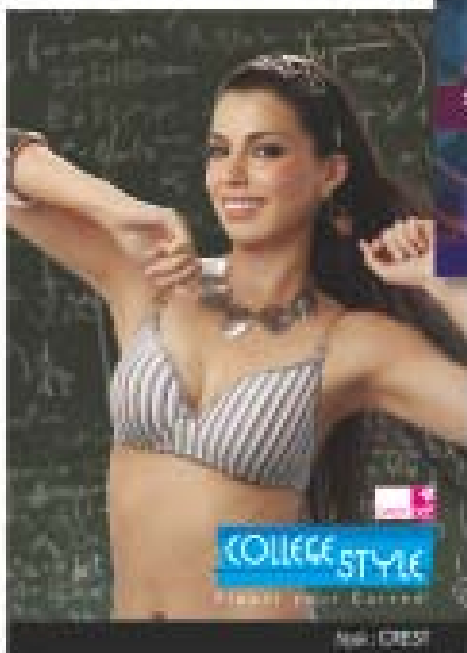
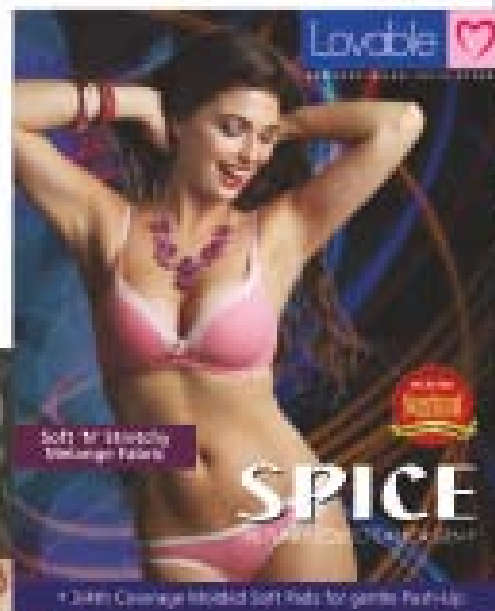
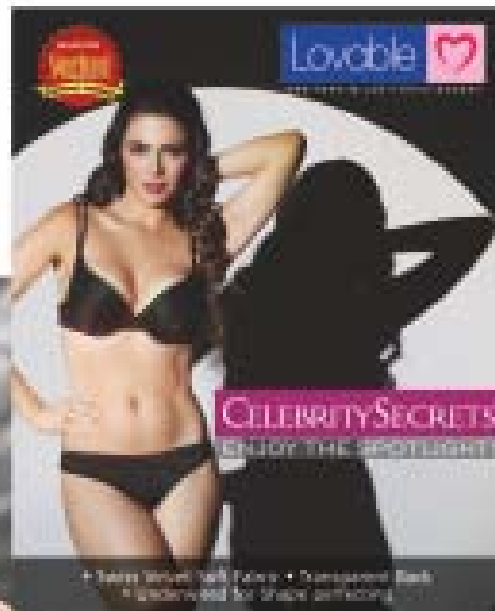


NEW YORK • MILAN • TOKYO • SYDNEY

ANNUAL REPORT 2012-2013

NEW LAUNCHES



Chairman's Statement

Dear Shareholders,

It is a delight to address you on the completion of another eventful and successful year. The world economy has witnessed slowdown this year. The Indian economy in tandem is also experiencing a slowdown due to global and domestic economic slowdowns having a depressing impact on consumer discretionary spending. Matters have been further aggravated due to elevated crude prices, weakening rupee and the resulting inflationary stress on consumers.

After a difficult trading year, I am pleased to be able to tell you about the enhancements we have made in our business. Many of the initiatives we have taken are beginning to show interesting results and while it is still early days, we see good progress and feel that we are moving in the direction of growth.



The slowing retail market has been a major challenge for the industry, besides the difficulties posed by high cotton fabric prices. Our counter-strategies of distribution expansion and product range increase, coupled with margin protection have enabled us to deliver satisfactory results.

I am glad to report that your Company has been able to sustain operational stability, thanks to our strong market position, geographic spread of scale and low-cost but high quality products. Our ability to deliver in difficult times is attributable to our strategic positioning as a Branded consumer play. We are consolidating our position by focusing on higher value added products, developing newer products for need gaps and expanding market boundaries. Your Company has always focused on building strengths for the future and continued to invest in building capabilities. We will continue to invest our resources in taking these initiatives forward.

Customer focused product:

- Our product ranges are now being developed within a revised framework designed to meet the aspirations and value perceptions of our core customers more accurately;
- Our design team created new designs which are more customer focused and will provide great value;
- The new collection has been well received by our Wholesale customers and our renewed sales team is confident that we are going forward with the right product;

Given the scenario above, the Company's focus continues to be on growing the Business. Our position in terms of product quality and fashion content is at par with the best global benchmarks.

The Board had declared a final dividend of Rs. 2/- per equity share for the year 2011-2012. Considering the profitability of the Company during the year, as well as to be in line with best practices vis-a-vis dividend payout ratio, your Directors are pleased to declare a final dividend of Rs. 2/- per equity share of the face value of Rs. 10/-.

Your Company has always believed and practiced high standards of professionalism, maintaining the standards of corporate governance, integrity and transparency and would continue to do so. It is these values which have shaped the character of your organization and helped in building wealth for all stakeholders. We have further professionalized the organization, instituted better Appraisal mechanisms and improved systems and processes.

We are continuing to build our distribution network with additional store numbers enhancing significantly during the year.

We are managing the business cautiously in order to increase full-price sales volumes, limit discounting, manage inventory levels, control cash and build confidence with our customers.

I would like to record my appreciation to all my colleagues in the Company for their dedication and commitment to the Company in all difficult times. There is no doubt in my mind that the same spirit and commitment will enable the Company to take its rightful place in the industry as one of the most Top-of-mind branded, stylish, comfortable and cost-efficient lingerie manufacturers – as the supplier of choice in the market it serves – by differentiating itself, its products, its processes and its service to the customer.

My grateful thanks to our eminent Board of Directors for their valuable guidance and advice, which have steered the Company's progress and profitability over the decades, and helped sustain highest standards of Corporate Governance.

My deepest appreciation and thanks to our employees at all levels for their excellent performance, ethics, teamwork, solidarity and commitment to the Company at all times, which has contributed to our consistent profitability in challenging times. We assure you we remain as committed as ever to the Company's goals.

L Vinay Reddy
Chairman & Managing Director

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Important Communication For Members

28th MAY, 2013

Dear Sir(s)/Madam,

The Ministry of corporate Affairs (MCA) has issued Circulars on 21st April, 2011 & 29th April, 2011, stating that the service of documents by a Company may be made through electronic mode. The Circular has been issued in pursuance of "Green Initiative in the Corporate Governance" taken by MCA.

Lovable Lingerie Limited is concerned about the environment and utilizes natural resources in a sustainable way. Recognizing the spirit of the circulars issued by the MCA and to support the Green Initiative, we propose to send documents like Notice of the Annual General Meeting, Annual Reports, Postal Ballot papers etc., in electronic form. These documents will be sent to those Members, who have already provided their E-mail IDs, unless they exercise their option to receive them in physical form by visiting the following Website of our Registrar and Share Transfer Agent (RTA).

Further, the documents being sent to shareholders, from time-to-time, are also being posted on the Company's web site.

Those who are holding Shares in the Dematerialised mode but have not provided their E-mail address are requested to please provide the same to their respective Depository Participants immediately. Those who, however, intend to receive the above documents in physical form, are requested to please exercise their option immediately by visiting the following Web Page of our RTA:
www.lovablelingeriegreen@linkintime.co.in

Members, holding shares in physical mode are requested to visit the following Website and register their E-mail IDs and also exercise their option if you intend to receive the documents in physical form www.lovablelingeriegreen@linkintime.co.in

Thank you,

Yours faithfully,

For **Lovable Lingerie Limited**

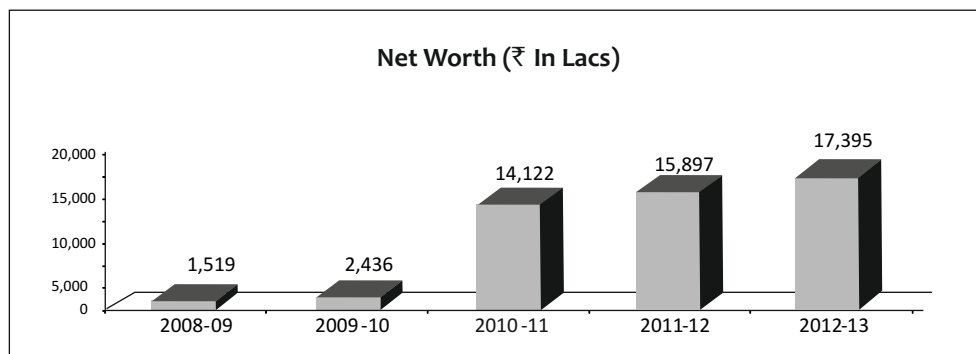
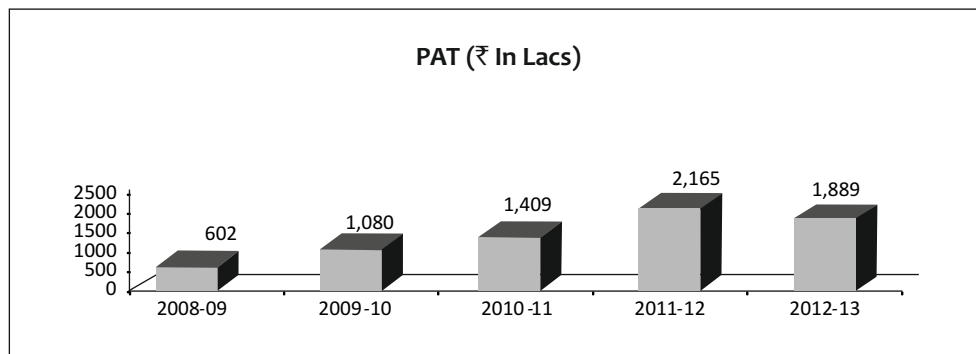
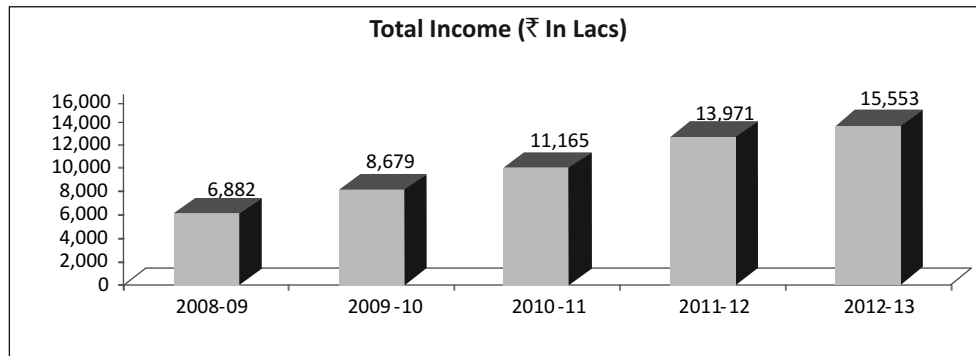
Darsha Sanghvi
Company Secretary

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. Sivabalan Paul Pandian Independent Director	Mr. Gopal Sehjpai Independent Director
Mr. G. Ashok Reddy Whole-time Director	Mr. Anantharaman Mahadevan Independent Director	Mr. V. T. Bharadwaj Nominee Director
Mr. L. Jaipal Reddy Whole-time Director	Mr. Dhanpat Kothari Independent Director	
COMPANY SECRETARY Ms. Darsha Sanghvi		CHIEF FINANCIAL OFFICER Mr. R. Govindarajan
STATUTORY AUDITORS: M/s. Vinodkumar Jain & Co. Chartered Accountants		INTERNAL AUDITORS: S. H. Bathiya & Associates Chartered Accountants
REGISTERED OFFICE & CORPORATE OFFICE: A-46, Road No. 2, MIDC, Andheri (East), Mumbai-400093 Phone : 022-2838 3581 Fax : 022-2838 3582 Email : corporate@lovableindia.in Website: www.lovableindia.in		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. Phone: +91 22 2594 6970 Fax : +91 22 25946969 Email : rnt.helpdesk@linkintime.co.in
BANKERS: Bank of Baroda.		PRACTISING COMPANY SECRETARY: D M Zaveri & Co.
FACTORIES:		
Daisy Dee: 46/2, Guruprasanna Industrial Area, Doddakallasandra, Konanakunte Cross Road, Bengaluru – 560 062	Lovable: Plot No. 9 & 10, Manipal County Cross, Singsandra, Hosur Road, Bengaluru - 560 068	Lovable: 18/2, Opp. Khodays Breweries, Behind L & T Concrete, Kanakapura Road, Bengaluru-560062
BRANCHES:		
❖ Hyderabad	❖ Bengaluru	❖ New Delhi
		❖ Kolkata
KEY MANAGEMENT PERSONNEL:		
Mr. Sharad Prasad Vice-President (Lovable)	Mr. Ashok Singh General Manager- Production	
Mr. Prakash Ramanna GM – Sales & Marketing (Lovable)	Mr. Giriraj All India Sales Manager (Daisy Dee)	
Mr. L. R. Srinivasan Head Procurement & Planning	Mr. Luv Kumar Production Manager	
COMPANY IDENTIFICATION NO. : CIN: L17110MH1987PLC044835		
26th ANNUAL GENERAL MEETING		
Date : 29 th July, 2013 Day : Monday Time : 11.00 a.m. Venue: All India Plastics Manufacturers Association Auditorium, AIPMA House, A-52, Road No. 1, MIDC, Andheri (East), Mumbai- 400093		
BOOK CLOSURE DATES		
Thursday, 25 th July 2013 - Monday, 29 th July 2013		

FINANCIAL SNAPSHOTS					
(₹. In Lacs)					
Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
FINANCIAL POSITION:					
Net Fixed Assets	4081	2722	1293	1278	1319
Investments	7982	9612	9305	198	100
Current Assets, Loans & Advances	8771	5651	5100	3172	3336
Deferred Tax Assets	-	-	-	-	41
Other Non-Current Assets	292	564	-	-	-
Total Assets	21126	18549	15698	4648	4796
Long Term loans	941	22	-	33	724
Long Term Provisions	135	109	-	-	-
Current Liabilities & Provisions	2462	2417	1484	2092	2553
Deferred Tax Liabilities	193	104	92	87	-
Total Liabilities	3731	2652	1576	2212	3277
Net Worth	17395	15897	14122	2436	1519
Represented by:					
Share capital	1680	1680	1680	750	150
Reserves and Surplus	15715	14217	12442	1686	1369
Less: Misc. Expenditure not w/o	-	-	-	-	-
	17395	15897	14122	2436	1519
OPERATING PERFORMANCE:					
Total Income	15553	13971	11165	8679	6882
Excess Provision for Gratuity	-	-	-	25	
Total Operating Expenditure	12781	10991	9119	7047	6019
Deferred Expenses			5	7	
Earnings Before Interest and Depreciation	2772	2980	2041	1650	862
Interest	39	59	54	93	137
Depreciation	185	150	137	131	39
Extra-Ordinary Items	-	-	-	-	254
Profit Before Tax	2548	2771	1851	1426	433
Taxation	659	605	438	346	85
Profit After Tax	1889	2165	1409	1080	348
Number of Equity Shares	16800000	16800000	16800000	7500000	150000
Face Value of Share (₹.)	10	10	10	10	100
Earnings Per Share (₹.)	11.24	12.89	12.26	9.61	401



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of the Members of Lovable Lingerie Limited will be held at All India Plastics Manufacturers Association Auditorium, AIPMA House, A-52, Road No. 1, MIDC, Andheri (East), Mumbai- 400093, on Monday, 29th day of July, 2013 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, 2013 and the Statement of Profit and Loss for the year ended 31st March, 2013 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. Dhanpat Kothari, who retires by rotation, but being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Anantharaman Mahadevan, who retires by rotation, but being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration and for the purpose, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 224 and all other applicable provisions, if any, of the Companies Act, 1956, M/s. Vinod Kumar Jain & Co., Chartered Accountants having registration no.111513W, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and are hereby authorized to fix their remuneration for the said period in addition to the re-imbursement of actual out of pocket expenses as may be incurred by them in the performance of their duties.”

Mumbai
May 28, 2013

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

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

L Vinay Reddy
Chairman & Managing Director

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 25th day of July, 2013 to 29th day of July, 2013 (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, 2013 as recommended by the Board, if declared at the AGM, will be paid on or after 29th day of July, 2013 to those persons or their mandates:

a) Whose names appear as Beneficial Owners as at the end of the business hours on 24th day of July, 2013 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 24th day of July, 2013 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 on March 31, 2013, we have unclaimed dividend amount as ₹ 70,232/-. 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. 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.
6. 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.
7. 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.
8. 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.
9. Members are requested to opt for NECS (National Electronic Clearance Service) for receipt of dividend. Members may kindly 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.

10. 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) to 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., Mumbai to claim their dividend.
11. 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.
12. 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.
13. 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.
14. Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to address their queries to the Registered Office of the Company at least seven days before the date of the AGM, so that the information requested by them may be made available.
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.
16. The Company has implemented the " Green Initiative" as per circular nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices/ documents and annual reports to shareholders. Henceforth, the email addresses indicated in your respective Depository Participant (DP) accounts which will be periodically downloaded from NSDL/CDSL will be deemed to be your registered email address for serving notices/documents including those covered under Section 219 of the Companies Act, 1956. The Notice of AGM and the copies of audited financial statements, directors' report, auditors' report etc. will also be displayed on the website www.lovableindia.in of the Company and the other requirements of the aforesaid MCA circular will be duly complied with. Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Transfer agent of the Company M/s. Link Intime India Pvt. Ltd.
17. Members are requested to fill in and send the Feedback Form provided in the Annual Report.

Mumbai
May 28, 2013

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

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

L Vinay Reddy
Chairman & Managing Director

Annexure 1

Details of Directors seeking reappointment at the Annual General Meeting (pursuant to Clause 49 (IV) (E) (v) and 49(IV) (G) (i) of the Listing Agreement entered into with Stock Exchanges)

Name of the Director	Mr. Dhanpat Kothari	Mr. Anantharaman Mahadevan
Date of Appointment	20.09.2010	22.09.2011
Expertise in Specific Function area	Company Formation, Tax & Statutory Audit	40 years experience in all aspects of business/ industry.
Qualification	Bachelor of Commerce & Chartered Accountant	Master of engineering (Machine Tool Design)
Directorship in Other Companies as on 31 st March, 2013*	Nil	1) Minex Metallurgical Company Limited 2) Mana Cable Management Systems Private Limited
Chairman/Member of the Company as on 31 st March, 2013.	Nil	Nil
Chairman/ Member of the Board Level Committees of other Companies in which he is a director as on 31 st March, 2013.#	Nil	Nil
Number of Shares held in the Company as on 31 st March, 2013.	Nil	Nil

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

Only two committees i.e. Audit Committee and Shareholders'/ Investors' Grievance Committee have been considered as per provision of revised Clause 49 of the Listing Agreement.

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 26th 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, 2013. The summarized financial results for the year ended 31st March, 2013 are as under:

Financial Results:

(₹. In Lacs)

Particulars	Current Year 2012-13	Previous Year 2011-12
Profit Before Tax & Depreciation	2733.00	2921.50
Depreciation	185.10	150.34
Profit before Tax	2547.90	2771.16
Provision for Taxation	659.38	605.95
Profit after Tax and Depreciation	1889.80	2161.28
Tax/other adjustments	(1.28)	3.92
Surplus brought forward	4015.52	2415.83
Profit available for appropriation	5904.04	4581.03
Appropriations:		
Transferred to General Reserve	141.70	175.00
Proposed Dividend on Equity Share Capital	336.00	336.00
Corporate Dividend Tax on Proposed Dividend	54.51	54.51
Balance Carried forward	5371.84	4015.52
	5904.04	4581.03
EPS Basic & Diluted- Before Extraordinary Items (in Rs.)	11.24	12.89
EPS Basic & Diluted- After Extraordinary Items (in Rs.)	11.24	12.89

Review of Operation

Your Company registered a turnover of ₹ 15,108.64 lacs during the current year as compared to ₹ 13,299.39 lacs during the corresponding previous year. The Profit after depreciation and tax is ₹ 1,889.80 lacs during the current year as compared to ₹ 2,161.28 lacs during the corresponding 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, 2013.

Deposits

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

Subsidiary

Your Company does not have any subsidiary Company.

Listing:

Your Company's shares are listed on 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, 2013		
Setting up manufacturing facility to create additional capacity as Bengaluru	2284.93	1,880.46
Expenses to be incurred for Brand Building	1800.00	1,398.67
Brand Development Expenses	600.00	382.49
Investment in Joint Venture	2500.00	0.00
Setting up of Exclusive Brand Outlets ("EBO's")	1412.18	663.44
Setting up of Retail Store Modules for "Shop-in-Shop"	361.00	342.84
Upgradation of Design Studios	759.52	271.34
General Corporate Purpose	2396.16	0.00
Public Issue Expenses	846.26	755.67

Interim Utilisation of IPO Proceeds upto 31.03.2013	(₹ In Lacs)
Balance Unutilised amount temporarily invested in Mutual Funds	5632.59
Balance with Banks	0.00
Total	5632.59

Directors

Mr. Dhanpat Kothari, Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment.

Mr. Anantharaman Mahadevan, Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for re-appointment.

None of the Directors of your Company are 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.

Auditors

Vinod Kumar Jain & Co., Chartered Accountants, Mumbai, will retire at the ensuing Annual General meeting of the Company and being eligible offer themselves for re-appointment. The Company has obtained the requisite certificate as required under Section 224(1B) of the Companies Act, 1956 to the effect that their re-appointment, if made, will be in conformity with the limits specified under the said section.

Your directors recommend their re-appointment as Statutory Auditors of the Company.

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 the follower of Corporate Governance Practice.

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 and senior management Personnel 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 judgments 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 of the 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 adopts 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 (DP) 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

Good work culture and cordial employer-employee relationship has been a constant effort of the Company. The Board wishes to place on record, its sincere appreciation to all the employees in the Company for their sincere efforts, dedication and valuable contribution in the overall development of the Company.

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 Relation

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.

Cost Auditors

The Central Government vide its notification dated January 24, 2012 under the Companies (Cost Audit Report) Rules, 2011 directed the Company to get the cost accounting record audited by Practising Cost Auditor for the financial year 2012-13 and submit the cost audit report to the Ministry of Corporate Affairs.

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

The Cost Audit Report for the financial year ended 31st March, 2013 will be filed within the prescribed period.

Acknowledgements

Your Directors express their deep and sincere appreciation for the continued co-operation and valuable support extended to the Company by the esteemed shareholders, customers, business partners, vendors, financial / investment institutions and commercial banks during the year under review and look forward to receive greater measure of the same.

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

Place: Mumbai
Date: May 28, 2013

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 ₹. 161.63 lakhs (Previous year ₹. 349.74 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, 2013.

Particulars	₹. In Lakhs	
	2012-2013	2011-2012
Foreign Exchange Earned		
Exports (FOB)	-	-
Technical Assistance	-	-
Total	-	-
Foreign Exchange Outgo		
CIF Value of Imports	111.62	201.95
Travelling Expenses	1.32	1.04
Others	48.69	146.75
Total	161.63	349.74

Form – A

Form for Disclosure of particulars with respect of conservation of energy

Part 'A'

Particulars	2012-2013	2011-2012
Power & Fuel Consumption		
1. Electricity		
a) Purchased Units (Lacs)	5.47	5.16
Total Cost (₹ In Lacs)	36.22	29.52
Rate/Unit (₹)	6.62	5.72
b) Own Generation		
1) Through Diesel Generator		
Units (Lacs)	0.29	0.29
KWH per unit of fuel	4.67	4.67
Fuel Cost/Unit (₹)	11.07	9.75

B. Consumption per unit of production

Particulars	Electricity	
	2012-13	2011-12
Consumption per Unit	0.06	0.07

MANAGEMENT DISCUSSION AND ANALYSIS

The year under review ended with softening of inflation and interest rates which augured well for better growth prospects of the economy. This trend would benefit infrastructure, construction and real estate sectors which would in turn spur demand growth in the apparel sector and expansion in retail space. The economy is expected to grow at a healthy pace in the medium to long term due to its strong fundamentals and steady domestic consumptions.

1) INDUSTRY STRUCTURE & DEVELOPMENT

A) The Indian apparel market has grown consistently over the past decade at a CAGR of 9% and is currently pegged at ₹ 2074 Billions. The growth is expected to continue with the apparel market projected to be worth ₹ 3218 Billions in 2017. Within this; the innerwear market is currently valued in excess of ₹ 160 billions.

The women's innerwear market that has historically been smaller in size compared to the men's segment is expected to grow at a faster pace of between 12-13% CAGR.

The innerwear industry in India is divided into various segments i.e. Economy, Mid Premium, Premium and Super-premium. In value terms, the innerwear industry is dominated by the economy segment, consisting of products that are priced below ₹ 100. Your Company is present in both the viable segments i.e. the Premium segment and the Mid-priced segment.

B) Growth Drivers

India holds immense growth potential for the lingerie industry, which is evident from the entry of large international brands in the Indian Market in the last few years. A key factor characterizing the Indian lingerie market is the increasing size of the organized market and the declining share of the unorganized market resulting in growing independent brands taking charge of the market. In addition, growing income levels of Indians and their changing lifestyles has rechristened lingerie from just undergarments to a fashion clothing item, at least in the urban centers.

The main growth drivers of demand for the innerwear industry are:

- Increasing income levels and high spending power;
- Preference for recognizable brands;
- Growing urbanization;
- Changing Fashion Trends;
- Growth in penetration of organized retail;
- Increasing penetration of electronic media leading to greater branded products.

The market has been growing faster than the overall clothing market, driven by premiumisation. With discretionary consumer spend in India continuing to grow, these trends should persist, aided by rising urbanization and growth in consumer incomes.

2) OPPORTUNITIES AND THREATS

Opportunities:

The entry of multinational brands, while increasing competition, will also help drive innerwear industry

growth as consumers get increasingly aware and brand conscious. Many of these brands are in the premium & super premium category and the emergence of higher price points at retail destinations will create opportunity for brands with value proposition i.e. fashion with quality at reasonable prices. Your Company with its strong brands straddling each key segment is well positioned to gain from this trend.

Also, the premium innerwear industry is expected to grow at high rate due to the following factors.

- a) Increased urbanization
- b) Higher Disposable Income
- c) Change in Consumer behavior particularly in our target 15-34 age group
- d) Larger marketing spend by Companies creating general awareness for the category
- e) Increased brand awareness by consumers
- f) Shift from unorganized to organized sector
- g) Rapid expansion of modern retail format

Threats:

All the major international innerwear Brands have commenced operations in India realizing that Indian Market is likely to emerge as one of the largest market in the World in the next few decades.

The textile industry has to bear with the fluctuation in raw material prices as there is a time lag between procurement of raw materials and introducing the finished products in the market, competition from other manufacturers, low degree of brand loyalty, etc.

3) ABOUT OUR BRANDS

Your Company owns a bouquet of leading knitted innerwear brands in India with flagship brands in India such as “Lovable”, “Daisy Dee”, and “College Style”. The Company has a wide array of products (managing over 2,700 stock keeping units “SKUs”) catering to the innerwear and casual wear markets. Your Company caters to all price and usage segments.

4) FUTURE OUTLOOK

In anticipation of growing demand, the Company has substantially expanded its installed production capacity. And with the ongoing addition of new buildings, infrastructure and facilities, the installed capacity is scalable and can be ramped up with incremental machinery to meet the expected healthy growth in demand.

Your Company has achieved a significant growth and has been constantly following emerging market trends and has accordingly from time to time revamped its marketing strategies and product portfolios. The Company is trying to come up with some new products and ranges of inner and casual wears according to changing consumer needs and demand and is on the path to becoming a lifestyle solution for discerning customers with our vision pursuant to the launch of outer fashion wear.

5) SEGMENT WISE PERFORMANCE

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

6) RISKS AND CONCERNS

The areas of risk and concern are:

1. Increase in labour costs
2. Increase in input cost.
3. Instability in Financial Markets
4. Changing Fashion Trends, etc.

However, we are confident that increase in input cost can be passed on to the consumers. We are also taking steps to monitor and improve labour productivity which will mitigate the impact of increase in labour cost to some extent. Moreover there has been softening trend in the price of input material especially cotton.

The biggest risk in recent times has been the impact of macro events on consumer sentiments like new or changing fashion trends in times of financial crisis, impact on the consumer confidence and has a protected impact on discretionary spending.

7) INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company's has internal control systems, which has been constantly upgraded to meet the complexity of its operation. It is also commensurate with the size of the Company and nature of its business, with well documented policies and procedures ensuring that all assets are safeguarded. Constant appraisals are carried out, to ensure that they are protected against loss from unauthorized use or disposition, reducing wastage and maintenance of proper accounting records for ensuring and reliability of its financial information.

Apart from this, the Company has an internal audit which is carried out by a large external firm and reports to the Audit Committee. The internal auditor reviews the internal procedure and reports on the controls adequacies to the Audit Committee which meets periodically to review the financial performance and the accuracy of financial records and also the internal audit.

Internal audit program covers all areas of activities and periodical reports are submitted to the Management. Audit Committee reviews all financial statements and ensures adequacy of internal control systems. The Company has a well-defined organization structure, authority levels and internal rules and guidelines for conducting business transactions.

8) FINANCIAL PERFORMANCE AND ANALYSIS

For the financial year ended March 31, 2013, the Sales of your Company were ₹ 15108.64 Lacs as compared to ₹ 13299.39 Lacs in the previous year, a growth of 13.6%.

The EBIDTA was ₹ 2772.18 Lacs as compared to ₹ 2948.22 Lacs in the previous year whereas the Profit after Tax (PAT) was ₹ 1889 Lacs as compared to Rs. 2165 Lacs in the previous year. Out of the amount available for appropriation, your Directors recommend a dividend of 20 % aggregating to ₹ 336 Lacs (Previous Year: ₹ 336 Lacs) on equity shares of face value of Rs.10/- per share. Your Company Reserves & Surplus has also been grown by 10.5% from ₹ 1421 Lacs in FY 2012 to ₹ 1571 Lacs in FY 2013.

Your Company continues its task to build business with long term goals based on intrinsic strength in terms of its powerful brands, experienced management team, stringent quality assurance system, extensive distribution network and customer relationship.

9) HUMAN RESOURCES

The Company recognizes the need to have optimum level of human resources and orientation towards team efforts for sustained growth and performance. Your Company believes that people constitute the strength of an organization and has established systems that reduces hierarchy and fosters performance, transparency, fairness and empowerment at all levels. As on 31st March 2013, the employee strength of your Company stood at 1,461.

The relations with Company's work force continue to be very cordial and their unstinted co-operation has enabled the unit to achieve continuous growth, both quantitatively and qualitatively. The Commitment of the workforce is one of the strong pillars for the sustenance of growth in the years ahead. Your Company continued to maintain excellent industrial relations with all its employees and independent job work firms. Adequate safety and welfare measures are in place and your Company will continue to improve the same on ongoing basis.

10) ENVIRONMENT AND SAFETY

Your Company is conscious of the importance of environmentally clean and safe operations. Your Company's policy require the conduct in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

CAUTIONARY STATEMENT:

The Management Discussions and Analysis Statement made above are on the basis of available data as well as certain assumptions. The Management cannot guarantee the accuracy of the assumptions and projected performance of the Company in future.

Statement in this "Management Discussion and Analysis" detailing the Company's objectives, estimates, expectations or predictions may be considered as 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include demand-supply condition, cost of inputs, finished goods prices, changes in government regulations, tax regimes, WTO, natural calamities, etc.

The Company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

CORPORATE GOVERNANCE REPORT

The Report on Corporate Governance, for the Financial Year April 1, 2012 to March 31, 2013 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 on Corporate Governance to create value for shareholders now and in future. The Company's philosophy on Corporate Governance is to observe the highest level of ethics in all its dealings, to ensure efficient conduct of the Company and help the Company achieve its goal in maximizing value for all its stakeholders.

The Company has adopted the Lovable Code of Conduct for its Directors and Senior Managerial Personnel (comprising all members of core management team one level below the executive Directors and all the functional heads).

The Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreements entered with the Stock Exchanges.

2. Board of Directors

Composition:

The composition of the Board as on 31st March, 2013 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 chairman 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, 2013 was as under:

Table 1: Composition of Board of Directors

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	1	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, 2013

Table 2 gives the Directors' attendance at Board Meetings and the Annual General Meeting (AGM) during the financial year ended 31st March, 2013.

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	3	Yes
Mr. Sivabalan Paul Pandian	4	4	Yes
Mr. Gopal G. Sehjpal	4	2	Yes
Mr. Dhanpat M. Kothari	4	4	Yes
Mr. Anantharaman Mahadevan	4	4	Yes
Mr. V. T. Bharadwaj	4	4	No

Number of board meetings

The Board met 4 (Four) times on the following dates during the financial year 2012-2013:

May 14th, 2012; August 10th, 2012; 9th November, 2012; 12th February, 2013. 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 themselves 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 31st March 2013, the Committee comprised of three non-executive Directors and one Executive director: Mr. Sivabalan Paul Pandian, Mr. Gopal G. Sehjpal, 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 *Ms. Darsha Sanghvi, Company Secretary is the Secretary to the Committee.

*(Note: Ms. Darsha Sanghvi was appointed as the Company Secretary of the Company w.e.f. May 16, 2013 by the Board of Directors in their meeting held on May 28, 2013.)

Meetings held:

During the financial year ended 31 March, 2013 the Audit Committee met Four times on 14th May, 2012, 10th August, 2012, 9th November, 2012 & 12th February, 2013 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, 2013

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. Sehjpal	Independent Director	Member	4	2

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 four times during the financial year on 14th May, 2012, 10th August, 2012, 9th November, 2012 and 12th February, 2013.

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. Sehgal	Independent Director	Chairman	4	2
L Vinay Reddy	Executive Director	Member	4	4
Sivabalan Paul Pandian	Independent Director	Member	4	4

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, 2013 and reported under Clause 41 of the Listing Agreement are as under:

Complaints as on April 1, 2012: Nil

Received during the year: 30

Resolved during the year: 30

Pending as on March 31, 2013: Nil

Name, Designation and Address of Compliance Officer:

Ms. Darsha Sanghvi, Company Secretary

Lovable Lingerie Limited

A-46, Road No. 2, MIDC,

Andheri (East), Mumbai-400093.

Contact Number: 022-2838 3581

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 2012-2013, 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. Sehgal	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 2012-2013.

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, 2013

(In ₹)

Name of the Director	Salary	Bonus and Performance incentives	Retirement Benefits (contribution towards PF)	Commission	Sitting Fee	Total
Mr. L Vinay Reddy	2415000	289800	165600	-	-	2870400
Mr. L Jaipal Reddy	1500000	-	-	-	-	1500000
Mr. G. Ashok Reddy	2863149	-	173136	-	-	3036285
Mr. Sivabalan Paul Pandian	-	-	-	-	66000	66000
Mr. Gopal G. Sehgal	-	-	-	-	33000	33000
Mr. Dhanpat M. Kothari	-	-	-	-	56000	56000
Mr. Anantharaman Mahadevan	-	-	-	-	27000	27000
Mr. V.T. Bharadwaj	-	-	-	-	36000	36000
Total	6778149	289800	338736	-	218000	7624685

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
2009-10	Monday, 20 th 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, 25 th 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.
2011-12	Wednesday, 12 th September, 2012	11.00 A.M.	A-52, All India Plastic Manufactures Asso., Road No. 1, MIDC, Andheri (East), Mumbai-400093	No Special Resolution Passed

Extra-Ordinary General Meeting held:

Financial Year	Day & Date	Time	Location	Special Resolutions Passed
2009-10	Thursday, 8 th July, 2010	11.00 A.M.	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 2012-2013, the Company's 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 2012-13 are specified herein below.

Particulars	Object as per Prospectus	Actual Utilization as on 31.03.2013
Amount received from Pre-IPO	2000.00	
Amount received from IPO	9327.50	
Utilisation of funds upto March 31, 2013		
Setting up manufacturing facility to create additional capacity as Bengaluru	2284.93	1,880.46
Expenses to be incurred for Brand Building	1800.00	1,398.67
Brand Development Expenses	600.00	382.49
Investment in Joint Venture	2500.00	0.00
Setting up of Exclusive Brand Outlets ("EBO's")	1412.18	663.44
Setting up of Retail Store Modules for "Shop-in-Shop"	361.00	342.84
Upgradation of Design Studios	759.52	271.34
General Corporate Purpose	2396.16	0.00
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) and the Chief Financial Officer (CFO) 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, 2013.

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 practising 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, 2013.

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	: on Monday 29 th July, 2013 at 11.00 A.M.
Venue	: AIPMA Auditorium, A-52, Road No. 1, MIDC, Andheri (East), Mumbai - 400093.

b.) Financial Calendar : 1st April, 2012 to 31st March, 2013

c.) Book Closure Date : 25th July, 2013 to 29th July, 2013
(both days inclusive for the purpose of AGM and Dividend)

d.) Dividend payment date : on or after 29th July, 2013

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 2013-14.

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
2012						
April	386.30	348.00	22,09,082	386.45	347.15	57,24,688
May	405.00	305.80	36,77,027	403.95	305.00	83,87,495
June	343.70	316.00	20,89,326	343.50	315.95	49,76,041
July	364.00	306.95	20,86,238	363.70	305.00	43,38,252
August	355.50	315.00	13,23,098	355.50	314.45	32,27,005
September	347.40	319.20	12,07,929	346.00	319.70	27,27,261
October	398.70	329.00	46,15,475	398.90	329.00	1,17,91,774
November	387.90	346.10	19,04,260	387.80	346.40	38,07,095
December	403.80	292.00	17,54,213	404.00	351.00	45,03,736
2013						
January	380.85	323.15	7,86,677	380.80	323.60	20,34,117
February	333.30	220.20	11,31,590	333.50	222.00	29,01,744
March	285.50	226.15	10,04,425	285.70	225.75	26,69,082

(data source: www.bseindia.com & www.nseindia.com)

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 as on 31st March, 2013.

No. of Shares	No. of Shareholders	% of Shareholders	Share Amount (in ₹)	% of Total
1 - 5000	15949	96.4560	10566630.00	6.2897
5001 - 10000	333	2.0139	2569610.00	1.5295
10001 - 20000	122	0.7378	1759160.00	1.0471
20001 - 30000	38	0.2298	909490.00	0.5414
30001 - 40000	21	0.1270	762880.00	0.4541
40001 - 50000	18	0.1089	839580.00	0.4998
50001 - 100000	21	0.1270	1474470.00	0.8777
100001 & above	33	0.1996	149118180.00	88.7608
Total	16535	100.0000	168000000.00	100.0000

I.) Shareholding Pattern as on 31st March, 2013.

Category	Number of Share holders	Number of Shares Held	% of Total
1. Indian Promoters and Person Acting in Concert	7	11294826	67.2311
Sub-Total (A)	7	11294826	67.2311
2.1 Mutual Funds & UTI	4	636676	3.7897
2.2 Foreign Company	1	1000000	5.9524
2.3 FIs/ Banks & FIs	14	1711866	10.1897
Sub-Total(B)	19	3348542	19.9318
3.1 Bodies Corporate	405	331297	1.9720
3.2 Indian Public	15663	1630807	9.7072
3.3 NRIs/ OCBs	249	84475	0.5028
3.4 Clearing Members	191	110053	0.6551
Sub-Total(C)	16508	2156632	12.8371
Grand Total(A+B+C)	16534	16800000	100



m.) Dematerialization of shares and liquidity:

In keeping with the requirements of the SEBI and Bombay Stock Exchange Ltd., a secretarial audit by a practising 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.

	Number of Shares	% of Total issued capital
Holding in Dematerialized Form (NSDL)	16131623	96.02
Holding in Dematerialized Form (CDSL)	668265	3.97
Holding in Physical Form	112	0.01
Total	16800000	100

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. (Daisy Dee factory)
3	Plot No. 9 & 10, Manipal County Cross, Singsandra, Hosur Road, Bengaluru - 560 068

q.) Investor Correspondence:

Shareholders Correspondence 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 any 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/update 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, 2013:

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, 2013.

For Lovable Lingerie Limited

Mumbai
Date: May 28, 2013

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 2012-13 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 Company'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 Company during the year 2012-13 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, 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 2012-13;
- Significant changes, if any, in accounting policies during the year 2012-13 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 Company's internal control system over the financial reporting.

Mumbai Date: May 28, 2013	Sd/- L. Vinay Reddy (Chairman and Managing Director)	Sd/- R. Govindarajan (Chief Financial Officer)
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AUDITORS CERTIFICATE

To,
**The Members,
Lovable Lingerie Ltd.**

We have examined the compliance of conditions of Corporate Governance by Lovable Lingerie Ltd. ("the Company") for the year ended 31st March, 2013, 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 the 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 give 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 ability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Vinod Kumar Jain & Co.**
Chartered Accountants,

Place: Mumbai
Dated: 28 MAY 2013

Vinod Kumar Jain
Proprietor (M.No. 36373)

REPORT OF INDEPENDENT AUDITORS TO THE MEMBERS OF LOVABLE LINGERIE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Lovable Lingerie Limited ('the Company') which comprise the balance sheet as at 31st March 2013, the Statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

Our Responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on other Legal & Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As Required by section 227(3) of The Companies Act, 1956, We report 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 accounts as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet and the Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - d) In our opinion, the Balance Sheet, the Statement of Profit & Loss and Cash flow statement comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956; and
 - e) on the basis of written representations received from the directors as on 31st March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **Vinod Kumar Jain & Co**
Chartered Accountants
FRN 111513W

Vinod Kumar Jain
Proprietor. M No. 36373

PLACE: MUMBAI
DATED: 28 MAY 2013

ANNEXURE OF AUDITOR'S REPORT

Annexure referred to in our report to the members of **LOVABLE LINGERIE LIMITED** on the accounts for the year ended 31st March, 2013. We report that:

- (i) In respect of its fixed assets
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
 - b. The Fixed assets were been physically verified by the management during the year and in our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c. During the year, the Company has not disposed off any of its fixed assets, as such question of affecting it as going concern does not arise.
- (ii) In respect of its inventory
 - a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. In our opinion and according to information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. In our opinion and according to information and explanation given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the operations of the Company and have been properly dealt with in the books of accounts.
- (iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under section 301 of the Companies Act, 1956, according to the information and explanation given to us:

The company has not granted any such loans accordingly;
 sub-clause **a.** relating to number of parties and amount involved;
 sub-clause **b.** relating to rate of interest and term and conditions thereto;
 sub-clause **c.** relating to payment of principal and interest; and
 sub-clause **d.** relating to steps of recovery/repayment taken, **are not applicable.**

In respect of loans, secured or unsecured, taken by the Company from Companies, firms or other parties covered in the Register under section 301 of the Companies Act, 1956, according to the information and explanation given to us;

The company has not taken any such loans accordingly;
 sub-clause **e.** relating to number of parties and amount involved;
 sub-clause **f.** relating to rate of interest and term and conditions thereto; and
 sub-clause **g.** relating to payment of principal and interest, **are not applicable.**
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

- (v) In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- The particulars of contracts or arrangements referred to in section 301 that needed to be entered in the register maintained under the said section have been so entered.
 - Having regard to the explanations that some of items purchased, sold or services availed are of special nature for which comparable alternative price are not available, the transactions made in pursuance of contracts or arrangements exceeding value of Rs. 5 Lakhs in respect of each party during the year have been made at prices which appears reasonable as per the information available with the Company.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted deposit within the meaning of the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. According to the information and explanations given to us no order has been passed by the Company Law Board, or National Company Law Tribunal or Reserve bank of India or any court or any other tribunal.
- (vii) In our opinion, the Company has internal audit system commensurate with the size and nature of its business
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by 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 made and maintained. We have not, however, made a detailed examination of the same with a view to determining whether they are accurate.
- (ix) According to information and explanations given to us and records produced in respect of statutory dues:
- The Company has generally been regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor education and protection fund, Employees state insurance, income-tax, sales tax, Wealth tax, custom duty, excise duty, service tax, cess and other material statutory dues applicable to it.
 - There were no undisputed amounts payable in respect of sales tax, income tax, customs duty, wealth tax, service tax and other material statutory dues applicable to the Company that were in arrears as at March 31st 2013 for a period of more than six months from the date they became payable.
 - There are no dues in respect of sales tax, income tax, customs duty, wealth tax, service tax, excise duty, cess and other material statutory dues that have not been deposited on account of any dispute *excepting those mentioned hereunder*:

Forum where the dispute is pending	Name of Statute	Amount in ₹	FY to which the amounts relate to
Commissioner of Customs Bengaluru	Customs Act	19,42,798/- *	2010-11
Commissioner of Income Tax Appeals	Income Tax	9,54,730/- 39,44,380/-	2009-10 2010-11

* The amount indicated is after reducing of Rs. 27,77,000/- which has been paid under protest.

- (x) The Company does not have any accumulated losses at the end of the financial year and it has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institution or debenture holders.
- (xii) According to information and explanations given to us and based on documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a *nidhi* mutual benefit fund/society. Therefore, the provisions of clauses 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the Company.
- (xv) In our opinion and according to information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly the provisions of clause 4 (xv) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the Company.
- (xvi) In our opinion and according to information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.
- (xvii) In our opinion and according to information and explanations given to us, and on an overall examination of the balance sheet of the Company, *we report that part of the working capital funds were temporarily utilized for acquiring fixed assets.*
- (xviii) In our opinion and according to information and explanations given to us, the Company has not made preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) In our opinion and according to information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures.
- (xx) 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 on financial statement of Schedule No. 24 to the financial statements and the same has been verified by us.
- (xxi) To the best of our knowledge and according to information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **VINOD KUMAR JAIN & CO.**
Chartered Accountants,
FRN 111513W

Place : Mumbai
Date: **28 MAY 2013**

Vinod Kumar Jain
Proprietor M. No. 36373

Balance Sheet as at 31 March, 2013

Balance Sheet as at 31 March, 2013		(In ₹)	
Particulars	Note No.	As at 31 March, 2013	As at 31 March, 2012
A EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	168,000,000	168,000,000
(b) Reserves and Surplus	3	<u>1,571,536,540</u>	<u>1,421,735,263</u>
		<u>1,739,536,540</u>	<u>1,589,735,263</u>
2 Non-Current Liabilities			
(a) Long-term borrowings	4	94,090,278	2,203,702
(b) Deferred tax liabilities (net)	24.06	19,261,393	10,451,438
(c) Long-term provisions	5	<u>13,528,663</u>	<u>10,991,607</u>
		<u>126,880,334</u>	<u>23,646,747</u>
3 Current Liabilities			
(a) Short-term borrowings	6	-	32,233,061
(b) Trade payables		102,096,758	101,332,258
(c) Other current liabilities	7	93,001,959	54,498,638
(d) Short-term provisions	8	<u>51,092,515</u>	<u>51,657,376</u>
		<u>246,191,232</u>	<u>239,721,332</u>
TOTAL		<u>2,112,608,106</u>	<u>1,853,103,343</u>
B ASSETS			
1 Non-Current Assets			
(a) Fixed assets			
(i) Tangible assets	9A	287,565,857	167,336,885
(ii) Intangible assets	9B	120,532,916	67,095,378
(iii) Capital work-in-progress	9C	-	37,846,849
		<u>408,098,773</u>	<u>272,279,112</u>
(b) Non-current investments	10	798,183,140	961,222,990
(c) Long-term loans and advances	11	26,384,230	51,916,842
(d) Other non-current assets	12	<u>2,828,625</u>	<u>2,551,625</u>
		<u>827,395,995</u>	<u>1,015,691,457</u>
2 Current Assets			
(a) Inventories	13	430,914,895	336,129,953
(b) Trade receivables	14	173,637,564	154,672,523
(c) Cash and cash equivalents	15	31,406,021	32,671,502
(d) Short-term loans and advances	16	9,440,465	40,135,637
(e) Other current assets			
(i) Maturity value receivable on Mutual Fund Investments		231,609,061	-
(ii) Others	17	<u>105,331</u>	<u>1,523,157</u>
		<u>877,113,338</u>	<u>565,132,773</u>
TOTAL		<u>2,112,608,106</u>	<u>1,853,103,342</u>

**Significant Accounting Policies and Notes on
Financial Statements 1 to 24**

As per our report of even date

For Vinod Kumar Jain & Co.

Chartered Accountants

Registration No: FRN 111513W

Vinod Kumar Jain

Proprietor

M. No. 36373

Mumbai, Date: 28th May, 2013

For Lovable Lingerie Limited

Chairman & Managing Director

Mr. L. Vinay Reddy

Mr. G. Ashok Reddy

Mr. L. Jaipal Reddy

Mr. Dhanpat Kothari

Mr. Gopal Sehgal

Mr. Sivabalan Paul Pandian

Mr. Anantharaman Mahadevan

Mr. V. T. Bharadwaj

Ms. Darsha Sanghvi

Executive Director

Non-Executive Director

Nominee Director

Company Secretary

Statement of Profit and Loss for the year ended 31 March, 2013 (In ₹)

Particulars	Note No.	For the year ended 31 March, 2013	For the year ended 31 March, 2012
A CONTINUING OPERATIONS			
1 Revenue from operations (gross)	18	1,579,758,628	1,409,532,559
Less: Excise duty	18	(68,894,807)	(79,593,449)
Revenue from operations (net)		1,510,863,821	1,329,939,110
2 Other income	19	44,517,386	64,580,658
3 Total revenue (1+2)		1,555,381,208	1,394,519,768
4 Expenses			
(a) Cost of materials consumed	20a	390,569,304	397,820,937
(b) Purchases of stock-in-trade	20b	281,296,215	211,277,578
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20c	(75,554,447)	(80,880,183)
(d) Employee benefits expense	21	174,846,206	154,920,789
(e) Finance costs	22	3,917,606	3,248,491
(f) Depreciation and amortisation expense	9A	18,509,993	15,034,443
(g) Other expenses	23	507,006,785	415,982,667
Total expenses		1,300,591,663	1,117,404,722
5 Profit before tax		254,789,545	277,115,047
6 Tax expense:			
(a) Current tax expense for current year		57,000,000	59,773,255
(b) Provision of Income Tax for earlier years		127,554	(392,370)
(c) Deferred tax		8,809,954	1,214,292
7 Profit from continuing operations		188,852,037	216,519,869
8 Profit for the year		188,852,037	216,519,869
9.i Earnings per share (of ₹ 10/- each):			
(a) Basic			
(i) Continuing operations	24.8	11.24	12.89
(ii) Total operations	24.8	11.24	12.89
(b) Diluted			
(i) Continuing operations	24.8	11.24	12.89
(ii) Total operations	24.8	11.24	12.89
9.ii Earnings per share (excluding extraordinary items) (of ₹ 10/- each):			
(a) Basic			
(i) Continuing operations	24.8	11.24	12.89
(ii) Total operations	24.8	11.24	12.89
(b) Diluted			
(i) Continuing operations	24.8	11.24	12.89
(ii) Total operations	24.8	11.24	12.89

**Significant Accounting Policies and Notes on
Financial Statements 1 to 24**

As per our report of even date

For Vinod Kumar Jain & Co.

Chartered Accountants

Registration No: FRN 111513W

Vinod Kumar Jain

Proprietor

M. No. 36373

Mumbai, Date: 28th May, 2013

Mr. L. Vinay Reddy

Mr. G. Ashok Reddy

Mr. L. Jaipal Reddy

Mr. Dhanpat Kothari

Mr. Gopal Sehgal

Mr. Sivabalan Paul Pandian

Mr. Anantharaman Mahadevan

Mr. V. T. Bharadwaj

Ms. Darsha Sanghvi

For Lovable Lingerie Limited

Chairman & Managing Director

Executive Director

Non-Executive Director

Nominee Director

Company Secretary

Cash Flow Statement for the year ended 31 March, 2013		(In ₹)
Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	254,789,545	277,115,047
<i>Adjustments for:</i>		
Depreciation and amortisation	18,509,993	15,034,443
(Profit) / loss on sale / write off of assets	-	(17,126)
Finance costs	3,917,606	5,921,342
Interest income	-	(4,561,597)
Dividend income	(11,540)	(13,191,640)
Net (gain) / loss on sale of investments	(43,933,192)	(49,449,787)
Net unrealised exchange (gain) / loss	-	-
	<u>(21,517,133)</u>	<u>(46,264,364)</u>
Operating profit / (loss) before working capital changes	233,272,412	230,850,683
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	(94,784,942)	(112,543,426)
Trade receivables	(18,965,041)	(43,088,779)
Short-term loans and advances	695,172	3,277,983
Long-term loans and advances	25,532,612	(18,516,467)
Other current assets	1,417,826	(1,233,081)
Other non-current assets	(277,000)	(2,252,220)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	764,501	12,261,363
Other current liabilities	38,503,321	23,755,425
Other long-term liabilities	-	-
Short-term provisions	(3,314,832)	2,791,349
Long-term provisions	<u>2,537,057</u>	<u>3,204,945</u>
	<u>(47,891,326)</u>	<u>(132,342,907)</u>
	185,381,086	98,507,775
Cash flow from extraordinary items	-	-
Cash generated from operations	185,381,086	98,507,775
Net income tax paid	(54,377,583)	(56,925,139)
Net cash flow from / (used in) operating activities (A)	131,003,503	41,582,636
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(154,329,655)	(158,130,603)
Proceeds from sale of fixed assets	-	210,000
Inter-corporate deposits (net)	30,000,000	(30,000,000)
Bank balances not considered as Cash and cash equivalents		
- Placed	1,368,000	(2,794,000)
Current investments not considered as Cash and cash equivalents		
- Purchased	(277,507,440)	(1,575,151,039)
- Proceeds from sale	252,871,422	1,593,947,839
Interest received		
- Others	-	4,561,597
Dividend received		
- Others	<u>11,540</u>	<u>13,191,640</u>
Cash flow from extraordinary items	<u>(147,586,133)</u>	<u>(154,164,566)</u>
Net cash flow from / (used in) investing activities (B)	(147,586,133)	(154,164,566)

Cash Flow Statement for the year ended 31 March, 2013		(In ₹)
Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
C. Cash flow from financing activities		
Proceeds from issue of equity shares	-	-
Proceeds from long-term borrowings	91,886,576	2,203,702
Net increase / (decrease) in working capital borrowings	(32,233,061)	32,233,061
Proceeds from other short-term borrowings	-	-
Finance cost	(3,917,606)	(5,921,342)
Dividends paid	(33,600,000)	(25,200,000)
Tax on dividend	(5,450,760)	(4,185,405)
Cash flow from extraordinary items	<u>16,685,149</u>	<u>(869,984)</u>
Net cash flow from / (used in) financing activities (C)	<u>16,685,149</u>	<u>(869,984)</u>
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	102,519	(113,451,914)
Cash and cash equivalents at the beginning of the year	<u>28,527,502</u>	<u>141,979,416</u>
Cash and cash equivalents at the end of the year	<u>28,630,021</u>	<u>28,527,502</u>
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 19)	31,406,021	32,671,502
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 <i>Cash Flow Statements</i>) included in Note 19	<u>31,406,021</u>	<u>32,671,502</u>
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)	<u>2,776,000</u>	<u>4,144,000</u>
Cash and cash equivalents at the end of the year *	<u>28,630,021</u>	<u>28,527,502</u>
* Comprises:		
(a) Cash on hand	2,811,067	4,406,830
(c) Balances with banks		
(i) In current accounts	25,748,722	24,095,835
(ii) Unpaid Dividend Account	<u>70,232</u>	<u>24,837</u>
	<u>28,630,021</u>	<u>28,527,502</u>
See accompanying notes forming part of the financial statements		

As per our report of even date
For Vinod Kumar Jain & Co.
Chartered Accountants
Registration No: FRN 111513W
Vinod Kumar Jain
Proprietor
M. No. 36373
Mumbai, Date: 28th May, 2013

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 Sehgal	
Mr. Sivabalan Paul Pandian	
Mr. Anantharaman Mahadevan	
Mr. V. T. Bharadwaj	Nominee Director
Ms. Darsha Sanghvi	Company Secretary

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2013

Corporate Information

Lovable Lingerie Limited (the Company) is a Limited Company domiciled in India and incorporated under the Provisions of the Companies Act, 1956. The Company is engaged in the business of manufacturing hosiery/garment products. The shares of the Company are listed in BSE and NSE.

1. SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of Preparation:

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respect with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparations of the financial statements are consistent with those of previous year unless otherwise stated.

b) Use of Estimates:

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

c) Fixed Assets

Tangible fixed assets are stated at cost of acquisition less accumulated depreciation. The cost comprises purchase price, including financing cost and directly attributable cost of bringing the asset to its working condition for the intended use.

Intangible fixed assets acquired separately are measured on initial recognition at cost. They are stated at cost of acquisition less amortisation depreciation.

Gains or Losses arising from derecognition of a Tangible or intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

d) Depreciation and Amortisation

The depreciation on Tangible Assets is calculated on the basis of straight line method in accordance with the provisions of Schedule XIV of the Companies Act, 1956.

Depreciation on fixed assets added / disposed off during the year has been provided on prorata basis with reference to date of addition / discarding.

Amortisation rate on Intangible Asset are as under:

“Software” is amortised @ 16.21% per annum on the basis of straight line method. It has been provided on pro rata basis for the period of use. (It is equivalent to depreciation rate as prescribed for Computers under Schedule XIV of the Companies Act, 1956)

Brand “College Style” is amortised @ 10% per annum on straight line method. Amortisation is not provided on “Technical Know How” acquired during the year, in view of the facts that there is no impairment of such asstes.

e) Borrowing Costs

Borrowing costs attributable to acquisition and construction of qualifying assets are capitalised as a part of the cost of such assets up to the date when such asset is ready for its intended use.

Other borrowing costs are charges to the statement of Profit and Loss.

f) Impairment of Assets

At each Balance Sheet date the Company assesses whether there is any indication that the Fixed Assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of individual asset, the company estimate the recoverable amount of the cash generating unit to

which the asset belong.

As per the assessment conducted by the company as at March 31st 2013 there were no indications that the fixed assets have suffered an impairment loss.

g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as Current Investments. All other investments are classified as Long Term investment.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges.

Current investments are carried in the financial statements 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 recognize a decline other than temporary in the value of investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

h) 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.

i) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognitions criteria must also be met before revenue is recognized:

Sale of Goods

Revenue from Sale of Goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of Goods. The company collects Value added taxed (VAT) and sales taxes on behalf of the Government and, therefore, these are not economic benefits flowing to the company. Hence they are excluded from the revenue.

Income from Services

Income from services is recognized as they are rendered, based on agreement / arrangement with the concerned parties.

Interest

Interest income is recognized on a time proportionate basis taking in to account the amount outstanding and the applicable interest rate.

Dividend

Dividend income is recognized when the company's right to receive Dividend is established by the reporting date.

j) Design & development cost

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

k) Foreign Currency Transactions

Foreign currency transactions are recorded in reporting currency by applying the rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency at the reporting date are translated at the year-end rates. Non monetary items are reported at the exchange rate on the date of transaction. Realized gains/(losses) on foreign currency transactions are recognized in the Profit & Loss

Account.

l) Retirement and other Employee 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.
- 3) The Company is required to pay Gratuity under The Payment of Gratuity Act, 1972. Accordingly provision for liability of gratuity is made at the end of the year as per As 15.
- 4) The company's liability towards leave entitlement benefits is accounted for on the basis of earned leave and provisions for the same is made at the end of the year.
- 5) The company makes regular monthly contribution to the provident fund and Employees State Insurance, which are in the nature of defined contribution scheme.

m) Income Taxes

Income tax expenses comprise current tax and deferred tax charged or credit.

Current tax is measured on the basis of estimated taxable income for the current accounting period in accordance with the provisions of the Income Tax Act, 1961.

Deferred Tax is recognized, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when assets is realized or liability is settled, based on taxed rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

Deferred Tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize such losses.

n) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.

A present obligation that arises from past events whether it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent Liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent liabilities are not recognized but are disclosed and contingent assets are neither recognized nor disclosed, in the financial statements.

o) Business Segments

More than 90% of Company operations are only in one segment i.e. Dealing in hosiery garment products. This in the context of Accounting Standard 17 of Segment Reporting as specified in the Companies (Accounting Standards) Rules 2006 are considered to constitute one single primary segment. Further, there is no reportable secondary segment i.e. geographical segment.

p) 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

Notes forming part of the financial statements

Note 2

Note 2.1 : Share Capital

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	₹	Number of shares	₹
(a) <u>Authorised</u> Equity shares of ₹ 10/- each with voting rights	18,000,000	180,000,000	18,000,000	180,000,000
(b) <u>Issued</u> Equity shares of ₹ 10/- each with voting rights	16,800,000	168,000,000	16,800,000	168,000,000
(c) <u>Subscribed and fully paid up</u> Equity shares of ₹ 10/- each with voting rights	16,800,000	168,000,000	16,800,000	168,000,000

Note 2.2 :

- (l) 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, 2013								
- Number of shares	16,800,000	-	-	-	-	-	-	16,800,000
- Amount (₹)	168,000,000	-	-	-	-	-	-	168,000,000
Year ended 31 March, 2012								
- Number of shares	16,800,000	-	-	-	-	-	-	16,800,000
- Amount (₹)	168,000,000	-	-	-	-	-	-	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, 2013		As at 31 March, 2012	
	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 Jaipal Reddy	3,915,000	23.30	3,915,000	23.30
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
Ironwood Investment Holdings	893,309	5.32	-	-

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

Particulars	Year (Aggregate No. of Shares)				
	2012-13	2011-12	2010-11	2009-10	2008-09
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, 2013	As at 31 March, 2012
(a) Securities Premium Account		
Opening Balance	1,001,683,036	1,001,683,036
Add: Premium on shares issued during the year	-	-
Less : Utilised during the year	-	-
Closing balance	1,001,683,036	1,001,683,036
(b) General Reserve		
Opening balance	18,500,000	1,000,000
Add: Transferred from surplus in Statement of Profit and Loss	14,170,000	17,500,000
Less: Utilised / transferred during the year for: Issuing bonus shares	-	-
Closing balance	32,670,000	18,500,000
(c) Surplus in Statement of Profit and Loss		
Opening balance	401,552,227	241,583,117
Add: Profit for the year	188,852,037	216,519,870
Less: Dividends proposed to be distributed to equity shareholders (₹ 2 per share)	33,600,000	33,600,000
Tax on dividend	5,450,760	5,450,760
Transferred to: General reserve	14,170,000	17,500,000
Closing balance	537,183,504	401,552,227
Total	1,571,536,540	1,421,735,263

Note 4.1 : Long Term Borrowings

(a) Term loans		
From banks		
Secured	94,090,278	2,203,702
Unsecured	-	-
Total	94,090,278	2,203,702

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:

(In ₹)

Particulars	Terms of repayment and security*	As at 31 March, 2013		As at 31 March, 2012	
		Secured	Unsecured	Secured	Unsecured
<u>Term loans from banks:</u> Bank of Baroda, Jayanagar Branch Bangalore	i) Repayable in 60 monthly instalments starting from Oct 2012 ii) Hypothecation of entire Machinery, Equipments, Electrical Installations, Furniture & Fixtures, Office Equipments and other movable assets.			2,203,702	
HDFC Bank Ltd. Mumbai.	i) Repayable in 5 years including Moratorium of 6 months starting from 01st April, 2014. ii) The loan is secured against Exclusive charge on all fixed assets located at Singsandra, Bangalore including Plant & Machinery and Land & Building iii) The company has pledged Mutual Funds of Rs. 22crores in bank favour. MF of Rs. 12 crores to be released post creation of above security. Remaining MF of Rs. 10 crores to be retained and to be released after one year with prior approval of Bank.	94,090,278	-		-
Total - Term loans from banks		94,090,278	-	2,203,702	-

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

<u>Term loans from banks:</u> HDFC Bank Ltd. Mumbai.	Shri L. Vinay Reddy, Managing Director Shri L. Jaipal Reddy, Director	94,090,278	-	2,203,702	-
		94,090,278	-	2,203,702	-

Note 5 : Long Term Provisions

(a) Provision for employee benefits:		
(i) Provision for compensated absences	4,902,531	3,814,474
(ii) Provision for gratuity (net) (Refer Note 24.09)	8,626,132	7,177,133
Total	13,528,663	10,991,607

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, 2013	As at 31 March, 2012
(a) Current maturities of long-term debt	5,534,722	244,856
(b) Interest accrued and due on borrowings	1,556,711	879,199
(c) Unpaid dividends [Per Contra]	70,232	24,837
(d) Statutory Liabilities	4,686,352	13,207,912
(e) Payables on purchase of fixed assets	28,882,323	7,303,909
(f) Trade /Security Deposits received	31,561,460	21,212,133
(g) Advances from customers	8,633,458	6,312,706
(h) Salaries Payable	9,370,440	3,761,982
(i) Others - Expenses payable	2,706,261	1,551,105
Total	93,001,959	54,498,638

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

(a) Term loans		
From banks		
Secured	5,534,722	244,856
Unsecured	-	-
Total	5,534,722	244,856

Note 8 : Short Term Provisions

(a) Provision for employee benefits		
(i) Provision for bonus	8,447,931	11,762,763
	8,447,931	11,762,763
(b) Provision - Others:		
(i) Provision for tax (net of advance tax & TDS Rs.)	3,593,824	843,853
(ii) Provision for proposed equity dividend	33,600,000	33,600,000
(iii) Provision for tax on proposed dividends	5,450,760	5,450,760
	42,644,584	39,894,613
Total	51,092,515	51,657,376

Note 9 : Fixed Assets

Amt in ₹

Particulars	Gross Block			Accumulated depreciation and impairment				Net Block	
	Balance as at 1 April, 2012	Additions	Disposals	Balance as at 31 March, 2013	Balance as at 1 April, 2012	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2013	Balance as at 31 March, 2012
8A Tangible assets									
(a) Land	53,086,955	18,326,816	-	71,413,771	-	-	-	71,413,771	53,086,955
(b) Factory Building	-	29,491,206	-	29,491,206	-	80,960	-	29,410,246	-
(b) Plant and Equipment	106,157,037	50,620,565	-	156,777,602	14,044,444	5,034,676	-	137,698,482	92,112,594
(c) Furniture and Fixtures	22,833,367	28,078,963	-	50,912,330	5,651,669	2,375,522	-	42,885,140	17,181,699
(d) Vehicles	3,068,176	1,148,371	-	4,216,547	1,397,846	355,653	-	2,463,049	1,670,331
(e) Office equipment	2,247,783	386,901	-	2,634,684	795,127	(21,207)	-	1,860,764	1,452,656
(f) Others - Computers	5,868,644	706,871	-	6,575,515	4,035,993	705,114	-	1,834,406	1,832,650
Total	193,261,963	128,759,692	-	322,021,655	25,925,078	8,530,719	-	287,565,857	167,336,885
8B Intangible assets									
a) Brands	116,989,877	-	-	116,989,877	49,894,499	9,737,500	-	57,357,878	67,095,378
b) Technical Know-how	-	30,000,000	-	30,000,000	-	-	-	30,000,000	-
c) Computer Software	-	33,416,812	-	33,416,812	-	241,774	-	33,175,038	-
Total	116,989,877	63,416,812	-	180,406,689	49,894,499	9,979,274	-	120,532,916	67,095,378
8C Capital Work In Progress	37,846,849	-	37,846,849	-	-	-	-	-	37,846,849
Grand Total	348,098,689	192,176,504	37,846,849	502,428,344	75,819,577	18,509,993	-	408,098,773	272,279,112
Previous year	190,580,318	158,130,603	612,232	348,098,689	61,204,490	15,034,443	419,356	272,279,112	-

Note 10 : Non-Current Investments (In ₹)

Particulars	As at 31 March, 2013			As at 31 March, 2012		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Other investments						
(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 Equity Shares						
200 Equity Shares of Corporation Bank Limited of Rs. 10/- each at Rs. 80/- per share fully paid up.	16,000		16,000	16,000		16,000
(c) Investment in Debentures						
ARGFL Secured Redeemable NCdebtenture	-	2,500,000	2,500,000	-	-	-
(d) Investment in Mutual Funds						
Axis Capital Protection Oriented Fund-2G	10,003,790		10,003,790	10,003,790		10,003,790
ICICI Prudential FMP Series 60	60,000,000		60,000,000	60,000,000		60,000,000
Kotak FMP Series 85 Growth	110,000,000		110,000,000	110,000,000		110,000,000
Birla FMP Series -CX-Growth	-		-	100,111,140		100,111,140
Birla Sun Life FTP Series FC Growth	110,080,000		110,080,000	110,080,000		110,080,000
Birla SunLife Cash Plus-Daily Div.Reinv.	-		-	134,900		134,900
Birla Sunlife Dynamic Bond Fund	30,000,000		30,000,000	-		-
Birla Sunlife Fixed Term Plan-Series FD	100,000,000		100,000,000	-		-
DspBlack Rock FMP-series44-12months	110,000,000		110,000,000	-		-
ICICI Flexible Income Regular Growth	35,000,000		35,000,000	-		-
ICICI Pru FMP-54-1 Yr:Plan B	-		-	130,126,810		130,126,810
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
Kotak FMP 64	30,539,850		30,539,850	30,539,850		30,539,850
Kotak FMP 65	100,000,000		100,000,000	100,000,000		100,000,000
Kotak FMP Series 84 - Growth	100,000,000		100,000,000	100,000,000		100,000,000
Aggregate value of investments	795,639,640	2,543,500	798,183,140	961,179,490	43,500	961,222,990
Aggregate market value of listed and quoted investments	879,612,856	-	879,612,856	980,888,103	-	980,888,103

Note 11 : Long Term Loans and Advances

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Capital Advances		
Secured, considered good	-	-
Unsecured, considered good	13,842,023	34,223,087
Doubtful	-	-
	13,842,023	34,223,087
Less: Provision for doubtful advances	-	-
	13,842,023	34,223,087
(b) Security Deposits		
Secured, considered good	-	-
Unsecured, considered good	12,542,207	17,693,755
Doubtful	-	-
	12,542,207	17,693,755
Less: Provision for doubtful deposits	-	-
	12,542,207	17,693,755
Total	26,384,230	51,916,842

Note 12 : Other Non-Current Assets

(a) Others		
(i) Deposit with customs	2,777,000	2,500,000
(ii) Advance for Expenses	-	-
(iii) Rent advance	46,620	46,620
(b) Employee Gratuity Trust	5,005	5,005
(c) Un-amortised expenses	0	-
Total	2,828,625	2,551,625

Note 13 : Inventories

(At lower of cost and net realisable value)

(a) Raw Materials	83,108,819	77,541,637
Goods-in-transit	-	-
	83,108,819	77,541,637
(b) Work-In-Progress	142,004,830	99,851,236
Goods-in-transit	-	-
	142,004,830	99,851,236
(c) Finished Goods (other than those acquired for trading)	176,998,920	143,598,066
Goods-in-transit	-	-
	176,998,920	143,598,066
(d) Stock-in-trade (acquired for trading)	-	-
Goods-in-transit	-	-
	-	-
(e) Stores and Spares	15,247,840	8,525,484
Goods-in-transit	-	-
	15,247,840	8,525,484
(g) Packing Materials	13,554,487	6,613,531
Goods-in-transit	-	-
	13,554,487	6,613,531
Total	430,914,895	336,129,953

(In ₹)

Note 14 :Trade Receivables

Particulars	As at 31 March, 2013	As at 31 March, 2012
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	-	-
Unsecured, considered good	10,717,208	10,018,429
Doubtful	-	-
	10,717,208	10,018,429
Less: Provision for doubtful trade receivables	-	-
	10,717,208	10,018,429
Other Trade Receivables		
Secured, considered good	31,561,460	21,212,133
Unsecured, considered good	131,358,896	123,441,962
Doubtful	-	-
	162,920,356	144,654,095
Less: Provision for doubtful trade receivables	-	-
	162,920,356	144,654,095
Total	173,637,564	154,672,523

Note 15 : Cash and Cash Equivalents

(a) Cash on Hand	2,811,067	4,406,830
(b) Balances with Banks		
(i) In current accounts	25,748,722	24,095,835
(ii) In deposit accounts -Margin Money	2,776,000	4,144,000
	28,524,722	28,239,835
(c) In Earmarked Accounts		
- Unpaid dividend (per contra)	70,232	24,837
	31,406,021	32,671,502

(In ₹)

Note 16 : Short-Term Loans and Advances

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	1,620,205	1,346,915
Doubtful	-	-
	1,620,205	1,346,915
Less: Provision for doubtful loans and advances	-	-
	1,620,205	1,346,915
(b) Balances with Government Authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	-	299,304
(ii) VAT credit receivable	2,813,611	1,726,971
(iii) Duty Drawback Receivable	138,248	165,495
	2,951,859	2,191,769
(c) Inter-Corporate Deposits		
Secured, considered good	-	-
Unsecured, considered good	-	30,000,000
Doubtful	-	-
	-	30,000,000
Less: Provision for doubtful inter-corporate deposits	-	-
	-	30,000,000
(d) Others - Advances to suppliers		
Secured, considered good	-	-
Unsecured, considered good	4,868,401	6,596,953
Doubtful	-	-
	4,868,401	6,596,953
Less: Provision for other doubtful loans and advances	-	-
	4,868,401	6,596,953
Total	9,440,465	40,135,637

Note 17 : Other Current Assets

(a) Accruals		
(i) Interest accrued on Deposits	105,331	1,523,157
(ii) Maturity value receivable of Mutual Fund Investments	231,609,061	-
Total	231,714,392	1,523,157

Note 18 : Revenue from Operations

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
(a) Sale of products:		
Brassier /Panties/Lingerie Accessories	1,579,758,628	1,409,532,559
(b) Less:- Excise duty *	(68,894,807)	(79,593,449)
(* Excise duty on clearance of goods is not applicable with effect from 1st March, 2013)		
Total	1,510,863,821	1,329,939,110

Note 19 : Other Income

(In ₹)

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
(a) Interest income (Net)#	-	1,888,746
(b) Dividend income:		
From Non-Current Investments	11,540	13,191,640
(c) Net gain on sale of:		
Non-Current Investments	43,933,192	49,449,787
(d) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	572,654	50,485
Total	44,517,386	64,580,658
(i) # Previous Year Interest Income has been shown as net off with Previous Year Interest Expenses ₹ 26,72,851/- towards operational activities.		
(ii) Other non-operating income comprises:		
Profit on sale of fixed assets	-	50,485
Duty Drawback received	5,319	-
Miscellaneous income	567,335	-
Total - Other non-operating income	572,654	50,485

Note 20

Note 20a : Cost of Materials Consumed

Opening stock	92,680,651	61,017,409
Add: Purchases	409,799,798	429,484,178
Less: Closing stock	111,911,145	92,680,651
Cost of materials consumed	390,569,304	397,820,937
Material Consumed Comprises:		
a) Fabric	204,918,132	225,083,041
b) Elastics	68,354,501	68,694,893
c) Laces	17,294,363	18,801,269
d) Packing Materials	55,658,005	46,212,502
e) Thread	3,895,165	3,984,109
f) Consumables	36,750,066	33,461,018
f) Others	3,699,072	1,584,105
Total	390,569,304	397,820,937

Note 20b : Purchase of Traded Goods

Brassier /Panties/Lingerie Accessories - Readymade Garments	281,296,215	211,277,578
Total	281,296,215	211,277,578

Note 20c : Changes in inventories of finished goods, work-in-progress and stock-in-trade

<u>Inventories at the end of the year:</u>		
Finished goods	176,998,920	143,598,066
Work-in-progress	142,004,830	99,851,236
Stock-in-trade	-	-
	319,003,749	243,449,301
<u>Inventories at the beginning of the year:</u>		
Finished goods	143,598,067	100,080,983
Work-in-progress	99,851,236	62,488,135
Stock-in-trade	-	-
	243,449,302	162,569,118
Net (increase) / decrease	(75,554,447)	(80,880,183)

(In ₹)

Note 21: Employee Benefits Expense

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Salaries and wages	150,710,845	133,016,724
Contributions to provident and other funds	18,019,183	16,512,939
Staff welfare expenses	6,116,178	5,391,126
Total	174,846,206	154,920,789

Note 22 : Finance Costs

(a) Interest expenses (Net)#	699,525	-
(b) Bank Charges	3,218,081	3,248,491
Total	3,917,606	3,248,491

Interest Expenses has been shown as net off with Interest Received Rs. 34,28,922/- from operational activities.

Note: 23 : Other expenses

Increase / (decrease) of excise duty on inventory	(7,730,724)	7,730,724
Subcontracting	40,146,331	33,935,191
Power and fuel	3,622,135	2,952,398
Rent including lease rentals (Refer Note 24.10)	15,667,051	11,849,594
Repairs and maintenance - Machinery	1,039,934	1,007,375
Repairs and maintenance - Others	2,007,640	2,018,828
Insurance	310,198	605,860
Security Service Charges	4,690,273	3,106,678
Communication	2,000,665	2,087,095
Travelling and conveyance	20,269,057	16,414,231
Printing and stationery	3,163,914	2,422,323
Freight and forwarding	30,404,544	24,930,507
Sales commission	6,292,428	5,622,294
Sales Promotion Schemes	206,265,726	200,156,355
Advertisement Expenses	88,962,754	67,899,704
Business promotion / expenses	81,374,650	26,390,611
Sales Tax	1,313,234	568,726
Legal and professional	1,666,451	1,510,590
Payments to auditors (Refer Note (i) below)	449,440	365,170
Net loss on foreign currency transactions and translation	589,907	652,145
Loss on fixed assets sold / scrapped / written off	-	33,359
Deferred Revenue Expenditure written off	-	-
Miscellaneous expenses	4,501,178	3,722,910
Total	507,006,785	415,982,667

Note 23 Other expenses (contd.)

(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	308,990	308,990
For taxation matters	28,090	28,090
For other services	112,360	28,090
Total	449,440	365,170

Note 24 : Notes to Accounts for the year ended 31st March, 2013

Particulars		For the year ended 31 March, 2013		For the year ended 31 March, 2012
		₹		₹
1) <u>Raw Materials Consumed</u>	%		%	
Indigenous	97	380,105,386	95	377,087,129
Imported	3	10,463,918	5	20,733,808
	100	390,569,304	100	397,820,937
2. <u>Contingent Liabilities</u>				
Bank Guarantee to BSE		-		4,500,000
Demand Notice from Customs Authorities *		4,719,798		4,719,798
3. <u>F.O.B.Value of exports</u>		91,885		677,212
4. <u>Expenditure in Foreign Currency</u>				
Travelling Expenses		132,023		104,285
Purchase of Machinery		4,868,724		14,674,624
5. <u>C.I.F. Value of Imports</u>				
Raw Materials		11,161,763		20,195,478
Finished Goods		1,656,740		14,218,590

6. Deferred Tax Assets / Liabilities
- i) The Deferred Tax Liability for the current year of Rs.88,09,954/- (Previous Year Rs. 12,14,292 is recognised in Statement Profit and Loss.
- ii) The Tax effect of significant temporary differences that resulted in deferred tax (assets) / liabilities are :

Particulars	31.03.2013	31.03.2012
Depreciation	25,232,409	16,439,185
Gratuity	(2,296,742)	(1,826,614)
Leave Encashment	(1,722,957)	(1,369,937)
Deferred Expenses	(210,299)	(253,985)
Bonus	(2,347,542)	(3,143,734)
Others	606,523	606,523
	19,261,392	10,451,438

Note 24: Notes to Accounts for the year ended 31st March, 2013

7. Accounting Standard 15 - Employee Benefits

(In ₹)

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Gratuity	
Current service cost	3,457,648	2,432,535
Interest cost	957,093	745,013
Expected return on plan assets	(538,310)	(502,650)
Net Actuarial (gain)/ loss to be recognized	(212,240)	1,483,147
Total expense recognized in the statement of Profit & Loss Account	3,664,191	4,158,045
Actual Contribution & Benefit Payments		
Actual Benefit Payments	-	-
Actual Contribution	-	-
Net Asset / (Liability) recognized in Balance Sheet		
Liability at the end of the year	14,255,498	11,963,665
Fair value of plan assets at the end of the year	5,629,366	4,786,532
(Net Asset)/ Liability recognized in the Balance Sheet	8,626,132	7,177,133
Change in Defined Benefit Obligations (DBO)		
Present Value of Defined Benefit Obligation at beginning of Year	11,963,665	9,312,664
Interest Cost	957,093	745,013
Current Service Cost	3,457,648	2,432,535
Benefits Paid	(1,910,668)	(2,009,694)
Actuarial (Gain)/ Losses on Obligation	(212,240)	1,483,147
Present Value of Defined Benefit Obligation at the End of Year	14,255,498	11,963,665
Change in Fair Value of Plan Assets during the year		
Planned assets at Beginning of the year	4,786,532	4,491,584
Expected return on planned assets	538,310	502,650
Contributions	2,215,192	1,801,992
Benefit paid	(1,910,668)	(2,009,694)
Actuarial gain/(loss) on plan assets	-	-
Fair value of plan assets at the end of the year	5,629,366	4,786,532
Defined Benefit Plan – Actuarial Assumptions		
Discount rate	8%	8%
Salary Escalation Rate	7%	7%
Rate of return on plan assets	-	-

Note 24.8 : Earnings Per Share

(In ₹)

Particulars	As at 31 March, 2013	As at 31 March, 2012
1. Basic and Diluted Earnings Per Share before Exceptional items (Face Value - Rs. 10/- per share)	11.24	12.89
2. Basic and Diluted Earnings Per Share after Exceptional items (Face Value - Rs. 10/- per share)	11.24	12.89
3. Profit After Tax and Prior Period items but before Exceptional items as per Profit & Loss A/c (Rs. In Lakhs)	1,889	2,165
4. Profit After Tax, Prior Period items and Exceptional Items as per Profit & Loss A/c (Rs. In Lakhs)	1,889	2,165
5. Weighted Average number of equity shares outstanding	16,800,000	16,800,000

24.9. Information on related party as required by Accounting Standard (AS-18) on Related Party Disclosures for the year ended 31st March, 2013

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]	Bellini Fashions Private Limited
Vinay Hosiery Private Limited	Lariene Fashions Private Limited
Hype Integracomm Private Limited	Tecknit Industries
Blue Chip Fashions Private Limited	Aadhunik Vitarak
Holstein Ecofoods Private Limited	
Reddy & Pathare Elastics Private Limited	

24.10. Information on related party as required by Accounting Standard (AS-18) on Related Party Disclosures for the year ended 31st March, 2013

(In ₹)

	2012-2013	2011-2012
1. Rent Paid	121,348	273,000
Mr. G Ashok Reddy	-	165,000
Tecknit Industries	121,348	108,000
2. Remuneration Paid	7,645,107	7,139,408
Mr. G Ashok Reddy	3,274,707	2,769,008
Mr. L Vinay Reddy	2,870,400	2,870,400
Mr. L Jaipal Reddy	1,500,000	1,500,000
4. Dividend Paid - Promoters	22,500,000	16,875,000

Note 24.10: The Initial Public Offer (IPO) proceeds have been utilised as per objects of the issue as stated in the prospectus as under :

(₹ In Lacs)		
Particulars	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, 2013		
Setting up manufacturing facility to create additional capacity as Bengaluru	2,284.93	1,880.46
Expenses to be incurred for Brand Building	1,800.00	1,398.67
Brand Development Expenses	600.00	382.49
Investment in Joint Venture	2,500.00	-
Setting up of Exclusive Brand Outlets ("EBO's")	1,412.18	663.44
Setting up of Retail Store Modules for "Shop-in-Shop"	361.00	342.84
Upgradation of Design Studios	759.52	271.34
General Corporate Purpose	2,396.16	-
Public Issue Expenses	846.26	755.67

Interim Utilisation of IPO Proceeds upto 31.03.2013

(₹ In Lacs)

Balance Unutilised amount temporarily invested in	
Mutual Funds	5,632.59
Balance with Banks	-
Total	5,632.59

24.11 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.

24.12 Trade payables as at 31st March, 2013 include Rs. 1,07,78,540/- (Previous Year Rs.18,05,261/-), amount due to Micro Small Medium Enterprises.

However, these enterprises are ascertained in cases where they are registered in that category.

24.13 Previous year figures:

Previous year figures have been regrouped / recasted wherever considered necessary to make them comparable with those of the current year.

LOVABLE LINGERIE LIMITED

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

MEMBERS' FEEDBACK FORM 2012-13

Name : E-mail id :

Address :

DP ID. : Client ID :

Folio No. : Number of Shares held

(in case of physical holding)

	Excellent	Very Good	Good	Satisfactory	Unsatisfactory
Directors' Report and Management Discussion and Analysis	Contents				
	Presentation				
Report on Corporate Governance Contents	Contents				
	Presentation				
Quality of financial and non-financial information in the Annual Report	Contents				
	Presentation				
Information on Company's web-site Contents	Contents				
	Presentation				
INVESTOR SERVICES					
Turnaround time for response to shareholder query					
Quality of response					
Timely receipt of Annual Report					
Conduct of Annual General Meeting					
Timely receipt of dividend warrants / payment through ECS					
Promptness in confirming demat / remat requests					
Overall rating					

Views / suggestions for improvement, if any

.....

.....
Signature of member

Lovable Lingerie Limited	
Regd. Office: A-46, Road No.2, MIDC, Andheri (East), Mumbai-400093	
ATTENDANCE SLIP	
26th Annual General Meeting- 29th July, 2013	
Regd. Folio No. _____	DP ID* _____ Client ID* _____ Shares held _____
I certify that I am a member/ proxy for the member of the Company. I hereby record my presence at the 26th Annual General Meeting of the Company to be held at All India Plastics Manufacturers Association Auditorium, AIPMA House, A-52, Road No. 1, MIDC, Andheri (East), Mumbai - 400093 on Monday, 29th July, 2013 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.	

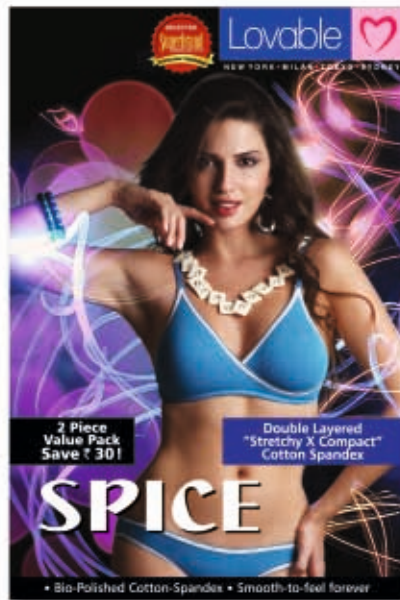
Lovable Lingerie Limited	
Regd. Office: A-46, Road No.2, MIDC, Andheri (East), Mumbai-400093	
PROXY FORM	
26th Annual General Meeting- 29th July, 2013	
Regd. Folio No. _____	DP ID* _____ Client ID* _____ Shares held _____
I/We _____ resident of _____ being a member/members of the above named Company hereby appoint _____ resident of _____ as my/our proxy to vote for me/us on my/our behalf at the 26th Annual General Meeting of the Company to be held at 11.00 A.M. on Monday, 29th July, 2013 and at any adjournment thereof.	
Signed thisday of July, 2013.	
Signature	Affix 1 Rupee Revenue Stamp

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. Appointing a proxy does not prevent a member from attending in person, if he so wishes.
4. In the case of joint holders, the signature of any one holder will be sufficient, but names of all joint holders should be stated.



BRANDS

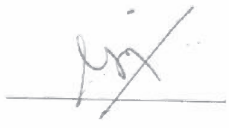
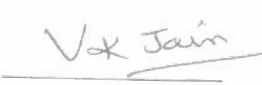


A-46, Road No. 2, M.I.D.C., Andheri (East),
Mumbai-400 093. India.

Visit: www.lovableindia.in

Form A

[pursuant to clause 31 (a) of Listing Agreement]

1.	Name of the Company	Lovable Lingerie Limited
2.	Annual financial statements for the year ended	31 st March, 2013.
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A.
5.	To be signed by-	
	• CEO/Managing Director	Mr. L Vinay Reddy 
	• CFO	Mr. Govindarajan 
	• Auditor of the Company	Mr. Vinodkumar Jain 
	• Audit Committee Chairman	Mr. Dhanpat Kothari 



LOVABLE LINGERIE LTD.