

Phoenix Mills (PML) – BUY

Company Update

Current Market Price (CMP)

Rs.948

Target Price

Rs.1,200

Our price target of Rs.1,200 offers upside of 26.6% from current market price.

Rationale:

- PML entered into partnership with CPPIB for its upcoming project in Lower Parel.
- Partnership with PE (Pvt. Equity) investors offers growth capital at attractive rates.
- Continues to raise funds at project levels (SPVs), allows part-monetisation of assets.
- We estimate the leasable area to grow at 13% CAGR over the next five years.
- Maintain BUY with revised sum of the part (SoTP) based Fair Value of Rs1,200.

Company update:

Positives:

- CPPIB to infuse Rs1350 cr to buy 49% stake for mixed-use development of 12 lakh sqft at Lower Parel, Mumbai. (CPPIB: Canada Pension Plan Investment Board)
- Investments by PE offers capital to grow its portfolio without external debt.
- PML has under-leveraged balance sheet with net consolidated debt of Rs3000 cr.
- PML has shown recovery in consumption trends to 90% of pre-Covid levels.

Negatives:

- We estimate negative free cash flows of Rs 490.5 cr for FY22.

[Click here](#)

For detailed report dated 17th November 2021. Note: CMP & valuation may differ due to difference in dates.



This is a synopsis of the Research report issued by Kotak Securities Limited. This is not a comprehensive report and before taking any investment decision we request you to refer the detailed report including disclaimers by clicking here: <https://www.kotaksecurities.com/ksweb/ResearchCall/Fundamental>. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months / Disclaimer: <http://bit.ly/2n5AxIE>