



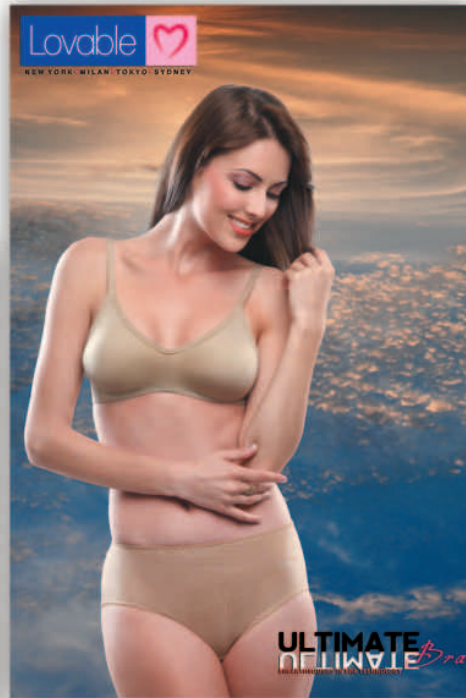
Lovable



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ANNUAL REPORT
2013 - 2014

NEW LAUNCHES



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Annual General Meeting	25 th September, 2014
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
TUESDAY, 23RD SEPTEMBER 2014 - THURSDAY, 25TH SEPTEMBER 2014

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. L Vinay Reddy	Chairman & Managing Director
Mr. L. Jaipal Reddy	Whole-time Director
Mr. Sivabalan Paul Pandian	Independent Director
Mr. Gopal Sehjpal	Independent Director
Mr. G. Ashok Reddy	Whole-time Director
Mr. Anantharaman Mahadevan	Independent Director
Mr. V.T. Bharadwaj	Nominee Director
Mr. Dhanpat Kothari	Independent Director

CHIEF FINANCIAL OFFICER

Mr. R. Govindarajan

COMPANY SECRETARY

Ms. Darsha Sanghvi

STATUTORY AUDITORS

M/s. Vinodkumar Jain & Co.

Chartered Accountants

REGISTERED OFFICE & CORPORATE OFFICE:

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

Mumbai – 400 093

CIN: L17110MH1987PLC044835

Phone : 022-2838 3581

Fax : 022-2838 3582

Email : corporate@lovableindia.in

Website: www.lovableindia.in

REGISTRAR AND SHARE TRANSFER AGENTS:

Link Intime India Pvt. Ltd.

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

Phone : +91 22 2594 6970

Fax : +91 22 2594 6969

Email : rnt.helpdesk@linkintime.co.in

BANKERS:

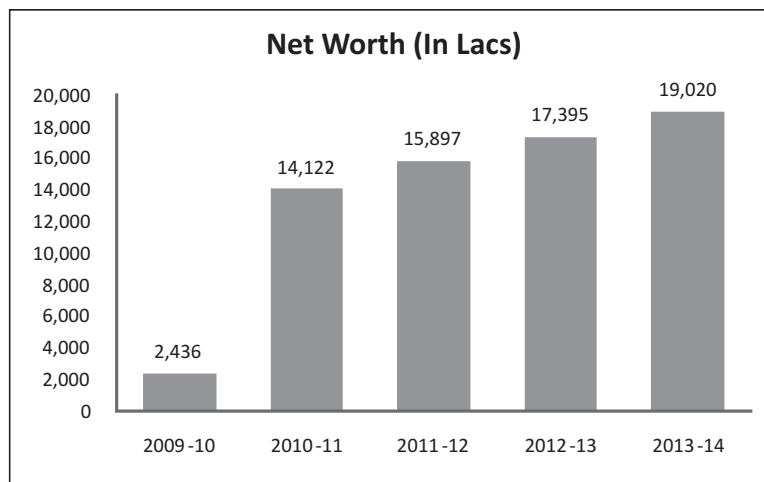
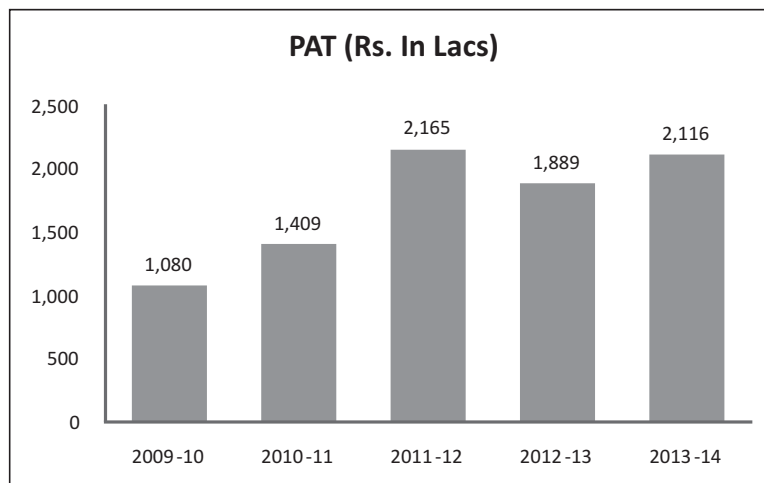
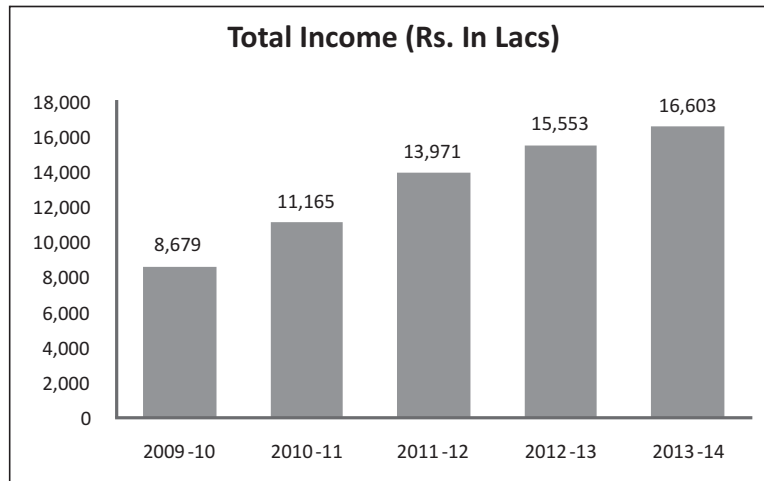
Bank of Baroda

INTERNAL AUDITORS:

S.H.Bathiya & Associates

Chartered Accountants

FINANCIAL STATISTICS					
(₹. In Lacs)					
Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
<u>FINANCIAL POSITION:</u>					
Net Fixed Assets	3964	4081	2722	1293	1278
Investments	10462	7982	9612	9305	198
Current Assets, Loans & Advances	8474	8771	5651	5100	3172
Deferred Tax Assets	-	-	-	-	-
Other Non-Current Assets	172	292	564	-	-
Total Assets	23073	21126	18549	15698	4648
Long Term loans	664	941	22	-	33
Long Term Provisions	141	135	109	-	-
Current Liabilities & Provisions	2978	2462	2417	1484	2092
Deferred Tax Liabilities	269	193	104	92	87
Total Liabilities	4053	3731	2652	1576	2212
Net Worth	19020	17395	15897	14122	2436
<u>Represented by:</u>					
Share capital	1680	1680	1680	1680	750
Reserves and Surplus	17340	15715	14217	12442	1686
Less: Misc. Expenditure not w/o	-	-	-	-	-
	19020	17395	15897	14122	2436
<u>OPERATING PERFORMANCE:</u>					
Total Income	16603	15553	13971	11165	8679
Excess Provision for Gratuity	-	-	-	-	25
Total Operating Expenditure	13242	12781	10991	9119	7047
Deferred Expenses	-	-	-	5	7
Earnings Before Interest and Depreciation	3361	2772	2980	2041	1650
Interest	160	39	59	54	93
Depreciation	315	185	150	137	131
Extra-Ordinary Items	-	-	-	-	-
Profit Before Tax	2886	2548	2771	1851	1426
Taxation	770	659	605	438	346
Profit After Tax	2116	1889	2165	1409	1080
Number of Equity Shares	16800000	16800000	16800000	16800000	7500000
Face Value of Share (₹.)	10	10	10	10	10
Earnings Per Share (₹.)	12.59	11.24	12.89	12.26	9.61



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **27th (Twenty Seventh) ANNUAL GENERAL MEETING** of the Members of **LOVABLE LINGERIE LIMITED** will be held at All India Manufacturers Association Auditorium, AIPMA House, A-52, Road No.1, MIDC, Andheri (East), Mumbai – 400 093, on Thursday, the 25th September, 2014 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the company for the year ended 31st March, 2014 including the Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on the Equity Shares.
3. To appoint a Director in place of Mr. Ashok Reddy (DIN: 01679165), who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.
4. Appointment of Auditors

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 other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and other provisions as may be applicable, if any, M/s. Vinodkumar Jain & Co., Chartered Accountants (Firm Registration No.111513W), be and are hereby re-appointed as Statutory Auditors of the Company to hold office for a period of three (3) years from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 30 (Thirtieth) AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM), at such remuneration plus service tax, out of pocket expenses, etc., as may be mutually agreed between the Audit Committee/Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS

5. **Appointment of Mr. Gopal K. Sehjpal as an Independent Director**

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed thereunder read with Schedule IV to the Act, (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Clause 49 of the Listing Agreement(s), as amended from time to time, Mr. Gopal K. Sehjpal (DIN 00175975), a non-executive director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a term of three (3) years, to hold office upto the conclusion of the 30th Annual General Meeting.

6. **Appointment of Mr. Sivabalan P. Pandian as an Independent Director**

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed thereunder read with Schedule IV to the Act, (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Clause 49 of the Listing Agreement(s), as amended from time to time, Mr. Sivabalan P. Pandian (DIN 01573458), a non-executive director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a term of three (3) years, to hold office upto the conclusion of the 30th Annual General Meeting.

7. Appointment of Mr. Anantharaman Mahadevan as an Independent Director

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed thereunder read with Schedule IV to the Act, (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Clause 49 of the Listing Agreement(s), as amended from time to time, Mr. Anantharaman Mahadevan (DIN 00165226), a non-executive director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a term of three (3) years, to hold office upto the conclusion of the 30th Annual General Meeting.

8. Appointment of Mr. Dhanpat Kothari as an Independent Director

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed thereunder read with Schedule IV to the Act, (including any statutory modification(s) or re-enactment thereof, for the time being in force) and Clause 49 of the Listing Agreement(s), as amended from time to time, Mr. Dhanpat Kothari (DIN 03032242), a non-executive director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a term of three (3) years, to hold office upto the conclusion of the 30th Annual General Meeting.

NOTES:

- a. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“Act”), in respect of the special business under Item No. 5 to 8 set out above and details under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, in respect of Directors seeking appointment/re-appointment at the Annual General Meeting are annexed hereto.
- b. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF 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 not less than 48 hours

before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

- c. The Register of Members and the Share Transfer Books of the Company will be closed from Tuesday, 23rd September, 2014 to Thursday, 25th September, 2014 (both days inclusive) in connection with the AGM and for the purpose of dividend. Dividend of Rs. 2.50 per share (i.e., at the rate of 25% on face value of Rs.10/-) for the year ended 31st March, 2014 as recommended by the Board, if declared at the AGM, will be paid on or after 27th September, 2014 to those members whose names appear on the Register of Members on 22nd September 2014 after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 22nd September 2014. In respect of shares held through the depositories, dividend will be paid on the aforesaid date to the beneficial owners of shares whose names appear at the close of business hours on 22nd September 2014, as per details furnished by the depositories for this purpose.
- d. As on 31st March, 2014, the Company has unclaimed dividend for the financial year ended 31st March 2011 and subsequent financial year(s). Shareholders who have not yet encashed their dividend warrant(s), are requested to make their claim 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.
- e. 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. As a cost control measure, copies of the Annual Report will not be distributed at the Annual General Meeting.
- f. 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.
- g. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company's Registrar and Share Transfer Agents, Link Intime India Private Limited, for assistance in this regard.
- h. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service ("NECS"), Electronic Clearing Service ("ECS"), mandates, nominations, power of attorney, change of address, change of name and email address, etc., to their Depository Participant only and not to the Company's Registrars and Transfer Agents, Link Intime India Private Limited ("LIPL"). Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and LIPL to provide efficient and better Services. Members holding shares in physical form are requested to intimate such changes to LIPL.
- i. Payment of dividend through electronic mode (NECS) has the following advantages:

- Shareholder need not make frequent visits to his bank for depositing the physical warrants.
- Prompt credit to the bank account of the shareholder through electronic clearing.
- Fraudulent encashment of warrant is avoided.
- Delay/loss in postal transit is avoided.

Reserve Bank of India has initiated Electronic Clearing Service (“ECS”) for credit of dividend directly to the bank account of Members. We would also like to draw your attention to Circular no. CIR/MRD/DP/10/2013 dated 21st March 2013 issued by Securities and Exchange Board of India to all listed companies, depositories, etc. to update bank details of shareholders holding shares in demat mode and/or physical mode, to enable usage of electronic mode of remittance i.e. ECS, NEFT, etc. for distributing dividends and other cash benefits to the shareholders.

Members are requested to register their Bank Account Details (Core Banking Solutions enabled account number and 9 digit MICR code), in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with the Company's Registrar and Transfer Agent, Link Intime India Private Limited.

- j. Members are informed that in case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- k. Members holding shares in multiple folios in the same name or in the same order of names are requested to consolidate their holding into a single Folio.
- l. Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to address their queries to the Registered Office of the Company at least seven days before the date of the AGM, so that the information requested by them may be made available.
- m. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company can now register the same by submitting a duly filled in 'E-Communication Registration Form'(annexed hereto), available on the website of the Company www.lovableindia.in or write to M/s. Link Intime India Private Limited / Investor Service Department of the Company. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.
- n. Members may also note that the Notice of the Twenty Seventh AGM and the Annual Report 2013-14 will be available on the website of the Company www.lovableindia.in and website of CDSL www.cdslindia.com. Members who require communication in physical form in addition to e-communication, may write to us at : corporate@lovableindia.in.
- o. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard 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 e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.
- p. All documents referred to in the notice will be available for inspection at the Registered Office of the Company during normal business hours on working days upto the date of the AGM.

q. **Voting through electronic means(E-voting):**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and clause 35B of the Listing Agreement with Stock Exchanges, the Company is pleased to provide facility to its members, to cast their vote electronically for all the resolutions proposed at the 27th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL):

The instructions for e-voting are as under:

(A) **In case of members receiving e-mail:**

- i) Log on to the e-voting website **www.evotingindia.com**
- ii) Click on “Shareholders” tab.
- iii) 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. (6 Digit Alpha-Numeric)
- iv) Next enter the Image Verification as displayed and Click on Login.
- v) If you are holding shares in demat form and had logged on to **www.evotingindia.com** and voted on an earlier voting of any Company, then your existing password is to be used. In case you have forgotten your password then enter the User ID and the image verification code as displayed on the screen and click on Forgot Password & enter the details as prompted by the system.
- vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio 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. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.</p> <ul style="list-style-type: none"> • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the number of shares held by you as on the cut-off date in the Dividend Bank details field.

- vii) After entering these details appropriately, click on “SUBMIT” tab.
- viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein 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.
- ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x) Now, select the Electronic Voting Sequence Number –“EVSN” along with the “COMPANY NAME” i.e. LOVABLE LINGERIE LIMITED” from the drop down menu and click on “SUBMIT”
- xi) 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.
- xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xiii) 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.
- xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI, etc.) are required to log on to <https://www.evotingindia.co.in> 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. After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote. They should upload a scanned copy of the Board Resolution and 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 same.

(B) In case of members receiving the physical copy:

- (a) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

(C) Other Instructions:

- i. The e-voting period commences on Wednesday September 17, 2014 (9.00 a.m IST) and ends on Friday September 19, 2014 (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 Friday, 15th August, 2014 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently on a resolution is cast by the Member, he shall not be allowed to change it subsequently.

- ii. 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.co.in under help section or write an email to helpdesk.evoting@cdslindia.com
- iii. The voting right of shareholders shall be in proportion to one vote per fully paid equity share of the Company held by them as on the cut-off date August 15, 2014.
- iv. Mr. Dharmesh Zaveri, Practicing Company Secretary (Membership No. 5418), has been appointed by the Board of Directors of the Company, as the Scrutinizer to scrutinize the e-voting process (including the Ballot Form received from the Members who do not have access to the e-voting process) in a fair and transparent manner.
- v. The Scrutinizer shall, within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- vi. Members who do not have access to e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the at the Registered Office of the Company not later than Friday, 19th September 2014 (5.00 p.m. IST). For this purpose, a self- addressed prepaid envelope is also enclosed and postage will be paid by the Company, if posted in India.
- vii. Members have the option to request for physical copy of the Ballot Form by sending an e-mail to corporate@lovableindia.in by mentioning their Folio / DP ID and Client ID No. However, the duly completed Ballot Form should reach the Registered Office of the Company not later than Friday, 19th September 2014 (5.00 p.m. IST). Ballot Form received after this date will be treated as invalid.
- viii. A Member can opt for only one mode of voting i.e either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
- ix. The resolution shall be deemed to be passed on the date of the AGM, subject to receipt of sufficient votes in favour of the resolution through a compilation of e-Voting results and voting held at the AGM.
- x. The results shall be declared on or after the Annual General Meeting (AGM) of the Company.
- xi. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.lovableindia.in and on the website of CDSL www.cdslindia.com within two (2) days of the passing of the resolutions at the Twenty seventh AGM of the Company on September 25, 2014 and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

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

Sd/-
Darsha Sanghvi
Company Secretary

Mumbai, 13th August 2014

Registered Office:

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

Tel: 91 22 2838 3581 Fax: 91 22 2838 3582

E-mail : corporate@lovableindia.in

Website: www.lovableindia.in

Corporate Identification Number (CIN): L17110MH1987PLC044835

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

Item No. 4:

This explanatory statement is provided though strictly not required as per Section 102 of the Companies Act, 2013

M/s. Vinodkumar Jain & Co., Chartered Accountants, are the existing statutory auditors of the Company. As per the provisions of Section 139 of the Act, no listed company can appoint or re-appoint an individual as auditor for more than one term of five consecutive years. Further, as per Companies (Audit and Auditor Rules) 2014, in case of an auditor (whether an individual or audit firm), the period for which the individual or the firm has held office as auditor prior to the commencement of the Act shall be taken into account for calculating the period of five consecutive years or ten consecutive years, as the case may be.

In view of the above, M/s. Vinodkumar Jain & Co., Chartered Accountants, being eligible for re-appointment and based on the recommendation of the Audit Committee, the Board of Directors has, at its meeting held on 29th May 2014, proposed the appointment of M/s. Vinodkumar Jain & Co., Chartered Accountants, as the statutory auditors of the Company for a period of three years to hold office from the conclusion of this AGM till the conclusion of the Thirtieth AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM).

The Board commends the Resolution at Item No. 4 for approval by the Members.

None of the Directors or Key Managerial Personnel (KMP) or their relatives are concerned or interested in the Resolution.

Item No. 5 to 8

Mr. Gopal K. Sehjpal, Mr. Sivabalan P. Pandian, Mr. Anantharaman Mahadevan and Mr. Dhanpat Kothari (herein after collectively referred to as "Independent Directors of the Company") were appointed as Non-Executive Directors of the Company at various times and were considered as Independent Directors pursuant to Clause 49 of the Listing Agreement.

These Independent Directors will retire by rotation at the ensuing AGM as per the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Gopal K. Sehjpal, Mr. Sivabalan P. Pandian, Mr. Anantharaman Mahadevan and Mr. Dhanpat Kothari, being eligible, offer themselves for appointment as Independent Directors on the Board of the Company. In line with the requirements of the Companies Act, 2013, it is therefore proposed to appoint them as Independent Directors on the Board of the Company for a term of three consecutive years, commencing from 25th September, 2014 on the Board of a company and are not liable to retire by rotation.

The Company has also received declarations from the Independent Directors of the Company that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Gopal K. Sehjpal, Mr. Sivabalan P. Pandian, Mr. Anantharaman Mahadevan and Mr. Dhanpat Kothari fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. They are independent of the management.

A brief profile of proposed Independent Directors, including nature of their expertise, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is provided in Annexure I of the Notice.

The Independent Directors of the Company are interested in the resolutions set out respectively at Item Nos. 5 to 8 of the Notice with regard to their respective appointments. Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board recommends the Ordinary Resolutions set out at Item Nos. 5 to 8 of the Notice for approval by the shareholders.

The terms and conditions of appointment of Independent Directors shall be open for inspection by the members at the Registered Office during normal business hours on any working day of the Company.

ANNEXURE I TO THE NOTICE

PROFILE OF DIRECTORS and other Directorships

1. ASHOK REDDY (DIN: 01679165)

Mr. Ashok Reddy, 61, was inducted on the Company's Board in 1995.

Mr. Ashok Reddy is a B.Com (Hyderabad University)

He has headed North India Operations for Maxwell Industries for more than 15 years and has also been President of your Company.

Outside Directorship : Hype Integracomm Pvt. Ltd.,

2. GOPAL SEHJPAL (DIN: 00175975)

Mr. Gopal Sehjpal, 70, was inducted on the Company's Board in 2010. He is the Chairman of Shareholders Grievance Committee of the Company.

Mr. Sehjpal has done B.Com (Delhi University), MA (Philosophy) and Diploma Personnel Management. He is a Certified Management Consultants, Certified Quality Engineer, certified Lead Auditor. He holds a certificate in 6-Sigma Management (Government of India), QC from JMA Management Ventre, Inc., Japan.

He has worked as an Employee Relation Manager, General Manager – Business Unit with Kodak India.

He is currently a Freelance management Consultant and Trainer serving at Various Organisations in India, Bangladesh & Kenya.

Outside Directorship : Maxwell Industries Ltd., Oracle Management Services Pvt. Ltd.

Committee Membership : Investor Grievance Committee and Audit Committee (Chairman) of the Board of Maxwell Industries Ltd.

3. SIVABALAN P. PANDIAN (DIN: 01573458)

Mr. Sivabalan P. Pandian, 56, was inducted on the Company's Board in 2010. He is the Member of Shareholders Grievance Committee of the Company.

Mr. Pandian is a M.Sc (Tech).

He has worked as a Production Officer in Premier Mill (Tamil Nadu), as a Senior Assistant Bombay Dyeing Mfg. & Co. Ltd., as a Manager (Technical Services) in Mafatlal Industrial Ltd.

He is currently self employed at Pandian Consultants (Consultants Services to Textile & its related field)

Outside Directorship : Mudra Lifestyle Ltd.

4. ANANTHARAMAN MAHADEVAN (DIN: 00165226)

Mr. Anantharaman Mahadevan, 67, was inducted on the Company's Board in 2011.

He has done Master of Engineering (Mech) in Machine Tool Design, Post Graduate Diploma in Industrial Management (JBIMS), Certificate Course in Social Work, MDP on Project Management,

Indian Institute of Management, Bangalore.

He is a Fellow member of The Institute of Engineers (INDIA).

He has over 40 years experience in all aspects of business / industry viz. development, production, marketing, finance, legal including association with Development Financial Institutions, Government Bodies, Public Sector Undertakings and so on.

He is a trustee in Society for service to voluntary agencies, Minex Foundation and Kumar Gandharva Foundation.

Outside Directorship : Minex Metallurgical Company Ltd., Mana Cable Management Systems Pvt. Ltd.

5. DHANPAT KOTHARI (DIN: 03032242)

Mr. Dhanpat Kothari, 45, was inducted on the Company's Board in 2010. He is the Chairman of Audit Committee of the Company.

Mr. Kothari has done Bachelor of Commerce (B.Com) and is a practicing Chartered Accountant (C.A.) since 1997.

His area of specialization is in Company Formation, Tax & Statutory Audit

Outside Directorship : Nil

DIRECTORS' REPORT

To,
THE MEMBERS
LOVABLE LINGERIE LIMITED

The Directors of your Company are pleased to present, the 27th Annual Report, on the working and the progress of the Company, along with audited accounts, for the financial year ended on 31st March, 2014 and Report of the Auditors thereon.

FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	Current Year Ended 31/03/2014	Previous Year Ended 31/03/2013
Profit Before Tax & Depreciation	3201.01	2733.00
Depreciation	315.05	185.10
Profit before Tax	2885.96	2547.90
Provision for Taxation	771.68	659.38
Profit after Tax and Depreciation	2115.95	1889.80
Tax/other adjustments	(1.65)	(1.28)
Surplus brought forward	1888.52	4015.52
Profit available for appropriation	5371.83	5904.04
Appropriations:		
Transferred to General Reserve	211.60	141.70
Proposed Dividend on Equity Share Capital	420.00	336.00
Corporate Dividend Tax on Proposed Dividend	71.38	54.51
Balance Carried forward	6784.80	5371.84
	5371.83	5904.04
EPS Basic & Diluted- Before Extraordinary Items (in Rs.)	12.59	11.24
EPS Basic & Diluted- After Extraordinary Items (in Rs.)	12.59	11.24

DIVIDEND

	Current Year Ended 31/03/2014	Previous Year Ended 31/03/2013
On Equity Shares	420.00	336.00

The Directors have recommended a dividend of 25% on Equity Shares i.e. ₹ 2.50 per Equity Share of ₹ 10/- each for the financial year ended on 31st March, 2014 absorbing an amount of Rs. 420.00 Lakhs.

OPERATIONS

During the year under review, the Company recorded a net turnover of ₹ 15,952.23 Lakhs as against ₹ 15,108.64 Lakhs in the previous year, registering an increase of 5.58%. The Net Profit Before Tax stood at ₹ 2885.96 Lakhs as against ₹ 2547.89 Lakhs in the previous year and Profit After Tax is stood at ₹ 2115.94 Lakhs in the current year as against ₹ 1888.52 Lakhs in the previous year.

DIRECTORS

The Board of Directors consists of a balanced profile of members specializing in different fields that enables it to address the various business needs of the company, while placing very strong emphasis on corporate governance.

As per the provisions of the Companies Act 2013, Mr. Ashok Reddy, Director of the Company will be retiring by rotation at the ensuing AGM and being eligible has offered himself for re-appointment. Further, in terms of the Companies Act, 2013 (“Act”) Independent Directors are required to be excluded while computing the number of Directors to retire by rotation.

As of the date of this report, Mr. Gopal Sehgal, Mr. Sivabalan Pandian, Mr. Anantharaman Mahadevan and Mr. Dhanpat Kothari are Independent Directors as per Clause 49 of the Listing Agreement and were appointed under the Companies Act, 1956 as Directors liable to retire by rotation. In order to give effect to the applicable provision of Section 149 and 150 of the new Companies Act, 2013, it is proposed that these Directors be appointed as Independent Director, to hold office for three consecutive years. The Company has received declaration from all the Independent Director of the Company confirming that they meet the criteria of Independence as prescribed under the applicable provision of Section 149 of the Act and under Clause 49 of the Listing Agreement with the Stock Exchange.

The details pursuant to clause 49 of the Listing agreement relating to appointment and reappointment of directors at AGM are provided in the Notice to the members.

FIXED DEPOSIT

Your Company did not accept any fixed deposits from public during the year.

SUBSIDIARY

Your Company does not have any subsidiary Company.

KEY MANAGERIAL PERSONNEL

As per Section 203 of the Companies Act 2013, every listed company shall appoint a whole-time key managerial personnel (KMP), comprising of a) Managing Director or CEO or Manager and in their absence a whole time director, b) Company Secretary and c) CFO. The Company is already in compliance with of the provisions and accordingly their appointments have been taken note by the Board of Directors at their meeting held on 29th May 2014. The KMPs of the Company are:

Mr. L. Vinay Reddy – Managing Director,
Mr. R. Govindarajan – Chief Financial Officer and
Ms. Darsha Sanghvi – Company Secretary

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required in the Listing Agreement, a Management Discussion and Analysis Report is enclosed as part of this Annual Report.

ENVIROMENT, HEALTH AND SAFETY:

Your Directors are committed to strict compliance of not just statutory requirements but even more stern 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.

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.

AUDITORS

M/s Vinodkumar Jain & Co., Chartered Accountants, will retire at the ensuing AGM and are eligible for re-appointment. M/s Vinodkumar Jain & Co have confirmed that their re-appointment, if made, shall be within the limits specified under section 141 of the Companies Act, 2013. The Audit Committee and the Board of Directors of the company propose the re-appointment of M/s Vinodkumar Jain & Co as statutory auditors of the company and to hold office from the conclusion of this AGM to the conclusion of the thirtieth consecutive AGM (subject to ratification of the appointment by the members at every AGM held after this AGM) and that the Board of Directors be and are hereby authorized to fix such remuneration as may be recommended by the audit committee in consultation with the auditors.

AUDITORS REPORT

The Auditors Report to the Shareholders does not contain any reservation, qualification or adverse remark.

COST AUDITORS

The Central Government vide its notification dated 3rd June, 2011 under the Companies (Cost Accounting Record) Rules, 2011 directed the Company to get the cost accounting record been audited by Practising Cost Auditor and submit the cost audit report with Ministry of Corporate Affairs.

The Company has appointed Mr. Sushil Kumar Agarwal of M/s. S.K. Agarwal & Associates, Practising Cost Accountants as a Cost Auditor of the Company, for the issue of Cost Audit Report for the financial year 2013-14.

The Company had submitted the Cost Audit Report for the financial year 2012-13 with the Ministry of Corporate Affairs. However there has been no notification till date, covering the industry for the purpose of Cost Audit for the financial year 2014-15.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956.

Energy conservation, technology absorption & Foreign Exchange earning & Outgo.

The information required to be disclosed under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, with respect to conservation of energy, technology absorption, foreign exchange earnings/outgo, are set out in the Annexure to this report.

Particulars of Employees:

Pursuant to the amendment in Companies (particulars of employees) Rules, 2011 vide notification No. GSR 289(E) dated 31.03.2012 issued by Ministry of Corporate Affairs, none of the employee of the Company

were in receipt of ` Sixty Lakhs per annum or ` Five Lakhs per Month during the year under review. Accordingly, no particulars of Employees are given pursuant to the provisions of Section 217(2A) of Companies Act, 1956.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 1956 the Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- Appropriate accounting principles have been selected and applied consistently, and have 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 as at 31st March, 2014 and of the profits of the Company for the period ended on 31st March, 2014.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of

CORPORATE GOVERNANCE

The Company is committed to maintain highest standards of Corporate Governance. The Securities and Exchange Board of India (SEBI) has introduced a code of Corporate Governance for listed companies which are implemented through the Listing Agreement with the Stock Exchanges, in which the Company's shares are listed. A separate report on Corporate Governance form a part of the Annual Report.

CASH FLOW ANALYSIS

In conformity with the provisions of clause 32 of the Listing Agreement, the Cash Flow Statement for the year ended 31.03.2014 is enclosed as a part of this Annual Report.

APPRECIATION

The Board places on record its deep appreciation of the devoted services of the loyal workers, executives and other staff of the Company, who have contributed to the performance and the Company's continued inherent strength. It also extends its gratitude to the investors, the bankers, financial institutions, suppliers and the esteemed customers.

CAUTIONARY STATEMENT

Statement made in the Annual Report including those stated under the caption "Management Discussion and Analysis" describing the Company's plan, projections and expectations may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

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

Place: Mumbai
Date: May 29, 2014

L Vinay Reddy
(Chairman & Managing Director)

L Jaipal Reddy
(Whole Time Director)

ANNEXURE 1

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

Conservation Of Energy

Energy Conservation Measures.

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

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

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

B. Technology Absorption

Efforts made in Technology absorption as per Form B: Nil

C. Foreign Exchange Earning and Outgoing

The Company had foreign exchange earnings from Exports during the year amounting to ₹ 87.26 lakhs (Previous year ₹ 0.92 lakhs). The total amount of outgo on account of foreign exchange utilized by the Company amounted to ₹ 132.78 lakhs (Previous year ₹ 178.19 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, 2014.

Particulars	₹ In Lakhs	
	2013-2014	2012-2013
Foreign Exchange Earned		
Exports (FOB)	87.26	0.92
Technical Assistance	-	-
Total	87.26	0.92
Foreign Exchange Outgo		
CIF Value of Imports	103.50	128.18
Travelling Expenses	0.49	1.32
Others	28.79	48.69
Total	132.78	178.19

Form – A

Form for Disclosure of particulars with respect of conservation of energy

Part 'A'

Particulars	2013-14	2012-13
Power & Fuel Consumption		
1. Electricity		
a) Purchased Units (Lacs)	5.80	5.47
Total Cost (Rs. In Lacs)	45.80	36.22
Rate/Unit (Rs.)	7.89	6.62
b) Own Generation		
1)Through Diesel Generator		
Units (Lacs)	0.33	0.29
KWH per unit of fuel	4.67	4.67
Fuel Cost/Unit (Rs.)	12.51	11.07

B. Consumption per unit of Production

Product	Electricity	
	2013-14	2012-13
Consumption per Unit	0.06	0.06

MANAGEMENT DISCUSSION AND ANALYSIS

This report covers the operations and financial performance of the Company for the year ended 31st March, 2014 and forms part of the Directors' Report.

Overall Review:

The Year 2013-14 was a low year as far as industrial confidence and economy were concerned. The economy recorded a low GDP growth and Industrial Output showed a declining trend especially in the manufacturing sectors. The Depreciation in the value of Indian rupees, coupled with a high level of inflation and a persistent high interest rate affected the sentiments of business community and across the consumers at large.

In spite of the adverse market conditions prevailing in various businesses in which the Company operates, the overall performance of the Company during the year has marginally improved compared to that of the previous year. Even though growth is weaker in FY'14, yet we have been able to improve operational efficiencies for keeping Margins stable. Gross Margins have been stable but Overheads have affected Net profits due to lower Sales than planned. We expect Margins to return to planned level in FY'15 on the back of a stronger Sales growth.

The higher level of Receivables is a fallout of the weaker demand being faced. But we are tightening our systems and sell-through from the distribution channel in order to bring back Debtor Days to norms.

It is expected that the economy should grow in the coming years and the demand for and prices of branded innerwear products should improve which will enable the Company to regain steady or better performance.

The Innerwear industry in India is evolving on a constant basis with various new range and more categories and segmentation. The Company plans to introduce new range and more categories of products in the women's innerwear segment, in order to cater to the market and increase its shares.

This report has been prepared on the basis of the legal requirements under the Companies Act, 1956. As per General Circular No.08/2014 issued by the Ministry of Corporate Affairs (MCA) dated 04.04.2014, the provisions of the Companies Act, 2013 will become applicable for all disclosures required under the Act for the year 2014-15 and subsequent years.

Financial review:

Please refer Board Report for financial performance review.

Opportunities and Threats

The outlook for the industry is exciting yet challenging. Our Company is also geared for the challenge. The year also saw the Company launch many new styles in the existing range to the market.

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
- Higher disposable income
- Increasing online retail

Threats:

Ours is a highly labour intensive industry and the labour situation continues to be a great source of challenge. Training and retention of skilled labour is a major activity for our factory administration. The market however, continues to be satisfactory despite the increase in competition.

While India's recent slowdown is partly rooted in external causes, domestic causes are also important. The boost to consumption, coupled with supply side constraints, led to higher inflation.

Monetary policy was tightened, latest data indicate that the domestic savings rate has fallen. The slowdown in savings is across the key components to lower household financial savings, corporate savings and greater government dissavings – all of which have led to a widening of the saving-investment gap in recent years. In response to the slowdown, the Government has undertaken several economic reform measures since September 2012 to revive growth in the economy by addressing the structural bottlenecks, attempting to restart the investment cycle by boosting the confidence of both domestic and global investors, and outlined steps to increase the financial savings of households.

Source: Ministry of Finance

The Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textiles industry also plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country. Currently, it contributes about 14% to industrial production, 4% to the GDP, and 17% to the country's export earnings.

Source: Ministry of Textiles

The size of the Indian Innerwear market is INR 17,750 crore; the category is also growing at an impressive CAGR of 13% and is expected to reach INR 32,210 crore by 2018 and INR 59,540 crore by 2023. The women's innerwear market, which is driven by value-added innerwear products contributes around 60% to the market and is expected to grow at a CAGR of 15%,

Source: Images Business of Fashion

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

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 and casual wears according to changing consumer needs and demand and is on the path to becoming a lifestyle solution for discerning customers with our vision pursuant to the launch of outer fashion wear.

Segment Wise Performance

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

Risks And Concerns

The areas of risk and concern are:

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

However, we are confident that increase in input cost can be passed on to the consumers. We are also taking steps to monitor and improve labour productivity which will mitigate the impact of increase in labour cost to some extent.

The biggest risk in recent times has been the impact of macro events on consumer sentiments, impact on consumer confidence and has an impact on discretionary spending.

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 is considering locating factories outside Bangalore and further planning more such factories where sufficient labour is available. The Company has set up robust training centers at various units where newcomers to the labour force receive structured training.

Internal Control Systems And Adequacy

The Company has a well established framework of internal controls in all areas of its operations, including suitable monitoring procedures and competent and qualified personnel. In addition to statutory audit, the financial controls of the Company at various locations are reviewed by the Internal Auditors, who report their findings to the Audit Committee of the Board. 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 Committee meets to review the progress of the internal audit initiatives, significant audit observations and planning and implementation of follow up action required. 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.

Human Resources

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

The Company recognizes man power as a vital chain in the smooth running as well as the Company's growth and hence lay emphasis in nurturing and strengthening the overall development of the Human Resources. The total number of employees as on 31.03.2014 were 1,463.

Appreciation

The Board places on record its deep appreciation of the devoted services of the loyal workers, executives and other staff of the Company, who have contributed to the performance and the Company's continued inherent strength. It also extends its gratitude to the Central and various State Governments, the investors, the bankers, financial institutions and district level authorities for the support extended to the Company from time to time. Shareholders' appreciation of the management's efforts expressed at the general meetings of the Company and otherwise, is a great fillip in the untiring effort for better performance year after year.

Cautionary statement

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

Statement in this "Management Discussion and Analysis" detailing the Company's objectives, estimates, expectations or predictions may be considered as 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. The Company assumes no responsibility in respect of forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

CORPORATE GOVERNANCE REPORT

A report on Corporate Governance is set out in compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

1. Company's Philosophy on the Code of Governance

The Company believes that to enhance stakeholder's value transparency, accountability and integrity are the three basic tools of Corporate Governance.

2. Board of Directors

Composition:

The composition of the Board as on 31st March, 2014 is given in **Table 1**. As mandated by Clause 49 of the Listing Agreement, none of the Directors is a member of more than ten Board-level committees of public limited Indian companies; nor are they chairman of more than five committees in which they are members.

The Board has an optimum combination of Executive and Non-Executive Directors, and is in conformity with Clause 49 of the Listing Agreement entered into with the stock exchanges in which the Company's Ordinary Shares are listed. The composition of the Board as on March 31, 2014 was as under:

Table 1: Composition of Board of Directors

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

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

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

Directors' Attendance Record

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014

Table 2 gives the Directors' attendance at Board Meetings and the Annual General Meeting (AGM) during the financial year ended 31st March, 2014.

Table 2:

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

Number of board meetings

The Board met 4 (Four) times on the following dates during the financial year 2013-2014.

May 28th, 2013; August 3rd, 2013; November 12th, 2013; February 13th, 2014. The maximum gap between any two meetings was less than four months.

Board Procedure

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

Code of Conduct

The Company had adopted the Lovable Code of Conduct for all the Board members and senior management of the Company. The said Code is available on the Company's website. Further, all the Board members and senior management personnel (as per Clause 49 of the Listing Agreement) have affirmed the compliance with the respective Code of Conduct. A declaration to this effect signed by the Managing Director (CEO) has been obtained by the Company.

Shareholding of non-executive directors

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

3. Committees of the board

3.1 Audit Committee

The Audit Committee of the Company plays a key role in ensuring maintenance of high level of governance standards in the organization. It oversees, monitors, and advises the Company's

management and auditors in conducting audits and preparing financial statements, subject to the ultimate authority of the Board of Directors.

The Company has an adequately qualified and independent Audit Committee. As on 31st March 2014, the Committee comprised of three non-executive Directors and one Executive director: Mr. Sivabalan Paul Pandian, Mr. Gopal G. Sehjpal, Mr. Dhanpat M. Kothari and Mr. L Vinay Reddy. Three of the four members are independent.

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

Meetings held:

During the financial year ended 31 March, 2014 the Audit Committee met Four times: on 28th May, 2013, 03rd August, 2013, 12th November, 2013 & 13th February, 2014 The attendance record of the Audit Committee is given in Table 3.

**Table 3:
Composition and Attendance Record of Audit Committee**

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014

Name of the Member	Position	Status	No. of Meetings held during the period the Director was a Member of the Committee	No. of Meetings attended
Mr. Dhanpat M. Kothari	Independent Director	Chairman	4	4
Mr. L Vinay Reddy	Executive Director	Member	4	4
Mr. Sivabalan Paul Pandian	Independent Director	Member	4	3
Mr. Gopal G. Sehjpal	Independent Director	Member	4	2

Terms of Reference

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

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Appointment, removal and terms of remuneration of internal auditors.
5. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956;
 - Changes, if any, in accounting policies and practices and reasons for the same;

- Major accounting entries involving estimates based on the exercise of judgment by management;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to the financial statements;
- Disclosure of any related party transactions;
- Qualifications in the draft audit report;

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

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

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

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

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

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

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

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

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

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

3.2 Shareholders'/ Investors' Grievance Committee

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

Attendance record of Shareholders'/ Investors' Grievance Committee

The Committee met four times during the financial year on 28th May, 2013, 03rd August , 2013, 12th November , 2013, and 13th February , 2014.

Name of the Member	Position	Status	No. of Meetings held during the period the Director was a Member of the Committee	No. of Meetings attended
Mr. Gopal G. Sehjpal	Independent Director	Chairman	4	2
Mr. L Vinay Reddy	Executive Director	Member	4	4
Mr. Sivabalan Paul Pandian	Independent Director	Member	4	3

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

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

Procedure laid down for Shareholders' / Investors' Grievance Committee

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

Status of Investor Complaints as on March 31, 2014 and reported under Clause 41 of the Listing Agreement are as under:

Complaints as on April 1, 2013: Nil
 Received during the year: 14
 Resolved during the year: 14
 Pending as on March 31, 2014: Nil

Name, Designation and Address of Compliance Officer:

Ms. Darsha Sanghvi,
 Company Secretary
 Lovable Lingerie Limited
 A-46, Road No. 2, MIDC,
 Andheri (East),
 Mumbai-400093.
 Contact Number: 022-2838 3581

3.3 Remuneration Committee

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

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

6. Such other matters as may, from time to time, be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

Meetings Held:

During the financial year 2013-2014, no Remuneration Committee meetings were held.

Composition and Attendance of Remuneration Committee:

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

Remuneration Policy:

Non-Executive Directors

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

The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during the financial year 2013-2014.

Managing Director and Executive Directors

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

Details of Directors' Remuneration

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2014

IN ₹

Name of the Director	Salary	Bonus and Performance incentives	Retirement Benefits (contribution towards PF)	LTA	Medical	Sitting Fee	Total
Mr. L Vinay Reddy	2070000	289800	165600	172500	172500	-	2870400
Mr. L Jaipal Reddy	1500000	-	-	-	-	-	1500000
Mr. G. Ashok Reddy	2411424	313485	-	120240	18000	-	2863149
Mr. Sivabalan Paul Pandian	-	-	-	-	-	49500	49500
Mr. Gopal G. Sehjpal	-	-	-	-	-	33000	33000
Mr. Dhanpat M. Kothari	-	-	-	-	-	56000	56000
Mr. Anantharaman Mahadevan	-	-	-	-	-	36000	36000
Mr. V.T. Bharadwaj	-	-	-	-	-	36000	36000
Total	5981424	603285	165600	292740	190500	210500	7444049

4. GENERAL BODY MEETINGS

I. Annual General Meeting:

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

Financial Year	Day & Date	Time	Location	Special Resolutions Passed
2010-11	Thursday, 25 th August, 2011	11.00 A.M.	A-52, All India Plastic Manufactures Asso., Road No. 1, MIDC, Andheri (East), Mumbai-400093	Variation in Contract/Agreement mentioned in Prospectus.
2011-12	Wednesday, 12 th September, 2012	11.00 A.M.	A-52, All India Plastic Manufactures Asso., Road No. 1, MIDC, Andheri (East), Mumbai-400093	No Special Resolution Passed
2012-13	Monday, 29 th 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

Extra-Ordinary General Meeting held:

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

5. Subsidiary Company

The Company does not have any Subsidiary Company.

6. Disclosures

Related Party Transactions

During the financial year 2013-2014, the Company's transaction with related parties, as per requirement of Accounting Standard 18, are disclosed elsewhere in this Annual Report.

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

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

The Company has laid down procedures to inform Board members about the risk assessment and its

minimization, which are periodically reviewed to ensure that risk control, is exercised by the management effectively.

The details pertaining to the utilization of the proceeds of the fresh issue of equity shares under the Initial Public Offering of the Company in the Financial Year 2013-14 are specified herein below.

Particulars	Object as per Prospectus	Actual Utilization as on 31.03.2014
Amount received from Pre-IPO	2000.00	
Amount received from IPO	9327.50	
Utilisation of funds upto March 31, 2014		
Setting up manufacturing facility to create additional capacity as Bengaluru	2284.93	2009.61
Expenses to be incurred for Brand Building	1800.00	1674.41
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	1046.39
Setting up of Retail Store Modules for "Shop-in-Shop"	361.00	383.70
Upgradation of Design Studios	759.52	271.34
General Corporate Purpose	2396.16	0.00
Public Issue Expenses	846.26	755.67

7. Statutory Compliance, Penalties and Strictures

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

8. CEO/CFO Certification

The Managing Director (CEO) have certified to the Board in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended March 31, 2014.

9. Reconciliation of Share Capital Audit

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

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

10. Means of Communication:

The quarterly results are published in the following Newspapers:

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

11. General Shareholder Information

- a.) **Annual General Meeting Date and Time** : 25th September, 2014 on Thursday at 3.00 P.M.
Venue : AIPMA Auditorium, Plot No.A-52, Road No.1, MIDC, Andheri (East), Mumbai-400 093.
- b.) **Financial Calendar** : 1st April, 2013 to 31st March, 2014
- c.) **Book Closure Date** : **23rd September, 2014 to 25th September, 2014**
 (both days inclusive for the purpose of AGM and Dividend)
- d.) **Dividend payment date** : **on or after 27th September, 2014** to those Shareholders whose names stand on the Company's Register of Members / beneficial ownership position incase of demat) on 22nd September, 2014
- e.) **Listing on Stock Exchanges** : The Bombay Stock Exchange Limited, (BSE),
 The National Stock Exchange of India Limited (NSEIL)

 The Company has paid the Annual Listing fees, for the financial year 2013-14.
- f.) **Stock Code** : 533343 (BSE)
 LOVABLE (NSE)
- g.) **ISIN** : INE597L01014
- h.) **Registrar and Transfer Agent** : **Link Intime India Private Limited**
 (formerly Intime Spectrum Registry Limited)
 (Unit: Lovable Lingerie Limited)
 C-13, Pannalal Silk Mills Compound
 L.B.S Marg, Bhandup (West)
 Mumbai 400 078, India

12. Market Information

Market price data- monthly high/low of the closing price and trading volumes on BSE/NSE depicting liquidity of the Companys' equity shares on the said exchanges is as under:

Month	BSE			NSE		
	High Price (in Rs.)	Low Price (In Rs.)	No. of Shares	High Price (in Rs.)	Low Price (In Rs.)	No. of Shares
2013						
April	291.40	251.30	1447245	291.45	250.45	3542484
May	289.95	272.20	684884	289.50	271.55	1588348
June	281.55	274.80	228881	282.70	275.00	636425
July	280.55	236.55	199409	281.35	237.65	552519
August	275.20	248.80	194298	274.35	250.10	590723
September	288.80	259.00	196826	287.70	258.60	559337
October	334.85	275.35	1289603	334.05	275.75	3226269
November	335.25	276.75	839369	334.30	276.15	1975733
December	302.90	270.00	883397	302.15	270.10	2486858
2014						
January	331.55	283.70	1749061	331.55	283.25	4786492
February	348.90	298.95	2206311	350.35	298.30	6672367
March	346.30	326.7	861748	347.05	326.55	2749175

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

13. Share Transfer System

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

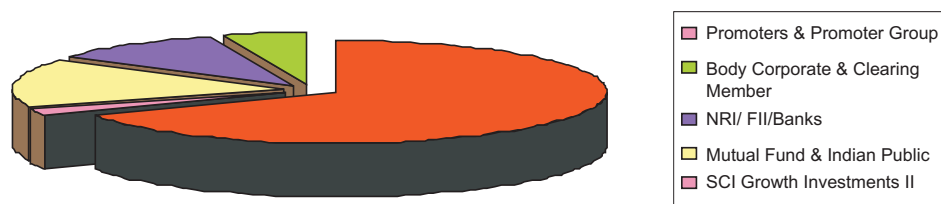
14. Distribution of Shareholding as on 31st March, 2014. (Rupees)

Sr. No.	Range (Shares)	No. of Holders	% to total Holders	Amount (in Rs.)	% to Capital
1	1 - 5000	13024	96.42	83,09,230	4.95
2	5001 - 10000	251	1.8582	19,61,490	1.17
3	10001 - 20000	122	0.9032	17,77,370	1.06
4	20001 - 30000	37	0.2739	9,29,230	0.55
5	30001 - 40000	14	0.1036	4,90,050	0.29
6	40001 - 50000	14	0.1036	6,62,930	0.39
7	50001 – 100000	17	0.1259	11,61,740	0.69
8	100001 & above	29	0.2147	15,27,07,960	90.90
	Total	13508	100.00	16,80,00,000	100.00

15. Shareholding Pattern as on 31st March, 2014.

Category	Number of Shareholders	Number of Share Held	% of Total
1. Indian Promoters and Person Acting in Concert	7	11294826	67.2311
Sub-Total (A)	7	11294826	67.2311
2.1 Mutual Funds & UTI	6	480152	2.8580
2.2 Foreign Company	1	850000	5.0595
2.3 Fls/ Banks & FIIs	9	2449966	14.5832
Sub-Total(B)	16	3780118	22.5087
3.1 Bodies Corporate	338	269755	1.6057
3.2 Indian Public	12755	1289329	7.6746
3.3 NRIs/ OCBs	197	53009	0.3155
3.4 Clearing Members	195	112963	0.6724
Sub-Total(C)	13485	1725056	10.2682
Grand Total(A+B+C)	13508	16800000	100

Shareholding Pattern



16 Dematerialization of shares and liquidity:

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

	No. of Shares	% of Total Issued Capital
Holding in Dematerialized Form (NSDL)	16293790	96.99
Holding in Dematerialized Form (CDSL)	506100	3.01
Holding in Physical Form	110	0.00
Total	16800000	100

The Names and Address of the Depositories are as under:

- | | |
|--|---|
| <p>1. National Securities Depository Ltd.
Trade World, 4th Floor, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai-400013.</p> | <p>2. Central Depository Services (India) Ltd.
Phiroze Jeejeebhoy Towers, 28th Floor,
Dalal Street, Mumbai-400023.</p> |
|--|---|

17 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.

18 Plant Location:

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.

19 Investor Correspondence:

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

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

In Case 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

20 Registration/updation of e-mail address

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

The Companies can now send various notices and documents, including Annual Report, to its shareholders via electronic mode to the registered e- mail addresses of shareholders. To support this green initiative of the Government in full measure, shareholders are requested to register/update their latest e-mail addresses with their

Depository Participant (D.P.) with whom they are having Demat A/c. or send the same to the Company via e-mail at corporate@lovableindia.in.

Annexure to the Corporate Governance Report for the year ended on 31st March, 2014:

DECLARATION

I L Vinay Reddy, Chairman and Managing Director of Lovable Lingerie Limited, hereby declare that all the members of the Board of Directors and the Senior Management personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of Clause 49(1) (D) (ii) of the Listing Agreement entered into with the Stock Exchanges, for the year ended March 31, 2014.

For **Lovable Lingerie Limited**

Mumbai
Date: May 29, 2014

Sd/-
L Vinay Reddy
Chairman and Managing Director

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

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

We Certify that–

- a. We have reviewed the financial statements and the Cash flow statement for the year 2013-14 and that to the best of our knowledge and belief:
- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2013-14 which are fraudulent, illegal or violative of the Company's code of conduct;
- Further, we accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Statutory Auditors and the Audit Committee, wherever applicable:
- deficiencies in the design or operation of the internal control, if any, which we are aware of and the steps we have taken or propose to take to rectify these deficiencies;
 - Significant changes, if any, in the internal controls over the financial reporting during the year 2013-14;
 - Significant changes, if any, in accounting policies during the year 2013-14 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.

Place: Mumbai
Date: May 29, 2014

Sd/-
L Vinay Reddy
Chairman & Managing Director

Sd/-
R.Govindarajan
Chief Financial Officer

AUDITORS CERTIFICATE

To,
The Members,
Lovable Lingerie Ltd.

We have examined the compliance of conditions of Corporate Governance by Lovable Lingerie Limited ("the Company") for the year ended 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock Exchanges.

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

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

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

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

Place: Mumbai
Date: 29th May, 2014

Vinod Kumar Jain
Proprietor
(M.No.36373)

REPORT OF INDEPENDENT AUDITORS TO THE MEMBERS OF LOVABLE LINGERIE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Lovable Lingerie Limited ('the Company') which comprise the balance sheet as at 31st March 2014, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"), read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

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

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

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on other Legal & Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the

Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

- 2 . As Required by section 227(3) of The Companies Act, 1956, We report that:
- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our Audit;
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - d) In our opinion, the Balance Sheet, the Statement of Profit & Loss and Cash flow statement comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956, read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
 - e) on the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Vinod Kumar Jain
Proprietor. M. No. 36373

PLACE: Mumbai
DATED: 29th May, 2014

ANNEXURE OF AUDITOR'S REPORT

Annexure referred to in our report to the members of **LOVABLE LINGERIE LIMITED** on the accounts for the year ended 31st March, 2014. We report that:

- (i) In respect of its fixed assets
- a. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
 - b. The Fixed assets were been physically verified by the management during the year and in our opinion the frequency of verification is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c. During the year, the company has disposed off a vehicle out of its fixed assets, however, the same has not affected it as a going concern.
- (ii) In respect of its inventory
- a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. In our opinion and according to information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c. In our opinion and according to information and explanation given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the operations of the Company and have been properly dealt with in the books of accounts.
- (iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under section 301 of the Companies Act, 1956, according to the information and explanation given to us:
- The company has not granted any such loans accordingly;
- sub-clause **a.** relating to number of parties and amount involved;
- sub-clause **b.** relating to rate of interest and term and conditions thereto;
- sub-clause **c.** relating to payment of principal and interest; and
- sub-clause **d.** relating to steps of recovery/repayment taken, **are not applicable.**
- In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register under section 301 of the Companies Act, 1956, according to the information and explanation given to us;
- e. The Company has taken unsecured loans from one party covered in register maintained under section 301 of the Companies Act, 1956. At the year end the outstanding balance of such loans taken was NIL and the maximum amount outstanding during the year was Rs. 1,25,00,000/-.
 - f. In our opinion the rate of interest and other terms and conditions of such loans taken are, in our opinion, prima facie not prejudicial to the interest of the company.
 - g. In our opinion the Company is regular in payment of the principal amount and as regards interest the same is free of interest.
- (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.

ψ) In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

- a . The particulars of contracts or arrangements referred to in section 301 that needed to be entered in the register maintained under the said section have been so entered.
- b . Having regard to the explanations that some of items purchased, sold or services availed are of special nature for which comparable alternative price are not available, the transactions made in pursuance of contracts or arrangements exceeding value of Rs. 5 Lakhs in respect of each party during the year have been made at prices which appears reasonable as per the information available with the company.

ψi) In our opinion and according to the information and explanations given to us, the company has not accepted deposit within the meaning of the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. According to the information and explanations given to us no order has been passed by the Company Law Board, or National Company Law Tribunal or Reserve bank of India or any court or any other tribunal.

ψii) In our opinion, the company has internal audit system commensurate with the size and nature of its business.

ψiii) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by Central Government prescribing the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same with a view to determining whether they are accurate.

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

- a. The company has generally been regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, investor education and protection fund, Employees state insurance, income-tax, sales tax, Wealth tax, custom duty, excise duty, service tax, cess and other material statutory dues applicable to it.
- b. There were no undisputed amounts payable in respect of sales tax, income tax, customs duty, wealth tax, service tax and other material statutory dues applicable to the Company that were in arrears as at March 31st 2014 for a period of more than six months from the date they became payable.
- c. There are no dues in respect of sales tax, income tax, customs duty, wealth tax, service tax, excise duty, cess and other material statutory dues that have not been deposited on account of any dispute *excepting those mentioned hereunder*:

Forum where the dispute is pending	Name of Statute	Amount In Rs.	F.Y. to which the amount relates to
Commissioner of Customs Bengaluru	Customs Act	19,42,798/- *	2010-11
Commissioner of Income Tax Appeals	Income Tax	9,54,730/- 39,44,380/-	2009-10 2010-11

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

- ₪) 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.
- ₪i) 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.
- ₪ii) According to information and explanations given to us and based on documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- ₪iii) In our opinion, the company is not a chit fund or a *nidhi* mutual benefit fund/society. Therefore, the provisions of clauses 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
- ₪iv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the Company.
- ₪v) In our opinion and according to information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly the provisions of clause 4 (xv) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the Company.
- ₪vi) 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.
- ₪vii) In our opinion and according to information and explanations given to us, and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investment.
- ₪viii) In our opinion and according to information and explanations given to us, the company has not made preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- ₪ix) In our opinion and according to information and explanations given to us, during the period covered by our audit report, the Company has not issued any debentures.
- ₪x) The company has raised money through pre IPO and IPO issue during the year March 2011. The company has disclosed the end use of money raised by public issue of equity shares in the given in note on financial statement's schedule to the financial statements and the same has been verified by us.
- ₪xi) To the best of our knowledge and according to information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

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

Place: Mumbai
 Date: **29th May, 2014**

Vinod Kumar Jain
 Proprietor M. No. 36373

FINANCIAL STATEMENTS

YEAR ENDED

31 MARCH, 2014

Balance Sheet as at 31 March, 2014			(In ₹)	
Particulars	Note No.	As at 31 March, 2014	As at 31 March, 2013	
A EQUITY AND LIABILITIES				
1 Shareholders' Funds				
(a) Share Capital	2	168,000,000	168,000,000	
(b) Reserves and Surplus	3	<u>1,733,993,267</u>	<u>1,571,536,540</u>	
		<u>1,901,993,267</u>	<u>1,739,536,540</u>	
2 Non-Current Liabilities				
(a) Long-term borrowings	4	66,416,667	94,090,278	
(b) Deferred tax liabilities (net)	24.06	26,920,488	19,261,393	
(c) Long-term provisions	5	<u>14,103,798</u>	<u>13,528,663</u>	
		<u>107,440,953</u>	<u>126,880,334</u>	
3 Current Liabilities				
(a) Short-term borrowings	6	26,422,381	-	
(b) Trade payables		110,578,785	102,096,758	
(c) Other current liabilities	7	86,129,327	93,001,958	
(d) Short-term provisions	8	<u>74,708,640</u>	<u>51,092,515</u>	
		<u>297,839,133</u>	<u>246,191,231</u>	
TOTAL		<u>2,307,273,353</u>	<u>2,112,608,105</u>	
B ASSETS				
1 Non-Current Assets				
(a) Fixed assets				
(i) Tangible assets	9A	279,662,687	287,565,857	
(ii) Intangible assets	9B	<u>116,768,073</u>	<u>120,532,916</u>	
		<u>396,430,760</u>	<u>408,098,773</u>	
(b) Non-current investments	10	1,046,244,579	798,183,140	
(c) Long-term loans and advances	11	14,378,377	26,384,230	
(d) Other non-current assets	12	<u>2,828,625</u>	<u>2,828,625</u>	
		<u>1,063,451,581</u>	<u>827,395,995</u>	
2 Current Assets				
(a) Inventories	13	516,788,505	430,914,895	
(b) Trade receivables	14	265,161,503	173,637,564	
(c) Cash and cash equivalents	15	30,296,712	31,406,021	
(d) Short-term loans and advances	16	19,569,201	9,440,465	
(e) Other current assets				
(i) Maturity value receivable on Mutual Fund	17	-	231,609,061	
(ii) Others	17	<u>15,575,091</u>	<u>105,331</u>	
		<u>847,391,012</u>	<u>877,113,338</u>	
TOTAL		<u>2,307,273,353</u>	<u>2,112,608,105</u>	

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

As per our report of even date
For Vinod Kumar Jain & Co.
Chartered Accountants
Registration No: FRN 111513W
Vinod Kumar Jain
Proprietor
M. No. 36373
Mumbai, Date: 29.05.2014

For Lovable Lingerie Limited

Mr. L. Vinay Reddy
(Chairman & Managing Director) **Mr. L. Jaipal Reddy**
(Whole Time Director)

Ms. Darsha Sanghvi
(Company Secretary) **Mr. R. Govindrajan**
(Chief Financial Officer)

Statement of Profit and Loss for the year ended 31 March, 2014 (In ₹)

Particulars	Note No.	For the year ended 31 March, 2014	For the year ended 31 March, 2013
A CONTINUING OPERATIONS			
1 Revenue from operations (gross)	18	1,595,222,544	1,579,758,628
Less: Excise duty	18	-	(68,894,807)
Revenue from operations (net)		1,595,222,544	1,510,863,821
2 Other income	19	65,066,719	44,517,386
3 Total revenue (1+2)		1,660,289,263	1,555,381,208
4 Expenses			
(a) Cost of materials consumed	20a	405,495,817	390,569,304
(b) Purchases of stock-in-trade	20b	347,343,548	281,296,215
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20c	(61,813,452)	(75,554,447)
(d) Employee benefits expense	21	210,379,790	174,846,206
(e) Finance costs	22	16,021,384	3,917,606
(f) Depreciation and amortisation expense	9	31,505,539	18,509,993
(g) Other expenses	23	422,760,370	507,006,785
Total expenses		1,371,692,997	1,300,591,663
5 Profit before tax		288,596,266	254,789,545
6 Tax expense:			
(a) Current tax expense for current year		69,508,000	57,000,000
(b) Provision of Income Tax for earlier years		(165,456)	127,554
(c) Deferred tax		7,659,096	8,809,954
		77,001,640	65,937,508
7 Profit from continuing operations		211,594,626	188,852,037
8 Profit for the year		211,594,626	188,852,037
9.i Earnings per share (of ₹ 10/- each):			
(a) Basic			
(i) Continuing operations	24.8	12.59	11.24
(ii) Total operations	24.8	12.59	11.24
(b) Diluted			
(i) Continuing operations	24.8	12.59	11.24
(ii) Total operations	24.8	12.59	11.24
9.ii Earnings per share (excluding extraordinary items) (of ₹ 10/- each):			
(a) Basic			
(i) Continuing operations	24.8	12.59	11.24
(ii) Total operations	24.8	12.59	11.24
(b) Diluted			
(i) Continuing operations	24.8	12.59	11.24
(ii) Total operations	24.8	12.59	11.24

**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: 29.05.2014

For Lovable Lingerie Limited

Mr. L. Vinay Reddy

(Chairman & Managing Director)

Mr. L. Jaipal Reddy

(Whole Time Director)

Ms. Darsha Sanghvi

(Company Secretary)

Mr. R. Govindrajan

(Chief Financial Officer)

Cash Flow Statement for the year ended 31 March, 2014		(In ₹)
Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	288,596,266	254,789,545
<i>Adjustments for:</i>		
Depreciation and amortisation	31,505,539	18,509,993
(Profit) / loss on sale of assets	(66,355)	-
Finance costs	23,291,449	7,346,528
Interest income	(2,211,484)	(3,428,922)
Interest Subsidy	(5,058,581)	-
Dividend income	(159,181)	(11,540)
Net (gain) / loss on sale of investments	(64,779,792)	(43,933,192)
Net unrealised exchange (gain) / loss	(21,071)	-
	<u>(17,499,476)</u>	<u>(21,517,133)</u>
Operating profit before working capital changes	271,096,790	233,272,412
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	(85,873,610)	(94,784,942)
Trade receivables	(91,523,938)	(18,965,041)
Short-term loans and advances	(10,128,737)	695,172
Long-term loans and advances	12,005,853	25,532,612
Other current assets	(15,469,760)	1,417,826
Other non-current assets	-	(277,000)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	8,482,027	764,501
Other current liabilities	(6,872,631)	38,503,321
Other long-term liabilities	-	-
Short-term provisions	840,434	(3,314,832)
Long-term provisions	575,135	2,537,057
	<u>(187,965,227)</u>	<u>(47,891,326)</u>
	83,131,563	185,381,086
Cash flow from extraordinary items	-	-
Cash generated from operations	<u>83,131,563</u>	<u>185,381,086</u>
Net income tax paid	(56,653,993)	(54,377,583)
Net cash flow from / (used in) operating activities (A)	26,477,570	131,003,503
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(30,224,971)	(154,329,655)
Capital subsidy receivable	10,283,800	-
Proceeds from sale of fixed assets	170,000	-
Inter-corporate deposits (net)	-	30,000,000
Bank balances not considered as Cash and cash equivalents		
- Placed	-	1,368,000
Current investments not considered as Cash and cash equivalents		
- Purchase	(996,476,470)	(277,507,440)
- Proceeds from sale	1,044,803,886	252,871,422
Interest received		
- Others	2,211,484	3,428,922
Interest Subsidy receivable	5,058,581	-
Dividend received		
- Others	159,181	11,540
Cash flow from extraordinary items	<u>35,985,490</u>	<u>(144,157,211)</u>
Net cash flow from / (used in) investing activities (B)	35,985,490	(144,157,211)

Cash Flow Statement for the year ended 31 March, 2014		(In ₹)
Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
C. Cash flow from financing activities		
Proceeds from issue of equity shares	-	-
Proceeds from long-term borrowings	(27,673,611)	91,886,576
Net increase / (decrease) in working capital borrowings	26,422,381	(32,233,061)
Net realised exchange (Gain) Loss	21,071	-
Proceeds from other short-term borrowings	-	-
Finance cost	(23,291,449)	7,346,528
Dividends paid	(33,600,000)	(33,600,000)
Tax on dividend	(5,450,760)	(5,450,760)
Cash flow from extraordinary items	(63,572,368)	27,949,283
Net cash flow from / (used in) financing activities (C)	(63,572,368)	27,949,283
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(1,109,308)	14,795,574
Cash and cash equivalents at the beginning of the year	28,630,021	28,527,502
Cash and cash equivalents at the end of the year	27,520,713	43,323,077
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 19)	30,296,712	31,406,021
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details)	-	-
Net Cash and cash equivalents (as defined in AS 3 <i>Cash Flow Statements</i>) included in Note 19	30,296,712	31,406,021
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)	2,776,000	2,776,000
Cash and cash equivalents at the end of the year *	27,520,712	28,630,021
* Comprises:		
(a) Cash on hand	3,597,379	2,811,067
(b) Balances with banks		
(i) In current accounts	23,812,957	25,748,722
(ii) Unpaid Dividend Account	110,376	70,232
	27,520,712	28,630,021

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: 29.05.2014

For Lovable Lingerie Limited

Mr. L. Vinay Reddy
(Chairman & Managing Director) **Mr. L. Jaipal Reddy**
(Whole Time Director)

Ms. Darsha Sanghvi
(Company Secretary) **Mr. R. Govindrajan**
(Chief Financial Officer)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2014

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 of manufacturing hosiery/garment products. The shares of the company are listed in BSE and NSE.

1. SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of Preparation:

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

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

b) Use of Estimates:

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

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

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

Amortisation rate on Intangible Asset are as under:

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

Brand “College Style” is amortised @ 10% per annum on straight line method. “Technical Knowhow” is amortised @ 10% per annum on 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 taxed (VAT) and sales taxes on behalf of the Government and, therefore, these are not economic benefits flowing to the company. Hence they are excluded from the revenue.

Income from Services

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

Interest

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

Dividend

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

j) Design & development cost

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

k) Foreign Currency Transactions

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

l) Retirement and other Employee Benefits

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

m) Income Taxes

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

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

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

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

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

n) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when there is a present obligation as a result of past events and it is probable that an

outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.

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

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

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

o) Business Segments

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

p) Earnings Per Share

Basic Earnings Per Share ("EPS") is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the period. The weighted average number of shares of the previous year is adjusted for issue of bonus share during the year in compliance with Accounting Standard (AS 20) - Earnings Per Share.

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

Note 2

Note 2.1 : Share Capital

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	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 Rs. 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, 2014								
- Number of shares	16,800,000	-	-	-	-	-	-	16,800,000
- Amount (₹)	168,000,000	-	-	-	-	-	-	168,000,000
Year ended 31 March, 2013								
- 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, 2014		As at 31 March, 2013	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Vinay Reddy	5,624,250	33.48	5,624,250	33.48
Shobha Jaipal Reddy	3,915,000	23.30	3,915,000	23.30
Prashant Jaipal Reddy	1,535,250	9.14	1,535,250	9.14
Nalanda India Equity Fund Limited	1,492,057	8.88	-	-
SCI Growth Investments II	850,000	5.06	1,000,000	5.95
Ironwood Investment Holdings	-	-	893,309	5.32

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

Particulars	Year (Aggregate No. of Shares)				
	2013-14	2012-13	2011-12	2010-11	2009-10
Equity Shares :					
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	3,750,000	6,000,000
Shares bought back	-	-	-	-	-

Note 3 : Reserves and Surplus

(In ₹)

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Securities Premium Account		
Opening Balance	1,001,683,036	1,001,683,036
Add: Premium on shares issued during the year	-	-
Less : Utilised during the year	-	-
Closing balance	1,001,683,036	1,001,683,036
(b) General Reserve		
Opening balance	32,670,000	18,500,000
Add: Transferred from surplus in Statement of Profit and Loss	21,160,000	14,170,000
Less: Utilised / transferred during the year Issuing bonus shares	-	-
Closing balance	52,830,000	32,670,000
(c) Surplus in Statement of Profit and Loss		
Opening balance	537,183,504	401,552,227
Add: Profit for the year	211,594,626	188,852,037
Less: Dividends proposed to be distributed to equity shareholders ₹ 2.50 per share (₹ 2 per share)	42,000,000	33,600,000
Tax on dividend	7,137,900	5,450,760
Transferred to:		
General reserve	21,160,000	14,170,000
Less:-Utilised for Issue of Bonus Shares	-	-
Closing balance	678,480,230	537,183,504
Total	1,733,993,267	1,571,536,540

Note 4.1 : Long Term Borrowings

(a) Term loans		
From banks		
Secured	66,416,667	94,090,278
Unsecured	-	-
Total	66,416,667	94,090,278

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

- Repayable in 5 years including Moratorium of 6 months starting from 1st April 2013.
- Secured against exclusive charge on all fixed assets located at Singsandra, Bangalore including Plant & Machinery and Land & Building
- Company has pledged Mutual Funds of Rs. 22 crores in favour of bank. MF of Rs. 12 crores to be released post creation of above security. Remaining MF of Rs. 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, 2014	As at 31 March, 2013
(a) Provision for employee benefits:		
(i) Provision for compensated absences	5,577,855	4,902,531
(ii) Provision for gratuity (net) (Refer Note 24.07)	8,525,943	8,626,132
Total	14,103,798	13,528,663

Note 6.1 : Short Term Borrowings

(a) Loan repayable on demand		
From a Bank		
Secured Cash Credit Facility	26,422,381	-
Total	26,422,381	-
(b) 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	5,534,722
(b) Interest accrued and due on borrowings	1,085,203	1,556,711
(c) Unpaid dividends [Per Contra]	110,376	70,232
(d) Statutory Liabilities	5,453,459	4,686,352
(e) Payables on purchase of fixed assets	1,842,561	28,882,323
(f) Trade /Security Deposits received	35,516,399	31,561,460
(g) Advances from customers	7,502,173	8,633,458
(h) Salaries Payable	10,451,106	9,370,440
(i) Others - Expenses payable	2,029,161	2,706,260
Total	86,129,327	93,001,958

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	5,534,722
Unsecured	-	-
Total	22,138,889	5,534,722

Note 8 : Short Term Provisions

(In ₹)

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Provision for employee benefits		
(i) Provision for bonus	9,288,365	8,447,931
	9,288,365	8,447,931
(b) Provision - Others:		
(i) Provision for tax (net of advance tax & TDS Rs.)	16,282,375	3,593,824
(ii) Provision for proposed equity dividend	42,000,000	33,600,000
(iii) Provision for tax on proposed dividends	7,137,900	5,450,760
	65,420,275	42,644,584
Total	74,708,640	51,092,515

Note: 9 : Fixed Assets

Particulars	Gross block					Accumulated depreciation and impairment					Net Block	
	Balance as at 1 April, 2013	Additions	Less: Disposals	Less: Capital Subsidy	Balance as at 31 Mar, 2014	Balance as at 1 April, 2013	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 Mar, 2014	Balance as at 31 Mar, 2014	Balance as at 31 Mar, 2013	
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	
9A Tangible assets												
(a) Land Freehold	71,413,771	1,299,930	-	-	72,713,701	-	-	-	-	72,713,701	71,413,771	
(b) Factory Building	29,491,206	-	-	-	29,491,206	80,960	985,007	-	1,065,967	28,425,239	29,410,246	
(b) Plant and Equipment	156,777,602	8,198,730	-	10,283,800	154,692,532	19,079,120	7,161,779	-	26,240,899	128,451,633	137,698,482	
(c) Furniture and Fixtures	50,912,330	2,959,359	-	-	53,871,689	8,027,191	3,264,907	-	11,292,098	42,579,591	42,885,140	
(d) Vehicles	4,216,547	1,937,428	509,500	-	5,644,475	1,753,499	432,363	405,856	1,780,006	3,864,469	2,463,049	
(e) Office equipment	2,634,684	395,618	-	-	3,030,302	773,920	125,997	-	899,917	2,130,385	1,860,764	
(f) Others - Computers	6,575,515	282,224	-	-	6,857,739	4,741,109	618,961	-	5,360,070	1,497,669	1,834,406	
Total	322,021,655	15,073,289	509,500	10,283,800	326,301,644	34,455,798	12,589,014	405,856	46,638,957	279,662,687	287,565,857	
9B Intangible assets												
a) Brands	116,989,877	-	-	-	116,989,877	59,631,999	9,737,500	-	69,369,499	47,620,378	57,357,878	
b) Technical Know-how	30,000,000	15,000,000	-	-	45,000,000	-	3,747,945	-	3,747,945	41,252,055	30,000,000	
c) Computer Software	33,416,812	151,682	-	-	33,568,494	241,774	5,431,080	-	5,672,854	27,895,640	33,175,038	
Total	180,406,689	15,151,682	-	-	195,558,371	59,873,773	18,916,525	-	78,790,298	116,768,073	120,532,916	
9C Capital Work In Progress												
Grand Total	502,428,344	30,224,971	509,500	10,283,800	521,860,015	94,329,571	31,505,539	405,856	125,429,255	396,430,760	408,098,773	
Previous year	310,251,840	192,176,504	-	-	502,428,344	75,819,577	18,509,993	(1)	94,329,571	408,098,773	-	

Note: 10 : Non-Current Investments

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Quoted ₹	Unquoted ₹	Quoted ₹	Unquoted ₹
	Total ₹	Total ₹	Total ₹	Total ₹
Other investments				
(a) Investment in Government or Trust Securities (i) government securities / National Savings Certi. (Deposited with Sales Tax Authorities)	43,500	-	43,500	-
(b) Investment in Equity Shares 200 Equity Shares of Corporation Bank Limited of Rs. 10/- each at Rs. 80/- per share fully paid up.	16,000	-	16,000	-
(c) Investment in Debentures ARGFL Secured Redeemable NCdebtenture	-	-	-	2,500,000
(d) Investment in Mutual Funds				
Axis Capital Protection Oriented Fund-2G	10,003,790	-	10,003,790	-
Birla Sun Life FTP Series FC Growth	-	-	110,080,000	-
Birla Sunlife Dynamic Bond Fund	172,411,682	-	172,411,682	-
Birla Sunlife Fixed Term Plan-Series FD	-	-	100,000,000	-
BSL Income Plus-Growth	159,882,618	-	159,882,618	-
DspBlack Rock FMP-series44-12months	-	-	110,000,000	-
ICICI Flexible Income Regular Growth	-	-	35,000,000	-
ICICI Prudential Dynamic Bond Fund- RP-G	30,732,844	-	30,732,844	-
ICICI Prudential FMP Series 60	60,000,000	-	60,000,000	-
ICICI Prudential Income Regular Plan-Gro	200,899,900	-	200,899,900	-
IDFC Super Saver Income Fund-Growth RP	121,959,476	-	121,959,476	-
Kotak Bond Scheme Plan A	110,413,180	-	110,413,180	-
Kotak FMP 64	-	-	30,539,850	-
Kotak FMP 65	-	-	100,000,000	-
KOTAK FMP Series 105 Direct-Growth	34,752,690	-	34,752,690	-
Kotak FMP Series 112 Direct-Growth	20,000,000	-	20,000,000	-
Kotak FMP Series 116 Direct-Growth	15,128,900	-	15,128,900	-
Kotak FMP Series 84 - Growth	-	-	100,000,000	-
Kotak FMP Series 85 Growth	110,000,000	-	110,000,000	-
Aggregate value of investments	1,046,201,079	43,500	1,046,244,579	2,543,500
Aggregate market value of quoted investments	-	-	795,639,640	798,183,140

Note 11 : Long Term Loans and Advances

(In ₹)

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Capital Advances		
Secured, considered good	-	-
Unsecured, considered good	3,303,954	13,842,023
Doubtful	-	-
	3,303,954	13,842,023
Less: Provision for doubtful advances	-	-
	3,303,954	13,842,023
(b) Security Deposits		
Secured, considered good	-	-
Unsecured, considered good	11,074,423	12,542,207
Doubtful	-	-
	11,074,423	12,542,207
Less: Provision for doubtful deposits	-	-
	11,074,423	12,542,207
Total	14,378,377	26,384,230

Note 12 : Other Non-Current Assets

(a) Others		
(i) Deposit with customs	2,777,000	2,777,000
(ii) Rent advance	46,620	46,620
(iii) Employee Gratuity Trust	5,005	5,005
(iv) Un-amortised expenses	-	-
Total	2,828,625	2,828,625

Note 13 : Inventories

(At lower of cost and net realisable value)

(a) Raw Materials	104,338,337	83,108,819
(b) Stores and Spares	11,297,336	15,247,840
(c) Packing Materials	11,990,610	13,554,587
Goods-in-transit	-	-
	127,626,283	111,911,146
(d) Work-In-Progress	77,877,573	142,004,830
Goods-in-transit	-	-
	77,877,573	142,004,830
(e) Finished Goods (other than those acquired for trading)	300,003,406	176,998,920
Goods-in-transit	1,662,428	-
	301,665,833	176,998,920
(f) Stock-in-trade (acquired for trading)	1,273,796	-
Goods-in-transit	-	-
	1,273,796	-
(g) Publicity Materials	8,345,020	-
Total	516,788,505	430,914,895

Note 14 :Trade Receivables

(In ₹)

Particulars	As at 31 March, 2014	As at 31 March, 2013
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good	-	-
Unsecured, considered good	36,308,040	10,717,208
Doubtful	-	-
	36,308,040	10,717,208
Less: Provision for doubtful trade receivables	-	-
	36,308,040	10,717,208
Other Trade Receivables		
Secured, considered good	35,516,399	31,561,460
Unsecured, considered good	193,337,063	131,358,896
Doubtful	-	-
	228,853,462	162,920,356
Less: Provision for doubtful trade receivables	-	-
	228,853,462	162,920,356
Total	265,161,503	173,637,564

Note 15 : Cash and Cash Equivalents

(a) Cash on Hand	3,597,379	2,811,067
(b) Balances with Banks		
(i) In current accounts	23,812,957	25,748,722
(ii) In deposit accounts -Margin Money	2,776,000	2,776,000
	26,588,957	28,524,722
(c) In Earmarked Accounts		
- Unpaid dividend (per contra)	110,376	70,232
Total	30,296,712	31,406,021
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements	30,296,712	31,406,021

Note 16 : Short-Term Loans and Advances

(a) Loans and advances to employees		
Secured, considered good	-	-
Unsecured, considered good	1,943,086	1,620,205
Doubtful	-	-
	1,943,086	1,620,205
Less: Provision for doubtful loans and advances	-	-
	1,943,086	1,620,205
(b) Balances with Government Authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	-	-
(ii) VAT credit receivable	5,813,611	2,813,611
(iii) Duty Drawback Receivable	138,248	138,248
	5,951,859	2,951,859
(c) Others - Advances to suppliers		
Secured, considered good	-	-
Unsecured, considered good	11,64,257	4,868,401
Doubtful	-	-
	11,64,257	4,868,401
Less: Provision for other doubtful loans and advances	-	-
	11,64,257	4,868,401
Total	19,569,201	9,440,465

Note 17 : Other Current Assets

(In ₹)

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Accruals		
(i) Interest accrued on Deposits	232,710	105,331
(ii) Subsidy Receivable under TUF scheme	15,342,381	-
(ii) Maturity value receivable of Mutual Fund Investments	-	231,609,061
Total	15,575,091	231,714,392

Note 18 : Revenue from Operations

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
(a) Sale of products: Brassier /Panties/Lingerie Accessories/Garments	1,589,711,746	1,579,758,628
(b) Less:- Excise duty * (* Excise duty on clearance of goods is not applicable with effect from 1st March, 2013)	-	(68,894,807)
(c) Other operating income	5,510,798	-
Total	1,595,222,544	1,510,863,821

Note 19 : Other Income

(a) Dividend income: From Non-Current Investments	159,181	11,540
(b) Net gain on sale of: Non-Current Investments	64,779,792	43,933,192
(c) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	127,746	572,654
	65,066,719	44,517,386
(i) Other non-operating income comprises: Profit on sale of fixed assets	66,355	-
Duty Drawback received	-	5,319
Miscellaneous income	61,391	567,335
Total - Other non-operating income	127,746	572,654

Note 20a : Cost of Materials Consumed

Opening stock	111,911,145	92,680,651
Add: Purchases	421,210,954	409,799,798
Less: Closing stock	127,626,282	111,911,145
Cost of materials consumed	405,495,817	390,569,304

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

(In ₹)

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
Material Consumed Comprises:		
a) Fabric	211,940,292	204,918,132
b) Elastics	74,617,414	68,354,501
c) Laces	7,968,962	17,294,363
d) Packing Materials	59,339,316	55,658,005
e) Thread	4,045,245	3,895,165
f) Consumables	41,712,862	36,750,066
f) Others	5,871,726	3,699,072
Total	405,495,817	390,569,304

Note 20b : Purchase of Traded Goods

Garments /Brassier /Panties/Lingerie Accessories	347,343,548	281,296,215
Total	347,343,548	281,296,215

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

<u>Inventories at the end of the year:</u>		
Finished goods	301,665,833	176,998,920
Work-in-progress	77,877,573	142,004,830
Stock-in-trade	1,273,796	-
	380,817,202	319,003,749
<u>Inventories at the beginning of the year:</u>		
Finished goods	176,998,921	143,598,067
Work-in-progress	142,004,830	99,851,236
Stock-in-trade	-	-
	319,003,750	243,449,302
Increase in Inventory	61,813,452	75,554,447

Note 21: Employee Benefits Expense

Salaries and wages	184,435,125	150,710,845
Contributions to provident and other funds	19,516,373	18,019,183
Staff welfare expenses	6,428,292	6,116,178
Total	210,379,790	174,846,206

Note 22 : Finance Costs

(a) Interest expenses (Net)#	15,166,381	699,525
(b) Bank Charges	855,003	3,218,081
Total	16,021,384	3,917,606

Interest Expenses has been shown as net off with Interest Received Rs. 22,11,484/- (Prev. Year 34,28,922/-).

Interest expenses is also net off with interest subsidy received Rs. 50,58,581/- (Prev. Year NIL)

Note: 23 : Other expenses

(In ₹)

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
Increase / (decrease) of excise duty on inventory	-	(7,730,724)
Subcontracting	49,591,892	40,146,331
Power and fuel	4,580,128	3,622,135
Rent including lease rentals (Refer Note 30.8.d)	15,915,788	15,667,051
Repairs and maintenance - Machinery	709,382	1,039,934
Repairs and maintenance - Others	2,125,957	2,007,640
Insurance	424,545	310,198
Security Service Charges	5,735,893	4,690,273
Communication	3,108,179	2,000,665
Travelling and conveyance	25,331,622	20,269,057
Printing and stationery	1,725,150	3,163,914
Freight and forwarding	31,276,514	30,404,544
Sales commission	8,039,062	6,292,428
Sales Promotion Schemes	188,223,110	206,265,726
Advertisement Expenses	31,660,565	88,962,754
Business promotion / BTL	43,155,734	81,374,650
Sales Tax	1,621,498	1,313,234
Legal and professional	2,369,990	1,666,451
Payments to auditors (Refer Note (i) below)	533,710	449,440
Net loss (Gains) on forex transactions on translation	(21,071)	589,907
Miscellaneous expenses	6,652,723	4,501,178
Total	422,760,370	507,006,785

Note 23 Other expenses (contd.)

(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	308,990	308,990
For taxation matters / Tax audit	28,090	28,090
For other services	196,630	112,360
Total	533,710	449,440

Note 24 : Notes to Accounts for the year ended 31st March, 2014

Particulars		For the year ended		For the year ended
		31 March, 2014		31 March, 2013
		₹		₹
Note: 24.1 Raw Materials Consumed	%		%	
Indigenous	99	400,037,972	97	380,105,386
Imported	1	5,457,845	3	10,463,918
	100	405,495,817	100	390,569,304
Note 24.2. Contingent Liabilities				
Demand Notice from Customs Authorities *		4,719,798		4,719,798
*Out of this Rs. 27,70,000 deposited under protest				
Income tax Demand A.Y. 2010-11		954,730		954,730
Income tax Demand A.Y. 2011-12 [Appeal Pending before Hon. CIT(Appeal)]		3,944,380		3,944,380
Note 24.3. F.O.B.Value of exports		8,726,923		91,885
Note 24.4. Expenditure in Foreign Currency				
Travelling Expenses		49,003		132,023
Purchase of Machinery		2,878,943		4,868,724
Note 24.5 C.I.F. Value of Imports				
Raw Materials		7,216,338		11,161,763
Finished Goods		3,133,389		1,656,740

Note 24.6. Deferred Tax Assets / Liabilities

i) The Deferred Tax Liability for current year of Rs.76,59,096/- (P.Yr. 88,09,954) is recognised in Profit and Loss A/c.

ii) Tax effect of significant temporary differences that resulted in deferred tax (assets) / liabilities are :

Particulars		31.03.2014		31.03.2013
Depreciation		32,859,867		25,232,409
Gratuity		(1,795,665)		(2,296,742)
Leave Encashment		(1,952,500)		(1,722,957)
Deferred Expenses		(164,532)		(210,299)
Bonus		(2,633,205)		(2,347,542)
Others		606,523		606,523
		26,920,488		19,261,392

Note 24.7. Accounting Standard 15 - Employee Benefits

Particulars	As at 31 March, 2014	As at 31 March, 2013
	Gratuity	
Current service cost	1,043,265	3,457,648
Interest cost	1,137,608	957,093
Expected return on plan assets	(434,732)	(538,310)
Net Actuarial (gain)/ loss to be recognized	1,326,701	(212,240)
Total expense recognized in the statement of Profit & Loss Account	3,072,842	3,664,191
Actual Contribution & Benefit Payments		
Actual Benefit Payments	-	-
Actual Contribution	-	-
Net Asset / (Liability) recognized in Balance Sheet		
Liability at the end of the year	14,353,027	14,255,498
Fair value of plan assets at the end of the year	5,827,084	5,629,366
(Net Asset)/ Liability recognized in the Balance Sheet	8,525,943	8,626,132
Change in Defined Benefit Obligations (DBO)		
Present Value of Defined Benefit Obligation at beginning of Year	14,255,498	11,963,665
Interest Cost	1,137,608	957,093
Current Service Cost	1,043,265	3,457,648
Benefits Paid	(3,563,452)	(1,910,668)
Actuarial (Gain)/ Losses on Obligation	1,480,108	(212,240)
Present Value of Defined Benefit Obligation at the End of Year	14,353,027	14,255,498
Change in Fair Value of Plan Assets during the year		
Planned assets at Beginning of the year	5,629,366	4,786,532
Expected return on planned assets	434,732	538,310
Contributions	3,173,031	2,215,192
Benefit paid	(3,563,452)	(1,910,668)
Actuarial gain /(loss) on plan assets	153,407	-
Fair value of plan assets at the end of the year	5,827,084	5,629,366
Defined Benefit Plan – Actuarial Assumptions		
Discount rate	8%	8%
Salary Escalation Rate	7%	7%
Rate of return on plan assets	-	-

Note 24.8 : Earnings Per Share

(In ₹)

Particulars	As at 31 March, 2014	As at 31 March, 2013
1. Basic and Diluted Earnings Per Share before Exceptional items (Face Value - Rs. 10/- per share)	12.59	11.24
2. Basic and Diluted Earnings Per Share after Exceptional items (Face Value - Rs. 10/- per share)	12.59	11.24
3. Profit After Tax and Prior Period items but before Exceptional items as per Profit & Loss A/c (Rs. In Lakhs)	2,116	1,889
4. Profit After Tax, Prior Period items and Exceptional Items as per Profit & Loss A/c (Rs. In Lakhs)	2,116	1,889
5. Weighted Average number of equity shares outstanding	16,800,000	16,800,000

24.9. Information on related party as required by Accounting Standard (AS-18) on Related Party Disclosures for the year ended 31st March, 2014

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
Holstein Ecofoods Private Limited
Reddy & Pathare Elastics Private Limited
Bellini Fashions Private Limited
Lariene Fashions Private Limited
Enka Enterprises Private Limited
Magnus marketing
Techknit Industries
Aadhunik Vitarak

24.10. Information on related party as required by Accounting Standard (AS-18) on Related Party Disclosures for the year ended 31st March, 2014 (In ₹)

	2013-2014	2012-2013
1. Rent Paid	121,348	121,348
Techknit Industries	121,348	121,348
2. Remuneration Paid	7,233,549	7,645,107
Mr. G Ashok Reddy	2,863,149	3,274,707
Mr. L Vinay Reddy	2,870,400	2,870,400
Mr. L Jaipal Reddy	1,500,000	1,500,000
3. Job work charges		
Anka Enterprises Pvt Ltd.	9,820,713	-
4. Sales		
Anka Enterprises Pvt Ltd.	11,384,284	-
Magnus marketing	19,901,420	-
5. Sitting Fees - Directors	210,500	218,000
6. Dividend Paid - Promoters	22,589,652	22,500,000

Note 24.11: The Initial Public Offer (IPO) proceeds have been utilised as per objects of the issue as stated in the prospectus as under :

(₹ In Lacs)

Particulars	Object as per Prospectus	Actual Utilization
Amount received from Pre-IPO	2,000.00	
Amount received from IPO	9,327.50	
Utilisation of funds upto March 31, 2014		
Setting up manufacturing facility to create additional capacity as Bengaluru	2,284.93	2,009.61
Expenses to be incurred for Brand Building	1,800.00	1,674.41
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	1,046.39
Setting up of Retail Store Modules for "Shop-in-Shop"	361.00	383.70
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 31.03.2014

(₹ In Lacs)

Balance Unutilised amount temporarily invested in Mutual Funds	5,582.63
Balance with Banks	-
Total	5,582.63

Note: 24.12 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: 24.13 Amount payable to Micro Small Medium Enterprises

Trade payables as at 31st March, 2014 include Rs. 1,24,43,320/- (Previous year Rs. 1,07,78,540/-), amount due to Micro Small Medium Enterprises. However, those enterprises are ascertained in cases where they are registered in that category.

Note: 24.14 Previous year figures:

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



Lovable Lingerie Limited

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, Website: www.lovableindia.in

ATTENDANCE SLIP

(To be presented at the entrance)

27th ANNUAL GENERAL MEETING ON THURSDAY, 25th SEPTEMBER, 2014 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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Email: corporate@lovableindia.in, Website: www.lovableindia.in

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 27th Annual General Meeting of the Company, to be held on Thursday, the 25th day of September, 2014 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:

- Adoption of the Audited Statement of Profit & Loss for the year ended 31st March 2014 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
- Declaration of dividend on the Equity Shares.
- Re-appointment of Mr. Ashok Reddy as a Director.
- Appointment of Auditors for a term of three years and fixing their remuneration.
- Appointment of Mr. Gopal Sehjpal as an Independent Director.
- Appointment of Mr. Sivabalan Pandian as an Independent Director.
- Appointment of Mr. Anantharaman Mahadevan as an Independent Director.
- Appointment of Mr. Dhanpat Kothari as an Independent Director.

Affix 1
Rupee
Revenue
Stamp

Signed this..... day of2014.

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.



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

E-COMMUNICATION REGISTRATION FORM

Dear Shareholders,

You are aware that the provisions of companies act, 2013 have been made effective. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules issued thereunder, companies can serve annual Reports and other communications through electronic mode to those shareholders who have registered their email address either with the Company or with Depository.

It is a welcome move for the society at large, as this will reduce paper consumption to a great and allow shareholders to contribute towards a greener environment. This is a golden opportunity for every shareholder of Lovable Lingerie to contribution to the cause of green Initiative.

We therefore invite all our shareholders to contribute to the cause by filing up the form given below to receive communication from the Company in electronic mode you can also download the appended registration form the website of the Company www.lovableindia.in

Let's be a part of this 'Green Initiative'!

Please note that as a Member of the Company, you will be entitled to receive all such communication in physical form, upon request.

Best Regards,

Sd/-
Darsha Sanghvi
Company Secretary

E-COMMUNICATION REGISTRATION FORM

Folio No./DP ID and Client ID:.....

Name of the 1st Registered Holder:.....

Name of the Joint Holder[s]:.....

.....

Registered Address:.....

.....

.....

E-mail ID [to be registered]:.....

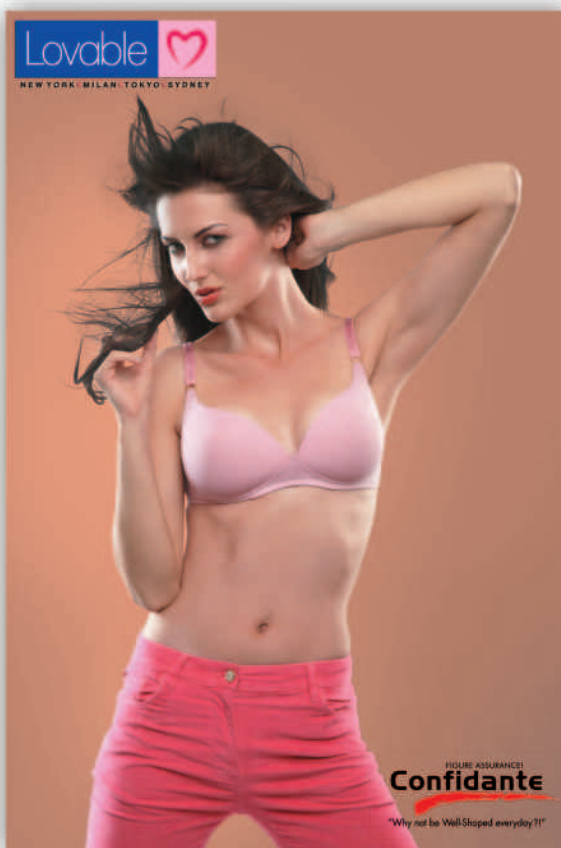
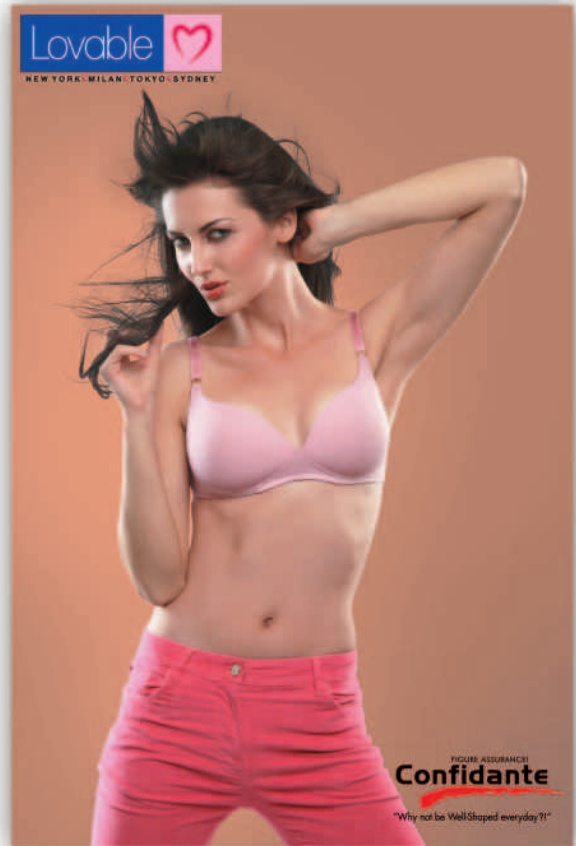
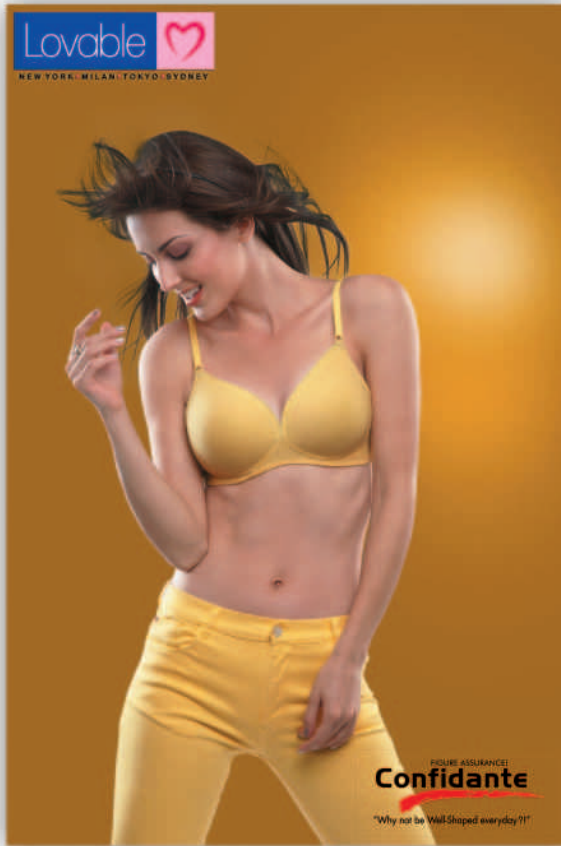
I/ We shareholder[s] of Lovable Lingerie Limited agree to receive communication from the Company in electronic mode. Please register my above e-mail ID in your records for sending communication in electronic form.

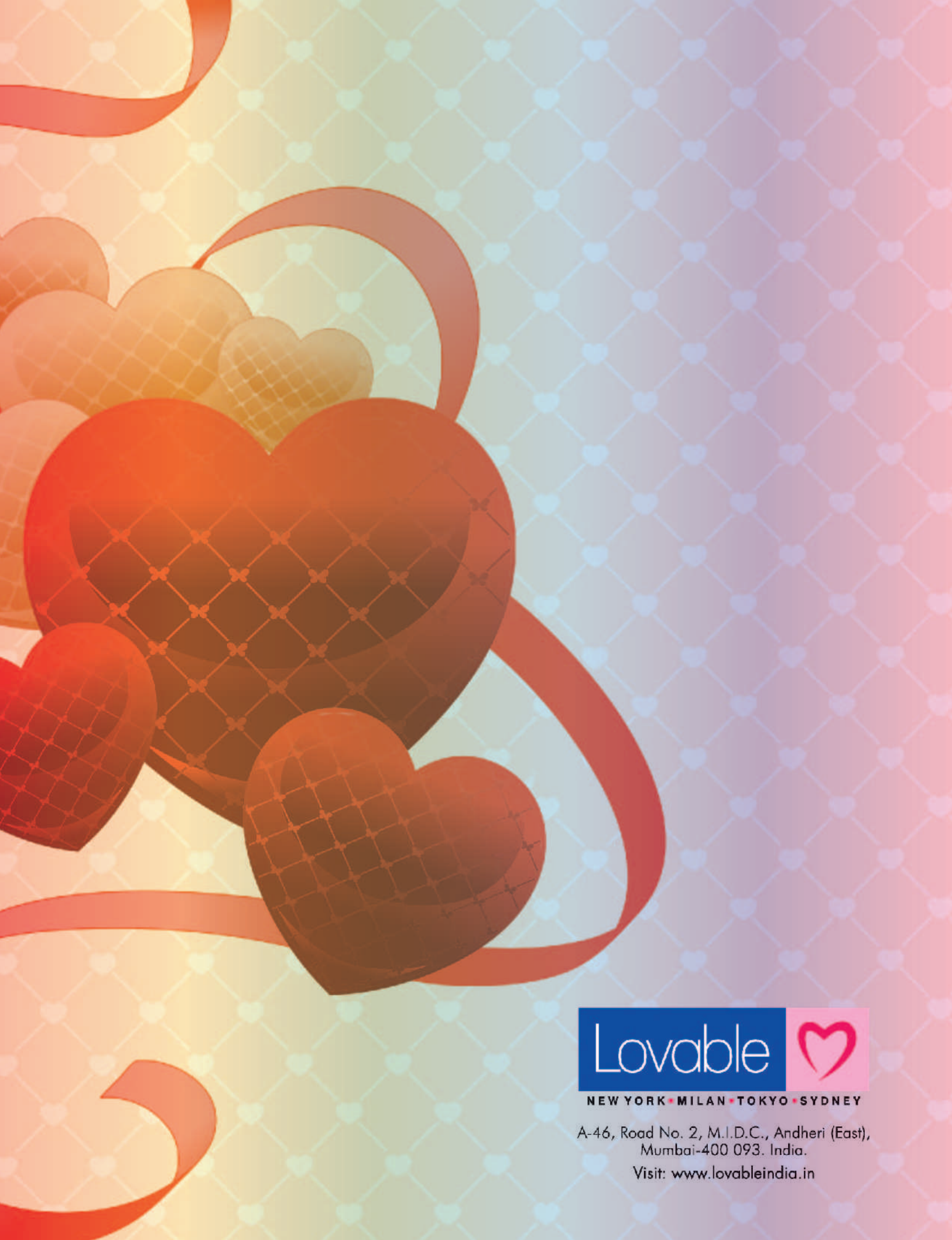
Date:.....

Signature:.....

Note: Shareholder[s] are requested to keep the Company informed as and when there is any change in the e-mail address.

NEW LAUNCHES





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

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