

# ANNUAL REPORT 2015





# SPRING / SUMMER 2015



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<b>Annual General Meeting</b>	26 <sup>th</sup> September 2015
Time	3.00 P.M.
Venue	All India Plastics Manufacturers Association Auditorium, AIPMA House, A-52, Road No.1, MIDC, Andheri (East), Mumbai – 400 093.

**BOOK CLOSURE DATES**  
**WEDNESDAY, 23<sup>RD</sup> SEPTEMBER 2015 — SATURDAY, 26<sup>TH</sup> SEPTEMBER 2015**

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

- |   |  |
|---|--|
| <b>1. L Vinay Reddy</b><br>Chairman & Managing Director   | <b>6. Gopal Sehjpal</b><br>Independent Director  |
| <b>2. L. Jaipal Reddy</b><br>Director   | <b>7. Dhanpat Kothari</b><br>Independent Director  |
| <b>3. G. Ashok Reddy</b><br>Whole-time Director<br>(Resigned w.e.f. 30 <sup>th</sup> March, 2015) | <b>8. V.T. Bharadwaj</b><br>Nominee Director<br>(Resigned w.e.f. 10 <sup>th</sup> April, 2015)   |
| <b>4. Sivabalan Paul Pandian</b><br>Independent Director  | <b>9. Taruna Reddy</b><br>Additional Director<br>(Appointed w.e.f. 30 <sup>th</sup> March, 2015) |
| <b>5. Anantharaman Mahadevan</b><br>Independent Director  |  |

### CHIEF FINANCIAL OFFICER

R. Govindarajan

### COMPANY SECRETARY & COMPLIANCE OFFICER

Darsha Sanghvi

### STATUTORY AUDITORS

Vinodkumar Jain & Co.,  
Chartered Accountant, Mumbai

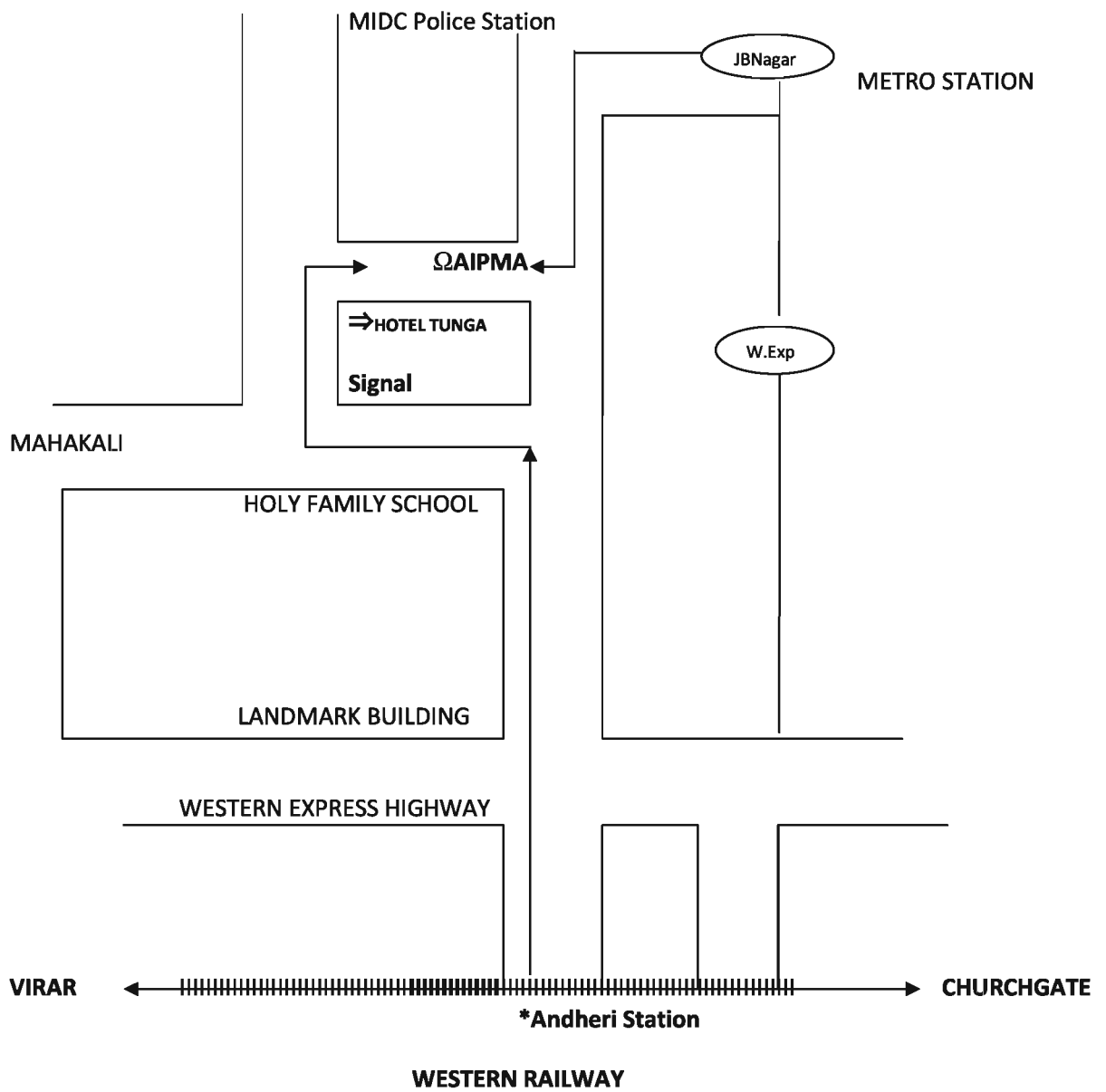
### REGISTERED OFFICE

A-46, Road No.2, MIDC, Andheri (East), Mumbai – 400 093,  
Phone : 022-2838 3581, Fax: 022-2838 3582,  
Email : corporate@lovableindia.in  
Website: www.lovableindia.in  
CIN: L17110MH1987PLC044835

### BANKERS

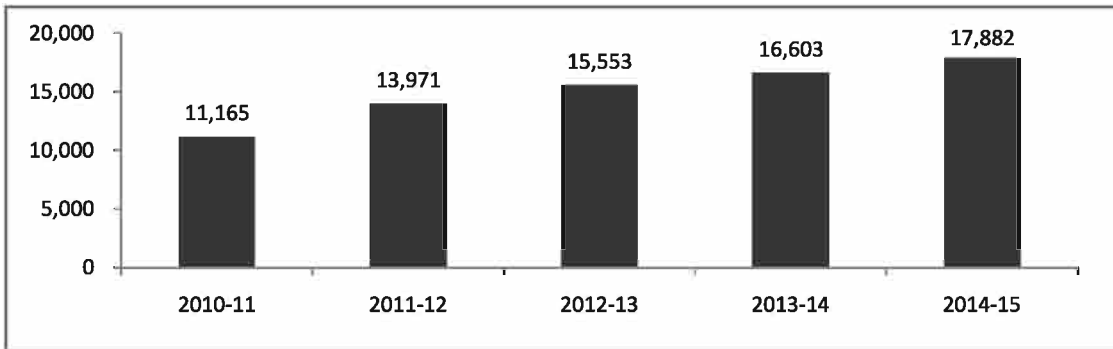
Bank of Baroda

**ROUTE MAP TO AGM VENUE**

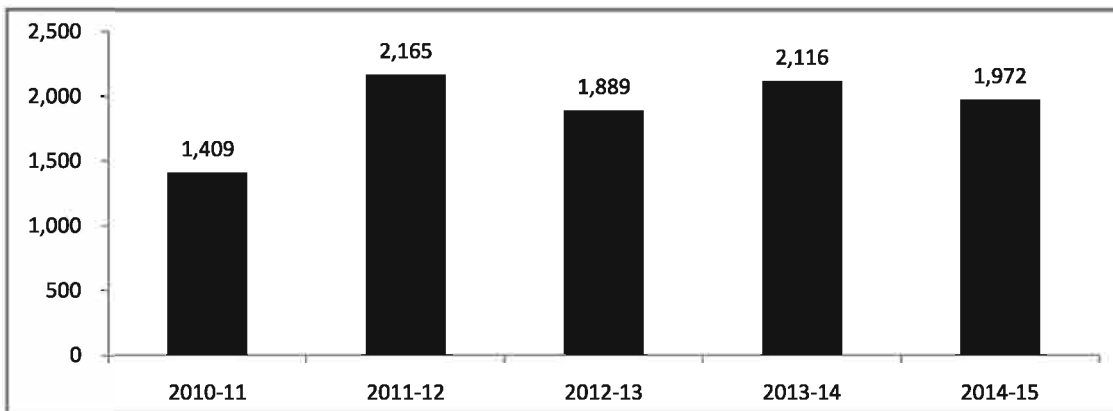


<b>FINANCIAL SNAPSHOTS</b>					
(₹. In Lacs)					
<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>
<b>FINANCIAL POSITION:</b>					
Net Fixed Assets	3968	3964	4081	2722	1293
Investments	7458	10462	7982	9612	9305
Current Assets, Loans & Advances	11219	8474	8771	5651	5100
Deferred Tax Assets	-	-	-	-	-
Other Non-Current Assets	192	172	292	564	-
<b>Total Assets</b>	<b>22837</b>	<b>23073</b>	<b>21126</b>	<b>18549</b>	<b>15698</b>
Long Term loans	443	664	941	22	-
Long Term Provisions	102	141	135	109	-
Current Liabilities & Provisions	3465	2978	2462	2417	1484
Deferred Tax Liabilities	318	269	193	104	92
<b>Total Liabilities</b>	<b>4328</b>	<b>4053</b>	<b>3731</b>	<b>2652</b>	<b>1576</b>
<b>Net Worth</b>	<b>18510</b>	<b>19020</b>	<b>17395</b>	<b>15897</b>	<b>14122</b>
<b>Represented by:</b>					
Share capital	1680	1680	1680	1680	1680
Reserves and Surplus	16830	17340	15715	14217	12442
Less: Misc. Expenditure not w/o	-	-	-	-	-
	18510	19020	17395	15897	14122
<b>OPERATING PERFORMANCE:</b>					
Total Income	17882	16603	15553	13971	11165
Excess Provision for Gratuity	-	-	-	-	-
Total Operating Expenditure	14828	13242	12781	10991	9119
Deferred Expenses	-	-	-	-	5
<b>Earnings Before Interest and Depreciation</b>	<b>3054</b>	<b>3361</b>	<b>2772</b>	<b>2980</b>	<b>2041</b>
Interest	111	160	39	59	54
Depreciation	249	315	185	150	137
Extra-Ordinary Items	-	-	-	-	-
<b>Profit Before Tax</b>	<b>2694</b>	<b>2886</b>	<b>2548</b>	<b>2771</b>	<b>1851</b>
Taxation	722	770	659	605	438
<b>Profit After Tax</b>	<b>1972</b>	<b>2116</b>	<b>1889</b>	<b>2165</b>	<b>1409</b>
Number of Equity Shares	16800000	16800000	16800000	16800000	16800000
Face Value of Share (₹.)	10	10	10	10	10
Earnings Per Share (₹.)	11.74	12.59	11.24	12.89	12.26

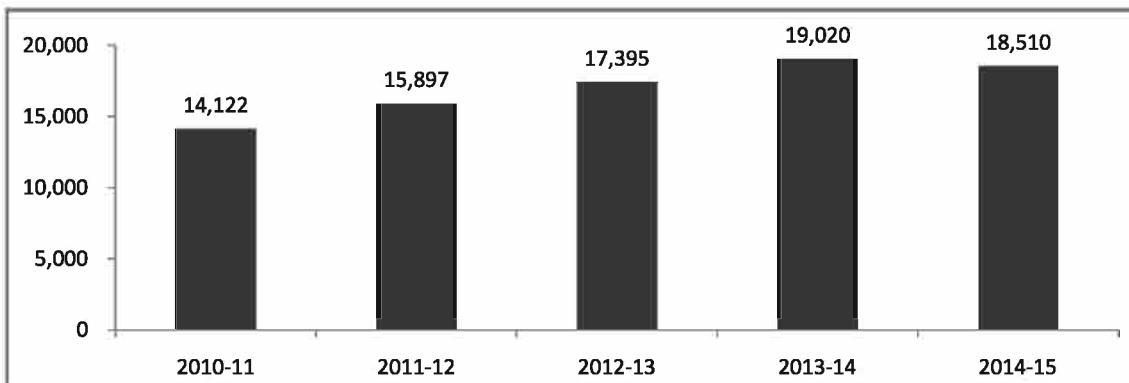
**Total Income (Rs. in Lacs)**



**PAT (Rs. in Lacs)**



**Net Worth (Rs. in Lacs)**



## NOTICE

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting of the Members of Lovable Lingerie Limited will be held on Saturday, the 26<sup>th</sup> September, 2015 at 3.00 p.m. at All India Plastic Manufacturers Association Auditorium, AIPMA House, A-52, Road No.1, MIDC, Andheri (East), Mumbai – 400 093, to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the company for the Financial Year ended 31<sup>st</sup> March, 2015 and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. L Jaipal Reddy (DIN: 01539678), who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, the Company hereby ratifies the appointment of M/s. Vinodkumar Jain & Co., Chartered Accountants (Firm Registration No.111513W), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the thirtieth AGM of the company to be held in the year 2017 at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors."

### SPECIAL BUSINESS

4. **Appointment of Mrs. Taruna Reddy (DIN : 02787135) as a Director of the Company.**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, Mrs. Taruna Reddy (DIN : 02787135), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 30<sup>th</sup> March, 2015 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") and in respect of whom, the Company has received a notice in writing from a Member under Section 160 of the Act proposing her candidature for the office of Director of the Company, be and is hereby appointed as a Non-Executive Director of the Company, liable to retire by rotation."

5. **Re-appointment of Mr. L Vinay Reddy (DIN: 00202619) as Managing Director of the Company.**

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

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 of the Companies Act, 2013 ("the Act") and such other applicable provisions, if any, and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("the Rules") (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013; the Company hereby approves the re-appointment and terms of remuneration of Mr. L Vinay Reddy (DIN: 00202619) as the Managing Director of the Company, for a period of 2 (two) years with effect from 1<sup>st</sup> February, 2015 to 31<sup>st</sup> January, 2017 (both days inclusive), upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, (including the remuneration to be paid in the event of loss or inadequacy of profits in any



financial year during the tenure of his appointment) with liberty to the Board of Directors (hereinafter referred to the “Board” (which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and/or remuneration in such manner as may be agreed to between the Board of Directors and Mr. L Vinay Reddy, subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactments thereof;

“RESOLVED FURTHER that the Board or a Committee thereof be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

**6. Re-appointment of Mr. L Jaipal Reddy (DIN: 01539678) as Whole Time Director of the Company.**

To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

“**RESOLVED THAT** in accordance with the provisions of Sections 196 and 197 of the Companies Act, 2013 (“the Act”) and such other applicable provisions, if any, and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (“the Rules”) (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013; the Company hereby approves the re-appointment and terms of remuneration of Shri L Jaipal Reddy (DIN: 01539678) as the Whole-Time Director of the Company, for a period of 2 (two) years with effect from 1<sup>st</sup> February, 2015 to 31<sup>st</sup> January, 2017 (both days inclusive), upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, with liberty to the Board of Directors (hereinafter referred to the “Board” which term shall be deemed to include the Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and /or remuneration as it may deem fit and as may be acceptable to Shri L Jaipal Reddy, subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactments thereof;

“**RESOLVED FURTHER** that the Board or a Committee thereof be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

**Notes:**

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.

The relevant details as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of Directors seeking appointment / re-appointment under Item nos. 2, 4, 5 and 6 of this Notice, are also annexed.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A Proxy Form is annexed to this Report. Proxies, in order to be effective, must be received at the Company's Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. Corporate members intending to send the authorized 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. Pursuant to Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty (50) members holding in aggregate not more than 10% of the total share capital of the Company. Members holding more than 10% of the total share capital of the Company may appoint a single person as Proxy, who shall not act as a Proxy for any other Member.
3. The Register of Members and the Share Transfer Books of the Company will be closed from Wednesday, 23<sup>rd</sup> September, 2015 to Saturday, 26<sup>th</sup> September, 2015 (both days inclusive).

4. 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. The Members please note that the copies of the Annual Report will not be distributed at the Annual General Meeting.
5. Members may avail themselves of the facility of nomination in terms of Section 72 of the Companies Act, 2013 by nominating in the prescribed form a person to whom their shares in the Company shall vest in the event of their death. 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.
6. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Services (ECS), mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc. to their Depository Participants (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the company and the Company's Registrars and Transfer Agents, M/s. Link Intime India Private Limited (LIPL) to provide efficient and better services. Members holding shares in Physical form are requested to intimate such changes to LIPL.
7. Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to LIPL / Investor Service Department of the Company immediately.
8. In case of joint holders attending the meeting, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
9. Members desiring any information relating to the Accounts are requested to address their queries to the Registered Office of the Company at least seven days before the date of the AGM, so as to enable the management to keep the information ready.
10. Transfer of Unclaimed / Unpaid amounts to the Investor Education and Protection Fund (IEPF):  

As on March 31, 2015, the Company has unclaimed dividend for the financial year ended 31<sup>st</sup> March 2011 and subsequent financial year(s). Shareholders who have not yet encashed their dividend warrant(s) pertaining to the Dividends for the financial year 2010-11 onwards for the Company, are requested to make their claims without any delay to the Registrar and Transfer Agents of the Company. Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, all unclaimed/ unpaid dividends remaining unpaid or unclaimed for a period of seven years from the date they became due for payment, will be transferred to the Investor Education and Protection Fund ("IEPF") established by the Central Government. However, for the amount of dividend so transferred, no claims shall lie against the Company or the said IEPF.
11. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose email addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their email address with the Company or Depository Participant(s).
12. To support the 'Green Initiative' Members who have not registered their e-mail addresses are requested to register the same with LIPL / Depositories.
13. Members may also note that the Notice of the Twenty Eighth AGM and the Annual Report 2014-15 will be available on the website of the Company [www.lovableindia.in](http://www.lovableindia.in) and website of CDSL [www.cdslindia.com](http://www.cdslindia.com). Members who require communication in physical form in addition to e-communication, may write to us at : [corporate@lovableindia.in](mailto:corporate@lovableindia.in).

14. For convenience of the Members and proper conduct of the meeting, entry to the meeting venue will be regulated by Attendance Slip, which is enclosed with this Annual Report. Members are requested to sign at the place provided on the Attendance Slip and hand it over at the Registration Counter at the venue.
15. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to M/s. Link Intime India Private Limited / Investor Service Department of the Company.
16. Relevant agreements referred to in the accompanying Notice and the Explanatory Statement will be available for inspection by the members at the Registered Office of the Company during normal business hours on all working days, except Saturdays, upto the date of the Meeting.
17. In compliance with the provisions of Clause 35B of the Listing Agreement and Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and amendments thereto, the Company is pleased to provide the facility to Members to exercise their right to vote on all the resolutions proposed to be passed at Annual General Meeting (AGM) by electronic means. The facility for voting through electronic voting system shall not be made available at the AGM and the Members attending the AGM who have not cast their vote by remote e-voting shall be eligible to vote by ballot at the AGM.

Members desiring to vote through remote e-voting are requested to refer to the detailed procedure given hereinafter.

**Procedure for Remote-E-voting:**

The Company has entered into an arrangement with Central Depository Services (India) Limited (CDSL) for facilitating remote e-voting for AGM.

The instructions for shareholders voting electronically are as under:

- i) The remote e-voting period commences on Wednesday September 23, 2015 (9.00 a.m IST) and ends on Friday September 25, 2015 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Saturday, 19th September, 2015 (the date prior to the commencement of book closure) are entitled to vote on the Resolutions set forth in this Notice. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he / she shall not be allowed to change it subsequently or caste vote again.
- ii) Open your web browser and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iii) Click on "Shareholders" to cast your vote(s).
- iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

vii) If you are a first time user follow the steps given below:

PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	Members who have not updated their PAN with the Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN Field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.  If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- viii) After entering these details appropriately, click on "SUBMIT" tab.
- ix) First time user holding shares in Demat form will now reach 'Password Creation' menu herein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. If Demat account holder has forgotten the password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system, Members holding shares in physical form will then directly reach the Company selection screen.
- x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi) Select the Electronic Voting Sequence Number (EVSN) for **LOVABLE LINGERIE LIMITED** from the drop down menu and click on "SUBMIT".
- xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- xviii) Institutional Shareholders (i.e Other than individuals, HUF and NRI etc) are required to log on <https://www.evotingindia.com> and register themselves as Corporates. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- They should also upload a scanned copy of the Board Resolution/ Power of Attorney (POA) which they have issued in favour of the Custodian, if any in PDF format in the system for the scrutinizer to verify the vote.
- xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- xx) The voting rights of members shall be in proportion to their shares in the paid up equity share capital of the Company as on cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the meeting through ballot.
- xxi) Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@cdsl.co.in](mailto:evoting@cdsl.co.in). However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forget your password, you can reset your password by using “Forgot User Details / Password” option available on [www.evoting.cdsl.com](http://www.evoting.cdsl.com).
- xxii) A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- xxiii) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- xxiv) The Company has appointed Mr. D.M, Zaveri & Co., Practising Company Secretaries, to act as the Scrutinizer to scrutinize the entire e-voting process in a fair and transparent manner.
- xxv) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- xxvi) The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, would count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the company and make within a period not exceeding two (2) days from the conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any and submit forth with to the Chairman of the Company or a person authorized by him in writing who shall countersign the same.

- xxvii) The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.lovableindia.in](http://www.lovableindia.in) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) immediately after the result is declared. The Company shall simultaneously forward the results to BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), where the shares of the Company are listed.
- xxviii) A Member can opt for only one mode of voting i.e either through e-voting or by Ballot.
- xxix) Members have the option to request for physical copy of the Assent/Dissent Form by sending an email to [corporate@lovableindia.in](mailto:corporate@lovableindia.in) by mentioning their Folio / DP ID and Client ID No. However, the duly completed Assent/Dissent Form should reach the Registered Office of the Company not later than Friday September 25, 2015 (5:00 PM IST)
- xxx) The Resolution shall be deemed to be passed on 26<sup>th</sup> September, 2015 subject to receipt of sufficient votes.

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

Sd/-  
**L Vinay Reddy**  
Managing Director  
DIN: 00202619

Mumbai, 12<sup>th</sup> August 2015

**Registered Office:**

A-46, Street No.2, MIDC, Andheri (East), Mumbai 400 093.  
Corporate Identification Number (CIN): L17110MH1987PLC044835  
Tel: 91 22 2838 3581 Fax: 91 22 2838 3582  
E-mail : [corporate@lovableindia.in](mailto:corporate@lovableindia.in)  
Website: [www.lovableindia.in](http://www.lovableindia.in)

## **EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.**

### **Item No. 3**

This explanatory statement is provided though strictly not required as per Section 102 of the Act.

M/s. Vinodkumar Jain & Co., Chartered Accountants, Mumbai (Firm Registration No.111513W), were appointed as the statutory auditors of the Company for a period of three years at the Annual General Meeting (AGM) of the Company held on September 25, 2014.

As per provisions of Section 139(1) of the Act, their appointment for the above tenure is subject to ratification by members at every AGM.

Accordingly, ratification of the members is being sought for the proposal contained in the Resolution set out at item no. 3 of the Notice.

The Board commends the Resolution at Item No. 3 for approval by the Members.

None of the Directors or Key Managerial Personnel (KMP) or relatives of Directors and KMPs is concerned or interested in the Resolution at Item No. 3 of the accompanying Notice.

### **Item No. 4**

The Board of Directors of the Company had appointed Mrs. Taruna Reddy as an Additional Director of the Company with effect from 30<sup>th</sup> March, 2015. In accordance with the provisions of Section 161 of Companies Act, 2013, Mrs. Taruna Reddy shall hold office up to the date of the forthcoming Annual General Meeting and is eligible to be appointed as a Non-Executive Director. The Company has received notice under Section 160 of the Companies Act, 2013 from a member signifying her candidature as a Director of the Company.

A brief profile of Mrs. Taruna Reddy is given below:

Mrs. Taruna Vinay Reddy, aged 43, has a diploma in mass communication and has worked in advertising and direct marketing.

Further details of Mrs. Taruna Reddy has been given in the Annexure to this Notice.

She has not attended any Board meeting during the financial year, since she was appointed on 30<sup>th</sup> March, 2015.

In the opinion of the Board, the appointment of Mrs. Taruna Reddy as a Non-Executive Director of the Company shall benefit the Company immensely. Accordingly, the Board recommends the Resolution at Item No. 4 for approval by the Members.

Mrs. Taruna Reddy, Additional Director of the Company, Mr. L Vinay Reddy, Managing Director of the Company and Mr. L Jaipal Reddy, Director of the Company being relatives of Mrs. Taruna Reddy are interested or concerned in this resolution (to the extent of shares held by them in the Company, if any.)

No other Directors or Key Managerial Personnel and their relatives, are concerned or interested (financially or otherwise) in this Resolution.

### **Item No. 5**

At the Extra Ordinary General Meeting of the Company held on February 08, 2010, the Members had approved the appointment and terms of remuneration of Mr. L Vinay Reddy as Managing Director (MD) for a period of five years from February 01, 2010.

Due to end of his term of appointment on January 31, 2015, the Board of Directors has re-appointed Mr. L Vinay Reddy as MD for a further period of two years, with effect from February 01, 2015, subject to the

approval of the Members.

A brief profile of Mr. L Vinay Reddy is given below:

Mr. L. Vinay Reddy, is the Chairman and Managing Director of our Company since February 1, 2010 and served as its Head Finance & Accounts Department since October 03, 2011. He is a resident Indian national and has a bachelor's degree in commerce from the University of Bombay. Having experience of over 25 years in the innerwear industry, he has been with our Company since its inception. He was instrumental in obtaining license of "Lovable" brand for our Company. He has vast experience in the areas of management, marketing strategies and overall administration control and supervision. The overall day to day affairs and management decisions of our Company are under the supervision of Mr. L. Vinay Reddy. He was previously a director in Maxwell Industries Limited. Mr. L. Vinay Reddy is the son of Mr. L. Jaipal Reddy, who is the original promoter of our Company.

Mr. L. Vinay Reddy attended the Board meetings held during the year on May 29, 2014, August 13, 2014, November 10, 2014 and February 11, 2015.

Further details of Mr. L Vinay Reddy have been given in the Annexure to this Notice.

The main terms and conditions of appointment of Mr. L Vinay Reddy (hereinafter referred to as "MD") are given below:

**A. Tenure of Appointment:**

The appointment of the MD is for a period of two years with effect from February 01, 2015.

**B. Remuneration:**

**a) Salary:**

Salary including dearness, house-rent and all other allowances upto ₹1,86,300/- (Rupees One Lakh Eighty-Six Thousand Three Hundred only) per month as may be decided by Board of Directors from time to time.

**b) Commission:**

Commission computed in the manner laid down in Section 197 of the Companies Act, 2013 and subject to a maximum as may be fixed by the Board from time to time on the basis of the performance of the Company but within the limit prescribed by the Companies Act, 2013.

c) Perquisites: Perquisites shall be restricted to an amount equal to the annual salary.

d) The Salary and perquisites as mentioned under a, b and c above shall be exclusive of:

- i. Contribution to Provident Fund, Superannuation fund or Annuity fund to the extent these either singly or put together are not taxable under the Income Tax, 1961;
- ii. Gratuity as per rules of the Company,
- iii. Leave as per the rules of the Company including encashment of leave at the end of the tenure.

e) Apart from above mentioned remuneration, he shall be entitled to:

- i. Medical Expenses actually and properly incurred for him and his family.
- ii. Entertainment expenses actually and properly incurred by him in the course of legitimate business of the Company.
- iii. Club Membership fees subject to a maximum of two clubs. No admission and life membership fees shall be paid.



- iv. Personal Accident Insurance Policy.
  - v. Provision for use of car and telephone for both official and personal use.
  - vi. Group Insurance Policy as per the rules of the Company.
  - vii. Telephone expenses as per the rules of the Company.
- f) Other Terms: The terms and conditions of the said appointment may be altered and varied from time to time by the Board as it may, in its discretion, deem fit within the remuneration payable in accordance with the provisions of the said Act or any amendments made hereinafter in this regard.

In the opinion of the Board, the appointment of Mr. L Vinay Reddy as the Managing Director of the Company shall be in the best interest of the Company. Accordingly, the Board commends the Resolution at Item No. 5 for approval by the Members.

Mr. L Vinay Reddy, Managing Director of the Company, Mrs. Taruna Vinay Reddy, Additional Director of the Company and Mr. L Jaipal Reddy, Director of the Company being relatives of Mr. L Vinay Reddy are interested or concerned in this resolution (to the extent of shares held by them in the Company, if any).

No other Directors or Key Managerial Personnel and their relatives, are concerned or interested (financially or otherwise) in this Resolution.

#### **Item No. 6**

At the Extra Ordinary General Meeting of the Company held on February 08, 2010, the Members had approved the appointment and terms of remuneration of Mr. L Jaipal Reddy as Whole Time Director (WTD) for a period of five years from February 01, 2010.

The Board of Directors has re-appointed Mr. L Jaipal Reddy as WTD for a further period of two years, with effect from February 01, 2015, subject to the approval of the Members.

A brief profile of Mr. L Jaipal Reddy is given below:

Mr. L. Jaipal Reddy, aged 75, is the Whole Time Director of our Company since February 1, 2010. He has a diploma in electrical engineering from Osmania University, Hyderabad. He was the co-founder of Maxwell Industries Limited and was the Managing Director for 14 years. He is a pioneer of the branded innerwear industry in India and he has conceptualized and established leading brands such as VIP, Frenchie etc. He is a visionary and guides our Company and its management at all the stages of its development and strategic decisions. He is having a vast knowledge and varied experience in the industry and is fairly conversant with all the aspects of the management and the affairs of the Company.

Further details of Mr. L Jaipal Reddy have been given in the Annexure to this Notice.

Mr. L. Jaipal Reddy attended the Board meetings held during the year on May 29, 2014, August 13, 2014, November 10, 2014 and February 11, 2015.

The main terms. and conditions of appointment of Mr. L Jaipal Reddy (hereinafter referred to as "WTD") are given below:

#### **A. Tenure of Appointment:**

The appointment of the WTD is for a period of two years with effect from February 01, 2015.

#### **B. Remuneration:**

1. Salary: Salary including dearness, house-rent and all other allowances upto ₹ 1,50,000/- (Rupees One Lakh Fifty thousand only) per month.
2. Perquisites: Perquisites shall be restricted to an amount equal to the annual salary.

3. Apart from above mentioned remuneration, he shall be entitled to Medical Expenses actually and properly incurred for him and his family.
4. Other Terms : The terms and conditions of the said appointment may be altered and varied from time to time by the Board as it may, in its discretion, deem fit within the remuneration payable in accordance with the provisions of the said Act or any amendments made hereinafter in this regard.

In view of the increasing activities and the future expansion programs of the Company, the Board commends the Resolution at Item No. 6 for approval by the Members by way of a Special Resolution.

Mr. L Jaipal Reddy, Director of the Company, Mrs. Taruna Vinay Reddy, Additional Director of the Company and Mr. L Vinay Reddy, Managing Director of the Company being relatives of Mr. L Jaipal Reddy are interested or concerned in this resolution (to the extent of shares held by them in the Company, if any).

No other Directors or Key Managerial Personnel and their relatives, are concerned or interested (financially or otherwise) in this Resolution.

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

**L Vinay Reddy**  
Managing Director  
DIN: 00202619

Mumbai, 12<sup>th</sup> August 2015

**Registered Office:**

A-46, Street No.2, MIDC, Andheri (East), Mumbai 400 093.  
Corporate Identification Number (CIN): L17110MH1987PLC044835  
Tel: 91 22 2838 3581 Fax: 91 22 2838 3582  
E-mail : corporate@lovableindia.in Website: www.lovableindia.in

**Details of the Directors seeking appointment / re-appointment at the Annual General Meeting  
(Pursuant to Clause 49 of the Listing Agreement)**

<b>Particulars</b>	<b>Taruna Reddy</b>	<b>L Vinay Reddy</b>	<b>L Jaipal Reddy</b>
Date of Birth	January 27, 1973	May 29, 1968	October 09, 1939
Date of Appointment	March 30, 2015	December 24, 1999	January 06, 2009
Qualifications	Diploma in mass communication	Bachelor of Commerce	Diploma in Electrical Engineering
Directorships in other Companies	Lovable Lifestyles Pvt. Ltd. Aarthik No-middleman Online Welfare Foundation	Federal Brands Limited Vinay Hosiery Pvt. Ltd. Bellini Fashions Pvt. Ltd. Strategy Games Pvt. Ltd. La Reine Fashions Pvt. Ltd. Reddy & Pathare Elastics Pvt. Ltd. Holstein Ecofoods Pvt. Ltd. Hype Integracomm Pvt. Ltd. Lovable Lifestyles Pvt. Ltd. Aarthik No-middleman Online Welfare Foundation	Federal Brands Limited Vinay Hosiery Pvt. Ltd. Bellini Fashions Pvt. Ltd. Strategy Games Pvt. Ltd. La Reine Fashions Pvt. Ltd. Reddy & Pathare Elastics Pvt. Ltd. Holstein Ecofoods Pvt. Ltd. Hype Integracomm Pvt. Ltd.
Expertise in specific functional areas	Advertising and Marketing services in creative and service profiles.	Wide business experience across a variety of industries	Wide business experience across a variety of industries
Membership of Committees in other Public Limited Companies (includes only Audit & Shareholders'/ Investors' Grievance Committee)	Nil	Nil	Nil
No. of Shares Held in the Company	52,326	56,24,250	Nil
Relationship with Other Directors	Wife of L Vinay Reddy Daughter-in-law of L Jaipal Reddy	Husband of Taruna Reddy Son of L Jaipal Reddy	Father of L Vinay Reddy Father-in-law of Taruna Reddy

## DIRECTORS' REPORT And Management Discussion and Analysis

To,  
**THE MEMBERS**  
**LOVABLE LINGERIE LIMITED**

Your Company's Directors are pleased to present the 28<sup>th</sup> Annual Report of the Company, along with the audited financial statements for the Financial Year ended on 31<sup>st</sup> March, 2015.

### FINANCIAL SUMMARY

(₹ in Lakhs)

Particulars	2014-15	2013-14
Revenue from operations	17,249.39	15,952.23
Operating Expenditure	14,828.06	13,241.66
<b>Profit Before Interest, Tax &amp; Depreciation</b>	<b>2,421.33</b>	<b>2,710.56</b>
Other Income (net)	633.24	650.67
Finance Costs	111.40	160.21
<b>Profit before Tax and Depreciation</b>	<b>2,943.17</b>	<b>3,201.02</b>
Depreciation and amortization expense	249.09	315.06
<b>Profit before Tax (PBT)</b>	<b>2,694.08</b>	<b>2,885.96</b>
Provision for Taxation	722.49	770.02
<b>Profit for the year (PAT)</b>	<b>1,971.59</b>	<b>2,115.95</b>
Surplus brought forward from previous year	6,784.80	5,371.84
<b>Amount available for appropriation</b>	<b>8,756.40</b>	<b>7,487.78</b>
Appropriations:		
Transferred to General Reserve	196.50	211.60
Interim Dividend (excluding tax)	2,100.02	-
Tax on Interim Dividend	356.90	-
Proposed Dividend on Equity Share Capital	-	420.00
Corporate Dividend Tax on Proposed Dividend	-	71.38
Adj for Depreciation of prior years pursuant to change in useful life	24.11	-
Balance Carried to Balance Sheet	6,078.87	6,784.80
EPS Basic & Diluted- Before Extraordinary Items (in ₹)	11.74	12.59
EPS Basic & Diluted- After Extraordinary Items (in ₹)	11.74	12.59

### OPERATIONS

For the financial year 2014-15, the Company recorded a net turnover of ₹ 17,249.38 lakhs as against ₹ 15,952.23 lakhs for the financial year 2013-14, registering an increase of 8.13%. The Net Profit Before Tax stood at ₹ 2694.08 lakhs as against ₹ 2885.96 lakhs over last year and Profit After Tax stood at ₹ 1971.59 lakhs for the year as against ₹ 2115.94 lakhs in the last year.

### SEGMENT-WISE RESULTS

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

### DIVIDEND

An Interim dividend of ₹ 12.50/- per share was paid during the year which involved a cash flow of ₹ 24.57 crores including dividend tax. Hence, the directors recommend the payment of special dividend to be treated as Final Dividend.

### **TRANSFER TO RESERVES**

The Company proposes to transfer ₹ 196.50 lakhs to the general reserve out of the amount available for appropriation and an amount of ₹ 6078.87 lakhs is proposed to be retained in the profit and loss account.

### **MATERIAL CHANGES AND COMMITMENT**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this report.

### **DIRECTORS RESPONSIBILITY STATEMENT**

The Board of Directors of the Company confirms that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts on a going concern basis;
- they have laid down internal financial controls for the Company and such internal financial controls are adequate and operating effectively; and
- they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

### **EXTRACT OF ANNUAL RETURN:**

The extract of Annual Return as provided under sub-section (3) of section 92 of the Companies Act, 2013 ('the Act') in prescribed form MGT-9 is enclosed as Annexure "A" to this report.

### **PARTICULARS OF EMPLOYEES**

The information required under Section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been appended as Annexure B to this Report.

The information required under Section 197 of the Companies Act, 2013 read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable, since during the year under review none of the employees of the Company was in receipt of remuneration in excess of the limits specified, whether employed for the whole year or part thereof.

### **BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Mr. Ashok Reddy (DIN: 01679165) and Mr. V. T. Bharadwaj (DIN:02918495), stepped down from the Board of the Company w.e.f. March 30, 2015 and April 10, 2015 respectively due to some personal reasons. The Board places on record its appreciation of the invaluable contribution and guidance provided by them.

Pursuant to the provisions of Section 149 of the Act, which came into effect from April 1, 2014, Mr. Anantharaman Mahadevan (DIN: 00165226), Mr. Gopal Sehjpal (DIN: 00175975), Mr. Dhanpat Kothari (DIN: 03032242) and Mr. Sivabalan P. Pandian (DIN: 01573458) were appointed as Independent Directors at the annual general meeting of the Company held on September 25, 2014. The terms and conditions of appointment of independent directors are as per Schedule IV of the Act. They have submitted a declaration that each of them meets the criteria of independence as provided in Section 149 (6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

Mr. L Jaipal Reddy (DIN: 01539678) retires by rotation and being eligible has offered himself for re-appointment.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company.

The tenure of Mr. L Vinay Reddy (DIN: 00202619), Managing Director of the Company expired on January 31, 2015. The Nomination and Remuneration Committee and the Board of Directors at its Meeting held on February 11, 2015, has re-appointed him as the Managing Director of the Company for a further period of two years from February 1, 2015, subject to the approval of the members. Terms and conditions for his re-appointment are contained in the Explanatory Statement forming part of the notice of the ensuing Annual General Meeting.

The tenure of Mr. L Jaipal Reddy (DIN: 01539678), Whole time Director of the Company expired on January 31, 2015. The Nomination and Remuneration Committee and the Board of the Directors at its meeting held on February 11, 2015, has re-appointed him as the Whole time Director of the Company for a further period of two years from February 1, 2015, subject to approval of the members by passing Special resolution at annual general meeting. Terms and conditions for his appointment are contained in the Explanatory Statement forming part of the notice of the ensuing Annual General Meeting.

Mrs. Taruna Reddy was appointed as an Additional Director with effect from March 30, 2015 to hold office up to the date of forthcoming Annual General Meeting.

The resolutions seeking approval of the Members for the appointment/re-appointment of Mr. L Jaipal Reddy, Mr. L Vinay Reddy and Mrs. Taruna Reddy have been incorporated in the notice of the forthcoming annual general meeting of the Company along with brief details about them. The Company has received a notice under Section 160 of the Act along with the requisite deposit proposing the appointment of Mrs. Taruna Reddy, Mr. L Vinay Reddy and Mr. L Jaipal Reddy.

Pursuant to the provisions of Section 203 of the Act, which came into effect from April 1, 2014, the appointments of Mr. R. Govindarajan, Chief Financial Officer and Ms. Darsha Sanghvi, Company Secretary as key managerial personnel of the Company were formalised during the year.

The details of training and familiarization programmes and Annual Board Evaluation process for Directors have been provided under the Corporate Governance Report.

The Company's policy on directors' appointment and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the corporate governance report, which forms part of the directors' report.

#### **DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received declaration from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

#### **FAMILIARISATION PROGRAMME FOR THE INDEPENDENT DIRECTORS**

In compliance with the requirements of the clause 49 of the Listing Agreement, the Company has put in place a Familiarisation Programme for the Independent directors to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model etc. The details of such programme is available on the website of the company [www.lovableindia.in](http://www.lovableindia.in) and may be accessed through the web link [http://www.lovableindia.in/index.php?route=information/information&information\\_id=69](http://www.lovableindia.in/index.php?route=information/information&information_id=69).

#### **NUMBER OF MEETINGS OF THE BOARD**

Four meetings of the board were held during the year. For details of the meetings of the board, please refer to the corporate governance report, which forms part of this report.

#### **EVALUATION OF PERFORMANCE OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

The Board of Directors have carried out an annual evaluation of its own performance, its various committees and individual directors pursuant to the provisions of the Act and the Corporate Governance requirements as prescribed under clause 49 of the Listing Agreement.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of various criteria such as Board Composition, process, dynamics, quality of deliberations, strategic discussions, effective reviews, committee participation, governance reviews etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as Committee composition, process, dynamics, deliberation, strategic discussions, effective reviews etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual directors on the basis of the criteria such as Transparency, Analytical Capabilities, Performance, Leadership, Ethics and ability to take balanced decisions regarding stakeholders.

In a separate meeting of independent directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of the executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of independent directors, at which the performance of the Board, its committee and individual Directors was also discussed.

#### **PARTICULARS OF LOANS, GUARANTEE AND INVESTMENTS**

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

#### **RISK MANAGEMENT**

Your Company has an elaborate Risk Management procedure. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

#### **RELATED PARTY TRANSACTIONS**

In line with the requirements of the Companies Act, 2013 and Equity Listing Agreement, your Company has formulated a Policy on Related Party Transactions which is also available on Company's website; [web link at http://lovableindia.in/index.php?route=information/information&information\\_id=69](http://lovableindia.in/index.php?route=information/information&information_id=69). The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties.

All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a yearly basis for transactions which are of repetitive nature and / or entered in the Ordinary Course of Business and are at Arm's Length.

All Related Party Transactions entered during the year were in Ordinary Course of the Business and on Arm's Length basis. No Material Related Party Transactions were entered during the year by the Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

#### **WHISTLE BLOWER MECHANISM / VIGIL MECHANISM**

To create enduring value for all stakeholders and ensure the highest level of honesty, integrity and ethical

behaviour in all its operations, the company has formulated a Vigil Mechanism in addition to the existing code of conduct that governs the actions of its employees. This Whistleblower Policy aspires to encourage all employees to report suspected or actual occurrence(s) of illegal, unethical or inappropriate events (behaviors or practices) that affect Company's interest / image.

A copy of the Policy is available on the website of the Company and may be accessed through the [web link http://lovableindia.in/index.php?route=information/information&information\\_id=69](http://lovableindia.in/index.php?route=information/information&information_id=69).

#### **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

In order to prevent sexual harassment of women at work place a new act, The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified on 9th December, 2013.

The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace, to provide protection to employees at the workplace and for prevention and redressal of complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. The Company has also constituted an Internal Complaints Committee to consider and to redress complaints of sexual harassment. The Committee has not received any complaint of sexual harassment during the year under review.

#### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

In accordance with the requirements of Section 135 of Companies Act, 2013, your Company has constituted a Corporate Social Responsibility Committee. The composition and terms of reference of the Corporate Social Responsibility Committee is provided in the Corporate Governance Report.

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in Annexure C of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available on the website of the Company; [weblink http://lovableindia.in/index.php?route=information/information&information\\_id=69](http://lovableindia.in/index.php?route=information/information&information_id=69).

#### **DEPOSITS FROM PUBLIC**

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

#### **SUBSIDIARY**

Your Company does not have any subsidiary Company.

#### **LISTING**

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

#### **CASH FLOW ANALYSIS**

In conformity with the provisions of clause 32 of the Listing Agreement, the Cash Flow Statement for the year ended 31.03.2015 is enclosed as a part of this Annual Report.

#### **AUDIT COMMITTEE**

The details pertaining to composition of audit committee are included in the Corporate Governance Report, which forms part of this report.



## **AUDITORS**

### **Statutory Auditors**

M/s Vinod Kumar Jain & Co., Chartered Accountants (FRN: 111513W) were appointed as Statutory Auditors of your Company at the last Annual General Meeting held on 25th September, 2014 for a period of three consecutive years, upto the conclusion of 30<sup>th</sup> Annual General meeting of the Company, subject to ratification by members at every Annual General Meeting of the Company. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for reappointment as Auditors of the Company.

### **Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed D. M. Zaveri & Co., Practicing Company Secretaries, Mumbai to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "Annexure D".

The auditors' report and secretarial auditors' report does not contain any qualifications, reservations or adverse remarks. Report of the secretarial auditor is given as an annexure which forms part of this report. The Report given by the Auditors on the financial statements of the Company is part of the Annual Report.

### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

No significant or material Orders were passed by the Regulators or Courts or Tribunals during the previous year which may impact the Going Concern Status of the Company's Operation in the future.

### **TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND**

Your Company did not have any funds lying unpaid or unclaimed for a period of seven years. Therefore, there were no funds which were required to be transferred to Investor Education and Protection Fund (IEPF).

Pursuant to the provisions of the Investor Education Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has already filed the necessary form and uploaded the details of unpaid and unclaimed amounts lying with the Company, as on the date of last AGM (i.e. September 25, 2014), with the Ministry of Corporate Affairs.

### **CORPORATE GOVERNANCE**

Your Company continues to lay a strong emphasis on transparency, accountability and integrity.

The new Companies Act, 2013 and amended Listing Agreement have strengthened the governance regime in the country. Your Company is in compliance with the governance requirements provided under the new law.

Your Company is committed to embrace the new law in letter and spirit. In line with the requirements of new law, your Company has constituted new Board Committees. Your Company has in place all the statutory Committees required under the law. Details of Board Committees along with their terms of reference, composition and meetings of the Board and Board Committees held during the year, are provided in the Corporate Governance Report.

During the year, your Company has adopted new policies and amended existing policies such as Policy on Related Party Transactions, Remuneration Policy CSR Policy and Whistle Blower Policy in line with new governance requirements. These policies are available on the website of the Company. The Company has established a vigil mechanism for Directors and employees to report their genuine concerns, details of which have been given in the Corporate Governance Report annexed to this Report.

A separate report on Corporate Governance is provided together with a Certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Equity Listing Agreement with the Stock Exchange(s). A Certificate of the CEO and CFO of the Company in terms of sub-clause IX of Clause 49 of Equity Listing Agreement, inter alia, confirming the correctness of the financial statements and cash flow statements, adequacy of the internal control measures and reporting of matters to the Audit Committee, is also annexed.

## MANAGEMENT DISCUSSION AND ANALYSIS

**To avoid duplication between the Directors' Report and the Management Discussion and Analysis, we present below a composite summary of performance and functions of the Company.**

### OVERALL REVIEW

In the Indian market, better macroeconomic conditions, coupled with improved sentiment post the general elections, helped India to be among the better performing emerging market economies. There was a slight increase in the GDP growth, while inflation moderated and the Rupee remained relatively stable during the year.

Consumer spending remained muted and this was reflected in a moderate growth across FMCG categories in the context of tight monetary policy followed by the Reserve Bank of India through most of the financial year, political & policy stability related concerns. Given the backdrop of a market slowdown coupled with a volatile input cost environment and heightened competitive intensity, the operating environment for the year continued to be challenging.

Your Company's performance for the year 2014-15 has to be viewed in the context of aforesaid economic and market environment.

The textiles industry has made a major contribution to the national economy in terms of employment generation and foreign exchange earnings. The sector contributes about 14 per cent to industrial production, 4 per cent to the GDP. Among the core apparel categories, innerwear appears to be a potential growth category across all segments.

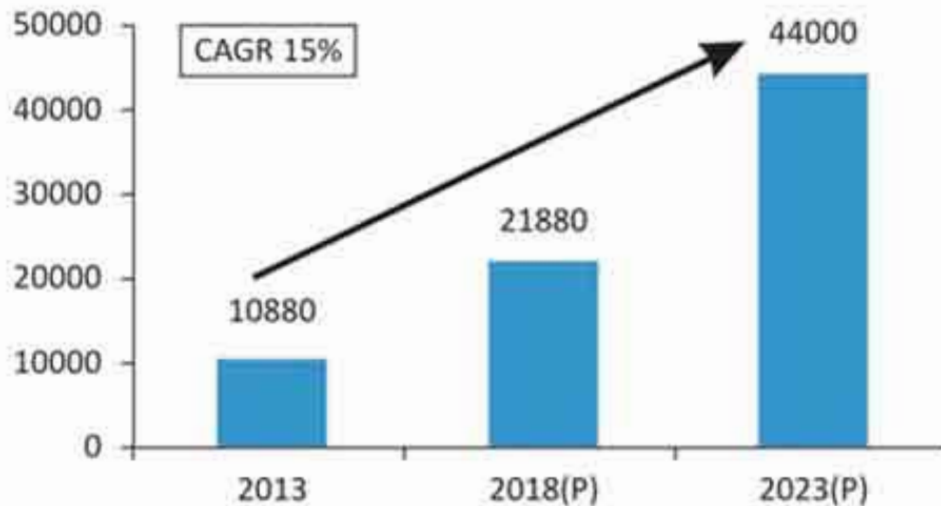
Currently, the Indian innerwear market is worth INR 17,750 crore (2013) and is estimated to grow at 13 percent to reach INR 59,540 crore by 2023.

Since the last few years, Indian brands showcased new designs and styles to woo the new age Indian women. The focus was mainly on the width of the product range. Men's and women's innerwear began to be sold through a variety of retail formats such as Exclusive Brand Outlets (EBO), Large Format Stores (LFS) and departmental stores. LFS, with shop-in-shop concept, have carved a niche by showcasing the entire product range.

Looking ahead, we expect growth in the innerwear market to be driven by broad based consumer trends in the form of rising discretionary spend, growing number of mid-high income house hold and rising urbanization.

Innerwear has graduated from being just a functional category to a category that offers additional fashion quotient. It is shifting from a price sensitive category to a brand sensitive category. The women's innerwear market, which is driven by value added innerwear products, contributes around 60 percent to the total innerwear market. This market is worth INR 10,880 crore, and is growing at a promising CAGR of 15 percent. The growing number of working women and the increased share of western wear in their wardrobe have propelled this growth. Western wear usually encompasses specialized innerwear, which the branded players can provide, for the most part.

## Women's Innerwear Market in India (INR Crores)



(Source: Images Business of Fashion)

E-commerce is an emerging and fast growing channel in the country and your Company is well placed to lead category growth in this channel. As per Global retail development Index, 2014, with the rapid growth in smart phones, E-commerce has uplifted India's place among top 20 developing countries in the global forum. Consumer behavior has changed swiftly, with the shifting trends projected towards buying online from offline shopping. Your Company has developed a comprehensive e-commerce strategy and execution roadmap, and has a team in place to drive disproportionate growth in this channel in the coming years. It has further tied up with various leading online retailers to increase the reach of the product to entire country.

### ENVIRONMENT, HEALTH AND SAFETY

Your Directors are committed to strict compliance of not just statutory requirements but even more stem internal policies and best practices related to environment, health and safety in all our units. In the year under review, your Company has further strengthened its commitment to workplace compliance by increasing the strength of the workplace Compliance Department to enhance monitoring and control in all these areas.

**Environment:** Your Company is an environment friendly organization as it is a non-polluting and non-effluent generating manufacturing set-up.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

#### A. Conservation Of Energy

Your Company has a vision of being a 'Zero Injury' organisation. The Compass, your Company's strategic framework, integrates Safety as a non-negotiable value. Information on conservation of energy, technology absorption, foreign exchange earnings and outgo, pursuant to Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, are furnished below:

##### a. Conservation of Energy:

The Company continually takes steps to absorb and adopt the latest technologies and innovations in the Garment Industry. These initiatives should enable the facilities to become more efficient and

productive as the company expands, thus helping conserve energy. All machinery and equipment are continuously serviced, updated and overhauled in order to maintain them in good condition. This resulted in consumption of lesser energy consumption.

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

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

**Conservation of Energy continues to receive increased emphasis at all the units of the Company.**

**Form – A**

Form for Disclosure of particulars with respect of conservation of energy

Particulars	2014-15	2013-14
<b>Power &amp; Fuel Consumption</b>		
1. Electricity		
a) Purchased Units (Lacs )	6.55	5.80
Total Cost ( ₹ In Lacs )	52.60	45.80
Rate/Unit (₹)	8.03	7.89
b) Own Generation		
1)Through Diesel Generator		
Units ( Lacs )	0.41	0.33
KWH per unit of fuel	4.67	4.67
Fuel Cost/Unit (₹)	12.62	12.51

**b. Technology Absorption:**

Absorbing technologies with state of art machineries like automated cutting machine, automated fabric inspection machines, etc., the quality of the products and efficiency of the systems have been substantially improved. By applying those technologies, the cost of production was under control.

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.

Efforts made in Technology absorption as per Form B: Nil

**B. Consumption per unit of Production**

Product	Electricity	
	2014-15	2013-14
Consumption per Unit	0.06	0.06

**C. Foreign Exchange Earning and Outgoing**

The Company had foreign exchange earnings from Exports during the year amounting to ₹23.69 lakhs (Previous year ₹87.26 lakhs). The total amount of outgo on account of foreign exchange utilized by the Company amounted to ₹156.78 lakhs (Previous year ₹132.78 lakhs) mainly on account of import of raw materials, finished goods, Capital Goods, foreign travel.

Foreign exchange earned and outgo during the year ended March 31, 2015:

₹In Lakhs

Particulars	2014-2015	2013-2014
Foreign Exchange Earned		
Exports (FOB)	23.69	87.26
Technical Assistance	-	-
<b>Total</b>	<b>23.69</b>	<b>87.26</b>
Foreign Exchange Outgo		
CIF Value of Imports	132.09	103.50
Travelling Expenses	0.30	0.49
Others	24.39	28.79
<b>Total</b>	<b>156.78</b>	<b>132.78</b>

#### INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of operations. These systems are routinely tested and certified by Statutory as well as Internal Auditor and cover all offices, factories and key business areas. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee is headed by an Independent Director and this ensures independence of function and transparency of the process of supervision and oversight. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems. The Company conducts its business with integrity and high standard of ethical behaviour and in compliance with the laws and regulations that govern its business.

#### OPPORTUNITIES AND THREATS

Opportunities:

For the apparel industry in general and our market in particular:

- More organized retail. Better consumer retail experience
- Increasing fashion consciousness and consumers becoming more aspirational, discerning and brand savvy
- The factors that determine consumption, education, occupation, urbanization, rise in nuclear families moving in a positive direction
- Increasing urban women population and women corporate workforce
- Increasing brand consciousness and spending on kids
- Higher disposable income
- Increasing online retail

Threats:

Many major international apparel brands have commenced operations in India realizing that Indian markets are likely to emerge as one of the largest market in the world in the next few decades.

#### RISKS AND CONCERNS

The Company has robust risk management procedures to identify and evaluate risks on an ongoing basis. The identified risks are integrated into the business plan and a detailed action plan to mitigate the identified business risk and concerns is put in place.

The key risks and concern identified by the company and its mitigation plans are:

**Availability of Labour:**

The industry is growing at a fast pace, in a highly labour intensive sector and demand for experienced and trained manpower is outstripping supply. The ability to retain existing talent and attract new talent assumes crucial importance. The Company has created long term plans with the objective of motivating employees to create a sense of “belonging” and a ‘feel good’ environment. The Company has set up robust training centers at various units where newcomers to the labour force receive structured training.

**Increase in input and labour costs:**

The availability of raw materials at reasonable rates is one of the main concerns of the company. However the company is confident that increases in raw material cost, if and when they occur, can be passed on to consumers because of the strong pricing power of its brands. The company is also aggressively taking steps to monitor and improve productivity, which will mitigate the impact of labour and material cost increases to some extent.

**HUMAN RESOURCES**

Your Company fully values the Human capital; it deploys and credits its success to them. It has been the consistent endeavor of the Company to create a congenial and challenging working atmosphere wherein every employee can develop his own strength and deliver to his full potential.

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

As of 31<sup>st</sup> March, 2015, the Company had 1,884 employees on its roll.

**FUTURE OUTLOOK**

Your Company has achieved a significant growth and has been constantly following emerging market trends and has accordingly from time to time revamped its marketing strategies and product portfolios. The Company is trying to come up with some new products and ranges of inner wears according to changing consumer needs and demand.

During the year, the Company entered into a Brand Sublicensing Agreement with "Global Merchandising" (an Overseas Company of Adidas Group) & acquired license of the its Brand for a period of 1+2 years to manufacture, distribute and sell the products in the Indian market as per terms & conditions stipulated in the Agreement and thereby expand the market operations of the Company by using the brand and developing its reputation. For competitive reasons, much information about this Brand License will be shared forthcoming after Launch in the market. The product category under the License is a Sporty line of Innerwear.

India is expected to perform better, aided by improving macroeconomic fundamentals. While currently inflation is benign, upside pressures on inflation from the vagaries of monsoon or sudden changes in the rupee, could have a significant bearing on inflation.

FMCG markets are expected to grow. While consumer confidence has increased, this has not yet translated into significant improvement in FMCG market conditions. There are a few green shoots in market growths; however, uncertain global economic environment, inflation and competitive intensity continue to pose challenges. Your Company, with its brands, talent and investment in capabilities, is well placed to benefit disproportionately from this opportunity.

### **CAUTIONARY STATEMENT**

Statements in the management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be considered as "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. The factors that might influence the operations of the Company are economic conditions, government regulations and natural calamities over which the Company has no control.

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

### **APPRECIATIONS AND ACKNOWLEDGEMENTS**

Your Directors place on record their deep appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain as industry leaders.

The Board places on record its appreciation for the support and co-operation your Company has been receiving from its suppliers, distributors stockists, retailers, business partners and others associated with the Company as its trading partners. Your Company looks upon them as partners in its progress. It will be the Company's endeavour to build and nurture strong links with the trade based on mutuality of benefits, respect for and co-operation with each other, consistent with consumer interests.

The Directors also take this opportunity to thank all Investors, Clients, Vendors, Banks, Government and Regulatory Authorities and Stock Exchanges, for their continued support.

**On behalf of the Board of Directors  
Lovable Lingerie Limited**

Place: Mumbai  
Date: August 12, 2015

**L Vinay Reddy**  
Chairman  
(DIN: 00202619)

**Annexure "A"**  
**Extract of Annual Return**

**Form No. MGT-9**

(as on the financial year ended on 31st March, 2015)

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- i. CIN: L17110MH1987PLC044835
- ii. Registration Date : 29/09/1987
- iii. Name of the Company : Lovable Lingerie Limited
- iv. Category / Sub-Category of the Company: Company limited by shares
- v. Address of the Registered office and contact details: A-46, Street No.2, MIDC, Andheri (E), Mumbai - 400 093. Tel: 022-28383581 Fax: 28383582 E-mail: [corporate@lovableindia.in](mailto:corporate@lovableindia.in) Website: [www.lovableindia.in](http://www.lovableindia.in)
- vi. Whether listed company: Yes
- vii. Name, Address and Contact details of Registrar and Transfer Agent:  
M/s. Link Intime India Private Limited,  
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,  
Bhandup (West), Mumbai-400 078.  
Phone: 022-25946970; Fax: 022-25946969;  
E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in); Website: [www.linkintime.co.in](http://www.linkintime.co.in)

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1	Readymade Garments	18101	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - Nil**

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
	NIL				



#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year i.e. 01/04/2014				No. of Shares held at the end of the year i.e. 31/03/2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
g) Individual/HUF	11141826	0	11141826	66.32	11141826	0	11141826	66.32	0
h) Central Govt	0	0	0	0	0	0	0	0	0
i) State Govt (s)	0	0	0	0	0	0	0	0	0
j) Bodies Corp.	0	0	0	0	0	0	0	0	0
k) Banks / FI	0	0	0	0	0	0	0	0	0
l) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (1):-</b>	<b>11141826</b>	<b>0</b>	<b>11141826</b>	<b>66.32</b>	<b>11141826</b>	<b>0</b>	<b>11141826</b>	<b>66.32</b>	<b>0</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals / Foreign Individuals	153000	0	153000	0.91	153000	0	153000	0.91	0
b) Other – Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (2):-</b>	<b>153000</b>	<b>0</b>	<b>153000</b>	<b>0.91</b>	<b>153000</b>	<b>0</b>	<b>153000</b>	<b>0.91</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>11294826</b>	<b>0</b>	<b>11294826</b>	<b>67.23</b>	<b>11294826</b>	<b>0</b>	<b>11294826</b>	<b>67.23</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	480152	0	480152	2.86	451606	0	451606	2.69	-0.17%
b) Banks / FI	9484	0	9484	0.06	21710	0	21710	0.13	0.07%
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	2440482	0	2440482	14.53	1576254	0	1576254	9.38	-5.15%
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1):-</b>	<b>2930118</b>	<b>0</b>	<b>2930118</b>	<b>17.44</b>	<b>2049570</b>	<b>0</b>	<b>2049570</b>	<b>12.2</b>	<b>-5.24%</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	269755	0	269755	1.61	687741	0	687741	4.09	2.48%
ii) Overseas	850000	0	850000	5.06	19818	0	19818	0.12	-4.94%
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	1143511	110	1143621	6.81	1847690	10	1847700	11	4.19%
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	145708	0	145708	0.87	108554	0	108554	0.65	-0.22%

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i) Category-wise Share Holding: Continued

Category of Shareholders	No. of Shares held at the beginning of the year i.e. 01/04/2014				No. of Shares held at the end of the year i.e. 31/03/2015				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>c) Others (specify)</b>									
Non Resident Indians	53009	0	53009	0.32	106664	0	106664	0.63	0.31%
Clearing Members	112963	0	112963	0.67	97118	0	97118	0.58	-0.09%
Trusts	0	0	0	0	100	0	100	0	0.00%
Foreign Port Folio Investor									
Corporate	0	0	0	0	587909	0	587909	3.5	3.50%
<b>Sub-total (B)(2):-</b>	<b>2574946</b>	<b>110</b>	<b>2575056</b>	<b>15.33</b>	<b>3455594</b>	<b>10</b>	<b>3455604</b>	<b>20.57</b>	<b>5.24</b>
Total Public Shareholding									
<b>(B)=(B)(1)+ (B)(2)</b>	<b>5505064</b>	<b>110</b>	<b>5505064</b>	<b>32.77</b>	<b>5505164</b>	<b>10</b>	<b>5505174</b>	<b>32.77</b>	<b>0.00%</b>
C. Shares held by Custodian									
for GDRs & ADRs	0	0	0	0	0	0	0	0	0.00%
<b>Grand Total (A+B+C)</b>	<b>16799890</b>	<b>110</b>	<b>16800000</b>	<b>100</b>	<b>16799990</b>	<b>10</b>	<b>16800000</b>	<b>100</b>	<b>0</b>

##### (ii) Shareholding of Promoters

Sl No.	Category of Shareholders	Shareholding at the beginning of the year i.e. 01/04/2014			Share holding at the end of the year i.e. 31/03/2015			% change in share holding during
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Vinay Reddy	56,24,250	33.48	0	56,24,250	33.48	0	0
2	Shobha Jaipal Reddy	39,15,000	23.30	0	39,15,000	23.30	0	0
3	Prashant Jaipal Reddy	15,35,250	9.14	0	15,35,250	9.14	0	0
4	Lattupalli Veena Reddy	1,53,000	0.91	0	1,53,000	0.91	0	0
5	*L Jaipal Reddy	7,500	0.04	0	7,500	0.04	0	0
6	Taruna Vinay Reddy	52,326	0.31	0	52,326	0.31	0	0
7	*Lattupalli Vinay Reddy	7,500	0.04	0	7,500	0.04	0	0
	<b>Total</b>	<b>1,12,94,826</b>	<b>67.22</b>	<b>0</b>	<b>1,12,94,826</b>	<b>67.22</b>	<b>0</b>	<b>0</b>

\* Holding as Karta of HUF

##### (iii) Change in Promoters' Shareholding

There are no changes in the Promoter's shareholding during the Financial Year 2014-15.

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31<sup>st</sup> March, 2015:**

SI No.	Name of shareholders	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	Date of Transaction	No. of Shares	No. of Shares	% of total shares of the company
1	NALANDA INDIA EQUITY FUND LIMITED	1492057	8.8813			1492057	8.8813
	AT THE END OF THE YEAR					1492057	8.8813
2	IRONWOOD INVESTMENT HOLDINGS	758309	4.5137			758309	4.5137
	Transfer			12 Sep 2014	(202000)	556309	3.3114
	Transfer			30 Jan 2015	(60200)	496109	2.9530
	Transfer			20 Mar 2015	(10000)	486109	2.8935
	Transfer			27 Mar 2015	(2700)	483409	2.8774
	AT THE END OF THE YEAR					483409	2.8774
3	TATA BALANCED FUND	0	0.0000			0	0.0000
	Transfer			14 Nov 2014	163300	163300	0.9720
	Transfer			21 Nov 2014	105000	268300	1.5970
	AT THE END OF THE YEAR					268300	1.5970
4	KOTAK MAHINDRA INVESTMENTS LTD	0	0.0000			0	0.0000
	Transfer			11 Apr 2014	9895	9895	0.0589
	Transfer			18 Apr 2014	(4895)	5000	0.0298
	Transfer			13 Jun 2014	(3500)	1500	0.0089
	Transfer			25 Jul 2014	(1467)	33	0.0002
	Transfer			22 Aug 2014	44967	45000	0.2679
	Transfer			31 Oct 2014	(42802)	2198	0.0131
	Transfer			14 Nov 2014	(798)	1400	0.0083
	Transfer			16 Jan 2015	201955	203355	1.2104
	Transfer			23 Jan 2015	(3295)	200060	1.1908
	Transfer			13 Feb 2015	(60)	200000	1.1905
	Transfer			27 Mar 2015	2750	202750	1.2068
	AT THE END OF THE YEAR					202750	1.2068
5	SBI MAGNUM MIDCAP FUND	139306	0.8292			139306	0.8292
	Transfer			04 Apr 2014	16000	155306	0.9244
	Transfer			06 Jun 2014	(33000)	122306	0.7280
	Transfer			24 Oct 2014	11000	133306	0.7935
	Transfer			31 Oct 2014	50000	183306	1.0911
	AT THE END OF THE YEAR					183306	1.0911
6	HYPNOS FUND LIMITED	34500	0.2054			34500	0.2054
	Transfer			09 Jan 2015	50000	84500	0.5030
	AT THE END OF THE YEAR					84500	0.5030
7	ZAKI ABBAS NASSER	0	0.0000			0	0.0000
	Transfer			06 Mar 2015	25000	25000	0.1488
	Transfer			13 Mar 2015	15000	40000	0.2381
	Transfer			20 Mar 2015	5000	45000	0.2679
	Transfer			31 Mar 2015	15000	60000	0.3571
	AT THE END OF THE YEAR					60000	0.3571

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31<sup>st</sup> March, 2015:**

SI No.	Name of shareholders	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	Date of Transaction	No. of Shares	No. of Shares	% of total shares of the company
8	SWISS FINANCE CORPORATION (MAURITIUS) LIMITED	34548	0.2056			34548	0.2056
	Transfer			04 Apr 2014	(6498)	28050	0.1670
	Transfer			14 Nov 2014	4977	33027	0.1966
	Transfer			27 Mar 2015	11770	44797	0.2666
	AT THE END OF THE YEAR					44797	0.2666
9	ABNER INDIA DIVERSIFIED GROWTH FUND	34250	0.2039			34250	0.2039
	Transfer			13 Jun 2014	3150	37400	0.2226
	AT THE END OF THE YEAR					37400	0.2226
10	SCI GROWTH INVESTMENTS II	850000	5.0595			850000	5.0595
	Transfer			12 Sep 2014	(274684)	575316	3.4245
	Transfer			19 Sep 2014	(183000)	392316	2.3352
	Transfer			14 Nov 2014	(69310)	323006	1.9227
	Transfer			21 Nov 2014	(135088)	187918	1.1186
	Transfer			12 Dec 2014	(68100)	119818	0.7132
	Transfer			30 Jan 2015	(100000)	19818	0.1180
	AT THE END OF THE YEAR					19818	0.1180
11	DSP BLACKROCK MICRO CAP FUND	310739	1.8496			310739	1.8496
	Transfer			25 Apr 2014	(5879)	304860	1.8146
	Transfer			02 May 2014	(33528)	271332	1.6151
	Transfer			09 May 2014	(15463)	255869	1.5230
	Transfer			30 May 2014	(4024)	251845	1.4991
	Transfer			31 Oct 2014	(72095)	179750	1.0699
	Transfer			07 Nov 2014	(86552)	93198	0.5548
	Transfer			14 Nov 2014	(93198)	0	0.0000
	AT THE END OF THE YEAR					0	0.0000
12	BEAVER INVESTMENT HOLDINGS	73316	0.4364			73316	0.4364
	Transfer			29 Aug 2014	(19000)	54316	0.3233
	Transfer			05 Sep 2014	(33000)	21316	0.1269
	Transfer			12 Sep 2014	(21316)	0	0.0000
	AT THE END OF THE YEAR					0	0.0000
13	PINKKY SHAH	63000	0.3750			63000	0.3750
	Transfer			18 Apr 2014	3060	66060	0.3932
	Transfer			05 Sep 2014	66060	132120	0.7864
	Transfer			12 Sep 2014	(66060)	66060	0.3932
	Transfer			27 Feb 2015	(66060)	0	0.0000
	AT THE END OF THE YEAR					0	0.0000

**Notes:**

- The above information is based on the weekly beneficiary position received from Depositories.

v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name	Shareholding		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)			Cumulative Shareholding during the year	
		No. of shares at the beginning (01/04/2014)/ end of the year (31/03/2015)	% of total shares of the company	Date	Increase/ (Decrease) in shareholding	Reason	No. of Shares	% of total shares of the company
1	VINAY JAIPAL REDDY	56,24,250	33.48	01/04/2014		Opening Balance		
					0	No changes during the year		
		56,24,250	33.48	31/03/2015		Closing Balance	56,24,250	33.48
2	TARUNA VINAY REDDY	52,326	0.31	01/04/2014		Opening Balance		
					0	No changes during the year		
		52,326	0.31	31/03/2015		Closing Balance	52,326	0.31

\*\* Note: None of the Directors and Key Managerial Personnel except those mentioned above hold any shares in the Company.

V. INDEBTEDNESS

Indebtedness of the Company including interest Outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	₹ 8,85,55,555.55	NIL	NIL	₹ 8,85,55,555.55
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>₹ 8,85,55,555.55</b>	<b>NIL</b>	<b>NIL</b>	<b>₹ 8,85,55,555.55</b>
<b>Change in Indebtedness during the financial year</b>				
♦ Addition	NIL	NIL	NIL	NIL
♦ Reduction	₹ 2,21,38,888.88	NIL	NIL	₹ 2,21,38,888.88
<b>Net Change</b>	<b>₹ 2,21,38,888.88</b>	<b>NIL</b>	<b>NIL</b>	<b>₹ 2,21,38,888.88</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	₹ 6,64,16,667	NIL	NIL	₹ 6,64,16,667
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>Total (i+ii+iii)</b>	<b>₹ 6,64,16,667</b>	<b>NIL</b>	<b>NIL</b>	<b>₹ 6,64,16,667</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Names of MD/ WTD/ Manager			Total Amount
		*G. Ashok Reddy (WholeTime Director)	L. Vinay Reddy (Chairman & Managing Director)	L. Jaipal Reddy (Director)	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	28,63,149	23,32,736	1550000	67,45,885
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission - as % of profit - others, specify... NIL	NIL	NIL	NIL	
5	Others, please specify	NIL	NIL	NIL	NIL
	Total (A)	28,63,149	23,32,736	1550000	67,45,885
	Overall Ceiling as per the Act				₹2,69,40,820

**\*G. Ashok Reddy resigned as Whole-time Director w.e.f. March 30, 2015**
**B. Remuneration to other directors:**

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Fee for attending board / committee meetings	Commission	Others, please specify	
1	<b>Independent Directors</b>				
	Mr. Anantharaman Mahadevan	52000	NIL	NIL	52000
	Mr. Gopal Sehgal	87000	NIL	NIL	87000
	Mr. Sivabalan P. Pandian	63500	NIL	NIL	63500
	Mr. Dhanpat Kothari	72000	NIL	NIL	72000
2	<b>Total (1)</b>	<b>274500</b>	<b>NIL</b>	<b>NIL</b>	<b>274500</b>
3	<b>Other Non-Executive Directors</b>				
	Mr. VT Bharadwaj	20000	NIL	NIL	20000
	Mrs. Taruna Reddy*	NIL	NIL	NIL	NIL
4	<b>Total (2)</b>	<b>20000</b>	<b>NIL</b>	<b>NIL</b>	<b>20000</b>
5	<b>Total (B)=(1+2)</b>				
	Total Managerial Remuneration	294500	NIL	NIL	294500
	Overall Ceiling as per the Act	NA	₹26,94,082	NA	₹26,94,082

VI. (contd.)

\* Mrs. Taruna Reddy appointed as an Additional Director w.e.f. March 30, 2015.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	<b>Gross salary</b> (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	3,60,000	10,81,045	14,41,045
2	<b>Stock Option</b>	NIL	NIL	NIL	Nil
3	<b>Sweat Equity</b>	NIL	NIL	NIL	NIL
4	<b>Commission</b> - as % of profit - others, specify...	NIL	NIL	NIL	NIL
5	<b>Others, please specify</b>	NIL	NIL	NIL	NIL
	<b>Total</b>	<b>NIL</b>	<b>3,60,000</b>	<b>10,81,045</b>	<b>14,41,045</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			NIL		
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			NIL		
Punishment					
Compounding					



## Annexure “B”

### Statement of Disclosure of Remuneration Under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

**i. Ratio of the remuneration\* of each Director to the median remuneration of the employees of the Company for the financial year 2014-15:**

Sr. No.	Name of Director	Designation	Ratio to median remuneration of employees
1	L Vinay Reddy	Chairman & Managing Director	17.90:1
2	L Jaipal Reddy	Executive Director	12.01:1
3	G Ashok Reddy	Executive Director	22.93:1**
4	Anantharaman Mahadevan	Non-Executive Independent Director	0.42:1
5	Gopal Sehjpal	Non-Executive Independent Director	0.70:1
6	Sivabalan P. Pandian	Non-Executive Independent Director	0.51:1
7	Dhanpat Kothari	Non-Executive Independent Director	0.58:1
8	VT Bharadwaj	Nominee Director	0.16:1
9	Taruna Reddy	Additional Director	N.A.***

\* Remuneration includes sitting fees paid

\*\* Ceased to be an executive Director w.e.f. 30th March, 2015

\*\*\* Appointed as an executive Director w.e.f. 30th March, 2015

**ii. Percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2014-15:**

Sr. No.	Name of Director/KMP	Designation	% increase in Remuneration
1	L Vinay Reddy	Managing Director	(0.22)
2	L Jaipal Reddy	Executive Director	0.00
3	G Ashok Reddy	Executive Director	0.00*
4	Anantharaman Mahadevan	Non-Executive Independent Director	44.44
5	Gopal Sehjpal	Non-Executive Independent Director	163.64
6	Sivabalan P. Pandian	Non-Executive Independent Director	28.28
7	Dhanpat Kothari	Non-Executive Independent Director	28.57
8	VT Bharadwaj	Nominee Director	(44.44)
9	Taruna Reddy	Additional Director	0.00**
10	R Govindarajan	Chief Financial Officer	10.00
11	Darsha Sanghvi	Company Secretary	10.00

\* Ceased to be an executive Director w.e.f. 30th March, 2015

\*\* Appointed as an executive Director w.e.f. 30th March, 2015

**iii. The percentage increase in the median remuneration of Employees in the financial year (Median 2014/ Median 2013): 23%**

**iv. The Company has 1,884 permanent Employees on the rolls of Company as on 31st March, 2015.**

**v. Relationship between average increase in remuneration and Company’s performance:**

The reward philosophy of the Company is to provide market competitive total reward opportunity that has a strong linkage to and drives performance culture. The final salary increases given are a function of Company's market competitiveness in this comparator group as well as overall business affordability. During the year, similar approach was followed to establish the remuneration increases to the Employees. Variable compensation is an integral part of our total reward package and is directly linked to an individual performance rating and business performance. Salary increases during the year were in line with Company's performance as well as per Company's market competitiveness. On an average, employees received an annual increase of 10%.

**vi. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:**

(₹ in Lakhs)

Aggregate remuneration of key managerial personnel (KMP) in FY 2014-15	14.41
Total revenue of the Company in FY 2014-15	17249.39
Remuneration of KMPs (as % of revenue)	0.08%
Profit before Tax (PBT) (₹crores)	2694.08
Remuneration of KMP (as % of PBT)	0.53%

**vii. Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year:**

(₹ in Lakhs)

Particulars	As on 31 <sup>st</sup> March 2014	As on 31 <sup>st</sup> March 2015	% change
Market Capitalisation	58178.40	52500.00	(9.76)
PE ratio	27.51	26.62	(3.24)

**viii. Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer the variations in the net worth of the company as at the close of the current financial year and previous financial year:**

(₹ in Lakhs)

Particulars	Market price as on 31 <sup>st</sup> March 2015	Last IPO 2011	% change
BSE	312.40	205	52.39
NSE	312.50	205	52.44

ix. Average percentage increase made in the salaries of Employees other than the managerial personnel in the financial year was 10% whereas the increase in the managerial remuneration was [0.09]%. The average increases every year is an outcome of Company's market competitiveness as against its peer group companies. In keeping with our reward philosophy and benchmarking results, the increase this year reflect the market practice.

**x. Comparison of each remuneration of the key managerial personnel against the performance of the Company:**

(₹ in Lakhs)

	R Govindarajan	Darsha Sanghvi
Remuneration of Key Managerial Personnel in FY 2014-15	10.81	3.60
Total Revenue of the Company in FY 2014-15	17249.39	17249.39
Remuneration of KMP (as % of revenue)	0.06%	0.02%

**xi. The key parameters for any variable component of remuneration availed by the directors:**

Variable compensation is an integral part of our total reward package for all Employees including Executive Directors. Annual Bonus is directly linked to an individual performance rating and business performance. At the start of the year, every Employee (including Executive Directors), have key targets assigned for the year in addition to their job fundamentals. These are drawn from the organizational strategic plan and are then reviewed for consistency and stretch.

**xii. The ratio of the remuneration of the highest paid Director to that of the Employees who are not Directors but receive remuneration in excess of the highest paid Director during the year:**

None

xiii. It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

**On behalf of the Board  
L Vinay Reddy**

Chairman  
(DIN: 00202619)

Mumbai, 12<sup>th</sup> August, 2015

## Annexure “C”

### Annual Report on Corporate Social Responsibility

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

**(1) Brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programmes**

Your Company is committed to operate and grow its business in a socially responsible way. The Company's vision is to grow its business, whilst reducing the environmental impact of its operations and increasing its positive social impact.

Your Company has embraced some of the activities listed in the Schedule VII of Section 135 of the Companies Act, 2013.

The Corporate Social Responsibility (CSR) Policy of the Company, as approved by the Board of the Directors, is available on the Company's website; [weblink: http://lovableindia.in/index.php?route=information/information&information\\_id=69](http://lovableindia.in/index.php?route=information/information&information_id=69).

A brief overview of your Company's projects is as given below:

LLL's CSR policy is aimed at demonstrating care for the community through its focus on education, vocational training & skill development. The projects undertaken will be within the broad framework of Schedule VII of the Companies Act, 2013. The CSR projects carried out in FY 2014-15 such as training of North East people to promote employability and skill development for underprivileged children, have benefitted the target communities across the country.

**(2) Composition of the CSR Committee**

The Company has a CSR committee of directors comprising of Mr. Anantharaman Mahadevan, Chairman of the Committee, Mr. Gopal Sehgal and Mr. L Vinay Reddy.

**(3) Average Net Profit of the Company for last 3 financial years : ₹ 27.35 Cr**

**(4) Prescribed CSR Expenditure (two per cent. Of the amount as in item 3 above): ₹ 54.70 lakhs**

**(5) Details of CSR spent during the financial year 2014-15:**

(a) Total amount to be spent for the financial year: ₹ 54.70 lakhs

(b) Total amount spent during the year: ₹ 2.81 lakhs

The Company has endeavored to obtain an in-depth understanding of the various implementation options available as mandated under the Companies Act, 2013. The Company's focus was on defining its CSR policy and identifying the priority areas for CSR Expenditure. The timelines post CSR becoming applicable under the Companies Act, 2013, coupled with the aforesaid approach, has meant a slower than expected implementation in the current year. The Company intends to utilize/ deploy its CSR Expenditure in a phased manner in future upon identification of suitable projects within the Company's CSR Policy.

(c) Amount unspent, if any: ₹ 51.89 lakhs

For reason, please refer to item no. 5(b) above.

(d) Manner in which the amount was spent during the financial year 2014-15 is detailed below:

Sr. No.	CSR Project	Relevant Section of Schedule VII in which the Project is covered (Refer Note)	Projects/ Programmes covered	Amount outlay (budget)	Amount spent on the project/ programs		Cumulative expenditure upto 31 <sup>st</sup> March, 2015	Amount spent Direct/ through implementing agency
					Direct Expenditure	Overheads as given		
1.	Shakti Project-Skill Development for under privileged, differently-abled children	Refer note 1*	Mumbai	0.30	0.30	-	0.30	Through implementing agency referred in Note 2 (i)
2.	Vocational Training skills to people in North East States for future employability in the organization	Refer note 1*	North East India States	25.00	2.51	-	2.51	Through implementing agency referred in Note 2 (ii)
	<b>Total</b>			<b>25.30</b>	<b>2.81</b>	-	<b>2.81</b>	

\*Note:

1. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
2. (i) Society for Service to Voluntary Agencies (SOSVA)  
(ii) Students' Experience in Inter-state Living (SEIL)

#### (6) CSR Committee Responsibility Statement

The CSR Committee confirms that the implementation and monitoring of the CSR activities of the Company are in compliance with the CSR objectives and CSR Policy of the Company.

On behalf of the Board

Mumbai, 12<sup>th</sup> August, 2015

**L Vinay Reddy**  
Managing Director  
(DIN:00202619)

**Anantharaman Mahadevan**  
Chairman, CSR Committee  
(DIN: 00165226)

## Annexure "D"

### Secretarial Audit Report

Form No. MR-3

For the Financial year ended 31st March, 2015  
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Lovable Lingerie Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Lovable Lingerie Limited** (hereinafter called '**the Company**'). Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Lovable Lingerie Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial year ended on 31<sup>st</sup> March, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup>, March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and the Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992('The SEBI'):-
  - (i) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (iv) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not relevant / applicable, since there is no delisting of equity shares during the year)
  - (v) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not relevant / applicable, since there is no delisting of equity shares during the year)
  - (vi) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(vii) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not relevant / applicable, since there is no delisting of equity shares during the year)

(viii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. (Not relevant / applicable, since there is no buyback of equity shares during the year)

I have also examined compliance with the applicable clauses to the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

The Company has complied with the provisions of Section 135 of the Companies Act, 2013 pertaining to Corporate Social Responsibility except Section 135(5). *The Company has informed that the shortfall in the amount spent during the year under report is intended to be utilized in a phased manner in future upon identification of suitable projects within the Company's CSR Policy.*

**I further report** that, the Board of Directors of the Company is duly constituted with proper balance of Executive, Non – Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the directors to schedule the Board Meeting, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period no events have occurred during the year which have a major bearing on company's affairs.

**For D. M. Zaveri & Co**  
**Company Secretaries**

**Dharmesh Zaveri**  
**(Proprietor)**

**FCS. No.: 5418**  
**CP No.: 4363**

**Place: Mumbai**  
**Date: 12-08-2015**

# CORPORATE GOVERNANCE REPORT



## **CORPORATE GOVERNANCE REPORT**

### **1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE:**

At Lovable Lingerie, we are committed to doing things the right way which means taking business decisions and acting in a way that is ethical and is in compliance with applicable legislation. Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

The Company has adopted a code of conduct for its employees including all the managing director and the executive directors. In addition, the Company has adopted a code of conduct for its non-executive directors and independent directors. These codes are available on the Company's website. The Company's corporate governance philosophy has been further strengthened through the Code of Conduct for prevention of insider trading.

The Company is in compliance with the requirements stipulated under Clause 49 of the Listing Agreements entered into with the stock exchanges with regard to corporate governance.

### **2. THE BOARD OF DIRECTORS:**

The Board of Directors ('the Board') is responsible for and committed to sound principles of Corporate Governance in the Company. The Board plays a crucial role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board.

The Board of Directors is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with requisite powers, authorities and duties.

#### **Composition:**

The Board comprises of Non-Executive, Executive, Independent Directors and Woman Director as required under applicable legislation. As on date of this Report, the Board consists of seven Directors, which includes Two Executive Directors, Four Independent Directors and One Non-Executive Woman Director. The composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the business. The Chairman of the Board is an Executive Director.

None of the Directors on the board hold Directorships in more than 10 (Ten) public companies. Further, none of them is a member of more than 10(Ten) committees or chairman of more than 5(Five) committees across all the public companies in which he/she is a Director. Necessary disclosures regarding committee positions in other public companies as on March 31, 2015 have been made by the directors.

Independent Directors are Non-Executive Directors as defined under Clause 49(II)(B)(1) of the Listing Agreements entered into with the Stock Exchanges. The maximum tenure of the independent directors is in compliance with the Companies Act, 2013 ("Act"). All the Independent Directors have confirmed that they meet the criteria as mentioned under clause 49 of the Listing Agreement and Section 149 of the Act.

During the year, Mr. G Ashok Reddy (DIN:01679165) resigned from the Board of the Company.

The Board of Directors appointed Mrs. Taruna Reddy, as a Non-Executive Director on the Board of the

Company with effect from 30th March, 2015.

The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of Directorships and committee chairmanships / memberships held by them in other public companies as on March 31, 2015 are given herein below. Other Directorships does not include Directorships in private limited companies, Section 8 Companies and of Companies incorporated outside India. Chairmanships / memberships of Board committees shall include only audit committee and stakeholders' relationship committee.

Composition and Directorship(s) / Committee Membership(s)/ Chairmanship(s) as on 31<sup>st</sup> March, 2015

Name of the Director	Category	Number of board meetings during the year 2014-15		Whether Attended last AGM held on September 25, 2014	Number of directorships in other Public Companies	Number of committee positions held in other public companies		Inter-se Relationship
		Held	Attended			Chairman	Member	
L Vinay Reddy (Chairman & Managing Director) DIN: 00202619	Non-Independent, Executive	4	4	Yes	1	0	0	Son of Shri L Jaipal Reddy Husband of Smt. Taruna Reddy
L Jaipal Reddy (Director) DIN: 01539678	Non-Independent, Executive	4	3	Yes	1	0	0	Father of Shri L Vinay Reddy Father-in-law of Smt. Taruna Reddy
G Ashok Reddy (Whole Time Director)* DIN: 01679165	Non-Independent, Executive	4	1	Yes	0	0	0	-
Anantharaman Mahadevan DIN: 00165226	Independent, Non-Executive	4	4	Yes	1	0	0	-
Gopal Sehjpal DIN: 00175975	Independent, Non-Executive	4	4	Yes	1	1	1	-
Sivabalan Paul Pandian DIN: 01573458	Independent, Non-Executive	4	3	Yes	1	0	0	-
Dhanpat Kothari DIN: 03032242	Independent, Non-Executive	4	4	Yes	0	0	0	-
V T Bharadwaj DIN: 02918495	Independent, Non-Executive	4	2	No	2	0	0	-
Taruna Reddy** DIN: 02787135	Non-Independent, Non-Executive	0	0	N.A.	0	0	0	Wife of Shri L Vinay Reddy Daughter-in-law of Shri L Jaipal Reddy

\* Resigned as the Director of the Company w.e.f. March 30, 2015

\*\* Appointed as an Additional Director w.e.f. March 30, 2015

## **BOARD INDEPENDENCE**

Our definition of 'Independence' of Directors is derived from Clause 49 of the Equity Listing Agreement and Section 149(6) of the Companies Act, 2013. Based on the confirmation / disclosures received from the Directors and on evaluation of the relationships disclosed, Mr. Anantharaman Mahadevan, Mr. Gopal Sehjpal, Mr. Sivabalan P. Pandian and Mr. Dhanpat Kothari, Non-Executive Directors are Independent in terms of Clause 49 of the Listing Agreement and Section 149(6) of the Companies Act, 2013.

## **BOARD MEETINGS**

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business. The notice of Board meeting is given well in advance to all the Directors. The Agenda for the Board and Committee meetings includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision.

During the Financial Year ended 31<sup>st</sup> March, 2015, four Board meetings were held on 29<sup>th</sup> May 2014, 13<sup>th</sup> August, 2014, 10<sup>th</sup> November, 2014 and 11<sup>th</sup> February, 2015. The maximum interval between any two meetings was well within the maximum allowed gap of 120 days. The necessary quorum was present for all the meetings.

The Board periodically reviews compliance reports of all laws applicable to the Company, prepared by the Company.

## **SEPARATE INDEPENDENT DIRECTORS' MEETING**

The terms and conditions of appointment of the independent directors are disclosed on the website of the Company. During the year a separate meeting of the independent directors was held inter-alia to review:

- the performance of non-Independent Directors and the Board as a whole;
- the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non- Executive Directors; and
- the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

## **CODE OF CONDUCT**

The Board of Directors has laid down a code of conduct for all Board members and all employees of the Company. All the Directors and senior management have affirmed compliance with the code of conduct as approved and adopted by the Board of Directors and a declaration to this effect signed by the Chairman & Managing Director, has been annexed to the Corporate Governance Report. The code of conduct may be accessed through the web link: [http://lovableindia.in/index.php?route=information/information&information\\_id=22](http://lovableindia.in/index.php?route=information/information&information_id=22).

In addition, members of the Board and Management Committee also submit, on an annual basis, the details of individuals to whom they are related and entities in which they hold interest and such disclosures are placed before the Board. Transactions with any of the entities referred above are placed before the Board for approval. Details of all Related Party Transactions are placed before the Audit Committee on quarterly basis.

## **FAMILIARIZATION PROGRAMME FOR THE INDEPENDENT DIRECTORS**

In compliance with the requirements of the clause 49 of the Listing Agreement, the Company has put in place a Familiarisation Programme for the Independent directors to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model etc. The details of such programme is available on the website of the company [http://lovableindia.in/index.php?route=information/information&information\\_id=69](http://lovableindia.in/index.php?route=information/information&information_id=69)

### 3. COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. The minutes of the meetings of all Committees are placed before the Board for review. The Board Committees can request special invitees to join the meeting, as appropriate.

The Board has currently established the following statutory and non-statutory Committees.

#### A. Audit Committee:

##### i. Constitution & Composition of Audit Committee:

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements entered into with the stock exchanges read with Section 177 of the Act.

During the year under review, Audit Committee Meetings were held Four times on 29th May, 2014, 13th August, 2014, 10th November, 2014 & 11th February, 2015. The intervening gap between the meetings was within the period prescribed under Clause 49 of the Listing Agreement.

The Composition of the Audit Committee and details of attendance of the members at the committee meetings during the year are given below:

Name of the Member	Category	No. of Meetings during the financial year 2014-15	
		Held	Attended
Mr. Dhanpat M. Kothari	Chairman	4	4
Mr. L Vinay Reddy	Member	4	4
Mr. Sivabalan Paul Pandian	Member	4	3
Mr. Gopal G. Sehgal	Member	4	4

The Chief Financial Officer, representatives of Statutory Auditors, Internal Audit and Finance & Accounts department are invited to the meetings of the Audit Committee.

Ms. Darsha Sanghvi, Company Secretary and Compliance Officer act as Secretary of the Committee. The Chairman of the Committee was present at the last Annual General Meeting held on 25th September, 2014.

The Committee discharges such duties and functions generally indicated in Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013 and such other functions as may be specifically delegated to the Committee by the Board from time to time.

##### ii. Brief Terms of reference:

The terms of reference of the Audit Committee covers the areas as contemplated under Clause 49 of the Listing Agreement and Section 177 of the Companies Act, 2013 and inter alia, include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommend the appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

- Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to;
- Reviewing the adequacy of internal audit function;
- Reviewing the significant internal audit findings / related party transactions, reviewing the Management Discussion and Analysis of financial condition and result of operations and also statutory compliance issues relating to financial statements;
- To review the functioning of the Whistle Blower mechanism / Vigil Mechanism;
- Review of matters to be included in the Directors Responsibility Statement, to be included in the Board report.

## B. NOMINATION & REMUNERATION COMMITTEE

### i. Constitution & Composition of Nomination & Remuneration Committee:

The Nomination & Remuneration Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements entered into with the stock exchanges read with Section 178 of the Act. The Board of Directors at its meeting held on 29th May, 2014 has approved the change of nomenclature from 'Remuneration Committee' to 'Nomination and Remuneration Committee'.

During the year under review, Nomination and Remuneration Committee Meetings were held on 10th November, 2014.

The Composition of the Nomination and Remuneration Committee and details of attendance of the members at the committee meetings during the year are given below:

Name of the Member	Category	No. of Meetings during the financial year 2014-15	
		Held	Attended
Mr. Dhanpat M. Kothari	Chairman	1	1
Mr. L Vinay Reddy	Member	1	1
Mr. Sivabalan Paul Pandian	Member	1	1
Mr. Gopal G. Sehjpal	Member	1	1

### ii. Brief Terms of reference:

The brief terms of reference of Nomination & Remuneration Committee are as under:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
2. Formulation of criteria for evaluation of Independent Directors and the Board.
3. Devising a policy on Board diversity.
4. Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
5. To recommend/review remuneration of the Managing Director(s) and Whole-time Director(s)/Executive Director(s) based on their performance and defined assessment criteria.
6. To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.

### iii. Remuneration policy:

Remuneration policy of the Company is designed to create a high performance culture. It enables the Company to attract, retain and motivate employees to achieve results. Our business model promotes customer centricity and requires employee mobility to address project needs. The remuneration policy supports such mobility through pay models that are compliant to local regulations. The remuneration structure is tailored to the regulations, practices and benchmarks prevalent in the industry.

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its managing director and the executive directors. Annual increments are decided by the Nomination and Remuneration Committee (NRC) within the salary scale approved by the members of the Company and are effective April 1 each year.

NRC decides on the commission payable to the managing director and the executive directors out of the profits for the financial year and within the ceilings prescribed under the Act based on the performance of the Company as well as that of the managing director and each executive director.

The Remuneration policy of the Company is available on the website of the Company at [http://lovableindia.in/index.php?route=information/information&information\\_id=69](http://lovableindia.in/index.php?route=information/information&information_id=69).

### iv. Details of Remuneration:

#### a) Executive Directors:

(₹ in lakhs)

Name	Salary	Bonus	Contribution to PF	Perquisites	Total
L Vinay Reddy	20.70	-	1.65	-	22.35
L Jaipal Reddy	15.00	-	-	-	15.00
G Ashok Reddy*	24.11	3.13	-	1.38	28.62

\* Ceased to be a Director w.e.f. March 30, 2015.

\* Perquisites include Leave Travel Assistance and Medical Allowance.

The above figures do not include provisions for encashable leave, gratuity and premium paid for group health insurance, as separate actuarial valuation / premium paid are not available for the managing director and executive director.

Services of the managing director and executive director may be terminated by either party, giving the other party six months' notice or the Company paying six months' salary in lieu thereof. There is no separate provision for payment of severance fees.

#### b) Non-Executive Directors:

During the year 2014-15, the Company was paid sitting fees of ₹ 9,000/- for attending the Board Meeting held upto 29/05/2014 & thereafter increased the sitting fees for Board meetings and paid ₹11,000/- per meeting to its non-executive Directors for attending meetings of the Board. Sitting fees of ₹ 5,000 per meeting were paid to its non-executive directors for attending meetings of the Audit Committee, Nomination and Remuneration Committee & CSR committee. For Stakeholders' Relationship Committee, sitting fees of ₹ 2,500/- was paid per meeting.

(₹ in lakhs)

Name	Sitting Fees*	Commission	Total
Anantharaman Mahadevan	0.52	-	0.52
Gopal Sehjpal	0.87	-	0.87
Sivabalan P. Pandian	0.64	-	0.64
Dhanpat Kothari	0.72	-	0.72
V T Bharadwaj	0.20	-	0.20
Taruna Reddy **	-	-	-

\* Includes sitting fees for Board and Board Committee meetings

\*\* Appointed as an Additional Director w.e.f. March 30, 2015.

During the year, there were no pecuniary relationships or transactions between the Company and any of its Non-Executive Directors apart from sitting fees.

c) Details of equity shares of the Company held by the Non Executive Directors as on March 31, 2015 are given below:

Name	Number of equity shares
Taruna Reddy	52,326

The Company has no outstanding convertible instruments.

## C. STAKEHOLDERS' RELATIONSHIP COMMITTEE

### i. Constitution & Composition of Stakeholders' Relationship Committee:

The Stakeholders' Relationship Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements entered into with the stock exchanges read with Section 178 of the Act. The Board of Directors at its meeting held on 29th May, 2014 has approved the change of nomenclature from 29/05/2014 from Shareholders' Grievance Committee' to 'Stakeholders' Relationship Committee'.

During the year under review, Stakeholders' Relationship Committee Meetings were held 4 times on 29th May, 2014, 13th August, 2014, 10th November, 2014 & 11th February, 2015.

The Composition of the Stakeholders' Relationship Committee and details of attendance of the members at the committee meetings during the year are given below:

Name of the Member	Category	No. of Meetings during the financial year 2014-15	
		Held	Attended
Mr. Gopal G. Sehjpal	Chairman	4	4
L Vinay Reddy	Member	4	4
Sivabalan Paul Pandian	Member	4	3

### ii. Brief terms of reference of the Committee inter alia include the following:

- To look into redressal of grievances of shareholders, debenture holders and other security holders of the Company;
- To consider and resolve grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc.;
- To approve issue of duplicate share certificates and to oversee and review all matters

- connected with the transfer, transmission and issue of securities;
- d. To oversee the performance of the Registrar and Transfer Agents and recommend measures for overall improvement in the quality of investor services;
- e. To investigate any activity within its terms of reference;
- f. To seek information from share transfer agents;
- g. To obtain outside legal or other professional advice;
- h. To secure attendance of outsiders with relevant expertise, if it considers necessary and have full access to the information contained in the records of the Company.

**iii. Procedure laid down for Shareholders' / Investors' Grievance Committee**

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

**iv. Shareholders' Complaints:**

The total number of shareholder complaints received and resolved during the year under review, were as follows:

Complaints as on April 1, 2014: Nil  
 Received during the year: 13  
 Resolved during the year: 13  
 Pending as on March 31, 2015: Nil

**iv. Name, Designation and Address of Compliance Officer:**

Ms. Darsha Sanghvi,  
 Company Secretary

Lovable Lingerie Limited  
 A-46, Road No. 2, MIDC,  
 Andheri (East),  
 Mumbai-400093.  
 Contact Number: 022-2838 3581  
 Fax: 022-2838 3582

**D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

**i. Constitution & Composition of Corporate Social Responsibility (CSR) Committee:**

The Company has constituted a CSR Committee as required under Section 135 of the Companies Act, 2013 read with rules made there under.

During the year under review, CSR Committee Meeting was held 1 times on 10th November, 2014.

The Composition of the CSR Committee and details of attendance of the members at the committee meetings during the year are given below:

Name of the Member	Category	No. of Meetings during the financial year 2014-15	
		Held	Attended
Anantharaman Mahadevan	Chairman	1	1
L Vinay Reddy	Member	1	1
Gopal G. Sehjpal	Member	1	1



ii. **The terms of reference of the Corporate Social Responsibility Committee inter alia include the following:**

- a. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- b. To monitor the Corporate Social Responsibility Policy (CSR Policy) of the Company from time to time.
- c. To recommend the amount of expenditure to be incurred on the activities referred above.
- d. To monitor amount spent on the CSR initiatives of the Company as per the CSR policy.

iii. **CSR Policy:**

As recommended by the Committee, the Board of Directors of the Company has at its meeting held on 10th November, 2014 approved the CSR Policy of the Company. A summary of the CSR Policy of the Company may be accessed through the web link : [http://lovableindia.in/index.php?route=information/information&information\\_id=69](http://lovableindia.in/index.php?route=information/information&information_id=69)

**4. SUBSIDIARY COMPANIES:**

The Company does not have any subsidiary Company.

**5. Code for Fair Disclosure**

The Company has framed a Fair Code of Disclosure to avoid Insider Trading in the Company. This Code of the Company prohibits the Directors of the Company and other specified employees to deal in the securities of the Company on the basis of any unpublished price sensitive information, available to them by virtue of their position in the Company. The objective of this Code is to prevent misuse of any unpublished price sensitive information and prohibit any insider trading activity, in order to protect the interest of the shareholders at large. The Board of Directors of the Company have adopted this Code, in line with new SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Fair Code of Disclosure is available on the website of the Company [http://lovableindia.in/index.php?route=information/information&information\\_id=23](http://lovableindia.in/index.php?route=information/information&information_id=23).

**GENERAL BODY MEETINGS**

(i) Location and time, where last three Annual General Meetings (AGM) were held, are as follows:

Financial Year	Day & Date	Time	Location	Special Resolutions Passed at the AGM
2011-12	Wednesday, 12 <sup>th</sup> September, 2012	11.00 A.M.	A-52, All India Plastic Manufactures Asso., Road No. 1, MIDC, Andheri (East), Mumbai-400093	No Special Resolution Passed
2012-13	Monday, 29 <sup>th</sup> July, 2013	11.00 A.M.	A-52, All India Plastic Manufactures Asso., Road No. 1, MIDC, Andheri (East), Mumbai-400093	No Special Resolution Passed
2013-14	Thursday, 25 <sup>th</sup> September, 2014	03.00 A.M.	A-52, All India Plastic Manufactures Asso., Road No. 1, MIDC, Andheri (East), Mumbai-400093	No Special Resolution Passed

(ii) Extraordinary general meeting:

No extraordinary general meeting of the members was held during the year 2014-15.

(iii) Details of special resolution passed through postal ballot, the persons who conducted the postal ballot exercise and details of the voting pattern.

During the year under review, no special resolution has been passed through the exercise of postal ballot.

None of the items to be transacted at the ensuing meeting is required to be passed by postal ballot.

## 6. DISCLOSURES

- a) No transaction of a material nature has been entered into by the Company with the related parties that may have a potential conflict with the interests of the Company at large. The Register of contracts containing transactions, in which directors are interested, is placed before the Board of Directors regularly. The transactions with the related parties are disclosed in the Financial Statements. All transactions entered into with related parties as defined under the Act and Clause 49 of the Listing Agreement during the financial year were in the ordinary course of business and at Arm's length. These have been approved by the audit committee. The board has approved a policy for related party transactions which has been uploaded on the Company's website at the following link: [http://lovableindia.in/index.php?route=information/information&information\\_id=69](http://lovableindia.in/index.php?route=information/information&information_id=69)
- b) There were no instances of non-compliance by the Company on any matters related to the capital markets and no penalties/strictures imposed by SEBI/ Stock Exchange or any statutory authority during the last three financial years apart from fine imposed by National Stock Exchange of India Limited & BSE Limited for submission of Annual Report for FY 2013-14 with minimal delay due to logistic/technical issues.
- c) The Company has adopted a whistle blower policy and has established the necessary vigil mechanism for employees and directors to report concerns about unethical behaviour. No person has been denied access to the chairman of the audit committee. The said policy has been also put up on the website of the Company at the following link [http://lovableindia.in/index.php?route=information/information&information\\_id=69](http://lovableindia.in/index.php?route=information/information&information_id=69)
- d) Details of compliance with mandatory requirements and adoption / non-adoption of the Non-mandatory requirements:
- i. The Company complies with all the mandatory requirements specified under Clause 49 of the Listing Agreement.
  - ii. The Company does not send half-yearly financial results including summary of the significant events in the last six months to the household of each shareholder. However, the financial results are published in the newspapers and also posted on the website of the Company and the websites of BSE and NSE.
  - iii. The Financial statements of the Company have not been qualified by the Auditors.
  - iv. The Company does not have separate position for Chairman & Managing Director.
  - v. The Company has appointed M/s. S H Bathiya & Associates LLP as the Internal Auditors of the Company. The Internal Auditor reports their findings to the Audit Committee of the Company.

viii. 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 2014-15 are specified herein below.

Particulars	Object as per Prospectus	Actual Utilization as on 31.03.2015
Amount received from Pre-IPO	2000.00	
Amount received from IPO	9327.50	
<b>Utilisation of funds upto March 31, 2015</b>		
Setting up manufacturing facility to create additional capacity as Bengaluru	2284.93	2173.37
Expenses to be incurred for Brand Building	1800.00	1800.00
Brand Development Expenses	600.00	600.00
Investment in Joint Venture	2500.00	0.00
Setting up of Exclusive Brand Outlets ("EBO's")	1412.18	1412.18
Setting up of Retail Store Modules for "Shop-in-Shop"	361.00	361.00
Upgradation of Design Studios	759.52	271.34
General Corporate Purpose	2396.16	0.00
Public Issue Expenses	846.26	755.67
<b>Total</b>	<b>12960.05</b>	<b>7373.56</b>

## 7. MEANS OF COMMUNICATION

\* Website: The Company's website [www.lovableindia.in](http://www.lovableindia.in) contains a separate dedicated section 'Investor Relations' where shareholders information is available. Full Annual Report is also available on the website in a user friendly and downloadable form.

\* Financial Results: The annual, half-yearly and quarterly results are posted by the Company on its website [www.lovableindia.in](http://www.lovableindia.in). These are also submitted to the Stock Exchanges in accordance with the Listing Agreement and published in all English & Hindi Editions of Business Standard and Marathi Mumbai Edition of 'Navshakti'.

\* Annual Report: Annual Report containing inter alia Audited Annual Accounts, Directors' Report, Auditors' Report, and other important information is circulated to Members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report.

\* Corporate filing: Announcements, Quarterly Results, Shareholding Pattern etc. of the Company are regularly filed by the Company with the Stock Exchanges and are available on the website of BSE Ltd. - [www.bseindia.com](http://www.bseindia.com), National Stock Exchange of India Ltd. - [www.nseindia.com](http://www.nseindia.com).

## 8. GENERAL SHAREHOLDER INFORMATION

### i. Annual General Meeting for the financial year 2014-15

**Date and Time** : Saturday, 26th September, 2015

**Venue** : AIPMA Auditorium, Plot No.A-52, Road No.1, MIDC, Andheri (East), Mumbai-400 093.

**Time** : 3.00 P.M

### ii. Calendar of Financial Year ended 31st March, 2016 (Tentative)

The tentative dates of meeting of Board of Directors for consideration of quarterly financial results for the financial year ending 31<sup>st</sup> March, 2016 are as follows:

Second Quarter and Half yearly Results	1st or 2nd week of November, 2015
Third Quarter Results	1st or 2nd week of February, 2015
Fourth Quarter and Annual Results	Last week of May, 2016

**iii. Details of Book Closure For Equity Shareholders:**

Wednesday, 23rd September, 2015 to Saturday 26th September, 2015 (both days inclusive).

**iv. Dividend Payment Date: N.A.**

**v. Listing Details**

The Bombay Stock Exchange Limited, (BSE)	:	533343
The National Stock Exchange of India Limited (NSEIL)	:	LOVABLE
ISIN	:	INE597L01014

Listing Fees for the year ended 2015-16 have been paid, within the stipulated time, to BSE Limited and National Stock Exchange of India Ltd, where the Company's Equity Shares continue to be listed.

**vi. Corporate identity number (CIN) of the Company : L17110MH1987PLC044835**

**vii. Share Price Data**

The monthly high and low prices of the Company at BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) for the year ended 31<sup>st</sup> March, 2015 are as under:

Month	BSE		NSE	
	High Price (in ₹)	Low Price (In ₹)	High Price (in ₹)	Low Price (In ₹)
April	365.20	307.50	366.30	308.50
May	393.00	305.80	392.90	305.95
June	380.60	330.45	381.00	328.00
July	425.25	348.90	425.50	349.15
August	437.80	357.20	437.90	357.65
September	451.00	360.00	450.80	359.00
October	379.25	346.00	379.00	343.75
November	458.15	361.60	457.80	361.00
December	426.80	339.90	427.25	340.10
January	435.15	383.00	435.40	382.20
February	400.90	350.00	400.90	349.00
March	372.80	294.10	373.00	295.00

(Source: The information is compiled from the data available on the BSE & NSE Websites.)

**viii. Share price performance in comparison to broad-based indices – BSE Sensex and NSE Nifty:**

**(a) LLL share price performance versus CNX Nifty**



**(b) LLL share price performance versus BSE Sensex**



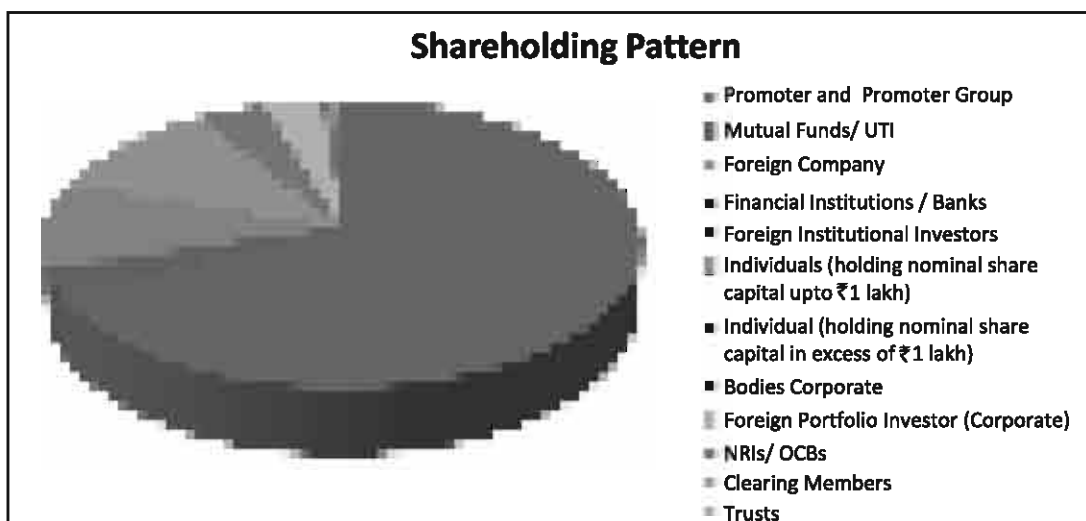
**ix. Shareholding as on 31<sup>st</sup> March, 2015**

**a. Distribution of Shareholding as on 31<sup>st</sup> March, 2015**

No. of shares	No. of Accounts		Shares of face value Re. 10/- each	
	Numbers	% to total accounts	Numbers	% to total shares
1 - 500	15925	95.06	12069270	7.18
501 - 1000	452	2.70	3612450	2.15
1001 - 2000	204	1.21	3032450	1.81
2001 - 3000	62	0.37	1565370	0.93
3001 - 4000	21	0.13	749400	0.45
4001 - 5000	21	0.13	971730	0.58
5001 - 10000	36	0.21	2573090	1.53
10001 & above	32	0.19	143426240	85.37
<b>Total</b>	<b>16753</b>	<b>100.00</b>	<b>168000000</b>	<b>100.00</b>

**b. Categories of equity shareholders as on March 31, 2015**

Category	Number of Share Held	% of Total
Promoter and Promoter Group	11294826	67.23
Mutual Funds/ UTI	451606	2.69
Foreign Company	19818	0.12
Financial Institutions / Banks	21710	0.13
Foreign Institutional Investors	1576254	9.38
Individuals (holding nominal share capital upto ₹ 1 lakh)	1847700	11.00
Individual (holding nominal share capital in excess of ₹ 1 lakh)	108554	0.65
Bodies Corporate	687741	4.09
Foreign Portfolio Investor (Corporate)	587909	3.50
NRIs/ OCBs	106664	0.63
Clearing Members	97118	0.58
Trusts	100	0.00
<b>Total</b>	<b>16800000</b>	<b>100.00</b>



**x. Dematerialisation of shares and liquidity:**

Your Company's shares are compulsorily traded in dematerialised form. Equity shares of the Company representing almost 100% of the Company's equity share capital are dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited as on March 31, 2015.

The Company's equity shares are regularly traded on NSE and BSE, in dematerialised form.

**xi. CEO/CFO Certification**

The Managing Director & the 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, 2015.

**xii. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:**

The Company has not issued any GDRs/ ADRs / warrants or any other convertible instruments, in the past and hence as on March 31, 2015, the Company does not have any outstanding GDRs/ ADRs/ Warrants or any convertible instruments.

**xiii. Plant Locations:**

Sr. No.	Factory Address
1	Plot No. 9 & 10, Manipal County Cross, Singsandra, Hosur Road, Bengaluru – 560 068
2	46/2, Guruprasanna Industrial Area, Doddakallasandra, Konanakunte cross Road, Bengaluru – 560 062. (Daisy Dee factory)
3	18/2, Opp. Khodays Breweries, Behind R.M.S. International School, Kanakapura Road, Bengaluru-560 062.

**xiv. 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  
Tel. No. 022-25963838, Fax No. 022-25946969  
Email : rnt.helpdesk@linkintime.co.in

**xv. Share Transfer System**

The Company has appointed Link Intime 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 Stakeholders' Relationship Committee for redressing the complaints/queries of shareholders and investors.

**xvi. Report On Corporate Governance**

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

**xvii. Investor Correspondence**

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

**xviii. Transfer of Unclaimed Dividend to IEPF:**

Pursuant to Sections 205A and 205C and other applicable provisions, if any, of the Companies Act, 1956, dividends that are unclaimed for a period of seven years, are statutorily required to be transferred to Investor Education and Protection Fund (IEPF) administered by the Central Government, and thereafter, cannot be claimed by the investors.

No claim shall lie against the said Fund or the Company for unpaid dividends transferred to the Fund nor shall any payment be made in respect of such claim. Members, who have not yet encashed their dividend warrant(s), are requested to make their claims without any delay to the Company's Registrar and Transfer Agent, i.e. Link Intime India Private Limited. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 25<sup>th</sup> September, 2014 (date of last Annual General Meeting) on the website of the Company ([www.lovable.in](http://www.lovable.in)), as also on the website of the Ministry of Corporate Affairs.

**xix. Calendar for transfer of unclaimed dividend to IEPF:**

Financial Year	Type of Dividend	Date of Declaration	Due for transfer to IEPF
2010-11	Final	25/08/2011	02/10/2018
2011-12	Final	12/09/2012	20/10/2019
2012-13	Final	29/07/2013	05/09/2020
2013-14	Final	25/09/2014	02/11/2021
2014-15	Interim	13/08/2014	20/09/2021

**xx.** The Annual Report will be sent through e-mail to all those Shareholders who have registered their e-mail id with the company and the Depository Participants. Those members who have not registered their e-mail id, the Annual Report will be sent in physical form and these members are requested to register their e-mail id's with the Company's Registrar & Transfer Agent i.e. Link Intime India Private Limited or with their DPs.

**Annexure to the Corporate Governance Report for the year ended on 31st March, 2015:**

**DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT**

I, L Vinay Reddy, Chairman and Managing Director of Lovable Lingerie Limited ("the Company"), hereby declare that, to the best of my information, all the Board members and the Senior Management personnel of the Company have affirmed their compliance and undertaken to continue to comply with the Code of Conduct with the Code of Conduct laid down by the Board of Directors of the Company for Board members and senior management.

**For Lovable Lingerie Limited**

Mumbai  
Date: May 29, 2015

**L Vinay Reddy**  
Chairman and Managing Director

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

To,  
The Board of Directors,  
**Lovable Lingerie Limited**

We, the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of Lovable Lingerie Limited ("the Company"), to the best of our knowledge and belief certify that:

- a. We have reviewed the financial statements and the Cash flow statement for the Financial Year ended 31st March, 2015 and based on our knowledge and belief certify that:
  - These statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
  - These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations;
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct. We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct adopted by the Company.

Further, we accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the same pertaining to financial reporting and have disclosed to the Statutory Auditors and the Audit Committee, wherever applicable:

- deficiencies in the design or operation of the internal control, if any, which we are aware of and the steps we have taken or propose to take to rectify these deficiencies;
- Significant changes, if any, in the internal controls over the financial reporting during the year ;
- Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over the financial reporting.

Mumbai  
Date: August 12, 2015

**L Vinay Reddy**  
Chairman & Managing Director

**R.Govindarajan**  
Chief Financial Officer



**AUDITORS CERTIFICATE ON COMPLIANCE OF THE CONDITIONS OF CORPORATE GOVERNANCE UNDER  
CLAUSE 49 OF THE LISTING AGREEMENT**

To,  
The Members of  
**Lovable Lingerie Limited**

We have examined the compliance of the conditions of Corporate Governance by LOVABLE LINGERIE LIMITED (“the Company”) for the year ended on 31st March, 2015, as stipulated in Clause 49 of the Listing agreements of the said company with relevant stock exchanges (hereinafter referred to as Clause 49).

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of 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 and the representations made by the Directors and the Management, we certify that the Company has complied, in all material respects, with the conditions of Corporate Governance as stipulated in Clause 49.

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

For **M/s Vinodkumar Jain & Co.**  
Chartered Accountants  
(Firm Registration No. 111513W)

**Partner**  
(Membership No. 36373)

Mumbai,  
May 29, 2015

## **REPORT OF INDEPENDENT AUDITORS TO THE MEMBERS OF LOVABLE LINGERIE LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Lovable Lingerie Limited ('the Company') which comprise the balance sheet as at 31 March 2015, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility**

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view

in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015 and its profit and its cash flows for the year ended on that date.

**Report on other Legal & Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
  - c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
  - f) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014:
    - (i) The Company has disclosed the impact of pending litigations on its financial positions in its financial statement :- Refer note No. 12 to the financial statements.
    - (ii) The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
    - (iii) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

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

**Vinod Kumar Jain**  
**Proprietor. M No. 36373**

PLACE: MUMBAI  
DATED:

## ANNEXURE OF AUDITOR'S REPORT

Annexure referred to in our report to the members of **LOVABLE LINGERIE LIMITED**  
on the accounts for the year ended 31<sup>st</sup> March, 2015. We report that:

- (i) In respect of its fixed assets
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
  - b. The Fixed assets were been physically verified by the management during the year and in our opinion the frequency of verification is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) In respect of its inventory
  - a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b. In our opinion and according to information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c. In our opinion and according to information and explanation given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the operations of the Company and have been properly dealt with in the books of accounts.
- (iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under section 189 of the Companies Act, 2013, according to the information and explanation given to us:
 

The company has not granted any such loans accordingly;  
sub-clause a. relating to payment of principal and interest; and  
sub-clause b. relating to steps of recovery/repayment taken, **are not applicable.**
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted deposit within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Co. Act, 2013 and the Companies (Acceptance of Deposits) Rules, framed there under. According to the information and explanations given to us no order has been passed by the Company Law Board, or National Company Law Tribunal or Reserve bank of India or any court or any other tribunal.
- (vi) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by Central Government prescribing the maintenance of cost records under section 148(1) of the Companies Act, 2013. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same with a view to determining whether they are accurate.

(vii) According to information and explanations given to us and records produced in respect of statutory dues:

- a. (i) The Company has generally been regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, investor education and protection fund, Employees state insurance, income-tax, sales tax, Wealth tax, custom duty, excise duty, service tax, value added tax, cess and other material statutory dues applicable to it.
- (ii) There were no undisputed amounts payable in respect of sales tax, income tax, customs duty, wealth tax, service tax, value added tax and other material statutory dues applicable to the Company that were in arrears as at March 31<sup>st</sup> 2015 for a period of more than six months from the date they became payable.
- b. There are no dues in respect of sales tax, income tax, customs duty, wealth tax, service tax, excise duty, value added tax, cess and other material statutory dues that have not been deposited on account of any dispute excepting those mentioned hereunder:

Name of Statute	Nature of Dues	Amount (₹)	Period to which amt. relates	Forum where dispute is pending
Customs Act	Demand	*19,42,798	2010-11	Com. Of Customs, Bengaluru
Income Tax Act	Asst. Demand	9,54,730	AY 10-11	ITAT, Mumbai
Income Tax Act	Asst. Demand	30,70,130	AY 11-12	ITAT, Mumbai
Income Tax Act	Asst. Demand	25,05,750	AY 12-13	CIT (A), Mumbai

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

- c. There has not been any occasion in case of the company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of reporting delay in transferring such sums does not arise.
- (viii) The Company does not have any accumulated losses at the end of the financial year and it has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institution or debenture holders.
  - (x) In our opinion and according to information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
  - (xi) In our opinion and according to information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.
  - (xii) To the best of our knowledge and according to information and explanations given to us, no material fraud on or by the company has been noticed or reported during the course of audit.

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

**Vinod Kumar Jain**  
Proprietor M. No. 36373

Place: Mumbai  
Dated :

# **BALANCE SHEET AS AT 31ST MARCH, 2015**

<b>Balance Sheet as at 31st March, 2015</b>			(In ₹)	
Particulars	Note No.	As at 31 March, 2015	As at 31 March, 2014	
<b>A EQUITY AND LIABILITIES</b>				
<b>1 Shareholders' Funds</b>				
(a) Share Capital	2	168,000,000	168,000,000	
(b) Reserves and Surplus	3	<u>1,683,049,761</u>	<u>1,733,993,267</u>	
		<u>1,851,049,761</u>	<u>1,901,993,267</u>	
<b>2 Non-Current Liabilities</b>				
(a) Long-term borrowings	4	44,277,778	66,416,667	
(b) Deferred tax liabilities (net)	24.07	31,814,813	26,920,488	
(c) Long-term provisions	5	<u>10,166,795</u>	<u>14,103,798</u>	
		<u>86,259,386</u>	<u>107,440,953</u>	
<b>3 Current Liabilities</b>				
(a) Short-term borrowings	6	10,599,971	26,422,381	
(b) Trade payables		207,553,977	110,578,785	
(c) Other current liabilities	7	99,726,827	86,129,327	
(d) Short-term provisions	8	<u>28,599,230</u>	<u>74,708,640</u>	
		<u>346,480,005</u>	<u>297,839,133</u>	
	<b>TOTAL</b>	<u><b>2,283,789,152</b></u>	<u><b>2,307,273,353</b></u>	
<b>B ASSETS</b>				
<b>1 Non-Current Assets</b>				
<b>(a) Fixed assets</b>				
(i) Tangible assets	9A	283,265,806	279,662,687	
(ii) Intangible assets	9B	105,858,730	116,768,073	
(iii) Capital work-in-progress	9C	<u>7,700,687</u>	<u>-</u>	
		<u>396,825,222</u>	<u>396,430,760</u>	
(b) Non-current investments	10	745,837,300	1,046,244,579	
(c) Long-term loans and advances	11	16,417,980	14,378,377	
(d) Other non-current assets	12	<u>2,834,775</u>	<u>2,828,625</u>	
		<u>765,090,055</u>	<u>1,063,451,581</u>	
<b>2 Current Assets</b>				
(a) Inventories	13	664,470,684	516,788,505	
(b) Trade receivables	14	384,983,241	265,161,503	
(c) Cash and cash equivalents	15	17,752,871	30,296,712	
(d) Short-term loans and advances	16	50,709,994	19,569,201	
(e) Other current assets	17	<u>3,957,085</u>	<u>15,575,091</u>	
		<u>1,121,873,875</u>	<u>847,391,012</u>	
	<b>TOTAL</b>	<u><b>2,283,789,152</b></u>	<u><b>2,307,273,353</b></u>	
<b>Significant Accounting Policies and Notes on Financial Statements 1 to 24</b>		0	0	

As per our report of even date  
**For Vinod Kumar Jain & Co.**  
Chartered Accountants  
Registration No: FRN 111513W  
**Vinod Kumar Jain**  
**Proprietor**  
M. No. 36373  
Mumbai, Date: May 29, 2015

**For Lovable Lingerie Limited**

**Mr. L. Vinay Reddy**  
(Chairman & Managing Director)  
(DIN No. 00202619)  
**Ms. Darsha Sanghvi**  
(Company Secretary)

**Mr. L. Jaipal Reddy**  
(Director)  
(DIN No. 01539678)  
**Mr. R. Govindarajan**  
(Chief Financial Officer)

**Statement of Profit and Loss for the year ended 31st March, 2015** (In ₹)

Particulars	Note No.	For the year ended 31 March, 2015	For the year ended 31 March, 2014
<b>A CONTINUING OPERATIONS</b>			
1 Revenue from operations (gross)	18	1,724,938,778	1,595,222,544
Less: Excise duty	18	-	-
Revenue from operations (net)		<u>1,724,938,778</u>	<u>1,595,222,544</u>
2 Other income	19	63,324,411	65,066,719
<b>3 Total revenue (1+2)</b>		<b><u>1,788,263,188</u></b>	<b><u>1,660,289,263</u></b>
<b>4 Expenses</b>			
(a) Cost of materials consumed	20a	525,336,474	405,495,817
(b) Purchases of stock-in-trade	20b	292,990,012	347,343,548
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20c	(69,771,473)	(61,813,452)
(d) Employee benefits expense	21	254,956,560	210,379,790
(e) Finance costs	22	11,139,807	16,021,384
(f) Depreciation and amortisation expense	9	24,909,193	31,505,539
(g) Other expenses	23	479,294,413	422,760,371
<b>Total expenses</b>		<b><u>1,518,854,986</u></b>	<b><u>1,371,692,997</u></b>
<b>5 Profit before tax</b>		<b><u>269,408,203</u></b>	<b><u>288,596,266</u></b>
<b>6 Tax expense:</b>			
(a) Current tax expense for current year		65,211,867	69,508,000
(b) Provision of Income Tax for earlier years		2,142,618	(165,456)
		67,354,485	69,342,544
(c) Deferred tax		4,894,325	7,659,096
		72,248,810	77,001,640
<b>7 Profit from continuing operations</b>		<b><u>197,159,393</u></b>	<b><u>211,594,626</u></b>
<b>8 Profit for the year</b>		<b><u>197,159,393</u></b>	<b><u>211,594,626</u></b>
<b>9.i Earnings per share (of ₹ 10/- each):</b>			
(a) Basic			
(i) Continuing operations	24.8	11.74	12.59
(ii) Total operations	24.8	11.74	12.59
(b) Diluted			
(i) Continuing operations	24.8	11.74	12.59
(ii) Total operations	24.8	11.74	12.59
<b>9.ii Earnings per share (excluding extraordinary items)</b> (of ₹ 10/- each):			
(a) Basic			
(i) Continuing operations	24.8	11.74	12.59
(ii) Total operations	24.8	11.74	12.59
(b) Diluted			
(i) Continuing operations	24.8	11.74	12.59
(ii) Total operations	24.8	11.74	12.59

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

As per our report of even date  
**For Vinod Kumar Jain & Co.**  
Chartered Accountants  
Registration No: FRN 111513W  
**Vinod Kumar Jain**  
**Proprietor**  
M. No. 36373  
Mumbai, Date: May 29, 2015

**For Lovable Lingerie Limited**

<b>Mr. L. Vinay Reddy</b> (Chairman & Managing Director) (DIN No. 00202619)	<b>Mr. L. Jaipal Reddy</b> (Director) (DIN No. 01539678)
<b>Ms. Darsha Sanghvi</b> (Company Secretary)	<b>Mr. R. Govindarajan</b> (Chief Financial Officer)



<b>Cash Flow Statement for the year ended 31st March, 2015</b>		(In ₹)
<b>Particulars</b>	<b>For the year ended 31 March, 2015</b>	<b>For the year ended 31 March, 2014</b>
<b>A. Cash flow from operating activities</b>		
Net Profit / (Loss) before extraordinary items and tax	269,408,203	288,596,266
Adjustments for:		
Depreciation and amortisation	24,909,193	31,505,539
(Profit) / loss on sale of assets	-	(66,355)
Finance costs	17,321,821	23,291,449
Interest income	(2,203,082)	(2,211,484)
Interest Subsidy	(3,978,932)	(5,058,581)
Dividend income	(7,714,575)	(159,181)
Net (gain) / loss on sale of investments	(55,563,073)	(64,779,792)
Net unrealised exchange (gain) / loss	(57,707)	(21,071)
	<u>(27,286,356)</u>	<u>(17,499,476)</u>
Operating Profit before working capital changes	242,121,847	271,096,790
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(147,682,179)	(85,873,610)
Trade receivables	(119,821,739)	(91,523,938)
Short-term loans and advances	3,877,701	(10,128,737)
Long-term loans and advances	(2,039,603)	12,005,853
Other current assets	11,618,006	(15,469,760)
Other non-current assets	(6,150)	-
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	96,809,745	8,482,027
Other current liabilities	13,597,500	(6,872,631)
Other long-term liabilities	-	-
Short-term provisions	1,323,569	840,434
Long-term provisions	<u>(3,937,003)</u>	<u>575,135</u>
	<u>(146,260,153)</u>	<u>(187,965,227)</u>
	95,861,694	83,131,563
Cash flow from extraordinary items	-	-
Cash generated from operations	<u>95,861,694</u>	<u>83,131,563</u>
Net income tax paid	<u>(65,484,108)</u>	<u>(56,653,993)</u>
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>30,377,586</b>	<b>26,477,570</b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advances	(27,714,868)	(30,224,971)
Capital subsidy receivable	-	10,283,800
Proceeds from sale of fixed assets	-	170,000
Inter-corporate deposits (net)	(35,018,493)	-
Bank balances not considered as Cash and cash equivalents		
- Placed	2,355,000	-
Current investments not considered as Cash and cash equivalents		
- Purchase	(1,199,377,728)	(996,476,470)
- Proceeds from sale	1,555,348,073	1,044,803,886
Interest received		
- Others	2,203,082	2,211,484
Interest Subsidy receivable	3,978,932	5,058,581
Dividend received		
- Others	7,714,575	159,181
Cash flow from extraordinary items	<u>309,488,573</u>	<u>35,985,490</u>
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>309,488,573</b>	<b>35,985,490</b>

<b>Cash Flow Statement for the year ended 31 March, 2015</b>		(In ₹)
<b>Particulars</b>	<b>For the year ended 31 March, 2015</b>	<b>For the year ended 31 March, 2014</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of equity shares	-	-
Proceeds from long-term borrowings	(22,138,889)	(27,673,611)
Net increase / (decrease) in working capital borrowings	(15,822,410)	26,422,381
Net realised exchange (Gain) Loss	57,707	21,071
Proceeds from other short-term borrowings	-	-
Finance cost	(17,321,821)	(23,291,449)
Dividends paid	(252,001,869)	(33,600,000)
Tax on dividend	(42,827,718)	(5,450,760)
Cash flow from extraordinary items	<u>(350,054,999)</u>	<u>(63,572,368)</u>
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(350,054,999)</b>	<b>(63,572,368)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>(10,188,840)</b>	<b>(1,109,308)</b>
Cash and cash equivalents at the beginning of the year	<u>27,520,712</u>	<u>28,630,020</u>
<b>Cash and cash equivalents at the end of the year</b>	<b><u>17,331,871</u></b>	<b><u>27,520,712</u></b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents as per Balance Sheet (Refer Note 19)	17,752,871	30,296,712
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details)		-
- Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 19	<u>17,752,871</u>	<u>30,296,712</u>
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)		
(Refer Note (ii) to Note 16 Current investments)	<u>421,000</u>	<u>2,776,000</u>
<b>Cash and cash equivalents at the end of the year *</b>	<b><u>17,331,871</u></b>	<b><u>27,520,712</u></b>
* Comprises:		
(a) Cash on hand	3,391,924	3,597,379
(b) Balances with banks		
(c) In current accounts	13,790,242	23,812,957
(d) Unpaid Dividend Account	<u>149,705</u>	<u>110,376</u>
	<b><u>17,331,871</u></b>	<b><u>27,520,712</u></b>

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

As per our report of even date  
**For Vinod Kumar Jain & Co.**  
 Chartered Accountants  
 Registration No: FRN 111513W  
**Vinod Kumar Jain**  
**Proprietor**  
 M. No. 36373  
 Mumbai, Date: May 29, 2015

**For Lovable Lingerie Limited**

<b>Mr. L. Vinay Reddy</b> (Chairman & Managing Director) (DIN No. 00202619)	<b>Mr. L. Jaipal Reddy</b> (Director) (DIN No. 01539678)
<b>Ms. Darsha Sanghvi</b> (Company Secretary)	<b>Mr. R. Govindarajan</b> (Chief Financial Officer)

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

### Corporate Information

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

#### 1. SIGNIFICANT ACCOUNTING POLICIES:

##### a) Basis of Preparation:

These financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

The financial statements are prepared on accrual basis under the historical cost convention, except for certain Fixed Assets which are carried at revalued amounts. The financial statements are presented in Indian rupees rounded off to the nearest rupees.

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

##### b) Use of Estimates:

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

##### c) Fixed Assets

**Tangible** fixed assets are stated at cost of acquisition less accumulated depreciation. The cost comprises purchase price including financing cost and directly attributable cost of bringing the asset to its working condition for the intended use. Amount of capital Subsidy received from the Government under TUF scheme against machineries has been reduced from the cost of the assets.

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

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

##### d) Depreciation and Amortisation

###### Tangible Assets

Depreciation on Fixed Assets is provided to the extent of depreciable amount on the Straight Line Method, based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except in respect of Plant & Machinery where useful life is taken as 25 years.

For plant & machinery, based on internal assessment and independent technical evaluation carried out by the external valuer, the management believes that the useful life as given above best represents the period over which the management expect to use these assets. Hence the useful life of Plant & Machinery is different from the useful life as provided under part C of Schedule II of Companies Act, 2013.

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

### Intangible Assets

These are amortised as under:

Particular	Amortisation / Depletion
Brand	Over a period of 20 years Depleted in proportions of estimated future sales
Technical Know	Over a period of 10 years
Computer Software	Over a period of 6 years

Amortisation of Intangible Fixed Assets is provided on the Straight Line Method

#### e) Borrowing Costs

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

Other borrowing costs are charged to the statement of Profit and Loss. Interest subsidy received under TUF scheme against the borrowings made for acquisition of machineries, has been set off against the interest paid against the said bank borrowings.

#### f) Impairment of Assets

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

As per the assessment conducted by the company as at March 31st 2014 there were no indications that the fixed assets have suffered an impairment loss.

#### g) Investments

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

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

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

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

#### h) Valuation of Inventories

##### Raw materials, stores & spares and packaging materials:

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

##### Finished Goods:

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

##### Work-in-progress:

Lower of cost and net realisable value.

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

**i) Revenue Recognition**

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

**Sale of Goods**

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

**Income from Services**

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

**Interest**

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

**Dividend**

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

**j) Design & development cost**

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

**k) Foreign Currency Transactions**

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

**l) Retirement and other Employee Benefits**

- 1) Short-term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- 2) Post employment and other long term employee benefits are recognised as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post-employment and other long term benefits are charged to the Profit and Loss account.
- 3) The Company is required to pay Gratuity under The Payment of Gratuity Act, 1972. Accordingly provision for liability of gratuity is made at the end of the year as per As 15.
- 4) The company's liability towards leave entitlement benefits is accounted for on the basis of earned leave and provisions for the same is made at the end of the year.
- 5) The company makes regular monthly contribution to the provident fund and Employees State Insurance, which are in the nature of defined contribution scheme.

**m) Income Taxes**

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

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

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

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

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

**n) Provisions, Contingent Liabilities and Contingent Assets**

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

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

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

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

**o) Business Segments**

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

**p) Earnings Per Share**

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

**Note 2**

**Note 2.1 : Share Capital**

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares	₹	Number of shares	₹
(a) <u>Authorised</u> Equity shares of ₹ 10/ each with voting rights	18,000,000	180,000,000	18,000,000	180,000,000
(b) <u>Issued</u> Equity shares of ₹ 10/- each with voting rights	16,800,000	168,000,000	16,800,000	168,000,000
(c) <u>Subscribed and fully paid up</u> Equity shares of ₹ 10/- each with voting rights	16,800,000	168,000,000	16,800,000	168,000,000

The Company has one class of Equity Shares having a par value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, Equity shareholders will be eligible to receive the assets of the Company after distribution of all preferential amounts, in proportion to number of Equity Shares held by the shareholders.

Company does not have any holding company or subsidiary company. As such Shares held by holding and subsidiary company does not arise.

**Notes forming part of the financial statements**

**Note 2.2 :**

- (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Bonus	ESOP	Conversion	Buy back	Other changes (give details)	Closing Balance
Equity shares with voting rights Year ended 31 March, 2015								
- Number of shares	16,800,000	-	-	-	-	-	-	16,800,000
- Amount (₹)	168,000,000	-	-	-	-	-	-	168,000,000
Year ended 31 March, 2014								
- Number of shares	16,800,000	-	-	-	-	-	-	16,800,000
- Amount (₹)	168,000,000	-	-	-	-	-	-	168,000,000

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

Class of shares / Name of shareholder	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares with voting rights</b>				
Vinay Reddy	5,624,250	33.48	5,624,250	33.48
Shobha Jaipal Reddy	3,915,000	23.30	3,915,000	23.30
Prashant Jaipal Reddy	1,535,250	9.14	1,535,250	9.14
Nalanda India Equity Fund Limited	1,492,057	8.88	1,492,057	8.88
SCI Growth Investments II	-	-	850,000	5.06

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

Particulars	Year (Aggregate No. of Shares)				
	2014-15	2013-14	2012-13	2011-12	2010-11
<b>Equity Shares :</b>					
Fully paid up pursuant to contract(s)	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-	3,750,000
Shares bought back	-	-	-	-	-

**Note 3 : Reserves and Surplus**

(In ₹)

Particulars	As at 31 March, 2015	As at 31 March, 2014
<b>(a) Securities Premium Account</b>		
Opening Balance	1,001,683,036	1,001,683,036
Add: Premium on shares issued during the year	-	-
Less : Utilised during the year		
Closing balance	1,001,683,036	1,001,683,036
<b>(b) General Reserve</b>		
Opening balance	53,830,000	32,670,000
Add: Transferred from surplus in Statement of Profit and Loss	19,650,000	21,160,000
Less: Utilised / transferred during the year		
Closing balance	73,480,000	53,830,000
<b>(c) Surplus in Statement of Profit and Loss</b>		
Opening balance	678,480,231	537,183,505
Add: Profit for the year	197,159,393	211,594,626
Less: Depreciation of prior years pursuant to change in useful life	2,411,212	-
Less:-Dividends proposed to be distributed to equity shareholders (₹ 2.50 per share for FY 2013-14)	-	42,000,000
Interim dividend	210,001,869	-
Tax on dividend	35,689,818	7,137,900
Transferred to:		
General reserve	19,650,000	21,160,000
Closing balance	607,886,724	678,480,231
<b>Total</b>	<b>1,683,049,761</b>	<b>1,733,993,267</b>

**Note 4.1 : Long Term Borrowings**

<b>(a) Term loans</b>		
From banks		
Secured	44,277,778	66,416,667
Unsecured	-	-
<b>Total</b>	<b>44,277,778</b>	<b>66,416,667</b>

**Note: 4.2 :** Details of terms of repayment and security provided in respect of above term loan:

- i) Repayable in 5 years including Moratorium of 6 months starting from 1st April 2013.
- ii) Secured against exclusive charge on all fixed assets located at Singsandra, Bangalore including Plant & Machinery and Land & Building
- iii) Company has pledged Mutual Funds of ₹ 22 crores in favour of bank. MF of ₹ 12 crores to be released post creation of above security. Remaining MF of ₹ 10 crores to be retained and will be released after one year with prior approval of Bank.

**Note: 4.3 :** The above long term borrowing from bank is guaranteed by following two directors:

- Mr. L Vinay Reddy, Managing Director  
Mr. L. Jaipal Reddy, Director



**Note 5 : Long Term Provisions**

(In ₹)

Particulars	As at 31 March, 2015	As at 31 March, 2014
(a) Provision for employee benefits:		
(i) Provision for compensated absences	2,190,678	5,577,855
(ii) Provision for gratuity (net) (Refer Note 24.07)	7,976,117	8,525,943
<b>Total</b>	<b>10,166,795</b>	<b>14,103,798</b>

**Note 6.1 : Short Term Borrowings**

(a) Loan repayable on demand		
From Bank		
Secured Cash Credit Facility	10,599,971	26,422,381
(b) Loan from Shareholders & Directors	-	-
<b>Total</b>	<b>10,599,971</b>	<b>26,422,381</b>
(c) The Company has not defaulted in repayment of loans and interest		

**Note: 6.2 : The above cash credit from bank is secured by following:**

**Primary Security :** Hypothecation of raw material, stock in process, stores and spares, packing material, finished goods, books debts of the Company.

**Collateral Security :** Exclusive charge on all fixed assets located at Singsandra, Bangalore including Plant & Machinery and Land & Building

**Note: 6.3 :** The above long term borrowing from bank is guaranteed by following two directors:

Mr. L Vinay Reddy, Managing Director  
Mr. L. Jaipal Reddy, Director

**Note 7: Other Current Liabilities**

(a) Current maturities of long-term debt	22,138,889	22,138,889
(b) Interest accrued and due on borrowings	711,478	1,085,203
(c) Unpaid dividends [ Per Contra ]	147,531	110,376
(d) Statutory Liabilities	7,889,051	5,453,459
(e) Payables on purchase of fixed assets	1,538,703	1,842,561
(f) Trade /Security Deposits received	38,373,175	35,516,399
(g) Advances from customers	8,498,288	7,502,173
(h) Salaries Payable	15,592,891	10,451,106
(i) Others - Expenses payable	4,836,821	2,029,161
<b>Total</b>	<b>99,726,827</b>	<b>86,129,327</b>

Note (i): Current maturities of long-term debt (Refer Notes 4.1, 4.2 and 4.3 - Long-term borrowings for details of security and guarantee):

(a) Term loans		
From banks		
Secured	22,138,889	22,138,889
Unsecured	-	-
<b>Total</b>	<b>22,138,889</b>	<b>22,138,889</b>

**Note 8 : Short Term Provisions**

(In ₹)

Particulars	As at 31 March, 2015	As at 31 March, 2014
(a) Provision for employee benefits		
(i) Provision for bonus	10,611,934	9,288,365
	10,611,934	9,288,365
(b) Provision - Others:		
(i) Provision for tax (net of advance tax & TDS ₹)	17,975,827	16,282,375
(ii) Provision for Wealth Tax	11,470	-
(iii) Provision for proposed equity dividend	-	42,000,000
(iv) Provision for tax on proposed dividends	(0)	7,137,900
	17,987,297	65,420,275
<b>Total</b>	<b>28,599,230</b>	<b>74,708,640</b>

**Note : 9 : Fixed Assets**

Particulars	Gross block					Accumulated depreciation and impairment					Net Block		
	Balance as at 1 April, 2014	Additions	Less: Disposals	Less: Capital Subsidy	Balance as at 31st Mar, 2015	Balance as at 1 April, 2014	Depreciation/ amortisation expense for the year	Adjustment for Depreciation of Earlier Years	Eliminated on disposal of assets	Balance as at 31st Mar, 2015	Balance as at 31st Mar, 2014	Balance as at 31st Mar, 2015	Balance as at 31st Mar, 2014
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>9A</b>													
<b>Tangible assets</b>													
(a) Land Freehold	72,713,701	-	-	-	72,713,701	-	-	-	-	-	-	72,713,701	72,713,701
(b) Factory Building	28,491,206	5,320,011	-	-	34,811,217	1,065,967	1,024,168	-	-	2,090,135	32,721,082	28,425,239	
(b) Plant and Equipment	154,692,532	7,568,054	-	-	162,260,586	26,240,899	5,665,303	369,595	-	32,275,797	129,984,789	128,451,633	
(c) Furniture and Fixtures	53,871,689	5,429,950	-	-	59,301,639	11,292,098	5,542,043	728,980	-	17,563,121	41,738,518	42,579,591	
(d) Vehicles	5,644,475	-	-	-	5,644,475	1,780,006	582,052	-	-	2,362,058	3,282,417	3,864,469	
(e) Office equipment	3,030,302	288,896	-	-	3,329,198	899,917	417,161	731,968	-	2,049,046	1,280,152	2,130,385	
(f) Others - Computers	6,857,739	1,214,571	-	-	8,072,310	5,360,070	586,424	580,669	-	6,527,163	1,545,147	1,497,669	
<b>Total</b>	<b>326,301,644</b>	<b>19,831,482</b>	<b>-</b>	<b>-</b>	<b>346,133,126</b>	<b>46,638,957</b>	<b>13,817,150</b>	<b>2,411,212</b>	<b>-</b>	<b>62,867,320</b>	<b>283,265,806</b>	<b>279,662,687</b>	
<b>9B</b>													
<b>Intangible assets</b>													
a) Brands	116,989,877	-	-	-	116,989,877	69,369,499	766,814	-	-	70,136,314	46,853,563	47,620,378	
b) Technical Know-how	45,000,000	-	-	-	45,000,000	3,747,945	4,680,058	-	-	8,428,003	36,571,997	41,252,055	
c) Computer Software	33,568,494	182,700	-	-	33,751,194	5,672,854	5,645,170	-	-	11,318,024	22,433,170	27,895,640	
<b>Total</b>	<b>195,558,371</b>	<b>182,700</b>	<b>-</b>	<b>-</b>	<b>195,741,071</b>	<b>78,790,298</b>	<b>11,092,042</b>	<b>-</b>	<b>-</b>	<b>89,882,341</b>	<b>105,858,730</b>	<b>116,768,073</b>	
<b>9C</b>													
<b>Capital Work In Progress</b>	<b>-</b>	<b>7,700,687</b>	<b>-</b>	<b>-</b>	<b>7,700,687</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,700,687</b>	<b>-</b>	
<b>Grand Total</b>	<b>521,860,015</b>	<b>27,714,868</b>	<b>-</b>	<b>-</b>	<b>549,574,883</b>	<b>125,429,255</b>	<b>24,909,193</b>	<b>2,411,212</b>	<b>-</b>	<b>152,749,661</b>	<b>396,825,222</b>	<b>396,430,760</b>	
<b>Previous year</b>	<b>502,428,344</b>	<b>30,224,971</b>	<b>509,500</b>	<b>-</b>	<b>521,860,015</b>	<b>94,329,571</b>	<b>31,505,539</b>	<b>405,856</b>	<b>-</b>	<b>125,429,255</b>	<b>396,430,760</b>	<b>-</b>	

Particulars	As at 31 March, 2015			As at 31 March, 2014		
	Quoted ₹	Unquoted ₹	Total ₹	Quoted ₹	Unquoted ₹	Total ₹
<b>Other investments</b>						
<b>(a) Investment in Government or Trust Securities</b>						
(i) government securities / National Savings Certificate (Deposited with Sales Tax Authorities)	-	43,500	43,500	-	43,500	43,500
<b>(b) Investment in Equity Shares</b>						
200 Equity Shares of Corporation Bank Limited of ₹ 10/- each at ₹ 80/- per share fully paid up.	16,000	-	16,000	16,000	-	16,000
<b>(c) Investment in Mutual Funds</b>						
Axis Capital Protection Oriented Fund-2G	-	-	-	10,003,790	-	10,003,790
Birla Sunlife Dynamic Bond Fund	70,108,390	-	70,108,390	172,411,682	-	172,411,682
BSL Income Plus-Growth	-	-	-	159,882,618	-	159,882,618
ICICI Pru Liquid Plan - Direct - Growth	63,342,077	-	63,342,077	-	-	-
ICICI Prudential Dynamic Bond Fund- RP-G	87,600,000	-	87,600,000	30,732,844	-	30,732,844
ICICI Prudential FMP Series 60	-	-	-	60,000,000	-	60,000,000
ICICI Prudential Income Regular Plan-Gro	162,899,302	-	162,899,302	200,899,900	-	200,899,900
IDFC Super Saver Income Fund-Growth RP	-	-	-	121,959,476	-	121,959,476
JM Balanced Fund-Dividend Option	10,000,000	-	10,000,000	-	-	-
Kotak Bond Scheme Plan A	-	-	-	110,413,180	-	110,413,180
KOTAK FMP Series 105 Direct-Growth	34,752,690	-	34,752,690	34,752,690	-	34,752,690
Kotak FMP Series 112 Direct-Growth	20,000,000	-	20,000,000	20,000,000	-	20,000,000
Kotak FMP Series 116 Direct-Growth	15,128,900	-	15,128,900	15,128,900	-	15,128,900
Kotak FMP Series 85 Growth	110,000,000	-	110,000,000	110,000,000	-	110,000,000
Kotak Income Opportunities Fund-Growth	126,246,442	-	126,246,442	-	-	-
Reliance RSF Debt Fund Plan-Growth	45,700,000	-	45,700,000	-	-	-
<b>Aggregate value of investments</b>	<b>745,793,800</b>	<b>43,500</b>	<b>745,837,300</b>	<b>1,046,201,079</b>	<b>43,500</b>	<b>1,046,244,579</b>
<b>Aggregate market value of listed and quoted investments</b>						

Note: 10 : Non-Current Investments

**Note 11 : Long Term Loans and Advances**

(In ₹)

Particulars	As at 31 March, 2015	As at 31 March, 2014
<b>(a) Capital Advances</b>		
Secured, considered good	-	-
Unsecured, considered good	3,419,617	3,303,954
Doubtful	-	-
	3,419,617	3,303,954
Less: Provision for doubtful advances	-	-
	<b>3,419,617</b>	<b>3,303,954</b>
<b>(b) Security Deposits</b>		
Secured, considered good	-	-
Unsecured, considered good	12,998,363	11,074,423
Doubtful	-	-
	12,998,363	11,074,423
Less: Provision for doubtful deposits	-	-
	<b>12,998,363</b>	<b>11,074,423</b>
<b>Total</b>	<b>16,417,980</b>	<b>14,378,377</b>

**Note 12 : Other Non-Current Assets**

<b>(a) Others</b>		
(i) Deposit with customs	2,777,000	2,777,000
(ii) Rent advance	52,770	46,620
(iii) Employee Gratuity Trust	5,005	5,005
<b>Total</b>	<b>2,834,775</b>	<b>2,828,625</b>

**Note 13 : Inventories**

(At lower of cost and net realisable value)

<b>(a) Raw Materials</b>	159,823,425	104,338,337
Goods-in-transit	-	-
	159,823,425	104,338,337
<b>(b) Work-In-Progress</b>	140,054,156	77,877,573
Goods-in-transit	-	-
	140,054,156	77,877,573
<b>(c) Finished Goods (other than those acquired for trading)</b>	309,927,395	300,003,406
Goods-in-transit	-	1,662,428
	309,927,395	301,665,833
<b>(d) Stock-in-trade (acquired for trading)</b>	607,125	1,273,796
	607,125	1,273,796
<b>(e) Stores and Spares</b>	19,702,292	11,297,336
	19,702,292	11,297,336
<b>(g) Packing Materials</b>	10,650,690	11,990,610
	10,650,690	11,990,610
<b>(f) Publicity Materials</b>	23,705,601	8,345,020
	23,705,601	8,345,020
<b>Total</b>	<b>664,470,684</b>	<b>516,788,505</b>

**Note 14 : Trade Receivables**

(In ₹)

Particulars	As at 31 March, 2015	As at 31 March, 2014
<b>(Trade receivables outstanding for a period exceeding six months from the date )they were due for payment</b>		
Secured, considered good	-	-
Unsecured, considered good	96,494,319	36,308,040
Doubtful	-	-
	96,494,319	36,308,040
Less: Provision for doubtful trade receivables	-	-
	96,494,319	36,308,040
<b>Other Trade Receivables</b>		
Secured, considered good	38,373,175	35,516,399
Unsecured, considered good	250,115,747	193,337,063
Doubtful	-	-
	288,488,922	228,853,462
Less: Provision for doubtful trade receivables	-	-
	288,488,922	228,853,462
<b>Total</b>	<b>384,983,241</b>	<b>265,161,503</b>

**Note 15 : Cash and Cash Equivalents**

(a) Cash on Hand	3,391,924	3,597,379
(b) Balances with Banks		
(i) In current accounts	13,790,242	23,812,957
(ii) In deposit accounts -Margin Money	421,000	2,776,000
	14,211,242	26,588,957
(c) In Earmarked Accounts		
- Unpaid dividend (per contra)	149,705	110,376
<b>Total</b>	<b>17,752,871</b>	<b>30,296,712</b>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	<b>17,752,871</b>	<b>30,296,712</b>

**Note 16 : Short-Term Loans and Advances**

(a) Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	4,289,829	1,943,086
Doubtful	-	-
	4,289,829	1,943,086
Less: Provision for doubtful loans and advances	-	-
	4,289,829	1,943,086
(b) Balances with Government Authorities		
Unsecured, considered good		
(i) VAT credit receivable	5,677,144	5,813,611
(ii) Duty Drawback Receivable	138,248	138,248
	5,815,392	5,951,859
(c) Inter-Corporate Deposits		
Secured, considered good	-	-
Unsecured, considered good	35,018,493	-
Doubtful	-	-
Less: Provision for doubtful inter-corporate deposits	-	-
<b>Total</b>	<b>35,018,493</b>	<b>-</b>

**Note 16 : Short-Term Loans and Advances**

(d) Others - Advances to suppliers		
Secured, considered good	-	-
Unsecured, considered good	5,586,280	11,674,257
Doubtful	-	-
	5,586,280	11,674,257
Less: Provision for other doubtful loans and advances	-	-
	5,586,280	11,674,257
<b>Total</b>	<b>50,709,994</b>	<b>19,569,201</b>

**Note 17 : Other Current Assets**

(In ₹)

Particulars	As at 31 March, 2015	As at 31 March, 2014
(a) Accruals		
(i) Interest accrued on Deposits	12,430	232,710
(ii) Subsidy Receivable under TUF scheme	2,883,361	15,342,381
(iii) Prepaid Expenses	1,061,294	-
<b>Total</b>	<b>3,957,085</b>	<b>15,575,091</b>

**Note 18 : Revenue from Operations**

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
(a) Sale of products: Brassier /Panties/Lingerie Accessories/Garments	1,723,729,561	1,589,711,746
(b) Other Operating Income	1,209,217	5,510,798
<b>Total</b>	<b>1,724,938,778</b>	<b>1,595,222,544</b>

**Note 19 : Other Income**

(a) Dividend income: From Non-Current Investments	7,714,575	159,181
(b) Net gain on sale of: Non-Current Investments	55,563,073	64,779,792
(d) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (i) below)	46,763	127,746
<b>Total - Other non-operating income</b>	<b>63,324,411</b>	<b>65,066,719</b>
(i) Other non-operating income comprises: Profit on sale of fixed assets	-	66,355
Miscellaneous income	46,763	61,391
<b>Total - Other non-operating income</b>	<b>46,763</b>	<b>127,746</b>

**Note 20a : Cost of Materials Consumed**

Opening stock	135,971,302	120,256,165
Add: Purchases	603,247,179	421,210,954
Less: Closing stock	213,882,007	135,971,302
<b>Cost of materials consumed</b>	<b>525,336,474</b>	<b>405,495,817</b>

**Note 20a : Cost of Materials Consumed (Contd...)**

(In ₹)

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
<b>Material Consumed Comprises:</b>		
a) Fabric	287,273,964	211,940,292
b) Elastics	93,172,657	74,617,414
c) Laces	14,502,271	7,968,962
d) Packing Materials	74,259,010	59,339,316
e) Thread	7,384,304	4,045,245
f) Consumables	43,159,346	41,712,862
f) Others	5,584,922	5,871,726
<b>Total</b>	<b>525,336,474</b>	<b>405,495,817</b>

**Note 20b : Purchase of Traded Goods**

Garments / Brassier /Panties/Lingerie Accessories	292,990,012	347,343,548
<b>Total</b>	<b>292,990,012</b>	<b>347,343,548</b>

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

<b>Inventories at the end of the year:</b>		
Finished goods	309,927,395	301,665,833
Work-in-progress	140,054,156	77,877,573
Stock-in-trade	607,125	1,273,796
	450,588,676	380,817,202
<b>Inventories at the beginning of the year:</b>		
Finished goods	301,665,834	176,998,921
Work-in-progress	77,877,573	142,004,830
Stock-in-trade	1,273,796	-
	380,817,203	319,003,750
<b>Increase in Inventory</b>	<b>69,771,473</b>	<b>61,813,452</b>

**Note 21: Employee Benefits Expense**

Salaries and wages	222,572,883	184,435,125
Contributions to provident and other funds	24,791,851	19,516,373
Staff welfare expenses	7,591,826	6,428,292
<b>Total</b>	<b>254,956,560</b>	<b>210,379,790</b>

**Note 22 : Finance Costs**

(a) Interest expenses (Net)#	7,705,329	15,166,381
(b) Bank Charges	3,434,477	855,003
<b>Total</b>	<b>11,139,807</b>	<b>16,021,384</b>

# Interest Expenses has been shown as net off with Interest Received ₹ 22,03,082/- from operational activities.



**Note: 23 : Other expenses**

(In ₹)

Particulars	For the year ended 31 March, 2015	For the year ended 31 March, 2014
Subcontracting	44,345,054	49,591,892
Power and fuel	5,260,618	4,580,128
Rent including lease rentals (Refer Note 30.8.d)	15,374,654	15,915,788
Repairs and maintenance - Machinery	1,052,608	709,382
Repairs and maintenance - Others	2,409,598	2,125,957
Insurance	494,171	424,545
Security Service Charges	6,360,361	5,735,893
Communication	4,363,559	3,108,179
Travelling and conveyance	28,787,531	25,331,622
Printing and stationery	2,227,556	1,725,150
Freight and forwarding	38,135,297	31,276,514
Sales commission	5,784,649	8,039,062
Sales Promotion Schemes	229,896,962	188,223,110
Advertisement Expenses	45,523,643	31,660,565
Business promotion / BTL	38,303,236	43,155,734
Sales Tax	834,715	1,621,498
Legal and professional	2,993,633	2,369,990
Payments to auditors (Refer Note (i) below)	786,520	533,710
Net loss/(Gains) on foreign currency transactions and translation (other than considered as finance cost)	(57,707)	(21,071)
Charities & Donations (CSR)	281,000	
Miscellaneous expenses	6,136,756	6,652,724
<b>Total</b>	<b>479,294,413</b>	<b>422,760,371</b>

**Note 23 Other expenses (contd.)**

(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	730,340	308,990
For taxation matters / Tax audit	56,180	28,090
For other services	-	196,630
<b>Total</b>	<b>786,520</b>	<b>533,710</b>

**Note 24 : Notes to Accounts for the year ended 31<sup>st</sup> March, 2015**

Particulars		For the year ended		For the year ended
		31 March, 2015		31 March, 2014
		₹		₹
<b>Note: 24.1 Raw Materials Consumed</b>	%		%	
Indigenous	98	516,298,227	97	400,037,972
Imported	2	9,038,247	3	5,457,845
	100	525,336,474	100	405,495,817
<b>Note 24.2. Contingent Liabilities</b>				
Demand Notice from Customs Authorities *		4,719,798		4,719,798
*Out of this ₹ 27,70,000 deposited under protest				
Income tax Demand A.Y. 2010-11 [Appeal Pending before ITAT, Mumbai]		954,730		954,730
Income tax Demand A.Y. 2011-12 [Appeal Pending before ITAT, Mumbai]		3,070,130		3,944,380
Income tax Demand A.Y. 2012-13 [Appeal Pending before CIT(A), Mumbai]		2,505,750		-
<b>Note 24.3. F.O.B.Value of exports</b>		2,368,688		8,726,923
<b>Note 24.4. Expenditure in Foreign Currency</b>				
Travelling Expenses		29,725		49,003
Purchase of Machinery		2,439,812		2,878,943
<b>Note 24.5 C.I.F. Value of Imports</b>				
Raw Materials		13,208,562		7,216,338
Finished Goods		-		3,133,389

**Note 24.6. Deferred Tax Assets / Liabilities**

- i) The Deferred Tax Liability for current year of ₹ 48,94,325/- (P.Yr. ₹ 76,59,096/-) is recognised in Profit and Loss A/c.
- ii) Tax effect of significant temporary differences that resulted in deferred tax (assets) / liabilities are :

Particulars		31.03.2015		31.03.2014
Depreciation		37,428,684		32,859,867
Gratuity		(2,171,577)		(1,795,665)
Leave Encashment		(801,199)		(1,952,500)
Deferred Expenses		(164,532)		(164,532)
Bonus		(3,083,086)		(2,633,205)
Others		606,523		606,523
		<b>31,814,813</b>		<b>26,920,488</b>

**Note 24.7. Accounting Standard 15 - Employee Benefits**

Particulars	As at 31 March, 2015	As at 31 March, 2014
	Gratuity	
Current service cost	3,046,278	1,043,265
Interest cost	1,057,869	1,137,608
Expected return on plan assets	(563,505)	(434,732)
Net Actuarial (gain )/ loss to be recognized	761,715	1,326,701
Total expense recognized in statement of Profit & Loss A/c.	4,302,357	3,072,842
<b>Net Asset / (Liability) recognized in Balance Sheet</b>		
Liability at the end of the year	17,232,023	14,353,027
Fair value of plan assets at the end of the year	9,096,504	5,827,084
(Net Asset)/ Liability recognized in the Balance Sheet	8,135,519	8,525,943
<b>Change in Defined Benefit Obligations (DBO)</b>		
Present Value of Defined Benefit Obligation at beginning of Year	14,353,027	14,255,498
Interest Cost	1,057,869	1,137,608
Current Service Cost	3,046,278	1,043,265
Benefits Paid	(2,259,329)	(3,563,452)
Actuarial (Gain)/ Losses on Obligation	1,034,178	1,480,108
Present Value of Defined Benefit Obligation at the End of Year	17,232,023	14,353,027
<b>Change in Fair Value of Plan Assets during the year</b>		
Planned assets at Beginning of the year	5,827,084	5,629,366
Expected return on planned assets	563,505	434,732
Contributions	4,692,781	3,173,031
Benefit paid	(2,259,329)	(3,563,452)
Actuarial gain /(loss) on plan assets	272,463	153,407
Fair value of plan assets at the end of the year	9,096,504	5,827,084
<b>Defined Benefit Plan – Actuarial Assumptions</b>		
Discount rate	8%	8%
Salary Escalation Rate	7%	7%
Rate of return on plan assets	-	-
<b>Note: 24.8. Corporate Social Responsibility (CSR)</b>		
As per the Companies Act, 2013, all companies having net worth of ₹ 500 Crores or more, turnover of ₹ 1,000 crores or more or net profit of ₹ 5 Crores or more during any financial year are required to spend at least 2% of average net profit of the Company's three immediately preceding financial year. Accordingly, the Company was required to spend ₹ 54.70 Lakhs towards CSR activities in financial year 2014-15. Expenditure related to Corporate Social Responsibility incurred as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof : ₹ 2.81 Lakhs.		
<b>Note: 24.9. Earnings Per Share</b>		
	As at 31 March, 2015	As at 31 March, 2014
1. Basic and Diluted Earnings Per Share before Exceptional items (Face Value - ₹ 10/- per share)	11.74	12.59
2. Basic and Diluted Earnings Per Share after Exceptional items (Face Value - ₹ 10/- per share)	11.74	12.59
3. Profit After Tax and Prior Period items but before Exceptional Items (as per Profit & Loss A/c (₹ In Lakhs)	1,972	2,116
4. Profit After Tax, Prior Period items and Exceptional Items (as per Profit & Loss A/c (₹ In Lakhs)	1,972	2,116
5. Weighted Average number of equity shares outstanding	16,800,000	16,800,000

**Note: 24.10.** Information on related party as required by Accounting Standard (AS-18) on Related Party Disclosures for the year ended 31st March, 2015

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  
Blue Chip Fashions Private Limited /Strategy Games Private Limited  
Holstein Ecofoods Private Limited  
Reddy & Pathare Elastics Private Limited  
Bellini Fashions Private Limited  
La riene Fashions Private Limited  
Anka Enterprises Private Limited  
Lovable Lifestyles Private Limited  
Aarthik No-Middleman Online Welfare Foundation  
Magnus marketing  
Techknit Industries  
Aadhunik Vitarak

**Note: 24.11.** Information on related party as required by Accounting Standard (AS-18) on Related Party Disclosures for the year ended 31<sup>st</sup> March, 2015

(In ₹)

	Y.E. 31.3.2015	Y.E. 31.3.2014
<b>1. Rent Paid</b>	<b>121,348</b>	<b>121,348</b>
Tecknit Industries	121,348	121,348
<b>2. Remuneration Paid</b>	<b>6,598,749</b>	<b>7,233,549</b>
Mr. G Ashok Reddy	2,863,149	2,863,149
Mr. L Vinay Reddy	2,235,600	2,870,400
Mr. L Jaipal Reddy	1,500,000	1,500,000
<b>3. Job work charges</b>		
Anka Enterprises Pvt Ltd.	3,693,051	9,820,713
<b>4. Sales</b>		
Anka Enterprises Pvt Ltd.	6,561,442	11,384,284
Magnus marketing	7,472,317	19,901,420
<b>5. Sitting Fees - Directors</b>	289,500	210,500
<b>6. Dividend Paid - Promoters</b>	169,422,390	22,589,652

**Note 24.12: The Initial Public Offer (IPO) proceeds have been utilised as per objects of the issue as stated in the prospectus as under :**

Particulars	(₹ In Lacs)	
	Object as per Prospectus	Actual Utilization
Amount received from Pre-IPO	2,000.00	
Amount received from IPO	9,327.50	
<b>Utilisation of funds upto March 31, 2015</b>		
Setting up manufacturing facility to create additional capacity as Bengaluru	2,284.93	2,162.29
Expenses to be incurred for Brand Building	1,800.00	1800
Brand Development Expenses	600.00	600.00
Investment in Joint Venture	2,500.00	-
Setting up of Exclusive Brand Outlets ("EBO's")	1,412.18	1,412.18
Setting up of Retail Store Modules for "Shop-in-Shop"	361.00	361
Upgradation of Design Studios	759.52	271.34
General Corporate Purpose	2,396.16	-
Public Issue Expenses	846.26	755.67

**Interim Utilisation of IPO Proceeds upto 31.03.2015**

(₹ In Lacs)

Balance Unutilised amount temporarily invested in Mutual Funds	4,961.27
Balance with Banks	-
<b>Total</b>	<b>4,961.27</b>

**Note: 24.13 Current Assets, Loans and Advances:**

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

**Note: 24.14 Amount payable to Micro Small Medium Enterprises:**

Trade payables as at 31st March, 2015 include ₹ 5,13,87,759/- (Previous year ₹ 1,24,43,320/-), amount due to Micro Small Medium Enterprises. However, those enterprises are ascertained in cases where they are registered in that category.

**Note: 24.15 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 Vinod Kumar Jain & Co.**  
 Chartered Accountants  
 Registration No: FRN 111513W  
**Vinod Kumar Jain**  
**Proprietor**  
 M. No. 36373  
 Mumbai, Date: May 29, 2015

**For Lovable Lingerie Limited**

**Mr. L. Vinay Reddy**  
 (Chairman & Managing Director)  
 (DIN No. 00202619)  
**Ms. Darsha Sanghvi**  
 (Company Secretary)

**Mr. L. Jaipal Reddy**  
 (Director)  
 (DIN No. 01539678)  
**Mr. R. Govindarajan**  
 (Chief Financial Officer)

## **INVESTOR SAFEGUARDS**

In order to serve you better and prevent risks associated with dealing in securities, we request you to follow the general safeguards as detailed hereunder:

### **Demat / Exchange**

To avail the benefits of holding shares in demat form, Members are requested to convert their physical holdings to demat / electronic form through a Depository Participant (DP) of their choice. Holding securities in demat form helps investors to get immediate transfer of securities, without payment of stamp duty. The Company also offers help to its Members to demat their physical shares. Share certificates of face value of ₹ 10/- are no longer tradeable in the market and will not be accepted by the DPs for demat. Members who still hold Share Certificates with a face value of Rs. 10/- each are therefore requested to forward the same to M/s. Link Intime India Private Limited (the Registrar), along with a request letter signed by all the holders for exchange of Share Certificate(s). The exchanged Share Certificate(s) of shares having a face value of Re.1/- each will help you to demat your shares expeditiously.

### **Registration of Nomination and NECS Mandate**

Members holding shares in physical form are requested to register Nomination in their folio(s) by sending duly completed Nomination Form to the Registrar / Investor Service Department of the Company.

Members who have not registered their NECS Mandate are requested to send their NECS Mandate Form to the Registrar / Investor Service Department of the Company or to their DP, as the case may be. For any change in bank particulars either due to banker having migrated their operations to core banking solutions or merged with another bank, Members are requested to register a fresh NECS Mandate with the revised bank particulars.

### **Unclaimed Dividend**

Details of unclaimed dividends are available on the Investor Centre page on the website of the Company [www.lovableindia.in](http://www.lovableindia.in). Those Members whose dividends remain unclaimed are requested to check the details of unclaimed dividends on the website and send their requests to the Registrar / Investor Service Department of the Company for issuance of fresh Demand Drafts.

### **E-Communication**

To receive Company related information and communication promptly, Members are requested to register / update their e-mail addresses with the Company/ RTA. Members who hold shares in demat form can request their DP to update the e-mail address in their records. The Companies Act, 2013 and Rules framed thereunder governing e-communication have been notified and the Company shall be sending notice, documents, financial statements, etc. through electronic mode to the Members who have provided their email address to the Company or Depository Participants. Members may send request for hard copy of such notices, documents, financial statements, etc. to the Registrar / Investor Service Department of the Company.

### **Consolidation of Multiple Folios**

Members are requested to consolidate their shareholdings under multiple folios, to save themselves from the burden of receiving multiple communications as also to facilitate one point tracking of all corporate benefits on their shares.

### **PAN Requirement for Transfer of Shares in Physical Form**

SEBI has mandated submission of Permanent Account Number (PAN) for securities market transactions and off market / private transactions involving transfer of shares of listed companies in physical form. Therefore, it shall be mandatory for the transferee(s) to furnish a copy of their PAN card to the Registrar / Investor

Service Department of the Company for registration of such transfers. Members / Investors are, therefore, requested to take note of the same and submit their PAN card copy to the Registrar / Investor Service Department of the Company.

**General Safeguards**

- Please send Share Certificate(s) and high value dividend warrants / cheques / demand drafts by registered post or courier so as to avoid loss of document in transit.
- Exercise due diligence and notify any change in address, stay abroad or demise of any shareholder as soon as possible to the Company or DP, as the case may be.
- Deal only with SEBI registered intermediaries and obtain a valid Contract Note / Confirmation Memo from the broker / sub-broker, within 24 hours of execution of the trade.
- Do not disclose your Folio Nos. / DP ID and Client ID to any unknown person.
- Do not hand over signed blank transfer deeds, delivery instruction slips to any unknown person.
- Do not leave your demat account dormant for long.
- Obtain periodic statement of holdings from the concerned DP and verify the holdings periodically.



# Lovable Lingerie Limited

Corporate Identification No.(CIN): L17110MH1987PLC044835  
Regd. Office: A-46, Street No. 2, MIDC , Andheri (East), Mumbai – 400 093.  
Phone: (91-22) 2838 3581, Fax: (91-22) 2838 3582,  
Email: [corporate@lovableindia.in](mailto:corporate@lovableindia.in), Website: [www.lovableindia.in](http://www.lovableindia.in)

## ATTENDANCE SLIP

(To be presented at the entrance)

**28<sup>th</sup> ANNUAL GENERAL MEETING ON SATURDAY, 26<sup>th</sup> SEPTEMBER, 2015 AT 3.00 P.M.**  
at AIPMA Auditorium, Plot No.A-52, Road No. 1, MIDC, Andheri (East), Mumbai-400093.

Folio No. .... DP ID No.\* ..... Client ID No.\*: .....

Name of the Member..... Signature.....

Address of the Member\_\_\_\_\_

No. of Shares held: \_\_\_\_\_

Name of the Proxyholder..... Signature .....

\*Applicable for members holding shares in electronic form.

1. Only Member/ Proxy holder can attend the Meeting.
2. Member / Proxy holder should bring his/ her copy of the Annual Report for reference at the Meeting.







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## FORM MGT – 11 PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the  
Companies (Management and Administration) Rules, 2014)

Name of the Member(s): \_\_\_\_\_

Registered address: \_\_\_\_\_

E-mail ID: \_\_\_\_\_ Folio No./DP ID and Client ID No.: \_\_\_\_\_

I/We, being the Member(s) of \_\_\_\_\_ Shares of the above named Company, hereby appoint

1. Name: \_\_\_\_\_ E-mail ID: \_\_\_\_\_

Address: \_\_\_\_\_

Signature \_\_\_\_\_

or failing him/her

2. Name: \_\_\_\_\_ E-mail ID: \_\_\_\_\_

Address: \_\_\_\_\_

Signature \_\_\_\_\_

as my/our proxy to attend and vote, in case of a poll, for me/us and on my / our behalf at the 28<sup>th</sup> Annual General Meeting of the Company, to be held on Saturday, the 26<sup>th</sup> day of September, 2015 at 3.00 p.m at the at AIPMA Auditorium, Plot No.A-52, Road No. 1, MIDC, Andheri (East), Mumbai-400093 and at any adjournment thereof in respect of such resolutions as are indicated below:

- To receive, consider and adopt (a) the Audited Financial Statements of the Company for the financial year ended March 31, 2015, together with the Reports of the Board of Directors and the Auditors thereon.
- Re-appointment of Mr. L Jaipal Reddy as a Director of the Company who retires by rotation and offers himself for reappointment.
- Re-Appointment of Statutory Auditors.
- Appointment of Mrs. Taruna Reddy as a Director of the Company.
- Re-appointment of Mr. L Vinay Reddy as Managing Director of the Company.
- Re-appointment of Mr. L Jaipal as a Whole Time Director of the Company.

Affix 1  
Rupee  
Revenue  
Stamp

Signed this..... day of .....2015.

Signature of shareholder \_\_\_\_\_ Signature of Proxyholder(s) \_\_\_\_\_

### Notes:

- A proxy need not be a Member of the Company. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty Members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as proxy for any other Member.
- This form of Proxy, to be effective, should be deposited at the Registered Office of the Company at Lovable Lingerie Limited, A-46, Street No.2, MIDC, Andheri (East), Mumbai – 400 093 not later than FORTY-EIGHT HOURS before the commencement of the aforesaid meeting.
- Those Members who have multiple folios with different jointholders may use copies of this Attendance slip/Proxy.



# ATHLEISURE



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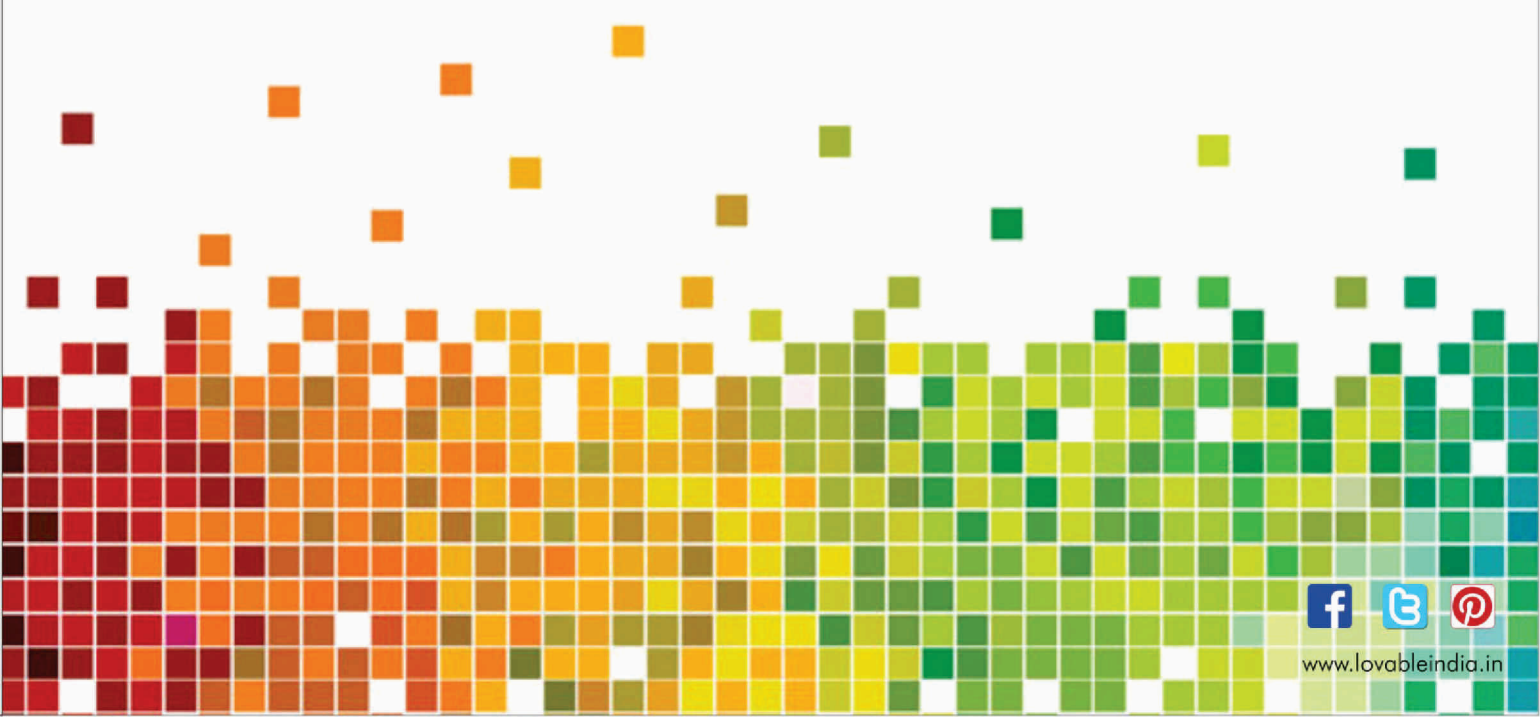
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LOVABLE LINGERIE LIMITED

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

CIN: L17110MH1987PLC044835

Visit: [www.lovableindia.in](http://www.lovableindia.in)



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