

December 19, 2025

Scaling up to maximise consumption growth

About the stock: Phoenix Mills (PML) is a leading owner, operator and developer of retail led mixed-use developments pan-India.

- PML has an operational retail area of ~11.5 msf, spread across 12 operational malls and plans to reach 18 msf across 17 malls by 2030.
- It has 5msf/588 keys operational commercial office/hotels and plans to reach 9msf/2188 keys by 2030.

Investment Rationale

- Expect consumption growth to tread higher in Q3FY26:** PML is riding upon strong consumption growth (H1FY26 – up 13% YoY at ₹ 7335 crore, Q2FY26 – up 14% YoY at ₹ 3750 crore, Q2FY26 adjusted for churns & restructuring – 19-20% YoY). Family entertainment & multiplexes/Fashion & Accessories/Jewellery have been reporting 23%/17%/12% and 26%/14%/15% YoY growth in consumption during Q2FY26 and Q1FY16 respectively. Further, with festive season being in Q3FY26, the consumption growth is expected to trend higher in Q3FY26 and probably sustain in Q4FY26. Consequently, we expect the company to easily achieve its double-digit consumption growth guidance for FY26. The same is expected to be driven by premiumisation, brand churns and benefits accruing from GST rationalisation.
- Robust scale-up plans by 2030 across verticals:** PML is scaling up across segments (retail, office, hotels, residential) to transition from retail focused player to more of an integrated player. Its retail area of ~11.5 msf (12 malls) is slated to increase to ~18 msf (17 malls by 2030. Its office/hotels portfolio is targeted to increase from 4msf/588 keys to ~9msf/2188 keys and residential from ~4msf to 7msf by 2030. Lease expiries of ~8.21 msf between FY26 to FY30 create opportunities for brand & category churns and higher re-leasing spreads to drive growth without incremental capex.
- High funding visibility for FY25-FY30 growth phase:** The company's expansion plans across various segments is backed by strong internal cash flow generations and headroom for leverage. It can potentially generate over ₹ 8500 crore operating cash flows over FY26-FY30 (5x of ₹ 1700+ crore in FY25). Further, repositioning of retail assets, densification of flagship assets, office occupancy ramp-up, new assets coming onstream, and cashflows from residential business provide incremental cashflow generation potential. Additionally, lower leverage (its net debt to EBITDA stood less than 1x as on H1FY26), can aid in organic as well as inorganic expansions.

Rating and Target Price

- PML remains quasi-play on domestic consumption story riding on premiumisation trend.
- We increase our price target to ₹ 2210 (increasing premium to NAV to 60%), and retain BUY rating on the stock.



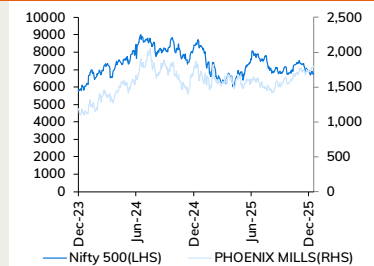
Particulars

Particular	Amount (₹ crore)
Market Cap	65,524
Total Debt (FY25)	4,663
Cash (FY25)	512
EV	69,675
52 week H/L (₹)	1902 / 1392
Equity capital	72
Face value	2

Shareholding pattern

	Dec-24	Mar-24	Jun-25	Sep-25
Promoters	47.3	47.3	47.3	47.3
DII	13.0	12.6	12.7	15.5
FII	35.7	36.1	36.3	33.5
Others	4.0	4.0	3.7	3.8

Price Chart



Recent Event & Key risks

- Slowdown in consumption trend
- Slower commercial leasing
- Delay in execution of new projects

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Key Financial Summary

(₹ Crore)	FY23	FY24	FY25	2 yr CAGR (FY23-25)	FY26E	FY27E	FY28E	3 yr CAGR (FY25-28E)
Net Sales	2,638	3,978	3,814	20%	4,620	5,398	5,621	14%
EBITDA	1,519	2,177	2,161	19%	2,630	3,064	3,270	15%
EBITDA margin (%)	57.6	54.7	56.7		56.9	56.8	58.2	
Adj. Net Profit	730	1,099	997	17%	1,289	1,517	1,652	18%
Adj. EPS (₹)	87.5	76.6	36.7		45.9	53.9	58.3	
P/E (x)	24.5	29.8	66.5		50.8	43.1	39.6	
EV/EBITDA (x)	44.9	31.3	31.8		25.6	21.5	19.6	
Price / Book (x)	3.9	3.5	6.3		5.5	4.9	4.3	
RoCE (%)	8.8	11.4	10.0		11.2	11.6	11.4	
RoE (%)	8.7	11.6	9.5		10.9	11.3	10.9	

Source: Company, ICICI Direct Research

Financial summary

Exhibit 1: Profit and loss statement

₹ crore

₹ crore	FY25	FY26E	FY27E	FY28E
Net Sales	3,814	4,620	5,398	5,621
Other Income	151	145	152	160
Total revenues	3,964	4,765	5,551	5,781
Raw Material Expenses	218	264	309	322
Employee Cost	363	439	513	535
Other Expenditure	1,071	1,286	1,512	1,495
Total Operating Expend	1,652	1,990	2,334	2,351
EBITDA	2,161	2,630	3,064	3,270
Interest	403	385	417	415
Depreciation	327	351	411	431
PBT	1,595	2,040	2,389	2,583
Tax	294	428	502	542
Reported PAT	984	1,289	1,517	1,652
EPS	27.5	36.1	42.4	46.2

Source: Company, ICICI Direct Research

Exhibit 2: Cash flow statement

₹ crore

₹ crore	FY25	FY26E	FY27E	FY28E
Profit after Tax	984	1,289	1,517	1,652
Depreciation	327	351	411	431
Interest paid	403	385	417	415
Cash Flow before wc changes	2,149	2,775	3,216	3,430
Net Increase in Current Assets	118	(299)	(288)	(83)
Net Increase in Current Liabilities	101	564	544	156
Net cash flow from op. activities	2,084	2,612	2,970	2,960
Purchase of Fixed Assets	(2,617)	(1,069)	(1,000)	(1,053)
(Purchase)/Sale of Investments	(2,710)	-	-	-
Net cash flow from inv. activities	(2,234)	(1,055)	(984)	(1,037)
Proceeds from Long Term Borrowings	450	(190)	373	(19)
Interest paid	(345)	(385)	(417)	(415)
Net cash flow from fin. activities	(47)	(504)	28	(371)
Net Cash flow	(198)	1,053	2,013	1,552
Opening Cash	710	512	1,565	3,578
Closing Cash	512	1,565	3,578	5,131

Source: Company, ICICI Direct Research

Exhibit 3: Balance sheet

₹ crore

₹ crore	FY25	FY26E	FY27E	FY28E
Equity Capital	72	72	72	72
Reserves & Surplus	10,377	11,737	13,326	15,041
Networth	10,448	11,809	13,398	15,113
Total Debt	4,663	4,473	4,845	4,826
Other financial liabilities	1,082	1,311	1,532	1,595
Deferred Tax Liability	350	350	350	350
Source of Funds	19,948	21,684	24,252	26,416
Gross Block	16,580	17,799	20,852	21,905
Less: Accumulated Dep	2,707	3,058	3,469	3,900
Net Block	13,873	14,741	17,383	18,005
Capital WIP	3,143	2,994	941	941
Total Fixed Assets	17,016	17,735	18,324	18,946
Investments	479	479	479	479
Inventories	774	938	1,096	1,141
Trade Receivables	230	279	326	339
Loans & Advances	17	20	24	25
Cash & Bank Balances	512	1,565	3,578	5,131
Other Current Assets	393	476	557	580
Total Current Assets	2,911	4,263	6,565	8,200
Trade Payable	203	246	288	299
Provisions	170	207	241	251
Other Current Liabilities	1,210	1,465	1,712	1,783
Total Current Liabilities	1,583	1,918	2,241	2,334
Net Current Assets	1,328	2,345	4,324	5,867
Application of Funds	19,948	21,684	24,252	26,416

Source: Company, ICICI Direct Research

Exhibit 4: Key ratios

₹ crore

₹ crore	FY25	FY26E	FY27E	FY28E
Per Share Data				
Diluted EPS	27.5	36.1	42.4	46.2
Adjusted EPS	27.9	36.1	42.4	46.2
BVPS	292.2	330.3	374.7	422.7
Operating Ratios				
EBITDA / Net Sales	56.7	56.9	56.8	58.2
PAT / Net Sales	26.1	27.9	28.1	29.4
Return Ratios				
RoE	9.5	10.9	11.3	10.9
RoCE	10.0	11.2	11.6	11.4
RoIC	12.7	14.9	14.8	15.4
Valuation Ratios				
EV / EBITDA	31.8	25.6	21.5	19.6
P/E	66.5	50.8	43.1	39.6
EV / Net Sales	18.0	14.6	12.2	11.4
Market Cap / Sales	17.2	14.2	12.1	11.7
Price to Book Value	6.3	5.5	4.9	4.3
Turnover Ratios				
Asset turnover	0.2	0.2	0.2	0.2
Gross Block Turnover	0.2	0.3	0.3	0.2
Solvency Ratios				
Net Debt / Equity	0.3	0.2	0.0	(0.1)
Current Ratio	0.9	0.9	0.9	0.9
Quick Ratio	0.4	0.4	0.4	0.4

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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