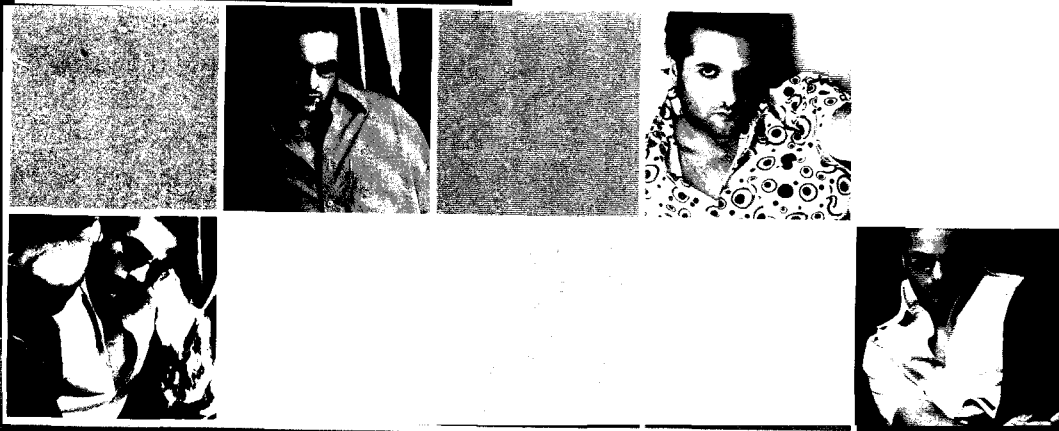


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**Provogue (India) Limited**  
(Formerly known as Acme Clothing Pvt. Ltd.)

ANNUAL REPORT

2005

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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS:**

Mr. S. Jambunathan, Chairman  
Mr. Nikhil Chaturvedi, Managing Director  
Mr. Salil Chaturvedi  
Mr. Akhil Chaturvedi  
Mr. Deep Gupta  
Mr. Nigam Patel  
Mr. Rakesh Rawat  
Mr. Tim Leif Walton Eynon  
Mr. Shahid Balwa  
Mr. Rakesh Jhunjhunwala  
Mr. Prakash Thakur

### **COMPANY SECRETARY:**

Aniket Hirpara

### **AUDITORS:**

Singrodia Goyal & Co.  
Chartered Accountants  
A-201, Rajeshri Accord  
Telly Cross Lane, Off S.N.Road  
Andheri (E), Mumbai – 400 069

### **BANKERS:**

Andhra Bank  
Corporation Bank

### **REGISTERED OFFICE:**

105/106, Dream Square,  
1<sup>st</sup> Floor, Off New Link Road,  
Andheri (W), Mumbai – 400 053

### **CORPORATE OFFICE:**

138-141, Govt. Industrial. Estate,  
Charkop, Kandivali (West),  
Mumbai-400067

**Provogue (India) Limited**

(Formerly Known as Acme Clothing Pvt. Ltd.)

**NOTICE**

Notice is hereby given that 9<sup>th</sup> Annual General Meeting of the Company is scheduled to be held on Monday, May 30, 2005 at 11.00 a.m. at Embassy Hall, Raheja Classic Club, 2<sup>nd</sup> Floor, Lokhandwala Complex, Andheri (w), Mumbai-400 053 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet for the year ended March 31, 2005 and Profit & Loss Account for the year ended as on that date together with the Reports of Directors' and Auditors' thereon.
2. To declare dividend on equity share for the year ended March 31, 2005
3. To appoint Statutory Auditors to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:**

4. Appointment of Mr. Timothy Leif Walton Eynon as Director.

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Timothy Leif Walton Eynon, who was appointed as Additional Director of the Company w.e.f. January 1, 2005 and who, in the terms of Section 260 of the Companies Act, 1956, hold office of the directorship upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

5. Appointment of Mr. Rakesh Jhunjunwala as Director.

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Rakesh Jhunjunwala, who was appointed as Additional Director of the Company w.e.f. January 1, 2005 and who, in the terms of Section 260 of the Companies Act, 1956, hold office of the directorship upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. Appointment of Mr. S. Jambunathan as Director.

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. S. Jambunathan, who was appointed as Additional Director of the Company w.e.f. March 14, 2005 and who, in the terms of Section 260 of the Companies Act, 1956, hold office of the directorship upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. Appointment of Mr. Shahid Balwa as Director.

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Shahid Balwa, who was appointed as Additional Director of the Company w.e.f. March 14, 2005 and who, in the terms of Section 260 of the Companies Act, 1956, hold office of the directorship upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

## 8. Appointment of Mr. Prakash Thakur as Director.

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Prakash Thakur, who was appointed as Additional Director of the Company w.e.f. March 14, 2005 and who, in the terms of Section 260 of the Companies Act, 1956, hold office of the directorship upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose him as a candidate for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

## 9. Alteration of Articles of Associations of the Company:

To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT Articles of Association of the Company be altered in the manner following:

## 1. To replace Article 17 a) by inserting the following article in its place;

17 a) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in that Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, whether out of un issued share capital or out of increased share capital, then:

- i) such further shares shall be offered to the persons who at the date of the offer, are holders of the Equity Shares of the Company, in proportion, as nearly as circumstance admit, to the capital paid up on these shares at that date.
- ii) Such offer shall be made by notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of offer within which the offer, if not accepted, will be deemed to have been declined.
- iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any person and the notice referred to in sub clause ii) hereof shall contain a statement of this right.  
PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person, in whose favour any member may renounce the shares offered to him.
- iv) After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner as they think most beneficial to the Company.

## 2. To alter Article 18 by inserting the following statement at the end of the first para:

"The option or right to call of shares shall not be given to any person except with the sanction of the issuer in general Meeting"

## 3. To alter Article 25 a) by substituting the word "one or more certificates in marketable lots" in place of word "one certificate"

## 4. To replace Article 25 e) by inserting the following article in its place;

25 e) The Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the condition of issue thereof otherwise provides, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be.

## 5. To alter Article 55 by adding the word "and bonuses" after the word "dividends"

## 6. To alter Article 79 by substituting the word "one month" in place of word "two months"

## 7. To replace Article 253 by inserting following articles in its place:

"Where a dividend has been declared by a company but has not been paid, or the warrant in respect thereof has not been posted, within 30 days from the date of the declaration to any shareholder entitled to the payment of the dividend, the Company shall, within 7 days from the date of expiry of the said period of 30 days transfer the total amount of

**Provogue (India) Limited**

(Formerly Known as Acme Clothing Pvt. Ltd.)

dividend which remains unpaid or in relation to which no dividend warrant has been posted within the said period of 30 days, to special account to be opened by the Company in that behalf in any scheduled Bank to be called "Unpaid dividend account of PROVOGUE (INDIA) LIMITED"

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE THE MEMBER OF THE COMPANY AND THE PROXY TO BE EFFECTIVE, SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The related Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under item Nos. 4 to 9 above, is annexed.
3. The Register of Members and Share Transfer Books of the Company will remain closed from May 16, 2005, Monday to May 17, 2005, Tuesday (Both days inclusive).
4. If the dividend, as recommended by the Directors is declared at the ensuing Annual General Meeting, the payment of such dividend will be made to those shareholders whose names appear in the Register of Members of the Company as on May 17, 2005.
5. Members are requested to intimate the change in their address, if any, immediately to the Company at its Corporate Office Registered Office.
6. Members/Proxies are requested to bring their personal copy of Annual Report and Attendance Slip duly filled up for attending the Meeting.
7. Members may avail of facility of nomination by nominating, in the prescribed form, a person to whom member's shares in the Company shall vest in the event of member's death. Interested members may write to the Company for the prescribed form.
8. All the documents referred to in the Notice and Explanatory Statement above are open for inspection at the Corporate Office of the Company between 10.30 a.m. to 12.30 p.m. on all working days except Saturdays, Sundays and Public Holidays until the date of the Annual General Meeting or any adjournment(s) thereof.

**By Order of the Board  
FOR PROVOGUE (INDIA) LIMITED**

sd/-  
Nikhil Chaturvedi  
Managing Director

Date : May 5, 2005  
Place : Mumbai

**Registered Office:**  
105/106, Dream Square,  
1<sup>st</sup> Floor, Off New Link Road,  
Andheri (W), Mumbai – 400 053



**EXPLANATORY STATEMENT****Pursuant to section 173(2) of the Companies Act, 1956****ITEM NO. 4**

Mr. Timothy Leif Walton Eynon was appointed by the Board of Directors in their meeting held on January 1, 2005 as an Additional Director of the Company. Under Section 260 of the Companies Act 1956, Mr. Timothy Leif Walton Eynon holds office of Director upto the date of this Annual General Meeting and the Company has received a notice under section 257 of the Companies Act, 1956, signifying his intention to propose him as a candidate for the office of the Director.

Mr. Timothy Leif Walton Eynon is a graduate textile engineer with an MBA from the INSEAD Business School at Fontainebleau, France. He has served on the management teams of several businesses, mainly in the textile, garment and polymer sectors and was most recently on the Board of Tencel Fibers in the UK and General Manager of Cargill Dow LLC in the USA. He has specialized in international marketing and business development across the textile supply chain from fibers to garments and has extensive experience of the global textile and fashion industry. The Board would benefit from his business qualities and acumen.

His directorships in other Companies include Leif Walton Ltd. UK, and Be The Business (Managing Partner)

Mr. Timothy Leif Walton Eynon is also a member of Audit Committee of Directors.

None of the Director, except Mr. Timothy Leif Walton Eynon, is concerned or interested in the resolution.

**ITEM NO. 5**

Mr. Rakesh Jhunjhunwala was appointed by the Board of Directors in their meeting held on January 1, 2005 as an Additional Director of the Company. Under Section 260 of the Companies Act 1956, Mr. Rakesh Jhunjhunwala holds office of Director upto the date of this Annual General Meeting and the Company has received a notice under section 257 of the Companies Act, 1956, signifying his intention to propose him as a candidate for the office of the Director.

Mr. Rakesh Jhunjhunwala is a Chartered Accountant. He has been profiled as one of India's best five investors by Business India magazine in 1998. The Board would benefit from his business qualities and acumen.

His directorships in other companies include Virtual Marketing (India) Private Limited, By Design India Private Limited, Inmatch.com Internet Ventures Private Limited, Bilcare Limited, Praj Industries Limited, Nagarjuna Construction Co. Limited, Innovasynt Technologies (I) Limited, Prime Focus Limited, Concord Biotech Limited, Mid-Day Multimedia Limited and Geojit Financial Services Limited.

None of the Director, except Mr. Rakesh Jhunjhunwala, is concerned or interested in the resolution.

**ITEM NO. 6**

Mr. S. Jambunathan was appointed by the Board of Directors in their meeting held on March 14, 2005 as an Additional Director of the Company. Under Section 260 of the Companies Act 1956, Mr. S. Jambunathan holds office of Director upto the date of this Annual General Meeting and the Company has received a notice under section 257 of the Companies Act, 1956, signifying his intention to propose him as a candidate for the office of the Director.

Mr. S. Jambunathan is a retired IAS Officer of Maharashtra cadre. He is a Gold medallist in Mathematics from Madras University. He retired as Chairman cum Managing Director of Export Credit Guarantee Corporation (ECGC). Prior to that, he was the Additional Chief Secretary (Home), Maharashtra. The Board would benefit from his vast experience and acumen.

His directorships in other companies include JISCO, The Stock Exchange, Mumbai, First Policy Insurance Advisors Private Limited

Mr. S. Jambunathan is a Chairman of the Board of Directors and also a Chairman of the Audit Committee of the Director of the Company. He is also a member of the Remuneration Committee of the Directors of the Company.

None of the Director, except Mr. S. Jambunathan is concerned or interested in the resolution.

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(Formerly Known as Acme Clothing Pvt. Ltd.)

**ITEM NO. 7**

Mr. Shahid Balwa was appointed by the Board of Directors in their meeting held on March 14, 2005 as an Additional Director of the Company. Under Section 260 of the Companies Act 1956, Mr. Shahid Balwa holds office of Director upto the date of this Annual General Meeting and the Company has received a notice under section 257 of the Companies Act, 1956, signifying his intention to propose him as a candidate for the office of the Director.

Mr. Shahid Balwa is a Commerce Graduate and has over 10 years experience in the Hospitality and Construction Industry. He belongs to the Balwas Group, which has set up several hospitality projects in the past including Le Meridien at Ahmedabad and three star hotels under the Balwa Brand. The Board would benefit from his business qualities and acumen.

His directorships in other companies include BD&P Hotels (India) Private Limited (Le Royal Meridian), Associated Hotels Limited, Lal Qila Investments Private Limited, Goan Hotels and Club Private Limited and Siddhivinayak Realities (P) Limited.

He is a Chairman of the Shareholders/Investors Grievance Committee of the Directors and also a member of the Audit Committee and Remuneration Committee of the Directors.

None of the Director, except Mr. Shahid Balwa is concerned or interested in the resolution.

**ITEM NO. 8**

Mr. Prakash Thakur was appointed by the Board of Directors in their meeting held on March 14, 2005 as an Additional Director of the Company. Under Section 260 of the Companies Act 1956, Mr. Prakash Thakur holds office of Director upto the date of this Annual General Meeting and the Company has received a notice under section 257 of the Companies Act, 1956, signifying his intention to propose him as a candidate for the office of the Director.

Mr. Prakash Thakur is M.B.A. from Carnegie- Mellon University, USA and a BE from Sardar Patel College of Engineering, University of Mumbai. He has an industry experience of around 12 years with about 3 years in AES Corporation, USA and about 9 years in Jyoti Structures Limited. The Board would benefit from his business qualities and acumen.

He is not holding directorship in any other companies.

He is a Chairman of the Remuneration Committee of the Directors and also a member of the Shareholders/Investors Grievance Committee of the Directors.

None of the Director, except Mr. Prakash Thakur is concerned or interested in the resolution.

**ITEM NO. 9**

The Company has obtained the approval of the members at the Extra-ordinary General Meeting dated March 15, 2005 through the special resolution u/s 81 (1A) of the Companies Act, 1956 for issue of shares to the general public. Accordingly, the Company has filed the Draft Red Herring Prospectus with the SEBI, The Stock Exchange, Mumbai (BSE) and The National Stock Exchange of India Ltd. (NSE) on April 7, 2005 for their in-principal approval.

In view of the Company going public, certain Articles of the Articles of Association requires amendment to conform with the Listing Agreement and other applicable Laws, Rules and Regulations as applicable to a Listed Company.

In view of above it is necessary to amend certain articles of the Articles of Associations of the Company. The draft Articles of Association is available for inspection by members, if requested at the registered office of the Company.

None of the Directors are in any way concerned or interest in the said resolution.

Date : May 5, 2005

Place : Mumbai

**By Order of the Board**  
**FOR PROVOGUE (INDIA) LIMITED**  
 sd/-  
 Nikhil Chaturvedi  
**Managing Director**



## MANAGING DIRECTOR'S STATEMENT

### TO OUR STAKEHOLDERS

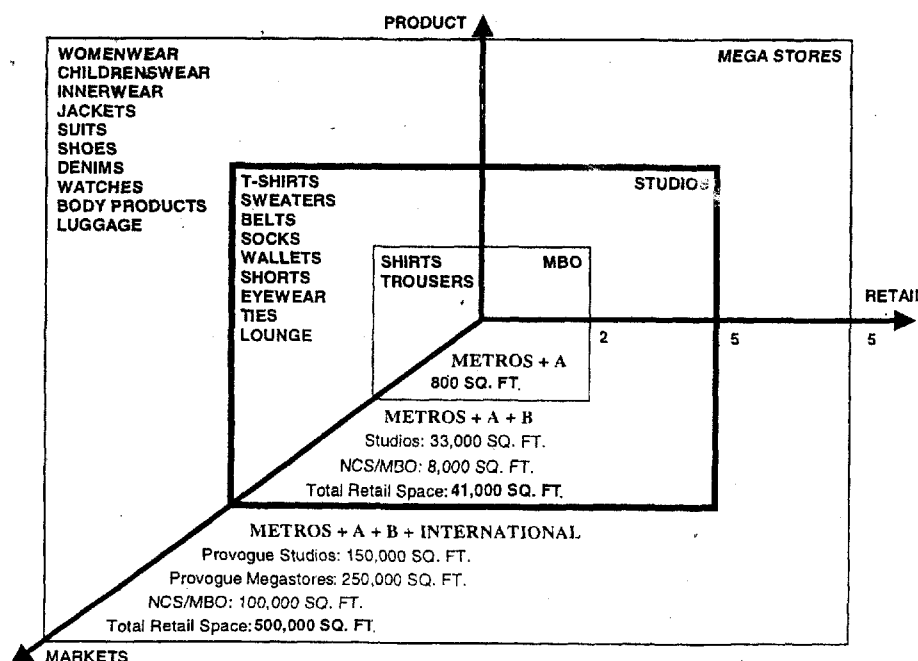
This is my first statement under our new company name. Acme Clothing Pvt Ltd was converted into a Public Limited Company in March 2005 and subsequently its name was changed to Provogue (India) Limited (PIL). PIL now also comprises the assets of our textile export business, formerly ACME Global. In addition, our hospitality business, ACME Hotels and Hospitality Pvt Ltd., is now a wholly owned subsidiary of PIL which makes sense as its principal business, The Provogue Lounge, is a vehicle mainly used to promote and advance "Provogue" as a lifestyle brand for New India. PIL is a well-balanced business ideally positioned for the next phase of our growth plan. The focus in going forward will be to manage the growth of the top line while simultaneously improving the bottom line as we reap the benefits of economies of scale.

I am delighted to announce the appointment of five new Directors to our Board who will be of great value to us as we drive for this growth and extend our business model and our geographic reach in the future. Details of these appointments will be found in the Director's Report that follows and in the Notice for our Annual General Meeting to be held on 30<sup>th</sup> May in Mumbai.

The year 2004-05 was therefore one of consolidation and preparation for the next phase of our business. Not only did we realign our businesses and management behind a focused strategic direction but we also made sure that our Provogue Studio Network throughout the country was a strong and unified representation of our brand. This resulted in the relocation of ten stores and the closure of three outlets leaving us with 40 well positioned Provogue Studios as at March 31 2005. This initiative improved our average sales per square foot and resulted in higher average gross margins. Over the next two years we plan to open 40 more Provogue Studios and launch a new Megastore format at an additional 21 locations across India. From this plan we have already signed up 16 more own-store locations in Shopping Malls and major City Centres, which will be opening over the course of the next few months

We spent a considerable amount of our time this year preparing for our Initial Public Offer (IPO) and filed our Draft Red Herring Prospectus with SEBI on 7 April 2005, just after our fiscal year end. We will be the first Indian fashion brand business of its kind to be listed on the Indian Stock Exchange. After successful completion of our IPO we will be uniquely positioned from an Indian base to rapidly grow our business, add new resources and drive for significant growth in the years ahead.

The following chart explains the three-phase growth strategy for the Provogue Brand. We have now reached the end of the second phase (see bold line box below) with a proven own store concept, a broader product offer and a valued and well-positioned brand in the Indian domestic menswear market. In the next phase we will extend our own retail space, enlarge our store model and add a variety of new product offers including womenswear and childrenswear. It will be an exciting time for all of us in Provogue.



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The Provogue Lounge remains a strong ambassador for our brand and its success has proven that Provogue can be extended beyond apparel and accessories as a true lifestyle brand for New India. At the time of writing this statement we have opened two more Lounges in Pune and Chennai to wide public approval. More will follow in the year ahead.

Our promotional campaigns remain strong and effective and streams of fresh, well-publicized events, for which we are already renowned, are planned for the coming seasons. We will ensure that our reputation for being bold first-movers is maintained with creative and cost effective advertising and strong public relations.

In our export business we are also well positioned to continue to grow our fabric and related dyes, chemicals and machinery business fueled by the WTO quota-free initiative that took effect on Jan 1, 2005. We will also be extending our geographic reach to the American and European markets to enrich our sales mix and improve the margins per meter.

The investments of Mr Rakesh Jhunjhunwala and Bennett, Coleman & Co. Ltd. in our company have been well received by the financial community in Mumbai and the interest by both these parties in our business strategy, and tactical execution will be of great value to us as we go forward.

The financial performance of our company showed significant improvement over the previous year for each of the individual businesses. Consolidated income of Rs 115 Crores resulted in profit after tax of 6.27% of the same as compared to 5.46% of the income from operation in the previous period.

In our branded domestic business we achieved a new income revenue record of Rs 62.67 Crores up by 14.44% from the previous 6-month period annualized. This resulted in profit after tax of 7.89% of the income as compared to 5.46% of the income in the previous period.

In textile exports our revenues grew by more than 100% over the previous year and achieved Rs 52.36 Crores in sales. This produced a profit after tax of 4.70% of the income.

As we move forward with confidence we must prepare ourselves to be a Rs 1,000 Crores business within the next ten years with a strong business base in India, and revenue streams both from domestic and international markets. We will invest wisely and carefully in assets that will add value to our brand and our business model and we will train our employees and recruit the best talent to be prepared for all the exciting challenges that lie ahead.

In closing I would like to take this opportunity to thank all our Bankers, stakeholders and well-wishers for their tremendous support in helping to bring us to this point in our history and I would especially like to thank our employees whose hard work and dedication resulted this year's record-breaking performance.

We should all look forward to an extraordinary year ahead in 2005-06.

sd/-

Nikhil Chaturvedi  
Managing Director

May 5, 2005