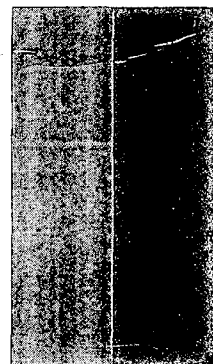
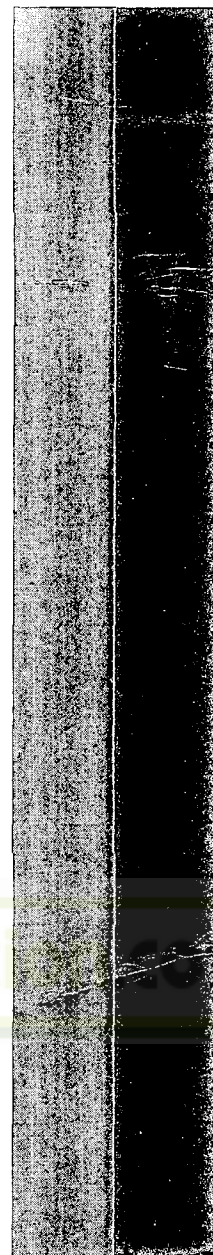
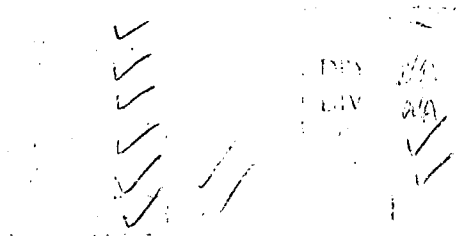


4TH ANNUAL REPORT 1997-98





FOURTH ANNUAL REPORT 1997-98

BOARD OF DIRECTORS

Aditya D. Mahadevia	<i>Chairman</i>
Jayesh K. Shah	<i>Director</i>
Bhupendra M. Shah	<i>Director</i>
Vinod Modha	<i>Director</i>

HEAD COMMERCIAL & COMPANY SECRETARY

V. Sithapathy

AUDITORS

R.K. Jhunjhunwala & Associates
Chartered Accountants,
Bombay.

INTERNAL AUDITORS

M.M. Nissim & Company
Chartered Accountants,
Bombay.

BANKERS

Union Bank of India

REGISTERED OFFICE & FACTORY

A-74/2, T.T.C., M.I.D.C.,
Thane Belapur Road, Khairane,
Navi Mumbai - 400 705.

REGISTRARS

Darshan Computers
Ranjit Studio Complex, 'M' Block,
Dadasaheb Phalke Road,
Dadar (East),
Mumbai - 400 014.



NOTICE

Notice is hereby given that the Fourth Annual General Meeting of the members of Lifestyle Fabrics Limited will be held at the Registered Office of the Company at A-74/2, T.T.C., M.I.D.C., Thane Belapur Road, Navi Mumbai - 400 705 on Thursday the 27th August 1998 at 11.00 a.m. to transact the following business:

Ordinary Business:

1. To receive and adopt the Audited Balance Sheet as on 31st March, 1998 together with the Auditors' Report and Directors' Report thereon.
2. To appoint Auditors for the current year and fix their remuneration.
3. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"Resolved that Shri Aditya Mahadevia, a Director of the Company, who retires by rotation at this meeting, being eligible for re-appointment, be and is hereby re-elected as the Director of the Company whose period of office shall be liable

to determination by retirement of Directors by rotation."

4. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"Resolved that Shri Vinod Modha a Director of the Company, who retires by rotation at this meeting, being eligible for re-appointment, be and is hereby re-elected as the Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

By the Order of the Board
For LIFESTYLE FABRICS LIMITED,

V. SITHAPATHY
Company Secretary

Regd. Office:
A-74/2, T.T.C. M.I.D.C.,
Thane Belapur Road, Khairane,
Navi Mumbai - 400 705.
Date : 22nd June, 1998

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 SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. INSTRUMENTS OF PROXIES, IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE AT A-74/2, T.T.C. M.I.D.C. INDUSTRIAL AREA, THANE BELAPUR ROAD, KHAIRANE, NAVI MUMBAI 400 705, NOT LESS THAN FORTY EIGHT HOURS BEFORE THE MEETING.
3. MEMBERS DESIRING ANY INFORMATION ON THE ACCOUNTS AT THE ANNUAL GENERAL MEETING ARE REQUESTED TO WRITE TO THE COMPANY AT LEAST SEVEN DAYS IN ADVANCE, SO AS TO ENABLE THE COMPANY TO KEEP THE INFORMATION READY.
4. AS A MEASURE OF ECONOMY, COPIES OF THE ANNUAL REPORT WILL NOT BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING. MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT TO THE MEETING.



DIRECTORS' REPORT

To the Members
Lifestyle Fabrics Limited

Your Directors are pleased to present the Fourth Annual Report alongwith the audited financial statements for the year ended 31st March, 1998.

1. FINANCE AND OPERATIONS

During the year under review your Company achieved a turnover of Rs.306.32 lacs as against Rs.412.39 lacs in the previous year. The Company posted a loss of Rs.55.63 lacs before depreciation of Rs.73.41 lacs. The loss was mainly due to constraints in capacity utilisation and on account of recession in demand for the Company's products. During the year under review the Company added Cotton based products to the range of synthetic based products and traded in yarn dyed bed sheets. The Company has decided to exit from the silk furnishings business.

During the year 96-97 the Company had appointed distributors from the non-furnishing trade to market its products. They were booking orders on the basis of samples shown to them. This resulted in stock accumulation at their end and high receivables for the Company from the distributors. This prompted the Company to discontinue booking orders from the distributors on the basis of samples, instead book order with their buyers and pass to the Company for execution. In order to reduce the receivables the Company recalled 39,775.80 mtrs. of fabrics valued at Rs.70.76 lacs which are being disposed off as stock lots.

2. EXPORTS

During the year under review the Company's export turnover was Rs.22.66 lacs as compared to Rs.19.31 lacs in the previous year.

3. OUTLOOK FOR NEXT YEAR

The Company has focussed its attention on manufacturing cotton fabrics for made up exports during 98-99. The initial response to samples

produced has been encouraging and efforts are on to get bulk orders. The international market for these products specially in USA, has high potential and hence higher capacity utilisation during the year 98-99 is foreseen.

4. DIVIDEND

No dividend is recommended by the Company.

5. DIRECTORS

Shri Aditya Mahadevia and Shri Vinod Modha retire by rotation from the Board in terms of Article 156 of the Articles of Association of the Company but being eligible offer themselves for re-appointment.

6. PARTICULARS OF EMPLOYEES AND OTHER DISCLOSURES

Cashflow statement as required under the Listing Agreement with Stock Exchanges is given in the enclosed Annexure A.

A statement of particulars under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, is enclosed herewith as Annexure B which form part of this report.

7. AUDITORS

M/s. R. K. Jhunjhunwala & Associates, auditors of the Company retire at the ensuing Annual General Meeting. They have given their consent to act as the Auditors of the Company, if re-appointed. Members are requested to re-appoint them and fix their remuneration.

8. CONSERVATION OF ENERGY

1. Your company's energy conservation efforts continued during the year under review. Briefly they are:



- i) Use of electronic ballasts in all light fittings.
 - ii) Voltage regulated performers and UPS Systems have been installed to regulate current flow.
 - iii) Housekeeping measures such as switching off lights/fans and air-conditioners when not required and regular check ups/inspection of air-conditioning units are done.
2. Details of energy consumption are given below:
- i) Power Consumption - 470850 units.
 - ii) Electricity Purchased - Rs. 20 lacs.
 - iii) Technology Absorption - Nil
3. Foreign Exchange Earned and Outgo:
- i) Income - Rs.11.45 lacs
 - ii) Outgo - Rs.26.87 lacs

9. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the shareholders, bankers, Central and State Government officials, trade and all customers for their support and co-operation.

The Directors also wish to record their appreciation to the Company's employees at all levels for their dedication, commitment and hard work during the year under review.

For and on behalf of the Board
For LIFESTYLE FABRICS LIMITED,

JAYESH K. SHAH
BHUPENDRA M. SHAH

Directors

Date : 22nd June, 1998

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MD				BKC	
CS				DPY	
RO				DIV	
TRA				AC	
AGM				SHI	
YE					

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**Annexure "A" to the Directors' Report****CASH FLOW STATEMENT AS PER CLAUSE 32 OF THE LISTING AGREEMENT**

	1997-98	(Rs. in lacs) 1996-97
(A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT (LOSS) BEFORE TAX & EXTRAORDINARY ITEMS	(129.04)	(92.67)
ADJUSTMENTS FOR:		
Depreciation	73.41	72.61
Miscellaneous Expenses Written-off	3.50	3.50
Loss on Sale of Assets	0.48	2.12
Foreign Exchange	(0.42)	(0.17)
Interest Paid	45.75	57.66
Dividend Received	—	—
	<u>122.72</u>	<u>135.72</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(6.32)	43.05
ADJUSTMENTS FOR:		
Trade & Other Receivables	16.62	17.21
Inventories	4.92	44.36
Trade Payables	(16.20)	5.04
Proceeds from Short Term Borrowings (Cash Credit)	18.91	(16.20)
	<u>24.25</u>	<u>50.41</u>
Cash Generated from Operations	17.93	93.46
Interest Paid	(45.75)	(57.66)
Cash Flow before Extraordinary items	(27.82)	35.80
Gain on Foreign Exchange	0.42	0.17
NET CASH FROM OPERATING ACTIVITIES (A)	<u>(27.40)</u>	<u>35.97</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Including Capital WIP)	(49.15)	(61.06)
Sale of Fixed Assets	5.42	11.20
NET CASH USED IN INVESTING ACTIVITIES (B)	<u>(43.73)</u>	<u>(49.86)</u>
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Shares	—	—
Proceeds from Long Term Borrowings	152.00	73.39
Repayment of Long Term Loan	(80.44)	(60.83)
NET CASH FROM FINANCING ACTIVITIES (C)	<u>71.56</u>	<u>12.56</u>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	<u>(0.43)</u>	<u>(1.33)</u>
CASH & CASH EQUIVALENTS:		
Opening Balance at beginning of the year	7.49	8.82
Closing Balance at the end of the year	7.06	7.49
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	<u>(0.43)</u>	<u>(1.33)</u>

For and on behalf of the Board
FOR LIFESTYLE FABRICS LIMITED

Navi Mumbai,
Dated: 22nd June, 1998

JAYESH K. SHAH **BHUPENDRA M. SHAH**
Director Director



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Annexure "B" to the Directors' Report

Particulars of employees in terms of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars to Employees) Rules., 1975.

Sr. No.	Name Designation & Age	Gross Remuneration Rs. Lacs	Qualification	Last Employment and Total Experience	Commencement of Employment	Nature of Employment
1.	V. Sithapathy Head Commercial & Company Secretary 42 years	3.97	B.Com., LL.B., ACS	Kirloskar Copeland Ltd. 20 years	01-06-1994	Contractual
2.	R.K. Sharma * Head Manufacturing 32 years	1.99	DTL	Anglo French Textiles & Inds. Ltd. 13 years	08-09-1997	Contractual

* Employed for part of the year.

Note : i) Remuneration received includes salary comprehensive perquisites, contribution to Provident Fund & Superannuation, Leave encashment.

ii) None of the above employee is a relative of any director of the Company.

For and on behalf of the Board
FOR LIFESTYLE FABRICS LIMITED

Navi Mumbai,
Dated: 22nd June, 1998

JAYESH K. SHAH
Director

BHUPENDRA M. SHAH
Director

AUDITOR'S CERTIFICATE

To

The Board of Directors,
Lifestyle Fabrics Limited,
Navi Mumbai.

We have examined the attached Cash Flow Statement of Lifestyle Fabrics Ltd., for the year ended 31st March, 1998. The statement has been prepared by the Company in accordance with Clause 32 of the Listing Agreement with Bombay Stock Exchange and is in agreement with the Profit & Loss Account and Balance Sheet of the Company covered by our report of even date to the Members of the Company.

For R.K. JHUNJHUNWALA & ASSOCIATES
Chartered Accountants

R.K. JHUNJHUNWALA
Proprietor

Place : Mumbai
Dated : 22nd June, 1998