



ANNUAL REPORT 2006-2007

Board of Directors :

Mr. Jayesh K. Shah
 Mr. Bhupendra M. Shah
 Mr. Shreyas C. Sheth
 Mr. Kamal R. Sheth
 Mr. I. S. Shah

Auditors

M. M. Nissim & Co.
 Chartered Accountants
 Barodawala Mansion,
 B-Wing, 3rd Floor,
 81, Dr. Annie Besant Road,
 Worli, Mumbai - 400 018.

Internal Auditors

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

Bankers :

UCO Bank
 D. N. Road,
 Mumbai.

Registered Office :

Anup Engineering Limited Premises,
 Behind 66 KV Electric Sub Station,
 Odhav Road,
 Ahmedabad - 382 415.

Registrars and Transfer Agents

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

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LIFESTYLE FABRICS LIMITED

Notice

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Shareholders of the Company will be held on Thursday, the 27th September, 2007 at 11.00 a.m. at the Registered Office of the Company at Anup Engineering Limited Premises, Behind 66 KV Electric Sub Station, Odhav Road, Ahmedabad-382 415 to transact the following Business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statements of Account for the financial year ended on 31st March, 2007 and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. B. M. Shah, who retires by rotation in terms of Article 155 of the Articles of Association of the Company, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Shreyas C. Sheth, who retires by rotation in terms of Article 155 of the Articles of Association of the Company, and being eligible, offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

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

"RESOLVED THAT M/s. G. K. Chokshi & Co., Chartered Accountants, Ahmedabad be and are hereby appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and they be remunerated by way of such fees as the Board of Directors may determined."

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.

Registered Office:

Anup Engineering Limited Premises,
Behind 66 KV Electric Sub Station,
Odhav Road,
Ahmedabad – 382 415
24th April, 2007

By Order of the Board

Bhupendra M. Shah
Director

Jayesh K. Shah
Director

NOTES:

- (1) Members are requested to notify promptly any change in their address to our Registrars viz. Pinnacle Shares Registry Pvt. Limited, Nr. Asoka Mills, Naroda Road, Ahmedabad – 380 025. Any other correspondence relating to Shares may also please be addressed to the said Registrars.
- (2) The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 17th September, 2007 to Thursday, the 27th September, 2007 (Both days inclusive).
- (3) Members are requested to bring their copies of the Annual Report to the Meeting.
- (4) The Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
- (5) Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the commencement of the Meeting.
- (6) Requisition of information on accounts and operations of the Company, if any, may please be sent to the Company seven days in advance of the Meeting so that the information may be readily available at the Meeting.
- (7) Members are requested to note that the registered office of the Company has been shifted from 10, Lakshmi Towers, G-Block, C 25, Bandra-Kurla Complex, Bandra (East), Mumbai, in the State of Maharashtra to Anup Engineering Limited Premises, Behind 66 KV Electric Sub Station, Odhav Road, Ahmedabad-382 415, in the State of Gujarat.



Directors' Report

To,

**The Members,
Lifestyle Fabrics Limited**

Your Directors present their Thirteenth Annual Report along with the audited Financial Statements for the year ended on 31st March, 2007.

1. FINANCIAL RESULTS

	(Rs. in lacs)	
	2006-2007	2005-2006
Sales & Other Income	Nil	Nil
Profit/(Loss) before Depreciation, Interest and taxation	(2.47)	(1.12)
Less: Net Interest	Nil	Nil
Gross Profit / (Loss) after Interest but before Depreciation and Taxation	(2.47)	(1.12)
Less: Depreciation	Nil	Nil
Profit/(Loss) before tax	(2.47)	(1.12)
Less : Short provision for Income Tax of earlier years	(0.12)	(0.02)
Net Profit/(Loss) for the year	(2.59)	(1.14)
Less : Prior Period Expenses	Nil	(0.05)
Total Loss for the year	(2.59)	(1.19)

2. OPERATIONS

As reported earlier, the Company is not carrying any manufacturing operations since August, 2001 and the expenses incurred during the year were towards administration and general office purposes etc. As reported last year, your directors continue to look forward for various options in the best interest of the members, including its merger.

3. DIVIDEND

In view of the loss for the year and carried forward losses of the Company, your directors do not recommend any dividend for the year under review.

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. Vinod D. Modha has resigned as Director from the Board of the Company w.e.f. 20th January, 2007 and Mr. Shreyas C. Sheth was appointed as a Director w.e.f. 23rd January, 2007 to fill the casual vacancy caused due to this resignation.

Mr. B. M. Shah and Mr. Shreyas C. Sheth, the Directors of the Company, retire by rotation as required under Section 256 of the Companies Act, 1956 at the ensuing Annual General Meeting and they, being eligible, offer themselves for re-appointment.

6. DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards.

- 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 and loss of the Company for the year.
- Proper and sufficient care have 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
- 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 in respect thereof.

7. REPORT ON CORPORATE GOVERNANCE

A separate report on Corporate Governance is being published as a 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

M/s. M. M. Nissim & Co., Chartered Accountants, Mumbai, Auditors of the Company are retiring at the ensuing Annual General Meeting, have expressed their unwillingness to be re-appointed as Auditors of the Company at this meeting. It is therefore proposed to appoint M/s. G. K. Chokshi & Co., Chartered Accountants, Ahmedabad 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.

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. ACKNOWLEDGEMENT

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

Place : Ahmedabad
Date : 24th April, 2007

Bhupendra M. Shah
Director

Jayesh K. Shah
Director

LIFESTYLE FABRICS LIMITED

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.

BOARD OF DIRECTORS

Composition of the Board

The Board has 5 Non-Executive Directors including 3 Independent Directors who bring in Independent Judgement to the Board's discussions and deliberations.

The following is the composition of the Board as at 31st March, 2007 :

Sr. No.	Name of Director	Executive/Non-executive/ Independent	No. of other Directorships in Public Ltd. Cos.	No. of other Board Committees of which Member / Chairman
1	Mr. Jayesh K. Shah	Non-Executive	5	Nil
2	Mr. Bhupendra M. Shah	Non-Executive	2	Nil
3	Mr. Kamal R. Sheth	Non-Executive, Independent	6	Nil
4	Mr. I. S. Shah	Non- Executive, Independent	Nil	Nil
5	Mr. Shreyas C. Sheth	Non- Executive, Independent	5	1 as Member 1 as Chairman

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 7 (Seven) times on 25.04.06, 27.07.06, 20.09.2006, 18.10.06, 23.01.07 (Two meetings) and 08.03.2007. The dates of Board Meetings were generally decided 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	7	No
2	Mr. Bhupendra M. Shah	7	No
3	Mr. Vinod Modha *	3	No
4	Mr. Kamal R. Sheth	6	No
5	Mr. I. S. Shah	7	Yes
6	Mr. Shreyas C. Sheth**	2	No

* Mr. Vinod D. Modha has resigned as a Director with effect from 20th January, 2007.

** Mr. Shreyas C. Sheth has been appointed as a Director to fill casual vacancy due to resignation of Mr. Vinod D. Modha with effect from 23rd January, 2007.

AUDIT COMMITTEE

The Audit Committee was constituted in financial year 2000-2001 and were reconstituted by the Board of Directors on 28th March, 2003 and 23rd January, 2007. The Audit Committee comprises of 3 members, 2 are Non-Executive Independent Directors and 1 is Non-Executive Director. Mr. Kamal R. Sheth is Chairman while Mr. Shreyas C. Sheth and Mr. Bhupendra M. Shah are its members. The terms of reference of the Committee are same as are described in Clause 49 of the Listing Agreement.

MEETINGS AND ATTENDANCE

During the year, 4 Audit Committee meetings were held on 25.04.06, 27.07.06, 18.10.06 and 23.01.07.

The Attendance of Members at meetings was as under :

Sr. No.	Name	Position	No of Meetings held during relevant period	No. of Meetings attended
1.	Mr. Kamal R. Sheth	Chairman	4	3
2.	Mr. Vinod D. Modha*	Member	4	3
3.	Mr. Bhupendra M. Shah	Member	4	4
4.	Mr. Shreyas C. Sheth**	Member	4	1

* Mr. Vinod D. Modha ceased to be a Member of the Audit Committee and Director of the Company w.e.f. 20th January, 2007.

** Mr. Shreyas C. Sheth has been appointed as a Member of the Audit Committee w.e.f. 23rd January, 2007.