

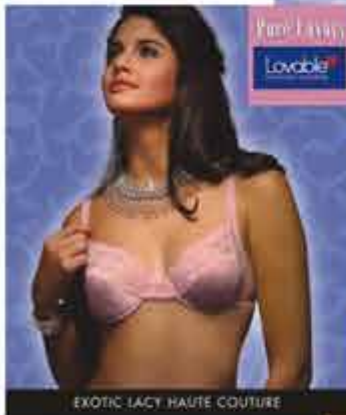
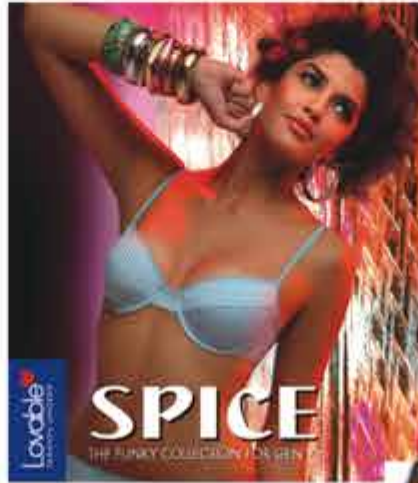
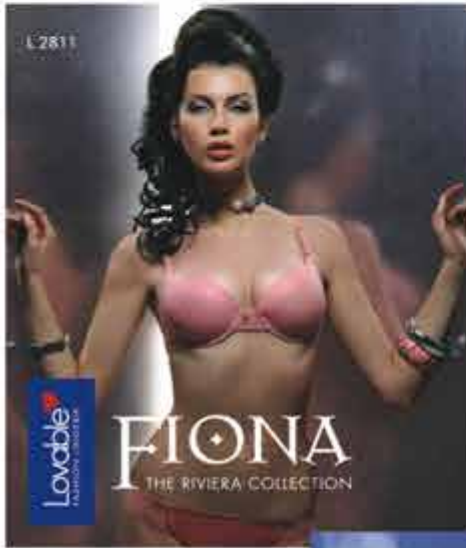
ANNUAL REPORT 2010-11



Lovable Lingerie Limited



NEW LAUNCHES



Chairman's Statement

Dear Fellow Shareholders,

First of all, I would like to thank all of you, and specially those of you who joined our family recently through our IPO, for reposing your confidence in us.

I am indeed happy to report that our performance in 2010-11 has been excellent both in terms of generating higher turnover and profit, and in creating strong foundations for accelerated growth in the future.

At the macro economic level, while inflation in our major cost heads continues to be a cause of concern, the robust GDP growth, accompanied by the rapid growth of the middle and upper class consumers, augurs well for the fortunes of your company in the years ahead.

The lingerie industry in particular has grown faster than most other product categories, and the outlook for the future is expected to be even more accelerated growth, with more and more Indian women perceiving innerwear to be as important a functional and fashion garment as their outerwear.

Having created major brands - Lovable, Daisy Dee and College Style – in each of the three key segments: premium, regular, and youth – your company is poised to exploit this enormous market potential, more than any of our competitors.

With your support, your company has consciously expanded its capital base, to enable further expansion of production facilities, increased distribution, investment in brand building, and launches of new brands and product categories.

We are indeed fortunate to have with us a highly dedicated team of professionals and skilled employees, along with advisors and associates, whose contribution has been invaluable in achieving your company's growth. Our trade partners have provided us unstinting support in expanding our outreach to our customers. We are indeed grateful to each one of them.

I would also like to take this opportunity to thank our Board of Directors, who have helped both in the development and implementation of strategic plans at every step of the way.

Finally, my thanks to all of you shareholders. Together, we will continue to look forward to an even brighter future ahead.

With my best wishes and warmest regards,

Vinay Reddy

Chairman & Managing Director

Contents

	Page No.
1. Corporate Information	2
2. Financial Snapshot	4
3. Notice	6
4. Management Discussion and Analysis	11
5. Corporate Governance Report	15
6. Directors' Report	28
7. Auditor's Certificate on Corporate Governance	33
8. Auditors' Report on Financial Statements	34
9. Balance Sheet	37
10. Profit and Loss Account	38
11. Cash Flow Statement	39
12. Schedules to the Balance Sheet	41
13. Schedules to the Profit and Loss Account	41
14. Notes to the Balance Sheet and Profit and Loss Account	47
15. Balance Sheet Abstract	55
16. Members' Feedback Form	56
17. Attendance Slip and Proxy Form	57

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Mr. L Vinay Reddy

Chairman & Managing Director

Mr. G. Ashok Reddy

Whole-time Director

Mr. L. Jaipal Reddy

Whole-time Director

Mr. Gopal Sehjpal

Independent Director

Mr. Dhanpat Kothari

Independent Director

Mr. Sivabalan Paul Pandian

Independent Director

KEY MANAGEMENT PERSONNEL:

Mr. Sunil Shukla

Chief Financial Officer

Mr. Prakash Ramanna

GM – Sales & Marketing (Lovable)

Mr. Giriraj

All India Sales Manager (Daisy Dee)

Mr. L. R. Srinivasan

Purchase & Planning Manager

Mr. K. Srinivas

Production Manager

Mrs. Megha Maheshwari

Company Secretary

STATUTORY AUDITORS:

M/s. Attar & Associates

Chartered Accountants

INTERNAL AUDITORS:

S. H. Bathiya & Associates

Chartered Accountants

REGISTRAR AND SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound,

L.B.S Marg, Bhandup (West),

Mumbai 400 078

BANKERS:

Bank of Baroda.

Corporation Bank

COMPANY IDENTIFICATION NO.

CIN: L17110MH1987PLC044835

BRANCHES:

- Mumbai
- Hyderabad
- Bangalore
- Chennai
- New Delhi
- Kolkata

FACTORY:

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

Daisy Dee:

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

Uttarakhand:

Khasra No. 986M Industrial Area,
Village Saleempur Raiputan,
Roorkee, Dist. Haridwar,
Uttarakhand : 247667.

REGISTERED & CORPORATE OFFICE:

A-46, Street No.2, MIDC, Andheri (E),
Mumbai - 400 093.

Visit us at: www.lovableindia.in

Email: corporate@lovableindia.in

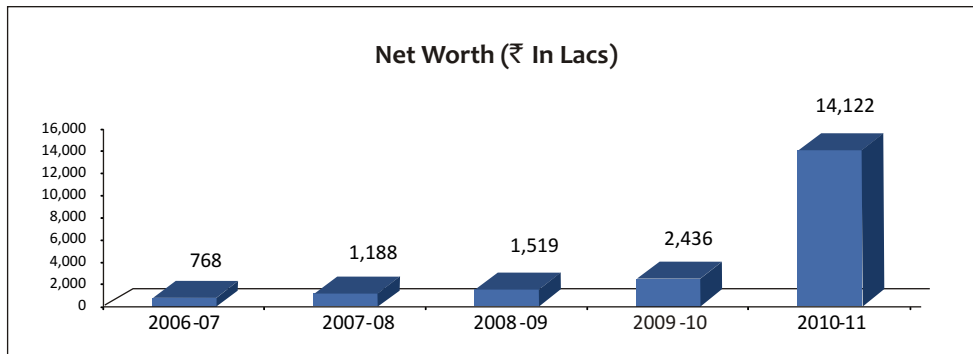
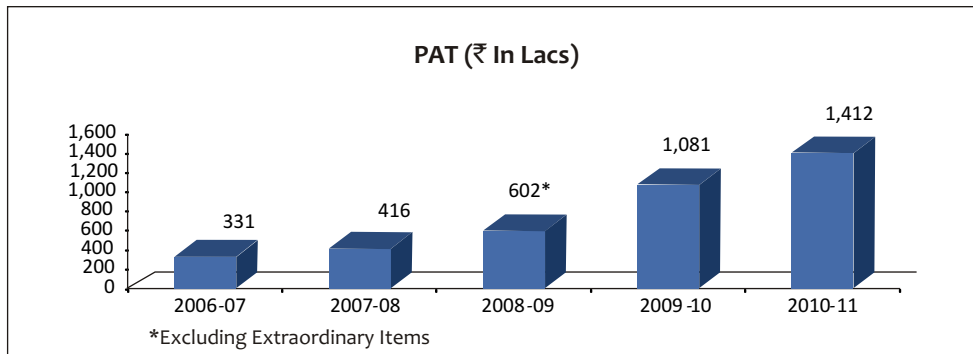
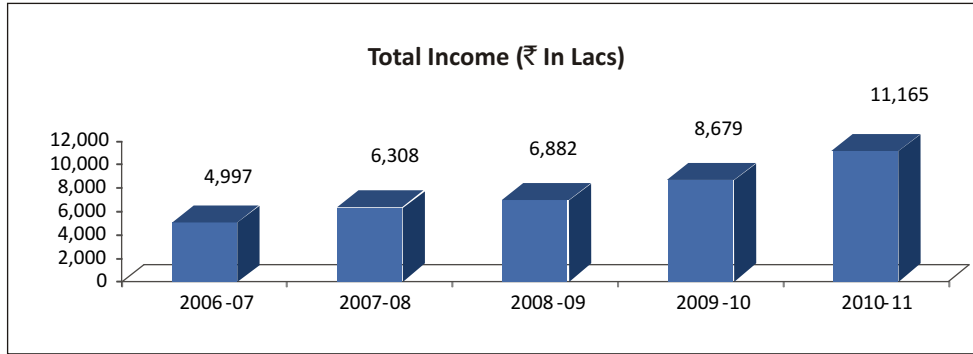
Important Communication to Members

The Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the Companies and has issued circulars stating that service of Notice/ documents including Annual Report can be made by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses as so far, are requested to register their e-mail Addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill the appropriate column in the Feedback Form on Page No. 56 of the Annual Report and send the same to the Company’ RTA, M/s Link Intime India Pvt. Ltd. and also update the e-mail address as and when there is any change.

FINANCIAL SNAPSHOTS

	(₹. In Lacs)				
Particulars	2010-11	2009-10	2008 - 09	2007 - 08	2006 - 07
FINANCIAL POSITION:					
Net Fixed Assets	1293	1278	1319	358	313
Investments	9305	198	100	100	-
Current Assets, Loans & Advances	5100	3172	3336	2948	2186
Deferred Tax Assets	-	-	41	4	4
Total Assets	15698	4648	4796	3410	2502
Long Term loans	-	33	724	791	696
Current Liabilities & Provisions	1484	2092	2553	1431	1038
Deferred Tax Liabilities	92	87	-	-	-
Total Liabilities	1576	2212	3277	2222	1734
Net Worth	14122	2436	1519	1188	768
Represented by:					
Share capital	1680	750	150	150	100
Reserves and Surplus	12442	1686	1369	1038	668
Less: Misc. Expenditure not w/o	-	-	-	-	-
	14122	2436	1519	1188	768
OPERATING PERFORMANCE:					
Total Income	11165	8679	6882	6308	4997
Excess Provision for Gratuity	-	25			
Total Operating Expenditure	9119	7047	6019	5562	4442
Deferred Expenses	5	7			
Earnings Before Interest and Depreciation	2041	1650	862	746	555
Interest	54	93	137	64	25
Depreciation	137	131	39	28	21
Extra-Ordinary Items	-	-	254	-	-
Profit Before Tax	1850	1426	433	654	509
Taxation	438	346	85	238	179
Profit After Tax	1412	1080	348	416	331
Number of Equity Shares	16800000	7500000	150,000	150,000	50,000
Face Value of Share (Rs.)	10	10	100	100	100
Earnings Per Share (Rs.)	12.26	9.61	401	394	329
Book Value Per Share (Rs.)	84.06	32.48	1013	792	1536

FINANCIAL SNAPSHOTS



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 24th Annual General Meeting of the Members of Lovable Lingerie Limited will be held at All India Plastics Manufacturers Association Auditorium, Plat No. A-52, Road No. 1, MIDC, Andheri (East), Mumbai-400093, on Thursday, the 25th day of August, 2011 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, 2011 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Dhanpat M Kothari, who retires by rotation, but being eligible, offers himself for re-appointment.
4. To re-appoint M/s Attar & Co., Chartered Accountants, Mumbai, having ICAI registration no. 112600W as the Auditors of the company and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
 "RESOLVED THAT pursuant to Section 61 and other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to amend/vary any or all terms and conditions of the agreements/contracts mentioned in the Prospectus dated 15th March, 2011. RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as 'the Board' which term shall be deemed to include any Committee(s) constituted by the Board to exercise its powers including the powers conferred by this resolution) be and is hereby authorised to do all such necessary acts and execute such deeds, documents and papers as may be necessary and deemed fit to give effect to this resolution."
6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
 "RESOLVED THAT Mr. Sivabalan Paul Pandian, who was appointed by the Board of Directors as an Additional Director of the Company with effect from September 20th, 2010 and who holds office up to the date of the forthcoming Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice, in writing, from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."
7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
 "RESOLVED THAT Mr. Gopal G. Sehjpal, who was appointed by the Board of Directors as an Additional Director of the Company with effect from September 20th, 2010 and who holds office up to the date of the forthcoming Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice, in writing, from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation."

Mumbai
May 30th, 2011

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

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

Megha Maheshwari
Company Secretary

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 19th August, 2011 to 25th August 2011 (both days inclusive) in connection with the AGM and for the purpose of dividend.
3. Dividend of Rs. 1.5 per share (i.e., at the rate of 15% on face value of Rs. 10) for the year ended 31st March, 2011 as recommended by the Board, if declared at the AGM, will be paid on or after 25th August, 2011 to those persons or their mandates:
 - a) Whose names appear as Beneficial Owners as at the end of the business hours on August 18th, 2011 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 August 18th, 2011 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. An Explanatory Statement pursuant to provisions of Section 173(2) of the Companies Act, 1956, is annexed hereto. The relevant details as required by Clause 49 of the Listing Agreements entered with the Stock Exchanges, in respect of item no. 6 and 7 set above are furnished as Annexure to the notice.
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 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.
9. Members holding shares in physical form may write to the Company/Company's share transfer agents for any change in their address and bank mandates; members having shares in electronic form may inform the same to their depository participants immediately so as to enable the Company to dispatch dividend warrants at their correct addresses.
10. Members are requested to opt for NECS (National Electronic Clearance Service) for receipt of dividend. Members may please update their bank account details with their Depository Participants for receiving the dividend in a hassle free manner. Opting for NECS is cost effective and also saves time.
11. Members holding shares in dematerialised form are requested to provide their latest bank account details (Core Banking Solutions enabled account numbers, 9 digit MICR and 11 digit IFS code) with their Depository Participants and Members holding shares in Physical Form are requested to provide their

latest bank account details (Core Banking Solutions enabled account numbers, 9 digit MICR and 11 digit IFS code) alongwith their Folio Number to the Company's Registrar and Share Transfer Agents, Link In Time India Pvt. Ltd.

12. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company's Registrar and Share Transfer Agents, Link Intime India Private Limited, for assistance in this regard.
13. Members are informed that in case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
14. Members holding shares in multiple folios in the same name or in the same order of names are requested to consolidate their holding into a single Folio.
15. Please note that in terms of SEBI Circulars No.MRD/DoP/Cir-05/2009 dated May 20, 2009 and No.SEBI/MRD/DoP/SE/RTA/Cir-03/2010 dated 7th January, 2010, it is mandatory for the shareholders holding shares in physical form to submit self-attested copy of PAN card for transfer / transmission / deletion / transposition of securities. In compliance with the aforesaid circulars, requests without attaching copies of PAN card, for transfer/deletion/ transmission and transposition of shares of the Company in physical form will be returned under objection.
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.

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

The following Explanatory Statement sets out all material facts relating to the businesses mentioned under Item Nos. 5, 6 & 7 of the accompanying Notice.

Item No. 5

Under Section 61 of the Companies Act, 1956, a company is required to take approval of the members in general meeting, to modify/vary the terms of a contract referred to in a prospectus. Accordingly, general approval of the members is being sought to authorise the Board of Directors of the Company to make modifications/changes/variations in material documents/contracts mentioned in the Company's IPO Prospectus dated March 15, 2011. The Board commends the resolution set out at Item No. 5 of the accompanying Notice for your approval.

No Director of the Company is concerned or interested in the said Resolution

Item No. 6:

Mr. Sivabalan Paul Pandian was appointed as an Additional Director by the Board of Directors of the Company, with effect from September 20th, 2010. In accordance with the provisions of Section 260 of the

Companies Act, 1956, Mr. Sivabalan Paul Pandian will hold office as a Director up to the date of the ensuing Annual General Meeting.

As required under Section 257 of the Act, the Company has received a Notice together with deposit of Rs. 500/- from the member proposing his candidature for the office of Director of the Company.

Mr. Sivabalan Paul Pandian holds a bachelor's degree in science (Chemistry) from the University of Poona, a bachelor's and master's degree in science (Technology in Textile Chemistry) from the University of Bombay. He started his industrial career from Saraspur Mills (Lalbhai Concern) He worked at Bombay Dyeing Manufacturing and Company Limited where he worked as a deputy manager in the dyeing department. He has also worked at Mafatlal Industries as a processing manager in the processing department. He is a regular contributor to trade journals specializing in new technologies in the textile and apparel industry. He is currently acting as consultant to companies engaged in the textile industry and its allied fields. He is also an independent director in Mudra Lifestyle Limited.

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

None of the Directors except Mr. Sivabalan Paul Pandian is concerned or interested in Item No. 5 of the Notice.

Item No. 7:

Mr. Gopal G Sehjpal was appointed as an Additional Director by the Board of Directors of the Company, with effect from September 20th, 2010. In accordance with the provisions of Section 260 of the Companies Act, 1956, Mr. Gopal G Sehjpal will hold office as a Director up to the date of the ensuing Annual General Meeting.

As required under Section 257 of the Act, the Company has received a Notice together with deposit of Rs. 500/- from the member proposing his candidature for the office of Director of the Company.

Mr. Gopal G. Sehjpal, has a bachelor's degree in arts (with commerce and economics) and a master's degree in arts (Philosophy) from the University of Delhi. He also has a diploma in personnel management from the University of Delhi. He worked at Kodak (India) for over 3 decades in the areas of sales, administration, branch management, human resources (as the head) and also as the head of a profit centre. He is currently working as a management consultant and trainer. He is a fellow member of the Institute of Management Consultants of India, life member with the Bombay Management Association and Indian Institute of Quality Management and is an individual member with Consultancy Development Centre (Ministry of Science and Technology, Gol).

Your Directors are of the view that the Company would be immensely benefited by the wealth of experience and expert advice of Mr. Gopal G Sehjpal and therefore recommend for approval, the Resolution contained in Item No. 7 of the Notice convening the Annual General Meeting.

None of the Directors except Mr. Gopal G Sehjpal is concerned or interested in Item No. 6 of the Notice.

Mumbai
May 30th, 2011

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

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

Megha Maheshwari
Company Secretary

Annexure 1

Information provided pursuant to Clause 49 of the Listing Agreement with the Stock Exchange in respect of Individuals proposed to be Appointed/Re-appointed as Director

Mr. Dhanpat M. Kothari

Mr. Dhanpat M. Kothari, aged 41, is the independent Director of our Company. He has a bachelor's degree in commerce from the SPU College, Falna, Rajasthan. He is also a fellow member of the ICAI and is practising chartered accountant. His area of expertise is in the fields of company formation, tax and statutory audits. Mr. Kothari also appears before various authorities such sales tax and income tax authorities with respect to various matters.

Directorship in other Companies - Nil

Membership of Board Committee - Nil

No of Equity Shares held in the Company – Nil

Mr. Sivabalan P. Pandian

Mr. Sivabalan P. Pandian, aged 52, is the independent Director of our Company. He has a bachelor's degree in science (Chemistry) from the University of Poona, a bachelor's and master's degree in science (Technology in Textile Chemistry) from the University of Bombay. He started his industrial career from Saraspur Mills (Lalbai Concern) He worked at Bombay Dyeing Manufacturing and Company Limited where he worked as a deputy manager in the dyeing department. He has also worked at Mafatlal Industries as a processing manager in the processing department. He is a regular contributor to trade journals specializing in new technologies in the textile and apparel industry. He is currently acting as consultant to companies engaged in the textile industry and its allied fields. He is also an independent director in Mudra Lifestyle Limited.

Directorship in other Companies: Mudra Lifestyles Limited.

Membership of Board Committee – Nil

No of Equity Shares held in the Company – Nil

Mr. Gopal G. Sehjpal

Mr. Gopal G. Sehjpal, aged 66, is the independent Director of our Company. He has a bachelor's degree in arts (with commerce and economics) and a master's degree in arts (Philosophy) from the University of Delhi. He also has a diploma in personnel management from the University of Delhi. He worked at Kodak (India) for over 3 decades in the areas of sales, administration, branch management, human resources (as the head) and also as the head of a profit centre. He is currently working as a management consultant and trainer. He is also an independent director in Maxwell Industries Limited. He is a fellow member of the Institute of Management Consultants of India, life member with the Bombay Management Association and Indian Institute of Quality Management and is an individual member with Consultancy Development Centre (Ministry of Science and Technology, Gol).

Directorship in other Companies: Maxwell Industries Limited

Oracle Management Services Private Limited

Chairman & Membership of Board Committee - 2

No of Equity Shares held in the Company - Nil

MANAGEMENT DISCUSSION AND ANALYSIS

A. INDUSTRY STRUCTURE AND DEVELOPMENTS.

The Indian Lingerie industry is witnessing a robust growth on the back of Strong Brand introductions and choices for the consumer, especially the Indian Women.

In volume terms, men's innerwear market constitutes 48% of the total innerwear market in India while the women lingerie segment holds a 52% share. In value terms, women lingerie segment enjoys 66% share of the total lingerie market, thereby enjoying a higher Average Selling Price (ASP) compared to the men's innerwear market.

The Lingerie Market in India can be classified in super-premium, premium, mid-market and economy & mass market segment. Approximately, 75% of the market share is held by the mid-market and economy segment, in both, value and volume terms. The super-premium and premium segments are relatively smaller but fast-growing segments. The super-premium and premium segments grew at a CAGR of 18.9% and 16.6%, respectively.

The Lingerie industry in India is characterized by a high degree of fragmentation with almost two-third of the market controlled by the unbranded and unorganized regional players and the balance one-third share goes to the few big organized and branded players. The advent of some international brands in the Indian market place has brought about some realignment in the fragmented lingerie market. The companies have started advertising boldly through advertisements, fashion shows etc., to catch up with the consumers to understand their preferences.

II. THREATS, WEAKNESSES AND STRATEGIES:

Threats & Weakness:

1. Low degree of brand loyalty

The success of any of our products is dependent on the brand loyalty generated by our products. Due to the highly competitive nature of the industry in which we operate our target customers may switch over to the products manufactured by our competitors which may result in us losing our market share to our competitors.

2. Fluctuations in the availability, prices and the quality of raw materials

While we believe that we could find additional vendors to provide our raw materials, any failure of our suppliers to deliver these fabrics and raw materials in the necessary quantities at competitive pricing or to adhere to delivery schedules of specified quality standards and technical specifications would adversely affect our business, financial condition and results of operations.

3. Labour intensive nature of our Company

Our Company's activities are labour intensive. Strikes and other labour action may have an adverse impact on our operations. Further, our third party suppliers of raw materials, including suppliers from international markets, may experience strikes or other industrial action.

4. Competition from other manufacturers

The industry in which we operate is characterized by constant product innovation due to changing consumer preferences and evolving fashion trends. To compete successfully in the industry, we must be able to identify and respond to changing consumer demands and tastes, as well as operate within substantial production and delivery constraints. Changes in product mix may impact our operating results and our margins.

Our Strategies:

LLL has started widening its Product Portfolio in the women’s innerwear category. Our Company has extended the “Lovable” brand into product segments like sleepwear and home wear under its “Leisure” sub-brand. LLL has made further investment in strengthening the brand equity and the lifestyles attributes of the “Lovable” brand by increasing its advertising and marketing activities with a strong presence in television, media & press. We have stated promoting the “Daisy Dee” brand nationally with an increased level of advertising and publicity that would be required to support its market spread in those regions.

For exploiting the potential of elegant cotton lingerie among consumers who prefer such a product, Lovable has started promoting its “Cotton Essentials” brand strongly from this summer and this promotion has been backed by an increased outlay of sales resources.

We also propose to invest considerably in marketing and advertising resources and scale-up our “College Style” brand’s sales team and widen its distribution network for a nation-wide launch. We believe that our ability to strategically position the Collage Style brand with young consumers will help us in increasing our customer base and our market share in the women’s innerwear industry.

LLL has started the ground-breaking work on its new manufacturing plant. LLL is investing in the latest design studio and pattern design software that integrates comprehensively from design to product construction details, sizes grading algorithms, sewing margins and tolerances. Our Company is investing in computer-controlled sewing stations for accurate seam lengths and sewing tensions that enable consistency in fitting critical garments like innerwear. For the goal of “enhancing operator productivity”, our Company is investing in programmable sewing work stations and also installing specialized equipments for critical operations.

III. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE.

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

IV. OUTLOOK

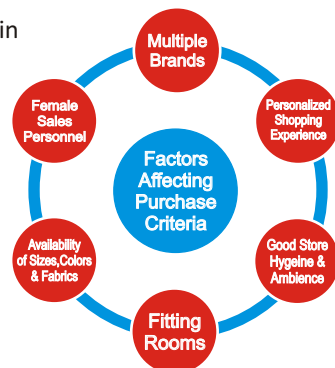
Outlook on the Lingerie industry in India

The Lingerie Industry in India is expected to grow at a CAGR of 18.3 % over the period 2009-2014. This growth would be led by the super-premium, premium and mid-market segments.

Factors influencing the choice of consumers

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

Indian consumers spread across different regions are heterogeneous in nature. The consumers of each region have their own culture, education and attitudes which influence their consumption pattern. Local consumers of innerwear in each region are influenced by multiple brands, personal shopping experience availability of sizes, colors and fabrics etc.



Source: CARE Research

Consumer Preferences

Size is the most crucial component in the lingerie market. The best selling size is 90 cm followed by 85 cm. In brassieres type, regular full cup are more in demand, followed by the seamless and strapless bra categories. Colour-wise, white seems to be in more demand followed by pink, black and peach. When it comes to fabric, sales are led by cotton brassieres followed by cotton lace and cotton Lycra.

V. RISKS AND CONCERNS

The areas of risk and concern are:

- Instability in financial markets could materially and adversely affect our results of operations and financial condition.
- After Listing, the Equity Shares may experience price and volume fluctuations or an active trading.
- Market for the Equity Shares may not develop.
- Fluctuations in operating results and other factors may result in decreases in our Equity Share price.
- Additional issuances of equity may dilute your holdings.
- Fluctuations in the availability and quality of raw materials could cause delay and increase costs.
- We are a labour intensive industry and hence may face labour disruptions and other planned and unplanned outages that would interfere with our operations.

VI. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY.

The Company believes that good internal control is an intrinsic part of the overall Governance process and freedom of management should be exercised within a framework of appropriate checks and balances. LLL remains committed to ensuring an effective internal control environment that provides assurance on the efficacy of operations and security of assets.

Internal Audits at LLL are performed by team of professionals comprising Chartered Accountants. The Internal Auditors, continuously monitor the adequacy and effectiveness of the internal control environment across the Company and the status of compliance with operating systems, internal policies and regulatory requirement.

The Audit Committee meets on a quarterly basis to review and discuss the adequacy and efficacy of internal control systems. At LLL, we believe that every employee has a role to play in fostering an environment in which controls, assurance, accountability & ethical behavior are given high importance.

VII FINANCIAL PERFORMANCE AND ANALYSIS:

(₹. in Millions)

Particulars	2010-11	2009-10	Change in Value	% Change
Turnover	1040.37	869.54	170.83	19.65
Other Income	-	1.01	-1.01	-100
Profit Before Interest, Depreciation, Extra-Ordinary Items & Tax	204.10	165	39.10	23.70
Less: Interest	5.40	9.3	-3.90	-41.94
Profit Before Depreciation, Extra-Ordinary Items & Tax	198.70	155.7	43	27.62
Less: Depreciation	13.70	13.1	0.60	4.58
Profit Before Extra-Ordinary Items & Tax	185	142.6	42.40	29.73
Less: Extra-Ordinary Items	-	-	-	-
Profit Before Tax	185	142.6	42.40	29.73
Less: Tax	44	34.53	9.47	27.43
Profit After Tax	141	108.07	32.93	30.29

VIII. HUMAN RESOURCES / INDUSTRIAL RELATIONS

The Company believes that human resources is one of the most vital resources and a key pillar providing the organization a competitive edge in current business environment. The work environment is very challenging and performance oriented, recognizing employee potentials along with opportunities providing them with opportunities. Lovable takes adequate precautionary measures for its employee's welfare.

As on March 31, 2011, Lovable had staff strength of 1214 on its payroll.

Cautionary Statement

Some of the statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. As 'forward-looking statements' are based on certain assumptions and expectations of future events over which, the Company exercises no control, the Company cannot guarantee their accuracy nor can it warrant that the same will be realized by the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments or events or for any loss any investor may incur by investing in the shares of the Company based on the 'forward-looking statements' Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in industry, significant changes in political and economic environment in India and abroad, tax laws, import duties, litigation and labour relations.

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on the Code of Governance

Introduction

In order to ensure sustainable returns to all stakeholders of the business, it is imperative, to adopt and follow certain policies, procedures and processes, which together constitute a "Code of Corporate Governance".

Corporate Governance essentially is the system by which companies are directed and controlled by the management in the best interest of the stakeholders and others. Corporate Governance ensures fairness, transparency and integrity of the management. Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires and strengthens investor's confidence and commitment to the Company.

In compliance with the disclosure requirements of Clause 49 of the Listing Agreement executed with the stock exchanges, the details are set out below:

2. Board of Directors

Composition:

The composition of the Board as on 31st March, 2011 is given in **Table 1**. As mandated by Clause 49 of the Listing Agreement, none of the Directors is a member of more than ten Board-level committees of public limited Indian companies; nor are they chairmen of more than five committees in which they are members.

The Board has an optimum combination of Executive and Non-Executive Directors, and is in conformity with Clause 49 of the Listing Agreement entered into with the stock exchanges in which the Company's Ordinary Shares are listed. The composition of the Board as on March 31, 2011 was as under:

Table 1

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

* 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, 2011

Table 2 gives the Directors' attendance at Board Meetings and the Annual General Meeting (AGM) during the financial year ended 31 March, 2011.

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	15	15	Yes
Mr. L Jaipal Reddy	15	14	Yes
Mr. G. Ashok Reddy	15	11	Yes
Mr. Sivabalan Paul Pandian	15	4	No
Mr. Gopal G. Sehjpal	15	4	No
Mr. Dhanpat M. Kothari	15	4	No

Number of board meetings

The Board met 15 (Fifteen times) on the following dates during the financial year 2010-2011.

April 19, 2010, June 15, 2010, July 8, 2010, August 21, 2010, August 29, 2010, September 20, 2010, September 20, 2010, November 13, 2010, February 12, 2011, February 15, 2011, February 23, 2011, March 12, 2011, March 14, 2011, March 15, 2011 and March 21, 2011.

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) and CFO has been obtained by the Company.

Shareholding of non-executive directors

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

3. Committees of the board

3.1 Audit Committee

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

The Company has an adequately qualified and independent Audit Committee. As on 31 March, 2011, the Committee comprised 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 Mrs. Megha Maheshwari, Company Secretary is the Secretary to the Committee.

Meetings held:

During the financial year ended 31 March, 2011, the Audit Committee met two times: on 13th November, 2010 and 15th February, 2011. The attendance record of the Audit Committee is given in **Table 3**.

Composition and Attendance Record of Audit Committee

FOR THE FINANCIAL YEAR ENDED 31st MARCH 2011

Table 3.

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	2	2
L Vinay Reddy	Executive Director	Member	2	2
Sivabalan Paul Pandian	Independent Member	Director	2	2
Mr. Gopal G. Sehjpal	Independent Director	Member	2	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;
6. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
7. 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;
8. Monitoring the use of the proceeds of the proposed initial public offering of the Company.
9. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
10. 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;
11. Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors;
12. Discussion with internal and statutory auditors on any significant findings and follow up there on;
13. 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;
14. 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;
15. 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;
16. To review the functioning of the whistle blower mechanism, when the same is adopted by the Company and is existing;
17. Carrying out any other function as may be statutorily required to be carried out by the Audit Committee;
- 18. The Audit Committee shall mandatory review the following information:**
 - Management’s discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions (as defined by the Audit Committee),

submitted by management;

- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.

3.2 Shareholders’/ Investors’ Grievance Committee

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

Attendance record of Shareholders’/ Investors’ Grievance Committee

The Committee met one time during the financial year on 13th November, 2010.

Name of the Member	Position	Status	No. of Meetings held during the period the Director was a Member of the Committee	No. of Meetings attended
Mr. Gopal G. Sehjpal	Independent Director	Chairman	1	1
L Vinay Reddy	Executive Director	Member	1	1
Sivabalan Paul Pandian	Independent Director	Member	1	1

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 In time 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, 2011 and reported under Clause 41 of the Listing Agreement are as under:

Complaints as on April 1, 2010: Nil
 Received during the year: 4
 Resolved during the year: 4
 Pending as on March 31, 2011: Nil

Name, Designation and Address of Compliance Officer:

Mr. Sunil Shukla, Chief Financial Officer
 Lovable Lingerie Limited
 A-46, Road No. 2, MIDC,
 Andheri (East), Mumbai-400093
 Contact Number: 022-28383581

3.3 Remuneration Committee

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

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

Meetings Held:

Lovable Remuneration Committee was constituted on 20th September, 2010 and During the financial year 2010-2011, no Remuneration Committee meetings were held.

Composition and Attendance of Remuneration Committee:

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

Remuneration Policy:

Non-Executive Directors

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

The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during the financial year 2010-2011.

Managing Director and Executive Directors

The Company pays remuneration to its Managing Director and Executive Directors by way of salary, perquisites and allowances. Salary is paid within the overall limits approved by the members of the Company. The Board, on the recommendations of the Remuneration Committee, approves the annual increments (effective 1st April each year). Within the prescribed ceiling, the perquisite package is recommended by the Remuneration Committee to the Board.

**Details of Directors' Remuneration
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2011**

IN ₹

Name of the Director	Salary	Bonus and Performance incentives	Retirement Benefits (contribution towards PF)	Commission	Sitting Fee	Total
Mr. L Vinay Reddy	24,15,000	2,89,800	1,65,600	-	-	28,70,400
Mr. L Jaipal Reddy	15,00,000	-	-	-	-	15,00,000
Mr. G. Ashok Reddy	21,24,720	3,50,000	1,44,288	-	-	26,19,008
Mr. Sivabalan Paul Pandian	-	-	-	-	48500	48500
Mr. Gopal G. Sehjpal	-	-	-	-	48500	48500
Mr. Dhanpat M. Kothari	-	-	-	-	46000	46000
Total	60,39,720	6,39,800	3,09,888	-	1,45,500	71,34,908

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
2007-08	Monday, 29th September, 2008	11.00 A.M.	C-6, Road No. 22, MIDC, Andheri (E), Mumbai-400093	No Special Resolution Passed
2008-09	Tuesday, 29th September, 2009	11.00 A.M.	C-6, Road No. 22, MIDC, Andheri (E), Mumbai-400093	No Special Resolution Passed
2009-10	Monday, 20th September, 2010	11.00 A.M.	A-46, Road No. 2, MIDC, Andheri (E), Mumbai-400093	1. Increase in Authorised Share Capital.
				2. Alteration in Memorandum of Association.
				3. Issue of Bonus Shares

Extra-Ordinary General Meeting held:

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

5. Subsidiary Company

The Company does not have any Subsidiary Company.

6. Disclosures

Related Party Transactions

During the financial year 2010-2011, the Companies transaction with related parties, as per requirement of Accounting Standard 18, are disclosed elsewhere in this Annual Report.

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

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

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

The details pertaining to the utilization of the proceeds of the fresh issue of equity shares under the Initial Public Offering of the Company in the Financial Year 2010-11 are specified herein below.

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, 2011 Setting up manufacturing facility to create additional capacity as Bengaluru	2,284.93	Nil
Expenses to be incurred for Brand Building	1,800.00	Nil
Brand Development Expenses	600.00	Nil
Investment in Joint Venture	2,500.00	Nil
Setting up of Exclusive Brand Outlets ("EBO's")	1,412.18	Nil
Setting up of Retail Store Modules for "Shop-in-Shop"	361.00	Nil
Upgradation of Design Studios	759.52	Nil
General Corporate Purpose	2,396.16	Nil
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, 2011.

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, 2011.

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.
- The official news releases, presentation made to the Shareholders at the Annual General Meeting and the presentation made to analysts are posted on the Company's website.

8. General Shareholder Information

a) Annual General Meeting

Date and Time : 25th August, 2011 on Thursday at 11.00 A.M.
 Venue : All India Plastics Manufacturers Association Auditorium,
 Plat No.A-52, Road No. 1, MIDC, Andheri (East),
 Mumbai-400093.

b) Financial Calender : 1st April to 31st March

c) Book Closure Date : 19th August, 2011 to 25th August, 2011
 (both days inclusive for the purpose of AGM and Dividend)

d) Dividend payment date : on or after 25.08.2011

- 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 2011-12.

- 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
March, 2011	278.95	236.10	27797515	278.90	228.60	37777090

j) Share Transfer System

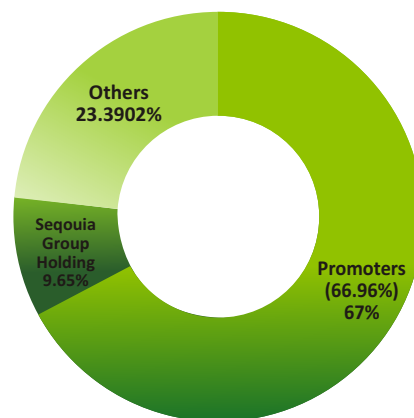
The Company has appointed Link In time India Private Limited as its Registrar and Transfer Agent as per Registrar and Share Transfer Agreement executed on 18th March, 2011. All share transfers and related operations are conducted by Link Intime India Private Limited, which is registered with the SEBI.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

k) Distribution of Shareholding (Rupees)

No. of Shares	No. of Shareholders	% of Shareholders	Share Amount (in ₹)	% of Total
1 - 5000	12176	96.2454	6518730	3.8802
5001 - 10000	178	1.4070	1378170	0.8203
10001 - 20000	113	0.8932	1679520	0.9997
20001 - 30000	44	0.3478	1091860	0.6499
30001 - 40000	25	0.1976	871740	0.5189
40001 - 50000	19	0.1502	879820	0.5237
50001 - 100000	44	0.3478	3311560	1.9712
100001 & above	52	0.4110	152268600	90.6361
Total	12651	100.00	168000000	100.0000

l) Shareholding Pattern as on 31st March, 2011.

Category	Number of Share holders	Number of Share Held	% of Total
1. Indian Promoters and Person Acting in Concert	7	11250000	66.96
Sub-Total	7	11250000	66.96
2.1 Mutual Funds & UTI	30	1600227	9.53
2.2 Foreign Company	1	1000000	5.95
2.3 FIs	5	991057	5.90
Sub-Total	36	3591284	21.38
3.1 Bodies Corporate	346	588608	3.51
3.2 Indian Public	11827	962215	5.73
3.3 NRIs/ OCBs	101	8711	0.05
3.4 Clearing Members	334	399182	2.37
Sub-Total	12608	1958716	11.65
Grand-Total	12651	16800000	100



m) Dematerialization of shares and liquidity:

	Number of Shares	% of Total Shares issued
Holding in Dematerialized Form (NSDL)	14253422	85
Holding in Dematerialized Form (CDSL)	850781	5
Holding in Physical Form	1695797	10
Total	16800000	100

Secretarial Audit Report for reconciliation of the Share Capital of the Company obtained from practicing Company Secretary has been submitted to the Stock Exchange with in stipulated time.

The Company's Ordinary shares are regularly traded on the Bombay Stock Exchange Limited and on The National Stock Exchange of India Limited.

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.

n) **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	Khasra No. 986 M, Salempur, Rajputana Industrial Estate, Dist. Haridwar, Roorkee – 247 667.

o) **Investor Correspondence:**

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

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

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

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

Annexure to the Corporate Governance Report for the year ended on 31st March, 2011:

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, 2011.

For **Lovable Lingerie Limited**

Sd/-

Mumbai
Date: May 30th, 2011

L Vinay Reddy
Chairman and Managing Director

DIRECTORS' REPORT

To
The Members,

Your Directors are pleased to present the 24th 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, 2011. The summarized financial results for the year ended 31st March, 2011 are as under:

Financial Results: Particulars	Current Year	(₹ In Lacs) Previous Year
	2009-10	2010-11
Profit Before Tax & Depreciation	1987.92	1556.98
Depreciation	137.30	130.69
Profit before Tax	1850.62	1426.29
Provision for Taxation	438.47	345.63
Profit after Tax and Depreciation	1412.15	1080.66
Tax/other adjustments	(3.10)	(76.51)
Surplus brought forward	1675.63	1161.32
Profit available for appropriation	3084.68	2165.47
Appropriations :		
Transferred to General Reserve	10	10
Utilised for issue of Bonus Shares	365	392.38
Proposed Dividend on Equity Share Capital	252	75
Corporate Dividend Tax on Proposed Dividend	41.85	12.46
Balance Carried forward from previous year	2415.83	1675.63
	3084.68	2165.47
EPS Basic & Diluted- Before Extraordinary Items (in ₹)	12.26	9.38
EPS Basic & Diluted- After Extraordinary Items (in ₹)	12.26	9.61

Review of Operation

Your Company registered a turnover of ₹10403.69 lacs during the current year as compared to ₹8695.35 lacs during the corresponding previous year. The Profit before depreciation and tax has increased during the year to ₹1987.92 lacs compared to ₹1556.98 lacs of previous year. Your Directors are continuously looking for avenues for future growth of the Company in Lingerie industry.

Dividend

Your Directors are pleased to recommend an equity dividend of ₹1.5 per equity share of face value ₹10/- each for the year ended March 31, 2011.

Share Capital

During the year under review, the Company has increased its Authorised Share Capital from ₹11,00,00,000 divided into 1,10,00,000 Equity Shares of ₹10 each to ₹18,00,00,000 divided into 1,80,00,000 Equity Shares of ₹10 each at the Members' meeting held on 20th September, 2010.

Deposits

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

Listing:

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

Utilization of IPO Proceeds

The Company has raised ₹ 113.275 Crores from the allotment of 55,50,000 Equity Shares in the last quarter of the year through an Initial Public Offer (IPO) and still the amount is not utilized except for IPO expenses.

Directors

Mr. Sivabalan Paul Pandian and Mr. Gopal G. Sehjpal were appointed as an Additional Directors of the Company at a Board Meeting held on 20th September 2010. In terms of Section 260 of the Company's Act, 1956 read with the Articles of Association of the Company, both Mr. Sivabalan Paul Pandian and Mr. Gopal G. Sehjpal would hold office only upto the forthcoming Annual General Meeting of the Company. The Company has received notices under Section 257 of the Companies Act, 1956 along with the requisite fees proposing appointment of both of them as Directors of the Company at the said Annual General Meeting.

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

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

Particulars of Employees

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

Auditors

Attar & Company, Chartered Accountants, having its office at 228/229, Sai Vihar, Sai Park, Shivaji Path, Kalyan, Maharashtra, 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 recommends 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

The Company is committed to principles of good governance, as it firmly believes that good corporate governance is the adoption of best practices to ensure that the company operates not only within the regulatory framework, but is also guided by broader business ethics. It also espouses and practices a wide spectrum of Corporate Sustainability initiatives as also Affirmative Action across locations.

The Company is committed to maintain the good standard of Corporate Governance and adhere to the Corporate Governance requirements set out in the listing. The Company has also implemented several best corporate governance practices as prevalent worldwide.

The Board of Directors supports the Broad Principles of Corporate Governance in addition to the basic governance issues; the Board lays strong emphasis on transparency accountability and integrity.

Further separate Management Discussion and Analysis Report covering wide range of activities such as outlook, performance of the Company etc is also enclosed.

Certificate from Managing Director and Chief Financial Officer as require under Clause 49 of the Listing Agreement and a declaration by Managing Director in compliance with the Code of Conduct and ethics is obtained. The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

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

Directors' Responsibility Statement

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

- In preparation of the Annual Accounts, the applicable accounting standards have been followed.
- The Directors had selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and 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.

Employee Relations

Continued emphasis on development of human resources and creation of good work culture has remained focus of your Company. Relations between the employees and the management continued to be cordial during the year. Your Directors and Management express happiness for the commitment shown by the employees. The Board wishes to express its deep appreciation to all employees of your Company for their dedicated services during the year.

Trade Relation

Your Company continued to receive unstinted support and co-operation from its retailers, stockiest, suppliers of goods/services, clearing and for-warding 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.

Acknowledgements

Your Directors wish to thank all stakeholders and business partners, your Company's bankers, financial institutions, medical profession and business associates for their continued support and valuable co-operation. The Directors also wish to express their gratitude to investors for the faith that they continue to repose in the Company.

Place: Mumbai
Date: 30th May, 2011

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

Sd/-
Vinay Jaipal Reddy
(Chairman and Managing Director)

Sd/-
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 ₹ 276.33 lakhs (Previous year ₹ 236.41 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, 2011.

₹ In Lakhs

Particulars	2010-2011	2009-2010
Foreign Exchanged Earned		
Exports (FOB)	-	12.62
Technical Assistance	-	-
Total	-	12.62
Foreign Exchange Outgo		
CIF Value of Imports	242.05	204.08
Travelling Expenses	9.92	7.75
Others	24.33	24.58
Total	276.33	236.41

FORM – A

Part 'A'		
Particulars	Current Year	Previous Year
Power & Fuel Consumption		
1. Electricity		
a) Purchased Units (Lacs)	3.39	3.38
Total Cost (₹ In Lacs)	22.55	20.26
Rate/Unit (₹)	6.65	6.00
b) Own Generation		
1) Through Diesel Generator		
Units (Lacs)	0.59	0.35
KWH per unit of fuel	4.67	4.67
Fuel Cost/Unit (₹)	8.96	8.65

B. Consumption per unit of Production		
Product	Electricity	
	Current Year	Previous Year
Production Qty.	80,69,737	64,57,432
Consumption per Unit	0.05	0.06

AUDITORS' CERTIFICATE

TO,
THE MEMBERS,
LOVABLE LINGERIE LIMITED

We have examined the compliance of conditions of Corporate Governance by Lovable Lingerie Limited ("the Company"), for the year ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

For Attar & Company

Firm Membership No. -112600W
Chartered Accountants

Place: Mumbai
Date: 30th May, 2011

M.F. Attar,
Proprietor,
Membership No. 34977

Auditors Report

We have audited the attached Balance sheet of Lovable Lingerie Limited as at 31st March, 2011 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, Profit and Loss Account, and the Cash Flow Statement referred to in this report is in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211(3C) of Companies Act, 1956.
- e) On the basis of the written representation received from the Directors, and taken on record by Board of Directors, we report that none of the director is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and as per the information and according to the explanations given to us, the said accounts, read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (i) in the case of Balance Sheet, of the state of affairs of the Company as on 31st March, 2011.
 - (ii) in the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date and
 - (iii) in the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **Attar & Co.**

Chartered Accountants

Firm Registration No.112600W

M. F. Attar

Proprietor

Membership No.034977

Date: 30th May, 2011

Annexure Referred to in paragraph 3 of the Auditor’s Report to the members of Lovable Lingerie Limited for the year ended on 31st March, 2011.

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

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

10. Company has neither accumulated losses nor has it incurred cash loss in the financial year under report and in the immediately preceding financial year.
11. On the basis of the records examined by us and the information and explanations given to us the company has not defaulted in repayment of dues to financial institutions and banks.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. As the Company is not a chit fund, nidhi, mutual benefit fund or society the provision of clause 4 [xiii] of the Companies (Auditors Report) Order, 2003 is not applicable to the Company.
14. As the Company is not dealing or trading in shares, securities, debentures and other investments, the provision of clause 4[xiv] of the Companies (Auditors Report) Order, 2003 is not applicable to the Company.
15. According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
16. The Company has not taken any term loans during the year.
17. According to the information and explanations received, the Company has not applied short-term borrowings for long-term use.
18. According the information and explanation given to us, the Company has not made any preferential allotment of shares during the year.
19. The Company has not issued any debentures during the year.
20. The Company has raised money through Pre IPO and IPO issue during the year. The Company has disclosed the end use of money raised by public issue of Equity Shares in Note No. 2 of Schedule -19 to the financial statements and the same has been verified by us with regards to the Prospectus filed and as disclosed in the Directors' Report.
21. To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company was noticed or reported during the year.

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

M. F. Attar
Proprietor
Membership No.034977
Date: 30th May, 2011

Balance Sheet as at 31st March, 2011		Amt in ₹	
Particulars	Sch	31.03.2011	31.03.2010
Sources of Funds			
Shareholders' Funds			
a) Share Capital	1	168,000,000	75,000,000
b) Reserves and Surplus	2	1,244,266,145	168,563,234
Loan Funds			
a) Secured Loans	3	-	2,888,808
b) Unsecured Loans	4	-	445,925
Deferred Tax Liability		9,237,146	8,788,620
		1,421,503,291	255,686,587
Application of Funds			
Fixed Assets	5		
a) Gross Block		190,580,317	175,365,893
b) Less : Depreciation		61,204,490	47,515,637
c) Net Block		129,375,827	127,850,256
Investments	6	930,570,001	19,843,000
Current Assets, Loans and Advances			
a) Inventories	7	223,586,529	130,665,477
b) Sundry Debtors	8	105,800,651	136,393,843
c) Cash and Bank Balances	9	143,329,416	26,966,502
d) Loans and Advances	10	37,315,362	23,198,905
		510,031,958	317,224,727
Less : Current Liabilities and Provisions	11		
a) Liabilities		119,089,090	189,913,660
b) Provisions		29,385,405	19,317,736
		148,474,495	209,231,396
Net Current Assets		361,557,463	107,993,331
		1,421,503,291	255,686,587

As per our report of even date

For Attar & Co.

Chartered Accountants
Firm Reg. No.112600 W

M. F. Attar

Proprietor

Membership No.034977

Mumbai, Date :30th May,2011

For Lovable Lingerie Limited

Mr. L Vinay Reddy } Chairman & Managing Director

Mr. G. Ashok Reddy } Executive Director
Mr. L. Jaipal Reddy }

Mr. Dhanpat Kothari } Non-Executive Director
Mr. Gopal Sehjpal }
Mr. Sivabalan Paul Pandian }

Mrs. Megha Maheshwari
Company Secretary

Profit & Loss Account for the year ended on 31st March, 2011			Amt in ₹
Particulars	Sch	31.03.2011	31.03.2010
Income			
Sale of Manufactured / Traded Goods			
Domestic		1,040,368,864	868,273,311
Exports		-	1,261,798
		1,040,368,864	869,535,109
Increase / (Decrease) In Stocks	12	66,734,550	(2,689,646)
Other Income	13	9,411,001	1,014,122
		1,116,514,415	867,859,585
Expenses			
Cost of Goods Sold/Consumed	14	559,188,890	429,311,439
Managerial Remuneration		6,989,408	5,230,895
Employees' Remuneration and Benefits	15	109,469,938	87,682,999
Administrative and Other Expenses	16	32,782,231	27,967,207
Selling and Distribution Expenses	17	203,446,308	154,484,531
Deferred Expenses written off		490,000	673,234
Depreciation and Amortisation		13,730,663	13,069,767
		926,097,438	718,420,072
Profit before Interest & Tax		190,416,977	149,439,513
Interest Expenses	18	5,354,533	9,328,906
		5,354,533	9,328,906
Profit before Extra-Ordinary Items		185,062,444	140,110,607
Add: Excess Provision for Gratuity written back		-	2,518,561
Profit Before Taxation		185,062,444	142,629,167
Less: Provision for Taxation			
Current Tax		43,398,584	30,373,467
Deferred Tax Liability/(Asset)		448,526	4,189,520
Profit after Taxation		141,215,334	108,066,180
Add: Excess/(Short) Provision for Taxation		(310,054)	1,017,085
Less: Prior Period Adjustment (Deferred Tax)		-	(8,668,409)
Add: Balance b/f from previous year		167,563,234	116,131,673
Balance available for appropriation		308,468,514	216,546,529
Appropriations			
Transferred to General Reserve		1,000,000	1,000,000
Capital Redemption Reserve		-	-
Utilised for Issue of Bonus Shares		36,500,000	39,237,639
Proposed Dividend on Equity Share Capital		25,200,000	7,500,000
Corporate Dividend Tax on Proposed Dividend		4,185,405	1,245,656
		66,885,405	48,983,295
Balance carried to Balance Sheet		241,583,109	167,563,234
Earnings Per Shares (₹) Basic & Diluted- Before Extraordinary Items		12.26	9.38
Earnings Per Shares (₹) Basic & Diluted- After Extraordinary Items		12.26	9.61
(Face Value of ₹ 10/- each)			
(Refer to Point 15 of Schedule 19 Earnings Per Share)			
Notes to accounts	19		

As per our report of even date

For Attar & Co.

Chartered Accountants
Firm Reg. No.112600 W

M. F. Attar

Proprietor

Membership No.034977

Mumbai, Date :30th May,2011

For Lovable Lingerie Limited

Mr. L Vinay Reddy } Chairman & Managing Director

Mr. G. Ashok Reddy } Executive Director
Mr. L. Jaipal Reddy }

Mr. Dhanpat Kothari } Non-Executive Director
Mr. Gopal Sehjpal }
Mr. Sivabalan Paul Pandian }

Mrs. Megha Maheshwari
Company Secretary

LOVABLE LINGERIE LIMITED

	Amt in ₹	
Cash Flow Statement for the year ended on 31 st March, 2011.		
Particulars	31.03.2011	31.03.2010
A. Cash Flow From Operating Activities		
Net Profit before Tax	185,062,444	142,629,167
Adjustment for :		
1) Depreciation and Amortization	13,730,663	13,069,767
2) Interest Expenses	5,354,533	9,328,906
3) (Profit)/Loss on Sale of Assets (Net)	29,664	(22,296)
4) Interest Received	(99,681)	(233,554)
5) Exchange Gain-Net	(8,610,732)	(686,451)
6) Dividend Received	(510,524)	(3,300)
	9,893,922	21,453,072
Operating Profit before Working Capital Changes	194,956,366	164,082,239
Adjustments For Changes in Working Capital		
(Increase) / Decrease in Trade Recievables	30,593,191	(49,298,994)
(Increase) / Decrease in Inventories	(92,921,052)	4,639,962
(Increase) / Decrease in Other Recievables	(12,634,967)	67,763,625
Increase / (Decrease) in Trade Payables	(81,980,964)	(13,148,685)
Increase / (Decrease) in Other Liabilities	11,156,393	(56,603,191)
(Increase)/Decrease in Working Capital	(145,787,399)	(46,647,284)
Cash Generated From Operations	49,168,967	117,434,955
Less:		
Direct Tax Refunds	-	1,024,735
Direct Taxes Paid	(55,762,205)	(22,177,375)
Net cash from Operating Activities	(A) (6,593,237)	96,282,315
B. Cash Flow From Investing Activities		
Purchase of Fixed Assets	(15,307,925)	(9,040,706)
Sale of Fixed Assets	22,026	62,221
Additions to Investments	(930,510,501)	(9,810,500)
Sale of Investment	19,783,500	-
Maturity of Fixed Deposits	-	2,450,000
Interest Received	99,681	233,554
Exchange Gain-Net	8,610,732	686,451
Dividend Received	510,524	3,300
Net cash used in Investing Activities	(B) (916,791,963)	(15,415,679)

LOVABLE LINGERIE LIMITED
Cash Flow Statement for the year ended on 31 st March, 2011.
Amt in ₹

Particulars	31.03.2011	31.03.2010
C. Cash Flow From Financing Activities		
Issue Of Shares		
Share Capital-Equity	55,500,000	-
Securities Premium	1,077,250,000	-
Share Issue Expenses	(75,566,964)	-
Proceeds From Borrowings		
Secured Loans		
Loan from Bank	(2,888,808)	(34,258,879)
Unsecured Loans		
From Directors & Shareholders	(445,925)	(26,354,075)
Interest Paid		
Bank	(4,671,218)	(8,640,857)
Others	(683,315)	(688,049)
Corporate Dividends Tax Paid	(1,245,656)	(262,575)
Dividend Paid	(7,500,000)	(1,500,000)
Net cash used in Financing Activities (C)	1,039,748,114	(71,704,435)
Net Increase /(Decrease) in Cash and Cash Equivalent (A + B + C)	116,362,914	9,162,200
Add:-Opening Cash and Cash Equivalent	25,616,502	16,454,302
Cash and Cash Equivalent as at year end	141,979,416	25,616,502
Cash and Cash Equivalents comprises		
Cash and Cheques on hand	922,531	158,931
Balances with Scheduled Banks	142,406,885	26,807,571
Cash and Bank Balances as per Schedule 9	143,329,416	26,966,502
Less:-Fixed Deposits not considered as cash equivalents	1,350,000	1,350,000
Cash & Cash Equivalents in Cash Flow Statement	141,979,416	25,616,502

Notes:

- 1) Figures in brackets indicate cash outflow
- 2) The above cash flow statement has been prepared under the Indirect method set out in AS-3 'Cash Flow Statement' notified under the Companies (Accounting Standard) Rules, 2006 (as amended)
- 3) Previous year figures have been regrouped and recast wherever necessary to confirm to the current year classification.

As per our report of even date

For Attar & Co.

 Chartered Accountants
 Firm Reg. No.112600 W

M. F. Attar
Proprietor

Membership No.034977

Mumbai, Date :30th May,2011

For Lovable Lingerie Limited
Mr. L Vinay Reddy } Chairman & Managing Director

Mr. G. Ashok Reddy } Executive Director
Mr. L. Jaipal Reddy }

Mr. Dhanpat Kothari } Non-Executive Director
Mr. Gopal Sehjpal }
Mr. Sivabalan Paul Pandian }

Mrs. Megha Maheshwari
 Company Secretary

Schedules forming part of accounts as at 31st March, 2011		Amt in ₹
Schedule : 1 : Share Capital	31.03.2011	31.03.2010
Authorised		
1,80,00,000 Equity shares of ₹10/-each (P.Y.1,50,00,000 Equity shares of ₹ 10/-each)	180,000,000	15,000,000
	180,000,000	15,000,000
Issued, Subscribed and Paid Up :		
1,68,00,000 Equity Shares of ₹ 10 each fully paid up. (P.Y.75,00,000 Equity shares of ₹ 10/-each) (Including 97,50,000 (P.Y. 60,00,000) Equity Shares of ₹ 10/- each allotted as fully paid bonus shares by capitalisation of General Reserve and Profit & Loss balance).	168,000,000	75,000,000
	168,000,000	75,000,000
Schedule : 2 : Reserves and Surplus		
General Reserve		
As per last Balance Sheet	1,000,000	15,762,361
Less : Capitalised on Issue of Bonus Shares	(1,000,000)	(15,762,361)
Add:-Trfd from Profit and Loss appropriation Account	1,000,000	1,000,000
	1,000,000	1,000,000
Capital Redemption Reserve		
As per last Balance Sheet	-	5,000,000
Less : Capitalised on Issue of Bonus Shares	-	(5,000,000)
	-	-
Securities Premium		
As per last Balance Sheet	-	-
Add: Received during the year	1,077,250,000	-
Less: Utilised for Initial Public Issue Expenses	(75,566,964)	-
	1,001,683,036	-
Profit and Loss Account	241,583,109	167,563,234
	1,244,266,145	168,563,234
Schedule : 3 : Secured Loans		
Cash Credit / Working Capital Demand Loan (Against exclusive hypothecation charge on stocks i.e Raw-materials, Stock in Process, Finished goods, Stores and Spares and Book Debts of the Company,) [Secured by Guarantee given by Directors]	-	2,888,808
	-	2,888,808
Schedule : 4 : Unsecured Loans		
From Directors [Interest Free]	-	445,925
	-	445,925

Schedules forming part of accounts as at 31st March, 2011												Amt in ₹	
Schedule : 5 : Fixed Assets	Gross Block						Depreciation				Net Block		
	Balance as on 01.04.2010	Additions	Deductions	Balance as on 31.03.2011	Balance as on 01.04.2010	For the year	On Deductions	Balance as on 31.03.2011	As on 31.03.2011	As on 31.03.2010			
Brands	116,989,877	-	-	116,989,877	30,419,499	9,737,500	-	40,156,999	76,832,878	86,570,378			
Plant and Machinery	35,886,180	10,021,454	-	45,907,634	7,896,618	1,848,700	-	9,745,318	36,162,316	27,989,562			
Office Equipments	1,578,880	170,276	-	1,749,156	577,755	103,860	-	681,615	1,067,541	1,001,124			
Computers	4,855,983	515,927	-	5,371,910	2,711,391	638,583	-	3,349,974	2,021,936	2,144,592			
Electrical Installations	3,027,145	2,804,701	-	5,831,846	923,156	262,061	-	1,185,217	4,646,629	2,103,989			
Vehicles	3,110,996	-	93,500	3,017,496	1,320,900	267,912	41,810	1,547,002	1,470,495	1,790,097			
Furniture and Fixtures	9,916,831	1,795,567	-	11,712,398	3,666,318	872,047	-	4,538,365	7,174,034	-			
Grand Total	175,365,893	15,307,925	93,500	190,580,317	47,515,637	13,730,663	41,810	61,204,490	129,375,827	127,850,256			
Previous Year	166,677,761	9,040,706	352,575	175,365,892	34,758,520	13,069,766	312,650	47,515,636	127,850,256	-			

Schedules forming part of accounts as at 31st March, 2011		Amt in ₹	
Schedule : 6 : Investments - [At Cost /Book Value]		31.03.2011	31.03.2010
Long Term			
Quoted Investments			
200 Equity Shares of Corporation Bank Limited of ₹ 10/- each at ₹ 80/- per share fully paid up.		16,000	16,000
Unquoted Investments			
Nil [P.Y.1,45,570 Shares of Federal Brands Ltd. of ₹ 100/- each fully paid up.]		-	19,783,500
In Government Securities			
National Savings Certificates (Deposited with Sales Tax Authorities)		43,500	43,500
Current Investments			
	Purchase / (Sales) [Units]		
BNP Paribas Fixed Term Fund Ser 21A Dividend on Maturity	20,014,037	200,140,370	-
BNP Paribas Fixed Term Fund Ser 21H - Growth	10,007,363	100,073,630	-
IDFC FMP - Yearly Series 42 - Growth	10,000,000	100,000,000	-
Birla Sunlife Fixed Term Plan Series CW Growth	10,000,000	100,000,000	-
Birla Sunlife Fixed Term Plan Series CX Growth	10,011,114	100,111,140	-
HSBC Fixed Term Series 79 - Growth	10,000,000	100,000,000	-
ICICI Prudential FMP Series 54 - 1 year Plan B Cumulative	13,012,681	130,126,810	-
Kotak FMP Series43 - Growth	10,003,958	100,039,580	-
Birla Sunlife -cash Plus-Liquid	9,982,431 (9,980,538)	18,971	-
Total Current Investment		930,510,501	-
Total Investments		930,570,001	19,843,000
1) Cost of Quoted Investments		16,000	16,000
2) Market Value of Quoted Investments		127,240	127,000
Schedule : 7 : Inventories			
(Valued at Cost or Market Value whichever is lower)			
Raw Materials		49,875,120	26,201,720
Work In Progress		62,488,136	28,784,715
Finished Goods		100,080,982	67,049,853
Packing Material		4,007,177	3,082,175
Consumables- Others		7,135,114	5,547,014
		223,586,529	130,665,477

Schedules forming part of accounts as at 31st March, 2011		Amt in ₹
Schedule : 8 : Sundry Debtors	31.03.2011	31.03.2010
Unsecured and Considered Good		
(a) Debts outstanding for a period exceeding six months	18,376,026	8,768,532
(b) Other Debts	87,424,625	127,625,311
	105,800,651	136,393,843
 Schedule : 9 : Cash and Bank Balances		
Cash on hand	922,531	158,931
Balances with Scheduled Banks		
In Deposit Account as Margin Money	1,350,000	1,350,000
On Current Account	141,056,885	25,457,571
	143,329,416	26,966,502
 Schedule : 10 : Loans and Advances		
Unsecured and considered good (Advances recoverable in cash or in kind or for value to be received)		
Staff Advances	1,337,787	1,064,316
Income tax refund receivable	1,611,893	130,404
Interest Receivable	290,076	201,920
Security Deposits	14,777,081	8,277,955
Excise / Sales Tax Balances	375,834	33,795
Advance against Expenses	10,577,671	13,490,515
Others	8,345,020	-
Inter-division/branch balances	-	-
	37,315,362	23,198,905
 Schedule : 11 : Current Liabilities and Provisions		
a) Current Liabilities		
i. Sundry Creditors - Capital goods	394,470	96,863,258
ii. Sundry Creditors - Others	77,370,895	62,883,070
iii. Security Advances	10,724,968	8,562,998
iv. Other Liabilities		
Sales Tax Payable	332,342	262,384
Entry Tax Payable	1,157	64,879
Profession Tax Payable	13,350	9,450
Tax Deducted at Source	5,226,024	435,654
Provident Fund Payable	958,050	734,471
E.S.I.C. Payable	255,943	170,321
Salaries Payable	5,416,211	2,267,274
Provision for Bonus	8,971,414	10,486,761
Provision for Leave Encashment	3,130,034	2,344,366
Provision for Gratuity	4,656,628	3,842,842
Others	1,637,604	985,932
	119,089,090	189,913,660

Schedules forming part of accounts as at 31st March, 2011		Amt in ₹	
	<u>31.03.2011</u>	<u>31.03.2010</u>	
b) Provisions			
(i) Proposed Dividend			
On Equity Share Capital	25,200,000	7,500,000	
(ii) Provision For Corporate Dividend Tax on Proposed dividend	4,185,405	1,245,656	
For Income Tax [Net of Advanced Tax & TDS]	-	10,362,280	
For Fringe Benefit Tax	-	209,800	
	29,385,405	19,317,736	
	<u>148,474,495</u>	<u>209,231,396</u>	
Schedule : 12 : Increase In Stocks			
Closing Stocks			
Work In Progress	62,488,136	28,784,715	
Finished Goods	100,080,982	67,049,853	
	<u>162,569,118</u>	<u>95,834,568</u>	
Less:			
Opening Stocks			
Work In Progress	28,784,715	29,774,733	
Finished Goods	67,049,853	68,749,482	
	95,834,568	98,524,215	
	<u>66,734,550</u>	<u>(2,689,646)</u>	
Schedule : 13 : Other Income			
Interest [TDS Rs. 10,477/-] [P.Y. Rs.21,187/-]	99,681	233,554	
Duty Drawbacks	-	35,611	
Dividend Received	510,524	3,300	
Gain in Foreign Exchange Fluctuation [Net]	8,610,732	686,451	
Profit on sale of fixed assets / Investments	-	22,296	
Others	190,064	32,910	
	<u>9,411,001</u>	<u>1,014,122</u>	
Schedule : 14 : Cost of Goods Sold / Consumed			
Opening Stocks	34,830,909	36,781,217	
Add : Purchases of Raw Materials	442,246,592	296,489,113	
	477,077,501	333,270,330	
Less : Closing Stocks	61,017,409	34,830,909	
	416,060,092	298,439,421	
Add : Purchases of Finished Goods	109,984,077	103,063,326	
Direct Expenses	6,977,994	6,525,352	
Labour/Processing Charges	26,166,727	21,283,340	
	<u>559,188,890</u>	<u>429,311,439</u>	

Schedules forming part of accounts as at 31st March, 2011		Amt in ₹
Schedule : 15 : Employees' Remuneration and Benefits	31.03.2011	31.03.2010
Salaries and Wages	93,017,787	75,633,778
Contribution to Provident and Other Funds	11,743,805	9,118,695
Gratuity Benefits	2,914,266	1,566,879
Welfare Expenses	1,794,080	1,363,647
	109,469,938	87,682,999
Schedule : 16 :Administrative Expenses		
Rent Rates and Taxes	10,645,367	9,273,852
General Expenses	1,959,463	1,463,337
Legal & Professional Charges	3,230,583	2,073,744
Insurance	251,295	268,162
Vehicle Maintenance	689,156	902,019
Computer Expenses	482,014	351,910
Security Service Charges	2,323,722	1,786,829
Conveyance Expenses	649,226	469,965
Travelling Expenses	2,010,218	1,587,047
Printing and Stationery Expenses	2,561,701	1,410,809
Postage Telephone and Telex Expenses	2,416,802	2,633,405
Repairs-Machinery	2,702,948	2,497,752
Bank Charges and Commission	2,471,597	2,934,021
Loss on sale of fixed assets / investments	29,664	-
Auditors Remuneration	358,475	314,355
	32,782,231	27,967,207
Schedule : 17 : Selling and Distribution Expenses		
Freight and Delivery Charges	16,902,851	13,322,925
Sales Tax	25,563,528	24,037,120
Sales Promotion Expenses	15,170,902	11,605,031
Advertisement Expenses	46,267,782	14,910,277
Bad Debts	-	-
Discounts	84,424,219	77,739,697
Field Staff Expenses	9,432,194	8,065,846
Commission	5,684,832	4,803,635
	203,446,308	154,484,531
Schedule : 18 : Interest Expenses		
Interest to Bank	4,671,218	8,640,857
Interest to Others	683,315	688,049
	5,354,533	9,328,906

LOVABLE LINGERIE LIMITED

Schedule: 19: Notes to Accounts and Additional Information.

1. Significant Accounting Policies:

A) Basis of preparation of financial statements:

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

The financial statements have been prepared and presented under the historical cost convention in accordance with the normally accepted accounting principles and the provisions of the Act. The Accounting policies have been consistently applied by the Company unless otherwise stated.

B) Fixed Assets and Depreciation:

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

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

C) Intangible Assets:

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

D) Investments:

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

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

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

E) Valuation of Inventories:

Raw materials, stores & spares and packaging materials:

Lower of cost and net realizable 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 realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads.

Work-in-progress:

Lower of cost and net realizable value.

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

F) Revenue Recognition:

Sale of Goods:

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

Dividends:

Revenue is recognized when the right to receive is established.

Interest:

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

G) Design & Development costs:

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

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

H) Employee Retirement Benefits:

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

I) Provision for Taxation

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

J) Contingent Liabilities and Provisions:

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

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

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

K) Use of estimates:

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

L) Earnings Per Share

Basic Earnings Per Share ("EPS") is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the period. The weighted average number of shares of the previous year is adjusted for issue of bonus share during the year in compliance with Accounting Standard (AS 20) - Earnings Per Share. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of dilutive potential equity shares.

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

Particulars	Amount in ₹
Amount Received from Pre IPO	200,000,000
Amount Received from IPO	932,750,000
Total Amount Received	1,132,750,000
Utilization of Funds upto March 31, 2011	
IPO Expenses	75,566,964
Balance unutilized Amount temporarily Invested in	
Mutual Funds	930,510,501
Bank Balances	126,672,535
Total	1,132,750,000

3 Current Assets, Loans and Advances:

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

Loans and Advances – Others represent advertisement materials stock on hand.

4 Leases:

Operating Lease:

Rental expenses for operating leases for the year ended March 31, 2011 and March 31, 2010 was ₹9,765,560/- and ₹8,661,480/- respectively.

The company has leased facilities under cancelable operating leases. The future payments in respect of these leases as on March 31, 2011 are:

Minimum lease payments:

Particulars	Amount in ₹
i) not later than one year	5,899,345
ii) later than one year but not later than five years	4,251,070
iii) later than five years	Nil

5 Dues to Micro, Small and Medium Enterprises

The Company is in the process of compiling relevant information about their overage under Micro, Small and Medium Enterprises Development Act, 2006 from its suppliers. Since the relevant information is not readily available, no disclosures have been made in the accounts. However, in the opinion of management, the impact of interest, if any, that may be payable in accordance with the provision of this Act is not expected to be material.

Schedules forming part of accounts as at 31st March, 2011						Amt in ₹
Schedule: 19 : Notes to Accounts for the year ended 31 March, 2011.....cont..						
Particulars	31.03.2011			31.03.2010		
6. Quantitative Details						
a) Sales						
Brassier /Panties /Lingerie Accessories	Pcs.	8,723,027	1,040,368,864	7,135,350		869,535,109
b) Closing Stocks						
Brassier /Panties /Lingerie Accessories	Pcs.	2,000,757	100,080,982	1,679,607		67,049,850
c) Raw Materials Consumed						
Fabric	Kgs	329,854	161,799,811	231,983		113,256,167
Fabric	Mtrs	960,120	101,768,850	1,142,054		76,931,432
Elastics	Mtrs	17,826,450	58,250,806	13,553,030		41,199,278
Lace	Mtrs	469,991	19,531,974	503,721		17,402,324
Packing Materials		-	37,625,888	-		25,215,211
Thread		-	3,342,466	-		2,933,148
Consumable Others		-	33,740,296	-		21,501,860
			416,060,092			298,439,421
d) Finished goods purchased						
Brassier /Panties	Pcs.	974,440	109,984,077	283,454		103,063,326
e) Raw Materials Consumed						
Indigenous	%	94	389,636,227	94		280,520,516
Imported	%	6	26,423,865	6		17,918,904
		100	416,060,092	100		298,439,421
7. Remuneration to Managers						
Salaries			6,039,720			4,438,100
Contribution towards PF			309,888			285,840
Bonus			639,800			506,955
			6,989,408			5,230,895
8. Remuneration to Auditors						
Statutory Audit Fees			330,900			165,450
Vat Audit Fees			27,575			27,575
IPO Certification Fees			551,500			-
Arrears of Statutory Audit Fees			-			121,330
			909,975			314,355
9. Contingent Liabilities						
Corporate Guarantee Given for Group Company			-			15,000,000
Bank Guarantee to BSE			4,500,000			-
Demand Notice from Customs Authorities			4,719,798			-
10 F. O. B. Value of Exports						1,261,798
11. Expenditure in Foreign Currency						
Travelling Expenses			991,886			775,277
Others			2,433,214			2,458,207

Schedules forming part of accounts as at 31st March, 2011		Amt in ₹
Schedule: 19 : Notes to Accounts for the year ended 31 March, 2011.....cont..		
Particulars	31.03.2011	31.03.2010
12. C.I.F. Value of Imports		
Raw Materials	24,205,120	20,408,670
13. Deferred Tax Assets / Liabilities		
i) The Deferred Tax Liability for the current year of Rs. 448526/- is recognised in Profit and Loss A/c		
ii) The Tax effect of significant temporary differences that resulted in deferred tax (assets) / liabilities are :		
Particulars	31.03.2011	31.03.2010
Depreciation	12,854,976	10,100,437
Gratuity	(1,171,061)	(908,418)
Leave Encashment	(922,888.00)	(826,853)
Deferred Expenses	(297,671)	(183,070)
Bonus	(1,832,734)	-
Others	606,523	606,523
(Asset) / Liability	9,237,146	8,788,620
14. Accounting Standard 15 - Employee Benefits		
Particulars	As at 31.03.2011	As at 31.03.2010
Gratuity		
Current service cost	1,910,344	1,770,426
Interest cost	552,813	485,538
Expected return on plan assets	(369,939)	(240,946)
Net Actuarial (gain) / loss to be recognized	721,179	(484,915)
Total expense recognized in the statement of Profit & Loss Account	2,814,397	1,530,103
Actual Contribution & Benefit Payments		
Actual Benefit Payments	-	-
Actual Contribution	-	-
Net Asset / (Liability) recognized in Balance Sheet		
Liability at the end of the year	9,312,664	6,910,164
Fair value of plan assets at the end of the year	4,491,584	3,067,322
(Net Asset)/ Liability recognized in the Balance Sheet	4,821,080	3,842,842
Change in Defined Benefit Obligations (DBO)		
Present Value of Defined Benefit Obligation at beginning of Year	6,910,164	6,069,221
Interest Cost	552,813	485,538
Current Service Cost	1,910,344	1,770,426
Benefits Paid	(781,836)	(930,106)
Actuarial (Gain)/ Losses on Obligation	721,179	(484,915)
Present Value of Defined Benefit Obligation at the End of Year	9,312,664	6,910,164

Schedules forming part of accounts as at 31st March, 2011

Schedule: 19 : Notes to Accounts for the year ended 31 March, 2011.....cont..

Particulars	As at 31.03.2011	As at 31.03.2010
Change in Fair Value of Plan Assets during the year		
Planned assets at Beginning of the year	3,067,322	2,409,657
Expected return on planned assets	369,939	240,946
Contributions	1,836,159	1,346,825
Benefit paid	(781,836)	(930,106)
Actuarial gain /(loss) on plan assets	-	-
Fair value of plan assets at the end of the year	4,491,584	3,067,322
Defined Benefit Plan – Actuarial Assumptions		
Discount rate	8%	8%
Salary Escalation Rate	7%	7%
Rate of return on plan assets	8%	8%

15. Earnings Per Share	2010-2011	2009-2010
1. Basic and Diluted Earnings Per Share before Exceptional items (Face Value - Rs. 10/- per share)	12.26	9.38
2. Basic and Diluted Earnings Per Share after Exceptional items (Face Value - Rs. 10/- per share)	12.26	9.61
3. Profit After Tax and Prior Period items but before Exceptional Items as per Profit & Loss A/c (Rs. In Lakhs)	1,412	1,055.48
4. Profit After Tax, Prior Period items and Exceptional Items as per Profit & Loss A/c (Rs. In Lakhs)	1,412	1,080.66
5. Weighted Average number of equity shares outstanding	11,518,630	11,250,000
Weighted Average number of equity shares outstanding		
Number of Equity Shares at the Beginning of the Year	1,500,000	1,500,000
Add : Bonus Shares issued	9,750,000	9,750,000
Add : Share issued under Initial Public offer	268,630	-
	11,518,630	11,250,000

Notes :

- 1) Since the bonus shares are issued without consideration, the issue is treated as if it had occurred prior to the beginning of the year.
- 2) 10,00,000 Equity Shares were issued to SCI Growth Investment on 12.02.2011 and 45,50,000 Equity Shares were issued under Initial Public Offering on 21.03.2011. These issues are considered under weighted average number of equity shares on prorata basis based on number of days.

Schedules forming part of accounts as at 31st March, 2011

Schedule: 19 : Notes to Accounts for the year ended 31 March, 2011.....cont..
16. Information on related party as required by Accounting Standard (AS-18) on Related Party Disclosures for the year ended 31st Mar, 2011

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

List of Related Parties :-
A) Key Management Personnel :

Mr. G Ashok Reddy

Mr. L Vinay Reddy

Mr. L Jaipal Reddy

B) Other Related Parties
Entities where Key Management Personnel exercises significant influence/ Group Companies :

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

17. Information on related party as required by Accounting Standard

(AS-18) on Related Party Disclosures for the period ended
31st March, 2011

	2010-2011	2009-2010
1. Rent Paid	273,000	241,000
Mr. G Ashok Reddy	165,000	165,000
Tecknit Industries	108,000	76,000
2. Additional Advance Given:		108,399,731
Federal Brands Limited [Formerly Microtex India Limited]	-	98,760,411
Hype Integracomm Private Limited	-	9,639,320
3. Repayments of Advance in Cash or Kind:		187,100,754
Federal Brands Limited [Formerly Microtex India Limited]	-	125,014,273
Hype Integracomm Private Limited	-	62,086,481
4. Loan received from Shareholders		21,145,925
Mr. L. Jaipal Reddy	-	1,945,925
Mr. L. Prashant Reddy	-	3,700,000
Mrs. L. Shoba Reddy	-	6,000,000
Mr. L. Vinay Reddy	-	9,500,000
5. Loan repaid to Shareholders	445,925	47,500,000
Mr. L. Jaipal Reddy	445,925	1,500,000
Mr. L. Prashant Reddy	-	10,500,000
Mrs. L. Shoba Reddy	-	26,000,000
Mr. L. Vinay Reddy	-	9,500,000

Schedules forming part of accounts as at 31st March, 2011
Schedule: 19 : Notes to Accounts for the year ended 31 March 2011.....cont..

6. Remuneration Paid	6,989,408	5,230,895
Mr. G Ashok Reddy	2,619,008	2,360,495
Mr. L Vinay Reddy	2,870,400	2,870,400
Mr. L Jaipal Reddy	1,500,000	-
7. Dividend Paid - Promoters	-	1,500,000
8. Bonus Shares Issued to Promoters	37,500,000	60,000,000
9. Sale of Investments		
Mr. L Vinay Reddy	19,783,500	-
10. Amount Payables	-	445,925
Mr. L. Jaipal Reddy	-	445,925

18) Previous year figures:

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

As per our report of even date

For Attar & Co.

Chartered Accountants
Firm Reg. No.112600 W

M. F. Attar
Proprietor

Membership No.034977
Mumbai, Date :30th May,2011

For Lovable Lingerie Limited

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(As required Under part IV to the Companies Act, 1956)

I. Registration Details

Registration No.: L17110MH1987PLC044835
State Code : 11
Balance Sheet Date : 31.03.2011

II. Capital Raised During the Year (Amount in Rs.)

Public Issue	45,500,000
Bonus Issue	37,500,000
Right Issue	Nil
Private Placement	10,000,000

III. Position of Mobilisation and Deployment of Funds (Amount in Rs.)

Total Liabilities	1,421,503,291
Total Assets	1,421,503,291
Sources of Funds	
Paid-up Capital	168,000,000
Reserves and Surplus	1,244,266,145
Secured Loans	Nil
Unsecured Loans	Nil
Deferred Tax Liability	9,237,146
Application of Funds	
Net Fixed Assets	129,375,827
Investments	930,570,001
Net Current Assets	361,557,463

IV. Performance of Company

Turnover	1,040,368,864
Total Expenditure	931,451,971
Profit/Loss Before Tax	185,062,444
Profit/Loss After Tax	141,215,334
Earning per Share in Rs.	12.26
Dividend	15%

V. Generic Names of Three Principal Products / Services of Company:

(As per Monetary terms)

Product description	- Brassieres
Item Code No. (ITC Code)	- 6212

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

MEMBERS' FEEDBACK FORM 2010-11

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

Folio No. _____ DP ID* _____ Client ID* _____ Shares held _____

(Name in Block Letters)

I hereby record my presence at the 24th Annual General Meeting of the Company held at All India Plastics Manufacturers Association Auditorium, Plat No. A-52, Road No. 1, MIDC, Andheri (East), Mumbai-400093 on Thursday, 25th August, 2011 at 11.00 A.M.

_____ Member's/Proxy's name in block letters
 _____ Member's/Proxy's signature
 (to be signed at the time of handing over this slip)

* Applicable for investors holding shares in dematerialized form.
NOTE : Your entry to the meeting will be regulated by this attendance Slip.

Lovable Lingerie Limited
 Regd. Office: A-46, Road No.2, MIDC, Andheri (East), Mumbai-400093

PROXY FORM

Folio No. _____ DP ID* _____ Client ID* _____ Shares held _____

I/We _____ resident of _____ being a member/members of the above named Company hereby appoint _____ resident of _____ as my/our proxy to vote for me/us on my/our behalf at the 24th Annual General Meeting of the Company to be held at 11.00 A.M. on Thursday, the 25th day of August, 2011 and at any adjournment thereof.

I wish my above proxy to vote in the manner as indicated in the box below:

Sr. No.	Particulars of Resolution	For	Against
1.	Adoption of Accounts		
2.	Declaration of dividend		
3.	Re-appointment of Mr. Dhanpat Kothari		
4.	Appointment of Mr. Gopal Sehjpal as a Director		
5.	Appointment of Mr. Sivabalan Paul Pandian as a Director		
6.	Appointment of Statutory Auditor		

Signed this _____ day of August, 2011.
 Signature _____

Affix 1
 Rupee
 Revenue
 Stamp

* Applicable for investors holding shares in dematerialized form.

Note:

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

BRANDS



First International Brand to be successfully launched in India.

Leader in the Super Premium & Premium Segment

Leading market share of the Premium Lingerie market.



Launched in 2003.

Created to fulfil the need of Indian women for superior cotton bras that offers International styling and quality.

Full Potential of Cotton Essentials will be realized by carrying it through a Mass Distribution Channel.



Most Innovative Lingerie Brand.

Operates in the Mid-Market Segment.

Market Leader in the Southern States & foraying in other regions.



Flaunt your Curves!

Acquired in 2009 and launched in the same year.

Wide Distribution reach through the network of Daisy Dee.

Targeted at the young with contemporary products.





Lovable Lingerie Limited

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