

LOVE
AND
BE
LOVABLE



ANNUAL REPORT 2011-2012

Lovable



NEW YORK • MILAN • TOKYO • SYDNEY

NEW LAUNCHES



Chairman's Message

Dear shareholders,

It gives me great pleasure to present you with Annual Report for the year 31st March 2012 and share with you a few thoughts on our strategic planning and implementation.

We have made considerable progress during the year by scaling up business and delivered profitable growth. We are well positioned to realise the increasing growth potential in the market. We will focus and continue to be confident about taking advantage of the long term opportunities.

Building strong capabilities in lingerie industry is the important agenda for lovable. Towards this end your company has invested in building world class manufacturing units. During the current year we have commissioned two manufacturing units and the workforce, production and Q.A. Systems were brought upto Lovable's internationally-benchmarked standards to produce world class quality and to produce new generation bras.

Taking into account the evolving lifestyle and appreciation of quality lingerie from middle india, we have initiated rapid growth in retail network with the help of a new set of distributors for our "Lovable" brand numbering 51 at present to reach 75 nos. by end of the year. Lovable brand's retail network will expand from 1400 last year to 5000 by expansion. Modern retail has grown and consumers are increasingly shopping at malls. Considering this your company has created a separate team to cater to the chain stores channel with heightened intensity & responsibility.

Your company's brand "Daisy Dee" has persisted with its wider and deeper distribution strategy and the important landmark of 10,000 retail outlets selling Daisy Dee was crossed this year. Its distributor numbers were expanded to 120 nos and the network strengthened to aid easier availability of our brand in all major markets of india.

Our world is changing fast and more so in india. And we clearly understand that change is a driver of new opportunities to be grabbed early, as also a presenter of risks to be combated. Accelerating the implementation of decisions, insisting on uncompromising quality in all products and processes everywhere, yet being flexible and open for new opportunities and innovations is a part of our job.

While your company's long-term strengths remain robust and the opportunities ahead are more exciting than ever before, yet the immediate outlook of the economy and of the indian consumer's consuming behavior are weak and expected to remain so through 2012-13. We are all aware of the ills that plague the economy and your company had the foresight to see the coming weakness. Tactics and marketing plans were modified to factor in these scenario. Your company is well placed to contend with the challenges of weak consumer spending, high inflation and poor financial health of the market. We look forward to a weak demand situation with well-placed confidence and commitment to the task ahead.

In conclusion we believe that our company is a strong, stable company and that our core business has good potential. We will remain true to our principles and we will continue to act with our usual sense of responsibility to our shareholders and to the company.

I would like to take the opportunity to explain my sincere gratitude to all the employees and our trade partners for their continued contribution for the past year.

Thank you for your confidence and i look forward to your continued support.

L Vinay Reddy

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Go Green Today

As a responsible corporate citizen, the Company welcomes and supports the '**Green Initiative**' taken by the Ministry of Corporate Affairs, enabling the Company to effect electronic delivery of documents. The above initiative will go a long way in conserving paper which is a natural resource as also result in substantial savings on printing and posting of annual reports and other documents of your Company sent to Members. Members are requested to support this Green Initiative by updating their email addresses with their respective Depository Participants, in case of electronic shareholding; or registering their email addresses with the Company's Registrar and Transfer Agents, in case of physical shareholding. Join this cause and make the world a cleaner, greener and healthier place to live in.

Note:

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Mr. L Vinay Reddy
Chairman & Managing Director

Mr. G. Ashok Reddy
Whole-time Director

Mr. L. Jaipal Reddy
Whole-time Director

Mr. Sivabalan Paul Pandian
Independent Director

Mr. Anantharaman Mahadevan
Independent Director

Mr. Dhanpat Kothari
Independent Director

Mr. V. T. Bharadwaj
Nominee Director

Mr. Gopal Sehjjpal
Independent Director

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mrs. Megha Maheshwari

STATUTORY AUDITORS:

M/s. Attar & Company
Chartered Accountants

INTERNAL AUDITORS:

S. H. Bathiya & Associates
Chartered Accountants

REGISTRAR AND SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S Marg, Bhandup (West),
Mumbai 400 078

BANKERS:

Bank of Baroda.

REGISTERED OFFICE & CORPORATE OFFICE:

A-46, Road No. 2, MIDC, Andheri (East),
Mumbai - 400 093

FACTORY:

1)

46/2, Guruprasanna Industrial Area,
Doddakallasandra, Konanakunte Cross Road,
Bangalore – 560 062.

2)

No. 9 & 10, Manipal County Cross John Avenue
Private Road, Singasandra hosur Road,
Bangalore - 560 068

3)

18/2, Opp. Khodays Breweries,
Behind L & T Concrete, Kanakapura Road,
Bangalore-560062

BRANCHES:

Hyderabad	Bangalore	Chennai
New Delhi	Kolkata	Mumbai

KEY MANAGEMENT PERSONNEL:

Mr. Prakash Ramanna
GM – Sales & Marketing (Lovable)

Mr. Giriraj
All India Sales Manager (Daisy Dee)

Mr. L. R. Srinivasan
Purchase & Planning Manager

Mr. Ashok Singh
General Manager - Operation

VISIT US AT:

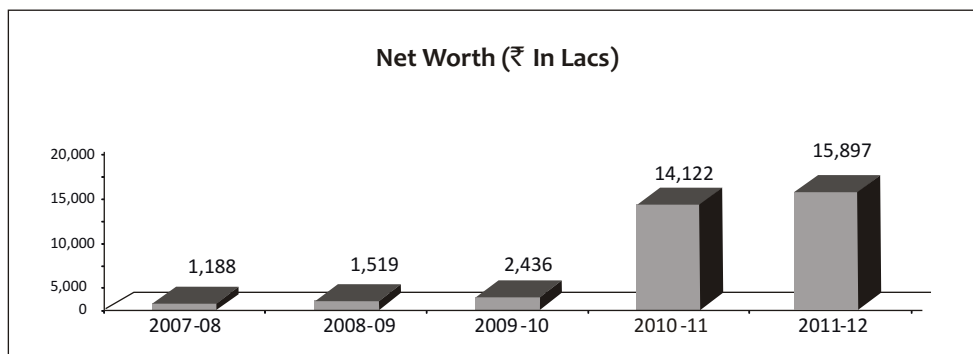
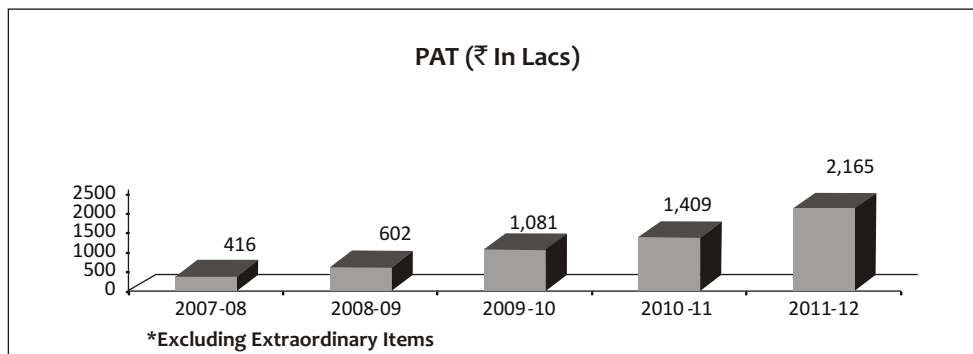
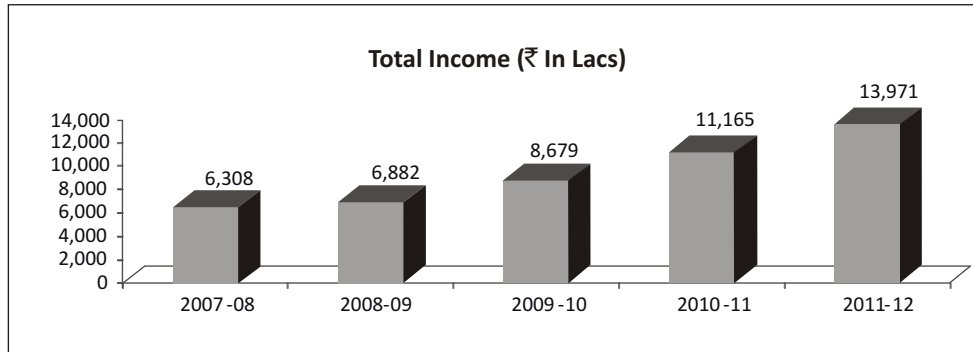
www.lovableindia.in
Email: corporate@lovableindia.in

COMPANY IDENTIFICATION NO.

CIN: L17110MH1987PLC044835

FINANCIAL SNAPSHOTS						
(₹. In Lacs)						
Particulars	2011-12	2010-11	2009-10	2008 - 09	2007 - 08	2006 - 07
FINANCIAL POSITION:						
Net Fixed Assets	2722	1293	1278	1319	358	313
Investments	9612	9305	198	100	100	-
Current Assets, Loans & Advances	5651	5100	3172	3336	2948	2186
Deferred Tax Assets	-	-	-	41	4	4
Other Non-Current Assets	564	-	-	-	-	-
Total Assets	18549	15698	4648	4796	3410	2502
Long Term loans	22	-	33	724	791	696
Long Term Provisions	109	-	-	-	-	-
Current Liabilities & Provisions	2417	1484	2092	2553	1431	1038
Deferred Tax Liabilities	104	92	87	-	-	-
Total Liabilities	2652	1576	2212	3277	2222	1734
Net Worth	15897	14122	2436	1519	1188	768
Represented by:						
Share capital	1680	1680	750	150	150	100
Reserves and Surplus	14217	12442	1686	1369	1038	668
Less: Misc. Expenditure not w/o	-	-	-	-	-	-
	15897	14122	2436	1519	1188	768
OPERATING PERFORMANCE:						
Total Income	13971	11165	8679	6882	6308	4997
Excess Provision for Gratuity	-	-	25	-	-	-
Total Operating Expenditure	10991	9119	7047	6019	5562	4442
Deferred Expenses	-	5	7	-	-	-
Earnings Before Interest and Depreciation	2980	2041	1650	862	746	555
Interest	59	54	93	137	64	25
Depreciation	150	137	131	39	28	21
Extra-Ordinary Items	-	-	-	254	-	-
Profit Before Tax	2771	1850	1426	433	654	509
Taxation	606	438	346	85	238	179
Profit After Tax	2165	1412	1080	348	416	331
Number of Equity Shares	16800000	16800000	7500000	150,000	150,000	50,000
Face Value of Share (₹.)	10	10	10	100	100	100
Earnings Per Share (₹.)	12.89	12.26	9.61	401	394	329

FINANCIAL SNAPSHOTS



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 25th Annual General Meeting of the Members of Lovable Lingerie Limited will be held at All India Plastics Manufacturers Association Auditorium, Plat No. A-52, Road No. 1, MIDC, Andheri (East), Mumbai-400093, on Wednesday, the 12th day of September, 2012 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the statement of Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Sivabalan Paul Pandian, who retires by rotation, but being eligible, offers him for re-appointment.
4. To appoint a Director in place of Mr. Gopal Sehjpal, who retires by rotation, but being eligible, offers him for re-appointment.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modification(s), if any, the following resolution as an ORDINARY RESOLUTION:

“RESOLVED that pursuant to the provisions of Sections 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, Messrs Vinod Kumar Jain & Company, Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company, in place of the retiring auditors Messrs Attar & Co., Chartered Accountants, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be decided by the Board of Directors of the Company.”

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

“RESOLVED THAT Mr. Anantharaman Mahadevan, who was appointed by the Board of Directors as an Additional Director of the Company with effect from September 22nd, 2011 and who holds office up to the date of the forthcoming Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 (“the Act”) and in respect of whom the Company has received a notice, in writing, from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

Mumbai
May 14, 2012

Registered Office:
A-46, Street No. 2, MIDC,
Andheri (East), Mumbai-400093

By Order of the Board of Directors
For **Lovable Lingerie Limited**

Megha Maheshwari
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON BEHALF OF HIM AND THE PROXY NEED NOT BE A MEMBER.

The enclosed proxy form should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the AGM.

2. The Register of Members and the Share Transfer Books of the Company will remain closed from September 5, 2012 to September 12, 2012 (both days inclusive) in connection with the AGM and for the purpose of dividend.

3. Dividend of ₹ 2 per share (i.e., at the rate of 20% on face value of ₹ 10) for the year ended 31st March, 2012 as recommended by the Board, if declared at the AGM, will be paid on or after 12th September, 2012 to those persons or their mandates:

- a) Whose names appear as Beneficial Owners as at the end of the business hours on September 4, 2012 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form; and

- b) Whose names appear as Members in the Register of Members of the Company on September 4, 2012 after giving effect to valid share transfers in physical form lodged with the Company / Registrar and Share Transfer Agents on or before the aforesaid date.

4. As of March 31, 2012, we have unclaimed amount is ₹ 24,837/-. The Shareholders who have not claimed their dividend, are requested to write to our Registrar and Share Transfer Agents M/s. Link Intime India Pvt. Ltd., Mumbai to claim the Amount.

Pursuant to section 205C of Companies Act, 1956, if the amount is not claimed within 7 years from the date they become due for payment; such unclaimed amount will be transferred to Investor Education and Protection Fund. Once the Unclaimed amount transferred, no further claim can be made.

5. An Explanatory Statement pursuant to provisions of Section 173(2) of the Companies Act, 1956, is annexed hereto.

6. Members/Proxies are requested to bring their copies of the Annual Report to the AGM and the attendance slip duly filled in for attending the AGM. Copies of Annual Report will not be provided at the AGM.

7. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.

8. Members holding shares in physical form may obtain the Nomination forms from the Company's Registrar and Share Transfer Agents and Members holding shares in electronic form may obtain the Nomination forms from their respective Depository Participants.

9. Members holding shares in physical form may write to the Company/Company's share transfer agents for any change in their address and bank mandates; members having shares in electronic form may

inform the same to their depository participants immediately so as to enable the Company to dispatch dividend warrants at their correct addresses.

10. Members are requested to opt for NECS (National Electronic Clearance Service) for receipt of dividend. Members may please update their bank account details with their Depository Participants for receiving the dividend in a hassle free manner. Opting for NECS is cost effective and also saves time.
11. Members holding shares in dematerialised form are requested to provide their latest bank account details (Core Banking Solutions enabled account numbers, 9 digit MICR and 11 digit IFS code) with their Depository Participants and Members holding shares in Physical Form are requested to provide their latest bank account details (Core Banking Solutions enabled account numbers, 9 digit MICR and 11 digit IFS code) alongwith their Folio Number to the Company's Registrar and Share Transfer Agents, Link In Time India Pvt. Ltd.
12. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company's Registrar and Share Transfer Agents, Link Intime India Private Limited, for assistance in this regard.
13. Members are informed that in case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
14. Members holding shares in multiple folios in the same name or in the same order of names are requested to consolidate their holding into a single Folio.
15. Please note that in terms of SEBI Circulars No.MRD/DoP/Cir-05/2009 dated May 20, 2009 and No.SEBI/MRD/DoP/SE/RTA/Cir-03/2010 dated 7th January, 2010, it is mandatory for the shareholders holding shares in physical form to submit self-attested copy of PAN card for transfer / transmission / deletion / transposition of securities. In compliance with the aforesaid circulars, requests without attaching copies of PAN card, for transfer/deletion/ transmission and transposition of shares of the Company in physical form will be returned under objection.

Mumbai
May 14, 2012

Registered Office:
A-46, Street No. 2, MIDC,
Andheri (East), Mumbai-400093

By Order of the Board of Directors
For **Lovable Lingerie Limited**

Megha Maheshwari
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The following Explanatory Statement sets out all material facts relating to the businesses mentioned under Item Nos. 5 & 6 of the accompanying Notice dated May 14, 2012.

ITEM NO. 5

Messrs Attar & Co., Chartered Accountants, have been the Statutory Auditors of the Company, since the incorporation of the Company. They had expressed their inability to continue as the Statutory Auditors of the Company due to Pre-occupation. The Board of Directors places on record their appreciation for the services rendered by Messrs Attar & Co.

Considering the above facts, the Board of Directors has on the recommendation of the Audit Committee proposed the appointment of Vinod Kumar Jain & Company, Chartered Accountants as the Statutory Auditors of the Company. They have informed the Company that their appointment, if made, will be within the limit specified in sub-section (1B) of Section 224 of the Companies Act, 1956. The Board recommends their appointment as the Statutory Auditors of the Company to hold the office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

The Board of Directors recommend the adoption of the Resolution at Item No. 5 of the Notice.

No Director is in any way concerned with or interested in the above resolution.

Item No. 6:

Mr. Anantharaman Mahadevan was appointed as an Additional Director by the Board of Directors of the Company, with effect from September 22nd, 2011. In accordance with the provisions of Section 260 of the Companies Act, 1956, Mr. Anantharaman Mahadevan will hold office as a Director up to the date of the ensuing Annual General Meeting.

As required under Section 257 of the Act, the Company has received a Notice from the member proposing his candidature for the office of Director of the Company.

Mr. Anantharaman Mahadevan holds a bachelor's and master's degree in Engineering (Mech.) in Machine, Tool Design from the University of Bombay. He started his industrial career from SICOM Ltd. He has 40 years of experience in all aspects of business / industry viz. development, production, marketing, finance, legal including association with Development Financial Institutions, Government Bodies, Public Sector Undertakings and so on.

Your Directors are of the view that the Company would be immensely benefited by the wealth of experience and expert advice of Mr. Anantharaman Mahadevan and therefore recommend for approval, the Resolution contained in Item No. 6 of the Notice convening the Annual General Meeting.

None of the Directors except Mr. Anantharaman Mahadevan is concerned or interested in Item No. 6 of the Notice.

Mumbai
May 14, 2012

By Order of the Board of Directors
For **Lovable Lingerie Limited**

Registered Office:
A-46, Street No. 2, MIDC,
Andheri (East), Mumbai-400093

Megha Maheshwari
Company Secretary

Annexure 1

Details of Directors seeking appointment/reappointment at the Annual General Meeting (pursuant to Clause 49 (IV) (E)(v) and 49(IV)(G)(i) of the Listing Agreement)

Name of the Director	Mr. Sivabalan Paul Pandian	Mr. Gopal Sehjpal	Mr. Anantharaman Mahadevan
Date of Appointment	20.09.2010	20.09.2010	22.09.2011
Expertise in Specific Function area	Consultant Services to textile industry & its related fields	Management Consultant & Trainer	40 years experience in all aspects of business/industry.
Qualification	M. Sc. (Tech)	M.A., Dip in Personnel Management	Master of engineering (Machine Tool Design)
List of Outside directorship in Other Companies as on 31st March, 2012	Mudra Lifestyle Limited	Maxwell Industries Ltd.	Nil
Chairman/ Member of the Board Level Committees of other Companies in which he is a director as on 31st March, 2012.	Nil	Audit Committee	Nil
Number of Shares held in the Company as on 31st March, 2012.	Nil	Nil	Nil

* The above list of other Directorship does not include Directorships, Committee Memberships and Committee Chairmanships in Private, Foreign and Section 25 Companies.

DIRECTOR'S REPORT

To
The Members,

Your Directors are pleased to present the 25th Annual Report of your Company together with the Audited Statement of Accounts and the Auditors' Report of your company for the financial year ended, 31st March, 2012. The summarized financial results for the year ended 31st March, 2012 are as under:

Financial Results:

(₹. In Lacs)

Particulars	Current Year 2011-12	Previous Year 2010-11
Profit Before Tax & Depreciation	2921.50	1992.83
Depreciation	150.34	142.21
Profit before Tax	2771.16	1850.62
Provision for Taxation	609.87	438.47
Profit after Tax and Depreciation	2161.28	1412.15
Tax/other adjustments	3.92	(3.10)
Surplus brought forward	2415.83	1675.63
Profit available for appropriation	4581.03	3084.68
Appropriations:		
Transferred to General Reserve	175.00	10.00
Utilised for issue of Bonus Shares	-	365.00
Proposed Dividend on Equity Share Capital	336.00	252.00
Corporate Dividend Tax on Proposed Dividend	54.51	41.85
Balance Carried forward from previous year	4015.52	2415.83
	4581.03	3084.68
EPS Basic & Diluted- Before Extraordinary Items (in ₹)	12.89	12.26
EPS Basic & Diluted- After Extraordinary Items (in ₹)	12.89	12.26

Review of Operation

Your Company registered a turnover of ₹13299.39 lacs during the current year as compared to ₹10148.50 lacs during the corresponding previous year. The Profit after depreciation and tax has increased during the year to ₹2161.28 lacs compared to ₹1412.15 lacs of previous year. Your Directors are continuously looking for avenues for future growth of the Company in Lingerie industry.

Dividend

Your Directors are pleased to recommend an equity dividend of ₹2 per equity share of face value ₹10/- each for the year ended March 31, 2012.

Deposits

Company has not accepted any deposits as defined under section 58A of the Companies Act 1956 and the rules framed there under during the year under review.

Subsidiary

Your Company does not have any subsidiary Company.

Listing:

Your Company's shares are listed in the Bombay Stock Exchange Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE) and the listing fees have been duly paid.

Utilization of IPO Proceeds

Pursuant to the provisions of Clause 43A of Listing Agreement with Exchanges, the utilization of net proceeds of the IPO as stated in the Prospectus dated March 15, 2011 and aggregating ₹ 11327.50 Lacs is as follows:

(₹ In Lacs)		
Particulars	Object as per Prospectus	Actual Utilization
Amount received from Pre-IPO	2000.00	
Amount received from IPO	9327.50	
Utilisation of funds upto March 31, 2012		
Setting up manufacturing facility to create additional capacity as Bengaluru	2284.93	1472.65
Expenses to be incurred for Brand Building	1800.00	684.38
Brand Development Expenses	600.00	9.18
Investment in Joint Venture	2500.00	-
Setting up of Exclusive Brand Outlets ("EBO's")	1412.18	107.00
Setting up of Retail Store Modules for "Shop-in-Shop"	361.00	155.14
Upgradation of Design Studios	759.52	-
General Corporate Purpose	2396.16	-
Public Issue Expenses	846.26	755.67

(₹ In Lacs)	
Interim Utilisation of IPO Proceeds upto 31.03.2012	(₹ In Lacs)
Balance Unutilised amount temporarily invested in	
Mutual Funds	8143.49
Balance with Banks	0.00
Total	8143.49

Directors

Mr. Anantharaman Mahadevan was appointed as an Additional Director of the Company by passing a resolution through circulation Dated 22nd September, 2011. In terms of Section 260 of the Company's Act, 1956 read with the Articles of Association of the Company, Mr. Anantharaman Mahadevan would hold office only upto the forthcoming Annual General Meeting of the Company. The Company has received notices under Section 257 of the Companies Act, 1956 along with the requisite fees proposing appointment of both of them as Directors of the Company at the said Annual General Meeting.

Mr. Sivabalan Paul Pandian director of is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment the company.

Mr. Gopal Sehjpal director of is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment the company.

None of the Directors of your Company is disqualified under Section 274(1)(g) of the Companies Act, 1956. As required by law, this position is also reflected in the Auditors' Report.

Particulars of Employees

There is no employee in the Company whose particulars are required to be given under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars prescribed in the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, are furnished in the Annexure - I to this report.

Corporate Governance

Your Company is a follower of sound Corporate Governance Practices.

A Report on the Corporate Governance, "Management Discussion and Analysis" giving details of the Company's Business and Operating Results are annexed as part of this Annual Report for the information of shareholders. The Company has also obtained the requisite Certificate from Managing Director of the Company. The Managing Director's declaration regarding Compliance with Company's code of conduct for directors forms a part of the Report on Corporate Governance.

The requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is attached to this Report.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Board of Directors of the Company confirms that-

- In preparation of the Annual Accounts, the applicable accounting standards have been followed.
- The Directors had selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and statement of profit or loss of the company for that period.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the Annual Accounts on a going concern basis.

Green Initiative

The Ministry of Corporate Affairs (MCA) vide Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011 has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies. Your Company has decided to join the MCA in its environment friendly initiative.

Accordingly, company adopt to send documents such as notices of the General Meetings, Annual Report and other communication to its shareholders via electronic mode to the registered e-mail addresses of shareholders. To support this green initiative of the Government in full measure, shareholders are requested to register/update their latest e-mail addresses with their Depository Participant (D. P.) with whom they are having Demat A/c. or send the same to the Company via e-mail at:- corporate@lovableindia.in. We solicit your valuable co-operation and support in our endeavour to contribute our bit to the environment.

Employee Relations

The Board wishes to place on record its appreciation to all the employees in the Company for their sustained efforts and contributions in the current Challenging Scenario.

Transfer of Unpaid/ unclaimed Amounts to Investor Education Protection Fund (IEPF)

During the Year, there were no amounts which remains unpaid/ Unclaimed for a period of 7 years and which were required to be transferred by the Company to the Investor Education and Protection Fund established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Trade Relations

Your Company continued to receive unstinted support and co-operation from its retailers, stockiest, suppliers of goods/services, clearing and forwarding agents and all others associated with it. Your Board wishes to record its appreciation and your Company would continue to build and maintain strong links with its business partners.

Auditors

The Auditors, M/S Attar & Company, the retiring auditors of the Company, have conveyed their inability to seek re-appointment as the Statutory Auditors of the Company due to Pre-occupation. The Directors placed on record their appreciation of the valuable services rendered by M/s. Attar & Company as Auditors. In view thereof the Board has recommended, subject to approval of Shareholders, Vinod Kumar Jain & Co., Chartered Accountants, Mumbai, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting. Vinod Kumar Jain & Co., Chartered Accountants, have informed the Company that they are eligible to act as the Statutory Auditors, if appointed.

Cost Auditors

The Central Government vide its notification dated 3rd June, 2011 under the Companies (Cost Accounting Record) Rules, 2011 directed the Company to maintain the Cost accounting record for the financial year 2011-12 and obtain the Compliance Report from the practicing cost auditor and also ordered dated 24th January, 2012 and the Companies (Cost Audit Report) Rules, 2011 directed the Company to get the cost accounting record been audited by Practising Cost Auditor for the financial year 2012-13 and submit the cost audit report with Ministry of Corporate Affairs.

The Company has appointed Mr. Sushil Kumar Agarwal of M/s. S. K. Agarwal & Associates, Practising Cost Accountants as a Cost Auditor, for issue of Compliance Report for the financial Year 2011-12 and Cost Audit Report for the Financial Year 2012-13.

The Compliance Report for the financial year ended 31st March, 2012 will be filed within the prescribed period.

Appreciations

The Directors are sincerely thankful to you – the esteemed shareholders, customers, business partners, financial / investment institutions and commercial banks for the faith reposed and valuable support provided by them in the Company and its Management. The Directors wish to place on record the co-operation extended and the solidarity shown by the employees.

For and on behalf of the Board of Director
Lovable Lingerie Limited

Place: Mumbai
Date: May 14, 2012

L. Vinay Reddy
(Chairman and Managing Director)

Lattupalli Jaipal Reddy
(Whole Time Director)

ANNEXURE 1

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Conservation Of Energy

Energy Conservation Measures.

The products manufactured and sold by the Company are not power intensive, hence the impact on overall cost is marginal. However, steps have been taken to ensure energy conservation in the processing unit where an energy efficient boiler is installed and condensate is being re-utilised.

Additional Investments And Proposals For Reduction Of Consumption Of Energy: Nil

Total Energy Consumption And Energy Consumption Per Unit Of Production (Form-A Enclosed).

B. Technology Absorption

Efforts made in Technology absorption as per Form B: Nil

C. Foreign Exchange Earning and Outgoing

The Company does not have any foreign exchange earnings from Exports during the year. The total amount of outgo on account of foreign exchange utilized by the Company amounted to ₹ 349.74 lakhs (Previous year ₹ 276.33 Lakhs) mainly on account of import of raw materials, stores and spares, Capital Goods, foreign travel.

Foreign exchange earned and out-go during the year ended March 31, 2012.

(₹ In Lakhs)

Particulars	2011-2012	2010-2011
Foreign Exchanged Earned		
Exports (FOB)	-	-
Technical Assistance	-	-
Total	-	-
Foreign Exchange Outgo		
CIF Value of Imports	201.95	242.05
Travelling Expenses	1.04	9.92
Others	146.75	24.33
Total	349.74	276.33

Form – A

Form for Disclosure of particulars with respect of conservation of energy

Part 'A'

Particulars	2011-12	2010-11
Power & Fuel Consumption		
1. Electricity		
a) Purchased Units (Lacs)	5.16	3.39
Total Cost (₹ In Lacs)	29.52	22.55
Rate/Unit (₹)	5.72	6.65
b) Own Generation		
1) Through Diesel Generator		
Units (Lacs)	0.29	0.59
KWH per unit of fuel	4.67	4.67
Fuel Cost/Unit (₹)	9.75	8.96

B. Consumption per unit of production

Particulars	Electricity	
	Current year	Previous year
Consumption per unit of Production	0.07	0.05

MANAGEMENT DISCUSSION AND ANALYSIS

The purpose of this discussion is to provide an understanding of Lovable Lingerie Limited's financial results and business performance by focusing on changes in certain key measures from year to year.

Management Discussion and Analysis (MD&A) is organized in the following sections:

- Industry and Business Overview.
- Threats, Weakness and Strategies.
- Business Outlook.
- Risks and concerns.
- Internal control systems and their adequacy.
- Financial Performance and Analysis.
- Material developments in Human Resources.
- Cautionary Statement

I. Industry and Business Overview.

The Indian lingerie market is making a remarkable growth and the retailers are realizing that lingerie products have a higher profit margin as compared with other regular apparels. The average selling price (ASP) of lingerie varies from INR 37 per piece to INR 1,029 per piece. The Indian lingerie industry in India was worth INR 79bn in CY 2009 and is expected to be worth INR 183bn in 2014.

The Indian Lingerie Market has much evolved and it has undergone a transformational change over the past few years. There has been much innovation in the making of lingerie and technology has also influenced this. Growing number of working women, changing fashion trends, the increased awareness about better fits, brands, colours, quality, styling, increasing per capita disposable income, rising level of media exposure and entry of large number of international brands have given the industry a new facet. Indian women have become choosy and give importance to lingerie and have moved beyond the over sensitivity to pricing.

Organized retail has also provided a pleasing façade to modern lingerie. Overall the lingerie industry in India is expected to grow at a CAGR of 18.3% over the period 2009-2014. The super-premium and premium segment contributed 15.8% to the total lingerie market in 2009 and is expected to grow to 28% by 2014. Lovable commands 20% market share in the premium category.

The key factors influencing the choice of the consumers are comfort, price, brand and durability. Comfort plays a key role in the choice of the consumers followed by price and brand name.

Our Company measures success in terms of customer satisfaction and quality that is built into every product. The value of commitment to quality is also cherished by each of 1447 staff members and is consciously upheld by our network comprising of 5 branches, 142 distributors and approximately 10200 Retails Outlets.

For the year ended March 31, 2012, we had a net sales of ₹ 13299.39 lacs and net profit after tax of ₹ 2165.20 lacs (excluding extraordinary items), as compared to net sales of ₹ 10148.50 lacs and net profit after tax of ₹ 1409.05 lacs (excluding extraordinary items) for the year ended March 31, 2011.

II. Threats, Weaknesses, Opportunities and Strategies:

Threats:

- 1 Advent of international brands in the Indian markets.

- 2 Rise in imports from other countries
3. Product development, Design & fit are the key attributes for success in this industry. For us to remain competitive in respect of appealing designs, shapes and colour combinations, the designers of our Company have to keep themselves abreast with the latest global trends and also understand the design requirements of the customers.
4. Currency fluctuations may affect our import of raw materials.
5. Weak economic environment & stressed consumer budgets result in slackening demand.

Weakness:

- 1 High degree of fragmentation & Trade margins/ discounts rule in the market. The sway of brands is yet developing.
- 2 Low degree of brand loyalty & down trading by consumers.
- 3 Highly price-sensitive market in the mass segment.
- 4 Poor perception of quality of Indian lingerie although we are perceived and appreciated as a prestigious international label.

Opportunities:

- 1 Continuous shift in consumer demand from an optional clothing to a necessary clothing.
- 2 Continuous shift in consumer demand pattern from basic necessity to spend on lifestyle product.
- 3 Explosion in potential for the organized sector to grow by making inroads into the share of the unorganized sector.

Our Strategies:

Currently we have two flagship women's innerwear brands i.e. "Lovable" and "Daisy Dee" and we intend to further introduce new sub-brands according to the trends in the market, to compliment our existing bouquet of products, for example, leisure wear and night wear for women under the "Lovable" brand. In addition, Your Company also intends to promote some of our innerwear sub-brands, such as "College Style", as flagship brands. Our Company proposes to invest considerably in marketing and advertising resources and scale-up our "College Style" sales team and leverage its distribution network for a nation-wide launch. We believe that our ability to strategically position our sub-brands will help us in increasing our customer base and our market share in the women's innerwear industry. We are implementing some backward integration in critical components which are very essential to produce world class products and cut down import of components.

LLL believes that for a distinctive innerwear product with a good brand positioning, there exists potential to establish its franchise and to carve out a viable branded segment even from a market that is commoditized and non-brand conscious. LLL has a consumer-centric focus based on learning about the consumer and also understands the psyche with respect to women's innerwear. These will be our key strategies that will guide our Company's international foray with its brands.

III. Segment-Wise or Product-Wise Performance.

The Company is engaged in the business of manufacturing garments. Therefore there is no separate reportable segment.

IV. Business Outlook

Outlook on the Lingerie industry in India

The lingerie industry in India is expected to grow at a CAGR of 18.3 % over the period 2009-2014. It is currently estimated at ₹ 7,89,800 Lacs and is expected to be worth ₹ 18,32,460 Lacs in 2014. This growth would be led by the super-premium, premium and mid-market segment.

A strong brand image, presence in retail infrastructure and diversifying into new retail formats positions the Company as integrated player in the growing domestic consumption story. With robust economic growth, high disposable income with the end-consumer and the rapid construction of organized retail infrastructure, the Company is confident that it is well placed to take advantage to the growth opportunities in the coming years.

Your Company has purchased properties at Bangalore and has set up its new manufacturing units to enhance its manufacturing facilities by 35%.

Your Company has 10200 retail outlets doing business with it as on 31 March, 2012 and further plans to open new outlets. Further it is the process of expanding its manufacturing Capacities with most modern manufacturing equipment and world class designing capabilities with a modern design studio.

V. Risks and Concerns

Our business is somewhat cyclic in nature as our quarterly sales are not evenly distributed. Any substantial decrease in our sales during this period can have a material adverse affect on our financial performance. We are planning to introduce product categories to fill the gap end even out the quarterly sale. Further on account of the Changing tastes, preferences of the Customers and Changing Fashion trends and above all increasing replication/duplication of new products by the competitors also acts as a risk as the developments and innovations undertaken are replicated by the competitors and in a way the growth and profits are hampered.

The industry is expected to adapt and react on the immediate change in the customer's preferences/tastes and changing fashion trends. Due to which, the old stock remains stored and unsold and which if sold, has to be sold at a relatively cheaper rates in order to clear the stock which ultimately results in loss.

Your Company has always taken care of the concerned risks and has never let them affect its business. Your Company has a team of Designers under guidance of senior management who have vast experience, foresight and world view to take care of the Changing Preferences/Tastes and Fashions. The success of your Company's business depends upon its ability to offer innovative & updated products at attractive prices without giving the Customers a chance to complain or be dissatisfied.

VI. Internal Control Systems and Their Adequacy.

The Company has adequate internal control procedures commensurate with the size and nature of the business. The internal control system is supplemented by extensive internal audits, regular reviews by the management and well-documented policies and guidelines to ensure reliability of financial and all other records and to prepare financial statements and other data. Moreover, the Company continuously upgrades these systems in line with the best accounting practices. The Company has independent audit systems to monitor the entire operations and the Audit Committee of the Board reviews the findings and recommendations of the internal auditors.

It is ensured that all assets are safeguarded and protected against any loss from unauthorized use or disposition and that transaction are authorized, recorded and reported correctly, to keep constant check on the cost structures and to prevent revenue leakages. Our internal team and external auditors and periodically reviewed by the management together with the Audit Committee of the Board.

The Company is continuously upgrading its internal control systems by measuring state of controls at various locations.

VII. Financial Performance and Analysis:

(₹ In Lacs)

Particulars	2011-12	2010-11	Change in Value	% Change
Turnover	13299.39	10148.50	3150.89	31.05
Other Income	672.54	94.11	578.43	614.63
Profit Before Interest, Depreciation, Extra-Ordinary Items & Tax	2948.22	2046.37	901.85	44.07
Less: Interest	26.73	53.54	26.81	50
Profit Before Depreciation, Extra-Ordinary Items & Tax	2921.49	1992.83	928.66	46.60
Less: Depreciation	150.34	142.21	8.13	5.72
Profit Before Extra-Ordinary Items & Tax	2771.15	1850.62	920.53	49.74
Less: Extra-Ordinary Items	-	-	-	-
Profit Before Tax	2771.15	1850.62	920.53	49.74
Less: Tax and adjustments	605.95	441.57	164.38	37.23
Profit After Tax	2165.20	1409.05	756.15	53.66

VIII. Human Resources / Industrial Relations

The Company regards its human resources as amongst its most valuable assets and proactively reviews policies and processes by creating a work environment that encourages initiative, provides challenges and opportunities and recognizes the performance and potential of its employees attracting and retaining the best manpower available by providing high degree of motivation, training and structured compensation was the main thrust this year.

The total number of employees of the Company as on March 31, 2012 stood at 1447.

Cautionary Statement:

This report contains forward-looking statements based on certain assumptions and expectations of future events. Actual performance, results or achievements may differ from those expressed or implied in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

CORPORATE GOVERNANCE REPORT

The Report on Corporate Governance, for the Financial Year April 1, 2011 to March 31, 2012 as per format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out as below:

1. Company's Philosophy on the Code of Governance

Introduction

Lovable Lingerie Limited focuses Corporate Governance to create value for shareholders now and in future. Corporate Governance works as a Mechanism that tries to reduce or eliminate the principal-agent problem and we believe that Good Governance is a systematic process which enables the Company to operate in a manner that meets with ethical, legal and business expectations at the same time fulfils its social responsibilities.

The company philosophy is based on the key elements in corporate governance viz., transparency, disclosure, supervision and internal controls, risk management, internal and external communications, high standard of safety, health, accounting fidelity, product and service quality. The company has a strong legacy of fair and ethical governance practices.

2. Board of Directors

Composition:

The composition of the Board as on 31st March, 2012 is given in Table 1. As mandated by Clause 49 of the Listing Agreement, none of the Directors is a member of more than ten Board-level committees of public limited Indian companies; nor are they chairmen of more than five committees in which they are members.

The Board has an optimum combination of Executive and Non-Executive Directors, and is in conformity with Clause 49 of the Listing Agreement entered into with the stock exchanges in which the Company's Ordinary Shares are listed. The composition of the Board as on March 31, 2012 was as under:

Table 1

Category	Name of Director	No. of other Directorships*		Other Memberships/ Chairmanships of Board-level Committees**	
		Indian	Foreign	Member	Chairmanship
Promoter Executive Directors	Mr. L Vinay Reddy (Chairman & Managing Director)	1	0	0	0
	Mr. L Jaipal Reddy (Whole Time Director)	1	0	0	0
	Mr. G. Ashok Reddy (Whole Time Director)	0	0	0	0
Non Executive Independent Directors	Mr. Sivabalan Paul Pandian	1	0	0	0
	Mr. Gopal G. Sehjpal	1	0	1	1
	Mr. Dhanpat M. Kothari	0	0	0	0
	Mr. Anantharaman Mahadevan	2	0	0	0
Nominee Director	Mr. V. T. Bharadwaj	2	0	0	0

* The above list of other Directorship does not include Directorships, Committee Memberships and Committee Chairmanships in Private, Foreign and Section 25 Companies.

** The Committee Memberships and Chairmanships in other companies include Memberships and Chairmanships of Audit and Shareholders' / Investors' Grievance Committee only.

Directors' Attendance Record

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2012

Table 2 gives the Directors' attendance at Board Meetings and the Annual General Meeting (AGM) during the financial year ended 31st March, 2012

.Table 2:

Name of the Director	No. of meetings held during the period the Director was on Board	No. of Meetings attended	Presence at the last AGM
Mr. L Vinay Reddy	4	4	Yes
Mr. L Jaipal Reddy	4	4	Yes
Mr. G. Ashok Reddy	4	4	Yes
Mr. Sivabalan Paul Pandian	4	4	Yes
Mr. Gopal G. Sehjpal	4	3	Yes
Mr. Dhanpat M. Kothari	4	4	Yes
Mr. Anantharaman Mahdevan	2	2	No
Mr. V. T. Bharadwaj	2	2	Yes

Number of board meetings

The Board met 4 (Four times) on the following dates during the financial year 2011-2012.

May 30th, 2011; August 10th, 2011; 11th November, 2011; 10th February, 2012

The maximum gap between any two meetings was less than four months.

Board Procedure

The Agenda is circulated well in advance to the Board members. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. In addition to the information required under Annexure IA to Clause 49 of the Listing Agreement, the Board is also kept informed of major events/items and approvals taken wherever necessary. The Managing Director at the Board Meetings keeps the Board apprised of the overall performance of the Company.

Code of Conduct

The Company had adopted the Lovable Code of Conduct for all the Board members and senior management of the company. The Code of Conduct has been posted on the Company's website.

Further, all the Board members and senior management personnel (as per Clause 49 of the Listing Agreement) have affirmed the compliance with the respective Code of Conduct. A declaration to this effect signed by the Managing Director (CEO) has been obtained by the Company.

Shareholding of non-executive directors

Mr. Sivabalan Paul Pandian, Mr. Gopal G. Sehjpal, Mr. Dhanpat M. Kothari & Mr. Anantharaman Mahadevan who are non executive Directors of the Company do not hold any Equity Shares in the Company either by himself or for other persons on a beneficial basis.

3. Committees of the board

3.1 Audit Committee

The Audit Committee of the Company plays a key role in ensuring maintenance of high level of governance standards in the organization. It oversees, monitors, and advises the Company's management and auditors in conducting audits and repairing financial statements, subject to the ultimate authority of the Board of Directors.

The Company has an adequately qualified and independent Audit Committee. As on 31 March 2012, the Committee comprised three non-executive Directors and one Executive director: Mr. Sivabalan Paul Pandian, Mr. Gopal G. Sehjal, Mr. Dhanpat M. Kothari and Mr. L Vinay Reddy. Three of the four members are independent.

All members have the financial knowledge and expertise mandated by Clause 49 of the Listing Agreement. Mr. Dhanpat M. Kothari, Non-Executive Independent Director is the Chairman to the Committee and Mrs. Megha Maheshwari, Company Secretary is the Secretary to the Committee.

Meetings held:

During the financial year ended 31 March, 2012 the Audit Committee met Four times: on 30th May, 2011, 10th August, 2011, 11th November, 2011 & 10th February, 2012 The attendance record of the Audit Committee is given in Table 3.

Table 3:

Composition and Attendance Record of Audit Committee

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2012

Name of the Member	Position	Status	No. of Meetings held during the period the Director was a Member of the Committee	No. of Meetings attended
Dhanpat M. Kothari	Independent Director	Chairman	4	4
L Vinay Reddy	Executive Director	Member	4	4
Sivabalan Paul Pandian	Independent Director	Member	4	4
Mr. Gopal G. Sehjal	Independent Director	Member	4	3

Terms of Reference

The terms of reference of the committee are as per the guidelines set out in Clause 49 of the Listing Agreement with the Stock Exchanges and section 292A of the Companies Act, 1956 and inter-alia briefly includes the following:

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Appointment, removal and terms of remuneration of internal auditors
5. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to the financial statements;
 - Disclosure of any related party transactions;
 - Qualifications in the draft audit report;

Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

Monitoring the use of the proceeds of the proposed initial public offering of the Company.

Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;

Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;

Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors;

Discussion with internal and statutory auditors on any significant findings and follow up there on;

Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

6. Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
7. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;
8. To review the functioning of the whistle blower mechanism, when the same is adopted by the Company and is existing;
9. Carrying out any other function as may be statutorily required to be carried out by the Audit Committee;
10. The Audit Committee shall mandatory review the following information:
 - Management's discussion and analysis of financial condition and results of operations;

- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.

3.2 Shareholders' / Investors' Grievance Committee

The Board of Company has constituted a Shareholders' / Investors' Grievance Committee primarily with the objective of redressal of shareholders' and investors' complaints such as relating to transfer of shares, non-receipt of Balance Sheet and non-receipt of declared Dividends.

Attendance record of Shareholders' / Investors' Grievance Committee

The Committee met one time during the financial year on 30th May, 2011, August 10, 2011, November 11, 2011, and February 10, 2012.

Name of the Member	Position	Status	No. of Meetings held during the period the Director was a Member of the Committee	No. of Meetings attended
Mr. Gopal G. Sehjpal	Independent Director	Chairman	4	3
L Vinay Reddy	Executive Director	Member	4	4
Sivabalan Paul Pandian	Independent Director	Member	4	3

Terms of Reference: The Terms of reference briefly includes following:

1. Efficient transfer of equity shares; including review of cases for refusal of transfer / transmission of shares and debentures;
2. Redressing of shareholders and investors complaints such as non-receipt of declared dividend, annual report, transfer of equity shares and issue of duplicate/split/consolidated share certificates;
3. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of equity shares and other securities issued by the Company, including review of cases for refusal of transfer/transmission of shares and debentures;
4. Allotment and listing of shares in the future;
5. Review of cases for refusal of transfer / transmission of shares and debentures;
6. Reference to statutory and regulatory authorities regarding investor grievances;
7. Ensure proper and timely attendance and redressal of investor queries and grievances;
8. To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers;
9. To review from time to time the secretarial department;
10. Investor relations and redressal of shareholders grievances in general and relating to non receipt of declared dividends, interest, non- receipt of balance sheet etc.;

11. Such other function as may be referred to by the Board or as prescribed by the Listing Agreement, as amended from time to time or any statutory, contractual or other regulatory requirements to be attended to by such committee.

Procedure laid down for Shareholders' / Investors' Grievance Committee

The Company has appointed Link Intime India Private Limited (formerly Intime Spectrum Registry Limited) as the Registrar and Share Transfer Agent to handle the investor grievances in co-ordination with the Compliance Officer. All grievances can be addressed to the Registrar and Share Transfer Agent. The Company monitors the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

Status of Investor Complaints as on March 31, 2012 and reported under Clause 41 of the Listing Agreement are as under:

Complaints as on April 1, 2012: Nil
 Received during the year: 4
 Resolved during the year: 4
 Pending as on March 31, 2012: Nil

Name, Designation and Address of Compliance Officer:

Mrs. Megha Maheshwari, Company Secretary
 Lovable Lingerie Limited
 A-46, Road No. 2, MIDC,
 Andheri (East), Mumbai-400093
 Contact Number: 022-28383581

3.3 Remuneration Committee

Terms of Reference: The Terms of reference briefly includes following:

1. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India, including:
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; or
 - The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995.
2. To recommend to the Board, the remuneration packages of the Company's managing / joint managing / deputy managing / whole time / executive directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
3. To determine on behalf of the Board and subject to the approval of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's managing / joint managing / deputy managing / whole time / executive Directors, including pension rights and any compensation payment;
4. To implement, supervise and administer any share or stock option scheme of the Company
5. To attend to any other responsibility as may be entrusted by the Board within the terms of reference.
6. Such other matters as may, from time to time, be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Meetings Held:

During the financial year 2011-2012, no Remuneration Committee meetings were held.

Composition and Attendance of Remuneration Committee:

Name of the Member	Position	Status	No. of Meetings held during the period the Director was a Member of the Committee	No. of Meetings attended
Mr. Gopal G. Sehjpal	Independent Director	Chairman	Nil	Nil
L Vinay Reddy	Executive Director	Member	Nil	Nil
Sivabalan Paul Pandian	Independent Director	Member	Nil	Nil
Dhanpat M. Kothari	Independent Director	Member	Nil	Nil

Remuneration Policy:

Non-Executive Directors

The remuneration of the Non-Executive Directors (NEDs) of the Company is decided by the Board of Directors. The NEDs are paid remuneration by way of Sitting Fees.

The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during the financial year 2011-2012.

Managing Director and Executive Directors

The Company pays remuneration to its Managing Director and Executive Directors by way of salary, perquisites and allowances (a fixed component). Salary is paid within the overall limits approved by the members of the Company.

Details of Directors' Remuneration

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2012

IN ₹

Name of the Director	Salary	Bonus and Performance incentives	Retirement Benefits (contribution towards PF)	Commission	Sitting Fee	Total
Mr. L Vinay Reddy	24,15,000	2,89,800	1,65,600	-	-	28,70,400
Mr. L Jaipal Reddy	15,00,000	-	-	-	-	15,00,000
Mr. G. Ashok Reddy	21,24,720	5,00,000	1,44,288	-	-	27,69,008
Mr. Sivabalan Paul Pandian	-	-	-	-	63,500	63,500
Mr. Gopal G. Sehjpal	-	-	-	-	49,500	49,500
Mr. Dhanpat M. Kothari	-	-	-	-	56,000	56,000
Mr. Anantharaman Mahadevan	-	-	-	-	18,000	18,000
Mr. V.T. Bharadwaj	-	-	-	-	18,000	18,000
Total	60,39,720	7,89,800	3,18,888	-	2,05,000	73,44,408

4. GENERAL BODY MEETINGS

I. Annual General Meeting:

Location, Date and Time of the Last 3 Annual General Meetings are as follows:

Financial Year	Day & Date	Time	Location	Special Resolutions Passed
2008-09	Tuesday, 29th September, 2009	11.00 A.M.	C-6, Road No. 22, MIDC, Andheri (E), Mumbai-400093	No Special Resolution Passed
2009-10	Monday, 20th September, 2010	11.00 A.M.	A-46, Road No. 2, MIDC, Andheri (E), Mumbai-400093	1. Increase in Authorised Share Capital. 2. Alteration in Memorandum of Association. 3. Issue of Bonus Shares
2010-11	Thursday, 25th August, 2011	11.00 A.M.	A-52, All India Plastic Manufactures Asso., Road No. 1, MIDC, Andheri (East), Mumbai-400093	Variation in Contract / Agreement mentioned in Prospectus.

Extra-Ordinary General Meeting held:

Financial Year	Day & Date	Time	Location	Special Resolutions Passed
2009-10	Thursday, 8th July, 2010	11.00 A.M. July, 2010	A-46, Road No. 2, MIDC, Andheri (E), Mumbai-400093	Further Issue of Shares pursuant to Section 81(1A) of Companies Act, 1956

5. Subsidiary Company

The Company does not have any Subsidiary Company.

6. Disclosures

Related Party Transactions

During the financial year 2011-2012, the Companies transaction with related parties, as per requirement of Accounting Standard 18, are disclosed elsewhere in this Annual Report.

The Register of contracts containing transactions, in which directors are interested, is placed before the Board of Directors regularly. There were no materially significant transactions entered into between the Company and its promoters, directors or the management, subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. Declarations have been received from the senior management personnel to this effect.

The Company has not followed any differential treatment from that prescribed under accounting standards, for preparation of financial statements during the year.

The company has laid down procedures to inform Board members about the risk assessment and its minimization, which are periodically reviewed to ensure that risk control is exercised by the management effectively.

The details pertaining to the utilization of the proceeds of the fresh issue of equity shares under the Initial Public Offering of the Company in the Financial Year 2011-12 are specified herein below.

Particulars	Object as per Prospectus	Actual Utilization on 31.03.2012
Amount received from Pre-IPO	2,000.00	
Amount received from IPO	9,327.50	
Utilisation of funds upto March 31, 2012		
Setting up manufacturing facility to create additional capacity as Bengaluru	2,284.93	1472.65
Expenses to be incurred for Brand Building	1,800.00	684.38
Brand Development Expenses	600.00	9.18
Investment in Joint Venture	2,500.00	-
Setting up of Exclusive Brand Outlets ("EBO's")	1,412.18	107.00
Setting up of Retail Store Modules for "Shop-in-Shop"	361.00	155.14
Upgradation of Design Studios	759.52	-
General Corporate Purpose	2,396.16	-
Public Issue Expenses	846.26	755.67

Statutory Compliance, Penalties and Strictures

The Company has complied with the requirements of the Stock Exchanges/SEBI and Statutory Authority on all matters related to capital markets during the year. No penalties or strictures have been imposed on the Company by these authorities.

CEO/CFO Certification

The Managing Director (CEO) have certified to the Board in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended March 31, 2012.

Reconciliation of Share Capital Audit

The Securities and Exchange Board of India has directed vide Circular No. D&CC/FITTC/CIR-16/ 2002 dated 31st December, 2002 that all issuer companies shall submit a certificate of capital integrity, reconciling the total share held in both the depositories, viz. NSDL and CDSL and in physical form with the total issued/paid-up capital.

The said certificate duly certified by a practicing Company Secretary is submitted to the Stock Exchanges where the securities of the Company are listed within 30 days of the end of the each quarter.

Whistle Blower Policy

The Company has not implemented the Whistle Blower Policy which is a non-mandatory requirement under the Code of Corporate Governance.

None of the Directors of the Company are disqualified as per the provisions of Section 274(1)(g) of Companies Act, 1956. The Company has not accepted any public deposits and no amount on account of public deposit was outstanding as on 31st March, 2012.

Non-Mandatory Requirements:

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance.

The status of compliance with Non-mandatory requirement is as under:

The Company has setup a Remuneration Committee pursuant to Clause 49 of the Listing Agreement. The details of this Committee are given above.

7. Means of Communication:

The quarterly results are published in the following Newspapers:

- Business Standard (English & Hindi)
- Navshakti (Marathi)
- The financial results are displayed on www.lovableindia.in.
- Management Discussion and Analysis forms part of the Annual Report.

8. General Shareholder Information

a.) Annual General Meeting

- Date and Time** : September 12, 2012 on Wednesday at 11.00 A.M.
- Venue** : All India Plastics Manufacturers Association Auditorium, Plat No.A-52, Road No. 1, MIDC, Andheri (East), Mumbai-400093.

- b.) Financial Calender** : 1st April to 31st March

- c.) Book Closure Date** : September 5, 2012 to September 12, 2012 (both days inclusive for the purpose of AGM and Dividend)

- d.) Dividend payment date** : on or after September 12, 2012

- e.) Listing on Stock Exchanges** : The Bombay Stock Exchange Limited, (BSE), The National Stock Exchange of India Limited (NSEIL)

The Company has paid the Annual Listing fees, for the financial year 2012-13.

- f.) Stock Code** : 533343 (BSE)
LOVABLE (NSE)

- g.) ISIN** : INE597L01014

- h.) Registrar and Transfer Agent** : Link Intime India Private Limited (formerly Intime Spectrum Registry Limited) (Unit: Lovable Lingerie Limited) C-13, Pannalal Silk Mills Compound L.B.S Marg, Bhandup (West) Mumbai 400 078, India

i.) Market Price Data:

Month	BSE			NSE		
	High Price (in ₹)	Low Price (In ₹)	No. of Shares	High Price (in ₹)	Low Price (In ₹)	No. of Shares
April, 2011	349.45	244.60	2,57,72,089	349.40	244.55	3,49,96,835
May, 2011	336	275.25	51,30,941	336	276.60	71,13,835
June, 2011	462.70	309.05	4,02,50,922	463.80	307.60	6,79,66,431
July, 2011	452.75	402.10	1,12,23,283	453	402	2,02,60,291
August, 2011	563	339.55	1,70,20,533	562.90	339.95	3,43,17,193
September, 2011	636.50	426.60	1,39,44,419	637	438	2,83,05,649
October, 2011	516	422.20	53,30,922	509	421	1,07,69,366
November, 2011	531.05	289.60	1,11,51,628	530.90	290.35	2,24,54,644
December, 2011	401.80	278	67,25,809	400.90	278.20	1,45,30,616
January, 2012	402.00	309.00	91,24,774	402	309	1,90,76,198
February, 2012	479.80	363.05	95,85,859	479.80	364.10	2,05,79,854
March, 2012	396.80	345.00	19,60,263	396.90	345	49,41,175

j.) Share Transfer System

The Company has appointed Link In time India Private Limited as its Registrar and Transfer Agent as per Registrar and Share Transfer Agreement executed on 18th March, 2011. All share transfers and related operations are conducted by Link Intime India Private Limited, which is registered with the SEBI. The Company has a Shareholders'/Investors' Grievance Committee for redressing the complaints/queries of shareholders and investors.

k.) Distribution of Shareholding (Rupees)

No. of Shares	No. of Shareholders	% of Shareholders	Share Amount (in ₹)	% of Total
1 - 5000	16063	96.4571	984763	5.8617
5001 - 10000	319	1.9156	247586	1.4737
10001 - 20000	132	0.7926	197595	1.1762
20001 - 30000	44	0.2642	105767	0.6296
30001 - 40000	21	0.1261	74984	0.4463
40001 - 50000	8	0.0480	38667	0.2302
50001 - 100000	26	0.1561	192011	1.1429
100001 & above	40	0.2402	14958627	89.0394
Total	16653	100.00	168000000	100.0000

l) Shareholding Pattern as on 31st March, 2012.

Category	Number of Share holders	Number of Share Held	% of Total
1. Indian Promoters and Person Acting in Concert	7	11250000	66.96
Sub-Total	7	11250000	66.96
2.1 Mutual Funds & UTI	12	384146	2.2866
2.2 Foreign Company	1	1000000	5.95
2.3 FIs	9	1977317	11.7697
Sub-Total	22	3361463	20.0063
3.1 Bodies Corporate	429	443516	2.64
3.2 Indian Public	15715	1519067	9.0421
3.3 NRIs/ OCBs	219	44552	0.2652
3.4 Clearing Members	261	181402	1.0798
Sub-Total	16624	2188537	13.027
Grand-Total	16653	16800000	100



m.) Dematerialization of shares and liquidity:

	Number of Shares	% of Total Shares issued
Holding in Dematerialized Form (NSDL)	16124905	98.98
Holding in Dematerialized Form (CDSL)	674983	4.018
Holding in Physical Form	112	0.0001
Total	16800000	100

In keeping with the requirements of the SEBI and Bombay Stock Exchange Ltd., a secretarial audit by a practicing Company Secretary is carried out to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The said audit confirms that the total issued / paid-up capital tallies with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

The Names and Address of the Depositories are as under:

1. National Securities Depository Ltd.

Trade World, 4th Floor, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai-400013.

2. Central Depository Services (India) Ltd.

Phiroze Jeejeebhoy Towers, 28th Floor,
Dalal Street, Mumbai-400023.

o.) Report On Corporate Governance:

The Company regularly submits to the Stock Exchanges, within the prescribed period, quarterly reports on Corporate Governance. A certificate from the Statutory Auditors of the Company on Corporate Governance is attached as an annexure to the report.

p.) Plant Location:

Sr. No.	Factory Address
1	18/2, Srinivasa Industrial Estate, Kanakapura main road, Bengaluru – 560 062
2	46/2, Guruprasanna Industrial Area, Doddakallasandra, Konanakunte cross, Kanakapura Road, Bengaluru – 560 062.
3	No. 9 & 10, Manipal County Cross John Avenue Private Road, Singasandra hosur Road, Bangalore - 560 068

q.) Investor Correspondence:

Shareholders Correspondences should be addressed to our Registrar and Share Transfer Agents at the following address:

M/s Link Intime India Pvt. Ltd. : C-13, Pannalal Silk Mills Compound
L.B.S Marg, Bhandup (West), Mumbai - 400 078, India
Tel. No. 022-25963838, Fax No. 022-25946969

In Case of difficulty arises the shareholders are advised to correspond with the Company Secretary at the Registered office of the Company at the following address:

M/s Lovable Lingerie Limited : A-46, Street No. 2, MIDC, Andheri (East), Mumbai-400093.
Tel No. 022-28383581, Fax No.-022-28383582.
Email: corporate@lovableindia.in

r.) Registration/updation of e-mail address

The Ministry of Corporate Affairs vide Circular No.17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011 has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies.

The Companies can now send various notices and documents, including Annual Report, to its shareholders via electronic mode to the registered e- mail addresses of shareholders. To support this green initiative of the Government in full measure, shareholders are requested to register/update their latest e-mail addresses with their Depository Participant (D.P.) with whom they are having Demat A/c. or send the same to the Company via e-mail at corporate@lovableindia.in.

Annexure to the Corporate Governance Report for the year ended on 31st March, 2012:

DECLARATION

I L Vinay Reddy, Chairman and Managing Director of Lovable Lingerie Limited, hereby declare that all the members of the Board of Directors and the Senior Management personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of Clause 49(1) (D) (ii) of the Listing Agreement entered into with the Stock Exchanges, for the year ended March 31, 2012.

For Lovable Lingerie Limited

Mumbai
Date: May 14, 2012

Sd/-
L Vinay Reddy
Chairman and Managing Director

**CEO & CFO CERTIFICATION TO THE BOARD
(Under Clause 49(V) of Listing Agreement)**

To,
The Board of Directors,
Lovable Lingerie Limited

We Certify that

- a. We have reviewed the financial statements and the cash flow statement for the year 2011-12 and that to the best of our knowledge and belief:
 - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - These statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year 2011-12 which are fraudulent, illegal or violative of the Company's code of conduct;
Further, we accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Statutory auditors and the Audit Committee, wherever applicable:
 - deficiencies in the design or operation of the internal control, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies;
 - Significant changes, if any, in the internal controls over the financial reporting during the year 2011-12;
 - Significant changes, if any, in accounting policies during the year 2011-12 and that the same have been disclosed in the notes to the financial statements; and
 - Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Bank's internal control system over the financial reporting.

Mumbai
Date: May 14, 2012

Sd/-
L Vinay Reddy
Chairman & Managing Director

AUDITORS' CERTIFICATE

To,
The Members,
Lovable Lingerie Limited

We have examined the compliance of conditions of Corporate Governance by Lovable Lingerie Limited ("the Company"), for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Attar & Company**
Firm Membership No. -112600W
Chartered Accountants

Place: Mumbai
Date: May 14, 2012

M.F. Attar
Proprietor
Membership No. 34977

Auditors Report

We have audited the attached Balance sheet of Lovable Lingerie Limited as at 31st March 2012 and also the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditors Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable.

Further to our comments in the Annexure referred to in paragraph 3 above, we state that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement referred to in this report is in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of Companies Act, 1956.
- e) On the basis of the written representation received from the Directors, and taken on record by Board of Directors, we report that none of the director is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and as per the information and according to the explanations given to us, the said accounts, read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (i) in the case of Balance Sheet, of the state of affairs of the Company as on 31st March 2012.
 - (ii) in the case of Statement of Profit and Loss Account, of the Profit of the Company for the year ended on that date and
 - (iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date;

For **Attar & Co.**
Chartered Accountants
Firm Registration No.112600W

M.F.Attar
Proprietor
Membership No.034977
Date: 14th May, 2012

Annexure Referred to in paragraph 3 of the Auditor's Report to the members of Lovable Lingerie Limited for the year ended on 31st March 2012.

1. [a] The Company has maintained proper records showing full particulars including quantitative details and location of the Fixed Assets.
[b] There is a regular program of physical verification, which in our opinion is reasonable, having regard to the size of the Company and the nature of fixed assets. No material discrepancies have been noticed in respect of the assets physically verified during the year.
[c] The Company has not disposed off substantial part of fixed assets during the year.
2. [a] Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
[b] The procedures of physical verification of stocks followed by the management are adequate in relation to the size of the Company and the nature of its business.
[c] The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and has been properly dealt in the books of account.
3. According to the information and explanations given to us the Company has neither taken nor granted any loan secured or unsecured, from/to companies, firms or other listed in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw material including components, packing materials, plant and machinery, equipment and other assets and with regard to sale of goods. There is no major weakness in the internal control procedures.
5. In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, aggregating during the year ended to ₹ 5,00,000/- or more, in respect of any party have been made at a price which are reasonable having regard to prevailing market price, at the relevant time
6. The company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed there under.
7. We are informed that the Company has the internal audit system in addition to the existing internal control procedure.
8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government, prescribing the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been maintained and are being made up. We have not however, made a detailed examination of the same with a view to determining whether they are accurate.
9. According to the information and explanation given to us and records as produced and examined by us, in our opinion the Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Funds, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues which have not been deposited on account of any dispute excepting those mentioned hereunder :

Forum where the dispute is pending	Name of the Statute	Amount in ₹	FY to which the amounts relate to
Commissioner of Customs, Bangaluru	Customs Act	4,719,798/-	2010-2011

10. Company has neither accumulated losses nor has it incurred cash loss in the financial year under report and in the immediately preceding financial year.
11. On the basis of the records examined by us and the information and explanations given to us the company has not defaulted in repayment of dues to financial institutions and banks.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. As the Company is not a chit fund, nidhi, mutual benefit fund or society the provision of clause 4 [xiii] of the Companies (Auditors Report) Order, 2003 is not applicable to the Company.
14. As the Company is not dealing or trading in shares, securities, debentures and other investments, the provision of clause 4[xiv] of the Companies (Auditors Report) Order, 2003 is not applicable to the Company.
15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
16. Based on the information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained.
17. According to the information and explanations received, the Company has not applied short-term borrowings for long-term use.
18. According the information and explanation given to us, the Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any debentures during the year.
20. The Company has raised money through Pre IPO and IPO issue during the year March 2011. The Company has disclosed the end use of money raised by public issue of Equity Shares in Note No.12 of Schedule -24 to the financial statements and the same has been verified by us with regards to the Prospectus filed and as disclosed in the Directors' Report.
21. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year.

For Attar & Co.

Chartered Accountants
Firm Registration No.112600W

M.F.Attar

Proprietor
Membership No.034977
Date: 14th May, 2012

Balance Sheet as at 31 March, 2012			(In ₹)	
Particulars	Note No.	As at 31 March, 2012	As at 31 March, 2011	
A EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2	168,000,000	168,000,000	
Reserves and Surplus	3	<u>1,421,735,263</u>	<u>1,244,266,153</u>	
		<u>1,589,735,263</u>	<u>1,412,266,153</u>	
Non-Current Liabilities				
Long-term borrowings	4	2,203,702	-	
Deferred tax liabilities (net)	25.6	10,451,438	9,237,146	
Long-term provisions	5	<u>10,991,607</u>	<u>7,786,662</u>	
		<u>23,646,747</u>	<u>17,023,808</u>	
Current Liabilities				
Short-term borrowings	6	32,233,061	-	
Trade payables		101,332,258	89,070,895	
Other current liabilities	7	54,498,638	30,743,213	
Short-term provisions	8	<u>53,661,639</u>	<u>38,356,819</u>	
		<u>241,725,595</u>	<u>158,170,926</u>	
	TOTAL	<u>1,855,107,605</u>	<u>1,587,460,887</u>	
B ASSETS				
Non-Current Assets				
Fixed assets				
Tangible assets	9A	167,336,885	52,542,950	
Intangible assets	9B	67,095,378	76,832,878	
Capital work-in-progress	9C	<u>37,846,849</u>	-	
		<u>272,279,112</u>	<u>129,375,828</u>	
Non-current investments	10	16,000	16,000	
Long-term loans and advances	11	51,916,842	33,400,375	
Other non-current assets	12	<u>4,555,888</u>	<u>1,911,298</u>	
		<u>56,488,730</u>	<u>35,327,673</u>	
Current Assets				
Current investments	13	961,206,990	930,554,001	
Inventories	14	336,129,953	223,586,528	
Trade receivables	15	154,672,523	111,583,744	
Cash and cash equivalents	16	32,671,502	143,329,416	
Short-term loans and advances	17	40,135,637	13,413,620	
Other current assets	18	<u>1,523,157</u>	<u>290,076</u>	
		<u>1,526,339,763</u>	<u>1,422,757,386</u>	
	TOTAL	<u>1,855,107,605</u>	<u>1,587,460,887</u>	

See accompanying notes forming part of the financial statements

As per our report of even date

For Attar & Co.

Chartered Accountants
Firm Reg. No.112600 W

M. F. Attar

Proprietor

Membership No.034977

Mumbai, Date :14th May, 2012

For Lovable Lingerie Limited

Mr. L Vinay Reddy	}	Chairman & Managing Director
Mr. G. Ashok Reddy		Executive Director
Mr. L. Jaipal Reddy	}	Non-Executive Director
Mr. Dhanpat Kothari		
Mr. Gopal Sehjpal		
Mr. Sivabalan Paul Pandian		
Mr. Anantharaman Mahadevan		
Mr. V. T. Bharadwaj		Nominee Director
Mrs. Megha Maheshwari		Company Secretary

Statement of Profit and Loss for the year ended 31 March, 2012 (In ₹)

Particulars	Note No	For the year ended 31 March, 2012	For the year ended 31 March, 2011
A CONTINUING OPERATIONS			
Revenue from operations (gross)	19	1,409,532,558	1,014,849,752
Less: Excise duty	19	(79,593,449)	-
Revenue from operations (net)		1,329,939,109	1,014,849,752
Other income	20	67,253,509	9,411,001
Total revenue		1,397,192,618	1,024,260,753
Expenses			
Cost of materials consumed	21a	397,820,937	416,060,092
Purchases of stock-in-trade	21b	211,277,578	109,984,077
Changes in inventories of finished goods, work-in-progress and stock-in-trade	21c	(80,880,183)	(66,734,552)
Employee benefits expense	22	154,920,789	115,547,388
Finance costs	23	5,921,342	7,826,130
Depreciation and amortisation expense	9A	15,034,443	14,220,663
Other expenses	24	415,982,665	242,294,502
Total expenses		1,120,077,571	839,198,300
Profit / (Loss) before tax		277,115,047	185,062,453
Tax expense:			
Current tax expense for current year		59,773,255	43,398,584
Current tax expense relating to prior years		(392,370)	310,054
Net current tax expense		59,380,885	43,708,638
Deferred tax		1,214,292	448,526
		60,595,177	44,157,164
Profit / (Loss) from continuing operations		216,519,870	140,905,289
Profit / (Loss) for the year		216,519,870	140,905,289
Earnings per share (of ₹ 10/- each):			
(a) Basic			
(i) Continuing operations	25.8	12.89	12.26
(ii) Total operations	25.8	12.89	12.26
(b) Diluted			
(i) Continuing operations	25.8	12.89	12.26
(ii) Total operations	25.8	12.89	12.26
Earnings per share (excluding extraordinary items) (of ₹ 10/- each):			
(a) Basic			
(i) Continuing operations	25.8	12.89	12.26
(ii) Total operations	25.8	12.89	12.26
(b) Diluted			
(i) Continuing operations	25.8	12.89	12.26
(ii) Total operations	25.8	12.89	12.26

See accompanying notes forming part of the financial statements

As per our report of even date

For Attar & Co.

Chartered Accountants
Firm Reg. No.112600 W

M. F. Attar

Proprietor

Membership No.034977

Mumbai, Date :14th May, 2012

For Lovable Lingerie Limited

Mr. L Vinay Reddy	Chairman & Managing Director
Mr. G. Ashok Reddy	} Executive Director
Mr. L. Jaipal Reddy	
Mr. Dhanpat Kothari	
Mr. Gopal Sehjpal	} Non-Executive Director
Mr. Sivabalan Paul Pandian	
Mr. Anantharaman Mahadevan	
Mr. V. T. Bharadwaj	Nominee Director
Mrs. Megha Maheshwari	Company Secretary

Cash Flow Statement for the year ended 31 March, 2012		(In ₹)
Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	277,115,047	185,062,444
Adjustments for:		
Depreciation and amortisation	15,034,443	13,730,663
(Profit) / loss on sale / write off of assets	(17,126)	29,664
Finance costs	5,921,342	5,354,533
Interest income	(4,561,597)	(99,681)
Dividend income	(13,191,640)	(510,524)
Net (gain) / loss on sale of investments	(49,449,787)	-
Net unrealised exchange (gain) / loss	-	-
	<u>(46,264,364)</u>	<u>18,504,654</u>
Operating profit / (loss) before working capital changes	230,850,683	203,567,098
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(112,543,426)	(92,921,053)
Trade receivables	(43,088,779)	32,591,384
Short-term loans and advances	3,277,983	(7,230,154)
Long-term loans and advances	(18,516,467)	(15,841,185)
Other current assets	(1,233,081)	(88,156)
Other non-current assets	(2,252,220)	3,567,848
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	12,261,363	(75,024,281)
Other current liabilities	23,755,425	9,074,093
Other long-term liabilities	-	1,599,454
Short-term provisions	2,791,349	(1,515,347)
Long-term provisions	3,204,945	-
	<u>(132,342,907)</u>	<u>(145,787,397)</u>
	98,507,775	57,779,701
Cash flow from extraordinary items		
Cash generated from operations	98,507,775	57,779,701
Net income tax paid	(56,925,139)	(55,762,207)
Net cash flow from / (used in) operating activities (A)	41,582,636	2,017,494
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(158,130,603)	(15,307,925)
Proceeds from sale of fixed assets	210,000	22,026
Inter-corporate deposits (net)	(30,000,000)	-
Bank balances not considered as Cash and cash equivalents		
- Placed	(2,794,000)	-
Current investments not considered as Cash and cash equivalents		
- Purchased	(1,575,151,039)	(930,510,501)
- Proceeds from sale	1,593,947,839	19,783,500
Interest received		
- Others	4,561,597	99,681
Dividend received		
- Others	<u>13,191,640</u>	<u>510,524</u>
Cash flow from extraordinary items	<u>(154,164,566)</u>	<u>(925,402,695)</u>
Net cash flow from / (used in) investing activities (B)	(154,164,566)	(925,402,695)

Cash Flow Statement for the year ended 31 March, 2012		(In ₹)
Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
C. Cash flow from financing activities		
Proceeds from issue of equity shares	-	1,057,183,036
Proceeds from long-term borrowings	2,203,702	-
Net increase / (decrease) in working capital borrowings	32,233,061	(2,888,808)
Proceeds from other short-term borrowings	-	(445,925)
Finance cost	(5,921,342)	(5,354,533)
Dividends paid	(25,200,000)	(7,500,000)
Tax on dividend	(4,185,405)	(1,245,656)
Cash flow from extraordinary items	(869,984)	1,039,748,114
Net cash flow from / (used in) financing activities (C)	(869,984)	1,039,748,114
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(113,451,914)	116,362,913
Cash and cash equivalents at the beginning of the year	141,979,416	25,616,502
Cash and cash equivalents at the end of the year	28,527,502	141,979,416
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 16)	32,671,502	143,329,416
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details)	-	-
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 16	32,671,502	143,329,416
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) (Refer Note (ii) to Note 16 Current investments)	4,144,000	1,350,000
Cash and cash equivalents at the end of the year *	28,527,502	141,979,416
* Comprises:		
(a) Cash on hand	4,406,830	922,531
(b) Balances with banks		
(i) In current accounts	24,095,835	141,056,885
(ii) Unpaid Dividend Account	24,837	-
	28,527,502	141,979,416

See accompanying notes forming part of the financial statements

As per our report of even date

For Attar & Co.

Chartered Accountants
Firm Reg. No.112600 W

M. F. Attar

Proprietor

Membership No.034977

Mumbai, Date :14th May, 2012

For Lovable Lingerie Limited

Mr. L Vinay Reddy	Chairman & Managing Director
Mr. G. Ashok Reddy	} Executive Director
Mr. L. Jaipal Reddy	
Mr. Dhanpat Kothari	} Non-Executive Director
Mr. Gopal Sehjpal	
Mr. Sivabalan Paul Pandian	
Mr. Anantharaman Mahadevan	
Mr. V. T. Bharadwaj	Nominee Director
Mrs. Megha Maheshwari	Company Secretary

Notes forming part of Financial Statements

Note 1 : Notes to Accounts and Additional Information.

1. Significant Accounting Policies:

A) Basis of preparation of financial statements :

The financial statements of Lovable Lingerie Limited ("the Company) have been prepared to comply with the Accounting Standards referred to in the Companies Act (Accounting Standards) Rule 2006 issued by the Central Government in exercise of the power conferred under Sub-Section (1) (a) of Section 642 and the relevant provisions of the Companies Act, 1956 (the "Act")

The financial statements have been prepared and presented under the historical cost convention in accordance with the normally accepted accounting principles and the provisions of the Act.

The Accounting policies have been consistently applied by the Company unless otherwise stated.

B) Fixed Assets and Depreciation :

Fixed Assets are stated at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable costs of bringing the assets to their working condition for their intended use.

Depreciation on Fixed Assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Act.

C) Intangible Assets:

Intangible Assets are stated at cost less accumulated amortization. Cost includes any directly attributable expenditure on making the asset ready for its intended use.

D) Investments :

Investments that are readily realisable and intended to be held not more than a year are classified as current Investments. All other investments are classified as long term investments.

Current Investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost, however, provision for diminution in value is made to record other than temporary diminution in the value of such investments.

Profit / Loss on sale of investments is computed with reference to their cost.

E) Valuation of Inventories:

Raw materials, stores & spares and packaging materials:

Lower of cost and net realisable value. However, materials and other items held for use in the production of finished goods are not written down below cost if the products in which they will be used are expected to be sold at or above their cost.

Finished Goods:

Lower of cost and net realisable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on the normal operating capacity.

Work-in-progress:

Lower of cost and net realisable value.

Cost is estimated at cost price of the Finished product less estimated costs of completion.

F) Revenue Recognition:

Sale of Goods:

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer.

Dividends:

Revenue is recognised when the right to receive is established.

Interest:

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.

G) Design & Development costs:

Expenditure incurred on Design and development is charged to profit and loss account in the year it is incurred.

Capital expenditure is included in the respective heads under fixed assets and depreciation / amortisation thereon is charged to profit and loss account.

H) Employee Retirement Benefits :

- 1) Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- 2) Post employment and other long term employee benefits are recognised as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the Profit and Loss account.

I) Provision for Taxation

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted using tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

J) Contingent Liabilities and Provisions:

The Company makes provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is:

- (i) possible obligation, the existence of which will be confirmed by the occurrence/non- occurrence of one or more uncertain events, not fully within the control of the company.
- (ii) present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.
- (iii) present obligation, where a reliable estimate cannot be made.

K) Use of estimates:

In preparing Company's financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

L) Earnings Per Share

Basic Earnings Per Share ("EPS") is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the period.

The weighted average number of shares of the previous year is adjusted for issue of bonus share during the year in compliance with Accounting Standard (AS 20) - Earnings Per Share.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of dilutive potential equity shares.

Notes forming part of the financial statements

Note 2.1 : Share Capital

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	₹	Number of shares	₹
(a) Authorised Equity shares of ₹ 10/ each with voting rights	18,000,000	180,000,000	18,000,000	180,000,000
(b) Issued Equity shares of ₹ 10/- each with voting rights	16,800,000	168,000,000	16,800,000	168,000,000
(c) Subscribed and fully paid up Equity shares of ₹ 10/- each with voting rights	16,800,000	168,000,000	16,800,000	168,000,000

Note 2.2 : Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Bonus	ESOP	Conversion	Buy back	Other changes (give details)	Closing Balance
Equity shares with voting rights Year ended 31 March, 2012								
- Number of shares	16,800,000	-	-	-	-	-	-	16,800,000
- Amount (₹)	168,000,000	-	-	-	-	-	-	168,000,000
Year ended 31 March, 2011								
- Number of shares	7,500,000	5,550,000	3,750,000	-	-	-	-	16,800,000
- Amount (₹)	75,000,000	5,550,000	37,500,000	-	-	-	-	168,000,000

2.3 : Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Vinay Reddy	5,624,250	33.48	5,624,250	33.48
Shobha Reddy	3,915,000	23.3	3,915,000	23.3
Prashant Jaipal Reddy	1,535,250	9.14	1,535,250	9.14
SCI Growth Investments II	1,000,000	5.95	1,000,000	5.95

2.4: Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

Particulars	Year (Aggregate No. of Shares)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Equity Shares :					
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Fully paid up by way of bonus shares	-	3,750,000	6,000,000	-	-
Shares bought back	-	-	-	-	-

Note 3 : Reserves and Surplus

(In ₹)

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Securities Premium Account		
Opening Balance	1,001,683,036	-
Add: Premium on shares issued during the year	-	1,077,250,000
Less : Utilised during the year for:		
Writing off shares issue expenses	-	(75,566,964)
Closing balance	1,001,683,036	1,001,683,036
(b) General Reserve		
Opening balance	1,000,000	1,000,000
Add: Transferred from surplus in Statement of Profit and Loss	17,500,000	1,000,000
Less: Utilised / transferred during the year for:		
Issuing bonus shares	-	(1,000,000)
Closing balance	18,500,000	1,000,000
(c) Surplus in Statement of Profit and Loss		
Opening balance	241,583,117	167,563,233
Add: Profit for the year	216,519,870	140,905,289
Less:-Dividends proposed to be distributed to equity shareholders (₹ 2 per share)	33,600,000	25,200,000
Tax on dividend	5,450,760	4,185,405
Transferred to:		
General reserve	17,500,000	1,000,000
Less:-Utilised for Issue of Bonus Shares	-	36,500,000
Closing balance	401,552,226	241,583,117
Total	1,421,735,263	1,244,266,153

Note 4.1 : Long Term Borrowings

(a) Term loans		
From banks		
Secured	2,203,702	-
Unsecured	-	-
	2,203,702	-

(In ₹)

Note 4.2 : Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured other long-term borrowings:

Particulars	Terms of repayment and security*	As at 31 March, 2012		As at 31 March, 2011	
		Secured	Unsecured	Secured	Unsecured
Term loans from banks:					
Bank of Baroda, Jayanagar Branch, Bangalore.	i) Repayable in 60 monthly instalments starting from Oct 2012	2,203,702	-	-	-
	ii) Hypothecation of entire Machinery, Equipments, Electrical Installations, Furniture & Fixtures, Office Equipments and Other movable assets.	-	-	-	-
Total - Term loans from banks		2,203,702	-	-	-

4.3 : Details of long-term borrowings guaranteed by some of the directors or others:

Term loans from banks:					
Bank of Baroda, Jayanagar Branch, Bangalore.	Shri L. Vinay Reddy, Managing Director Shri L. Jaipal Reddy, Director	2,203,702	-	-	-
		2,203,702	-	-	-

Note 5 : Long Term Provisions

(a) Provision for employee benefits:			
(i) Provision for compensated absences		3,814,474	3,130,034
(ii) Provision for gratuity (net)		7,177,133	4,656,628
Total		10,991,607	7,786,662

Note 6 : Short Term Borrowings

(a) Loan repayable on demand			
From Banks			
Secured		32,233,061	-
Total		32,233,061	-

(b) The Company has not defaulted in repayment of loans and interest

(In ₹)

Note 7: Other Current Liabilities

Particulars	As at 31 March, 2012	As at 31 March, 2011
Current maturities of long-term debt	244,856	-
Interest accrued and due on borrowings	879,199	314,957
Unpaid dividends	24,837	-
Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	13,207,912	6,786,866
Payables on purchase of fixed assets	7,303,909	394,470
Trade /Security Deposits received	21,212,133	10,724,969
Advances from customers	6,312,706	5,783,093
Salaries Payable	3,761,982	5,416,211
Others - Expenses payable	1,551,105	1,322,647
Total	54,498,638	30,743,213

Note (I): Current maturities of long-term debt (Refer Notes (i), (ii) and (iii) in Note 4 - Long-term borrowings for details of security and guarantee):

(a) Term loans		
From banks		
Secured	244,856	-
Unsecured	-	-
Total	244,856	-

Note 8 : Short Term Provisions

(a) Provision for employee benefits		
(i) Provision for bonus	11,762,763	8,971,414
	11,762,763	8,971,414
(b) Provision - Others:		
(i) Provision for tax (net of advance tax & TDS ₹ 5,69,23,674)	2,848,116	-
(ii) Provision for proposed equity dividend	33,600,000	25,200,000
(iii) Provision for tax on proposed dividends	5,450,760	4,185,405
	41,898,876	29,385,405
Total	53,661,639	38,356,819

Note 9 : Fixed Assets

Amt in ₹

Description	Gross Block			Accumulated depreciation and impairment				Net Block	
	Balance as at 1 April, 2011	Additions	Disposals	Balance as at 31 March, 2012	Balance as at 1 April, 2011	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2012	Balance as at 31 March, 2011
9A Tangible assets									
(a) Land	-	53,086,955	-	53,086,955	-	-	-	53,086,955	-
(b) Plant and Equipment	51,739,480	54,438,178	20,621	106,157,037	10,930,535	3,115,920	2,012	92,112,594	40,808,945
(c) Furniture and Fixtures	11,712,398	11,120,969	-	22,833,367	4,538,365	1,113,304	-	17,181,699	7,174,034
(d) Vehicles	3,017,496	625,891	575,211	3,068,176	1,547,002	265,951	415,107	1,670,331	1,470,495
(e) Office equipment	1,749,156	498,627	-	2,247,783	681,615	113,511	-	1,452,656	1,067,541
(f) Others - Computers	5,371,910	513,134	16,400	5,868,644	3,349,974	688,257	2,237	1,832,650	2,021,936
Total	73,590,441	120,283,754	612,232	193,261,963	21,047,491	5,296,943	419,356	167,336,885	52,542,950
9B Intangible assets									
Brands	116,989,877	-	-	116,989,877	40,156,999	9,737,500	-	49,894,499	76,832,878
9C Capital Work In Progress									
Grand Total	190,580,318	158,130,603	612,232	348,098,689	61,204,490	15,034,443	419,356	75,819,577	129,375,828
Previous year	175,365,893	15,307,925	93,500	190,580,318	47,515,637	13,730,663	41,810	61,204,490	129,375,828

Note 10 : Non-Current Investments

(In ₹)

Particulars	As at 31 March, 2012			As at 31 March, 2011		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Other investments						
(a) Other Non-Current Investments						
200 Equity Shares of Corporation Bank Limited of ₹ 10/- each at ₹ 80/- per share fully paid up.	16,000		16,000	16,000		16,000
Aggregate amount of quoted investments	16,000	-	16,000	16,000	-	16,000
Aggregate market value of listed and quoted investments	85,000	-	85,000	127,240	-	127,240

Note: 11 : Long Term Loans and Advances

(a) Capital Advances		
Secured, considered good	-	-
Unsecured, considered good	34,223,087	18,623,294
Doubtful	-	-
	34,223,087	18,623,294
Less: Provision for doubtful advances	-	-
	34,223,087	18,623,294
(b) Security Deposits		
Secured, considered good	-	-
Unsecured, considered good	17,693,755	14,777,081
Doubtful	-	-
	17,693,755	14,777,081
Less: Provision for doubtful deposits	-	-
	17,693,755	14,777,081
Total	51,916,842	33,400,375

Note 12 : Other Non-Current Assets

(a) Others		
(i) Income tax refund receivable	2,004,263	1,611,893
(ii) Deposit with customs	2,500,000	-
(iii) Advance for Expenses	-	274,400
(iv) Rent advance	46,620	20,000
(b) Employee Gratuity Trust	5,005	5,005
Total	4,555,888	1,911,298

(In ₹)

Note : 13 : Current Investments

	As at 31 March, 2012			As at 31 March, 2011		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
(a) Investment in Government or Trust Securities						
(I) government securities / National Savings Certificate (Deposited with Sales Tax Authorities)	-	43,500	43,500	-	43,500	43,500
(b) Investment in Mutual Funds						
Axis Capital Protection Oriented Fund-2G	10,003,790		10,003,790	-		-
Birla FMP Series - CX-Growth	100,111,140		100,111,140	100,111,140		100,111,140
Birla Sun Life FTP Series FC Growth	110,080,000		110,080,000	-		-
Birla SunLife Cash Plus-Daily Div.Reinv.	134,900		134,900	-		-
Birla Sunlife - cash Plus-Liquid	-		-	18,971		18,971
Birla Sunlife Series Cw-Growth	-		-	100,000,000		100,000,000
BNP PARIBAS FTF Sr.21A	-		-	200,140,370		200,140,370
BNP Parobas Fmp-series 21 H	-		-	100,073,630		100,073,630
HSBC FTS-79	-		-	100,000,000		100,000,000
ICICI Pru FMP-54-1 Yr.Plan B	130,126,810		130,126,810	130,126,810		130,126,810
ICICI Prudential FMP Series 60	60,000,000		60,000,000	-		-
ICICI Prudential FMP Series 63-1 Yr Plan	100,000,000		100,000,000	-		-
IDFC FMP - YS 65-growth	110,167,000		110,167,000	-		-
IDFC Fmp-yearly Series-42-nfO	-		-	100,000,000		100,000,000
Kotak FMP 64	30,539,850		30,539,850	-		-
Kotak FMP 65	100,000,000		100,000,000	-		-
Kotak FMP Series 43-growth	-		-	100,039,580		100,039,580
Kotak FMP Series 84 - Growth	100,000,000		100,000,000	-		-
Kotak FMP Series 85 Growth	110,000,000		110,000,000	-		-
Aggregate amount of quoted investments	961,163,490	-	961,163,490	930,510,501	-	930,510,501
Grand Total	961,163,490	43,500	961,206,990	930,510,501	43,500	930,554,001
Aggregate market value of listed and quoted investments	980,803,103	-	980,803,103	936,129,728	-	936,129,728

(In ₹)

Note 14 : Inventories

(At lower of cost and net realisable value)

Particulars	As at 31 March, 2012	As at 31 March, 2011
Raw Materials	77,541,637	49,875,119
Work-In-Progress	99,851,236	62,488,136
Finished Goods (other than those acquired for trading)	143,598,066	100,080,983
Stores and Spares	8,525,484	7,135,114
Packing Materials	6,613,531	4,007,177
Total	336,129,953	223,586,528

Note 15 :Trade Receivables

Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	10,018,429	16,209,508
Other Trade Receivables		
Secured, considered good	21,212,133	10,724,969
Unsecured, considered good	123,441,962	84,649,268
Total	154,672,523	111,583,744

Note 16 : Cash and Cash Equivalents

Cash on Hand	4,406,830	922,531
Balances with Banks		
(i) In current accounts	24,095,835	141,056,885
(ii) In deposit accounts -Margin Money	4,144,000	1,350,000
	28,239,835	142,406,885
In Earmarked Accounts		
- Unpaid dividend (per contra)	24,837	-
Total	32,671,502	143,329,416
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	32,671,502	143,329,416

(In ₹)

Note 17 : Short-Term Loans and Advances

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Loans and advances to employees		
Unsecured, considered good	1,346,915	1,337,787
	1,346,915	1,337,787
(b) Balances with Government Authorities		
Unsecured, considered good		
CENVAT credit receivable	299,304	22,292
VAT credit receivable	1,726,971	188,047
Duty Drawback Receivable	165,495	165,495
	2,191,769	375,834
(c) Inter-Corporate Deposits		
Unsecured, considered good	30,000,000	-
	30,000,000	-
(d) Others - Advances to suppliers		
Unsecured, considered good	6,596,953	11,700,000
	6,596,953	11,700,000
Total	40,135,637	13,413,620

Note 18 : Other Current Assets

Accruals		
Interest accrued on Deposits	1,523,157	290,076
Total	1,523,157	290,076

Note 19 : Revenue from Operations

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
(a) Sale of products @ (Refer Note (i) below)	1,409,532,558	1,014,849,752
(b) Less:- Excise duty	(79,593,449)	-
Total	1,329,939,109	1,014,849,752
(i) Sale of products comprises		
Manufactured goods		
Brassier /Panties/Lingerie Accessories	1,409,532,558	1,014,849,752
Total - Sale of manufactured goods	1,409,532,558	1,014,849,752
Total - Sale of products	1,409,532,558	1,014,849,752

(In ₹)

Note 20 : Other Income

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Interest from banks on deposits	4,561,597	99,681
Dividend income from Current Investments	13,191,640	510,524
Net gain on sale of Current Investments	49,449,787	-
Net gain on foreign currency transactions and translation (other than considered as finance cost)	-	8,610,732
Other non-operating income (net of expenses directly attributable to such income) (Refer Note below)	50,485	190,064
Total	67,253,509	9,411,001
Other non-operating income comprises:		
Profit on sale of fixed assets	50,485	-
Miscellaneous income	-	190,064
Total - Other non-operating income	50,485	190,064

Note 21a : Cost of Materials Consumed

Opening stock	61,017,409	34,830,909
Add: Purchases	429,484,178	442,246,592
Less: Closing stock	92,680,651	61,017,409
Cost of materials consumed	397,820,937	416,060,092

Material Consumed Comprises:

a) Fabric	225,083,041	263,568,661
b) Elastics	68,694,893	58,250,806
c) Laces	18,801,269	19,531,974
d) Packing Materials	46,212,502	37,625,888
e) Thread	3,984,109	3,342,466
f) Others	35,045,123	33,740,296
Total	397,820,937	416,060,092

Note 21b : Purchase of Traded Goods

Brassier /Panties/Lingerie Accessories	211,277,578	109,984,077
Total	211,277,578	109,984,077

Note 21c : Changes in inventories of finished goods, work-in-progress and stock-in-trade

Inventories at the end of the year:		
Finished goods	143,598,066	100,080,981
Work-in-progress	99,851,236	62,488,136
	243,449,301	162,569,116
Inventories at the beginning of the year:		
Finished goods	100,080,983	67,049,849
Work-in-progress	62,488,135	28,784,715
	162,569,118	95,834,564
Net (increase) / decrease	80,880,183	66,734,552

Note 22: Employee Benefits Expense

Salaries and wages	133,514,112	100,007,195
Contributions to provident and other funds	16,203,051	11,577,766
Staff welfare expenses	5,203,626	3,962,427
Total	154,920,789	115,547,388

(In ₹)

Note 23 : Finance Costs

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
(a) Interest expense on:		
(i) Banks	1,775,047	4,671,218
(ii) Security Advance	897,804	683,315
(b) Other borrowing costs-Bank Charges	3,248,491	2,471,597
Total	5,921,342	7,826,130

Note: 24 : Other expenses

Increase / (decrease) of excise duty on inventory	7,730,724	-
Subcontracting	33,935,191	26,166,727
Power and fuel	2,952,398	2,255,243
Rent including lease rentals	11,849,594	10,645,367
Repairs and maintenance - Machinery	1,007,375	1,119,081
Repairs and maintenance - Others	2,018,828	1,583,867
Insurance	605,860	251,295
Security Service Charges	3,106,678	2,323,722
Communication	2,087,095	2,416,802
Travelling and conveyance	16,414,231	12,780,794
Printing and stationery	2,422,323	2,561,701
Freight and forwarding	24,930,507	21,625,601
Sales commission	5,622,294	5,684,832
Sales Promotion Schemes	200,156,355	84,424,219
Advertisement Expenses	67,899,704	46,267,782
Business promotion	26,390,611	15,170,902
Sales Tax	568,726	44,407
Legal and professional	1,510,590	2,679,083
Payments to auditors (Refer Note (i) below)	365,170	909,975
Net loss on foreign currency transactions and translation (other than considered as finance cost)	652,145	-
Loss on fixed assets sold / scrapped / written off	33,359	29,664
Miscellaneous expenses	3,722,909	3,353,437
Total	415,982,665	242,294,502

Note (i)

(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	308,990	303,325
For taxation matters	28,090	27,575
For other services	28,090	579,075
Total	365,170	909,975

Note 25 : Notes to Accounts for the year ended 31 March 2012

Particulars		For the year ended		For the year ended
		31 March, 2012	₹	31 March, 2011
1. Raw Materials Consumed	%			
Indigenous	95	377,087,129	94	389,636,227
Imported	5	20,733,808	6	26,423,865
	100	397,820,937	100	416,060,092
2. Contingent Liabilities				
Bank Guarantee to BSE		4,500,000		4,500,000
Demand Notice from Customs Authorities		4,719,798		4,719,798
3. F.O.B.Value of exports		677,212		-
4. Expenditure in Foreign Currency				
Travelling Expenses		104,285		991,886
Purchase of Machinery		14,674,624		2,433,214
5. C.I.F. Value of Imports				
Raw Materials		20,195,478		24,205,120
6. Deferred Tax Assets / Liabilities				
i) The Deferred Tax Liability for the current year of ₹ 12,14,292/- is recognised in Profit and Loss A/c				
ii) The Tax effect of significant temporary differences that resulted in defferred tax (assets) / liabilities are :				
Particulars			31.03.2012	31.03.2011
Depreciation			16,439,185	12,854,976
Gratuity			(1,826,614)	(1,171,061)
Leave Encashment			(1,369,937)	(922,888)
Deferred Expenses			(253,985)	(297,671)
Bonus			(3,143,734)	(1,832,734)
Others			606,523	606,523
			10,451,438	9,237,146

(In ₹)

Note 25.7: Accounting Standard 15 - Employee Benefits

Particulars	As at 31 March, 2012	As at 31 March, 2011
	Gratuity	
Current service cost	2,432,535	1,910,344
Interest cost	745,013	552,813
Expected return on plan assets	(502,650)	(369,939)
Net Actuarial (gain)/ loss to be recognized	1,483,147	721,179
Total expense recognized in the statement of Profit & Loss Account	4,158,045	2,814,397
Actual Contribution & Benefit Payments		
Actual Benefit Payments	-	-
Actual Contribution	-	-
Net Asset / (Liability) recognized in Balance Sheet		
Liability at the end of the year	11,963,665	9,312,664
Fair value of plan assets at the end of the year	4,786,532	4,491,584
(Net Asset)/ Liability recognized in the Balance Sheet	7,177,133	4,821,080
Change in Defined Benefit Obligations (DBO)		
Present Value of Defined Benefit Obligation at beginning of Year	9,312,664	6,910,164
Interest Cost	745,013	552,813
Current Service Cost	2,432,535	1,910,344
Benefits Paid	(2,009,694)	(781,836)
Actuarial (Gain)/ Losses on Obligation	1,483,147	721,179
Present Value of Defined Benefit Obligation at the End of Year	11,963,665	9,312,664
Change in Fair Value of Plan Assets during the year		
Planned assets at Beginning of the year	4,491,584	3,067,322
Expected return on planned assets	502,650	369,939
Contributions	1,801,992	1,836,159
Benefit paid	(2,009,694)	(781,836)
Actuarial gain/(loss) on plan assets	-	-
Fair value of plan assets at the end of the year	4,786,532	4,491,584
Defined Benefit Plan – Actuarial Assumptions		
Discount rate	8%	8%
Salary Escalation Rate	7%	7%
Rate of return on plan assets	-	-

(In ₹)

Note 25.8 : Earnings Per Share

Particulars	As at 31 March, 2012	As at 31 March, 2011
1. Basic and Diluted Earnings Per Share before Exceptional items (Face Value - ₹ 10/- per share)	12.89	12.26
2. Basic and Diluted Earnings Per Share after Exceptional items (Face Value - ₹ 10/- per share)	12.89	12.26
3. Profit After Tax and Prior Period items but before Exceptional Items as per Profit & Loss A/c (₹ In Lakhs)	2,161	1,412
4. Profit After Tax, Prior Period items and Exceptional Items as per Profit & Loss A/c (₹ In Lakhs)	2,161	1,412
5. Weighted Average number of equity shares outstanding	16,800,000	11,518,630
Weighted Average number of equity shares outstanding		
Number of Equity Shares at the Beginning of the Year	16,800,000	1,500,000
Add : Bonus Shares issued	-	9,750,000
Add : Share issued under Initial Public offer	-	268,630
	16,800,000	11,518,630

Note 25.9: Information on related party as required by Accounting Standard (AS-18) on Related Party Disclosures for the year ended 31st Mar, 2012

In accordance with the requirement of Accounting Standard (AS 18) Related Party Disclosures, the names of the related parties where control exits and/or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management are :-

List of Related Parties :-

A) Key Management Personnel :

Mr. G Ashok Reddy
Mr. L Vinay Reddy
Mr. L Jaipal Reddy

B) Other Related Parties

Entities where Key Management Personnel exercises significant influence/ Group Companies :

Federal Brands Limited [Formerly Microtex India Limited]	Lariene Fashions Private Limited
Vinay Hosiery Private Limited	Tecknit Industries
Strategy Games Private Limited	Aadhunik Vitarak
Holstein Ecofoods Private Limited	Lovable Lifestyles Private Limited
Reddy & Pathare Elastics Private Limited	Hype Integracomm Private Limited
Belleni Fashions Private Limited	

C) Information on related party as required by Accounting Standard (AS-18) on Related Party Disclosures for the year ended 31st March, 2012

1. Rent Paid	273,000	273,000
Mr. G Ashok Reddy	165,000	165,000
Tecknit Industries	108,000	108,000
2. Loan repaid to Shareholders		445,925
Mr. L. Jaipal Reddy		445,925
3. Remuneration Paid	7,139,408	6,989,408
Mr. G Ashok Reddy	2,769,008	2,619,008
Mr. L Vinay Reddy	2,870,400	2,870,400
Mr. L Jaipal Reddy	1,500,000	1,500,000
4. Dividend Paid - Promoters	16,875,000	7,500,000
5. Bonus Shares Issued to Promoters	-	37,500,000
6. Sale of Investments		
Mr. L Vinay Reddy	-	19,783,500

Note 25.10 : The Initial Public Offer (IPO) proceeds have been utilised as per objects of the issue as stated in the prospectus as under :

Particulars	(₹ In Lacs)	
	Object as per Prospectus	Actual Utilization
Amount received from Pre-IPO	2,000.00	
Amount received from IPO	9,327.50	
Utilisation of funds upto March 31, 2012		
Setting up manufacturing facility to create additional capacity as Bengaluru	2,284.93	1,472.65
Expenses to be incurred for Brand Building	1,800.00	684.38
Brand Development Expenses	600.00	9.18
Investment in Joint Venture	2,500.00	-
Setting up of Exclusive Brand Outlets ("EBO's")	1,412.18	107.00
Setting up of Retail Store Modules for "Shop-in-Shop"	361.00	155.14
Upgradation of Design Studios	759.52	-
General Corporate Purpose	2,396.16	-
Public Issue Expenses	846.26	755.67

Interim Utilisation of IPO Proceeds upto 31.03.2012

(₹ In Lacs)

Balance Unutilised amount temporarily invested in	
Mutual Funds	8,143.49
Balance with Banks	-
Total	8,143.49

Note 25.11: Current Assets, Loans and Advances:

In the opinion of the Board, the current assets, loans and advances are approximately of the value stated if realised in the ordinary course of the business.

Note 25.12: The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspondence with the current year's classification / disclosure.

Lovable Lingerie Limited	
Regd. Office: A-46, Road No.2, MIDC, Andheri (East), Mumbai-400093	
ATTENDANCE SLIP	
Folio No. _____ DP ID* _____ Client ID* _____ Shares held _____	
(Name in Block Letters)	
I hereby record my presence at the 25 th Annual General Meeting of the Company held at All India Plastics Manufacturers Association Auditorium, Plat No.A-52, Road No. 1, Midc, Andheri (East), Mumbai-400093 on Wednesday, 12th September, 2012 at 11.00 A.M.	
_____	_____
Member's/Proxy's name in block letters	Member's/Proxy's signature (to be signed at the time of handing over this slip)
* Applicable for investors holding shares in dematerialized form.	
NOTE : Your entry to the meeting will be regulated by this attendance Slip.	

Lovable Lingerie Limited			
Regd. Office: A-46, Road No.2, MIDC, Andheri (East), Mumbai-400093			
PROXY FORM			
Folio No. _____ DP ID* _____ Client ID* _____ Shares held _____			
I/We _____ resident of _____ being a member/members of the above named Company hereby appoint _____ resident of _____ as my/our proxy to vote for me/us on my/our behalf at the 25 th Annual General Meeting of the Company to be held at 11.00 A.M. on Wednesday, the 12th day of September, 2012 and at any adjournment thereof.			
I wish my above proxy to vote in the manner as indicated in the box below:			
Sr. No.	Particulars of Resolution	For	Against
1.	Adoption of Accounts		
2.	Declaration of dividend		
3.	Re-appointment of Mr. Sivabalan Paul Pandian		
4.	Re-appointment of Mr. Gopal Sehjpal		
5.	Appointment of Statutory Auditor		
6.	Regularisation of Mr. Anantharaman Mahadevan as a Director		
Signed this _____ day of September, 2012.			
Signature _____		Affix 1 Rupee Revenue Stamp	
* Applicable for investors holding shares in dematerialized form.			

Note:

1. The Proxy, to be valid, should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. The proxy need not be a member of the Company.
3. This is only optional. Please tick () in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she things appropriate, should you so desire, you may also appoint the Chairman or the Company Secretary of the Company as your Proxy, who shall carry out your mandate as indicate above in the event of a poll being demanded at the meeting.
4. Appointing a proxy does not prevent a member from attending in person, if he so wishes.
5. In the case of joint holders, the signature of any one holder will be sufficient, but names of all joint holders should be stated.



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