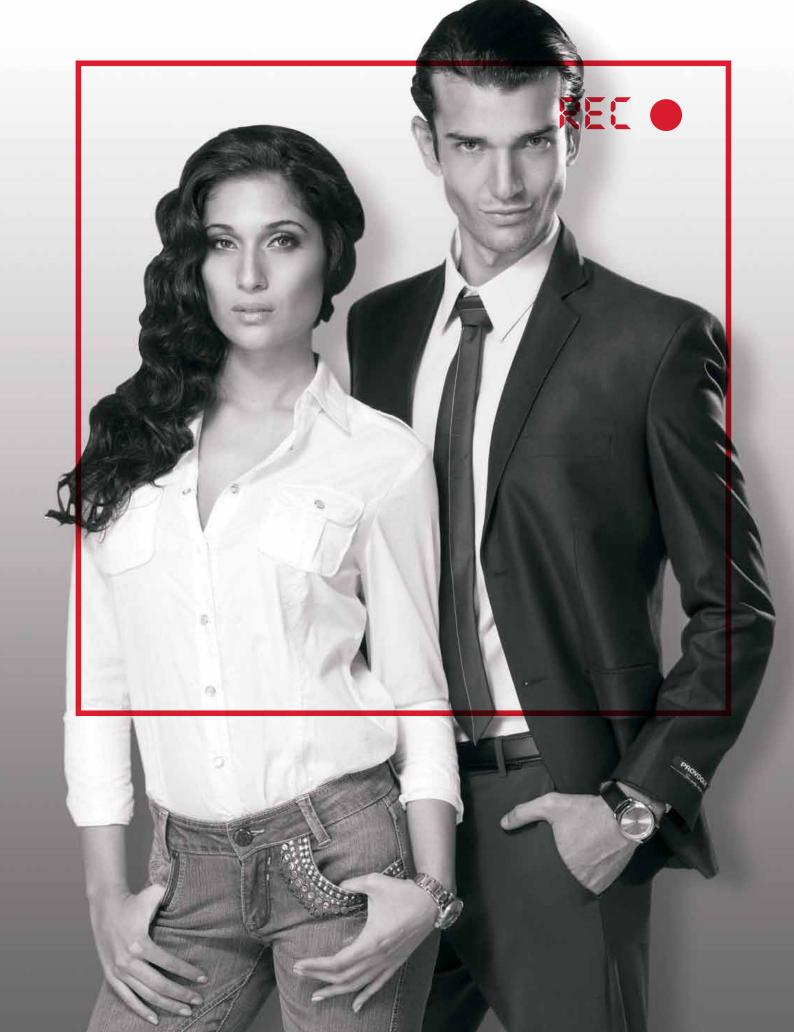




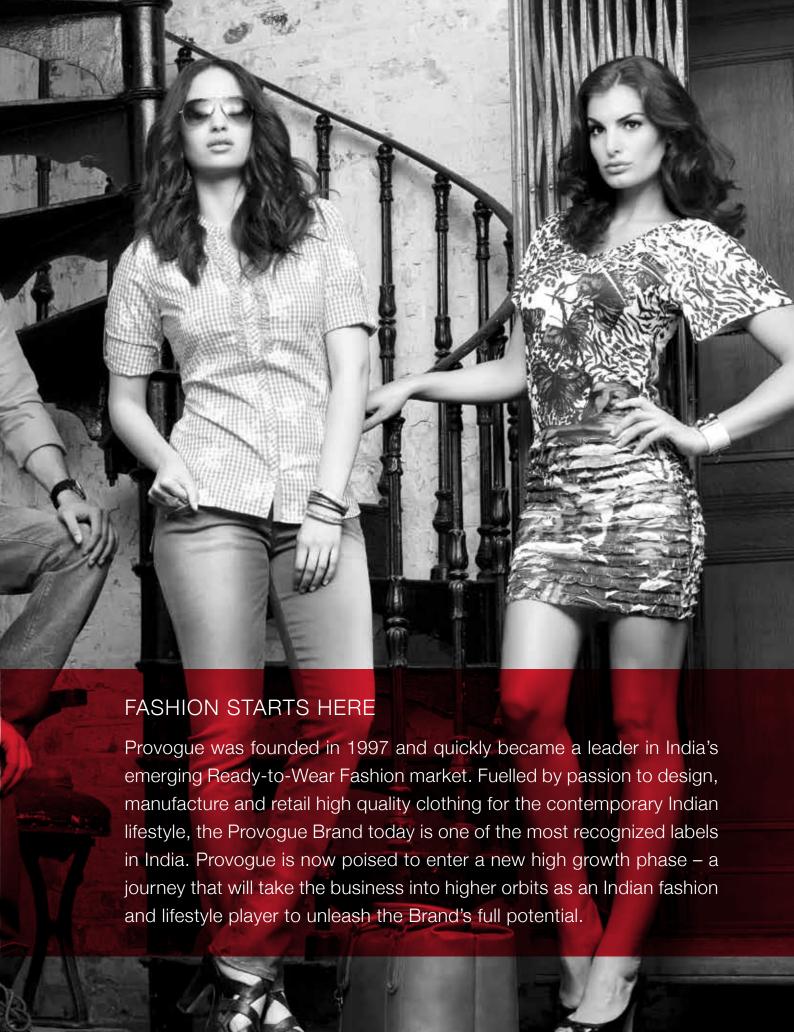


CONTENTS

05	FASHION STARTS HERE
06	LETTERS TO SHAREHOLDERS
80	BOARD OF DIRECTORS
10	CORPORATE INFORMATION
11	VISION
12	PROVOGUE BRAND DNA
14	INDIA'S CONSUMPTION REVOLUTION
14	OUR BUSINESS PHILOSOPHY
14	OUR BUSINESS MODEL
16	BUSINESS UPDATE 2012
18	LOOKING AHEAD
22	FINANCIAL HIGHLIGHTS
24	CORPORATE SOCIAL RESPONSIBILITY
26	FINANCIAL SECTION
27	NOTICE
32	DIRECTOR'S REPORT
36	MANAGEMENT DISCUSSION & ANALYSIS
40	CORPORATE GOVERNANCE REPORT
49	AUDITORS' REPORT
52	FINANCIAL STATEMENTS
89	CONSOLIDATED FINANCIAL STATEMENTS







LETTER TO SHAREHOLDERS

Dear Fellow Shareholders

Welcome to a new chapter at Provogue. This year saw the demerger of Prozone Enterprises Pvt Ltd, from Provogue (India) Ltd. As Prozone CSC evolves into a real estate major, it was sensible to split the two businesses and allow each to flourish within its own environment. I'm confident you will be delighted with the future each company has chartered and that your confidence in our long term vision will be handsomely rewarded as we move ahead together. It's my pleasure to address you this year as shareholders of 'New Provogue'.

Robust Business Fundamentals

The economy of India is the eleventh largest in the world by nominal GDP and the third largest by purchasing power parity. Whilst various domestic and global factors contributed towards a moderation of India's economic growth, forecast at 5.0 to 5.5% GDP in the coming year, India remains one of the world's most robust economies, fuelled by a long term consumption story.

Nevertheless it has been a challenging year for India's business community with inward investment undergoing a contraction, higher fuel prices, increased interest rates to dampen inflation and weakening of the Indian Rupee. All this has caused job losses across many sectors resulting in a slowdown of consumption due to reduced disposable income.

The Retail sector is one of the pillars of the modern Indian economy and accounts for about 15% of GDP. The total Indian retail market is estimated as US\$ 450 billion and, as such, is one of the top 5 retail markets in the world by economic value and growth indices. Yet organized retail, the sector in which Provogue operates, still only accounts for about 5% of the total and is envisaged to grow over the next 5 years to about US\$ 80 billion. A large portion of this next growth phase is expected from Tier 2 and 3 cities and the rural markets. Permitting FDI in Multi-Brand Retail, expected to pass into law in the near future, is potentially a major fillip to investment and growth of modern retailing in India.

The New Provogue Strategy

Provogue has reached an inflection point in its journey. The Brand name is well established and

one of our most valuable assets, underpinned by Provogue's legacy of experience in developing retail channels pan-India. A robust supply chain that spans Design, Sourcing, Production and a SAP-driven Logistics network to feed our consumer stores supports the Brand. We now operate over 270 outlets split evenly between our own operated Retail Outlets and Shop-in Shops within India's leading National Chain Stores.

Typically, when Fashion Brands reach this level of maturity, a new strategy is required to fuel next stage growth. I will outline here some of our key initiatives going forward:

- 1. Returning 'to our roots' as a Fashion Label. Provogue became famous through its focus on a specific Target Customer Group and offering them a distinctive range of clothing unique in the Indian marketplace. We are now carefully restructuring our product portfolio so that our collections cater not only to our existing customer base, but attract a new cadre of loyal Provogue shoppers.
- 2. Rapid scale up of retail outlets through Franchising. We are embarking on an aggressive franchising initiative to penetrate deeper into our existing markets and open up new markets in Tier 2/Tier 3 cities and smaller towns that are more costly to reach alone with our own stores. To support this, we are developing a comprehensive franchising model to attract India's best regional entrepreneurs to join Provogue's business family.
- 3. New Product Categories distributed through national FMCG channels. We've successfully launched Provogue's Deodorant range, which has achieved rapid growth in Maharashtra, with over 3,500 outlets available in just 3 months after the launch. We will extend the rollout across the country and add a complimentary Personal Grooming Product Range. These new categories will add significant revenues at attractive margins going forward.
- 4. On the back of this FMCG network, we have developed a Provogue Innerwear Range for Men, to tap into a large domestic market in which the Provogue Brand can add consumer value and quickly gain market share. We will launch the Collection this coming year.
- 5. A separate Institutional Business Division has

Against the backdrop of a sluggish Retail economy, Provogue is at a high growth inflection point. New strategic initiatives will cement Provogue's position as India's leading fashion label

been created to offer the core range and other specially designed products to Corporate Clients and Special Buyers. We have rapidly built an impressive corporate client list that will also add significant revenues and margins to the business.

- 6. To facilitate this larger national distribution network, we've consolidated our warehousing facilities into four upgraded major hubs in strategic locations, all of which are SAP-enabled to improve operating efficiencies and delivery times.
- 7. Launch of e-commerce to reach out to every potential Provogue customer in the country. A major thrust is underway to position Provogue as India's leading e-retailer fashion label. The complete range of Men's and Women's clothing and accessories will soon be available online supported by a fully integrated back-end delivery system.

The combination of these initiatives, amongst others, heralds an exciting new era for the Company that I'm convinced will cement our position as India's leading fashion brand.

Financial Performance

In view of the fact that Prozone CSC was demerged from Provogue (India) Limited during the course of the fiscal year, I will focus on standalone performance as reflected in the accounts that follow. We closed FY12 with total revenues of ₹610 crores, up 8% on the previous year and PAT of ₹25 crores or 4% of revenues. These lower growth metrics should be viewed against tougher retail market conditions and tighter consumer spending.

Nevertheless, we have chosen not to rein in our strategy for growth. We are investing judiciously into the new business platforms as detailed above, which we believe are the formulas for long term success in our business environment.

Transforming Corporate Culture

Transformation of our Company into a professional organization, with upgraded processes and systems is high on our agenda in order to build the strongest of foundations from which to launch our future.

In closing, my sincere thanks to our employees, our shareholders, business partners, vendors and suppliers and, of course, our customers for your unwavering support. We're opening a new door to the Company's future that will significantly enhance Provogue's value to all its stakeholders and I can assure you that our best is yet to come.

Sincerely,

Nikhil Chaturvedi Managing Director



