



22ND ANNUAL REPORT 2010-2011

ADVANCE

ADVANCE LIFESTYLES LIMITED

F.F. 7-9, ADVANCE PLAZA, OUTSIDE DELHI GATE, SHAHIBAUG,
AHMEDABAD – 380004

BOARD OF DIRECTORS

CHAIRMAN AND MANAGING DIRECTOR

PHULCHAND AGARWAL

INDEPENDENT DIRECTORS

S. SRINIVASAN

M.S. BHARDWAJ

COMPANY SECRETARY

BINAL GANDHI

BANKERS

CORPORATION BANK

ING VYSYA BANK LIMITED

REGISTERED OFFICE

F.F. 7-9, ADVANCE PLAZA, OUTSIDE DELHI GATE

SHAHIBAUG, AHMEDABAD – 380004

REGISTRAR AND SHARE TRANSFER AGENT

SHAREPRO SERVICES (I) PRIVATE LIMITED

416-420, DEVNANDAN MALL,

OPP. SANYAS ASHRAM, ELLISBRIDGE,

AHMEDABAD – 380006

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PROXY FORM AND ATTENDANCE SLIP

BUSINESS PROFILE

Advance Lifestyles Limited is mainly engaged in the business of trading of textiles. Acknowledging the ample opportunities in the real estate sector in Gujarat, the company is focusing on mid and large size residential and commercial developments. The Company is looking for growth opportunities in other parts of the country as well. Advance Lifestyles Limited is a venture of a Multinational Group having diversified business in apparel manufacturing and retailing in India as well as commodities trading and mining across the globe.

BOARD OF DIRECTORS

Mr. Phulchand Agarwal Chairman and Managing Director

Mr. Phulchand Agarwal is a promoter Director of Advance Lifestyles Limited and has experience in business for more than sixty years. He has incorporated Phulchand Exports Limited, a trading organization which has spread wings in various sectors across the globe.

Mr. Phulchand Agarwal has been awarded "Best Citizen's Award" in 1996 by Mr. H. D. Deve Gowda, Former Prime Minister of India, and "Indira Gandhi Priyadarshani Award - 1997" by Mr. S. D. Sharma, Former President of India, for his outstanding service, achievements and contribution to Industrial India.

Mr. S Srinivasan Director

Mr. S Srinivasan retired from IDBI as a chief General Manager. During his career he served as joint Managing Director of Stock Holding Corporation of India Ltd (SHCIL). He has experience in Finance and Business Development, having a varied portfolio of clients from small scale units to large sector investors. His strength lies in framing policy in the areas of investments, procedures, delegation of authority and human resource. He has also served as Nominee Director of IDBI in some assisted concerns.

Mr. M. S. Bharadwaj Director

Mr. M. S. Bharadwaj is a practicing advocate at Mumbai High Court. His key areas of expertise are Customs, Revenue Laws, Central Excise, Income Tax, Money Laundering Laws and FEMA.

NOTICE

NOTICE is hereby given that the **Twenty Second Annual General Meeting** of the Members of **ADVANCE LIFESTYLES LIMITED** will be held on Thursday, 22nd September, 2011 at 11.00 a.m. at the Registered Office of the Company at F.F.7-9, Advance Plaza, Outside Delhi Gate, Shahibaug Road, Ahmedabad – 380004 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March 2011 and Profit and Loss Account for the year ended on that date and report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri M.S. Bhardwaj, who retires by rotation and offers himself for re-appointment.
3. To appoint M/s Dhiren Shah & Co. Chartered Accountants, Ahmedabad as Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to fix their remuneration.

For and on behalf of the Board

Sd/-

Place: Ahmedabad

PHULCHAND AGARWAL

Date: 30th May, 2011

CHAIRMAN

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a member. Proxies in order to be effective must be received by the Company not less than 48 hours before commencement of the meeting.
2. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed herewith.
3. The Register of Members and Share Transfer Book of the Company will remain closed from 15th September, 2011 to 22nd September, 2011 (Both days inclusive).
4. Any member requiring further information on accounts at the meeting is requested to send the queries in writing so as to reach the Registered Office of the Company at least two days before the meeting.
5. The members are requested to notify change of their address, if any, to the Company at the Registered Office or to the Company's Share Transfer Agents viz. M/s Sharepro Services (India) Private Limited, 4th Floor, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad – 380006.

DIRECTORS' REPORT

To,
The Members,
ADVANCE LIFESTYLES LIMITED
Ahmedabad

Your Directors have pleasure in presenting herewith the **22nd Annual Report** together with the Audited Statement of Accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS:

The highlights of Financial Results of the Company for the financial year ended 31st March, 2011 are as under:

(Rs. in lacs)

| Particulars | Year ended 31 st March, 2011 | Year ended 31 st March, 2010 |
|--|--|--|
| Total Income | 414.36 | 1246.70 |
| Depreciation | 1.45 | 1.44 |
| Profit / (Loss) before Tax | (8.54) | 361.44 |
| Income tax Provision written back | NIL | 0.03 |
| Ex-gratia provision written back | 2.33 | NIL |
| Profit / (Loss) after Taxation | (6.21) | 361.41 |
| Profit / (Loss) brought forward from last year | (3.28) | (370.19) |
| Balance Profit / (Loss) carried forward to Balance Sheet | (9.49) | (8.78) |

OPERATIONS AND FUTURE PLANS:

During the year under review, the Company has incurred a loss of Rs. 6.21 lacs. The Company has been contemplating various business opportunities across sectors. After analyzing multiple options, the Company decided to enter into the real estate development business in Ahmedabad. Ahmedabad has seen remarkable development in the past few years. With proactive government and enterprising population, the city is slated to grow much faster in the years to come. During the year, the Company has invested in land parcels in Ahmedabad to build premium residential apartments and Textile Parks with total saleable area of over one million square feet. The Company is actively looking for more land parcels in the city for residential and commercial developments.

As a future growth strategy, the Company is aggressively looking for large land parcels around Ahmedabad for affordable housing projects. Demand for low cost housing in and around large cities has been growing lately. We believe increasing prosperity in the lower income segment of our society will push the demand for low cost housing schemes further in the future.

DIVIDEND:

Due to the losses incurred, the Directors do not recommend any dividend.

REVIEW:

The Company has altered the main objects clause in the Memorandum of Association with a view to enhance its area of operations and start new ventures in the area of real estate development. The name of the company has also been changed.

In terms of the agreement executed between the Textile Labour Association, a recognized representative Union of the Mill workers and the Order both dated 11.2.2008, the Company has received resignations from 517 workers till 31.03.2011, out of 843 workers.

SUBSIDIARY COMPANY:

The Company has incorporated a subsidiary company namely ADVANCE LIFESPACES PRIVATE LIMITED in the State of Gujarat during the year under review. As required under Section 212 of the Companies Act, 1956, the Reviewed Financial Statements of Advance Lifespaces Private Limited for the period from 10.02.2011 (date of inception) to 31.03.2011, along with reports of Directors and Auditors thereon, for the year ended on 31st March, 2011 are annexed herewith. The statement under Section 212(1)(e) of the Companies Act, 1956 relating to the said Subsidiary Company is also annexed herewith.

CONSOLIDATED FINANCIAL STATEMENTS:

As stipulated by Clause 32 of Listing Agreement with Stock Exchanges, Consolidated Financial Statements of the Company and its Subsidiary Company namely Advance Lifespaces Private Limited for the year ended 31st March, 2011 have been prepared by the Company in accordance with the requirements of Accounting Standard – 21 “Consolidated Financial Statements” and Accounting Standard – 23 “Accounting for investments in Associates” issued by the Institute of Chartered Accountants of India. The Audited Consolidated Financial Statements form part of the Annual Report.

CORPORATE GOVERNANCE:

The Company has taken necessary measures to comply with the Listing Agreement with the Stock Exchanges including revised Clause 49 regarding Corporate Governance. A separate report on corporate Governance for the year ended on 31st March, 2011 is attached herewith as a part of this Annual Report. A certificate from Statutory Auditors of the Company regarding compliance of Corporate Governance as stipulated under the revised Clause 49 of Listing Agreement is obtained by the Company and annexed to the Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217 (2AA) of The Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:-

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the statement of affairs of the Company as at March 31, 2011 and of the Profit or Loss of the Company for the year ended on that date.
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of The Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and the Directors have prepared the annual accounts of the Company on a going concern basis.

CONSERVATION of ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

Provisions of the Section 217 (e) of The Companies Act, 1956 for disclosure of information on Conservation of Energy and Technology Absorption are presently not applicable to the Company. There is no Foreign Exchange earning during the year under review.

PARTICULARS OF EMPLOYEES:

There were no employees drawing salaries in excess of limits prescribed under Section 217 (2A) of The Companies Act, 1956 read with Companies (Particulars of Employees Rules, 1975) as amended and hence no information is furnished thereto.

DIRECTORS:

Shri S. D. Vyas, Director of the company has resigned from directorship of the Company on 10th September, 2010. The Board placed on record the guidance and co-operation received from Shri S. D. Vyas during his tenure as Director of the Company.

Shri M.S. Bhardwaj, Director is liable for retirement by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment as Director. Except Shri M.S. Bhardwaj, no other Director is interested in his appointment.

AUDITORS' OBSERVATIONS:

The observations made by the auditors are self explanatory and are dealt with in the notes to the accounts.

AUDITORS:

Auditors of the Company M/s Dhiren Shah & Company, Chartered Accountants, Ahmedabad retire at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

ACKNOWLEDGEMENT:

Your Directors place on record their sincere appreciation for continuous support and assistance received by the Company from the Textile Labour Association, Bankers and Financial Institutions.

The Directors also place on record their appreciation of dedicated and sincere services of the employees of the company at all levels.

The Company will make every effort to meet the aspirations of its Shareholders and wish to sincerely thank them for their whole hearted co-operation and support at all times.

By Order of the Board of Directors

Place: Ahmedabad

Sd/-

Date: 30th May, 2011

PHULCHAND AGARWAL

CHAIRMAN

CORPORATE GOVERNANCE REPORT **(2010-2011)**

The Company is committed to doing business in an efficient, responsible, honest and ethical manner. Good Corporate Governance goes beyond compliance and involves a Companywide commitment. This commitment starts with the Board of Directors, which executes its corporate governance responsibilities by focusing on the Company's strategic and operational excellence and in the best interests of all the stakeholders, in particular shareholders, employees and customers in a balanced fashion with long term benefits to all.

1. Board of Directors:

a) Composition and category of Directors:

The Board of Directors of the Company consists of four Directors. The composition and the category of Directors are as under:

No. of Board Meetings:

Five Meetings of the Board of Directors, were held during the year 2010-2011 on the following dates:

31.05.2010, 13.08.2010, 15.11.2010, 24.01.2011 and 14.02.2011.

b) Attendance of Directors at Board Meetings and the last Annual General Meeting:

| Names of the Directors | Category | Dates of Board Meetings and attendance | Dates of General Meeting and attendance |
|-------------------------------|--------------------------------|--|--|
| Shri S. Srinivasan | Non-Executive / Independent | 31.05.2010, 13.08.2010, 15.11.2010, 24.1.2011 and 14.02.2011 | 31.07.2010 Not attended |
| Shri M.S. Bhardwaj | Non-Executive | 31.05.2010, 13.08.2010, 15.11.2010, 24.1.2011 and 14.02.2011 | 31.07.2010 Attended |
| Shri S.D. Vyas | Non-Executive | 31.05.2010 and 13.08.2011 | 31.07.2010 Attended |
| Shri Phulchand Agarwal | Chairman and Managing Director | 31.05.2010, 13.08.2010, 15.11.2010, 24.1.2011 and 14.02.2011 | 31.07.2010 Attended |

c) Additional information about Directors:

| Category | Name of the Directors | No. of Other Director-Ships | No. of Memberships of other Board Committees | No. of other Board/ Committees of which the Director is a Chairperson |
|-------------------------------------|--|------------------------------------|---|--|
| Chairman and Managing Director | Shri Phulchand Agarwal (w.e.f. 31.10.2009) | 1 | 1 (Audit) | - |
| Non-Executive Director | Shri S.D.Vyas (upto 10.09.2010) | 4 | 2 (Share Transfer and Audit) | - |
| Non-Executive Director /Independent | Shri S. Srinivasan | 2 | 2 (Audit) | 1 |
| Non-Executive Director/Independent | Shri M.S. Bhardwaj | 1 | 1 (Audit) | - |

The Audit Committee was constituted during the year 2004-2005 in view of the requirements of SEBI Regulations comprising two independent Directors and the Managing Director.

The terms of reference of the Audit Committee are:

- a) To review financial statements and pre-publication announcements before submission to the Board;
- b) To ensure compliance of internal control systems and action taken on internal audit reports;
- c) To apprise the Board on the impact of accounting policies, accounting standards and legislation;
- d) To hold periodical discussion with statutory auditors on the scope and content of the audit.
- e) To review the Company's financial and risk management policies.

2. Meetings of Audit Committee:

During the year, five meetings of Management Audit Committee were conducted on 31.05.2010, 13.08.2010, 15.11.2010, 24.01.2011 and 14.02.2011 as per Clause 49 of the Listing Agreement.

| Names of the Directors | Category | Dates of Committee Meetings and attendance |
|-------------------------------|--------------------------------|---|
| Shri S. Srinivasan | Non-Executive / Independent | 31.05.2010, 13.08.2010, 15.11.2010, 24.01.2011 and 14.02.2011 |
| Shri M.S. Bhardwaj | Non-Executive | 31.05.2010, 13.08.2010, 15.11.2010, 24.01.2011 and 14.02.2011 |
| Shri Phulchand Agarwal | Chairman and Managing Director | 31.05.2010, 13.08.2010, 15.11.2010, 24.01.2011 and 14.02.2011 |

3. Shareholders' Grievance Committee:

| Names of the Directors | Category | Dates of Committee Meetings and attendance |
|-------------------------------|---------------------------------------|---|
| Shri S. Srinivasan | Chairman, Non-Executive / Independent | 31.05.2010, 13.08.2010, 15.11.2010 and 14.02.2011 |
| Shri M. S. Bharadwaj | Non-Executive / Independent | 31.05.2010, 13.08.2010, 15.11.2010 and 14.02.2011 |

The Shareholders' Grievance Committee was constituted during the year 2004-2005 in view of the requirements of SEBI Regulations comprising two Directors of the Company.

A meeting of the Shareholders' Grievance Committee was held on 31.05.2010, 13.08.2010, 15.11.2010 and 14.02.2011 where Members of the Committee were present. It was reported in the Meeting that no complaint was received.

To expedite the process of Share Transfers, the board has delegated powers of processing Share Transfers to Share Transfer Agents and they are attending to the share transfer formalities at least once in a fortnight.