

# PROZONE CSC Limited

*Result Update Q4 FY13  
May – 2013*









# Discussion Outline

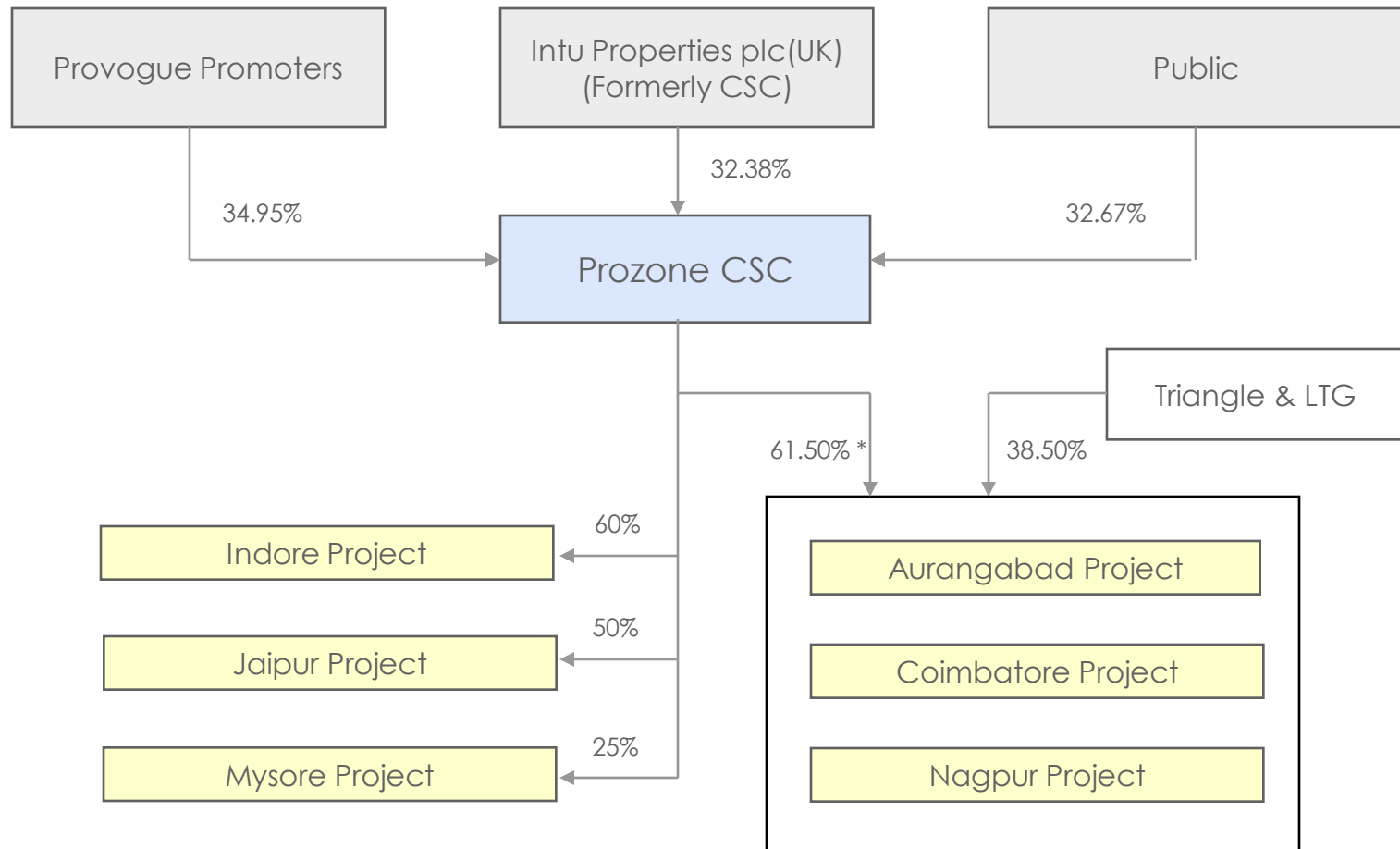
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# About Us: Executive Summary

-  Vision: To become India's leading developer / manager of high quality shopping centers in emerging urban cities pan-India, incorporating mixed-use developments to facilitate the business model.
-  Prozone CSC has attracted investments from major institutional investors, notably the Triangle Fund (anchored by Old Mutual Group, South Africa) and the Lewis Trust Group (the River Island promoter's family fund) into step-down subsidiaries for three projects in Aurangabad, Coimbatore and Nagpur.
-  The business harnesses Intu Properties plc (previously Capital Shopping Centres plc 'CSC') input and experience as UK's largest retail real estate developer combined with Provogue (India) Ltd's in-depth knowledge of the Indian retail market.
-  The company has a strong balance sheet, large land bank fully paid, a planned pipeline of projects and a strong domestic execution team.
-  First mall in Aurangabad is trading well and is widely acclaimed by retailers and the shopping public as a regional destination for its forward-looking design and high quality facilities.
-  Following a thorough incubation period, the company is poised for growth and anticipates unlocking significant value to its shareholders.

# About Us: The Holding Structure



\* - Through wholly owned subsidiary company at Singapore

# Quarterly Business Update

## Update - Build & Lease Model



### Retail– Aurangabad Mall



Full Year FY13 Rental income has been Flat with -0.3 % on Y-o-Y basis and Q4 FY13 Rental income has decreased by 6.4 % on Q-o-Q basis as Q4 is the weakest quarter comparatively and also prudent provision has been made for write off of some bad debts which we intend to recover over time.



Q4 FY13 Retailer Sales increased by 9% from Rs. 340 Mn. to Rs. 367 Mn. on Y-o-Y basis.



Q4 FY13 Average Monthly Trading Density increased by 10% from Rs. 211 to Rs. 231 on Y-o-Y basis.



### Retail– Coimbatore Mall



Leasing in progress for key anchor tenants. Agreement signed for Multiplex.



Design & Planning completed for the retail development.



Infrastructure development work in progress on site.





Mall to become operational in Oct 15.



# Quarterly Business Update

## Update - Build & Sell Model




### **Commercial– PTC Phase 1 – Aurangabad**

-  Execution in progress for Prozone Trade Centre (PTC) Phase 1 and is expected to be delivered by Q4FY14.
-  Overall 190,000 sq. ft. of Commercial Area launched in Phase 1 and 94% is sold out.


### **Retail – Saral Bazar - Aurangabad**

-  A community street market concept which offers small shop spaces of 80-150 sq. ft.
-  Phase 1 & 2 launched with over 30,000 sq. ft. and 76% is sold out. Project delivery by Q4FY14.



### **Residential – Nagpur**

-  Construction of Sales Office, Sample Flat and site infrastructure has been completed.
-  Residential Project pre-Launch in Nagpur – Total 210 Flats have already been sold out generating Total Sales (excluding other charges) of Rs. 1168.5 Mn.
-  Project Launch – Q3 FY14

### **Residential – Indore**

-  Construction of Sales Office, Sample Flat, & Site Infrastructure completed. Club House work in progress. Project Launch by Q3 FY14.

### **Residential – Coimbatore**

-  Designing work completed for Residential towers.
-  Designing, Planning & Setting out completed for Sales Office, Show Flat, Club House & Site Infrastructure.

## Financial Results: Consolidated Income Statement

Rs. Mn.	Q4 FY13	Q3 FY13	QoQ %	FY13	FY12	YoY %
Sale of commercial Units	173.4	13.5	1184.40%	403.1	256.3	57.30%
Sale of services	61.4	65.6	-6.40%	235.1	235.9	-0.30%
Other operating Income	30.1	46.6	-35.40%	133.8	92.1	45.30%
<b>Total Income from operations</b>	<b>265</b>	<b>125.8</b>	<b>110.70%</b>	<b>772.1</b>	<b>584.3</b>	<b>32.10%</b>
<b>EBITDA</b>	<b>83.0</b>	<b>13.3</b>	<b>524.10%</b>	<b>195.4</b>	<b>136.8</b>	<b>43.50%</b>
<b>EBITDA Margin</b>	<b>31.32%</b>	<b>10.57%</b>		<b>25.31%</b>	<b>23.40%</b>	
Depreciation	(57.4)	(60.8)	-5.60%	-237.5	-270.4	-12.20%
Other Income	9.9	14.3	-30.80%	67.9	84.1	-19.30%
Interest	(38.5)	(32.3)	19.20%	-150.1	-166.3	-9.70%
Profit before tax	(8.7)	(65.5)	86.70%	-130.1	-269.4	51.70%
PAT after minority interest	(3.8)	(44.1)	91.40%	-89.4	-228.8	60.90%

- **Total Income increased by 110.7% on Q-o-Q basis and 32.1% on Full Year Y-o-Y basis**
- **Major Contribution to total income was by sale of Prozone Trade centre and Saral Bazar in Aurangabad.**
- **EBIDTA increased by 524.1% on Q-o-Q basis and 43.5% on Full Year Y-o-Y basis.**
- **Interest Cost reduced as Rs. 179 mn of debt was repaid on the debt taken for Aurangabad mall .**

- Note-
- Sale of Services represent rent income and CAM Income received from Aurangabad Mall.
- Sale of Commercial Units represent Revenues recognized from the Build & Sell model
- Other Income constitutes Interest & Dividend Income on Investments, and gain on sale of current investments

## Financial Results: Consolidated Balance Sheet

Sources of Funds (Rs Mn.)	FY13	FY12
Equity	5155.5	5240.5
Total Debt	1522.8	1269.9
Other Non Current Liabilities	98.0	92.7
Minority Interest	2062.8	2109.7
<b>Total Sources of Funds</b>	<b>8839.1</b>	<b>8712.9</b>
Application of Funds (Rs Mn.)	FY13	FY12
Net Block	4431.5	5502.4
Investments	246.4	246.6
Goodwill on consolidation	1097.6	1097.6
Other non current assets (net)	282.9	273.3
Current Assets, Loans & Advances		
Sundry Debtors	508.1	229.9
Inventory	1745.3	659.2
Cash & Bank Balances	96.8	399.4
Investment in mutual fund	278.2	449.2
Loans & Advances	682.3	224.9
Current Assets	3310.9	1962.7
Current Liabilities & Provisions	530.2	369.7
Net Current Assets	2780.6	1593.0
<b>Total Application on Funds</b>	<b>8839.1</b>	<b>8712.9</b>



## Retail Update – Aurangabad Mall



# Retail Update – Aurangabad Mall



## Mall Matrix

Key Operating Parameters	Q4FY13
Gross Leasable Area (sq.ft.)	680,189
Current Leasing Status	77.4%
Current Occupancy Status	77.4%
Number of Stores Trading	97
Retailer Sales (Rs. Mn.)	367
Average Monthly Trading Density (Rs/sqft)	231.1
Footfalls (Mn.)	1.43



## Mall Update -



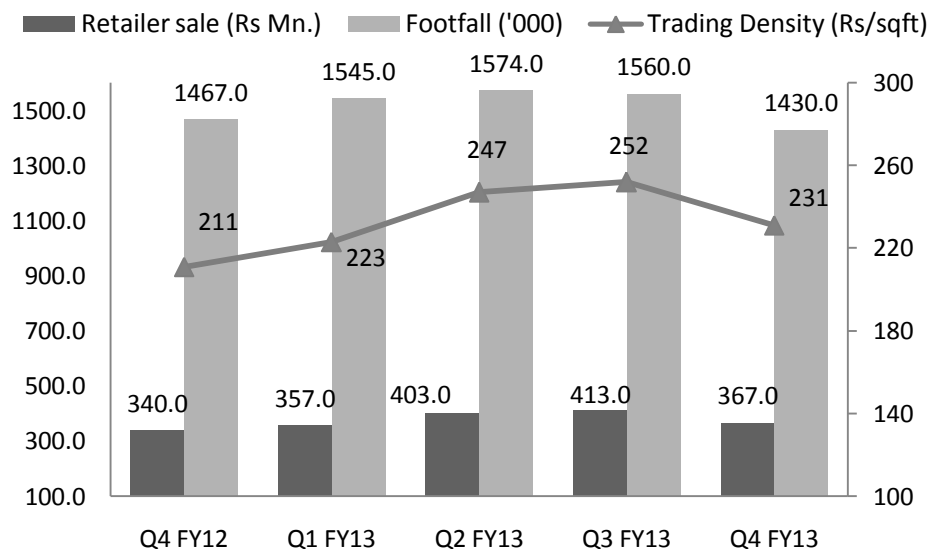
2 new stores (Groove and Mumbai Zaika) and 1 new Kiosk (Toy Train) opened in Q4 adding 948 sq ft of GLA in operation.



Fit out for 3 stores - Fruitech Agro and US Polo & Wrangler in progress.



Retailer Sales & Average Monthly Trading Density decreased on Q-o-Q basis given that Q4 is the weakest quarter; however increased by 9% and 10% respectively on Y-o-Y basis.



## Financial Snapshot – Aurangabad Mall

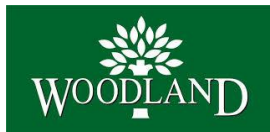
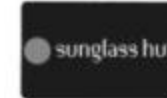
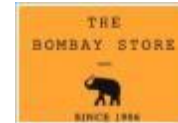
Operational Details (Rs. Mn.)	Q4 FY13	Q4 FY12	Q3 FY13	FY13	FY12
Area Leased (sq. ft.)	526,769	525,441	530,257	526,769	525,441
% Occupancy	77.4%	77.1%	77.9%	77.4%	77.2%
Rental Income	52.6	52.1	49.7	186.4	206.2
Recoveries (CAM & Other)	44.3	41.2	51.0	188.5	159.3
<b>Total Income</b>	<b>96.9</b>	<b>93.3</b>	<b>100.8</b>	<b>374.9</b>	<b>365.5</b>
EBIDTA	52.3	55.4	52.6	193.6	214.5
<b>EBIDTA Margin % (as % of Rental Income)</b>	<b>99%</b>	<b>106%</b>	<b>106%</b>	<b>104%</b>	<b>104%</b>
<b>EBIDTA Margin % (as % of Total Income)</b>	<b>54%</b>	<b>59%</b>	<b>52%</b>	<b>52%</b>	<b>59%</b>

Note 1 – Fit outs in Process for another 4,271 sq. ft.

Note 2 - Recoveries Include CAM as well as Other Charges such as HVAC, Electricity & Water Charges



## Brand Partners - Aurangabad Mall



## Aurangabad Mall - Events



Kite Flying Festival



Republic Day Celebrations



Bollywood Movie –Rangrezz Promotion



Women's day Celebrations



## Commercial Update – Aurangabad PTC Phase 1

Prozone Trade Center (PTC) Phase 1	FY13
Total Area Launched (sqft)	190,528
Total Units Launched (No)	117
Total Area Sold (sqft)	178,571
% Total Area Booked	94%
Avg. Sale Rate per sqft (Rs)	3,300
<b>Total Sale Value (Rs. Mn.)</b>	<b>590</b>
Amount Collected (Rs. Mn.)	195
<b>Revenue Recognized (Rs. Mn.)</b>	<b>487</b>
<b>Total Project Cost (Rs. Mn.)</b>	<b>246</b>
<b>Estimated Project Completion Date</b>	<b>Q4FY14</b>



### Prozone Trade Centre (PTC) Phase 1



Construction of Prozone Trade Centre (PTC) Phase 1 of ~190,000 sq ft is in progress and is expected to be completed by Q3FY14.



Total expected income from PTC Phase 1 is ~Rs 629 Mn., out of which 94% area is already sold.



Net cash inflows of ~Rs. 188 Mn. to be generated in FY14.

# Commercial Update – Aurangabad PTC Phase 1



## Retail Update – Aurangabad – Saral Bazar

Saral Bazar Phase 1+2	FY13
Total Carpet Area Launched (sqft)	31,749
Total Units Launched (No)	330
Total Carpet Area Booked (sqft)	24,013
% Total Area Sold	76%
Avg. Sale Rate per sqft (Rs)	14,700
<b>Total Sale Value (Rs. Mn.)</b>	<b>353.0</b>
Amount Collected (Rs. Mn.)	104.2
<b>Revenue Recognized (Rs. Mn.)</b>	<b>172.5</b>
<b>Total Project Cost (Rs. Mn.)</b>	<b>66.1</b>
<b>Estimated Project Completion Date</b>	<b>Q4FY14</b>



### Saral Bazaar



Saral Bazaar - A community street market concept which offers small shop spaces of 80-150 sqft.



Total expected income from Saral Bazaar Phase 1 & 2 is ~Rs 466.7 Mn., out of which 76% area is already sold.



Net cash inflows of ~Rs. 180 Mn. to be generated in FY14.



## Retail Update – Aurangabad – Saral Bazar



# Project update – Nagpur



## Location –



Prozone Palms is strategically located just off Wardha Road, a prime residential location at Nagpur.



It is in close proximity to the MIHAN (Multi-modal International Cargo Hub and Airport at Nagpur) airport.



## Project Size –



Prozone Palms township is being developed in 2 phases and Phase 1 of the same is spread over 11 acres of land with 20,01,608 sq. ft. of saleable area.



Prozone Palms offers 14-storey towers with a total of 1,176 flats with a wide range of luxurious 2 BHK, 3 BHK & 4 BHK apartments meticulously planned for spacious living.



## Premium Clubhouse Infrastructure –



Club Palms, spread over 4 acres, which offers one of the finest clubbing experiences through a wide gamut of luxurious amenities



e.g. kids play area, meditation centre, aroma garden, therapeutic walk, multipurpose court, swimming pool, jacuzzi, barbeque pavilion, outdoor dining plaza, jogging/cycling track, amphitheatre etc.

# Project update – Nagpur



## Residential update –



Construction of Sales Office, Sample Flat and site infrastructure has been completed.



Construction work of Club house & Infrastructure has begun. Project Launch will be done only after major construction of the Club house is completed.



## **Project launch – Q3 FY14**



## Pre Launch Response -



Soft Launch commenced with effect from Feb 13



Pre-Launch Response – Have sold Total 210 Units till date. Total Area booked till date is 3,52,989 sq. ft.



Bookings have been closed as of now. Projects to be launched once the major work for Club house is completed.



Current Average sales realization – Rs. 3,310 per sq. ft.



Total Basic Sale value (excluding other charges) of Rs. 1168.5 Mn.



## Retail update -



Design development work for Nagpur retail is in progress. Pre-Concept has been finalized and Concept design is being developed.



# Residential Update – Nagpur

## Sales Office & Show Flat



# Residential Update – Nagpur

## Club House & Infrastructure Work in Progress



# Project update – Indore



## Location –



Prozone Palms is situated on Kanadia Road, a prime residential location at Indore.



Well connected by Bypass road, proposed RE-2, it is strategically located within a 5 min drive from high end residential areas like Saket & Gulmohar.



## Project Size –



Prozone Palms township is being developed in 2 phases and Phase 1 of the same is spread over 11 acres of land with 23,61,662 sq. ft. of saleable area.



Prozone Palms phase 1 offers 18-storey towers with a total of 1574 flats with a wide range of luxurious 2 BHK, 3 BHK & 4 BHK apartments meticulously planned for spacious living.



## Premium Clubhouse Infrastructure –



Club Palms, spread over 4 acres, which offers one of the finest clubbing experiences through a wide gamut of luxurious amenities









e.g. kids play area, meditation centre, aroma garden, therapeutic walk, multipurpose court, swimming pool, jacuzzi, barbeque pavilion, outdoor dining plaza, jogging/cycling track, amphitheatre etc.



# Project update – Indore

## Residential update –

-  **Project launch – Q3 FY14**
-  Infrastructure development work in progress.
-  Marketing Office and Sample Flat Civil structure and Interiors work completed.
-  Access road as well as Site Infrastructure completed.
-  Club House Civil structure completed and Interiors work is in progress.
-  Project Launch to take place post Club house is completed.



# Residential Update – Indore



Sales Office



Sample Flat



Sales Office



Sample Flat



# Residential Update – Indore



**Landscape & Boundary wall**



**Club House & Swimming Pool**



**Access Road**



**Kids play area & Landscape**

# Project update – Coimbatore



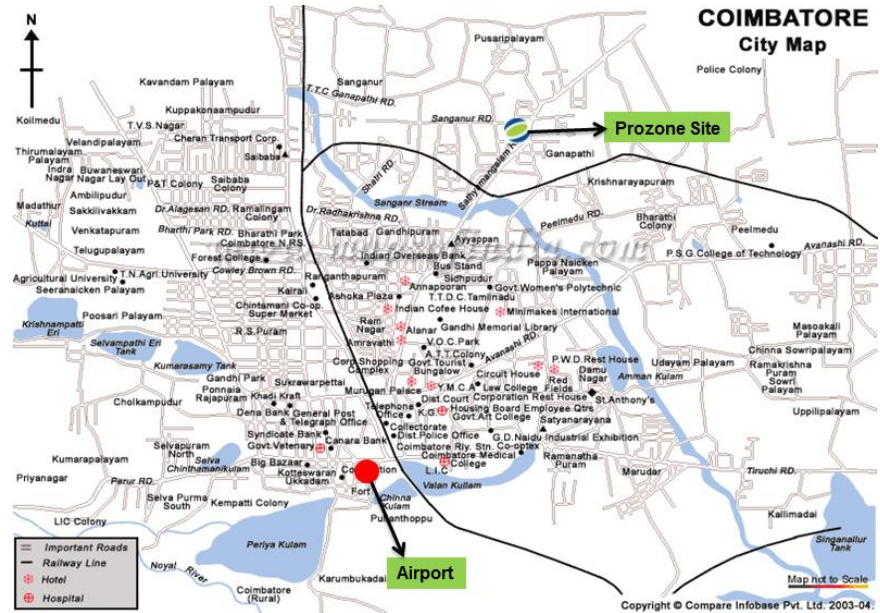
## Location –



Prozone land parcel is Located on the Sathyamangalam road a.k.a. the IT Corridor of Coimbatore.



Site has main access via National Highway No 209 providing excellent connectivity to the site.



## Project Size –



Retail development to have 664,000 sq ft of GLA spread over 2 phases.



Prozone Palms township is being developed in single phase and is spread over 11 acres of land with 15,12,000 sq. ft. of saleable area.



Prozone Palms phase 1 offers 18-storey towers with a total of 1088 flats with a wide range of luxurious 2 BHK, 3 BHK & 4 BHK apartments meticulously planned for spacious living.



## Premium Clubhouse Infrastructure –



Club Palms, spread over 4 acres, which offers one of the finest clubbing experiences through a wide gamut of luxurious amenities



e.g. kids play area, meditation centre, aroma garden, therapeutic walk, multipurpose court, swimming pool, jacuzzi, barbeque pavilion, outdoor dining plaza, jogging/cycling track, amphitheatre etc.

# Project updates - Coimbatore



## Retail Update -



Design & Planning completed for Retail development. Infrastructure development work in progress.



Agreement for Multiplex signed & security deposit received.



Strong interest witnessed for Leasing for the Hypermarket by national as well as international players.



Leasing for Anchor & mini anchors in progress. Agreements for key anchors are at advanced stages of finalization.



In the environment where real estate debt is difficult come by, we have managed to get Bank debt sanction of Rs 1800 mn. at competitive rate of 13.75% due to our strong balance sheet.



Mall commencement is expected in Oct 2015.



## Residential Update -





### **Project launch – Q3 FY14**







Designs have been finalized for Infrastructure work which includes Sales Office, Marketing Office and road work for Residential portion.

## Summary – Outlook for FY14

### **Focus on Execution & Strong Free Cash Flow (FCF) Generation –**

-  Strong Free Cash Flow expected as Revenues to be recognized from PTC Phase 1 & Saral Bazar in Aurangabad.
-  Completion & Delivery of Prozone Trade Centre (PTC Phase 1) & Prozone Saral Bazar in Aurangabad by Q4 FY14.

### **Residential Project Launches in Nagpur & Indore**

-  Construction of Sales Office, Sample Flat and site infrastructure has been completed.
-  Overwhelming Pre-Launch Response in Nagpur – Sold more than 200 units aggregating to Rs. 1168.5 mn. in sales.
-  Club House work in progress. Projects to be launched once the major work for Club house is completed.
-  Projects to be Launched in Nagpur and in Indore in Q3 FY14.

### **Construction to start for Coimbatore Retail Mall**

-  Financial Closure achieved for the Retail Mall.
-  Construction of Retail Mall planned accordingly so as to have a comfortable Cash Flow position, as Strong Cash flows from Residential Projects to fund the Retail Construction.

# THANK YOU



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# ANNEXURE

# The Demerger

- On 10th February 2012, the Bombay High Court approved the demerger of Prozone Enterprises Private limited from Provogue (India) Limited. The demerger was in the ratio of 1:1 and the shares were given to the shareholders of Provogue (India) Limited
- Prozone Enterprises Pvt. Ltd.,[PEPL] pursuant to the same court scheme. The amalgamation of Prozone into PCSC was with exchange ratio of 313 : 75 and accordingly CSC, being shareholder of PEPL was allotted shares in PCSC.
- Listed on BSE and NSE on 12 Sep, 2012
- BSE: 534675 | NSE: PROZONECSC | ISIN: INE195N01013 | BLOOMBERG: PROZONE:IN
- Total outstanding shares; 152.6 million of face value Rs 2 each
- Current Market Capitalization: Rs 3906.6 mn. (as of 10<sup>th</sup> May 2013)

Name	%
Provogue Promoter Group	34.95%
CSC	32.38%
Public	32.67%
Total	100%



# About Us – Intu Properties Plc

Formerly: Capital Shopping Centres Group Plc (CSC)

- UK's largest retail real estate player
- One of the UK's top 100 companies, listed in London and Johannesburg with current asset valuation of £7 billion
- Over 35 years global real estate development and asset management experience
- More than 16 mn sqft of retail space; 320 million customer visits a year
- India entry through an investment in Prozone Enterprises Pvt Limited in 2007
- CSC has recently changed its name & now its known as Intu Properties Plc (Intu)
- Intu now owns 32,38% of Prozone CSC
- Intu's Chief Executive and Senior Director are represented on the Board of Prozone CSC Ltd



Metrocentre, Gateshead, UK



Lakeside, Thurrock, UK



## About Us: Business Summary (As at Mar 2013)

	Project Status	1st Phase Completion	Prozone Stake%	Retail	Residential	Commercial	Balance FSI	Total Area msf
Aurangabad	Open	2010	61.5%	741,000	-	818,000	-	1.56
Coimbatore	On Site	2015	61.5%	664,000	1,512,000	360,000	899,000	3.44
Indore	On Site	2015	60%	-	2,361,000	-	2,182,000	4.54
Nagpur	On Site	2015	61.5%	675,000	1,584,000	360,000	1,635,000	4.25
Jaipur	Planning	2017	50%	-	1,500,000	-	1,276,000	2.78
Mysore	Planning	2017	25%	-	1,216,000	-	-	1.22
<b>TOTAL</b>				2,080,000	8,173,000	1,538,000	5,992,000	17.79

Note - Land bank is fully paid






# Prozone CSC Business Strategy




- 🌈 Locations selected in high growth corridors within city limits
- 🌈 Execute high quality retail assets at the right price and the right time
- 🌈 Develop and sell mixed-use assets to facilitate retail investments

# Prozone CSC – Revenue Recognition Policy

## **Build & Sell Model – Percentage of Completion Method**

-  Threshold of Construction Cost – Minimum 25% of the Construction cost to be incurred .
-  Land & TDR cost is not included in computing the Percentage of Project Completion for recognizing revenue.
-  Revenue is recognized either on execution of an agreement or a letter of allotment.
-  Minimum 25% LOI or Agreement signed
-  Minimum 10% of the Receipt payment received.

## **Build & Lease Model – Accounting Standard (19) - Leasing**

-  Income earned by way of leasing or renting out of commercial premises is recognised as income in accordance with Accounting Standard 19 on “Leases” (AS 19). Initial direct costs are recognised as expense on accrual basis in Profit and Loss Account.

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