

7TH ANNUAL REPORT 2000-2001

Report



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LIFESTYLE

ABRICO LTD



SEVENTH ANNUAL REPORT 2000-2001

BOARD OF DIRECTORS

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,
Mumbai.

INTERNAL AUDITORS

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

BANKERS

Union Bank of India
Nariman Point, Mumbai.

REGISTERED OFFICE & FACTORY

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

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NOTICE

Notice is hereby given that the Seventh 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 Monday the 27th August, 2001 at 11.00 a.m. to transact the following business:

"RESOLVED THAT Shri Bhupendra M. Shah, 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."

Ordinary Business:

1. To receive, consider and adopt the Audited Statements of Accounts together with the Auditors' Report and also Directors' Report thereon for the year ended 31st March, 2001.
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:

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 : 24th April, 2001

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 13TH TO 16TH AUGUST, 2001 (BOTH DAYS INCLUSIVE) FOR ANNUAL GENERAL MEETING.

7th Annual Report 2000-2001

**DIRECTORS' REPORT**

To the Members,
Lifestyle Fabrics Limited

Your Directors are pleased to present the Seventh Annual Report alongwith the audited Financial Statements for the year ended 31st March, 2001.

1. FINANCIAL RESULTS

	Rs. In Lacs 2000-2001	Rs. In Lacs 1999-2000
Sales & Other Income	473.65	482.12
Profit (+) / Loss (-) before Interest, Depreciation & Amortised expenses and Taxation	93.18	82.80
Less: Interest	30.77	38.81
Profit (+) / Loss (-) after Interest but before Depreciation & Taxation	62.41	43.99
Less: Depreciation and Amortised Expenses	69.45	74.21
Less: Provision for Taxation	-	-
Net Profit (+) / Loss (-)	(7.04)	(30.22)
Less: Loss on silk project	54.42	-
Total Loss for the year after extra ordinary item	(61.46)	(30.22)

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

2. OPERATIONS :

The sales and other income of the Company during the year 2000-2001 was Rs 473.65 lacs as against Rs.482.12 lacs during the year 1999-2000. The Company continued its focus on cotton fabrics for made ups to service international brands. The major portion of the sales was to an industrial house who ultimately exported the made-ups. The company was required to enter into this arrangement to overcome the difficulties encountered due to the fabric processor not having singeing facilities. The industrial house through whom the company is currently selling the goods has all the facilities to process the fabrics as per the market requirements in USA.

3. FUTURE PROSPECTS :

The Company continued weaving of fabrics from singles yarn and the same will continue to remain its major strength in

future, as made-ups out of singles yarn works out to be economical without any compromise on quality.

4. SUBSIDIARY STATUS

The Company continued to be a subsidiary of The Arvind Mills Limited by virtue of Clause (c) of Section 4 of the Companies Act, 1956.

5. DIRECTORS :

Shri Bhupendra M. Shah, Director, retire by rotation from the Board in terms of Article 156 of the Articles of Association of the Company but being eligible offer himself for reappointment. Shri Aditya Mahadevia, Chairman and Director, has resigned from the office of Director. The Board has accepted his resignation and placed on record its appreciation of the services rendered by Shri Aditya Mahadevia during his tenure as a Director of the Company.

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.

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

7. 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 2001-2002.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Board has pleasure in declaring under the provisions of Section 217(2AA) of the Companies Act 1956 :

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures;



- (ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.

9. REPORT ON CORPORATE GOVERNANCE

As required under the clause 49 of the Listing Agreement with the Stock Exchanges, a report on corporate governance is given as annexure B of this report.

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 an 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 - 7,84,102 Units
 - ii. Electricity purchased - Rs.33.38 lacs
 - iii. Technology absorption - NIL
- 3. Foreign Exchange Earned and Outgo :
 - i. Income - Rs . 123.56 Lacs
 - ii. Outgo - Rs. 3.39 Lacs.

12. DEMATERIALISATION

The Company has entered into a contract with Central Depository Services (India) Limited and National Securities Depository Limited for dematerialization of the equity shares. The contract has been activated through activation number ISIN INE345D01015 with Central Depository Services (India) Limited and application for the same is pending with National Securities Depository Ltd. The shareholders are requested to avail of this facility to hold and trade company's equity in dematerialized form.

13. 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 : 24th April, 2001



Annexure "A"

CASH FLOW STATEMENT AS PER CLAUSE 32 OF THE LISTING AGREEMENT

	(Rs. in lacs) 2000-2001	(Rs. in lacs) 1999-2000
(A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT (LOSS) BEFORE TAX & EXTRAORDINARY ITEMS	(61.46)	(30.22)
ADJUSTMENTS FOR:		
Short provision for Income Tax	-	(0.31)
Depreciation	66.92	70.89
Miscellaneous Expenses Written-off	2.53	3.32
Profit/Loss on Sale of Assets	0.04	0.44
Loss on silk project	54.42	-
Foreign Exchange Gain	(1.71)	(0.96)
Interest Paid	30.77	38.81
Dividend Received	-	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	91.51	81.97
ADJUSTMENTS FOR:		
Trade & Other Receivables	13.71	(25.44)
Inventories	62.50	21.70
Trade Payables	(27.42)	0.07
Proceeds from Short Term Borrowings (Cash Credit)	(50.80)	35.42
	(2.01)	31.75
Cash Generated from Operations	89.50	113.72
Interest Paid	(30.77)	(38.81)
Cash Flow before Extraordinary items	58.73	74.91
Gain on Foreign Exchange	1.71	0.96
NET CASH FROM OPERATING ACTIVITIES (A)	60.44	75.87
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Including Capital WIP)	(2.06)	(4.09)
Sale of Fixed Assets	10.04	0.47
NET CASH USED IN INVESTING ACTIVITIES (B)	7.98	(3.62)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long Term Loan	(68.10)	(77.54)
NET CASH FROM FINANCING ACTIVITIES (C)	(68.10)	(77.54)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	0.32	(5.29)
CASH & CASH EQUIVALENTS:		
Opening Balance at beginning of the year	0.55	5.84
Closing Balance at the end of the year	0.87	0.55
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	0.32	(5.29)

For and on behalf of the Board
FOR LIFESTYLE FABRICS LIMITED

Place : Navi Mumbai
Dated : 24th April, 2001

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, 2001. 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 : 24th April, 2001

R.K. JHUNJHUNWALA
Proprietor



Annexure "B"

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is given below:

A. MANDATORY REQUIREMENTS**1. Company's philosophy on Code of Governance**

The Company's philosophy of Corporate Governance is aimed at assisting the top management of the Company in the efficient conduct of its business and in meeting its obligations to shareholders.

2. Board of Directors** Composition*

The present strength of the Board is three Directors all of whom are Non-Executive Directors. The Non-Executive Directors bring independent judgement in the Board's deliberations and decisions.

** Attendance of each Director at the Board Meetings and the last AGM.*

Five Board Meetings were held in 2000-2001.

Name of Director	Category of Directorship	No. of Board Mtgs. Attended	% of Total Mtgs. Attended	Attendance at the last AGM
Mr. Aditya Mahadevia	Chairman	3	60	Yes
Mr. Bhupendra Shah	Director	5	100	Yes
Mr. Jayesh Shah	Director	5	100	Yes
Mr. Vinod Modha	Director	5	100	Yes

- Number of other Companies or Committees the Director (being a Director as on the date of the Directors' Report) is a Director / Chairman

Name of Director	No. of other Companies in which Director	No. of Committees (other than Lifestyle Fabrics Ltd.) in which member
Mr. Aditya Mahadevia	1	—
Mr. Bhupendra Shah	9	—
Mr. Jayesh Shah	7	—
Mr. Vinod Modha	2	—

Number of Board Meetings held and the dates of the Board Meeting

Five Board Meetings were held in the year 2000-2001. The dates on which the said meetings were held are as follows :

12/06/2000	31/07/2000	30/10/2000
25/11/2000	30/01/2001	



3. Audit Committee

- Term of reference & Composition, Name of Members and Chairman

The Audit Committee comprises of Mr. Bhupendra M. Shah, Chairman of the Committee, Mr. Jayesh K. Shah and Mr. Vinod Modha who are Independent Directors. The Head-Furnishings Business, alongwith the Statutory Auditors are invitees to the meeting. The Terms of Reference of this Committee are wide enough covering the matters specified for Audit Committees under the Listing Agreement.

- Meetings and the attendance during the year

There were two meetings of the Audit Committee during the year. The attendance of each Member of the Committee is given below :

Name of Director	No. of Mtgs. Attended	% of total Mtgs. Attended
Mr. Bhupendra M. Shah	2	100
Mr. Jayesh K. Shah	2	100
Mr. Vinod Modha	2	100

4. *Remuneration to Directors : None of the Directors were paid remuneration or commission during the year 2000-2001.*

5. Investors / Shareholders Grievance Committee

- Details of the Members, Compliance Officer, number of complaints received and pending and pending transfers as on close of the financial year.

The Company's Investors/Shareholders Grievance Committee has been formed very recently. The Committee functions under the Chairmanship of Mr. Bhupendra M. Shah a Non-Executive Director. The other Member of the Committee is Mr. Jayesh K. Shah and Mr. V. Sithapathy, Company Secretary, is the Compliance Officer of the Company. The Company had received few complaints from the shareholders and almost all of them have been resolved by furnishing the requisite information/documents. The Company had no transfers pending at the close of the financial year.

6. General Body Meetings

- Details of the location of the last three Annual General Meetings and the details of the resolutions passed or to be passed by postal ballot.

Location and time of the last three Annual General Meetings

Financial Year	Date	Location of the meeting	Time
1997-98	27 th August,98	Registered office of the Company, at Vashi	11.00 A.M.
1998-99	18 th August,99	Registered office of the Company, at Vashi	11.00 A.M.
1999-00	18 th August,00	Registered office of the Company, at Vashi	11.00 A.M.

No special resolution was put through postal ballot at the last AGM nor is any placed this year for Shareholders' approval at the Meeting.