



14th

Annual Report
PROZONE INTU PROPERTIES LIMITED

from disruptions
comes opportunities

ANNUAL REPORT 2021



from disruptions
comes opportunities



Prozone Intu Properties Limited

Annual Report 2021



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<http://www.prozoneintu.com>



2020 and 2021 have been amongst the most challenging years in decades. During this period, our company kept its focus on what mattered most – keeping our business fluid and resilient.

To do this, we needed to prioritise our people. At Prozone, we responded at once with a comprehensive Covid-19 response plan. This meant putting in place health and safety measures to protect our employees; running our operations smoothly to ensure the safety of our customers; and providing essential support and assistance to our connected stakeholders in need.

Even though our industry bore the worst of the shutdowns, we needed to keep our heads up and keep eyes peeled for a post covid era. While we needed to ensure that, on the rebound, our plans for future growth remained intact. We also needed to be agile and adaptive to the new normal that was shaping new consumer behaviours.

In fact, we believe that from disruptions, comes opportunities. If it's one thing the pandemic has confirmed, is that nothing can deter the human spirit in seeking joyful experiences. We also learnt that physical shopping will continue to have an important place alongside digital commerce. We are now evolving our malls to the next level, so that they can continue to be highly relevant and influential to people's lifestyles.

The pandemic also accentuated the need for home ownership with work from home in mind. We saw a veritable surge in demand in quality and smartly spaced residential spaces, and good traction with our residential projects. Going forward, we are re-evaluating the prospects of our various landbanks to take advantage of evolving market conditions.

We also learnt that massive disruptions could happen anytime, and that one needs to be ever ready and financially resilient. We are now looking at reallocating our assets to sustain the optimal balance between long-term Tier 2 assets, lucrative Tier 1 projects, and a durable balance sheet that can withstands unexpected events. From this position of strength, we can always make bold yet sensible capital allocation decisions.

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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

(resigned w.e.f. 1st April, 2021)

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.

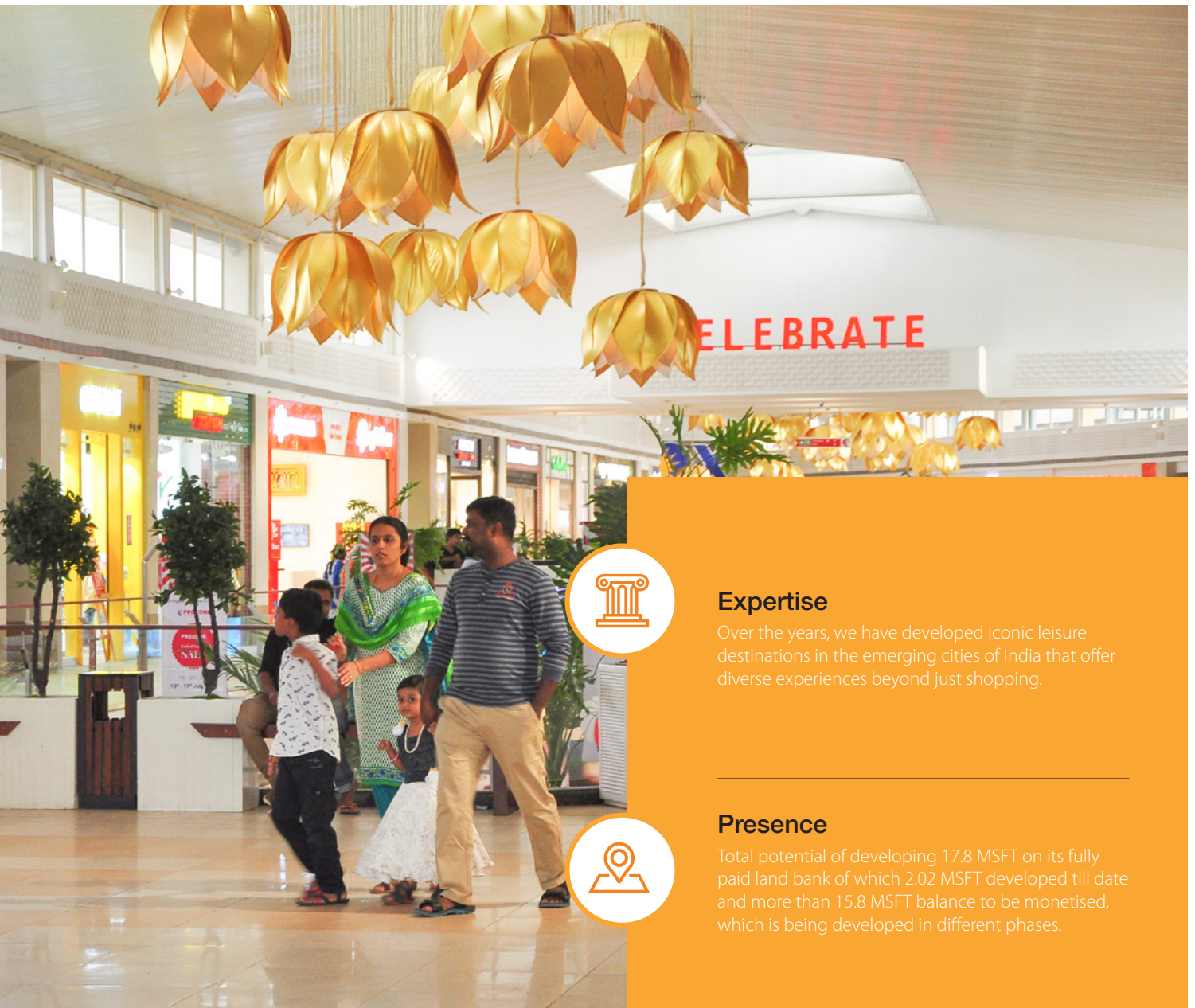
Projects Developed



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

Dear Shareholders,

Fiscal 2021 will be remembered as the year of COVID-19. For Prozone, it was about demonstrating determination and resilience in the face of challenges, which were met to deliver respect full performance given the circumstances. We closed FY2021 with revenues down by 44% YOY, mainly due to full /partial closure of mall for substantial part of year and rebate to retail partner during recovery period. Our ability to rapidly respond to the challenges demonstrates the unique value we bring to our stakeholders and the resilience of our business in both our malls and residential businesses. We are proud that during FY2021, "Team Prozone" continued to deliver to be agile and committed to challenges. In one of the most challenging times, we have retained our strengths and have come out stronger than where we started before. We enter fiscal FY2022 with the same disciplined commitment and passion to perform, and are ready to navigate through new challenges.

Impact of the Pandemic & Near-Term Outlook

As you all must be aware, the retail industry has been impacted severely by the outbreak of Covid-19, followed by the nation-wide lockdown from the last week of March 2020. The closure of retail stores and shopping malls across the country led to a sharp decline in consumer demand. While stores selling essential items such as food and groceries, medicines were allowed to function, stores selling non-essential items such as apparels, consumer durables etc were completely shut. As the lockdown was eased in a phased manner, the industry initially grappled with both supply and demand side issues. When the shopping complexes and malls were allowed to open from June 2020, footfalls were low as people were cautious of stepping out due to the virus.

Once we were allowed to operate, Prozone's retail business witnessed swift recovery in consumption across malls on the back of a strong festive season and the trends sustained until the second wave arrived. Covid-19 has brought changes in the spending patterns of consumers along with some long-term lifestyle changes. Analysis of key macro-economic trends suggests that consumption will recover steadily, and retail sales are poised for a comeback over this year. The recovery from the pandemic is expected to occur at varying speeds across categories: essentials going strong, while discretionary recovering at a slower pace. Nevertheless, while disruptions will be a way of life going forward, India's demand growth is expected to grow at ~10% over the long term. In the medium term, there is a significant opportunity for mall owners and operators like Prozone to capture a share of the increasing consumption demand in the years ahead.

Our Financial Performance

FY2021 was a challenging year for your Company. We recorded better than expected numbers across both our malls in terms of trading densities, even though footfalls were erratic and lower due to multiple and prolonged lockdowns. This demonstrated the irrepressible nature of serious shoppers. During the year, we also saw considerable traction on our residential portfolios, reflecting the surge in demand for owning quality homes that are 'work from home' friendly. Unfortunately, due to the COVID-19 pandemic, our performance has been considerably impacted. The full-year revenue in FY2021 was ₹ 586 million as against ₹ 1,052 million in the previous fiscal. The EBITDA stood at ₹ 328 million as compared to ₹ 686 million recorded in FY2020. The EBITDA margin has improved/decreased from 65% in FY2020 to 56% in FY2021.

FY2021 Operations

During the year under review, we stood out 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. Not surprisingly, as a consumer facing business, footfalls and consumption took a dramatic downturn at all 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 opened up tentatively during FY2021, we took various strategic steps across our assets to improve their relevance for a healthier lifestyle meaning and giving consumers compelling reasons to keep visiting. We started special walkers' clubs and juice stands to encourage people to feel comfortable to visit our malls. We placed an equally important emphasis on ensuring the right tenant mix with the correct category makeup to augment overall consumption. We are planning to include more healthcare related occupiers to be present in our malls, such as pharmacies, eyewear retailers, fitness and diagnostic centres. We are also focusing on clothes retailers that are more in vogue today. The pandemic also caused a surge in demand for home and office electronics particularly useful for the changing work from home lifestyles. We are therefore looking at ways of expanding this category in our malls. To give a leg up to some of the harder hit segments, such as food and beverages, multiplexes, and entertainment centres, we are exploring innovative ways to accelerate their return to normalcy. We are confident that these steps will keep our malls on top of the mind with visitors and consumers, making us the most preferred places to visit in their respective cities.

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Prozone is emerging as a high-quality and sustainable business, that is resilient and well-placed to create long-term value.



With our residential assets, we saw heightened interest in our portfolios across our various projects. We enjoyed strong traction in residential sales, with especially robust demand for ready to move in inventory. During the year, there was considerable interest in our completed Nagpur project, and for the ones that are still on plans. Our Coimbatore project has also received positive response, and our bookings are ramping up nicely. Our digital marketing schemes are receiving solid response. We sold inventory worth ₹ 481 million during FY2021.

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. An important piece of our equation was always our 'for sale' residential business within these land parcels. With a resurgent interest in home ownership, we are exploring new options for developing some of our land bank for future residential development.

An Agile approach

Our long-term strategy is to patiently extract the best possible value from our large land bank to realise our goals. We are excited about the potential of our business and are confident in its future. Prozone is emerging as a high-quality and sustainable business, that is resilient and well-placed to create long-term value. As we work on optimising the yields from our operating assets, we are concurrently planning the next phase of greenfield assets.

Through FY2021 and to now, we have been taking a hard look at how we can further strengthen our balance sheet even further and give us the capital autonomy to go ahead unimpeded with our long-term plans. The pandemic has also accentuated the need for home ownership with work from home in mind. We saw a veritable surge in demand in quality and smartly spaced residential spaces, and good traction with our residential projects.

We also learnt that massive disruptions could happen anytime, and that one needs to be ever ready and financially

resilient. We are exploring ways to leverage our assets to sustain the best balance between long-term Tier 2 assets, lucrative Tier 1 projects, and a resilient balance sheet that can be shock proof. With one of the least debt leveraged companies in our space, we are well poised to be a long-term value creator for our stakeholders. From this position of strength, we can always make bold yet sensible capital allocation decisions.

With this, I would like to extend my sincere gratitude to all our stakeholders for their continued trust in our long-term growth story. I welcome each one of you to keep us company in our exciting journey ahead.

Warm Regards,

Nikhil Chaturvedi
Managing Director

Message from the Deputy Managing Director

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We are evolving our malls to the next level, so that they can continue to be highly relevant and influential to people's lifestyles.

Dear Shareholders,

This year has proved the importance of our purpose like never before. The pandemic has acted as a catalyst for many trends such as online shopping and more flexible working. However, it also underscored the validity and relevance of experiential based places that cater to the irreplaceable human urge for social shopping, work, and entertainment. While digitalization has added a new dimension of convenience to our lifestyles, the pandemic has reminded us how indispensable and purposeful physical spaces are to our spirit.

Over the years, our mall assets have become the preferred leisure destinations for hundreds and thousands of consumers in Aurangabad and Coimbatore. At the centre of our philosophy is our purpose of creating attractive and diversified spaces that is highly welcoming. As a peer in retail infrastructure within the world's most dynamic and large emerging economy, we believe that we've just begun to scratch the surface.

Pandemic Response

The outbreak of the COVID-19 pandemic has posed a significant challenge for our business operations. In times like these, our role as a responsible Company is 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 fiscal year 2021 saw multiple national lockdowns when only essential stores could run, and people were asked stay at

