



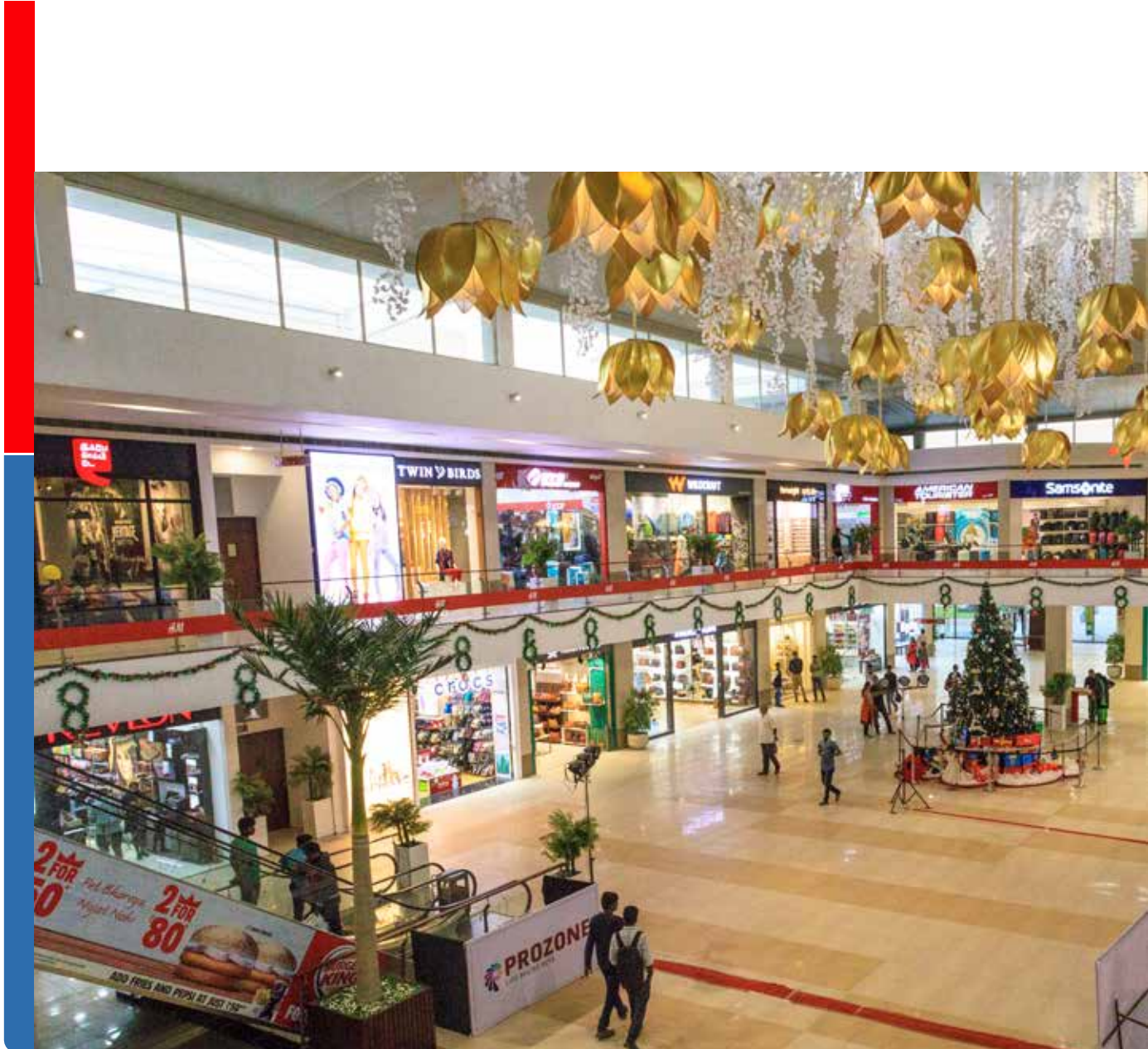
PROZONE

2020

PROZONE INTU PROPERTIES LIMITED  
ANNUAL REPORT

| RESOLUTE & RESILIENT

# Resolute and Resilient.



Prozone Intu Properties Limited

Annual Report 2019-20



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<http://www.prozoneintu.com>



At Prozone Intu, we have always been committed to providing great shopping and leisure experiences to our visitors. Our iconic destinations are nested within highly vibrant cities of India, offering world-class ambiances that are welcoming, relaxing, friendly, and filled with experiences beyond just shopping.

Over the last decade, we have amassed a winning land bank located in strategic emerging micro-markets. We have also progressed steadily with building a high-quality portfolio of retail-led mixed-use assets that have become the centre-piece landmark for leisure seeking city populations. We have also excelled in managing the operations of our assets, looking after the best interests of our brand occupiers and visitors. Being a consumption-lead company, we are continuously enhancing the experience that we offer people visiting our malls. Our consistent effort in creating the best value for all our stakeholders has been the driving force in our journey of steady performance.

FY2020 was a challenging year due to various macroeconomic factors that have affected the industry we operate in. This was further aggravated by the unprecedented outbreak of the COVID-19 pandemic, which has severely impacted lives, businesses and economies across the world. Not surprisingly, as a consumer facing business, footfalls and consumption took a dramatic downturn at Prozone Intu's malls. To contain the spread of the virus, we have been fully compliant with the Indian Government's imposed nationwide lockdown. As we gradually recover and resume operations from this shutdown, we expect our business operations to ramp up gradually due to evolving consumer behaviour, resetting of disrupted supply chain and inventory levels. Nevertheless, we are optimistic that footfalls to our malls will steadily return to normalcy once we and our occupiers have resumed activities in our malls. In the readiness of this restart, we have strengthened our systems and processes to ensure that our destinations are reliable places where our visitors, occupiers and employees can operate without worrying about their safety. Parallely, we are continuously monitoring our malls to ensure that our visitors follow prescribed social distancing norms, along with the health and safety guidelines issued by Government Authorities.

Furthermore, with the growing importance of digitalisation, mainly in times like these, we have initiated several strategic digital interventions that make our customers lives much more convenient. In particular, we have introduced a mobile App to give consumers appointment-based safe access to shopping in the stores within our malls. We are also expanding our Customer Relationship Management (CRM) platform to strengthen our engagement and relationship nurturing with occupiers and visitors alike.

Our purpose is to emerge as the destination of choice for populations within our target markets. In a world dramatically changed due to the current pandemic, we are singularly focused on making our malls safe and trusted destinations for our consumers to shop and enjoy. We have seen many major external disruptions through our history and have always emerged stronger from them. With a strong balance sheet with low leverage, and with a strong commitment to the consumption story of India, our long-term business model and ability to deliver sustained shareholder value remains secured and intact.



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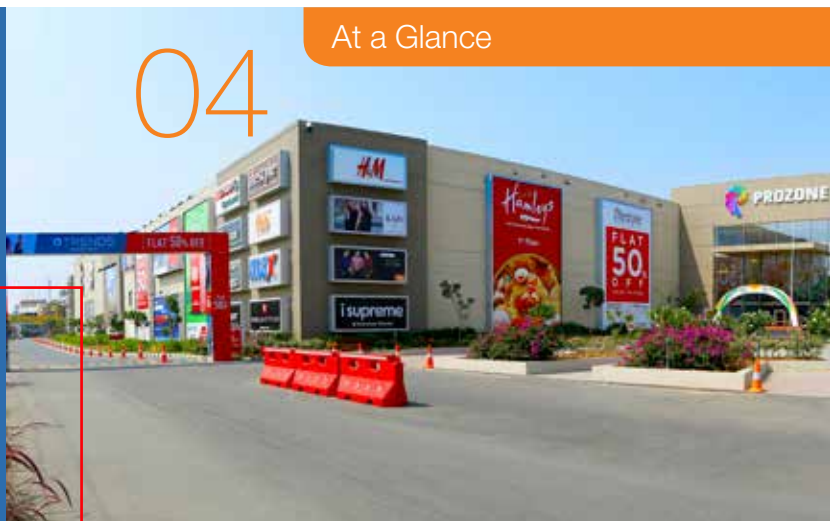
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# Corporate Information



## Board of Directors

**Mr. Punit Goenka**  
Chairman and Independent Director

**Ms. Deepa Misra Harris**  
Woman Independent Director

**Mr. Nikhil Chaturvedi**  
Managing Director

**Mr. Salil Chaturvedi**  
Deputy Managing Director

**Mr. Umesh Kumar**  
Independent Director

**Mr. Dushyant Singh Sangar**  
Non-executive Director

## Chief Financial Officer

**Mr. Anurag Garg**

## Company Secretary & Chief Compliance Officer

**Mr. Ajayendra Pratap Jain**

## Statutory Auditors

**M/s B S R & Co LLP**  
Chartered Accountants  
Lodha Excelus,  
Apollo Mills Compound  
N.M. Joshi Marg, Mahalaxmi  
Mumbai – 400 011

## Bankers

Bank of Baroda  
LIC Housing Finance Limited  
HDFC Bank Limited  
PNB Housing Finance Limited

## Registered Office

**Prozone Intu Properties Limited**  
105/106, Ground Floor, Dream Square,  
Dalia Industrial Estate, Off New Link Road,  
Andheri (West), Mumbai 400 053 India  
Phone: +91-22-68239000/9001,  
Email ID: investorservice@prozoneintu.com  
Website: www.prozoneintu.com

CIN: L45200MH2007PLC174147  
ISIN: INE195N01013  
GSTIN: 27AADCC2086L1ZG

## Registrar and Share Transfer Agent

**Link Intime India Private Limited**  
C-101, 247 Park, L.B.S. Marg  
Vikhroli (W), Mumbai – 400 078  
Phone: +91-22- 49186000,  
Fax: +91-22- 49186060  
Email id : rnt.helpdesk@linkintime.co.in  
Website : www.linkintime.co.in

## At a Glance

At Prozone Intu, we create, develop and manage world-class regional shopping centres and associated mixed-use developments across India.

Our business strategy is to acquire and develop land parcels in both high-growth emerging city corridors and mature Tier I cities, with a focus on mixed-use development. Our goal is to capitalise on the rising consumption of India by building and operating iconic multi-purpose leisure destinations.



# 90+

Team Size

# 2.02

Mn Sq.ft.

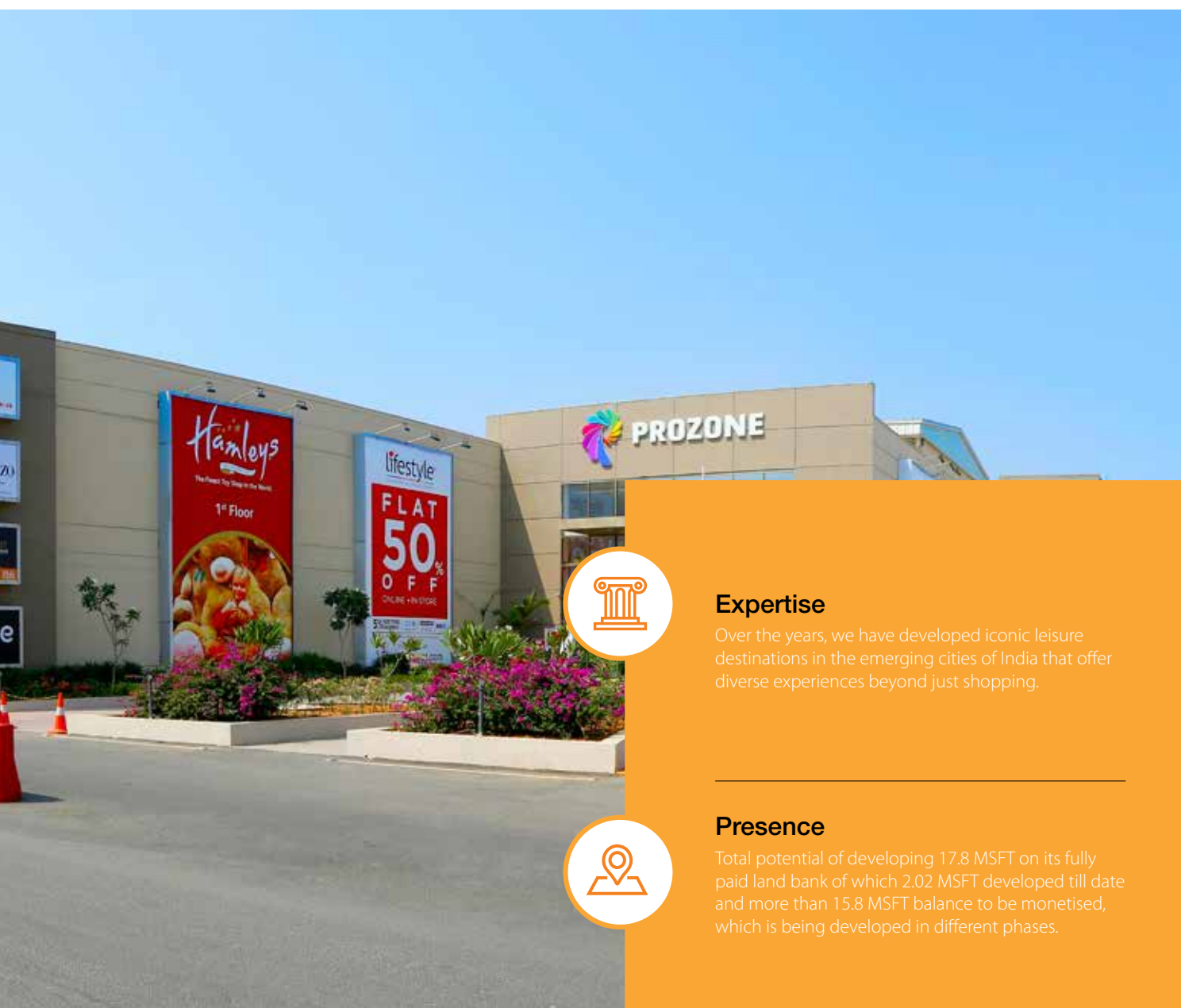
Projects Developed

# 2.0

Mn Sq.ft.

Projects Under Development





### Expertise

Over the years, we have developed iconic leisure destinations in the emerging cities of India that offer diverse experiences beyond just shopping.



### Presence

Total potential of developing 17.8 MSFT on its fully paid land bank of which 2.02 MSFT developed till date and more than 15.8 MSFT balance to be monetised, which is being developed in different phases.



### Vision

To become India's leading developer and manager of high quality shopping centers in emerging urban cities pan-India, incorporating mixed-use developments to facilitate the business model.

# 110+

Leading Brands in Our Malls

# Message from the Managing Director

“

In this pandemic-led environment, we believe that our balance sheet strength provides us with the headroom to navigate through this crisis with resilience.



## Dear Shareholders,

It gives me immense pleasure to present to you the Annual Report for Prozone Intu Properties Limited for FY2020.

FY2020 was an encouraging year for your Company. For the first three quarters, our performance was consistently buoyant. We recorded healthy numbers across both our malls in terms of trading densities and footfalls. However, the sudden breaks imposed by the COVID-19 pandemic whiplashed individuals, businesses and economies across the world. As a measure to contain the spread of the

virus, the Government of India wisely imposed a nationwide lockdown, which suspended economic activity universally. Likewise, the operations at our malls also came to a standstill, resulting in the total evaporation of footfalls and consumption. With the Indian Government gradually lifting the shutdown in a phased manner, we regrouped ourselves by taking all necessary steps that could keep our occupiers and visitors safe. Thankfully, our Aurangabad mall restarted on 6<sup>th</sup> of August, and Coimbatore mall become operational on 1<sup>st</sup> September 2020. While we recognise that the next few quarters will still be challenging, we are optimistic that our malls will soon regain their pre-COVID operational volumes, and the footfalls should eventually revert to normalisation.

## Macro Scenario

During 2019, the retail real estate sector witnessed an annual rise of 170%, attracting US\$ 1 billion of private equity investment. Furthermore, the Foreign Direct Investment (FDI) in multi-brand retail has led to an increase in demand. It is estimated that the retail real estate will further add up more 39 million square feet of space by 2022. Even with massive investments flowing in, the organised retail is still in its growing phase in India and has a long runway ahead of it.

While there is room for several growth opportunities in the sector, it has also been facing challenges on account of various macroeconomic factors. This was further aggravated by the unprecedented outbreak of the COVID-19 pandemic that



11%

Growth in Retailers Sales

16%

Increase in Mall EBITDA Margin

emerged in early 2020 and resulted in a massive loss of lives and disruptions across the economies globally. The adverse impact of the pandemic is also clearly visible on the Indian retail industry, especially the non-essential outlets and malls. The consumer spending has taken a backseat owing to the ongoing lockdown, which restricts the movement along with fear of contracting the virus, gripping the consumers. Further to a prolonged lockdown, the State Governments are now relaxing the lockdown guidelines to kickstart the economy. To this end, malls have started to reopen gradually from July 2020 onwards, subject to the decisions based on the active cases in the respective States. With operations restarting across several malls, the footfalls are showing slow signs of recovery to the pre-COVID-19 levels. However, we still expect medium-term pain due to the pandemic to persist. Following the lockdown and malls being forced to have their shutters down for months, recovery across the retail real estate sector will take some time.

## Our Financial Performance

During the year, the first three quarters of FY2020 gave us some of our best quarterly results ever reported. We witnessed a steady trajectory in our performance numbers across both our malls with respect to trading densities, consumption and footfalls. The leasing at both the centres had also been shaping up along with a growth in the performance of our brands. Until February 2020, the response that we were observing across our malls was very encouraging. Unfortunately, due to the COVID-19 pandemic, our performance has been considerably impacted. The full-year revenue in FY2020 was ₹1,052 million as against ₹1,338 million in the previous fiscal. The EBITDA stood at ₹686 million as compared to ₹761 million recorded in FY2019. The EBITDA margin has improved from 64.4% in FY2019 to 80.6% in FY2020. The Cash profit for the year is ₹292 million as against ₹405 million for FY2019.

## Our Strategic Initiatives in FY2020

During the year, we focused on the execution of our existing asset pipeline. We took various strategic steps across our assets to improve their operational performance.

For our retail assets, we continued to concentrate on enhancing our mall destinations to offer unique experiences to our visitors. To this end, we continuously improve our service quality and offerings to attract and satiate our customers. We placed an equally important emphasis on ensuring the right tenant mix with the correct category mix to augment overall consumption for local consumer communities.

With our residential assets, we continued to focus on delivering quality infrastructure that encompasses all the necessary amenities that meet the expectations of our homeowners. During the year, we completed the construction work of our project in Nagpur. We are now in the process of acquiring part OC and preparing to hand over the project to customers once the ongoing litigation is settled. Furthermore, we launched our Coimbatore project and have recorded a positive response from the customers. In the light of the lockdown, we initiated new marketing schemes for the project via digital and online channels, and have received an encouraging response.

With the world increasingly moving towards digitisation, we have started some strategic technological interventions to stay connected with our evolving consumers. To this end, we have developed we have introduced a mobile App to give consumers appointment-based safe access to shopping in the stores within our malls. We are also planning to expand our Customer Relationship Management (CRM) platform to strengthen our engagement and relationship nurturing with occupiers and visitors alike.

Amidst all these developments, we continue to keep a close watch on managing our capital base conservatively and more effectively. We aim to strengthen our strong balance sheet, with a view to operate our existing assets and explore new growth opportunities. In this pandemic-led environment, we believe that our balance sheet strength provides us with the headroom to navigate through this crisis with resilience.

## In Closing

Moving ahead, we expect that the COVID-19 pandemic will have a significant medium-term impact on our business operations. Further to a prolonged lockdown and the severity of the virus, the footfalls and consumption across our malls are expected to remain flat before they gradually start to recover. However, in the readiness of a post-COVID world, we have put together stringent health and safety guidelines to ensure that our customers, occupiers and employees are in the most secured surroundings. We are taking measures to confirm that our premises are regularly sanitised and abide by the social distancing norms issued by the Government Authorities.

Finally, I would like to extend my sincere gratitude to all our stakeholders for their constant trust and support. It is their undeterred faith in Prozone Intu that has motivated us to remain resilient throughout our business journey.

Warm Regards,

**Nikhil Chaturvedi**  
Managing Director

# Message from the Deputy Managing Director

## 6.5%

YoY growth in Revenue from Mall Operations

## 33%

Increase in the footfalls in our Coimbatore mall in FY2020

### *Dear Shareholders,*

It is my pleasure to report the performance of the Company for the financial year 2020. We have always focused on creating a high-quality real estate business that can attract consumers and deliver consistent value to them. To this end, we have continuously worked on creating landmark destinations in the emerging Tier I catchment areas, which have welcomed people for experiences that are beyond just shopping.

Our journey, over the years, has been a mix of opportunities and challenges. While we have welcomed every scope of possibility, we have also remained resolute at the times of crisis. More recently, the outbreak of the COVID-19 pandemic has posed another significant challenge for our business operations. Being a customer-focused Company, our operations were disrupted on account of the declining consumption and footfalls across our malls. The severity of the virus has impacted the way people shop and socialise, thereby challenging our business model that is founded on the consumption story of India. However, in times like these, our role as a responsible Company as at its most critical. With the gradual relaxations in the lockdown and resuming operations, it is our vital responsibility to ensure that we provide our customers, occupiers and employees with the most secured environments within our properties. Accordingly, we have advanced our systems and processes to meet strict health and safety norms. We

are making every possible effort to ensure that we can offer our people with spaces they can trust and rely on, in a post-COVID world.

### **Our Response to the Pandemic**

Despite the good first three quarters of the fiscal year, the emergence of the pandemic caused major disruptions in the way people and businesses operate. The initial period of the nationwide lockdown was expected to last for a short duration. However, with a spike in the number of positive cases, the Government was forced to extend the lockdown, which is now being gradually lifted in a phased manner. On another note, there are prevailing uncertainties in terms of how things will normalise in the coming time since there has been a global impact of the pandemic in terms of how people would previously function.

At Prozone Intu, we understand the severity of this situation. We have assessed the possible impact of this pandemic-led crisis on our business and have worked on devising our defence strategies. We understand that with respect to the global scenario, this could be a situation where the effects can last longer than what was initially perceived. As an immediate response, we prudently brought down our fixed costs since it was essential for us to ensure that we can sustain an indefinite period of non-operations. Additionally, we also ensured that we adhered to the regulations issued by the Government Authorities. As a Company that is centred around its people, we made sure to maintain constant communication with them and update them with all the relevant developments. We understand the valuable relationship that we share with our retailers. Therefore, we ensured that we interacted with each one of them to understand the actions that can be immediately implemented. Furthermore, we are working together with our occupiers to ensure that both the parties can sum up with the arrangements, which