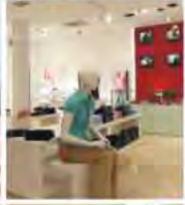
2010 PROVOGUE



















Unlocking Value





Provogue 2010 is in high gear. Expanding our lifestyle brand reach across India and developing the Prozone land bank into a range of retail-centric mixed-use real estate assets. Unlocking value is the mantra of our evolving business model







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Business in Motion

Provogue is a dream made reality through consistent hard work and inspirational strategies. Today, we are a business in motion, attuned to the new economic world order and fit for the opportunities of a vibrant domestic economy. We have institutionalized the company and are geared to take on the next phase of our growth against the backdrop of a robust consumption story

05 Annual Report 2010

Letter to Shareholders

"Provogue has evolved as a full-fledged retail derivatives business, empowered by India's robust economic and consumption fundamentals"

Dear Fellow Shareholders

This has been an exhilarating year for Provogue; one which heralds the beginning of a new era in the Company. The impact of the global economic downturn last year forced us to take a deep dive into our business and examine every aspect of our model and its constituent parts. It provided an opportunity for us to look again at our portfolio of investments and to identify areas where we could improve our performance and enhance value.

The title of this year's Annual Report is a reflection of this introspection. I'm convinced that our faith in India's consumption story and our retail-centric vision has yielded a strong business model. Provogue has evolved as a full-fledged retail derivatives business, empowered by India's robust economic and consumption fundamentals. And, as we grow as a business, we have institutionalized the Company, with every single team focused on unlocking the value that we've built-in over the years.

While the global economy is beginning to show signs of a modest recovery, India's GDP growth, currently about 7.5%, is forecast by economists to remain at around 8% for the next decade. The total retail market is expected to cross USD 500 billion next year. The organized sector, in which Provogue operates, is under 7% of the total and expected to grow to between 15% to 20% by 2013.

Against this positive market backdrop, we are now running three retail business units, namely the Provogue Brand, Prozone Regional Shopping Centres and Retail Centric Mixed Use Development.

PROVOGUE RETAIL BRAND

Provogue has achieved 'critical mass' as a fashion and lifestyle brand, both in the front-end retail formats and the back-end supply chain infrastructure. At the end of the last financial year we were present in 70 markets pan-India operating through about 350 doors, comprising 127 of our own stores, 119 shop-in-shops with India's leading department stores and the balance through multi brand outlets (MBOs) and licensed wholesalers.

The supply chain has been fully SAP enabled improving the decision making process and the time to market with resultant gains in efficiencies. Our captive manufacturing has

been expanded with the addition of a new unit in Himachal Pradesh, bringing our capacity to over I million pieces per annum. We are primed and ready for the next phase of growth in the Brand and an aggressive roll-out is underway. Older stores are being refurbished in line with our new brand and another 75 stores will be opened this year. In addition, national chain stores are forecasting to add another 30 locations before the end of 2010 that will include our shop-in-shop formats. The combined effect will be to give a huge impetus to sales and market share from this year onwards.

The Promart value retail model is being repositioned. We've closed the large store in Ahmedabad and are reworking the concept around a smaller format of 8,000 square feet.

PROZONE REGIONAL SHOPPING CENTRES

Meticulous planning, design and development will come to fruition in October 2010 with the launch of our first Regional Shopping Centre in Aurangabad. I'm delighted by the support we have received from the country's leading retailers who have joined us as tenant-partners in Aurangabad. Leave and License revenues will start to flow this year with corresponding impact to our financial performance.

Learnings from Aurangabad are being applied to the next two Centres, which are being built in the cities of Nagpur and Coimbatore. Supported by commitments from key anchor tenants, both these Centres are scheduled to open in 2013.

The recent exit of many non-specialist shopping centre developers has significantly reduced the number of new Centres on the Indian landscape. This enables specialist players to emerge as leaders and we expect Prozone be counted amongst this leader group companies.

Over the long term the 'stickiness' of retail infrastructure assets, high replacement costs and consistent rental increases over the average economic growth can lead to attractive yield compression. I am convinced we are truly at the cusp of unleashing significant value from this business.

Our joint venture and close relationship with Capital Shopping Centres Group Plc, UK (CSC) has ensured world-class design and operating experience has been built into every scheme. We're delighted to have them as long term partners who share our vision for India's retail potential.

PROVOGUE 06

"We have institutionalized the Company, with every single team focused on unlocking the value that we've built-in over the years"

RETAIL-CENTRIC MIXED USE DEVELOPMENT

Evidence from other centres in India, proves that land adjacent to Regional Shopping Centres becomes extendly valuable once a Centre is operating. We have developed detailed plans to realize this added value on our additional land adjacent to each Centre.

As demand for housing in India's new urban cities is high, we are developing residential communities and as well office blocks and hotels. We will sell the residential developments to provide sufficient income to retire the Shopping Centre construction loans and leave a debt free asset.

FINANCIAL PERFORMANCE

We closed FY10 with total revenue of INR 501 crores, 30% up on the previous year and with EBITDA of INR 72 crores, up 11%. Operating profit of INR 39 crores was up 34% from the previous year and PAT of INR 28.35 crores was marginally down from INR 29.45 crores. Overall it was a healthy performance against the backdrop of a retail market that was emerging from a downcycle in 2008-09. I'd like to take this opportunity to thank all our internal teams who have worked hard to deliver these results and to prepare us for an exciting future.

Sincere thanks as always to our shareholders, business partners, vendors and, of course, our customers for your unwavering support. I look ahead with ever increasing optimism to a great future unfolding for all us at Provoque.

Sincerely,

Nikhil Chaturvedi Managing Director

