

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

BOARD OF DIRECTORS

Mr. Navin Kumar Tayal - Chairman
Mr. S. P. Jolly - Managing Director
Mr. Naresh Chandra Sharma
Mr. Ajay Ramesh Gupta
Mr. Dilip Shankar Kapre
Mr. Kulwinder Kumar Nayyar
Mr. Sanjeev Sharma
Ms. Mrinal Tayal
Mr. Mahesh Prasad Mehrotra
Mr. Mahalinga Narayanan
Mr. Subhash Chandra Bhargava

PRINCIPAL BANKER

Bank of India
UCO Bank
Punjab National Bank
Dena Bank

COMPANY SECRETARY

Ms. Kajal Shah

AUDITORS

A. F. Khasgiwala & Co.
Chartered Accountants

ADMINISTRATIVE OFFICE

Raghuvanshi Mills Compound,
11/12, Senapati Bapat Marg, Lower Parel (W),
Mumbai - 400 013.

REGISTERED OFFICE

Plot No.58-A, Danu Udyog Industrial Area,
Piperia, Silvassa,
Union Territory of Dadra & Nagar Haveli

REGISTRAR & SHARE TRANSFER AGENT

Mondkar Computers Pvt. Ltd.
21, Shakil Nivas, Opp Satya Sai Baba Temple,
Mahakali Caves Road, Andheri (East),
Mumbai - 400 093.

PLANTS

Bhilad, Gujarat
Silvassa (U.T. of Dadra & Nagar Haveli)
Baddi, Himachal Pradesh
Dombiwali, Maharashtra

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ANNUAL GENERAL MEETING on Saturday 10th July, 2010, at 11:30 a.m., at 65,
Krishna Nagar Nagar, Samarvani, Silvassa, (Union Territory)- 396230.

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

NOTICE

Notice is hereby given that 23rd Annual General Meeting of the Shareholders of **KRISHNA LIFESTYLE TECHNOLOGIES LIMITED** will be held on Saturday, 10th July, 2010 at 11:30 a.m at 65, Krishna Nagar, Samarvani, Silvassa, (U.T.), to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2010 and the Balance Sheet as on that date and the Reports of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Ajay Ramesh Gupta, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Dilip Shankar Kapre, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. A. F. Khasgiwala & Co., Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to authorize the Board of Directors to fix the Auditor's remuneration.

SPECIAL BUSINESS:

To consider and, if thought fit, to pass, with or without modification(s) the following Resolutions

AS ORDINARY RESOLUTIONS:

5. **"RESOLVED THAT** in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Ms. Mrinal Tayal, who was appointed by the Board as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 on 25th January, 2010 and whose tenure of office comes to an end at this Annual General Meeting, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation."
6. **"RESOLVED THAT** in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Mahesh Prasad Mehrotra, who was appointed by the Board as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 on 17th March, 2010 and whose tenure of office comes to an end at this Annual General Meeting, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation."
7. **"RESOLVED THAT** in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Mahalinga Narayanan, who was appointed by the Board as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 on 17th March, 2010 and whose tenure of office comes to an end at this Annual General Meeting, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation."
8. **"RESOLVED THAT** in accordance with the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Subhash Chandra Bhargava, who was appointed by the Board as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 on 25th May, 2010 and whose tenure of office comes to an end at this Annual General Meeting, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation."

AS SPECIAL RESOLUTION:

9. **"RESOLVED THAT** pursuant to Sections 198, 269, 309, 310 and 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves the appointment made by Board of Directors of the Company of Mr. S.P. Jolly, as Managing Director w.e.f. 25th May, 2010, for a period of five years upon the terms and conditions as set out in the agreement and on the remuneration as detailed below:

Particulars	w.e.f. 25th May, 2010
Salary	Rs. 50,000/- per month or Rs. 6,00,000/- p.a.
Commission on Net Profit	1% of the net Profits as calculated under Section 349/350 of the Companies Act, 1956.
Maximum	Rs. 12,00,000/- p.a.

NOTES:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
2. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON (WHETHER A SHAREHOLDER OR NOT) AS HIS/HER PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING AND SHALL BE ENTITLED TO VOTE ONLY UPON A POLL.
3. The instrument(s) appointing the Proxy, if any, shall be delivered at the Registered Office of the Company not less than forty eight (48) hours before the commencement of the Meeting and the instrument of proxy shall be treated as invalid in case of default.
4. The Register of Members and Share Transfer Register of the Company will remain closed from Thursday, 8th July, 2010 to Saturday, 10th July, 2010 (both days inclusive) to comply with Annual Book Closure requirements.
5. All documents and agreements referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except public holidays, between 10.00 A.M. and 1.00 P.M., up to the date of Annual General Meeting.
6. Members desiring any information on the Annual Accounts of the Company for the year ended 31st March, 2010 are requested to write to the Company at its Administrative Office Address at least 7 days in advance of the Annual General Meeting, so as to enable the Management to keep the information ready at the meeting.
7. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio. Members are requested to immediately notify any change in their registered address specifying full address with Pin Code Number and quoting their registered Folio No. to the Company.

For and on Behalf of the Board of Directors

Sd/-

Navin Kumar Tayal
Chairman

Place: Mumbai
Date: 25th May, 2010

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

ITEM NO. 5:

Ms. Mrinal Tayal was appointed as an Additional Director by the Board on 25th January, 2010 under Section 260 of the Companies Act, 1956. She holds office till the conclusion of this Annual General Meeting. The Company has received notice along with the deposit of Rs. 500/- from a member, under section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Ms. Mrinal Tayal for the office of the Director of the Company.

Ms. Mrinal Tayal is MBA (Finance & Marketing), B. Tech (Computer Science). She has rich experience of working in Banking Sector. Ms. Mrinal Tayal was Corporate Relationship Manager in CITIBANK. Further, she worked with ICRA to profile credit ratings for SME's. She has also worked with Barclays Capital for the project on Syndicated INR Loans.

The Board recommends the passing of this Resolution. Except Ms. Mrinal Tayal, none of the Directors is interested in the Resolution.

ITEM NO. 6:

Mr. Mahesh Prasad Mehrotra was appointed as an Additional Director by the Board on 17th March, 2010 under Section 260 of the Companies Act, 1956. He holds office till the conclusion of this Annual General Meeting. The Company has received notice along with the deposit of Rs. 500/- from a member, under section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. Mahesh Prasad Mehrotra for the office of the Director of the Company.

Mr. Mahesh Prasad Mehrotra is Graduate in Commerce, L.L.B. and a Fellow Chartered Accountant. He is a founder partner of M/s. Mehrotra and Mehrotra, Practicing Chartered Accountants, Kanpur and Delhi.

Mr. Mahesh Prasad Mehrotra is on the Board of several well known Companies such as India Securities Ltd. (Essar Group), Dhampur Sugar Mills Ltd., Delton Cables Ltd., etc. He is also a member of PHD Chamber of Commerce Industry and ASSOCHAM.

The Board recommends the passing of this Resolution. Except Mr. Mahaesh Prasad Mehrotra, none of the Directors is interested in the Resolution.

ITEM NO. 7:

Mr. Mahalinga Narayanan was appointed as an Additional Director by the Board on 17th March, 2010 under Section 260 of the Companies Act, 1956. He holds office till the conclusion of this Annual General Meeting. The Company has received notice along with the deposit of Rs. 500/- from a member, under section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. Mahalinga Narayanan for the office of the Director of the Company.

Mr. Mahalinga Narayanan is Post Graduate in Commerce having a degree in Law (LLB), Diploma in Business Management (DBM). He is a certified associate of Indian Institute of Bankers (CAIIB). He has rich experience of working in Banking Sector.

Mr. Mahalinga Narayanan has 2 years experience as Chairman and Managing Director of Tourism Finance Corporation of India Ltd. and over 4 decades experience in Financial Sector (Banking and Financial Institutions). He has served on the Boards of several Banks during his tenure.

The Board recommends the passing of this Resolution. Except Mr. Mahalinga Narayanan, none of the Directors is interested in the Resolution.

ITEM NO. 8:

Mr. Subhash Chandra Bhargava was appointed as an Additional Director by the Board on 25th May, 2010 under Section 260 of the Companies Act, 1956. He holds office till the conclusion of this Annual General Meeting. The Company has received notice along with the deposit of Rs. 500/- from a member, under section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. Subhash Chandra Bhargava for the office of the Director of the Company.

Mr. Subhash Chandra Bhargava is a Graduate in Commerce (Hons.) and Chartered Accountant. He has rich experience in working as Financial Advisory with the renowned institutions like LIC, Investment Department at Central office, RBI, etc.

He has worked in diverse functional areas apart from Investment Department like Audit & Inspection Dept., Finance and Accounts Dept., and Estate Management. He is currently on the Board of Met Life Insurance Company Limited and Bank of Rajasthan Limited.

The Board recommends the passing of this Resolution. Except Mr. Subhash Chandra Bhargava, none of the Directors is interested in the Resolution.

ITEM NO. 9:

Mr. S.P. Jolly was appointed as a Managing Director by the Board on 25th May, 2010 under Section 198, 269, 309, 310 and 311 and Schedule XIII and other applicable provisions of the Companies Act, 1956.

Mr. Shivpratap P. Jolly is Graduate in Arts and has more than 20 years of experience of handling Production, Administration and finance operations of Textiles.

The Board recommends the passing of this Resolution. Except Mr. S.P. Jolly, none of the Directors is interested in the Resolution.

For and on Behalf of the Board of Directors

**Sd/-
Navin Kumar Tayal
Chairman**

**Place: Mumbai
Date: 25th May, 2010**

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors are pleasure in presenting 23rd Annual Report on the business and operations of your Company and the Audited Financial Statements for the year ended 31st March 2010.

FINANCIAL RESULTS:

	2009-2010 (Rs. in Lacs)	2008-2009 (Rs. in Lacs)
Sales	55623.25	50114.00
Other Income	0.95	3.85
Profit before Depreciation, Interest and Tax	5161.54	2708.83
Interest & Finance Charges	856.24	71.23
Depreciation	4077.56	1665.70
Provision for Tax & Deferred Tax	274.80	115.83
Net Profit (Loss)	(47.06)	613.82
Profit / (Loss) brought forward from Previous Year	2258.97	1671.15
Appropriated Transfer to General Reserve	(26.00)	26.00
Profit / (Loss) carried to Balance Sheet	2237.91	2258.97

DIVIDEND:

In view of inadequacy of profits, your Directors are unable to recommend any dividend on the equity shares for the year under review.

REVIEW OF OPERATIONS:

The Company has achieved a Sales Turnover of Rs.55623.25 lacs in Financial Year 2009-10 as against sales of Rs.50114.00 Lacs in Financial Year 2008-09. The Company has recorded Profit before Depreciation, Interest and Tax Rs.5161.54 Lacs as against Rs.2708.83 Lacs in the corresponding previous year. The Company has incurred Loss for the year amounting to Rs. (47.06) Lacs as against Net Profit of Rs. 613.82 Lacs in the previous year due to increase in Depreciation and Increase in interest and Finance Charges.

EXPANSION PROJECTS:

The Company has proposed to expand its existing set up by putting up spinning and knitting plants with 1,02,000 Spindles, This would result in to total capacity expansion of 18221 TPA of the cotton yarn and 8320 TPA OF knitted fabrics at Bhilad (Gujarat) and Additional Processing Capacity of 11508 TPA at Dombiwali (Maharashtra) at an estimated cost of Rs. 422.63 Crore.

The Promoters have already made a capital expenditure of Rs. 73.60 Crore upto March 2010.

FUTURE PLANS:

The Company continues to focus on capacity creation and product process innovation aiming to manufacture high quality products with a wide product variety, wider geographic presence and competent product delivery, company is poised to merge as a progressively diversified and de-risked organization across industry cycle.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Ajay Ramesh Gupta and Mr. Dilip Shankar Kapre, Directors of the Company retire by rotation and being eligible, have offered themselves for re-appointment.

Mr. V. Sridar and Dr. B. Samal resigned as a Director of the Company w.e.f. 17th March, 2010. The Board of Directors place on record the valuable services rendered by them during their tenure as Directors of the Company.

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The Board of Directors of the Company in its meeting held on 25th January, 2010 appointed Ms. Mrinal Tayal, on 17th March, 2010 appointed Mr. Mahesh Prasad Mehrotra and Mr. Mahalinga Narayanan as Additional Directors of the Company and on 25th May, 2010 appointed Mr. Subhash Chandra Bhargava as Additional Director of the Company.

All the aforesaid Additional Directors shall hold office upto the date of ensuing Annual General Meeting and are eligible for appointment.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Director's Responsibilities Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March 2010, the applicable Accounting Standards had been followed along with proper explanation relating to material departures; except revised AS 15 relating to accounting treatment for employees benefits incase of gratuity and leave encashment which have been accounted for on cash basis.
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for the year under review;
- (iii) that the Directors had taken proper and sufficient care 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 frauds and other irregularities;
- (iv) that the Directors had prepared the accounts for the financial year ended 31st March 2010 on a going concern basis.

AUDIT COMMITTEE

The composition of Audit Committee is as given in the Report on Corporate Governance.

SHAREHOLDERS' /INVESTOR GRIEVANCE COMMITTEE:

The composition of Shareholders/Investor Grievance Committee is as given in the Report on Corporate Governance.

REPORT ON CORPORATE GOVERNANCE:

Your Company has made due compliance as per clause 49 of the Listing Agreement.

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report and a Corporate Governance Report are made as a part of this Annual Report.

A Certificate from the M/s. A. F. Khasgiwala & Co., Practicing Chartered Accountants regarding Compliance of the conditions of Corporate Governance as stipulated by Clause 49 of the Listing Agreement is attached to this report.

SAFETY, HEALTH AND ENVIRONMENT:

Sustained and meticulous efforts continue to be exercised by the Company at all plants of the Company, towards greener production and environment conservation. The Company perseveres in its efforts to indoctrinate safe and environmentally accountable behavior in every employee, as well as vendors, by rigid compulsory annual training and refresher courses, as well as frequent awareness programme. Mock drills of emergency preparedness are regularly conducted at all the plants showing Company's commitment towards safety, not only of its own men and plants, but also of the society at large.

Safety records, at all the plants showed considerable improvement and accident statistics showed downward trend. This was made possible by strict adherence to laid down procedures and following of international guidelines. Involvement of workers in all safety matters has been encouraged by their participation in shop floor safety meetings.

The health of employees and the environment in and around the Plant area have been given due care and attention. The Company continued to comply with the prescribed industrial safety environment protection and pollution control regulation at its production plant, through periodic checks of the system involved and constant monitoring to meet the standards set by the pollution control authorities, etc.

All the mills of the Company are eco-friendly and do not generate any harmful effluents. They have facilities for captive power generation as a stand-by arrangement, to meet any contingency. Safety devices have been installed wherever necessary, although both the spinning and knitting activities are known to be quite safe and free from usual hazards of water and air pollution.

INDUSTRIAL REALATIONS & HUMAN RESOURCES MANAGEMENT:

The Company is of firm belief that good Human Resource Management would ensure success though high performance.

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HR strategy and plans of the Company are deeply embedded with the organizational goals. In order to enhance the manpower productivity the goal is set to increase the production capacity of the various plants and rationalize the manpower through scientific study. All the operational goals of the top management emanate from the business plan. The goals of MD are shared with his subordinates who in turn share their goal with their respective subordinates and so on. Regular visits by HR team are being made to all the plants to meet the employees and also interaction meetings are conducted to get their feed back, based on which HR policies are improved continuously. The process has resulted in better employee relationship.

The Company lays due emphasis on all round development of its human resource. Hence training of the employees is aimed at systemic development of knowledge, skills, aptitude and team work. Training is designed for the development of personal skills necessary for the performance of the present job and to prepare them for future growth. Individual development is given top priority to groom high caliber manpower.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure forming part of this Report.

EMPLOYEES:

None of the employees drew remuneration of Rs.24,00,000/- or more per annum/ Rs.2,00,000/- or more per month during the year. This information is furnished as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

FIXED DEPOSITS:

The Company has not invited/received any Fixed Deposits from the Public during the year under report.

INSURANCE:

The properties/assets of your Company are adequately insured.

COST AUDIT:

The Central Government's Cost Audit Committee Order specifies audit of Cost Accounting Records for certain products of the company every year. The Board of Directors, subject to the approval of the Central Government, have appointed M/s J. K. Kabra & Co., Cost Accountants, as Cost Auditors to carry out this audit in respect of manufacture of textile products for the year ending 31st March 2010.

AUDITORS:

M/s. A. F. Khasgiwala & Co., Chartered Accountants, the Statutory Auditor of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The Company has received a letter from M/s A.F. Khasgiwala. & Co. to the effect that their reappointment as Auditors, if made, would be within the limits under Section 224(1B) of the Companies Act, 1956.

ACKNOWLEDGEMENT:

Your Directors place on record their appreciation of the assistance and support extended by all Government Authorities, Financial Institutions, Banks, Consultants, Solicitors, and Shareholders of the Company. Your Directors express their appreciation for the dedicated and sincere services rendered by the employees of the Company.

For and on Behalf of the Board of Directors

**Place: Mumbai
Date: 25th May, 2010**

**Sd/-
Navin Kumar Tayal
Chairman**

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ANNEXURE TO THE DIRECTORS' REPORT:

Information as per Section 217(1)(e), of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year 2009 - 2010:

I. CONSERVATION OF ENERGY

a) Energy conservation measures taken :

The Company has been making concerted efforts for enhancement in capacity utilization, cost competitiveness and quality through systematic process monitoring and adherence to technological norms. Sophisticated instruments are used for regulation and adjustment as per parameters. Efforts are also made for up gradation of the quality of the Plant Operation. Utilities are being combined for effective energy conservation.

b) Additional Investments and Proposals being implemented for reduction of consumption of energy :

The Company, as a matter of policy, has a regular and ongoing programme for investments in energy saving devices. Studies are being made to reduce energy consumption and make suitable investments in this area, if necessary.

c) Impact of the measures (a) & (b) above for reduction of energy consumption and consequential impact on the cost of production of goods :

The Company has economized considerably the cost of power despite steep hike in the tariffs and is constantly exploring avenues for cost saving as an on-going process.

d) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM A OF THE RULES IN RESPECT OF INDUSTRIES SPECIFIED IN THE SCHEDULE THEREOF

	Year ended 31.03.2010	Year ended 31.03.2009
A. Power and Fuel Consumption :		
1. Electricity		
(a) Purchased		
1. Units (KWH in Lacs)	149.84	126.64
2. Total Amount (Rs. in lacs)	671.28	540.74
3. Rate/Unit (Rs.)	4.78	4.27
(b) Own Generation (through Diesel Generator/Furnace Oil / Gas)		
1. Units (KWH in Lacs)	415.24	270.43
2. Units per Liter of fuel	3.72	3.69
3. Cost per unit (Rs.)	6.04	6.08
2. Coal	—	—
3. Furnace Oil	—	—
4. Others/Internal Generation/Steam	—	—
B. Consumption per unit of production (Product : Yarn & Fabric)		
1. Electricity (KWH per tonne)	—	—
2. Coal (Kgs.)	—	—
3. Furnace Oil (Ltrs.)	—	—
4. Steam (Tonnes)	—	—

Note : Since the Company manufactures different qualities of fabrics/yarns with product-mix changing significantly, there are no specific norms for per unit of production.

II. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption in prescribed Form 'B':

1. Research and Development (R & D)

a) Specified areas in which R & D activities are carried out by the Company

R & D activities are being carried out by the Company continuously to produce better quality of yarn and fabrics.

b) Benefits derived as a result of the above

As a result of R & D activities, the Company has been able to produce quality yarn and fabrics conforming to international standards.

c) Future Plan of Action

Efforts aimed at cost reduction, improvement in quality of products and development of new process will continue.

d) Expenditure on R & D

Expenditure on R & D is being booked under the respective heads in the Profit & Loss Account as no separate account is maintained.

2. Technology Absorption, Adaption and Innovation

The Company has not utilized any imported technology.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO :

a) Activities relating to export Markets for products and services and export plan

The Company is exploring avenues to export its premium quality yarns.

b) Foreign Exchange Outgo (Rs. in Lacs)

(2009-10)

(2008-09)

c) Foreign Exchange earned (Rs. in Lacs)

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For and on Behalf of the Board of Directors

Sd/-

Navin Kumar Tayal
Chairman

Place: Mumbai
Date: 25th May, 2010

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

CORPORATE GOVERNANCE REPORT

This brief report on matters required to be stated on Corporate Governance pursuant to Clause 49 of the Listing Agreements is as under:

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

At Krishna Lifestyle Technologies Ltd., the concept of Corporate Governance hinges on total transparency, integrity and accountability of the management team. The main goal of Corporate Governance is maximization of shareholder's value and protection of the interests of all the stakeholders. It includes the policies and procedures adopted by the Company in achieving its objective in relation to its shareholders, employees, customers, suppliers, regulatory authorities and societies at large.

The Company has ensured that the Directors of the Company are subject to their duties, obligations and responsibilities to the best interest of the Company, to give direction and remain accountable to their shareholders and other beneficiaries for their actions. The responsibilities of the Board includes setting out the Company's strategic aims, providing the leadership to put them into effect, supervision of the management of the business and reporting to the shareholders on their stewardship.

It is a recognized philosophy of the Company that effective and good Corporate Governance is a must, not only in order to gain credibility and trust, but also as a part of strategic management for the survival, consolidation and growth.

2. BOARD OF DIRECTORS

The Board of Directors consists of 11 Directors.

During the year 2009-10, the Board met 6 times on the following dates namely 22nd May 2009, 12th June 2009, 17th July 2009, 27th October 2009, 25th January 2010 and 17th March, 2010. There was no time gap of three months or more between any two meetings.

The following table gives details of Directors, attendance of Directors at the Board Meetings and at the 22nd Annual General Meeting held on 22nd August, 2009, number of membership held by Directors in the Board / Committees of various Companies: -

Name	Category	Attendance Particulars		Number of other Directorships and Total Committee Member/Chairmanships		
		Board Meetings	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
					(Including Krishna Lifestyle Ltd.)	
Mr. Navin Kumar Tayal	NEC	6	YES	2	Nil	1
Mr. S. P. Jolly	MD	6	YES	Nil	1	Nil
Mr. Ajay Ramesh Gupta	NED	3	YES	7	1	3
Mr. Dileep Shanker Kapre	ID	3	NO	Nil	1	Nil
Mr. Kulwinder Kumar Nayyar	ID	2	NO	7	Nil	Nil
Mr. Sanjeev Sharma	ID	3	YES	1	1	Nil
Mr. Naresh Chandra Sharma	ID	5	NO	3	2	Nil
Dr. B. Samal*	ID	5	NO	14	7	2
Mr. V. Sridar**	ID	3	NO	10	7	1
Ms. Mrinal Tayal#	ID	1	NO	3	Nil	Nil
Mr. Mahesh Prasad Mehrotra@	ID	0	NO	14	4	2
Mr. Mahalinga Narayanan@	ID	0	NO	2	Nil	Nil
Mr. Subhash Chandra Bhargava***	ID	0	NO	14	5	1

* Resigned as Director w.e.f. 13th March, 2010

** Resigned as Director w.e.f. 15th March, 2010

Appointed as an Additional Director w.e.f. 25th January, 2010

@ Appointed as an Additional Director w.e.f. 17th March, 2010

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*** Appointed as an Additional Director w.e.f 25th May, 2010

"NEC" = Non Executive Chairman, "MD" = Managing Director, "ID" = Independent Director, "N" = Nominee, "NED" = Non-Executive Director.

Appointment / Re-appointment of Directors:

As required under Clause 49 (VI) of the Listing Agreement the brief details of the Directors seeking re-appointment at the ensuing Annual General Meeting are furnished hereunder:

Sl. No.	Name of Director	Area of Expertise	Other Directorships	Committee Memberships	Committee Chairmanships
1.	Ms. Mrinal Tayal	Experience in Commercial Operations and Banking Sector	3	Nil	Nil
2.	Mr. Ajay Ramesh Gupta	More than 10 years experience in Textile & marketing	7	1	3
3.	Mr. Dilip Shankar Kapre	11 years experience in Administration	Nil	1	Nil
4.	Mr. Mahesh Prasad Mehrotra	Rich experience of working in the diversified sectors.	14	4	2
5.	Mr. Mahalinga Narayanan	Over four decades of experience in financial sector.	2	Nil	Nil
6.	Mr. Subhash Chandra Bhargava	Rich experience in Investment, Accounts, Audit & Inspection and Finance Departments	14	5	1

3. BOARD COMMITTEES:

The requirement that a Director shall not be a Member of more than 10 committees and Chairman of more than 5 committees has been complied with while constituting the Committees of Directors.

3.1) Audit Committee:

The Board of Directors of the Company has constituted an Audit Committee. The Audit Committee comprises of Mr. Ajay Ramesh Gupta, Mr. Sanjeev Sharma and Mr. Dilip Shankar Kapre as member of the Committee. Mr. Ajay Ramesh Gupta is the Chairman of the Committee.

The constitution of Audit Committee meets with the requirements of Section 292A of the Companies Act, 1956 as introduced by the Companies (Amendment) Act, 2000.

The terms of reference specified by the Board to the Audit Committee are as contained under Clause 49 of the Listing Agreement. They are as follows:

- a. Overview of the company's financial reporting process and the disclosure of its financial information.
- b. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the board, focusing primarily on (i) any changes in accounting policies and practices (ii) major accounting entries based on exercise of judgment by management (iii) qualifications in draft audit report (iv) significant adjustments arising out of audit (v) the going concern assumption (vi) compliance with accounting standards (vii) compliance with stock exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e. Reviewing the adequacy of internal audit functions.
- f. Discussion with internal auditors any significant findings and follow up there on.
- g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

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- h. Discussion with external auditors before the audits commences nature and scope of audit as well as has post-audit discussion to ascertain any area of concern.
- i. Reviewing the company's various financial and risk management policies.
- j. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

During the year 2009-10, the Audit Committee met 4 times on the following dates namely 11th June 2009, 16th July 2009, 26th October 2010 and 25th January, 2010.

Name of Member	Designation	Attendance
Mr. Ajay Ramesh Gupta	Chairman	4
Mr. Sanjeev Sharma	Member	4
Mr. Dilip Shankar Kapre	Member	4

3.2) Remuneration Committee:

The Company does not have a Remuneration Committee. The remuneration payable to the Managing Director and the Non-Executive Directors is approved by the Board of Directors within the overall limits fixed by the Members of the Company at the General Meetings.

(A) Remuneration to Managing Director and Non-Executive Directors for the year 2009-10.

Name	Salary	Commission	Sitting Fees	Total
Mr. S. P. Jolly (MD)	1,44,000.00	—	—	1,44,000.00
Non-Executive Directors	—	—	2,50,000.00	2,50,000.00

(B) Details of sitting fees paid to Non-Executive Directors for attending Board Meetings:

Sl. No.	Name of Directors	Attendance Particulars	
		Board Meetings	Sitting Fees paid
1.	Mr. Ajay Gupta	3	30,000
2.	Mr. Dilip Shankar Kapre	3	30,000
3.	Mr. Kulwinder Kumar Nayyar	2	20,000
4.	Mr. Sanjeev Sharma	3	30,000
5.	Mr. Naresh Chandra Sharma	5	50,000
6.	Mr. B. Samal	5	50,000
7.	Mr. V. Sridar	3	30,000
8.	Mr. Mahesh Prasad Mehrotra	0	0
9.	Ms. Mrinal Tayal	1	10,000
10.	Mr. Mahalinga Narayanan	0	0
		TOTAL	2,50,000.00

(C) Non-Executive Directors of the Company do not have any pecuniary relationship with the Company other than sitting fees.

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3.3) Shareholders'/Investors' Grievance Committee:

The Committee comprises of Mr. Navin Kumar Tayal, Chairman, Mr. S. P. Jolly, Managing Director and Mr. Dilip Shanker Kapre, Director of the Company as the Members of the Committee. The Committee, inter alia, looks into redressing of shareholders'/investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividend, etc. The Committee oversees the performance of the Company and recommends measures for overall improvement of the quality of investor services.

During the year 2009-10, the Investor Grievance Committee met 4 times on the following dates namely 11th June 2009, 16th July 2009, 26th October 2010 and 25th January, 2010.

Name of Member	Designation	Attendance
Mr. Navin Kumar Tayal	Chairman (Non Executive Director)	4
Mr. S. P. Jolly	Member	4
Mr. Dilip Shanker Kapre	Member	4

Name & Designation of Compliance Officer : Ms. Kajal Shah, Company Secretary
No. of Shareholder's Complaint received so far : 59
Number of complaints solved to the satisfaction of shareholders : 59
Number of pending complaints : Nil

4. GENERAL BODY MEETINGS:

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

Year	Location	Date	Time
2008 - 2009	65, Krishna Nagar, Samarvani, Silvassa (U.T.)	22nd August, 2009	12.30 P.M.
2007 - 2008	65, Krishna Nagar, Samarvani, Silvassa (U.T.)	8th August, 2008	10.30 A.M.
2006 - 2007	65, Krishna Nagar, Samarvani, Silvassa (U.T.)	8th June, 2007	11.30 A.M.

Note: The Company, in its Board Meeting held on January 25, 2010 has proposed to pass Special Resolutions through Postal Ballot pursuant to Section 192A for Alteration of Objects Clause of Memorandum of Association under Section 17 and to Change the name of the Company under Section 21 of the Companies Act, 1956.

5. DISCLOSURES:

(a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors of the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

None of the transactions with any of the related parties were in conflict with the interests of the Company.

(b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

There were no instances of non-compliance of any matter related to the capital markets during the last three years.

6. MEANS OF COMMUNICATION:

(a) The Company has published its quarterly results in The Economic Times, Navbharat Times and Loksatta-Jansatta. Further, the Quarterly/Half yearly results and Quarterly shareholding patterns are also posted at EDIFAR website i.e. www.sebidifar.nic.in.

(b) Management Discussion and Analysis Report forms integral part of this Annual Report.

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7. GENERAL SHAREHOLDER INFORMATION

- 7.1 Annual General Meeting** :
- Date and time : Saturday 10th July, 2010 at 11.30 a.m.
- Venue : 65, Krishna Nagar, Samarvani, Silvassa
(Union Territory of Dadra & Nagar Haveli)
- 7.2 Financial Year** : 1st April to 31st March
- Financial Calendar 2009-10** : Annual General Meeting -
(August 2011)
- Board Meetings
- Results for the quarter ending June 30, 2010 : Second week of August 2010
- Results for the quarter ending September 30, 2010 : Second week of November 2010
- Results for the quarter ending December 31, 2010 : Second week of February 2010
- Results for the year ending March 31, 2011 : Second week of July 2010
- 7.3 Book Closure date** : 8th July, 2010 to 10th July, 2010 (both days inclusive)
- 7.4 Dividend Payment Date** : N. A.
- 7.5 (a) Listing of Equity shares** : Bombay Stock Exchange Ltd.
- (b) Demat ISIN Numbers in NSDL** : Equity Shares: INE218A01028
- 7.6 Stock Code** : 514221 (Bombay Stock Exchange)
- (Note: Annual listing fees for the year 2010-2011 have been duly paid to the Bombay Stock Exchange Ltd.)

7.7 Stock Market Data

Krishna Lifestyle and Technologies Ltd. (At The Stock Exchange, Mumbai)				
Month	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of Shares
April 2009	1.01	0.58	0.75	39,32,539
May 2009	1.76	0.74	1.73	86,84,510
June 2009	1.90	1.09	1.31	1,00,60,501
July 2009	1.44	0.95	1.16	51,40,682
August 2009	1.40	1.06	1.40	51,14,670
September 2009	1.50	1.07	1.27	65,59,705
October 2009	1.33	1.01	1.10	40,59,511
November 2009	1.29	1.02	1.16	46,41,037
December 2009	1.35	0.98	1.18	63,75,281
January 2010	1.91	1.17	1.33	1,20,97,025
February 2010	1.54	1.17	1.30	59,22,584
March 2010	1.49	1.00	1.04	1,84,65,083

Source: www.bseindia.com

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7.8 Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index, etc.

The shares of the Company are listed at Bombay Stock Exchange Ltd., the Stock Market Details of which has been given as above.

7.9 Registrar & Transfer Agent : Mondkar Computers Pvt. Ltd.
21, Shakil Nivas, Opp. Satya Sai Baba Temple,
Mahakali Caves Road, Andheri (East), Mumbai - 400 093.

7.10 Share Transfer System :

The shares of the Company, being in the compulsory demat list, are transferable through the depository system. All transfers received are processed and approved by the Share Transfer Committee, which normally meets twice a month. Shares under objection are returned within two weeks.

7.11. a Distribution of Shareholding as on 31st March, 2010:

Category		Number of Shareholders	Number of Shares held
From	To		
Upto	500	11752	4451703
501	1000	20021	19715857
1001	2000	22482	42033045
2001	3000	6273	18005469
3001	4000	3419	13356637
4001	5000	3443	16986324
5001	10000	5468	42920783
10001	Above	3561	864913142
TOTAL		76419	1022382960

7.11. b Shareholding pattern as on 31st March, 2010

	Category	No. of shares held	Percentage of shareholding
1.	Promoter's Holding	545838649	53.39
2.	Mutual Funds, Banks, Financial Institutions, FII's, NRIs, Clearing Members & OCBs	64333861	6.29
3.	Domestic Companies	114507696	11.20
4.	Resident Individuals	297702754	29.12
	Total	1022382960	100.00

7.12. a Dematerialization of Shares : Approximately 88.52% of the shares issued by the Company has been dematerialized up to 31st March 2010.

7.12. b Liquidity : The Company's shares are listed on The Stock Exchange Mumbai (BSE)

7.13 Outstanding GDRs/ADRs/Warrants or any other Convertible instruments, conversion date and likely impact on Equity : No such Instrument outstanding

7.14 Plant Location : Bhilad, Gujarat and Silvassa (U.T.), Dombiwali and Baddi

7.15 (i) Address for Investor Correspondence

For transfer / dematerialization of shares payment of dividend on shares, interest and redemption of debentures and any other query relating to the shares and debentures of the Company. : Mondkar Computers Pvt. Ltd.
21, Shakil Nivas, Opp. Satya Sai Baba Temple
Mahakali Caves Road, Andheri (East),
Mumbai - 400 093

Note: Shareholders holding shares in electronic mode should address all correspondence to their respective Depository Participants.

(ii) Any query on Annual Report : Plot No.58A, Dhanudyog Indl. Area, Piperia, Silvassa (U.T.)

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DECLARATION PURSUANT TO CLAUSE 49(I)(D) REGARDING COMPLIANCE OF CODE OF CONDUCT BY THE BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL .

This is to confirm that the Company has adopted the Code of Conduct for its Board Members and Senior Management Personnel. I confirm that the Company has, in respect of the Financial Year ended 31st March, 2010, received from the Senior Management Team of the Company and the Members of the Board a Declaration of Compliance with the Code of Conduct as applicable to them. For the purpose of this declaration, Senior Management Team means the Members of the Management one level below the Executive Directors as on 31st March, 2010.

For and on behalf of the Board
Sd/-
S. P. Jolly
Managing Director

Place: Mumbai
Date: 25th May, 2010

CERTIFICATION PURSUANT TO CLAUSE 49(V) OF THE LISTING AGREEMENT BY THE MANAGING DIRECTOR OF THE COMPANY

I, S. P. Jolly, Managing Director of the **KRISHNA LIFESTYLE TECHNOLOGIES LIMITED**, to the best of my knowledge and belief, certify that:

I have reviewed the Balance Sheet and Profit & Loss Account (consolidated and unconsolidated), and all its Schedules and Notes on Accounts, as well as the Cash Flow Statements and the Directors' Report;

Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;

Based on my knowledge and information, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing Accounting Standards and/or applicable laws and regulations;

To the best of my knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct;

I accept the responsibility for establishing and maintaining Internal Controls and that I have evaluated the effectiveness of the Internal Control System of the Company and has not found any deficiencies in the design or operation of the Internal Control System.

I further certify that: -

- there have been no significant changes in Internal Control (except increase in scope of work of Internal auditor) during this year.
- There have been no significant changes in accounting policies during this year.
- There have been no instances of significant fraud of which we have become aware and the involvement therein, of Management or an Employee having a significant role in the Company's Internal Control System.

I further declare that all Board Members and Senior Managerial Personnel have affirmed compliance with the Code of Conduct for the Financial Year 2010-2011.

For and on behalf of the Board
Sd/-
S. P. Jolly
Managing Director

Place: Mumbai
Date: 25th May, 2010

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of **KRISHNA LIFESTYLE TECHNOLOGIES LIMITED**

We have examined the compliance of the conditions of Corporate Governance by **KRISHNA LIFESTYLE TECHNOLOGIES LIMITED** for the year ended 31st March 2010 as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges in India.

The compliance of the 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 Corporate Governance. It is neither an audit nor an expression of an 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, the Company has complied with the conditions of Corporate Governance as stipulated in the above Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March 2010 no investor grievances are pending against the Company as on 24th May, 2010 as per the records maintained by the Company and presented to the Share Transfer/ Investors' Grievances Committee.

We further 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 **A.F Khasgiwala & Co.**
Chartered Accountants
Sd/-
A.F Khasgiwala
Partner
Membership No. 006491

Place : Mumbai
Dated : 25th May 2010

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

The Management of **KRISHNA LIFESTYLE TECHNOLOGIES LIMITED** presents its Analysis report covering performance and outlook of the Company. The Report has been prepared in compliance with the requirement of Corporate Governance as laid down in the Listing Agreement. The management accepts responsibility for the integrity and objectivity of the financial statements. However, investors and readers are cautioned that this discussion contains certain forward looking Statements that involve risk and uncertainties

INDUSTRY STRUCTURE AND DEVELOPMENTS

A) TEXTILE INDUSTRY:

The Textile Industry occupies a unique place in our Country by contributing around 4% of India's GDP, 14% of the Country's Industrial Production, 18% of Industrial employment and 16.63% of the export earnings. India is the 2nd largest producer of cotton in the world. In fact, it is the largest foreign exchange earning sector in the Country. Moreover, it provides direct employment to over 35 million people and indirect employment to around another 60 million people in the Country. The Sector is expected to generate 12 million new jobs by 2010.

India's textile export is expected to reach US\$ 25 billion by 2012 as against US\$ 22 billion in the previous Financial Year. This sector is expected to register a four-fold increase to touch US\$ 90 to 100 billion in the next 25 years.

The availability of concessional loans under the Technology Upgradation Fund Scheme (TUFs) and growing demand for Value Added lifestyle- driven retail products are other contributing factors which encourage new investment in up gradation of machineries.

It is expected that India's share of exports to the world would also increase from the current 3 per cent to around 10 per cent by 2015.

— Cotton

India is the second largest producer of cotton in the world. The International Cotton Advisory Committee (ICAC) noted that India has produced 4.74 metric tonnes (MT) of cotton during the year. India's production next season is likely to touch 5.61 MT. Cotton is the predominant fabric used in the Indian industry, accounting for nearly 60 per cent of production. The average yield of cotton per hectare in Indian is about 400 kilograms which is considered low. During the year India produced total 30 million bales, out of which 10.5 million has been produced in Gujarat.

— Spinning

The Spinning Industry in India is on set to hit the global market with its enthusiasm and consistency in work. The spinning sector in India is completely (100 per cent) organized and is globally competitive in terms of variety, process and production quantity. It has already reached a phenomenal status in India by beating the obstacles that caused a downfall since past few years and is now on its way to cover a wider area in the spinning sector. India has about 40 million spindles (23 per cent of the world).

— Knitting

Weaving and knitting converts cotton, manmade, or blended yarns into woven or knitted fabrics. India's weaving and knitting sector remains highly fragmented, small-scale, and labour intensive.

This sector consists of about 3.9 million handlooms, 380,000 power loom enterprises that operate about 1.7 million looms, and just 137,000 looms in the various composite mills. Power looms are small firms, with an average loom capacity of four to five owned by independent entrepreneurs or weavers. Modern shuttleless looms account for less than 1 percent of loom capacity.

Knitting units are successful in export channels. Some of the prominent weaving / knitting clusters include Tirupur in Tamil Nadu and Ludhiana in Punjab.

— Processing

Indian processing sector is largely decentralized with low levels of automation, marked by hand/independent processing units. Composite mill sectors are very few falling into the organized category. Overall, about 2,300 processors are operating in India, including about 2,100 independent units and 200 units that are integrated with spinning, weaving or knitting units.

i) Opportunity and Threats

The textile industry is undergoing a major reorientation towards non-clothing applications of textiles, known as technical textiles, which are growing roughly at twice rate of textiles for clothing applications and now account for more than half of total textile production. Technical textiles segment is expected to employ over 3,00,000 additional workers increasing the total employment to 1.2 million by 2012. The Government of India has set up 4 Centres of Excellence for Meditech, Agrotech, Geotech and Protech group of technical textile providing one-stop facility for testing, human resource development and research and development.

The present global economic scenario provides ample opportunities for strong integrated textile companies such as like your company. Over the years the Company has built up capacities of scale by installing state-of-art production facilities. By reinforcing its position across the value change and presenting customers with diversified range of products, the company has developed sustainable business model with strength and resilience to combat any down turn in demand.

Strengths:

- Self reliant industry producing the entire supply-chain i.e., cotton and fibres.
- Highly competitive spinning sector.
- Large and growing domestic market.
- Second-largest textile producer in the world.
- Adequate raw material supplies.
- Low labour cost and availability of skilled and technical labour force.
- Excellence in fabric and garment designing.
- Vast textile production capacity and Efficient multi-fiber raw material manufacturing capacity.

Weaknesses:

- Small size and technologically outdated plants result in lack of economies scale, low productivity and weak quality control.
- Cotton availability is vulnerable to erratic monsoon and low per hectare yield.
- With the exception of spinning, other sectors are fragmented. Sectors such as knitted garments still remaining as a SSI domain
- Labour laws and policies lack reforms.
- Infrastructure bottlenecks for handling large volumes.
- India lacks in trade pact memberships, which leads to restricted access to the other major markets.
- Huge unorganized and decentralized sector.

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Opportunities:

- End of quota system and full integration of the textile industry.
- Low per-capita consumption of textile indicating significant potential growth.
- Increased use of CAD to develop designing capabilities and for developing greater options.
- Shift in domestic market towards readymade garments, and domestic textile consumption increasing with growing disposable income.
- Cheaper production and marketing costs and enormous opportunities have tempted Taiwanese Companies to work on Joint Ventures with the Indian Companies specially for the manufacture of manmade fabrics.

Threats:

- Survival of the fittest-in term of quality, size delivery and cost. There is an increased global competition in the post 2005 trade regime under WTO.
- Pricing pressures.
- Stiff competition from other Asian countries.
- Increase in regional trade could reduce share of market opened for India, China and other countries.
- High production cost with respect to other Asian competitors

ii) Government Initiatives

In an effort to increase India's share in the world textile market, the government has introduced a number of progressive steps.

- 100 per cent FDI allowed through the automatic route.
- De-reservation of readymade garments, hosiery and knitwear from the small-scale industries sector in end-2000.
- Technology Mission on Cotton was launched in February 2000 to make quality raw material available at competitive prices.
- Technology Upgradation Fund Scheme (TUFS) which was launched to facilitate the modernisation and upgradation of the textiles industry in 1999 has been given further extension till 2011-12. A total of 18773 applications involving a project cost of US\$ 24.91 billion have been sanctioned under TUFS upto March 31, 2008.
- The Ministry of Textile has proposed to set up 50 new textile parks under the Scheme for Integrated Textile Parks (SITP). Out of the 50, 30 have been already sanctioned by the Government (with a cost of US\$ 710 million). This initiative will not only make the industry cost competitive, but will also enhance manufacturing capacity in the sector
- The Government has announced the release of a subsidy of US\$ 533.87 million for the textile industry under the TUFS.
- The government extended 10 per cent capital subsidy and 5 per cent interest subsidy on installation for processing machinery under the TUFs.

iii) Area of Concerns

The major areas of concerns are however as follows:

1. Certain Regional trade blocks and trade agreements can change competitive parameters.
2. Enhancement of Preferential Access Programme for select countries. For instance, under the new GSP scheme, formulated by the EU, India's textile sector has been graduated while those from Pakistan and other countries (excluding China) have been included.
3. Evolution of Non Tariff Barriers in the form of packaging/labeling requirements, customs and other formalities; environmental safeguards, sanitary and phyto-sanitary measures.
4. The developed countries continue to seek quantitative restrictions on textiles and clothing. Their imports show that quotas are still being used as an instrument of restraining growth. The recent settlement arrived at by the European Commission under intense domestic pressure undermines the free play of market forces.

iv) Outlook

As the industrial and economic growth of the Country is showing steady improvement, the Company has drawn out and is implementing an action plan which comprises thrust on high margin products, reduction in raw material costs, rationalization of operations and over-heads, optimizing inventory level, selective credit policy to customers and liquidation of slow-moving inventories and overdue receivables.

The Company with its superior product mix and higher value-addition, coupled with the change in industry scenario like more fiscal incentives as announced by Government of India for textile industry, change in consumer preferences from woven to knitted clothes etc., has benefitted significantly during the financial year 2008-09 and is expected to do the same in the years to come.

v) Risk and Concern

There are no major risk and concern to the Company's operation except from the competitive pricing pressure from cheaper imports, unethical competitions from sick units, free market policies and removal of quantitative restrictions.

vi) Internal Control System

Your Company has been marinating a well-established procedure for internal control system. For the purpose financial control, Company is adequately staffed with experienced and qualified personnel at all levels and play an important role in implementing and monitoring the statutory and Internal policy control environment. There has been a review conducted on regular interval by the Internal Auditor about the financial and operating control at various locations of the Company and any significant findings are reviewed by Audit Committee of the Company.

vii) Financial Performance Vs. Operational Performance:

The Company has achieved a Sales Turnover of Rs. 55623.25 Lacs in the Financial Year 2009-10 as against Rs. 50114.00 Lacs in the Financial Year 2008-09. The Company has registered Net Profit/Loss has of Rs. (47.06) Lacs in the current Financial Year as against Net Profit of Rs. 613.82 Lacs in the previous Financial Year. The Profit before Depreciation Interest and Tax has increased to Rs. 5161.54 Lacs.

viii) Development in Human Resources/Industrial Relation front:

As part of HR-initiatives, thrust is given for Leadership Development to meet the aspirations and long-term goals of the Company. The Company has also laid qualitative objectives to maximize overall growth. Emphasis was placed on building a cohesive workforce to maximize returns to all stakeholders. Focused attention was given for knowledge updating and application of new technologies available to reduce costs and to meet the business challenges. The focus of Human resource is on building and developing intellectual capital through innovative ideas. The industrial relation climate of the Company continues to remain harmonious with focus on quality and safety.

ix) Research and Development:

Increased globalization has made the marketing of products and retention of customers highly competitive. The need of the hour is total customer satisfaction and value for money from the products marketed. Keeping this objective as paramount, the research and development activities were focused into prompt attention to major customer complaints/ suggestions in order to retain/enhance customer satisfaction. The Company has started launching products of better quality and new look as per customer requirements.

Forward looking statements are based on certain assumptions and expectations of the future events that are subject to risks and uncertainties. Actual future results and trend may differ materially from historical results, depending on variety of factors.

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AUDITORS' REPORT

To,
The Members of
KRISHNA LIFESTYLE TECHNOLOGIES LIMITED.

1. We have audited the attached Balance Sheet of **KRISHNA LIFESTYLE TECHNOLOGIES LIMITED** as at 31st March, 2010 and also the Profit and Loss Account of the Company for the year ended on that date 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 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003(CARO)and the Companies (Auditor's Report)(Amendment) order 2004 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books of records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that : -
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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 the books.
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the company.
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Companies (Accounting Standard) Rules, 2006.
 - e) On the basis of the written representations received from the directors as on 31st March, 2010and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010from being appointed as a director of the Company in terms of Section 274(1)(g) of the Act.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India :
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010,
 - ii) in the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date and;
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For A.F.KHASGIWALA & CO.
Chartered Accountants

Sd/-
(A.F. KHASGIWALA)
Partner
Mem. No. 6491

Place : Mumbai
Date : 25^h May, 2010

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ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 OF KRISHNA LIFESTYLE TECHNOLOGIES LIMITED.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of audit, we state that:

1. In respect of its Fixed Assets
 - (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of the Fixed Assets.
 - (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the books records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
 - (c) In our opinion, and according to the information and explanation given to us, the Company has not disposed of substantial part of fixed assets during the year and on going Concern status of the Company is not affected.
2. In respect of its inventories:
 - a) The stocks of finished goods, stores, spare parts and raw materials of the company, at all its locations, have been physically verified by the management at reasonable intervals during the year.
 - b) In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c) The discrepancies noticed on physical verification of the above referred stocks as compared to the book records were not material and have been properly dealt with in the books of account.
 - d) In our opinion, valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/ from Companies, firm or other parties covered in the register maintained under 301 of the Companies Act,1956:
 - a) The Company has not taken any loans, Secured or Unsecured from companies and other parties listed in the register maintained under Section 301 of the Act and / or Companies under the same management as defined under Section 370(1-B) which is rendered inoperative since insertion of sub section (6) of section 370 of the Companies Act, 1956.
 - b) The Company has not granted any loans secured or unsecured, during the year, to companies, firms or parties listed in the register maintained under 301 of the Companies acts, 1956. On the basis of the information and explanations given to us, there are no companies under the same management within the meaning of section 370(1-B) which is rendered inoperative since insertion of sub section (6) of section 370 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of stores, raw materials including components, plant & machinery, equipment and similar assets & purchase of goods and for the sale of goods. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. In respect of transaction covered under Section 301of the Companies Act,1956:

According to the information and explanations given to us, purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rs.5,00,000 or more in respect of each party have been made at prices which are reasonable having regards to the prevailing market price for such goods, materials or services or the prices at which the transactions for similar goods are services have been made with other parties, where applicable.

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6. The company has not accepted any deposits from the public to which the provisions of Sections 58A and 58AA of the Companies Act, 1956 and Rules framed there under would apply.
7. In our opinion, the internal audit system of the Company is commensurate with the size of the company and nature of its business
8. We have broadly reviewed the books of accounts maintained by the Company in respect of product where, pursuant to the rules made by the Central Government of India under Section 209 (1) (d) of the Act and are of the opinion that prima facie, the prescribed account and records have been made and maintained. However we are not required to and have not carried out any detailed examination of such accounts and records
9. In respect of statutory dues:
 - a) According to the information and explanations given to us, and the records of the company examined by us, in our opinion, the company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income Tax, sales tax, wealth tax, service tax, excise duty, customs duty, cess and other material statutory dues as applicable with the appropriate authorities.
10. According to the records of the company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.
11. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The provisions of any special statute applicable to Chit fund & Nidhi /Mutual benefit / societies are not applicable to the company.
13. During the year, the Company does not have any transactions in respect of dealing and trading in shares, securities, debentures and other investments. All shares, debentures and other securities held as investments by the company have been held by the Company in its own name.
14. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from bank or financial institutions.
15. According to the information and explanations given to us, the working capital term loans raised during the year were used for the purpose for which they were raised.
16. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has used no funds raised on Short-term basis for long-term investment.
17. The Company has not made any preferential allotment of shares during the year.
18. During the year covered by our audit report the Company has not issued any secured debentures.
19. The Company has not raised any money by public issues during the year covered by our report.
20. The Company has no accumulated losses as at 31st March, 2010 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of frauds on or by the company, noticed or reported during the year, nor have been informed of such case by the management.

For A.F.KHASGIWALA & CO.
Chartered Accountants

Sd/-
(A.F. KHASGIWALA)
Partner
Mem. No. 6491

Place : Mumbai
Date : 25th May, 2010

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

BALANCE SHEET AS AT 31st MARCH, 2010

	Schedules No.	AS AT 31/03/2010 (Rs. in lacs)	AS AT 31/03/2009 (Rs. in lacs)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
SHARE CAPITAL	1	10178.04	10170.19
RESERVES & SURPLUS	2	45566.37	45613.43
		55744.41	55783.62
LOAN FUNDS	3	17453.27	5641.91
TOTAL		73197.68	61425.53
APPLICATION OF FUNDS			
FIXED ASSETS			
GROSS BLOCK	4	64404.90	49937.66
LESS: DEPRECIATION		20054.00	16341.19
		44350.90	33596.47
CAPITAL WORK IN PROGRESS		1207.31	4054.00
NET BLOCK		45558.21	37650.47
INVESTMENTS	5	13348.88	13348.88
CURRENT ASSETS, LOANS & ADVANCES			
INVENTORIES	6	6444.53	2481.51
SUNDRY DEBTORS	7	7831.66	4356.38
CASH AND BANK BALANCES	8	136.94	438.79
LOANS AND ADVANCES	9	401.32	3624.70
		14814.45	10901.38
LESS: CURRENT LIABILITIES & PROVISIONS			
CURRENT LIABILITIES	10	921.46	860.05
PROVISIONS	11	38.72	237.55
		960.18	1097.60
NET CURRENT ASSETS		13854.27	9803.77
DEFERRED TAX ASSETS (Net)		386.32	622.40
MISCELLANEOUS EXPENDITURE	12	50.00	0.00
(To the extent not adjusted or written off)			
TOTAL		73197.68	61425.53
NOTES OF ACCOUNTS			
CASH FLOW STATEMENT	20		
SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS	21		

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

For A.F.KHASGIWALA & CO.
Chartered Accountants

Sd/-
(A.F.KHASGIWALA)
Partner
Mem. No. 006491

Sd/-
NAVIN KUMAR TAYAL
Chairman

Sd/-
S.P. JOLLY
Managing Director

Place: Mumbai
Date: 25th May, 2010

Sd/-
KAJAL SHAH
Company Secretary

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PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2010

	Schedules No.	Year Ended 31/03/2010 (Rs. in lacs)	Year Ended 31/03/2009 (Rs. in lacs)
INCOME			
SALES	13	55623.25	50114.00
OTHER INCOME	14	0.95	3.84
INCREASE/(DECREASE) IN STOCK	15	765.42	(15.30)
		56389.62	50102.55
EXPENDITURE			
MATERIALS AND GOODS CONSUMED	16	43959.53	41989.93
MANUFACTURING EXPENSES	17	6058.48	4318.77
INTEREST AND FINANCE CHARGES	18	856.24	71.23
SELLING & ADMINISTRATIVE EXPENSES	19	1210.07	1083.19
DEPRECIATION		4077.56	1665.70
LOSS ON DISCARDED OF FIXED ASSETS		0.00	1.83
		56161.88	49130.65
PROFIT BEFORE TAX		227.74	971.90
PROVISION FOR TAX		38.72	110.12
PROVISION FOR FBT		0.00	5.71
DEFERRED TAX LIABILITIES		236.08	242.25
PROFIT/(LOSS) AFTER TAX		(47.06)	613.82
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		2258.97	1671.15
AMOUNT AVAILABLE FOR APPROPRIATION		2211.91	2284.97
APPROPRIATIONS			
LESS : TRANSFER TO NCD REDEMPTION RESERVE		-26.00	26.00
BALANCE CARRIED TO BALANCE SHEET		2237.91	2258.97
BASIC AND DILUTED EARNINGS PER SHARE IN RS.		0.00	0.06
NOTES OF ACCOUNTS	20		
CASH FLOW STATEMENT	21		

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

For A.F.KHASGIWALA & CO.
Chartered Accountants

Sd/-
(A.F.KHASGIWALA)
Partner
Mem. No. 006491

Sd/-
NAVIN KUMAR TAYAL
Chairman

Sd/-
S.P. JOLLY
Managing Director

Sd/-
KAJAL SHAH
Company Secretary

Place: Mumbai
Date: 25th May, 2010

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	As At 31.03.2010 (Rs. in lacs)	As At 31.03.2009 (Rs. in lacs)
SCHEDULE '1'		
SHARE CAPITAL		
Authorised		
I. 213,00,00,000 EQUITY SHARES Of Rs. 1/ each (Previous Year 113,00,00,000 EQUITY SHARES of Rs. 1/- each)	21300.00	11300.00
II. 1,20,00,000 (PREVIOUS YEAR 1,20,00,000) REDEEMABLE - (Preference Shares of rs.10/- each)	1200.00	1200.00
	<u>22500.00</u>	<u>12500.00</u>
ISSUED, SUBSCRIBED AND PAID UP		
102,23,82,960 (PREVIOUS YEAR 102,23,82,960) EQUITY SHARES OF RS. 1/- Each	10,223.82	10,223.82
LESS: SHARE ALLOTMENT MONEY RECEIVABLE	<u>53.63</u>	<u>53.63</u>
LESS: MONEY RECEIVED DURING THE YEAR	<u>7.85</u>	
	<u>45.78</u>	
	<u>10178.04</u>	<u>10170.19</u>
	<u>10178.04</u>	<u>10170.19</u>
SCHEDULE '2'		
RESERVES AND SURPLUS		
General Reserve	14479.17	14179.17
Add Transfer From Capital Redemption Reserve	<u>0.00</u>	<u>300.00</u>
Subsidy	11.45	11.45
Capital Redemption Reserve		300
Less Transfer To General Reserve	0.00	<u>300</u>
Capital Reserve	364.23	364.23
Non Convertible Debenture Redemption Reserve	600.00	626.00
Share Premium	27873.61	27873.61
Profit & Loss Account Transferred From P&L A/C	<u>2237.91</u>	<u>2258.97</u>
	<u>45566.37</u>	<u>45613.43</u>

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	As At 31.03.2010 (Rs. in lacs)	As At 31.03.2009 (Rs. in lacs)
SCHEDULE '3'		
SECURED LOANS		
TERM LOAN	14076.76	4962.62
(Secured by hypothecation of Fixed assets and personal guarantees of director of the Company) Note:(Repayable within one year Rs nil (Prev.year Nil))		
Interest Accrued and due	146.96	53.29
WORKING CAPITAL LOANS	3020.89	0.00
(Secured by hypothecation of inventories, book debts and personal guarantees of Promoter/directors of the Company)		
TOTAL	17244.61	5015.91
UNSECURED LOANS		
9 % UNSECURED REDEEMABLE NON-CONVERTIBLE - DEBENTURES OF RS.100 EACH. (Allotted to IFCI on 12/07/2002) Repayable within one year Rs.208.67 Lacs)	208.67	626.00
TOTAL	208.67	626.00
GRAND TOTAL	17453.27	5641.91

SCHEDULE : 4 : FIXED ASSETS AS ON 31st MARCH, 2010

(Rs. in lacs)

SR NO	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As On 01-04-2009	ADDI- TION	DEDU- CTION	AS ON 31.3.2010	UP TO 01-04-2009	DURING THE PERIOD	WRITTEN BACK	UPTO 31.03.10	AS ON 31.03.10	AS ON 31-03-2009
1	Land	363.01	243.34	0.00	606.35	0.00	0.00	0.00	0.00	606.35	363.01
2	Building	7733.42	2260.06	0.00	9993.48	1722.59	279.76	0.00	2002.35	7991.13	6010.83
3	Plant & Machinery	41419.00	12492.46	528.63	53382.83	14471.70	3778.55	364.75	17885.50	35497.33	26947.30
4	Office Equipments	122.49	0.00	0.00	122.49	38.22	7.75	0.00	45.97	76.52	84.27
5	Furniture & Fixtures	72.81	0.00	0.00	72.81	25.04	4.61	0.00	29.65	43.16	47.76
6	Vehicle	59.54	0.00	0.00	59.54	52.18	3.34	0.00	55.52	4.02	7.36
7	Office Premises	132.90	0.00	0.00	132.90	19.80	2.17	0.00	21.97	110.93	113.09
8	Air Conditioners	17.47	0.00	0.00	17.47	8.53	1.11	0.00	9.63	7.84	8.94
9	Residential Flat	17.03	0.00	0.00	17.03	3.13	0.27	0.00	3.40	13.63	13.90
	Total	49937.67	14995.86	528.63	64404.90	16341.19	4077.56	364.75	20054.00	44350.90	33596.48
10	Capital Work In Process	4054.00	1207.31	4054.00	0.00	0.00	0.00	0.00	0.00	1207.31	4054.00
	Total	53991.67	16203.17	4582.63	64404.90	16341.19	4077.56	364.75	20054.00	45558.21	37650.48
	Previous Year	30803.20	44230.68	21042.22	53991.66	15661.69	1665.70	986.19	16341.19	37650.47	15141.52

SCHEDULE '5'

INVESTMENTS

LONG TERM, TRADE :

Unquoted,

36298756 (36298756 Previous year)Eq.sh of .

KRISHNA KNITWEAR TECHNOLOGY LTD

Rs.10 each Fully paid up

22,19,000 Preference Shares of Rs. 100 each of

ACTIF CORPORATION LTD. Fully paid up

Share Application Money

	6929.88	6929.88
	2219.00	2219.00
	4200.00	4200.00
	13348.88	13348.88

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

	As At 31.03.2010 (Rs. in lacs)	As At 31.03.2009 (Rs. in lacs)
SCHEDULE '6'		
INVENTORIES		
(At Taken Valued And Certified By The Management)		
1. Raw Materials	4278.65	1585.63
2. Stock-in-process	867.26	337.72
3. Finished Goods	1287.16	512.74
4. Stores & Consumables	11.46	36.42
	<u>6444.53</u>	<u>2481.51</u>
SCHEDULE '7'		
SUNDRY DEBTORS (UNSECURED)		
Exceeding Six Months - Considered Good	71.68	122.26
Others - Considered Good.	7759.98	4234.12
	<u>7831.66</u>	<u>4356.38</u>
SCHEDULE '8'		
CASH AND BANK BALANCES		
Cash In Hand	6.75	9.35
Balances With Scheduled Banks In		
Current Accounts	106.70	414.94
Fixed Deposits With Scheduled Banks (Pledged With Banks)	23.49	14.50
	<u>136.94</u>	<u>438.79</u>
SCHEDULE '9'		
LOANS AND ADVANCES		
Considered Good		
Advances Recoverable In Cash Or In Kind Or For Value To Be Received	401.32	3624.70
	<u>401.32</u>	<u>3624.70</u>
SCHEDULE '10'		
CURRENT LIABILITIES		
Sundry Creditors	128.38	438.14
Other Liabilities	793.08	421.91
	<u>921.46</u>	<u>860.05</u>
SCHEDULE '11'		
PROVISIONS :		
Provision For Taxation	38.72	237.55
	<u>38.72</u>	<u>237.55</u>
SCHEDULE '12'		
MISCELLANEOUS EXPENDITURE :		
(To the extent not adjusted or written off)	50.00	0.00
Deferred revenue Expenditure	50.00	0.00
	<u>50.00</u>	<u>0.00</u>

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Schedules Forming Part Of The Profit And Loss Account As At 31st March 2010

	Year Ended 31/03/2010 (Rs. In Lacs)	Year Ended 31/03/2009 (Rs. In Lacs)
SCHEDULE '13'		
SALES		
Domestic	55623.25	50114.00
	<u>55623.25</u>	<u>50114.00</u>
SCHEDULE '14'		
OTHER INCOME		
Interest	0.00	2.04
Others	0.95	1.80
	<u>0.95</u>	<u>3.84</u>
SCHEDULE '15'		
INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS		
Closing Stock	1287.16	521.74
Opening Stock	521.74	537.04
	<u>765.42</u>	<u>(15.30)</u>
SCHEDULE '16'		
MATERIALS AND GOODS CONSUMPTION		
Opening Stock		
Stock-in-process	337.72	314.88
Raw Materials	1,585.63	860.21
	<u>1923.35</u>	<u>1175.09</u>
Add:Purchases	47182.09	42738.19
	<u>49105.44</u>	<u>43913.28</u>
Less: Closing Stock		
Stock-in-process	867.26	337.72
Raw Materials	4278.65	1585.63
	<u>5145.91</u>	<u>1923.35</u>
	<u>43959.53</u>	<u>41989.93</u>

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

	Year Ended 31/03/2010 (Rs. In Lacs)	Year Ended 31/03/2009 (Rs. In Lacs)
SCHEDULE '17'		
MANUFACTURING EXPENSES		
Power & Fuel	3179.30	2184.96
Labour Charges	2176.20	1535.52
Oil, Lubricants, Dyes & Chemicals Consumed	160.25	129.41
Packing Material Consumed	264.58	228.75
Machinery Spare Parts & Repairs	145.58	113.28
Repairs - Electricals & others	30.26	29.15
Factory Rent	5.48	4.80
Processing & Other Charges	31.57	29.42
Water Charges	65.26	63.48
	<u>6058.48</u>	<u>4318.77</u>
SCHEDULE '18'		
FINANCIAL CHARGES		
Interest on Redeemable Non-Conv. Deb.	53.22	56.34
Interest on Cash Credit Accounts	797.10	9.64
Bank Charges	5.92	5.25
	<u>856.24</u>	<u>71.23</u>
SCHEDULE '19'		
SELLING AND ADMINISTRATIVE EXPENSES		
Insurance Charges	17.54	10.45
Consultancy & Professional Fees, Legal Charges	70.58	54.29
Discount, Commission and Brokerage	343.16	304.66
Salary & Staff Welfare	250.63	224.35
Transportation Charges	170.26	183.40
Printing and Stationery	48.60	35.19
Directors' Remuneration	1.44	1.44
General & Misc. Expenses	60.20	52.83
Advertisements	30.74	26.14
Auditors' Remuneration	0.88	0.88
Directors' Sitting Fees	2.50	1.24
Conveyance & Travelling	18.26	15.87
Listing Fees	1.13	1.02
Motor Car Expenses	10.26	7.03
Registration & Licence Fees	2.10	1.74
Rent, Rates & Taxes	52.36	49.45
Postage & Telephone Expenses	25.64	19.53
Sales Promotion Expenses	13.54	11.38
Electrical Exp	90.25	82.30
	<u>1210.07</u>	<u>1083.19</u>

SCHEDULE 20: NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

a. ACCOUNTING CONCEPTS

The Company follows the mercantile system of Accounting and recognizes Income and Expenditure on accrual basis. The accounts are prepared on historical cost basis, as a going concern, and are consistent with generally accepted accounting principles.

b. FIXED ASSETS:

Fixed Assets are stated at cost of acquisition less depreciation. The cost comprises the purchase price and other attributable costs.

c. DEPRECIATION:

The Company follows the straight line method of providing depreciation at the rates prescribed in Schedule XIV to the Companies (Amendment) Act 1988 read with Section 205(2) (b) of the said Act on pro-rata basis uniformly in respect of all assets.

d. INVESTMENTS:

Investments are stated at cost, Provision for diminution in value of investments, if any, is made if such diminution is other than temporary.

e. INVENTORIES:

Inventories are valued at cost or net realizable value, whichever is lower.

2. The expenditure on research and development activities as certified by the management has been taken into account.

3. Retirement benefits:

(a) Provident fund has been paid regularly in time by the company

(b) Gratuity & Leave Encashment is accounted for in cash basis as and when paid.

4. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes as a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

5. The company has a single business segment namely "Textiles". Hence segment reporting as required under AS-17 issued by ICAI and made mandatory w.e.f 01/04/2001 for certain business enterprises is not applicable in case of company

6. AS-18 Related Party Disclosure:

Related party disclosures as required by AS-18 "Related Party Disclosures" are given below. [Related parties are as identified by the Company and relied upon by the Auditors]:

A. List of Related Parties.

1. Parties where control exists: Nil

2. Other parties with whom the company has entered into transaction during the year.

i) Associates where key management personnel and their relatives have significant influence; - Nil

ii) Key Management Personnel: -

a. S.P.JOLLY Managing Director

iii) Relative of Key Management Personnel: - Nil

B. During the year, the following transactions were carried out with the related parties in the normal course of business.

Transaction	Associates	Key Management Personnel (in lacs)	Relative of Key Management Personnel	Total (in lacs)
Remuneration	Nil (Nil)	1.44 (1.44)	Nil (Nil)	1.44 (1.44)

Notes :

1. No amount pertaining to Related Parties has been provided for as doubtful debts. Also, no amount has been written off / written back during the year.

2. Figures in brackets represent corresponding amount of previous year.

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

7. AS-19 Leases

Company has not taken any Assets on Lease basis

8. AS-22 Accounting for taxes on Income:

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provision of the Income Tax Act, 1961, and based on expected outcome of assessment / appeals.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

9. There is no payment overdue to small-scale industries.

10. The balance of advances, debtors and creditors are confirmed by majority of parties and efforts are being made for obtaining confirmation from remaining parties

11. **CENVAT:** Capital expenditure and raw materials have been taken at net value after adjusting cenvat, wherever applicable as per guidelines issued by The Institute of Chartered Accountants of India.

12. EARNING PER SHARE:

Basic and Diluted Earnings per Share is calculated as under:

	31-03-2010 (Rs. in lacs)	31-03-2009 (Rs. in lacs)
a. Numerator :		
Net Profit As per Profit and Loss Account	-47.06	613.82
Net Profit considered for EPS Calculation	-47.06	613.82
b. Denominator :		
No. of Equity Shares	1022382960	1022382960
c. Basic & Diluted Earnings per Share	(Rs.) 0.00	(Rs.) 0.06
d. Nominal value of Equity Share	(Rs.) 1.00	(Rs.) 1.00

13. In the opinion of the Board, Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business, the provisions for all known liabilities are adequate and not in excess than reasonably necessary.

14. Payment to Audit Fees :

	31.03.2010 (Rs.in Lacs)	31.03.2009 (Rs. in Lacs)
Remuneration to Auditors:		
Audit Fee	0.73	0.73
Tax Audit Fee	0.15	0.15

15. Remuneration to Managing Director 1.44 1.44

16. Particulars in respect of goods manufactured:

	As at 31.03.2010 (In Tonnes per annum)	As at 31.03.2009 (In Tonnes per annum)
I. Licensed Capacity	N.A.	N.A.
II. Installed Capacity		
a) Spinning Division :	22700	21000
b) Knitting of specialty fabrics	29000	25000
c) T.F.O.	8000	8000
d) Processing	22000	22000
e) Garments (Pcs.)	3000000	3000000

ANNUAL REPORT 2009-2010

17. Quantitative information in respect of Opening Stock, Purchases Sales and consumption of Raw Materials.

Description		2009-10		2008-09	
		Qty(Tonnes)	Value (Lacs)	Qty(Tonnes)	Value (Lacs)
Op. Stock	Raw Material	1833.57	1585.63	1434.41	860.21
	Stock In Process	440.09	337.72	402.53	314.88
	Finished Goods	582.44	521.74	625.62	537.04
Cl. Stock	Raw Material	4632.51	4278.65	1833.57	1585.63
	Stock In Process	784.54	867.26	440.09	337.72
	Finished Goods	981.56	1287.16	582.44	521.74
Purchases		48930.17	47182.09	45954.23	42738.19
Sales	Finished Goods	32724.36	55623.25	32386.96	50114.00
	Raw Material Consumed		43959.53		41989.93
Production	(Yarn/Cloth)	38413.74		32548.39	
Garments	(Pcs in Lacs)	3.25			

18. Expenditure in Foreign Currency :

	31.03.2010 (Rs.in Lacs)	31.03.2009 (Rs. in Lacs)
a. Value of Imported capital goods on CIF	NIL	NIL
b. Travelling Expenses	NIL	NIL
c. Remittance of dividend to NRIs AND FIIs	NIL	NIL
19. Earnings in Foreign Currency	0.00	0.00
20. Break-up Expenditure on employees who were in receipt of remuneration aggregating not less than Rs. 2400000/-, if employed through-out the year or not less than Rs. 200000/- p.m. if employed for part of the year		
a. Employed throughout the year - Number of Employees	NIL	NIL
b. Employed for the part of the year-Number of Employees	NIL	NIL

21. Contingent liabilities: Bank Gurantees Rs 48.75 Lacs

22. Figures of previous year have been re-grouped/re-arranged wherever necessary.

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

For A.F.KHASGIWALA & CO.
Chartered Accountants

Sd/-
(A.F.KHASGIWALA)
Partner
Mem. No. 006491

Sd/-
NAVIN KUMAR TAYAL
Chairman

Sd/-
S.P. JOLLY
Managing Director

Sd/-
KAJAL SHAH
Company Secretary

Place: Mumbai
Date:25th May, 2010

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-2010 (Rs. In lacs)	2008-09 (rs. In lacs)
A. Cash Flow from Operating Activities		
Net Profit Before Tax and Extraordinary Items	227.74	971.90
Adjustment For:		
Depreciation and Amortisation	4077.56	1665.70
Loss on Discarded of Fixed Assets	0.00	1.83
Interest Paid and Payable (Net)	856.24	71.23
Operating Profit Before Working Capital Changes	5161.54	2710.66
Adjustment For:		
Trade & Other Receivable	-251.90	-2,510.65
Inventories	-3,963.02	-738.93
Trade and Other Payable	61.41	35.82
Cash Generated From Operations	1008.03	(503.10)
Add:Less		
Interest Paid	856.24	71.23
Direct Tax Paid	237.55	0
Net Cash From Operating Activities	(85.76)	(574.33)
B. Cash Flow From Investing Activities		
Purchase of Fixed Assets	-11985.30	-24176.49
Interest Received		
Increase in Miscellaneous Expenditure	-50.00	
Increase in Investment	0.00	0.00
Net Cash used in Investing Activities	(12035.30)	(3495.49)
C. Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital Including Share Capital	7.85	0
Repayment of Borrowing / Increase in Loan Due to increase in Interest Outstanding	11811.36	4233.40
Net Cash Used in Financial Activities	11819.21	4233.40
Net Increase /(Decrease) In Cash and Cash Equivalents	(301.85)	163.58
Cash and Cash Equivalents (Opening Balance)	438.79	275.21
Cash and Cash Equivalents (Closing Balance)	136.94	438.79

Note: Figures of previous years have been regrouped/rearranged wherever necessary

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

For A.F.KHASGIWALA & CO.
Chartered Accountants

Sd/-
(A.F.KHASGIWALA)
Partner
Mem. No. 006491

Sd/-
NAVIN KUMAR TAYAL
Chairman

Sd/-
S.P. JOLLY
Managing Director

Place: Mumbai
Date: 25th May, 2010

Sd/-
KAJAL SHAH
Company Secretary

Auditors Certificate

We have examined the attached cash flow statement of KRISHNA LIFESTYLE TECHNOLOGIES LIMITED. For the year ended on 31st March, 2010. The Statement has been prepared by the Company in accordance with the requirements of and is based on and is in Agreement with corresponding Profit and Loss Account and Balance Sheet of the Company by our report to the members of the company.

AS PER OUR REPORT OF EVEN DATE.

For A.F. KHASGIWALA & CO.
Chartered Accountants

Sd/-
(A.F. KHASGIWALA)
Partner
Mem. No. 6491

Place: Mumbai
Date: 25^h May, 2010

ADDITIONAL INFORMATION UNDER PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance sheet Abstract and Company's General Business profile.

I. Registration Details

Registration No. :	L99999DN1987PLC000035	State Code	:	54
Balance Sheet Date	:	31.03.2010		

II. Capital Raised during the year

Public Issue	:	Nil	Right Issue	:	Nil
Bonus Issue	:	Nil	Private Placement:	:	Nil

III. Position to the Mobilisation and Development of Funds (Rs. in Lacs)

Total Liabilities	:	73197.68	Total Assets	:	73197.68
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SOURCE OF FUNDS

Paid-up Capital	:	10178.04	Reserves and Surplus	:	45566.37
Secured Loans	:	17244.61	Unsecured Loans	:	208.67

APPLICATION OF FUNDS

Net Fixed Assets	:	45558.21	Investments	:	13348.88
Net Current Assets	:	13854.27	Miscellaneous Expenditure	:	50.00
Deffered Tax Assets	:	386.32	Accumulated Losses	:	NIL

IV. Performance of Company (Rs. in Lacs)

Turnover and Other Income	:	56389.62	Total Expenditure	:	56161.88
Profit before Tax	:	227.74	Profit/(Loss) After Tax	:	-47.06
Earning Per Share	:	0.00	Dividend Rate %	:	NIL

V. Generic Names of Principal Products / Services of Company (As per monetary terms)

Item Code No. (ITC Code)	:	52-05
Product Description	:	Cotton Yarn
Item Code No. (ITC Code)	:	60-02
Product Description	:	Knitted Fabrics

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

**For A.F.KHASGIWALA & CO.
Chartered Accountants**

**Sd/-
(A.F.KHASGIWALA)
Partner
Mem. No. 006491**

**Sd/-
NAVIN KUMAR TAYAL
Chairman**

**Sd/-
S.P. JOLLY
Managing Director**

**Place: Mumbai
Date: 25th May, 2010**

**Sd/-
KAJAL SHAH
Company Secretary**

ATTENDANCE SLIP
KRISHNA LIFESTYLE TECHNOLOGIES LIMITED
Registered Office: Plot No.58-A, Danudyog Industrial Area, Piperia, Silvassa (U.T.)
(PLEASE COMPLETE THIS SLIP AND HAND IT OVER AT THE ENTRANCE OF MEETING HALL)

TWENTY THIRD ANNUAL GENERAL MEETING

Member's Name (in capital letters)

Folio No. No. of Shares held

DP. ID*	
---------	--

Client ID*	
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I hereby record my presence at the 23rd Annual General Meeting of the company being held on Saturday, 10th July, 2010 at 11.30 a.m. at 65, Krishna Nagar, Samarvani, Silvassa (U.T.)

.....
Signature of the Shareholder or Proxy

* Applicable for investors holding shares in electronic form

----- CUT HERE -----

PROXY FORM
KRISHNA LIFESTYLE TECHNOLOGIES LIMITED
Registered Office: Plot No.58-B, Danudyog Industrial Area, Piperia, Silvassa (U.T.)

DP. ID*	
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Regd. Folio No.	
-----------------	--

Client ID*	
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I/We

of in the District of

being a member/members of the Company, hereby appoint

of in the District of

or failing him of in the District of

as my/our Proxy to vote for me/us on my/our behalf at the 23rd Annual General Meeting of the Company to be held on Saturday, 10th July, 2010 at 11.30 a.m. or at any adjournment thereof.

Affix Re. 1/- Revenue Stamp

Signed this Day of 2010

* Applicable for investors holding shares in electronic form.

Note: The Proxy form duly completed and signed must be deposited at the Registered Office of the Company, not less 48 hours before the meeting.

.....
Signature of Member(s)

AS PER SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) MANDATE, THE SECURITIES OF YOUR COMPANY ARE TO BE TRADED ONLY IN DEMAT FORM W.E.F 8TH MAY 2000 FOR ALL THE INVESTORS. MEMBERS ARE, THEREOF, REQUESTED TO COMPLETE ALL FORMALITIES FOR CONVERSION OF THEIR SHARES FROM PHYSICAL TO ELECTRONIC FORM.
