

6TH ANNUAL REPORT 1999-2000

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LIFESTYLE
REPORT



SIXTH ANNUAL REPORT 1999-2000

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.

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NOTICE

Notice is hereby given that the Sixth 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 Friday the 18th August, 2000 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, 2000 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 : 12th June, 2000

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., 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.
5. REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS WILL REMAIN CLOSED ON 10TH TO 12TH AUGUST, 2000 (BOTH DAYS INCLUSIVE) FOR ANNUAL GENERAL MEETING.

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**DIRECTORS' REPORT**

To the Members,
Lifestyle Fabrics Limited

Your Directors are pleased to present the Sixth Annual Report alongwith the audited Financial Statements for the year ended 31st March, 2000.

1. FINANCIAL RESULTS

	Rs. In Lacs	
	1999-2000	1998-1999
Sales & Other Income	482.13	269.37
Profit (+) / Loss (-)		
before Interest, Depreciation & Amortised expenses and Taxation	82.80	45.40
Less: Interest	38.81	42.68
Profit (+) / Loss (-) after Interest but before Depreciation & Taxation	43.99	2.72
Less: Depreciation and Amortised Expenses	74.21	78.44
Less: Provision for Taxation	-	-
Net Profit (+) / Loss (-)	(30.22)	(75.72)

Considering the working results of the Company your Directors do not propose any dividend for the year under review.

2. OPERATIONS & EXPORTS :

The sales and other income of the Company increased from Rs. 269.37 lacs during the year 1998-99 to Rs. 482.13 lacs during the year 1999-2000, registering a growth of 79%. The Company has been able to improve its performance through increased efficiency, better capacity utilisation and cost control. In view of the company, continuing its focus on cotton fabrics for made-ups to service international brands, substantial portion of the turnover during the year (Rs. 277.61 lacs) was from exports. (Previous year Rs. 60.46 lacs).

3. FUTURE PROSPECTS :

Growth prospects for the company in the near future appear promising in view of

excellent response for the new product lines launched by the Company considering orders already in hand and anticipated demand for the products.

4. REPORT TO BIFR UNDER SICA 1985 :

Pursuant to the last Director's Report for the year 1998-99 and the resolution passed by the shareholders in the extra ordinary general meeting held on 18th August, 1999 and also the mandatory provisions of section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, the Company had reported to the Board for Industrial & Financial Reconstruction (BIFR), the fact of erosion of 50% of its peak net worth. The report was returned unprocessed by BIFR stating that the unit is not covered under the provisions of SICA 1985, in view of the labour strength being less than 50.

5. SUBSIDIARY STATUS

Anmol Denim Ltd. & Sachot Investments Ltd. each holding 12,76,840 and 11,66,410 equity shares respectively, were amalgamated with Asman Investments Ltd. Consequently Asman Investments Ltd.'s holding in the Company stands increased from 15,05,850 equity shares to 39,49,100 equity shares which forms 71.80% of the equity capital. Thus your Company becomes a subsidiary of The Arvind Mills Ltd., by virtue of Clause (c) of Section 4 of the Companies Act, 1956 as Asman Investments Ltd is a subsidiary of The Arvind Mills Ltd.

6. 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 reappointment.



7. PARTICULARS OF EMPLOYEES AND OTHER DISCLOSURES :

Cashflow statement as required under the listing agreement with stock exchanges is given in the enclosed Annexure 'A'.

None of the employees qualify under section 217 (2A) of the Companies Act, 1956. Hence no particulars are given.

8. Y2K COMPLIANCE :

Your Company managed a smooth transition into the year 2000, without Y2K problems in any of its system. The costs towards Y2K compliance in upgrading the systems, considered insignificant, have been charged in the accounts during the year.

9. LISTING ARRANGEMENTS :

Your Company's equity shares are listed at Mumbai and Ahmedabad Stock Exchanges and the listing fees have been paid for the year 2000-2001.

10. 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.

11. 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 performer 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-conditioner units are done.

2. Details of energy consumption are given below :

- i. Power Consumption - 764206 Units
- ii. Electricity purchased - Rs. 33.58 lacs
- iii. Technology absorption - NIL

3. Foreign Exchange Earned and Outgo :

- i. Income - Rs.275.54 lacs
- ii. Outgo - Rs.14.39 lacs.

11. 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

Place : Navi Mumbai
Date : 12th June, 2000

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

	1999-2000	(Rs. in lacs) 1998-1999
(A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT (LOSS) BEFORE TAX & EXTRAORDINARY ITEMS	(30.22)	(75.72)
ADJUSTMENTS FOR:		
Short provision for Income Tax	(0.31)	-
Depreciation	70.89	74.94
Miscellaneous Expenses Written-off	3.32	3.50
Profit/Loss on Sale of Assets	0.44	(9.02)
Foreign Exchange Gain	(0.96)	(1.37)
Interest Paid	38.81	42.68
Dividend Received	-	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	81.97	35.01
ADJUSTMENTS FOR:		
Trade & Other Receivables	(25.44)	34.32
Inventories	21.70	(43.07)
Trade Payables	0.07	16.51
Proceeds from Short Term Borrowings (Working Capital)	35.42	(22.31)
	<u>31.75</u>	<u>(14.55)</u>
Cash Generated from Operations	113.72	20.46
Interest Paid	(38.81)	(42.68)
Cash Flow before Extraordinary items	74.91	(22.22)
Gain on Foreign Exchange	0.96	1.37
NET CASH FROM OPERATING ACTIVITIES (A)	<u>75.87</u>	<u>(20.85)</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Including Capital WIP)	(4.09)	(27.94)
Sale of Fixed Assets	0.47	19.26
NET CASH USED IN INVESTING ACTIVITIES (B)	<u>(3.62)</u>	<u>(8.68)</u>
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Shares	-	-
Proceeds from Long Term Borrowings	-	121.00
Repayment of Long Term Loan	(77.54)	(92.69)
NET CASH FROM FINANCING ACTIVITIES (C)	<u>(77.54)</u>	<u>28.31</u>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	<u>(5.29)</u>	<u>(1.22)</u>
CASH & CASH EQUIVALENTS:		
Opening Balance at beginning of the year	5.84	7.06
Closing Balance at the end of the year	0.55	5.84
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	<u>(5.29)</u>	<u>(1.22)</u>

For and on behalf of the Board
FOR LIFESTYLE FABRICS LIMITED

Place : Navi Mumbai
Dated : 12th June, 2000

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, 2000. 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

Place : Mumbai
Dated : 12th June, 2000

R.K. JHUNJHUNWALA
Proprietor