

PROZONE INTU PROPERTIES LIMITED

CIN : L45200MH2007PLC174147

Regd. Off: 105/106, Ground Floor, Dream Square, Dalia Industrial Estate, Off New Link Road, Andheri West, Mumbai- 400 053

Statement of Audited Consolidated Financial Results for the quarter and year ended 31 March 2020

(Rs. in lakhs)

Particulars	Quarter Ended			Year Ended	
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1 Income					
(a) Revenue from operations	5.11	3.46	507.87	49.93	3,875.74
Revenue from real estate projects	1,771.56	2,270.05	2,280.50	8,453.95	7,946.61
Lease rental and related income	1,776.67	2,273.51	2,788.37	8,503.88	11,822.35
(b) Other income	459.24	686.52	393.33	2,014.17	1,559.70
Total income	2,235.91	2,960.03	3,181.70	10,518.05	13,382.05
2 Expenses					
(a) Cost of material consumed	1,318.34	1,628.03	1,218.59	5,314.50	3,146.57
(b) Change in inventories of finished goods and construction work in progress	(1,315.22)	(1,625.72)	(743.87)	(5,278.36)	(366.62)
(c) Employee benefits expense	87.42	115.25	116.18	422.11	380.67
(d) Finance costs	895.89	1,192.69	957.91	4,152.17	3,432.16
(e) Depreciation and amortisation expenses	861.58	828.44	893.07	3,340.47	3,397.19
(f) Other expenses	697.65	987.25	689.29	3,201.91	2,608.39
Total expenses	2,545.66	3,125.94	3,131.17	11,152.80	12,598.36
3 (Loss) / Profit from ordinary activities before tax before share of (loss) / profit of joint	(309.75)	(165.91)	50.53	(634.75)	783.69
4 Share of profit of joint ventures (net of tax)	6.68	12.09	17.59	31.23	17.44
5 (Loss) / profit before tax	(303.07)	(153.82)	68.12	(603.52)	801.13
6 Tax expense					
Current Tax	48.76	20.14	9.95	138.78	135.85
Deferred Tax charge / (credit)	(208.89)	(235.02)	(358.44)	(322.64)	(22.37)
Tax of earlier years	(3.15)	-	22.87	(3.15)	35.30
7 Net (loss) / profit for the period / year	(139.79)	61.06	393.74	(416.51)	652.35
8 Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of the defined benefit plan	3.61	(1.76)	(1.76)	(1.67)	(7.05)
Profit/ (loss) on remeasuring FVTOCI	24.00	-	(199.40)	24.00	(199.40)
Tax on above	(193.20)	0.53	44.87	(191.69)	46.34
9 Total comprehensive (loss) / income for the	(305.38)	59.83	237.45	(585.87)	492.24
Net profit/ (loss) attributable to					
- Owners	60.73	30.87	254.87	(152.01)	244.54
- Non Controlling Interest	(200.52)	30.19	138.87	(264.49)	407.81
Total comprehensive income / (loss) attributable to					
- Owners	244.00	30.48	(181.86)	(73.28)	(197.29)
- Non Controlling Interest	(549.37)	29.35	419.31	(512.59)	689.53
10 Paid-up equity share capital (face value per share)	3,052.06	3,052.06	3,052.06	3,052.06	3,052.06
11 Other Equity	-	-	-	46,599.66	46,867.86
12 Earnings per share (Basic and Diluted) (Rs.)	0.04 *	0.02 *	0.17 *	(0.10)	0.16
* (Not annualised)					



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Notes :

- 1 The above unaudited consolidated financial results which are published in accordance with Regulation 33 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as amended, have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 8 July 2020. The financial results are in accordance with the Indian Accounting Standards (Ind AS) as prescribed under Section 133 of the Companies Act, 2013, read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment Rules), 2016. These results have been subject to limited review by the Statutory Auditors of the Holding company.
- 2 With effect from 1 April 2019, the Group has adopted Ind AS 116 "Leases". The same is applied to all lease contract existing on 1 April 2019 using modified retrospective approach. Under this approach the Group has recognised the right of use asset at its carrying amount as if the standard had been applied since the lease commencement date, but discounted at its borrowing rate at the date of its initial application and lease liability measured at the present value of the remaining lease payment. Accordingly the Group has recognised the right to use assets (ROU) of Rs 44.34 lakhs and lease liability of Rs 50.70 lakhs and the cumulative effect of Rs 4.59 lakhs (net of deferred tax amounting to Rs 1.77 lakhs) is debited to retained earnings. Further the comparative for the previous periods are not required to be restated.

The effect of transition to Ind AS 116 on the statement of profit and loss for the quarter and year ended 31 March 2020 is as under: (Rs. in lakhs)

Particulars	Quarter Ended 31 March 2020			Year Ended 31 March 2020		
	Amount without Ind AS 116 application	Amount due to Ind AS 116 impact	Impact on PBT	Amount without Ind AS 116 application	Amount due to Ind AS 116 impact	Impact on PBT
Rental expenses	10.79	1.79	9.00	39.24	3.24	36.00
Finance costs	895.15	895.89	(0.74)	4,147.61	4,152.17	(4.56)
Depreciation expense	854.58	861.58	(7.00)	3,312.46	3,340.47	(28.01)
Total	1,760.52	1,759.26	1.26	7,499.31	7,495.88	3.43

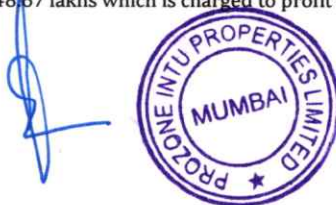
- 3 Airport Authority of India, Nagpur ('AAIN') had arbitrarily cancelled maximum permissible height No Objection certificate ('NOC') issued to the Company for its residential project in Nagpur in August 2017. The Company had followed due process as per rules and regulations and obtained the NOC in February 2012. The Company is contesting the case against AAIN for cancellation order issued by AAIN and revalidation of the NOC.

Further, the Appellate Committee of Ministry of Civil Aviation, without due consideration of complete facts had rejected the appeal of the Company in this matter and instructed the Airport operator, Mihan India Private Limited to initiate action as per Aircraft (Demolition of Obstructions caused by buildings and tree, etc.) Rule, 1994.

The Company conducted an independent aeronautical study through ex-AAI official and VHF Omnidirectional Radio Range (VOR) (an aircraft navigation system) analysis and assessment study from a reputed aviation consultant, the reports of which cleared the buildings from being a major obstacle to the flight path. The Company had filed a writ petition in the Honourable High Court of Bombay (Nagpur Bench) for revocation of demolition order of Appellate Committee and restoration of the aviation NOC. Based on the interim order, the Honourable High court of Bombay (Nagpur Bench) has stayed the demolition order and further proceedings are in progress.

Based on independent aeronautical survey report obtained by the Company, the obstacle limitation study report conducted by AAIN, legal opinion obtained by the Company and merits of the case, management believes the chances of revalidation of NOC are high and accordingly, no adjustments have been made, in respect of any write down in the carrying value of inventories aggregating to Rs 23,760.50 lakhs, and provision towards expected demolition cost and interest payable to customers on cancellation of bookings, in the financial statements as at and for the year ended 31 March 2020..

- 4 The subsidiary of company has provided the facility amount of Rs. 4,000 lakhs (Rs. 7518.02 lakhs including interest) for various real estate projects with fixed and variable returns. The said amount is fully secured. Investee has failed to perform on agreed obligations, hence the subsidiary of company had filed petition in the Hon'ble High Court at Bombay, seeking performance of contract, Status quo on the projects and security given. As per the interim order passed on 17 July 2018, Hon'ble High court has directed investee to maintain status quo and not to create any third party right on the respective projects etc till further order. Further, as per the legal opinion, the Company would get an award / decree in its favour at least for recovering money together with the interest from the investee. Accordingly, the Company has considered the said facility amount as good and recoverable and continued to accrue interest thereon.
- 5 A new section 115BAA was inserted in the Income Tax Act, 1961, by The Government of India on 20 September 2019 vide the Taxation Laws (Amendment) Ordinance 2019 which provides an option to companies for paying income tax at reduced rates in accordance with the provisions/conditions defined in the said section. The Group has chosen to exercise the option of lower tax rate of 25.17% (inclusive of surcharge and cess) for all companies except Parent Company. This has resulted in reduction in deferred tax assets by Rs 348.67 lakhs which is charged to profit and loss account as deferred tax expense in quarter ended 30 September 2019 and year ended 31 March 2020.



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- 6 In March 2020, World Health Organization has declared COVID 19 a pandemic. Consequent to this, Government of India declared lockdown on March 23, 2020. This has resulted in disruption to regular business operations due to disruptions in transportation, quarantines, social distancing and other emergency measures imposed by the government. Group's malls at Aurangabad and Coimbatore are shut and construction work at site was suspended. Construction work has re-started at a slow pace at some of our sites.

Group believes that the COVID 19 pandemic will only have a short to medium term impact on its operations and post easing of the lockdown, the business is expected to be normal gradually in 9-12 months.

Group has taken various measures to reduce its fixed cost for example manpower cost, optimization of administrative costs etc. Company's SPV's has also availed Moratorium of loan installments. The company management has considered the possible effects that may result from the COVID-19 pandemic on the carrying value of assets (including property, plant and equipment, investment property, capital work in progress, intangible assets, goodwill, investments, inventories, loans, receivables etc. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, Group as at the date of approval of these financial results has used internal and external sources of information to assess the expected future performance of company and expects that the carrying amount of these assets, as reflected in the balance sheet as at March 31, 2020, are fully recoverable.

The management has also estimated the future cash flows with the possible effects that may result from the COVID-19 pandemic and does not foresee any adverse impact on realizing its assets and in meeting its liabilities as and when they fall due. The actual impact of the COVID-19 pandemic may be different from that estimated as at the date of approval of these financial results.

Management also believes that the company is in a position to meeting its financial obligations for the next 12 months based on the estimated realization, financial position and liquidity as on the date of the balance sheet and as on date of signing of these financial results. Group will continue to closely monitor any material changes to future economic conditions

- 7 The Consolidated Financial Results have been prepared in accordance with Ind AS 110 on Consolidated Financial Statements and Ind AS 28 on Investments in Associates and Joint Ventures.
- 8 The Company has opted to furnish consolidated results, pursuant to option made available as per Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulation, 2015. The consolidated financial results are available on the Company's website (www.prozoneintu.com), BSE (www.bseindia.com) and NSE (www.nseindia.com).
- 9 The statutory auditors of the Holding Company have expressed an unqualified opinion on the audited consolidated financial results for the quarter and year ended 31 March 2020.

10 Standalone information:

Particulars	Quarter Ended			Year Ended	
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Income from operations	239.25	237.76	234.71	951.44	829.64
Profit from ordinary activities before tax	157.40	134.05	221.53	586.53	336.33
Profit from ordinary activities after tax	138.57	114.52	151.08	516.57	242.17
Total comprehensive (loss) / income	(19,134.33)	111.93	(293.60)	(19,799.22)	(199.94)
Earnings per share (Rs.) (Basic / Diluted)	0.09*	0.08*	0.1*	0.34	0.16

* (Not annualised)



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11 Segment information :

(Rs. in lakhs)

Particulars	Quarter Ended			Year Ended	
	31.03.2020	31.12.2019	31.03.2019	31.03.2020	31.03.2019
	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1 Segment Revenue					
a. Leasing	1,771.56	2,270.05	2,280.50	8,453.95	7,946.61
b. Outright Sales	5.11	3.46	507.87	49.93	3,875.74
Total	1,776.67	2,273.51	2,788.37	8,503.88	11,822.35
2 Segment Results					
Profit before tax and interest for each segment					
a. Leasing	351.00	905.25	823.88	2,715.16	2,328.50
b. Outright Sales	(164.70)	(295.49)	(21.08)	(570.01)	892.55
Total	186.30	609.76	802.80	2,145.15	3,221.05
Less: i) Interest	895.89	1,192.69	957.91	4,152.17	3,432.16
ii) Un-allocable expenses / (income) (net)	(406.52)	(429.11)	(223.23)	(1,403.50)	(1,012.24)
Total (loss) / profit before tax	(303.07)	(153.82)	68.12	(603.52)	801.13
Less: Tax Expenses	(163.28)	(214.88)	(325.62)	(187.01)	148.78
Net (loss) / profit	(139.79)	61.06	393.74	(416.51)	652.35
3 Capital Employed					
Segment Assets					
a. Leasing	64,335.40	59,593.10	56,543.28	64,335.40	56,543.28
b. Outright Sales	45,113.44	43,160.52	31,983.19	45,113.44	31,983.19
c. Unallocated	51,624.52	56,485.10	54,686.04	51,624.52	54,686.04
Total	161,073.36	159,238.72	143,212.51	161,073.36	143,212.51
Segment Liabilities					
a. Leasing	40,036.91	40,013.76	34,746.32	40,036.91	34,746.32
b. Outright Sales	28,602.88	27,873.88	17,090.04	28,602.88	17,090.04
c. Unallocated	10,281.01	8,893.14	8,633.13	10,281.01	8,633.13
Total	78,920.80	76,780.78	60,469.49	78,920.80	60,469.49
(Segment Assets - Segment Liabilities)					
a. Leasing	24,298.49	19,579.34	21,796.96	24,298.49	21,796.96
b. Outright Sales	16,510.56	15,286.64	14,893.15	16,510.56	14,893.15
Unallocated Capital Employed	41,343.51	47,591.96	46,052.91	41,343.51	46,052.91
Total	82,152.56	82,457.94	82,743.02	82,152.56	82,743.02



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(Rs. in lakhs)

Note 12: Audited Consolidated Balance Sheet

Particulars	As at 31.03.2020 (Audited)	As at 31.03.2019 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	520.70	747.70
Investment properties	63,999.95	68,037.81
Investment property under construction	3,595.20	2,508.04
Right of use assets	16.34	-
Goodwill	9,144.91	9,144.91
Financial assets		
Non-current investments	4,661.71	4,589.54
Loans	653.97	915.88
Other financial assets	10,148.75	9,541.96
Deferred tax assets (net)	9,554.92	9,422.20
Income tax assets (net)	1,461.28	979.50
Other non-current assets	2,006.48	1,691.40
	105,764.21	107,578.94
Current assets		
Inventories	40,329.07	27,522.32
Financial assets		
Current investments	1,953.39	3,031.24
Trade receivables	1,942.84	3,458.29
Cash and cash equivalents	799.01	198.77
Bank balances other than Cash and cash equivalents	926.62	175.82
Loans	8,237.73	484.48
Other financial assets	909.25	508.46
Other current assets	211.24	254.19
	55,309.15	35,633.57
	161,073.36	143,212.51
TOTAL ASSETS		
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	3,052.06	3,052.06
Other equity	46,599.66	46,867.86
Equity attributable to owners	49,651.72	49,919.92
Non controlling interest	32,500.84	32,823.10
Total equity	82,152.56	82,743.02
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Non-current borrowings	36,677.16	33,257.24
Other financial liabilities	4,471.31	5,350.35
Provisions	73.57	62.13
Other non-current liabilities	191.24	285.89
	41,413.28	38,955.61
Current liabilities		
Financial liabilities		
Borrowings	1,503.62	-
Trade payables		
- total outstanding dues of micro enterprise and small enterprise	13.58	24.80
- total outstanding dues of creditors other than micro enterprises and small enterprises	6,588.27	2,127.85
Other financial liabilities	4,940.68	4,049.09
Other current liabilities	24,371.42	15,221.51
Provisions	75.33	66.71
Current tax liabilities (net)	14.62	23.92
	37,507.52	21,513.88
TOTAL EQUITY AND LIABILITIES	161,073.36	143,212.51



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Note 13: Audited consolidated Cash flow statement

(Rs. in lakhs)

Particulars	For the year ended 31.03.2020 (Audited)	For the year ended 31.03.2019 (Audited)
A. Cash flow from operating activities:		
(Loss) / profit before tax	(603.51)	801.13
Adjustments for :		
Depreciation and amortization expense	3,340.47	3,397.19
Share of profit of joint ventures	(31.23)	(17.44)
Reversal of provision for diminution in value of current investments	(45.40)	47.04
Interest income (including financial assets carried at amortised cost)	(1,406.32)	(1,450.26)
Dividend income	(5.31)	(42.52)
Sundry balances written off	296.15	-
Sundry balances written back	(336.43)	-
Finance costs (including financial liabilities carried at amortised cost)	4,152.17	3,432.16
IND AS 115 Adjustments	-	(6,143.57)
Profit on sale of Property, Plant and Equipment	-	(1.92)
Profit on sale of current investments	(209.46)	(2.96)
Provision for expected credit loss	-	140.16
Operating profit before working capital changes	5,151.13	159.00
Adjustments for changes in working capital:		
(Increase) in inventories	(5,866.40)	(12,873.16)
Decrease in trade receivables	1,219.30	3,255.12
(Increase) in loans	(6,250.32)	(482.57)
(Increase) in other financial assets	(908.53)	(533.58)
(Increase) in other assets	(283.02)	(2.06)
Increase / (decrease) in trade payables	4,785.63	(152.22)
(Decrease) / increase in other financial liabilities	(1,202.02)	1,699.81
Increase in other liabilities	2,156.44	12,321.11
Increase in provisions	18.39	41.58
Cash (used in) / generated from operations	(1,179.40)	3,433.03
Direct taxes paid (net of refunds received)	(626.08)	(592.78)
Net cash (used in) / generated from operating activities (A)	(1,805.48)	2,840.25
B. Cash flows from investing activities:		
(Purchase) of property, plant and equipment	(23.28)	(60.03)
Sales of property, plant and equipment	-	2.58
(Purchase) of investment property including expenditure on Investment property under construction	(111.48)	(940.67)
(Purchase) of non-current investments (net)	(16.94)	(42.90)
(Purchase) of current investments (net)	1,332.71	(1,427.64)
Interest income	-	1,372.22
Dividend income	5.31	42.52
Redemption / purchase of bank deposits (having original maturity of more than 3 months)	(750.80)	(8.79)
Net cash (used in) / generated from investing activities (B)	435.52	(1,062.71)
C. Cash flows from financing activities:		
Repayment of long - term borrowings	(5,196.57)	(859.16)
Proceeds from long - term borrowings	9,600.00	2,119.50
Proceeds from short - term borrowings	1,503.62	-
Finance cost	(3,936.85)	(3,216.48)
Net cash (used in) / generated from financing activities (C)	1,970.20	(1,956.14)
Net (decrease)/ increase in cash and cash equivalents (A+B+C)	600.24	(178.60)
Foreign Currency Translation Reserve	-	(3.19)
Cash and cash equivalents at the beginning of the year	198.77	380.56
Cash and Cash Equivalents at the year ended	799.01	198.77

The Cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard - 7 ('Ind AS 7') on Cash Flow Statement prescribed in Companies (Indian Accounting Standard) Rules, 2015, notified under section 133 of the Companies Act, 2013.

Components of cash and cash equivalents considered only for the purpose of cash flow statement

Particulars	As at 31.03.2020 (Audited)	As at 31.03.2019 (Audited)
In bank current accounts	778.66	182.10
Cash on hand	20.35	8.62
Cheque on Hand	-	8.05
	799.01	198.77

For and on behalf of the Board



Nikhil Chaturvedi
Managing Director
DIN : 00004983



Date : 8 July 2020
Place : Mumbai