



**PROVOGUE**

OWN THE MOMENT

ANNUAL REPORT 2015





A person wearing a black jacket is sitting in a modern interior. The background features large windows with a view of a blue sky and a dark blue wall. The person's hands are visible, one resting on their lap and the other on their thigh. They are wearing a black beaded bracelet on their left wrist. An orange semi-transparent rectangle is overlaid on the right side of the image, containing the text.

## VISION

To be India's leading Fashion Lifestyle Label through an innovation-led approach to cutting edge design and quality within inspiring retail formats

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## OWN THE MOMENT

Provogue believes in the strength of the individual and the power of youth. In the kingdom of the young, words like 'regular' and 'ordinary' spell blasphemy. Because in this kingdom, no one sets out with the goal of being just another face. They want to be 'the' face of it. Own it. They seek fame and glory and attention and power. Provogue believes in a life that's far from the ordinary. It believes that in this journey towards being the king of your castle, you need to make your presence felt, every step of the way. In everything you do, every time you enter a room, every human interaction, you strive to leave the world spellbound with your presence.

In this world. At a party. At work. On the field. Wherever you go. Provogue urges each one to ..

OWN THE MOMENT.

## ABOUT PROVOGUE

The Company was founded in 1999 as men's fashion label and later extended to a full wardrobe and accessories lifestyle collection. Provogue achieved national recognition through sharp fashion design, quality products and first-mover marketing campaigns and was listed on the BSE and NSE in 2005.

Provogue has been recognized by the Economic Times, Brand Equity as one of India's Top 100 most exciting brands (in a Neilson Study) and 7th in the Apparel Category. The Company is now leveraging the brand through FMCG, franchises, licenses and distribution.

The FMCG business vertical, Provogue Personal Care, expands presence into India's consumption story by entering the high growth Personal Grooming sector where Provogue's brand equity and style positioning is a strong consumer fit. The first Deodorants range is now being extended to other product categories, namely Personal Wash, Hair Care, Skin Care and Shaving Toiletries.

# LETTER TO SHAREHOLDERS

## Dear Fellow Shareholders

It's been an extremely challenging year for the Company. A combination of factors has resulted in our reporting a loss for the first time in our history. My report will focus on the key reasons for this and on the steps that we're taking to make course corrections for the future.

I'll begin by outlining the key macro economic factors that have directly affected our business.

a. The advent of online e-commerce has created new challenges for the brick and mortar retailers as deep discounts are squeezing margins across most retail categories, fashion being no exception.

b. Depreciation of the Indian currency is increasing product costs, which is challenging to pass onto consumers in a tight environment.

c. OPEC exports have slowed down due to low oil prices, which has reduced imports from the oil-dependent African markets in our trading business.

d. Overall consumption remains slow, depressing retail growth, even with a more optimistic domestic economic forecast.

e. Despite the slow down in consumption retail costs continue to be high which depresses operating margins.

## Impact on Business

Against this backdrop, we've needed to take immediate steps to minimise the business impact and restructure for the future.

Firstly, we have reduced the number of stores to redress supply demand imbalance and bring operating margins under control.

We are constantly working on reducing stocks in the system and releasing working capital through more responsive design-to-market mechanisms and working closely with our vendor base to be aligned for just-in-time delivery.

We are increasing our focus online to broaden the offer and become available to potential customers in every corner of the country.

We are rationalizing our export business and reducing volumes to cut down the forex exposure risk and enrich the bottom line margins.

To remain strong in the market, we are working on rejuvenating the brand to make it more relevant to a new generation of youth consumers. With 72% of the population under 35 years and Provogue widely recognised as a leading youth brand, we are well positioned to retain leadership.

## A Balanced Portfolio

As we look ahead we must stick to the core competences that built Provogue and streamline our business into self-sustaining verticals. A balanced portfolio of business units will give us improved resilience to ride market cycles and improve focus to make the best of each opportunity.

We now operate under 5 business units, each managed by a dedicated team of professionals motivated to optimize results.

## Fashion and Lifestyle:

Designs are being re-gearred to address the needs of our target customer. This is India's young urban male on the cusp of first jobber/second jobber, with disposable income that allows for a contemporary lifestyle. New occasion-centric collections have been developed ranging from casual attire to office wear and nightlife. This is our brand stronghold that underpins our DNA.

## FMCG Personal Care:

The successful launch of our unisex deodorant range is being followed with 4 additional product categories in Skin Care, Face & Body Wash, Shaving Toiletries and Hair Care. Products are under development and will be successively launched in the coming year to grow this vertical into a major platform.

## Institutional Sales:

Demand for Provogue Gifting products from Corporates and Institutions remains strong and we continue to see high growth year on year. We have launched several exclusive co-branded offers through dedicated online portals with distribution through the fulfillment model in our ecommerce platform.

## Provogue.com:

We are significantly ramping up our online platform in preparation for an omni-channel retail presence in future. In this interim phase this has put more pressure on offline margins due to cannibalization





The brand remains our most potent asset and we must seize every opportunity to leverage its long term value

of like-to-like growth in our retail stores, forcing us to curtail operations in several locations. Despite this we must build this platform for a robust future. We are also selling through major e-commerce marketplaces to reinforce our presence online, drive volumes and build awareness.

#### Financial Performance

The Company achieved total revenue of ₹548.72 Crores against last year's revenue of ₹621.78 Crores, a decline of 11.75 %. The net loss for the year after tax is ₹74.88 Crores as against the profit of ₹94.30 Lacs in the previous year.

I've explained the prime reasons for this loss above. In addition the fire in our Daman factory in February 2014 continues to have repercussions to our domestic performance. We've only received a small portion of the insurance claim to date, delaying plans to bring the manufacturing unit back on stream, enhancing losses to our retail business.

#### Looking Ahead

In spite of these challenges, we are amongst the top 20 apparel brands in India, and in the top 5 domestic brands, according to the latest survey by Neilson for the Economic Times. This explains our continued faith in the business. The brand remains our most potent asset and we must seize every opportunity to leverage its long term value.

Consumption-led youthful retail is the core of our business model. With a pro-development Government in place Indian retail is expected to reach \$1 trillion in 5 years from approximately \$600 billion in 2015. This is the largest retail growth story in the world. We must have the resolve to stick to our guns, realign for the future and stay the course.

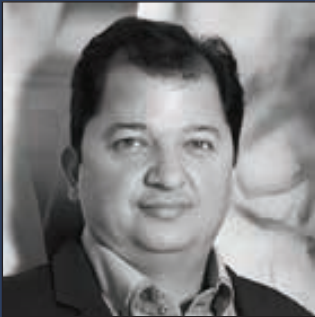
This year I especially want to thank our employees, our shareholders, our business partners, vendors and suppliers for your support through these challenging times. It's not been an easy year but we are determined to conquer whatever obstacles lie in our path toward a brighter and more prosperous future.

Sincerely,

Nikhil Chaturvedi  
Managing Director



## BOARD OF DIRECTORS



NIKHIL CHATURVEDI



SALIL CHATURVEDI



DEEP GUPTA



AKHIL CHATURVEDI



## INDEPENDENT DIRECTORS

DINESH ARYA (Independent Director & Chairman)

Mr. Arya has over 20 years of experience in financial intermediation. His career spans from primary markets, secondary market, network enhancement, Mutual Funds, Insurance Broking etc. His strategic approach combined with marketing and execution has achieved excellent performance for his many clients and the Board benefits greatly from his expertise.

HETAL HAKANI (Independent Director)

Mr. Hakani is a business entrepreneur with expertise in manufacturing, marketing and general business development areas. He holds a degree in chemical engineering from The Bombay Institute of Technology and brings a fresh and approach and contribution to the Board. The Company benefits significantly from his advices and experience.



A woman with dark hair, wearing a metallic, shimmering dress, is positioned on the left side of the page. She is looking towards the camera with a slight smile. The background is a solid dark blue.

## CORPORATE INFORMATION

### Board of Directors

Mr. Dinesh Arya	Independent Director & Chairman (Appointed W.E.F 26.05.2014)
Mr. Hetal Hakani	Independent Director (Appointed W.E.F 26.05.2014)
Mr. Nikhil Chaturvedi	Managing Director
Mr. Deep Gupta	Whole Time Director & CFO
Mr. Akhil Chaturvedi	Whole Time Director
Mr. Salil Chaturvedi	Non Executive Director

### Company Secretary

Mr Ajayendra P Jain

### Statutory Auditors

M/s Ajay Shobha & Co.  
Chartered Accountants  
A-701, La Chappelle, Evershine Nagar  
Malad West, Mumbai - 400064

### Bankers

Andhra Bank | Corporation Bank | Central Bank of India |  
Punjab National Bank | Bank of India

### Registered Office and Corporate Office

Provogue (India) Limited,  
CIN:L18101MH1997PLC111924  
105/106, Provogue House  
Off New Link Road, Andheri (W),  
Mumbai 400 053  
Website: [www.provogue.com](http://www.provogue.com)

### Registrar & Transfer Agent

Link Intime India Pvt Ltd  
C/13, Pannalal Silk Mills Compound  
LBS Road, Bhandup (W)  
Mumbai 400 078

### E-mail ID for Investors' Grievance

[investorservice@provogue.com](mailto:investorservice@provogue.com)



## PROVOGUE BRAND

Provogue is a highly recognised lifestyle brand with reach across sectors and across the country's geography. Brands are built through consistent hard work and inspirational strategies, and Provogue is no exception. 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.