

10TH ANNUAL REPORT 2003-2004

Report  Junction.com

LIFESTYLE
FABRICS LTD



TENTH ANNUAL REPORT 2003-2004

BOARD OF DIRECTORS

Jayesh K. Shah	<i>Director</i>
Bhupendra M. Shah	<i>Director</i>
Vinod Modha	<i>Director</i>
Kamal R. Sheth	<i>Director</i>
I.S. Shah	<i>Director</i>

AUDITORS

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

INTERNAL AUDITORS

P.P. Bhandari & Co.
Chartered Accountants,
Mumbai.

BANKERS

UCO Bank
D.N. Road, Mumbai

REGISTERED OFFICE

10, Laxmi Towers, 1st Floor,
G Block, C-25, Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051.

REGISTRARS AND TRANSFER AGENTS

Pinnacle Shares Registry Private Limited
Near Asoka Mills Premises,
Naroda Road,
Ahmedabad 380 025.

**NOTICE**

NOTICE is hereby given that the Tenth Annual General Meeting of the shareholders of the Company will be held on Monday, the 27th September 2004 at 11.00 a.m. at the Registered Office of the Company, at 10, Laxmi Towers, G Block, C 25, Bandra Kurla Complex, Bandra (East) Mumbai 400 051 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statements of Accounts for the financial year ended on 31st March, 2004 and the Reports of the Directors and Auditors thereon.
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 a Director in place of Mr. Bhupendra M. Shah who retires by rotation and being eligible offers himself for reappointment.
4. To appoint auditors and to fix their remuneration.

Registered Office:
10, Laxmi Towers,
G-Block, C 25, Bandra Kurla Complex,
Bandra (East)
Mumbai - 400 051

By Order of the Board

Bhupendra M. Shah
Director

Date : 27th April, 2004

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 A PROXY NEED NOT BE A MEMBER.
2. Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 24th August 2004 to 25th August 2004 (both days inclusive)

10th Annual Report 2003-2004

**DIRECTORS' REPORT**

To,
The Members,
Lifestyle Fabrics Limited

Your Directors present their Tenth Annual Report along with the audited Financial Statements for the year ended 31st March 2004.

1. FINANCIAL RESULTS:

	(Rs. in lacs)	
	2003-2004	2002-2003
Sales & Other Income	1.96	21.50
Profit / (Loss) before Depreciation, Interest, amortised expenses and taxation	(0.68)	3.47
Less : Net Interest	Nil	1.68
Gross Profit / (Loss) after Interest but before Depreciation & Taxation	(0.68)	1.79
Less : Deprecation and amortised expenses	Nil	8.18
Profit / (Loss) before Tax	(0.68)	(6.39)
Less : Provision for Taxation	Nil	Nil
Net Profit / (Loss) for the year	(0.68)	(6.39)
Add : Prior Period Income	Nil	5.89
Add : Loss on sale of fixed assets	Nil	26.65
Total loss for the year	(0.68)	(27.15)

2. DIVIDEND

In view of the loss for the year, your directors do not recommend any dividend for the year.

3. OPERATIONS

The Operations during the year were relating to the disposal of inventories only, as the factory remained closed since August 2001. The expenses were substantially towards administration and establishment charges viz., Printing, postage etc. As reported last year, your directors look forward for various options including merger that would be in the best interest of the members.

4. SUBSIDIARY COMPANIES

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

5. DIRECTORS :

Mr. Jayesh K. Shah and Mr. Bhupendra M. Shah, Directors of the Company, retire by rotation as required under Section 256 of the Companies Act, 1956 but being eligible, offers himself for re-appointment.

6. DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 217(2AA) of the Companies Act, 1956, the Directors state that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards.
- (ii) Such accounting policies have been selected and applied consistently and such judgements and estimates have been made as 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 ended on 31st March, 2004 and of the loss of the Company for the period.

- (iii) Proper and sufficient care had been taken 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
- (iv) In view of the sale of all the fixed assets and in absence of any business activity the attached annual account could not be termed as prepared on a going concern basis. However, the directors have prepared the Annual accounts after providing for all the potential losses and expenses, and as such no further adjustments were required to be made there in respect thereof.

7. REPORT ON CORPORAT GOVERNANCE

A separate report on Corporate Governance form part of the Annual Report of the Company. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

8. AUDITORS

The Auditors, M/s M.M. Nissim & Company, Chartered Accountants, Mumbai retire and offer themselves for re-appointment. It is proposed that they may be re-appointed as auditors of the Company. You are requested to appoint the auditors and fix their remuneration.

9. PARTICULARS OF EMPLOYEES AND INFORMATION REGARDING CONSERVATION OF ENERGY ETC.

As the Company does not have any employee, the particulars of employees as required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are not being given.

After the closure of the factory in August 2001, the Company had disposed off Lease Hold Land and Factory Building during the financial year 2002-03, hence information required under Section 217 (1) (e) of the Companies Act read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 are not being given.

10. ACKNOWLEDGMENTS

Your Directors record their appreciation of support and co-operation extended by all shareholders, Bankers of the Company and government authorities.

For and on behalf of the board
For Lifestyle Fabrics Limited

Jayesh K. Shah
Bhupendra M. Shah
Director

Place : Mumbai
Date : 27th April 2004

10th Annual Report 2003-2004

**CORPORATE GOVERNANCE REPORT****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 business and in meeting its obligations to shareholders. The Board supports the broad principles of corporate governance and lays strong emphasis on transparency and accountability.

Composition of the Board of Directors as at 31st March 2004

Sr. No.	Name of Director	Executive / Non-executive/ Independent	No. of other Directorships in Public Limited Companies	No. of other Board Committees of which Member/ Chairman
1	Mr. Jayesh K. Shah	Non-Executive	8	1 as Member
2	Mr. Bhupendra M. Shah	Non-Executive	1	Nil
3	Mr. Vinod Modha	Non-Executive Independent	2	Nil
4	Mr. Kamal R. Sheth	Non-Executive Independent	4	Nil
5	Mr. I. S. Shah	Non-Executive Independent	1	Nil

The Company as on the date of this Report, has 5 Directors all being Non-Executive of which 3 (Three) are independent directors.

Board Meetings

Although the Company has closed its manufacturing operations, the meetings of Board of directors are regularly held for transacting all relevant business. During the financial year the Board of Directors met 4 (Four) times on 28.05.2003; 31.07.2003; 23.10.2003 and 29.01.2004. The dates of Board Meetings were generally decided well in advance.

The attendance of Directors at these Board Meetings and at the last Annual General Meeting was as under:

Sr. No.	Name of Director	Number of Board Meetings attended	Whether present at the previous AGM
1	Mr. Jayesh K. Shah	4	No
2	Mr. Bhupendra M. Shah	4	No
3	Mr. Vinod Modha	4	No
4	Mr. Kamal R Sheth	4	Yes
5	Mr. I.S. Shah	4	Yes

Audit Committee

The Audit Committee was constituted in financial year 2000-2001 and was reconstituted by the Board of Directors on 28th March 2003. Mr. Kamal R Sheth is Chairman while Mr. Vinod D Modha and Mr. Bhupendra. M. Shah are its members. During the year, 4 (Four) Audit Committee meetings were held and same were attended by all respective members. The terms of reference of the Committee are same as are described in Clause 49 of the Listing Agreement.



Investors' Grievance Committee

The Investors Grievances and Share Transfer Committee was formed in financial year 2000-2001 and was reconstituted by the Board of Directors on 28th March 2003. Mr. Bhupendra M. Shah is a Chairman while Mr. Kamal R. Sheth and Mr. I. S. Shah are other members. Its terms of reference are as under:

- Ø To specifically look into the redressal of Investors' Grievances pertaining to :
- Ø Transfer of shares and its dematerialisation, Replacement of lost, stolen, mutilated shares.
- Ø To look into other related issues towards strengthening investors' relations.
- Ø To consider and approve issuance of share certificates including duplicate share Certificates.

During the period from 1st April, 2003 to 31st March, 2004 the Company has not received any complaint from shareholders.

Share Transfer Details for the period from 1st April, 2003 to 31st March, 2004:

Transactions	Physical	Demat	Total
Number of Transfers	17	38	55
Average Number of Transfers Per Month	1.42	3.17	4.59
Number of Shares Transferred	2700	220900	223600
Average Number of shares Transferred Per Month	225	18408	18633
No. of Pending Share Transfers	Nil	Nil	Nil

Remuneration Committee and Remuneration of Directors

The Company has not formed a formal Remuneration Committee. None of the directors was paid any remuneration or commission during the year.

Management Discussion and Analysis

In view of the closure of the Manufacturing operations since 2001 and subsequent disposal of fixed assets, the Company is not carrying any business activity. Hence, the Management Discussion and Analysis is not given.

Brief Resume of Directors Seeking Re-appointment

At this Annual General Meeting, Mr. Jayesh K. Shah and Mr. Bhupendra M. Shah, Directors of the Company, retire by rotation and being eligible seek re-appointment.

Information required under Clause 49 VI (A) of the Listing Agreement with respect to the Directors retiring by rotation or otherwise and seeking reappointment is as under:-

Mr. Jayesh K. Shah

Mr. Jayesh K. Shah, 44, a Commerce Graduate & Chartered Accountant has been with the group since the last 19 years. He has a distinguished academic career and extensive administrative, financial regulatory and managerial expertise.

Other than the Company, he is also a Director of The Arvind Mills Limited; Arvind Brands Limited; Arvind Clothing Limited; Arvind Fashions Limited; Omnitalk Wireless Solutions Limited; Abala Leasing & Finance Limited; Asman Investment Limited; Akshar Securities Limited. Except in Investors Grievances Committee of The Arvind Mills Limited where he is a member, he does not hold Directorship Chairmanship/Membership of Audit Committees Shareholder's/Investor's Grievance Committee or Remuneration Committee of other Public Limited Companies whether listed or not.

Mr. Bhupendra M. Shah

Mr. Bhupendra M. Shah, 51, a Commerce Graduate & Chartered Accountant has been working with the Group since last 29 years. He has extensive exposure of accounts, audit, finance, internal controls, systems and information technology, risk management etc. He has been nominated as a member on the Expert Advisory Council of The Institute of Chartered Accountants of India for