



LS INDUSTRIES LIMITED

(Formerly known as Lifestyle Fabrics Limited)

16th
ANNUAL REPORT
& ACCOUNTS
2009-2010

LS INDUSTRIES LIMITED
(FORMERLY KNOWN AS LIFESTYLE FABRICS LIMITED)
COMPANY INFORMATION

Board of Directors

Mr. Birendra Kumar, Chairman
Mr. Vikash Shekhar, Director
Mr. Kwangsoo Kim, Director
Mr. Akash Deep Sharma, Additional Director
Ms. Chay Suet Meng, Additional Director
Mr. Joel Anthony Stead, Additional Director
Mr. Yasunobu Kuramoto, Additional Director

Company Secretary

Dinesh Bhandari

Statutory Auditors

M/s Doogar & Associates, Chartered Accountants
New Delhi.

Bankers

AXIS BANK LIMITED

Registered Office

5 & 6, Sneh Shrushti Complex,
Opp. Sambhav Press, Judges Bungalow Road,
Bodakdev, Ahmedabad- 380052.
Contact Person : Mr. Dinesh Bhandari, Company Secretary
Mobile : 093168 65220,
Email : dinesh_6520@yahoo.com

Corporate Office

SCO 27, Swastik Vihar, Sector 5,
Mansa Devi Complex, Panchkula-134109

Registrar and Transfer Agents (RTA)

Beetal Financial & Computer Services Pvt Ltd.
99 Madangir, New Delhi - 110062
Phone -011-29961281-283, Fax 011-29961284

Demat Connectivity

Central Depository Services (India) Limited (CDSL)

ISIN Details

INE345D01023

Stock Exchange Listing

Bombay Stock Exchange Limited

Stock Code

514446

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LS INDUSTRIES LIMITED

(FORMERLY KNOWN AS LIFESTYLE FABRICS LIMITED)

Regd. Office : 5 & 6, Sneh Shrushti Complex, Opp. Sambhav Press, Judges Bungalow Road,
Bodakdev, Ahmedabad- 380052.

Notice

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Shareholders of the Company will be held on Thursday, 30th September, 2010 at Auditorium of Ahmedabad Textile Mills Association, Ashram Road, Navrangpura, Ahmedabad-380009 at 10.30 a.m. to transact the following Businesses :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statements of Account for the financial year ended on 31st March, 2010 and Reports of the Directors and Auditors thereon.
2. To appoint M/s Doogar & Associates, Chartered Accountants as Statutory Auditor for the financial year 2010-11 and to fix their remuneration
3. To appoint a Director in place of **Mr. Vikash Shekhar**, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
“**RESOLVED THAT Mr. Akash Deep Sharma**, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 151 of the Articles of Association of the Company and who holds the office upto the date of this Annual General Meeting and in respect whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation.”
5. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
“**RESOLVED THAT Ms. Chay Suet Meng**, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 151 of the Articles of Association of the Company and who holds the office upto the date of this Annual General Meeting and in respect whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation.”
6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
“**RESOLVED THAT Mr. Joel Anthony Stead**, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 151 of the Articles of Association of the Company and who holds the office upto the date of this Annual General Meeting and in respect whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation.”
7. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
“**RESOLVED THAT Mr. Yasunobu Kuramoto**, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 151 of the Articles of Association of the Company and who holds the office upto the date of this Annual General Meeting and in respect whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation.”

8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution** :

“RESOLVED THAT pursuant to Article 31 and all other applicable provisions, if any, of the Companies Act, 1956 and any modification or re-enactment thereof, for the time being in force, Articles 192 and 193 of Articles of Association of the Company be and is hereby amended or altered and in place thereof following new Article No. 192 & 193 be substituted :

192. The company can participate in the equity of foreign company or promotion of a wholly owned subsidiary abroad, subject to compliance of provisions of Companies Act, 1956, amended Foreign Exchange Management Act, 1999, regulations, master circulars, notifications issued by Reserve bank of India from time to time, etc.

193. The Company may enter into joint venture abroad subject to compliance of provisions of Companies Act, 1956, amended Foreign Exchange Management Act, 1999, regulations, master circulars, notifications issued by Reserve Bank of India from time to time, etc.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all suitable steps and to do all such acts, deeds, matters and things that may be required to implement the above said resolution".

By Order of the Board,
sd/-

CS. Dinesh Bhandari
Company Secretary

Place : Panchkula
Date : 31st August, 2010

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 / herself and the PROXY need not be a member of the Company. The proxy form, in order to be effective, must be deposited with the Company so as to reach the registered office of the company not less than 48 hours before the time fixed for commencement of the Meeting.**
- (2) Members holding shares in physical form are requested to notify their change of address, if any, to the Company / Registrar and Transfer Agent (RTA). In case, shares are held in electronic form, the change of address, if any, may have to be communicated to their respective DPs.
Registrar and Transfer Agent (RTA) :
The contact details of Registrar and Transfer Agent is as under :
Beetal Financial & Computer Services Pvt Ltd
#99, Madangir, New Delhi 110 062
011-2996 1281-283 Fax 011-2996 1284
The shareholders may contact for matters relating to transfer of shares either to the company at the following address or RTA directly.
Corporate Office : SCO 27, Swastik Vihar, Mansa Devi Complex, Sector-5, Panchkula-134 109 (Haryana)
- (3) The Register of Members and Share Transfer Books of the Company will remain closed from the 23rd September, 2010 to 30th September, 2010 (Both days inclusive).
- (4) Members are requested to bring their copies of the Annual Report to the Meeting.
- (5) The Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
- (6) 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.
- (7) 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.
- (8) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed to this Notice as Annexure I.
- (9) Information and Disclosures pursuant to Clause 49 IV (G) of the Listing Agreement for the Directors who are being appointed is annexed as Annexure II to the Notice.
- (10) Members holding shares in single name may avail nomination facility.

ANNEXURE I

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 3

Vikash Shekhar (48) is Master of Business Administration and did Course in Supply Chain & Retail Mgmt. from IIT, Delhi, having over 23 years of extensive experience in business operations involving marketing, operations, business development & product launches; with ROI accountability, contributing with his in-depth management expertise in operations of the company.

He is also a keen planner & strategist in managing business with focus on top-line as well as bottom-line performance and expertise in determining company's mission & strategic direction. He has proven abilities in driving growth through leadership in highly competitive markets.

The Company has received notice in writing alongwith the necessary amounts as a deposit from a member proposing his candidature as Director in accordance with the requirements of Section 257 of the Companies Act, 1956.

Mr. Vikash Shekhar may be deemed to be concerned or interested in the said resolution relating his appointment. . None of the Directors are in any manner concerned or interested in the said resolution.

The Board recommends the resolution for approval of members

Item No. 4

Akash Deep Sharma (42) is having professional qualification of B.E (Mechanical) and MBA (International Business). He is on the board of many overseas companies. He is widely traveled abroad and having rich & valuable experience in exploring new business opportunities across the world.

The Company has received notice in writing alongwith the necessary amounts as a deposit from a member proposing his candidature as a Director in accordance with the requirements of Section 257 of the Companies Act, 1956.

Mr. Akash Deep Sharma may be deemed to be concerned or interested in the said resolution relating to his appointment. The Board recommends the resolution for approval of members.

Item No. 5

Chay Suet Meng, (50) is foreign national and citizen of Singapore. She is a Certified Public Accountant (FCPA) of the Institute of Certified Public Accountants of Singapore (FCPA, Singapore) and a Fellow of CPA Australia (FCPA, Australia). She qualified from the Association of Chartered and Certified Accountants (UK) in 1986 and was awarded the FCCA (Fellow of Association of Chartered and Certified Accountants) in 1991.

She has rich experience of 30 years and has specialization in the field of Finance. She has worked with Ernst & Young (E&Y) for a period of over 10 years. She has worked at top management level with world- wide MNCs, listed companies viz. Powermatics Data Systems Limited, Baker Technologies Limited, Auric Pacific Group Limited etc.

Through her years of experience, she has acquired a wide exposure in operational accounting, audit, tax, treasury management, Cross borders' taxation and Transfer Pricing and other finance related functions.

The Company has received notice in writing alongwith the necessary amounts as a deposit from a member proposing her candidature as a Director in accordance with the requirements of Section 257 of the Companies Act, 1956.

Ms. Chay Suet Meng may be deemed to be concerned or interested in the said resolution relating her appointment. No other Directors are in any manner concerned or interested in the said resolution.

The Board recommends the resolution for approval of members.

Item No. 6

Joel Anthony Stead (48) is foreign National and citizen of United States of America. He is Master of Business Administration. He has worked at different level of top management. He has worked as Vice President of Seagate.

The Company has received notice in writing alongwith the necessary amounts as a deposit from a member proposing his candidature as a Director in accordance with the requirements of Section 257 of the Companies Act, 1956.

Mr. Joel Anthony Stead may be deemed to be concerned or interested in the said resolution relating his appointment. No other Directors are in any manner concerned or interested in the said resolution.

The Board recommends the resolution for approval of members.

Item No. 7

Yasunobu Kuramoto (65) is foreign national and citizen of Japan. He is presently Lecturer at Hitotsubashi University, Japan. He is also member of the Board of Environments, Energy and Agricultures and Forest Net Works for developing ECO PARK business model in UK.

He is the Senior Researcher at Tokyo University, Policy Alternatives Research Institute and is also a visiting professor at Kyoto University, Office of Society-Academia collaboration for Innovation.

He has more than 35 years of working experience and has held various levels of executive management positions in Fujitsu Head Quarter. He used to be a Director -Planning in Fujitsu America and CEO of FDK America Inc. and after Fujitsu engagement, he was head-hunted to take on the position of General Manager at South West of England Regional Development Agency(SWERDA) Japan Office, part of UK Local Government Body, to attract and oversee investments into UK. His achievements include development of new businesses in Fujitsu and attracted many Japanese investments into UK through his wide network.

The Company has received notice in writing along with the necessary amounts as a deposit from a member proposing his candidature as a Director in accordance with the requirements of Section 257 of the Companies Act, 1956.

Mr. Yasunobu Kuramoto may be deemed to be concerned or interested in the said resolution relating his appointment. No other Directors are in any manner concerned or interested in the said resolution.

The Board recommends the resolution for approval of members.

Item No. 8

In the era of globalization and liberalization of Indian economy, Reserve Bank of India has eased out norms for making Joint Venture abroad, participation in the equity of foreign company or promotion of a wholly owned subsidiary abroad under automatic route subject to certain compliances. Therefore, Article 192 and 193 are proposed to be altered and replaced with new clauses of Articles of Association in line with amendment in FEMA Act, regulations, etc. The resolution as set out in the notice is proposed to be passed as a Special resolution.

The Board of Director thus recommends the resolution set out at Item No. 8 of the accompanying Notice for the approval of the members.

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

Place : Panchkula
Date : 31st August, 2010

By Order of the Board,
sd/-
CS. Dinesh Bhandari
Company Secretary

ANNEXURE II

Brief resume and name of the Companies in which the Directors who are being appointed as a Directors, having directorship in other companies is given below :

Mr. Vikash Shekhar :

Vikash Shekhar (48) is an Independent and Non Executive Director. He is MBA and did Course in Supply Chain & Retail Mgmt. from IIT, Delhi and having over 23 years of extensive experience in business operations involving marketing, operations, business development & product launches; with ROI accountability, contributing with his in-depth management expertise in operations of the company. He is also a keen planner & strategist in managing business with focus on top-line as well as bottom-line performance and expertise in determining company's mission & strategic direction. He has proven abilities in driving growth through leadership in highly competitive markets.

He is also director in Miracle Leasing and Finance Limited and Victor Leasing Limited. He is Chairman of Audit Committee and Shareholders/ Investors Grievance Committee of Miracle Leasing and Finance Limited and Victor Leasing Limited. He is holding Nil shares in the Company.

None of the Directors of the Company other than Mr. Vikash Shekhar, himself is concerned or interested in the aforesaid resolution.

Mr. Akash Deep Sharma :

Akash Deep Sharma (42) is Independent and Non Executive Director. He is having professional qualification of B.E (Mechanical) and MBA (International Business). He is CEO of Esys Information Technologies Pvt. Ltd. He is also on the board of Elcom IT Solutions Pvt. Ltd. in India. He is also the board of many overseas companies. He is widely traveled abroad and having rich & valuable experience in exploring new business opportunities across the world. He is not member of any committee in other Companies in India. He is holding Nil Equity Shares in the Company.

Chay Suet Meng :

Chay Suet Meng (50) is Non Independent and Non-Executive Director. She is citizen of Singapore. She is a Certified Public Accountant (FCPA) of the Institute of Certified Public Accountants of Singapore (FCPA, Singapore) and a Fellow of CPA Australia (FCPA, Australia). She qualified from the Association of Chartered and Certified Accountants (UK) in 1986 and was awarded the FCCA (Fellow of Association of Chartered and Certified Accountants) in 1991.

She has held important management positions in various industries in her long and commendable career. She has rich experience of 30 years and has specialization in the field of Finance. She has worked Ernst & Young (E&Y) for a period of over 10 years. She has worked at top management level with world-wide MNCs, listed companies viz. Powermatics Data Systems Limited, Baker Technologies Limited, Auric Pacific Group Limited etc.

Through her years of experience, she has acquired a wide exposure in operational accounting, audit, tax, treasury management, Cross borders' taxation and Transfer Pricing and other finance related functions. She is neither director nor member of any committee in India. She is holding 1,02,88,205 Equity Shares in the Company through preferential allotment made by the Company.

Joel Anthony Stead :

Joel Anthony Stead (48) is Independent and Non Executive Director. He is citizen of United States of America. He is Master of Business Administration. He has worked at different level of top management. He has worked as Vice President of Seagate. He is neither director nor member of any committee in India. He is holding Nil Equity Shares in the Company.

Yasunobu Kuramoto :

Yasunobu Kuramoto (65) is foreign national and citizen of Japan. He is presently Lecturer at Hitotsubashi University, Japan. He is also member of the Board of Environments, Energy and Agricultures and Forest Net Works for developing ECO PARK business model in UK. He was appointed the Senior Researcher at Tokyo University, Policy Alternatnatives Research Institute and he will be guest professor at Kyoto University, Office of Society-Academia collaboration for Innovation from 1st Sept 2010. He has more than 35 years of working experience and has held various levels of executive management positions in Fujitsu Head Quarter. He used to be a Director -Planning in Fujitsu America and CEO of FDK America Inc. and after Fujitsu engagement, he was head-hunted to take on the position of Genaeral Manager at South West of England Regional Development Agency(SWERDA), part of UK Government Body but base out of Japan, to attract and oversee investments into UK. His achievements include development of new businesses in Fujitsu and attracted many Japanese investments into UK through his wide network. He is neither director nor member of any committee in India. He is holding Nil Equity Shares in the Company.

LS INDUSTRIES LIMITED

(Formerly known as Lifestyle Fabrics Ltd.)

Directors' Report

TO,

THE MEMBERS,

Your Directors present their Sixteenth Annual Report along with the audited Financial Statements for the year ended on 31st March, 2010.

1. FINANCIAL RESULTS *(Rs. in lacs)*

	2009-10	2008-09
Sales & Other Income	258.51	Nil
Profit/(Loss) before Depreciation, Interest and taxation	(46.92)	(2.03)
Less: Net Interest	Nil	Nil
Profit / (Loss) after Interest but before Depreciation and Taxation	(46.92)	(2.03)
Less: Depreciation	3.05	Nil
Profit/(Loss) before tax	(49.97)	(2.03)
Less : Short provision for Income Tax of earlier years	1.57	Nil
Profit / (Loss) for the year	(51.54)	(2.03)
Balance as per last year's Balance Sheet	(655.06)	(653.03)
Balance carried to Balance Sheet	(706.60)	(655.06)

2. OPERATIONS

You directors inform you that since company was taken over by new management on 7.5.2009 and immediate after takeover, the management has taken lots of steps and initiatives for long term survival and growth of the Company. The Company has taken up factory premises on rent and started manufacturing of garments in Ludhiana in Punjab. The company has made capital expenditure on installation of garment machines imported from abroad. The Company has also set up another garment manufacturing unit at Nalagarh in Himachal Pradesh in the area notified by Government for receiving various subsidies and benefits. The Company is on horizon of expansion track and wish to set international quality standards to mark its presence worldwide in garment business. The Company is also planning to get heights in wholesale distributorship business of Computer hardware, software, papers, etc. Your directors are confident that operations would bring positive results in near future.

3. REDUCTION OF CAPITAL AND CONSOLIDATION OF EQUITY SHARES

In order to restructure balance sheet and to write off past accumulated losses, special resolution was passed by way of postal ballot and also in Extra Ordinary General Meeting held by shareholders on 10.07.2009 for reduction of equity share capital of the Company by 80% by canceling Rs. 8 per share aggregating Rs 4.40 crore from the paid up equity capital of the company and writing off the debit balance of the Profit & Loss Account of the Company by an

equivalent amount. Subsequently, the Hon'ble High Court of Gujarat at Ahmedabad vide order dated 12.4.2010 / 17.12.2009 approved the petition for reduction of Capital filed by the Company. The said order got registered with Registrar of Companies, Ahmedabad on 17.05.2010. Consequently, upon registration of above said orders, par value / paid up value of each equity shares of Rs. 10 each was reduced to Rs. 2 per share.

Further Company has taken prior approval from shareholders in extraordinary general meeting held on 31.3.2010 for consolidation of 5 equity Shares of Rs. 2 each (post implementation of reduction of equity capital) into 1 equity share of Rs. 10 each.

In view of the above Court orders and approval given by shareholders, the board of Directors of the Company fixed Wednesday, 9th June, 2010 as the record date for giving effect to the reduction of capital and simultaneous consolidation of equity shares. Accordingly, based upon holding on the record date, Board of Directors of the Company in their meeting held on 14th June, 2010 has issued new share certificates to those shareholders holding shares in physical form and similarly Company has done credit of new equity shares in the account of shareholders holding shares in electronic form as the case may be, in lieu and cancellation of all existing equity shares, through corporate action form filed with Central Depositories Services (India) Limited. The new shares are now listed with Bombay Stock Exchange Limited.

4. PREFERENTIAL ALLOTMENT

In order to enlarge the scale of operations and also for general corporate and other business purposes, the Company raised funds by making preferential allotment of 6,22,30,000 Convertible warrants to the promoters and 2,15,51,870 Mandatorily Convertible Preference Shares to Non-Promoters of face value of Rs. 10/- each for cash at price of Rs. 12.20 including premium of Rs. 2.20 as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 on 12.04.2010. After enhancing capital and on receipt of full consideration and request for conversion, the said shares were converted into equivalent equity shares of the Company on 20.07.2010. The Bombay Stock Exchange Limited has given listing approval for above mentioned shares.

5. SUB DIVISION OF EQUITY SHARES

In order to improve liquidity position and easy tradability of shares, shareholders in Extra Ordinary General Meeting held on 21.08.2010 has approved the sub division of Equity shares capital of the Company by sub dividing the Equity Shares of face value of Rs. 10 each to Rs. 1 each, however

its implementation is in process.

6. ACQUISITION

The Board of Directors of the Company made total acquisition of control and management of M/s Ezy Infosoft Pvt. Ltd. and thus made it a wholly owned subsidiary of the Company w.e.f. 19.05.2010.

7. 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.

8. DIRECTORS

Mr. Akash Deep Sharma who was appointed as Additional Director of the Company by the Board of Directors at their meeting held on 28th August, 2009, holds the office upto the date of this ensuing Annual General Meeting and Ms Chay Suet Meng, Mr. Yasunobu Kuramoto and Mr. Joel Anthony Stead, who were appointed as Additional Directors of the Company by the Board of Directors at their meeting held on 30th April, 2010, hold offices upto the date of this ensuing Annual General Meeting.

Mr. Vikas Shekhar who retires by rotation and being eligible, offers himself for reappointment as a Director of the Company in the ensuing meeting. The Company has received the notices in writing under Section 257 from the members proposing candidature of above said Directors.

Your directors recommend their appointments/re-appointment as Directors for the approval of the members.

Mr. Rajesh Kumar Garg ceased as director of the Company w.e.f. 28th August, 2009 on account of failure of nomination by any member of the Company by virtue of provisions of section 257 and 260 of the Companies Act, 1956. The Board of Directors took note of the same & recorded its appreciation for the services rendered by the said director.

9. 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.

10. AUDITORS

M/s Doogar & Associates, Chartered Accountants, whose term of office as the Statutory Auditors' will expire at the conclusion of the ensuing Annual General Meeting of the Company being eligible, offer themselves for re-appointment as Auditors of the Company.

11. LISTING WITH STOCK EXCHANGE

The shares of the Company are presently listed at Bombay Stock Exchange Limited. The Company voluntary delist equity shares from Ahmedabad Stock Exchange Limited w.e.f. 21.10.2009. The

Listing fee for the year 2009-10 has been paid to the Bombay Stock Exchange Limited.

12. AUDITORS' REMARKS

Comments made by the Statutory Auditors in the Auditors' Report are self-explanatory and do not require any further clarification.

13. INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

A. PARTICULARS OF EMPLOYEES

Employee relations remained cordial. There is no information as is required to be provided in terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

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

The 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 has been given as Annexure to the Directors Report.

C. CEO/CFO CERTIFICATION

The Certificate addressed to the Board of Directors of the Company required under Corporate Governance concerning the annual financial statement is annexed to the Corporate Governance Report.

D. DIRECTORS' RESPONSIBILITY STATEMENT

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

1. In the preparation of the annual accounts for the year ended 31st March, 2010, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards.
2. Such accounting policies have been selected and applied consistently and such judgments 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.
3. 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
4. The Annual Accounts has been prepared on a going concern basis.

14. ACKNOWLEDGEMENT

Your Directors record their appreciation of support and co-operation extended by all shareholders, banks, government authorities and business associates towards growth of the Company.

For and on behalf of the Board

Place : Panchkula Birendra Kumar Vikash Shekhar
Date : 31.08.2010 Chairman Director

ANNEXURE TO THE DIRECTOR'S REPORT

Conservation of Energy, Technology Absorption, Foreign Exchange earning and Outgo in accordance with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

I. Conservation of energy :

- (a) energy conservation measures taken :
-The Company's operations involve low energy consumption in the absence of any heavy machinery involved in the manufacturing process. However, the company has taken special care to see that the plant gets adequate sunlight. Wherever feasible, CFLs have been used.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :
- N.A.-
- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods
-Above efforts will reduce the energy consumption and consequent impact on cost of production of goods.
- (d) Total energy consumption and energy consumption per unit of production as per prescribed Form A.

FORM A (See rule 2)

A. Power and fuel consumption		
1. Electricity :		
(a) Purchased	Current year	Previous Year
Unit (Kwh)	26075	NIL
Total amount	146233	NIL
Rate/unit	5.61	NIL
(b) Own Generation		
(i) Through diesel generator		
Unit (Kwh)	10116	NIL
Units per ltr. of diesel oil	2.99	NIL
Cost/unit	11.16	NIL
(ii) Through steam turbine/generator		
Units	NIL	NIL
Units per ltr. of fuel oil/gas	N.A.	NIL
Cost/units	N.A.	N.A.
2. Coal (specify quality and where used)		
Quantity (tonnes)	NIL	NIL
Total cost	NIL	NIL
Average rate	N.A.	N.A.
3. Furnace oil		
Quantity (k. ltrs.)	NIL	NIL
Total amount	NIL	NIL
Average rate	N.A.	N.A.
4. Others/internal generation (please give details)		
Quantity	NIL	N.A.
Total cost	NIL	N.A.
Rate/unit	N.A.	N.A.
B. Consumption per unit of production		
	Current year	Previous year
Products (with details) unit		
Electricity	0.34	N.A.
Furnace oil	N.A.	N.A.
Coal (specify quality)	N.A.	N.A.
Others (specify)	N.A.	N.A.

II) Technology Absorption

Form 'B' for disclosure of particulars with respect to technology absorption.

FORM B

Form for disclosure of particulars with respect to absorption.

Research and development (R & D)

1. Specific areas in which R & D carried out by the company
- Research & Development is carried out for development of new products and for improvement in the production process and quality of products.
2. Benefits derived as a result of the above R&D :
-The company has been continuously improving the quality of its products.
3. Future plan of action
- Management is committed to strengthen R & D activities further to improve its competitiveness in time to come.
4. Expenditure on R & D: Nil
 - (a) Capital -N.A.-
 - (b) Recurring N.A.-
 - (c) Total NIL
 - (d) Total R & D expenditure as a percentage of total turnover : -N.A.-

Technology, absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation
- The company is continuously making efforts for adaptation of latest technology.
2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.
- Cost reduction and process improvement.
3. Technology imported during the last 5 years
- The Company has not imported any technology.

III. Foreign Exchange Earning and outgo

- a) Participation in various exhibitions : Nil
- b) Activities relating to export initiatives taken to increase exports, development of new export markets for product and export plans. : Made entry into new markets.
- c) Total foreign Exchange earned and used.

(Amount in Lacs)

	Year 2009-10	Year 2008-09
i) Earned	65.01	NIL
ii) Used	61.01	NIL

For and on behalf of the Board

Place : Panchkula
Date : 31.08.2010

Birendra Kumar
Chairman

Vikash Shekhar
Director

LS INDUSTRIES LIMITED
(Formerly known as Lifestyle Fabrics Ltd.)

CORPORATE GOVERNANCE REPORT

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 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.

2. BOARD OF DIRECTORS

Composition of the Board

The Board consist of 1 Executive Director and 3 Non-Executive Directors, who bring in Independent Judgment to the Board's discussions and deliberations. The following was the composition of the Board as at 31st March, 2010.

Sr. No.	Name of the Director	Executive / Non-executive/ Independent	Number of other Directorships in Public Limited Companies	Number of other Board Committees of which Member/Chairman
1.	Mr. Birendra Kumar	Executive & Non Independent Director	2	2 as member
2.	Mr. Vikash Shekhar	Non-Executive and Independent Director	2	2 as Chairman
3.	Mr. Akashdeep Sharma	Non-Executive and Independent Director	Nil	1 as Member
4.	Mr.Kwangsoo Kim	Non-Executive and Independent Director	2	2 as member

Ms Chay Suet Meng, Mr. Yasunobu Kuramoto and Mr. Anthony Joel Stead were appointed as additional Directors on the Board of Company on 30.04.2010 to widening the base of the Board.

BOARD MEETINGS

During the financial year the Board of Directors met 16 (Sixteen) times on 7.5.2009, 19.5.2009, 23.5.2009, 1.6.2009, 13.6.2009, 10.7.2009, 29.07.2009, 28.8.2009, 31.10.2009, 29.11.09, 17.12.2009, 1.1.2010, 10.1.2010, 30.01.2010, 27.2.2010, 31.3.2010. 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.	Name of Director	Number of Board Meetings attended	Whether present at the previous AGM
1.	Mr. Birendra Kumar	16	Yes
2.	Mr. Vikash Shekhar	16	Yes
3.	Mr. Akash Deep Sharma	9	No
4.	Mr. Kwangsoo Kim	Nil	No
5.	Mr. Rajesh Kumar Garg #	7	No

Ceased as Director w.e.f. 28.8.2009 by virtue of provisions of section 257 and 260 of the Companies Act, 1956.

3. AUDIT COMMITTEE

The Audit Committee comprises of 3 members, which were Non-Executive and Independent Directors as on 31st March, 2010. 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 7.5.2009, 10.7.2009, 31.10.2009, 30.1.2010.

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. Vikash Shekhar	Chairman	3	3
2.	Mr. Kwangsoo Kim	Member	2	Nil
3.	Mr. Akash Deep Sharma	Member	2	2
4.	Mr. Birendra Kumar	Member	3	3
5.	Mr. Rajesh Kumar Garg #	Member	1	1
6.	Mr. Bhupindra M. Shah*	Member	1	1
7.	Mr. Kamal R. Sheth*	Member	1	1
8.	Mr. I.S. Shah*	Member	1	1

* Ceased as members of the Committee w.e.f. 7th may, 2009 due to change in management.

ceased as member w.e.f. 28.8.2009 by virtue of provisions of section 257 and 260 of the Companies Act, 1956.

The Composition of the Committee on re-constitution on 28.8.2009 is as follows ::

Sr.No.	Name	Category	Position
1.	Mr. Vikash Shekhar	Non-Executive and Independent Director	Chairman
2.	Mr. Akash Deep Sharma	Non-Executive and Independent Director	Member
3.	Mr. Birendra Kumar	Executive and Non-Independent Director	Member
4.	Mr. Kwangsoo Kim	Non-Executive and Independent Director	Member
5.	Mr. Rajesh Kumar Garg *	Non-Executive and Independent Director	Chairman

* Ceased as Director w.e.f. 28.8.2009 and in his place, Mr. Vikash Shekhar was appointed as Chairman of Audit Committee w.e.f. 28.8.2009.

Mr. Dinesh Bhandari, Company Secretary of the Company was appointed as a Secretary of the Committee on 7.5.2009.

4. SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE

The Board reconstituted and redesignated the 'Investor Grievance Committee' as Shareholders/Investors Grievance Committee as per Clause 49 of listing agreement to specifically look into the redressal of shareholder and investors complaints.

During the period from 1st April, 2009 to 31st March, 2010 Company has not received any complaint from shareholders.

During the year, meetings were held on 07.05.09, 23.05.09, 10.07.09, 31.10.09 and 30.01.10.

The Committee was re-constituted on 28.08.2009 and Composition of 'Shareholders/Investors Grievance Committee' as on 31.3.2010 is as follows ::

Sr.No.	Name	Category	Position
1.	Mr. Vikash Shekhar	Non-Executive and Independent Director	Chairman
2.	Mr. Akash Deep Sharma	Non-Executive and Independent Director	Member
3.	Mr. Kwangsoo Kim	Non-Executive and Independent Director	Member

Mr. Dinesh Bhandari, Company Secretary of the Company is the compliance officer.

5. REMUNERATION COMMITTEE AND REMUNERATION OF DIRECTORS

Remuneration Committee was constituted to determine and recommend to the Board and the Members, compensation payable to Whole Time Directors/Managing Director, to determine and advise the Board for the payment of annual increments and commission to Whole Time Directors and to determine and recommend policy for the retirement benefits payable to its whole Time Director/Managing Director.

The Composition of the Committee is as under :

Sr.No.	Name	Category	Position
1.	Mr. Vikash Shekhar	Non-Executive and Independent Director	Chairman
2.	Mr. Akash Deep Sharma	Non-Executive and Independent Director	Member
3.	Mr. Kwangsoo Kim	Non-Executive and Independent Director	Member

In view of past accumulated masses Mr. Birendra Kumar, whole time Director himself voluntarily agreed that he would not like to draw any remuneration from the company from the time being. Therefore, no remuneration was paid to him.

6. MANAGEMENT DISCUSSION AND ANALYSIS

Upon change in management and control, new management has wiped off past accumulated losses to the tune of Rs. 4.40 Crores by way of reduction of share capital of the Company, on registration of orders of reduction of capital passed on 12.04.2010 & 17.12.2009 by Hon'ble High Court of Gujarat at Ahmedabad by Registrar of Companies.

The Company has raised long term funds to the tunes of Rs. 102 crores through preferential allotment by issue of convertible warrants and mandatorily convertible preference shares. The same were converted into equity share of the Company.

The Management has setup of manufacturing unit at Ludhiana and Nalagarh in Himachal Pradesh and has started business of manufacturing of garments. The Directors of new management has taken lots of steps and initiatives for long term survival and growth of the company. Your Directors are confident that the company will achieve positive results in near future.

7. Information required under Clause 49 of the Listing Agreement with respect to the Directors seeking appointment at the ensuing Annual General Meeting is as under:

Name of the Director	Mr. Vikash Shekhar
Date of Birth	2nd January, 1962
Date of appointment	07.05.09
Expertise in specific functional areas	Marketing, Operations, Business development & Product launches
Qualifications	MBA and a Course in Supply Chain & Retail Mgmt. from IIT, Delhi
Other Public Companies in which Directorship Held	Victor Leasing Ltd. & Miracle Leasing & Finance Ltd.
Other Public Companies in which Membership of Committees of Directors Held	2

Name of the Director	Mr. Akash Deep Sharma
Date of Birth	24.12.1967
Date of appointment	28.08.2009
Expertise in specific functional areas	Operations and new business development.
Qualifications	B.E.(Mechanical) & MBA (international Business)
Other Public Companies in which Directorship Held	Nil
Other Public Companies in which Membership of Committees of Directors Held	Nil

Name of the Director	Ms. Chay Suet Meng
Date of Birth	16.12.1959
Date of appointment	30.04.2010
Expertise in specific functional areas	Finance
Qualifications	FCPA Singapore, FCPA , Australia and FCCA United Kingdom
Other Public Companies in which Directorship Held	Nil
Other Public Companies in which Membership of Committees of Directors Held	Nil

Name of the Director	Joel Anthony Stead
Date of Birth	28.06.1962
Date of appointment	30.04.2010
Expertise in specific functional areas	Sales, Marketing & Business Development
Qualifications	MBA
Other Public Companies in which Directorship Held	Nil
Other Public Companies in which Membership of Committees of Directors Held	Nil

Name of the Director	Yasunobu Kuramoto
Date of Birth	30.03.1945
Date of appointment	30.04.2010
Expertise in specific functional areas	New Business Development
Other Public Companies in which Directorship Held	Nil
Other Public Companies in which Membership of Committees of Directors Held	Nil

8. Secretarial Audit Report

As Stipulated by the Securities & Exchange Board of India, the Secretarial Audit to reconcile the total admitted capital with Central Depository Services (India) Limited and the total issued and listed capital is carried at the end of each quarter and report thereto is submitted to the stock exchanges after it is placed before the Board of Directors. The audit, inter-alia, confirm that the total listed and paid up capital of the company is in agreement with

the aggregate of the total number of shares in dematerialized form and total number of shares in physical form.

9. CEO/CFO Certification

As required by Clause 49 of the listing agreement, the certificate duly signed by Mr. Birendra Kumar, Whole Time Director and Mr. Vikash Shekhar, Director was placed before the Board of Directors at its meeting held on 31st August, 2010 as annexed at the end of corporate governance report.

10. Whole Time Director's Declaration on Code of Conduct and Ethics

The Board of Directors of the Company has adopted the following codes :

a. PREVENTION OF INSIDER TRADING

In accordance with SEBI (Prohibition of Insider Trading) Regulations, 1992, the Board has adopted the code for Prevention of Insider Trading. Under this code, obligations are cast upon Directors and Officers to preserve Price Sensitive Information, which is likely to have a bearing on share price of the Company. Procedures are prescribed to ensure that such information is not misused for any personal advantage.

b. Code of Conduct for Directors and Senior Management Personnel

In terms of para No. 1 - D of Clause 49, the Board of Directors of the Company has laid down a code of conduct for all Board Members and Senior Management Personnel of the Company. The Board Members and Senior Management Personnel of the Company have affirmed compliance with the code.

Mr. Birendra Kumar, Whole Time Director has given a declaration to the Company that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the code in respect of financial year ended 31st March, 2010.

The newly constituted Board decided to place the compliances received from time to time under the above codes before Shareholders/Investors Grievance Committee Meeting for its noting.

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

This is to confirm that the Company has adopted a Code of Conduct for Directors and Senior Management Personnel.

We confirm that the Company has in respect of the Financial year ended March 31, 2010, received from the Members of the Board and Senior Management Personnel a declaration of compliance with the Code of Conduct as applicable to them.

Place :Panchkula

Birendra Kumar

Date : 31st August, 2010

Whole Time Director

11. DISCLOSURE

- i) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, directors or the management, their subsidiaries or relatives etc. that may have potential conflicts with the interest of the Company at large.

Transactions with related parties are disclosed in detail in Note No. 2 in Schedule B "Notes forming part of the Accounts" annexed to the financial statements for the year. There were no related party transactions having potential conflict with the interest of the Company at large.

- ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or other authority on any matter related to capital markets, during last three years : Nil
- iii) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of Clause 49.

The Company has complied with the mandatory requirements relating to strengthening the responsibilities of Audit Committee, improving the quality of financial disclosures, including related party transactions, calling upon Company Board to adopt formal code of conduct, clearly setting out the position of nominee directors and improving disclosure relating to the compensation of non-executive directors and securing the approval of shareholders for this compensation, setting the procedure for legal compliance and periodical review by the Board. Company has not adopted the non-mandatory requirements. The Company has not made whistle blower policy, as it is non mandatory requirement of the listing agreement.

12. SHAREHOLDERS' INFORMATION

a. Name and Designation of Compliance Officer

Mr. Dinesh Bhandari, Compliance Officer

Email id : dinesh_6520@yahoo.com, Contact No.: 093168 65220 (M)

b. Details of Complaints Received and redressed during 1st April, 2009 to 31st March, 2010 : NIL

c. Physical Share Transfer Details for the period from 1st April, 2009 to 31st March, 2010

Transactions	Physical
Number of Transfers	33
Number of Shares Transferred	6011
No. of Pending Share Transfers	Nil

d. Investors' Grievances :

The Registrars and Transfer Agents, under supervision of the Company look after investors' grievances. At each Meeting of Investors' Grievance Committee, all matters pertaining to investors including their grievances and redressal are reported.

e. Information on General Body Meetings :

The last 3 Annual General Meetings of the Company were held as under:

Date	Time	Venue
28th August, 2009	4 p.m.	Auditorium of Ahmedabad Textile Mills Association, Ashram Road, Navrangpura, Ahmedabad-380009
2nd August, 2008	11.00 am	Registered Office of the Company at Anup Engineering Limited Premises, Behind 66 KV Electric Sub Station, Odhav Road, Ahmedabad 382 415
27th September, 2007	11.00 am	Registered Office of the Company at Anup Engineering Limited Premises, Behind 66 KV Electric Sub Station, Odhav Road, Ahmedabad 382 415

Whether special resolutions were put through postal ballot last year, details of voting pattern :

Special Resolutions passed in last 3 AGMs :

Date of AGM	Item	Result
28.08.2009	To carry on 'Other Objects' in clause 164 of Articles of Association of the Company	Carried unanimously

Resolutions at above Annual General Meeting was passed by show of hands. None of the Resolutions placed before the previous AGM required a postal ballot under Section 192A of the Companies Act, 1956.

The Company proposes to pass special resolution for granting loan, guarantee or security or making investment in excess of limits u/s 372A of companies Act, 1956 and shifting of Registered office of the Company from state of Gujarat to the state of Himachal Pardesh by way of postal ballot.

f. Means of Communication :

- Half-Yearly Report is not being sent to each household of shareholders as half yearly results are intimated to Stock Exchanges.
- The Quarterly Results are usually published in Financial Express in English in National daily and in the newspaper of vernacular language i.e Financial Express- Gujrati daily Edition.
- Information released to the press at the time of declaration of results is also sent to all Stock Exchanges where the shares of the Company are listed for the benefit of investors.
- Management Discussion and Analysis forms part of the Annual Report.

g. Annual General Meeting :

Date & Time : 30th September, 2010 at 10.30 a.m.

Venue : Auditorium of Ahmedabad Textile Mills Association, Ashram Road, Navrangpura, Ahmedabad-380009

h. Financial Calendar :

The financial year of the Company is for a period of 12 months from 1st April to 31st March.

First Quarter results	:	by end of August, 2010
Second Quarter results	:	by end of November, 2010
Third Quarter results	:	by end of February, 2011
Fourth Quarter results / Year end results	:	by end of May, 2011

i. Book Closure

Thursday, the 23rd September, 2010 to Thursday, the 30th Day of September, 2010 (both days inclusive).

j. Dividend Payment Date :

Not applicable as the Board has not recommended any dividend for the financial year.

k. Listing on Stock Exchanges :

Shares of the Company are listed on the Bombay Stock Exchange Limited.

Scrip Code : 514446

Address : 25th Floor, Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai 400 001

The Company has paid Annual Listing Fees for the year 2009-10 to the above Stock Exchange.

l. Market Price Data:

High & Low price, volume of equity share of the company at Bombay Stock Exchange Limited, during each month in last financial year is given below.

Month	Share Price BSE		No. of shares
	High (Rs.)	Low (Rs.)	
Apr - 09	13.97	12.63	900
May - 09	12.60	11.39	4200
Jun - 09	12.55	11.41	2500
Jul - 09	11.77	9.60	3200
Aug - 09	9.40	9.40	100
Sep - 09	9.30	7.60	2100
Oct - 09	7.23	7.23	100
Nov - 09	7.21	6.87	800
Dec - 09	14.18	7.57	6600
Jan - 10	23.04	14.88	37000
Feb - 10	17.55	11.50	9400
Mar - 10	12.37	10.70	3600

m. Registrars and Transfer Agents

The address of Registrar & Transfer Agent is given below :

Mr. S P GUPTA, Vice President
 Beetal Financial & Computer Services Pvt Ltd.
 # 99 Madangir, New Delhi 110062
 Phone -011-29961281-283, Fax 011-29961284

n. Delegation of Share Transfer Formalities

The Board has delegated the power to approve share transfer in physical form under the signatures of any director or Company Secretary and confirmation of shares in demat mode to depositories / depositories participants by M/s Beetal Financial & Computer Services Pvt. Ltd., Registrar & Share Transfer Agent (RTA) of the Company.

There are no transfers pending as on 31st March, 2010.

o. E-mail ID for redressal of Investor Grievances

As per Listing Agreement Clause 47(f), Company has a separate E-mail ID for redressal of Investor Complaints and Grievances. The E-mail ID for redressal of Investor Grievances is dinesh_6520@yahoo.com

p. Shareholding Pattern as on 31st March, 2010 :

Sr. No.	Category	No. of Shares held	Percentage of Shareholding
1	Holding of Promoter Group ("Group" as per MRTP Act, 1969) :		
	Strategybot Finance Pvt. Ltd.	40,85,293	74.28%
	Total Promoter Group Holding	40,85,293	74.28 %
	Public Shareholding:		
2	Mutual Funds and UTI	4,200	0.08 %
3	Banks, Financial Institutions, Insurance Companies	81,700	1.49%
4	Foreign Institutional Investors, NRIs/OCBs	50,000	0.90%
5	Private Corporate Bodies / Clearing Member	1,03,100	1.87
6	Indian Public	11,75,707	21.38%
	Total Public Shareholding	14,14,707	25.72%
	GRAND TOTAL	55,00,000	100.00%

Further, the Company has made preferential allotment of 8,37,81,870 Equity Shares of Rs. 10 each to promoters and others on conversion of 6,22,30,000 convertible warrants to promoters and 2,15,51,870 mandatorily convertible preference shares to promoters on 20.7.2010. The new shares are now listed with Bombay Stock Exchange Limited.

q. Distribution of shareholding as on 31st March, 2010 :

No. of shares	No. of shareholders	No. of Shares	%
1 to 500	3882	6,88,407	93.32
501 to 1000	154	1,29,600	3.70
1001 to 2000	59	93,000	1.42
2001 to 3000	35	88,000	0.84
3001 to 4000	2	7,200	0.05
4001 to 5000	8	36,900	0.19
5001 to 10000	12	80,500	0.29
Above 10001	8	43,76,393	0.19
Total	4160	55,00,000	100.0%

r. Dematerialisation of Shares and Liquidity : Shares of the Company are available for dematerialisation on Central Depository Securities Limited (CDSL). As on 31st March, 2010, 43,87,893 Equity Shares representing 79.789% of the issued capital have been dematerialised by investors.

New Demat ISIN Number (CDSL) : INE345D01023. The company is in process of filing application for getting demat connectivity with National Securities Depositories Limited (NSDL) having nation wide terminals for the benefit and interest of shareholders.

s. Plant Locations : The Company has taken plant premises on leasehold basis at the following locations :

Ludhiana Factory : Hosiery Complex, noor wala Road, Ludhiana, Punjab.

Nalagarh Factory : Village Bairsen, P.O. Manjholi, Tehsil Nalagarh, Distt. Solan, Himachal Pardesh-174101.

t. Nomination Facility : Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956 are requested to submit the prescribed Form 2B for this purpose. Shareholders may write to the Company or its Registrars and Transfer Agents for a copy of the Form.

The above Report has been placed before the Board at its meeting held on 31st August, 2010 and the same was approved.

u. Address for correspondence :

Shareholders may correspond with the Company at the Registered Office of the Company or at the office of Registrars and Transfer Agents of the Company:

LS Industries Limited - Corporate Office : SCO 27, Swastik Vihar, Sector 5, Mansa Devi Complex, Panchkula-134109 Mobile : 093168 65220 Email : dinesh_6520@yahoo.com	Mr. S P GUPTA, Vice President Beetal Financial & Computer Services Pvt Ltd. 99 Madangir, New Delhi - 110062 Phone : 011-29961281-83, Fax : 011-29961284
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For and on behalf of the Board

Place : Panchkula
Date : 31st August, 2010

Birendra Kumar
Director

Vikash Shekhar
Director

COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of LS Industries Limited

We have examined the compliance of conditions of Corporate Governance by LS Industries Limited, for the period of 12 months ended on 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V. Gupta & Associates
Practising Company Secretaries
Vishawjeet Gupta, Proprietor
Fellow Membership No. : FCS-5157
CP NO. : 3784

Place : Chandigarh
Date : 31st August, 2010

CEO / CFO CERTIFICATION

The Board of Directors of
LS Industries Limited

Regd. Office : 5&6, 3rd Floor, Sneh Shrushti Complex, Opp. Sambhav Press, Judges Bungalow Road, Bodakdev, Ahmedabad-380052.

Re : Financial Statements for the year 2009-10 - Certification by CEO and CFO

We, Mr. Birendra Kumar, Whole Time Director and Mr. Vikash Shekhar, Director of LS Industries Limited, on the basis of review of the financial statements and the Cash Flow Statement for the financial year ending 31st March, 2010 and to the best of our knowledge and belief, hereby certify that :

1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year ended 31st March, 2010 which are fraudulent, illegal or violative of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that :
 - (a) there have been no significant changes in internal control during this year.
 - (b) there have been no significant changes in accounting policies during this year.
 - (c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems.

Panckula
31st August, 2010

Birendra Kumar
Whole Time Director

Vikash Shekhar
Director

LS INDUSTRIES LIMITED
(Formerly known as Lifestyle Fabrics Limited)

AUDITOR'S REPORT

To The Members of LS Industries Limited (formerly known as Lifestyle Fabrics Limited)

1. We have audited the attached balance sheet of LS Industries Limited (formerly known as Lifestyle Fabrics Limited), as at March 31, 2010, the profit and loss account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards Generally Accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor Report) (Amendment) Order 2004 (together the "order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comment in the annexure referred to above, we report that:
 - (i) a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
 - c) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (ii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iii) On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the board of directors, we report that none of the director is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
5. In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with the significant accounting policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles Generally Accepted in India:
 - (a) In the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
 - (b) In the case of the Profit and Loss Account, of the loss for the year ended on that date and;
 - (c) In the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For Doogar & Associates
(Reg. No. 000561N)
Chartered Accountants
Vikas Modi
(Partner)
M.No.505603

Place: Panchkula
Dated: 31.08.2010

ANNEXURE TO THE AUDITOR'S REPORT

Annexure to the Auditor's Report of even date to the members of LS Industries Limited (formerly known as Lifestyle Fabrics Limited) on the Financial Statements for the year ended 31st March 2010

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management at reasonable intervals, which in our opinion, is considered reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) The Company has not disposed off substantial part of fixed assets during the year, and accordingly, going concern is not affected.
- (ii) (a) The inventories have been physically verified during the year by the management. In our opinion, frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) The company is maintaining proper records of inventory. As explained to us, there was no material discrepancies noticed on physical verification of inventory as compared to the book records.
- (iii) The company has not granted / taken any loan to / from any party which is covered in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(iii) of the Companies (Auditors Report) Order, 2003 are not applicable in the case of the Company.

- (iv) In our opinion and according to the information and explanation given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regards to the sale of goods and services. Further, on the basis of our examination of the books & records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control systems.
- (v) In our opinion and according to the information and explanations given to us, the Company has not entered into any transactions which need to be entered into the register required to be maintained in pursuance of section 301 of The Companies Act, 1956. Therefore, the provisions of clause 4(v) of the Companies (Auditors Report) Order, 2003 are not applicable in the case of the Company.
- (vi) The Company has not accepted any deposits from the public hence the provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 including the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the company.
- (vii) The Company has in-house internal audit system which in our opinion is commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the records including the Books of Accounts made and maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956, and are of the opinion that prima-facie the prescribed accounts and records have been made and maintained.
- (ix) (a) According to the records of the company and other information and explanation given to us, the company is generally regular in depositing statutory dues such as provident fund, Employee's State Insurance, income tax, sales tax, vat, service tax, custom duty and other material undisputed statutory dues with the appropriate authorities. Further there are no arrears of outstanding statutory dues as at the last date of the financial year concerned, for a period of more than six months from the date they became payable.
(b) In our opinion and according to the information and explanations given to us, there are no statutory dues outstanding as at 31st March, 2010 which have not been deposited on account of any dispute.
- (x) The accumulated losses of the company exceed 50% of its net worth. Further the company has incurred cash losses in the current financial year and in the immediately preceding financial year. However, the company's net worth has become positive after infusion of funds by the Holding Company & preferential shareholders followed by allotment of equity shares to them in the month of July 2010.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not taken any loan or borrowing from any financial institution or bank or has not issued any debentures therefore comment on any default on repayment of any dues is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or nidhi/mutual benefit fund / society. Accordingly, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans, taken by others from bank or financial institutions. Accordingly, the provisions of clause 4(xv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- (xvi) According to the information and explanation given to us and records examined by us, the company has not taken any term loan, therefore comment on application of term loan is not applicable.
- (xvii) According to the information and explanations given to us and on an overall examination of the Cash Flow Statement of the Company for the year, we report that no funds raised on short-term basis have been used for long term investment.
- (xviii) The Company has not made preferential allotment of shares to the parties covered in register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised money by way of public issue during the year.
- (xxi) During the course of the audit carried and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor we have been informed of such case by the management.

For Doogar & Associates
(Reg. No. 000561N)
Chartered Accountants
Vikas Modi
(Partner)
M.No.505603

Place: Panchkula
Dated: 31.08.2010

LS INDUSTRIES LIMITED

(Formerly known as Lifestyle Fabrics Ltd.)

Balance Sheet as at March 31, 2010

	Schedule	As at March 31, 2010 (Rs.)	As at March 31, 2009 (Rs.)
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	55,000,000	55,000,000
Application Money	2	519,682,814	-
Reserves & Surplus	3	9,831,129	9,831,129
Loan funds			
Unsecured loans	4	1,794,900	650,056
Deferred Tax Liability		<u>157,044</u>	-
TOTAL		<u>586,465,887</u>	<u>65,481,185</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	11,288,611	-
Less: Depreciation		<u>305,062</u>	-
Net Block		<u>10,983,549</u>	-
Capital WIP		<u>202,021</u>	-
		<u>11,185,570</u>	-
Current assets, loans and advances			
Cash and bank balances	6	2,834,376	7,490
Inventory	7	10,279,067	-
Sundry Debtors	8	19,735,334	-
Loans & Advances	9	<u>489,115,026</u>	-
	A	<u>521,963,803</u>	<u>7,490</u>
Less : Current liabilities and provisions			
Current Liabilities	10	17,252,859	32,284
Provisions		<u>90,462</u>	-
	B	<u>17,343,321</u>	<u>32,284</u>
Net current assets	(A-B)	<u>504,620,482</u>	<u>(24,794)</u>
Profit & Loss Account		<u>70,659,835</u>	<u>65,505,979</u>
TOTAL		<u>586,465,887</u>	<u>65,481,185</u>
Notes on Accounts	18		

The Schedules referred to above form an integral part of the Balance Sheet
As per our report of even date attached

For Doogar & Associates

Chartered Accountants
(Regd. No.000561N)

Vikas Modi
(Partner)
Membership No.: 505603

Place: Panchkula
Date: 31st August, 2010

For and on behalf of the Board

Birendra Kumar
(Whole Time Director)

Vikash Shekhar
(Director)

Place: Panchkula
Date: 31st August, 2010

Dinesh Bhandari
(Company Secretary)

LS INDUSTRIES LIMITED

(Formerly known as Lifestyle Fabrics Ltd.)

Profit and Loss Account for the year ended March 31, 2010

	Schedules	For the year ended March 31, 2010 (Rs.)	For the year ended March 31, 2009 (Rs.)
INCOME			
Sales	11	25,809,090	-
Other Income	12	42,126	-
Increase/(Decrease) in Stock	13	910,140	-
	TOTAL	26,761,356	-
EXPENDITURE			
Raw Materials and Components consumed	14	5,940,848	-
Purchase of goods for resale		9,649,565	-
Manufacturing Expenses	15	5,816,806	-
Personnel Expenses	16	5,774,114	-
Administration and other expenses	17	4,271,773	202,866
Depreciation		305,062	-
	TOTAL	31,758,167	202,866
Profit/ (Loss) before tax		(4,996,812)	(202,866)
Provision for Current Tax		-	-
Provision for Deferred Tax		157,044	-
Net Profit/ (Loss) after Tax		(5,153,856)	(202,866)
Add: Balance brought forward from Previous year		(65,505,979)	(65,303,113)
Balance carried to balance sheet		(70,659,835)	(65,505,979)
Earning per share			
Basic		(0.94)	(0.04)
Notes on Accounts	18		

The Schedules referred to above form an integral part of the Balance Sheet
As per our report of even date attached

For Doogar & Associates

Chartered Accountants
(Regd. No.000561N)

Vikas Modi
(Partner)
Membership No.: 505603

Place: Panchkula
Date: 31st August, 2010

For and on behalf of the Board

Birendra Kumar
(Whole Time Director)

Place: Panchkula
Date: 31st August, 2010

Vikash Shekhar
(Director)

Dinesh Bhandari
(Company Secretary)

LS INDUSTRIES LIMITED
(Formerly Known as Lifestyle Fabrics Limited)
Cash Flow Statement for the year ended March 31, 2010

	For the year ended March 31, 2010 (Rs.)	For the year ended March 31, 2009 (Rs.)
A CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(Loss) before tax	(4,996,812)	(202,866)
Adjustments for		
Depreciation	305,062	-
Interest income on fixed deposit	(38,926)	-
Unrealised foreign exchange fluctuations	2,745	-
Operating profit/(Loss)	(4,727,931)	(202,866)
Adjustments for:		
(Increase)/ Decrease in trade & other receivables	(508,854,065)	-
(Increase)/ Decrease in inventories	(10,279,067)	-
Increase/ (Decrease) in trade & other payables	17,308,292	2,666
Cash from Operations	(506,552,771)	(200,200)
Direct Taxes paid	3,705	-
Net cash flow from Operating Activities (a)	(506,549,066)	(200,200)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(11,490,632)	-
Interest income	38,926	-
Net Cash used in Investing Activities (b)	(11,451,706)	-
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Unsecured Loans	1,794,900	169,056
Re-payment of Unsecured Loans	(650,056)	-
Proceeds from Share Application Money	519,682,814	-
Net Cash Flow from/ (used in) Financing Activities (c)	520,827,658	169,056
NET INCREASE IN CASH & CASH EQUIVALENTS (a+b+c)	2,826,886	(31,144)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	7,490	38,634
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2,834,376	7,490

Notes:

(i) The cash flow statement has been prepared under the indirect method as set out in the Accounting Standard- 3 'Cash Flow Statement' issued by the Institute of Chartered Accountants of India.

(ii) Components of cash and cash equivalents	As at March 31, 2010 (Rs.)	As at March 31, 2009 (Rs.)
Cash on hand	5,433	-
<u>Balances with scheduled banks</u>		
- in current accounts	1,043,943	7490
- in fixed deposit accounts	1,785,000	0
Total	2,834,376	7490

As per our report of even date attached

For Doogar & Associates
Chartered Accountants
(Regd. No.000561N)

Vikas Modi
(Partner)
Membership No.: 505603

Place: Panchkula
Date: 31st August, 2010

For and on behalf of the Board

Birendra Kumar
(Whole Time Director)

Vikash Shekhar
(Director)

Dinesh Bhandari
(Company Secretary)

LS INDUSTRIES LIMITED
(Formerly known as Lifestyle Fabrics Ltd.)
Schedules forming part of the accounts

Particulars	As at March 31, 2010 (Rs.)	As at March 31, 2009 (Rs.)
Schedule 1 : Share capital		
Authorised capital		
7,000,000 equity shares of Rs.10 each	70,000,000	70,000,000
Issued, subscribed and paid up		
5,500,000 (Previous Year 5,500,000) equity shares of Rs.10 each fully paid up	55,000,000	55,000,000
Total	55,000,000	55,000,000
Schedule 2 : Application Money		
In respect of Convertible Warrants		
Strategybot Finance Pvt. Ltd.	256,750,000	-
In respect of Mandatory Convertible Preference Shares		
A to Z Technology Holding Inc.	13,698,294	-
Liew Chee	123,718,419	-
Chay Suet Meng	125,516,101	-
(Refer Note No. 14 of Schedule 18)		
Total	519,682,814	-
Schedule 3 : Reserves and Surplus		
Capital Reserve	9,831,129	9,831,129
Total	9,831,129	9,831,129
Schedule 4 : Unsecured loan		
Inter-Corporate Deposits	1,794,900	650,056
Total	1,794,900	650,056
Schedule 5 : Fixed Assets (Please refer page 24)		
Schedule 6 : Cash & Bank Balances		
Cash on hand	5,433	-
Balances with scheduled banks:		
- in current accounts	1,043,943	7,490
- in fixed deposit accounts (pledged with banks and Government Departments)	1,785,000	-
Total	2,834,376	7,490
Schedule 7 : Inventory		
Raw Material	9,261,996	-
Work in Process	523,067	-
Finished Goods	382,434	-
Packing Material	106,932	-
Store & Spares	4,640	-
Total	10,279,067	-
Schedule 8 : Sundry Debtors		
(Unsecured, considered good except to the extent stated otherwise)		
Outstanding for less than six months		
- Considered good	19,735,334	-
- Considered doubtful	-	-
Total	19,735,334	-

LS Industries Limited
(Formerly known as Lifestyle Fabrics Ltd.)

Schedules to the Accounts
Schedule 5 : Fixed Assets

Particulars	Gross Block				Depreciation			Net Block (WDV)	
	As at April 1, 2009	Additions during the year	Deletions/ Adjustments	As at March 31, 2010	Opening Balance	For the Year	Deletions/ Adjustments	As at March 31, 2010	As at March 31, 2009
Plant & Machinery	-	9,699,044	-	9,699,044	-	177,931	-	177,931	-
Furniture & Fixtures	-	732,644	-	732,644	-	66,823	-	66,823	-
Computers	-	730,578	-	730,578	-	59,474	-	59,474	-
Office Equipments	-	7,293	-	7,293	-	665	-	665	-
Vehicles	-	119,052	-	119,052	-	169	-	169	-
Total	-	11,288,611	-	11,288,611	-	305,062	-	305,062	-
Previous Year	-	-	-	-	-	-	-	-	-

Particulars	As at March 31, 2010 (Rs.)	As at March 31, 2009 (Rs.)
Schedule 9 : Loans and Advances		
Loans and Advances		
(Unsecured, considered good except to the extent stated otherwise)		
Advances recoverable in cash or in kind or for value to be received	488,264,106	-
Staff Advance	430,215	-
Security Deposits	417,000	-
Advance Income Tax (Net of Provision)	3,705	-
Total	489,115,026	-
Schedule 10 : Current Liabilities and Provisions		
(A) Current Liabilities		
Sundry Creditors	-	-
- Dues of Micro, Small and Medium Enterprises	14,581,824	32,068
- Others	2,671,035	216
Other liabilities	17,252,859	32,284
(B) Provisions		
Provision for Gratuity	46,096	-
Provision for Leave Encashment	44,366	-
Total (A+B)	17,343,321	32,284
Schedule 11 : Sales		
Sale - Domestic	18,620,628	-
Sale - Export	6,551,417	-
Export Incentives	637,045	-
Total	25,809,090	-
Schedule 12 : Other Income		
Interest on fixed deposit (TDS - Rs.3705 (Previous Year - Nil)	38,926	-
Miscellaneous Income	3,200	-
Total	42,126	-
Schedule 13 : Increase in stocks		
Opening stocks		
- Finished goods	-	-
- Work in Process	-	-
- Store & Spares	-	-
Closing stocks		
- Finished goods	382,434	-
- Work in Process	523,067	-
- Store & Spares	4,640	-
Total	910,140	-
Schedule 14 : Cost of Raw Material Consumed / Sold		
Opening Stock	-	-
Add: Purchases	15,309,775	-
	15,309,775	-
Less: Closing Stock	9,368,927	-
Total	5,940,848	-

Particulars	As at March 31, 2010 (Rs.)	As at March 31, 2009 (Rs.)
Schedule 15 : Manufacturing Expenses		
Job Work Charges	2,799,230	-
Repair & Maintenance		
- Machinery	112,053	-
- Others	106,650	-
Power & Fuel	259,660	-
Freight & Cartage Inward	83,213	-
Factory Rent	2,456,000	-
Total	5,816,806	-
Schedule 16 : Personnel Expenses		
Salaries & other allowances	5,650,648	-
Staff Welfare	123,466	-
Total	5,774,114	-
Schedule 17 : Administration and other expenses		
Rent	104,036	-
Fees, Rates & Taxes	1,762,670	52,389
Advertisement & Business Promotion	282,819	86,634
Repair & Maintenance	116,043	-
Travelling & Conveyance (Includes Directors Travelling - Nil)	159,595	-
Telephone & Internet	60,501	-
Printing & Stationery	115,808	25,000
Postage & telegram	85,288	696
Legal & Professional	891,536	24,236
Auditor's Remuneration:		
Audit Fee	110,300	13,236
Tax Audit Fee	16,545	-
Reimbursement of Expenses	935	-
In other capacity (Certification)	67,283	-
AGM/EGM Expenses	132,331	-
Exchange Rate Fluctuation	2,745	-
Bank Charges	137,885	675
Transportation	92,382	-
Miscellaneous	133,071	-
Total	4,271,773	202,866

Schedule 18: Notes to Accounts

A Statement of Significant Accounting Policies

1. (a) Basis of Preparation: -

The accounts are prepared on accrual basis under the historical cost convention in accordance with the applicable accounting Standards issued by the Institute of Chartered Accountants of India referred to in Section 211 (3C) of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956.

(b) Use of Estimates: -

The preparation of financial statements, in conformity with the generally accepted accounting principles, require estimates and assumptions to be made that affect the reported amount of assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results materialize.

2. Revenue recognition: -

(a) Sales:

Sales comprise sale of goods, services and export incentives. Revenue from sale of goods is recognized:

- i) When all the significant risks and rewards of ownership are transferred to the buyer and the company retains no effective control of the goods transferred to a degree usually associated with ownership; and
- ii) No significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods.

(b) Benefit under Drawback Scheme :

Revenue in respect of drawback benefit is recognized on post export basis.

3. Fixed Assets: -

- (a) Fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable cost of bringing the assets to its working condition for its intended use. (b) Capital work in progress comprises of outstanding advances paid to acquire fixed assets and the cost of fixed assets that are not yet ready for their intended use at the balance-sheet date.

4. Depreciation: -

(a) Depreciation on fixed assets is provided on Written Down Value method in accordance with and in the manner specified in Schedule XIV to the Companies Act, 1956. (b) Depreciation on assets costing Rs.5,000 or below is charged @ 100% per annum on proportionate basis.

5. Operating Leases: -

Lease arrangements where the risks and rewards incidental to the ownership of an asset substantially vest with the lessor, are recognized as operating lease. Operating lease payments are recognized as an expense in the profit & loss account on a straight-line basis over the lease term.

6. Inventories: -

The inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under: In case of raw material, at weighted average cost.

- In case of work-in-process, at raw material cost plus conversion cost depending upon the stage of completion.
- In case of finished goods, at raw material cost plus conversion cost, packing cost and other overheads incurred to bring the goods to their present location and condition.
- In case of stores and spares, at weighted average cost.
- In case of traded goods, at first-in-first-out basis.

7. Retirement and other employee benefits: -

- (a) Contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and is recognized as an expense in the Profit & Loss Account. (b) Provision for gratuity liability under the Payment of Gratuity Act, 1972 is made on the basis of an actuarial valuation as at the close of the year. (c) Provision for leave with wages is made on the basis of actuarial valuation as at the close of the year.

8. Foreign currency transactions: - (a) Initial recognition : Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. (b) Conversion : Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost

denominated in a foreign currency are reported using the exchange rate at the date of the transaction. (c) Exchange differences : Exchange differences arising on the settlement of monetary items except fixed assets or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise. Exchange differences relating to acquisition of imported fixed assets is adjusted in the carrying cost of the fixed assets.

9. **Accounting for Taxes on Income** : - The accounting treatment followed for taxes on income is to provide for Current Tax and Deferred Tax. Current tax is the aggregate amount of income tax determined to be payable in respect of taxable income for a period. Deferred tax is the tax effect of timing difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
10. **Segment disclosure** : - Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the enterprise as a whole in line with AS-17.
11. **Earning per share** : - Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.
12. **Provisions, Contingent Liabilities and Contingent Assets** : - (a) Provisions are recognized only when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. (b) A disclosure for a contingent liability is made when there is a possible obligation or present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. (c) Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

B. Notes to Accounts

1. **Commitments and Contingent liabilities not provided for**: Outstanding Bank Guarantee is Rs.15.75 Lac (Previous Year - Nil). The company has made a margin money deposit of Rs.15.75 Lac (Previous Year - Nil).

2. Related party transactions : -

(a) Disclosure of related parties and relationship between the parties : -

Holding Company	:	Strategybot Finance Private limited
Fellow Subsidiaries	:	SB Infosoft Ludhiana Private Limited
Enterprises under common control	:	Miracle Leasing & Finance Limited
	:	Victor Leasing Limited
Key Management Personnel	:	Mr. Birendra Kumar

(b) Description of the nature of transactions with the related parties :

Particulars	Key management personnel		Holding Company		Fellow subsidiaries		Enterprises under common control	
	Current year (Rs.)	Previous year (Rs.)	Current year (Rs.)	Previous year (Rs.)	Current year (Rs.)	Previous year (Rs.)	Current year (Rs.)	Previous year (Rs.)
Rent Received	-	-	-	-	-	-	3,200	-
Loan Given	-	-	-	-	-	-	100,000	-
Loan repaid	-	-	-	676,000	-	-	-	-
Loan Received	-	-	1,794,900	195,056	-	-	-	-

3. Detail of Directors' remuneration

Particulars	Current year Amount (Rs.)	Previous year Amount (Rs.)
Salary and allowances	-	-
Contribution to provident and other funds	-	-
Total	-	-

4. Employee Benefits :- As per accounting standard 15 (revised 2005) "employee benefits" the disclosures of employee benefits as defined in the accounting standard are given below:

(a). DEFINED BENEFIT PLANS: (1) Contribution to gratuity funds employee's gratuity fund (2) Leave encashment / compensated absence **(i) Actuarial assumptions:** In accordance with Accounting Standard-15 (Revised 2005), an actuarial valuation was carried out on the basis of "Projected unit credit method" in respect of the aforesaid defined benefit plans based on the following assumptions:

Particulars	Leave encashment/ compensated absence (unfunded) 31st march 2010	Gratuity liability (unfunded) 31st march 2010
Discount rate (per annum)	8.5%	8.5%
Rate of increase in compensation levels (per annum)	5.0%	5.0%
Rate of return on plan assets (per annum)	N.A.	N.A.
Expected average remaining working lives of employees (years)	30.52	30.52
Mortality table	LIC (1994-96) duly modified	

The salary growth rate considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors on long term basis. The above information is certified by the actuary.

(ii) Change in the present value of defined benefit obligation during the year ended March 31, 2010:

Particulars	Leave encashment/ compensated absence (unfunded)	Gratuity liability (unfunded)
Present value of obligation as at the beginning of the period April 01, 2009	-	-
Interest cost	-	-
Current service cost	44,366	46,096
Benefits paid	-	-
Actuarial (gain) / loss on obligations	-	-
Present value obligation as at the end of period (March 31,2010)	44,366	46,096

(iii) Amount Recognized in Balance Sheet as at March 31, 2010:

Particulars	Leave encashment/ compensated absence (unfunded)	Gratuity liability (unfunded)
Present value of obligation as at March 31, 2010	44,366	46,096
Fair value of plan assets as at March 31, 2010	-	-
Funded status	(44,366)	(46,096)
Present value of unfunded obligation as at March 31, 2010	-	-
Unfunded actuarial (gains) / losses	-	-
Unfunded net asset/ (liability) recognised in balance sheet	44,366	46,096

(iv) Expenses recognised in profit and loss account during the year as at March 31, 2010:

Particulars	Leave encashment/ compensated absence (unfunded)	Gratuity liability (unfunded)
Current service cost	44,366	46,096
Past service cost	-	-
Interest cost	-	-
Expected return on plan assets	-	-
Curtailment cost	-	-
Settlement cost	-	-
Net actuarial (gain)/ loss recognised during the year	-	-
Total expense recognised in profit and loss account	44,366	46,096

(b) During the year, the company has recognized an expense of Rs. 135,692 (Previous Year Nil) in respect of Contribution to Provident Fund.

Note: As the company has started its operations in the current financial year only, and new recruitments have been made, therefore, previous year figures are not applicable.

5. EARNINGS PER SHARE

The basic and diluted Earnings Per Share (EPS) have been calculated by dividing Net Profit for the year attributable to equity shareholders by the weighted average number of Equity Shares as per AS 20 are as under: -

Particular	Current Year	Previous Year
Net Profit After Tax	(5,153,856)	(202,866)
No. of Equity Share Outstanding	5,500,000	5,500,000
Weighted Average Equity Share Outstanding During The Year (Nos.)	5,500,000	5,500,000
Basic Earning Per Share	(0.94)	(0.04)

The diluted earning per share effectively becomes anti-dilutive at Rs. (0.41) per share, therefore not given, being Irrelevant.

6. SEGMENT REPORTING

On the basis of assessment of the risk and return differential in terms of AS-17, the Company has identified Trading and Textile as primary reportable business segments. Further, the geographical segments have been considered as secondary segments and bifurcated into within India and outside India. The accounting policy in respect of segments is in conformity with the accounting policies of the enterprise as a whole. The revenue and expenditure in relation to the respective segments have been identified and allocated to the extent possible. Other items i.e. corporate office expenses, etc. not allocable to specific segments are being disclosed separately as unallocated and adjusted directly against the total income of the Company.

(a) Primary Segment Information :-

Particulars	Trading		Textile		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
REVENUE						
External Sales	9,658,092	-	16,150,998	-	25,809,090	-
Other Income	1,248	-	40,878	-	42,126	-
Total revenue	9,659,340	-	16,191,876	-	25,851,216	-
RESULT						
Segment results	(1,333,028)	-	(3,663,784)	(202,866)	(4,996,812)	(202,866)

Provision for taxation	-	-	(157,044)	-	(157,044)	-
Profit after Taxation	(1,333,028)	-	(3,820,828)	(202,866)	(5,153,856)	(202,866)
Other Information						
Segments Assets	500,765,499	-	32,383,874	7,490	533,149,373	7,490
Un-allocated Assets	-	-	-	-	-	-
Total Assets	500,765,499	-	32,383,874	7,490	533,149,373	7,490
Segment Liabilities	2,995,337	-	16,142,884	682,340	19,138,221	682,340
Un-allocated Liabilities	-	-	-	-	-	-
Total Liabilities	2,995,337	-	16,142,884	682,340	19,138,221	682,340
Depreciation	-	-	305,062	-	305,062	-

(b) Secondary Segment Information :-

PARTICULARS	Current Year	Previous Year
Segment Revenue – External Turnover		
- With in India	19,257,673	-
- Outside India	6,551,417	-
Total Revenue	25,809,090	-

7. Deferred Tax Liability

Particulars	As at 31.3.2010	Changes during the year	As at 31.3.2009
Deferred tax liability for depreciation	157,044	157,044	-

In the absence of virtual certainty of future profits, no deferred tax asset has been created for business losses, unabsorbed depreciation and retirement benefits.

8. The Information required by Para 3 & 4 of part II of schedule VI to the Companies Act, 1956:-

(a) Capacity	Unit	31-03-2010	31-03-2009
Licensed Capacity	Pcs.	N.A.	N.A.
Installed capacity	Pcs.	600,000	-

b) Details of manufactured goods

Particulars	Garments			
	Current Year		Previous Year	
	Qty (Pcs)	Amount (Rs)	Qty (Pcs)	Amount (Rs)
Opening Stock	-	-	-	-
Purchase	-	-	-	-
Production	101,460	-	-	-
Sales	96,551	15,179,333	-	-
Closing Stock	4,909	382,434	-	-

(c) Details of Raw Material

Particulars	Yarn			
	Current Year		Previous Year	
	Qty (Kgs)	Amount (Rs)	Qty (Kgs)	Amount (Rs)
Opening Stock	-	-	-	-
Purchase	72,583	12,039,510	-	-
Consumption	21,398	3,150,523	-	-
Sales	2,540	334,620	-	-
Closing Stock	48,645	8,553,868	-	-

Particulars	Fabrics			
	Current Year		Previous Year	
	Qty (Kgs)	Amount (Rs)	Qty (Kgs)	Amount (Rs)
Opening Stock	-	-	-	-
Purchase	19,606	1,552,911	-	-
Consumption	6,724	1,358,186	-	-
Sales	-	-	-	-
Closing Stock	12,883	194,725	-	-

Particulars	Others			
	Current Year		Previous Year	
	Qty (Nos)	Amount (Rs)	Qty (Nos)	Amount (Rs)
Opening Stock	-	-	-	-
Purchase	868,866	1,717,355	-	-
Consumption	428,228	1,097,020	-	-
Sales	-	-	-	-
Closing Stock	440,638	620,335	-	-

(d) Details of goods purchased for Resale:-

Particulars	Flex Paper			
	Current Year		Previous Year	
	Qty (Rolls)	Amount (Rs)	Qty (Rolls)	Amount (Rs)
Opening Stock	-	-	-	-
Purchase	3,270	8,829,388	-	-
Consumption	-	-	-	-
Sales	3,270	8,837,572	-	-
Closing Stock	-	-	-	-

Particulars	Others			
	Current Year		Previous Year	
	Qty (Pcs)	Amount (Rs)	Qty (Pcs)	Amount (Rs)
Opening Stock	-	-	-	-
Purchase	302	820,177	-	-
Consumption	-	-	-	-
Sales	302	820,520	-	-
Closing Stock	-	-	-	-

9. Value of raw materials, components & Spare parts consumed: -

Particulars	Current year		Previous year	
	Amount (Rs.)	%	Amount (Rs.)	%
Raw Material				
Indigenous	5,605,729	100	-	-
Imported	-	-	-	-
Total	5,605,729	100	-	-
Components & Spares				
Indigenous	239,513	100	-	-
Imported	-	-	-	-
Total	239,513	100	-	-

10. CIF Value of Imports: -

Particulars	Current year (Rs.)	Previous year (Rs.)
Capital Goods	6,101,335	-
Total	6,101,335	-

11. Earnings in foreign currency: -

Particulars	Current year (Rs.)	Previous year (Rs.)
Export of goods (FOB value)	6,501,026	-
Total	6,501,026	-

12. Expenditure in foreign currency: -

Particulars	Current year (Rs.)	Previous year (Rs.)
	NIL	NIL

13. The future export obligations against EPCG licenses are of Rs. 463,781 (Previous Year Rs.Nil) and are to be fulfilled within the specified period.

14. During the year, the Company has received a sum of Rs. 51,96,82,814 against proposed issue of 6,22,30,000 Convertible Warrants to Promoters and 2,15,51,871 Mandatory convertible preference shares to non promoters of face value of Rs.10 each at a price of Rs.12.20 per share on preferential basis. The said issue has been approved by the Board of Directors in their meeting held on dated 27.02.2010 and by the shareholders in Extra Ordinary General Meeting held on 31.3.2010.

Amounts received up to 31.03.2010 in respect of said issue has been shown under the head 'Application Money' in the Balance Sheet. The said amount has been utilized for business purpose of the Company as approved by the members. Subsequently, in the month of July 2010, the above said convertible warrants and preference shares have been converted into equity shares of the company.

15. The loans & advances, debtors and other current assets are reviewed annually and their value in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet as assessed by the Management.

16. Disclosure regarding derivative instruments: -

The foreign currency exposures that are not hedged by a derivative instrument are as follows:

Particulars	Foreign currency	Local currency (Rs.)
Sundry creditors	US\$ 132,514	5,963,682
Loans and advances	US\$ 296,997	13,823,591
Debtors	US\$ 142,454	6,411,000

17. Balances of sundry debtors, sundry creditors, advances given, advances received are subject to reconciliation and confirmation from respective parties. The balance of said sundry debtors, sundry creditors, and advances given and received are taken as shown by the books of accounts. The ultimate outcome of such reconciliation and confirmation cannot presently be determined, therefore, no provision for any liability that may result out of such reconciliation and confirmation has been made in the financial statement.
18. Previous year figures have been regrouped and reclassified, wherever material and considered necessary to conform to current year's classification.
19. Figures in bracket indicate deductions.
20. Schedules 1 to 18 form an integral part of the Balance Sheet and Profit & Loss A/c for the year ended 31st March, 2010.
21. Events after the Balance Sheet date :
 - (a) The Hon'ble High Court of Gujrat at Ahmedabad had sanctioned the scheme of reduction of capital by 80% i.e Rs.8.00 per share against writing off past accumulated losses to the tune of Rs. 4.40 Crores vide order dated 17.12.2009 & 12.4.2010. Subsequently, the above said order and minutes were filed to the office of the Registrar of Companies and got registered on 17.5.2010 and became effective from the date of its registration.
 - (b) The Company made 100% acquisition of shares of EZY Infosoft Private Limited and took control and management of the Company on 19.05.2010.

As per our report of even date attached

For Doogar & Associates

Chartered Accountants

(Regd. No.000561N)

Vikas Modi

(Partner)

Membership No.: 505603

Place: Panchkula

Date: 31st August, 2010

For and on behalf of the Board

Birendra Kumar

(Whole Time Director)

Vikash Shekhar

(Director)

Place: Panchkula

Date: 31st August, 2010

Dinesh Bhandari

(Company Secretary)

LS INDUSTRIES LIMITED (Formerly known as Lifestyle Fabrics Limited)
BALANCE SHEET ABSTRACTS AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No. State Code
 Balance Sheet Date

II CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousand)

Public Issue Right Issue
 Bonus Issue Private Placement

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousand)

Total Liabilities Total Assets

Sources of funds

Paid up Capital Reserves & surplus
 Secured Loans Unsecured Loans
 Deferred Tax Liability Application Money

Application of funds

Net Fixed Assets Investments
 Net Current Assets Misc Expenditure
 Accumulated Losses Deferred Tax Asserts

IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousand)

Turnover (Incl. other income) Total Expenditure
 Profit/Loss(-) before Tax Profit/Loss (-) after tax
 Earning per share (in Rs.) Dividend Rate %

V. GENERIC NAMES OF THREE PRODUCTS/SERVICES OF THE COMPANY (As per monetary items)

Product Description	Item Code No.
<input type="text" value="KNITTED SHIRTS"/>	<input type="text" value="61.05"/>
<input type="text" value="FLEX PAPER"/>	<input type="text" value="39.21"/>

As per our attached report on even date

For Doogar & Associates

For and on behalf of the Board

Chartered Accountants
Vikas Modi
 Partner

Birendra Kumar
 Whole Time Director

Vikash Shekhar
 Director

Dinesh Bhandari
 Company Secretary

Place : Panchkula
 Date : 31.08.2010

Place : Panchkula
 Date : 31.08.2010

LS INDUSTRIES LIMITED

(Formerly Known as Lifestyle Fabrics Limited)

Regd. Office : 5&6, 3rd Floor, Sneh Shrushti Complex, Opp. Sambhav Press, Judges Bungalow Road, Bodakdev, Ahmedabad-380052, Gujarat.

ATTENDANCE SLIP

Name of the Shareholder (in Block Letters) :

Ledger Folio Number/DP ID/Client ID :

Name of the Proxy(s) (in block letters) :

(to be filled in, if a proxy attends instead of a member)

No. of Shares held :

I hereby record my presence at the Annual General Meeting of LS Industries Limited held on Thursday, the 30th day of September, 2010 at 10.30 a.m. at Auditorium of Ahmedabad Textile Mills Association, Ashram Road, Navrangpura, Ahmedabad-380009.

Shareholder / Proxy Signature.....

Notes :

- 1.You are requested to sign and hand over this slip at the entrance of the Meeting venue.
- 2.If you intend to appoint a proxy to attend the meeting instead of yourself, the Form of Proxy must be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.



LS INDUSTRIES LTD.

(Formerly Known as Lifestyle Fabrics Limited)

Regd. Office : 5&6, 3rd Floor, Sneh Shrushti Complex, Opp. Sambhav Press, Judges Bungalow Road, Bodakdev, Ahmedabad-380052, Gujarat.

PROXY FORM

I/Weof

..... being a member /members of the above

named Company hereby appoints Mr.....

of or failing him Mr.....

of as my/our proxy to vote for me/us on my/our behalf at the 16th

Annual General Meeting of the company to be held on Thursday, the 30th day of September, 2010 at 10.30

a.m. at Auditorium of Ahmedabad Textile Mills Association, Ashram Road, Navrangpura, Ahmedabad-380009.

Signed this _____ day of _____ 2010.

Reference Folio No./DPID/Client ID :

No. of Shares Held :

Affix
Re. 1/-
Revenue
Stamp

- Notes :**
1. The proxy, to be effective, should be deposited at the Registered Office of the Company at 5&6, 3rd Floor, Sneh Shrushti Complex, Opp. Sambhav Press, Judges Bungalow Road, Bodakdev, Ahmedabad-380052, Gujarat, not later than FORTY EIGHT HOURS before the commencement of the aforesaid meeting.
 2. A proxy need not be a Member of the Company.

BOOK-POST

If undelivered, please return to :
LS INDUSTRIES LIMITED
(Formerly known as Lifestyle Fabrics Limited)
Corporate Office :
SCO 27, Swastik Vihar, Sector 5,
Mansa Devi Complex, Panchkula-134109