

8TH ANNUAL REPORT 2001-2002





EIGHTH ANNUAL REPORT 2001-2002

BOARD OF DIRECTORS

Jayesh K. Shah	<i>Director</i>
Bhupendra M. Shah	<i>Director</i>
Vinod Modha	<i>Director</i>

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.

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REGISTERED OFFICE

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

**NOTICE**

Notice is hereby given that the Eighth 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 30th September, 2002 at 11.00 a.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Statements of Accounts together with the Auditors' Report as also Directors' Report thereon for the year ended 31st March, 2002.
2. To appoint a Director in place of Mr. Jayesh K. Shah, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and fix their remuneration and to consider, and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT M/s. M.M. Nissim & Co., Chartered Accountants, Mumbai be and are hereby appointed as auditors of the Company to hold office as Auditors from the conclusion of this Annual General Meeting until the conclusion of next annual General Meeting at a remuneration to be fixed by the Board of Directors."

By the Order of the Board
For LIFESTYLE FABRICS LIMITED,

(B.M. SHAH)
Director

Regd. Office:
A-74/2, T.T.C. M.I.D.C.,
Thane Belapur Road, Khairane,
Navi Mumbai - 400 705.
Date : 19th August, 2002

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. Register of members and share transfer books will remain closed on 19th and 20th September, 2002 (both days inclusive) for Annual General Meeting.

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**EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT 1956.**

FOR ITEM NO. 3 OF THE NOTICE SET OUT HEREINABOVE IS AS UNDER:

Although not strictly necessary, this Explanatory Statement is being given in respect of Resolution proposed in this item of the Notice, since the resolution proposes appointment of auditors in place of retiring auditors M/s. R.K. Jhunjhunwala & Associates, Chartered Accountants, Mumbai who have expressed their inability and unwillingness to continue as auditors. It is therefore, proposed to appoint M/s. M.M. Nissim & Company Chartered Accountants, Mumbai as Auditors of the Company who have given their consent to act as the Auditors and have forwarded their certificate to the Company stating that their appointment, if made, will be within the limit in that behalf specified in Section 224 (1-B) of the Companies Act, 1956. The Resolution is commended for approval of the members.

None of the Directors is in any way concerned or interested in the said resolution.

By the Order of the Board
For LIFESTYLE FABRICS LIMITED,

(B.M. SHAH)
Director

Regd. Office:
A-74/2, T.T.C., M.I.D.C.,
Thane Belapur Road, Khairane,
Navi Mumbai - 400 705.
Date : 19th August, 2002

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DIRECTORS' REPORT

To the Members,
Lifestyle Fabrics Limited

Your Directors are pleased to present the Eighth Annual Report alongwith the audited Financial Statements for the year ended 31st March, 2002.

1. FINANCIAL RESULTS

	Rs. in Lacs 2001-2002	Rs. in Lacs 2000-2001
Sales & Other Income	142.34	473.65
Profit (+) / Loss (-) before Interest, Depreciation & Amortised expenses and Taxation	(7.46)	33.18
Less: Interest	18.81	30.77
Profit (+) / Loss (-) after Interest but before Depreciation & Taxation	(26.27)	62.41
Less: Depreciation and Amortised Expenses	29.23	69.45
Less: Provision for Taxation	-	-
Net Profit/(Loss)	(55.50)	(7.04)
Add: Loss on sale of fixed assets/silk project	(110.12)	(54.42)
Total Loss for the year after extra ordinary item	(165.62)	(61.46)

Your Directors do not propose any dividend for the year due to adverse working result.

2. OPERATIONS :

In view of mounting losses with no viable options available to continue operations, the factory was closed in August, 2001. The financial results stated above represent the working of only four & half months and are hence not comparable with those of previous year.

3. SALE OF FIXED ASSETS:

At the Extra Ordinary General meeting held on 21st September, 2001 the members had approved u/s 293(1)(a) sale, lease or otherwise deal with the fixed assets of the Company in view of the closure of the factory. Accordingly the Company has sold all the fixed assets except land, building, diesel generating set and electrical installations, on the basis of a valuation report obtained from the leading firm of Approved valuers viz. M/s. Dalal Consultants & Engineers Pvt. Ltd.

4. SUBSIDIARY STATUS

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

5. DIRECTORS :

Shri Jayesh K. Shah, Director shall 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.

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 were in receipt of remuneration requiring disclosure under section 217 (2A) of the Companies Act, 1956.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Board hereby confirm 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 loss 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.

8. Report on Corporate Governance:

A report on corporate governance is given as annexure 'B' of this report.

9. AUDITORS :

M/s. R.K. Jhunjhunwala & Associates, Mumbai, Auditors of the Company retire at the ensuing Annual General Meeting. However they have expressed their inability and unwillingness to be re-appointed as Auditors of the Company. It is therefore proposed to appoint M/s. M.M. Nissim & Company Chartered Accountants, Mumbai as Auditors of the Company who have given their consent to act as the Auditors if, appointed. Members are requested to appoint the Auditors and fix their remuneration.

10. 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 - 3,40,399 Units
- ii. Electricity purchased - Rs. 15.10 lacs
- iii. Technology absorption - NIL
3. Foreign Exchange Earned and Outgo :
 - i. Income - Rs. Nil
 - ii. Outgo - Rs. Nil

11. ACKNOWLEDGEMENT :

Your Directors record their appreciation of support & co-operation extended by all the shareholders, Bankers, Government Authorities, trade, all customers and the employees of the Company.

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

JAYESH K. SHAH
BHUPENDRA M. SHAH
Directors

Place : Navi Mumbai
Date : 19th August, 2002

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

	(Rs. in lacs) 2001-2002	(Rs. in lacs) 2000-2001
(A) CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT (LOSS) AFTER TAX & EXTRAORDINARY ITEMS	(165.62)	(61.46)
ADJUSTMENTS FOR:		
Depreciation	26.70	66.92
Miscellaneous Expenses Written-off	2.53	2.53
Loss on Sale of Fixed Assets / silk project	110.12	54.46
Foreign Exchange Gain	-	(1.71)
Interest Paid	18.81	30.77
Dividend Received	-	-
	<u>158.16</u>	<u>152.97</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(7.46)	91.51
ADJUSTMENTS FOR:		
Trade & Other Receivables	(171.50)	13.71
Inventories	51.88	62.50
Trade Payables	(17.31)	(27.42)
Proceeds from Short Term Borrowings (Cash Credit)	<u>(43.95)</u>	<u>(50.80)</u>
	<u>(180.88)</u>	<u>(2.01)</u>
Cash Generated from Operations	<u>(188.34)</u>	<u>89.50</u>
Interest Paid	<u>(18.81)</u>	<u>(30.77)</u>
Cash Flow before Extraordinary items	<u>(207.15)</u>	<u>58.73</u>
Gain on Foreign Exchange	-	1.71
NET CASH FROM OPERATING ACTIVITIES (A)	<u>(207.15)</u>	<u>60.44</u>
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (Including Capital WIP)	-	(2.06)
Sale of Fixed Assets	<u>232.31</u>	<u>10.04</u>
NET CASH USED IN INVESTING ACTIVITIES (B)	<u>232.31</u>	<u>7.98</u>
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long Term Loan	<u>(25.64)</u>	<u>(68.10)</u>
NET CASH FROM FINANCING ACTIVITIES (C)	<u>(25.64)</u>	<u>(68.10)</u>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	<u>(0.48)</u>	<u>0.32</u>
CASH & CASH EQUIVALENTS:		
Opening Balance at beginning of the year	0.87	0.55
Closing Balance at the end of the year	<u>0.39</u>	<u>0.87</u>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS	<u>(0.48)</u>	<u>0.32</u>

For and on behalf of the Board
FOR LIFESTYLE FABRICS LIMITED

Place : Navi Mumbai
Dated : 19th August, 2002

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, 2002. 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 : 19th August, 2002

R.K. JHUNJHUNWALA
Proprietor