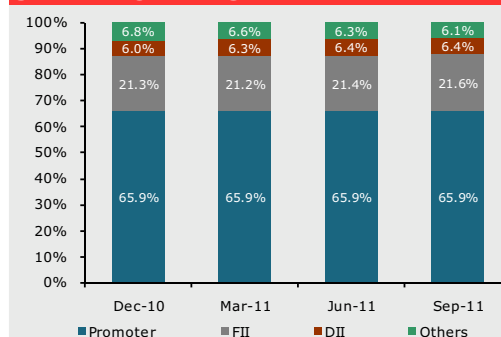
CFV MATRIX



KEY STOCK STATISTICS

NIFTY / SENSEX	5148/17119
NSE / BSE ticker	PHOENIXLTD/ PHOENIX
Face value (Rs per share)	2
Shares outstanding (mn)	144.8
Market cap (Rs mn)/(US\$ mn)	30,084/601
Enterprise value (Rs mn)/(US\$ mn)	37,984/759
52-week range (Rs) (H/L)	270/165
Beta	0.8
Free float (%)	34.1%
Avg daily volumes (30-days)	29,148
Avg daily value (30-days) (Rs mn)	5.8

SHAREHOLDING PATTERN



PERFORMANCE VIS-À-VIS MARKET

	Returns			
	1-m	3-m	6-m	12-m
Phoenix	2%	-3%	4%	-9%
NIFTY	0%	1%	-7%	-15%

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