

K-LIFESTYLE & INDUSTRIES LIMITED
(FORMERLY KNOWN AS 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

COMPANY SECRETARY

Ms. Kajal Shah

PRINCIPAL BANKER

Bank of India
UCO Bank
Punjab National Bank
Dena Bank
Allahabad Bank

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)

REGISTRAR & SHARE TRANSFER AGENT

Universal Capital Securities Private Limited
(Formerly Known as Mondkar Computers Pvt. Ltd.)
21, Shakil Nivas, Opp Satya Sai Baba Temple,
Mahakali Caves Road, Andheri (East),
Mumbai – 400 093.
Email: info@unisec.in

PLANTS

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

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**24th ANNUAL GENERAL MEETING to be held on Saturday 9th July, 2011, at 11:30 a.m., at 65,
Krishna Nagar Nagar, Samarvani, Silvassa, (Union Territory)- 396230.**

K-LIFESTYLE & INDUSTRIES LIMITED

NOTICE

Notice is hereby given that 24th Annual General Meeting of the Shareholders of **K-LIFESTYLE & INDUSTRIES LIMITED** (Formerly known as Krishna Lifestyle Technologies Limited) will be held on Saturday, 9th July, 2011 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, 2011 and the Balance Sheet as on that date together with the Report of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Navin Kumar Tayal, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Naresh Chandra Sharma, 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.

"RESOLVED THAT M/s A. F. Khasgiwala & Co, Chartered Accountants (Membership No. 6491, Firm Registration No. 105114W), be and is hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors of the Company."

NOTES:

1. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON 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.
2. 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.
3. Corporate Members intending to send their Authorized Representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. The Register of Members and Share Transfer Register of the Company will remain closed from Thursday, 7th July, 2011 to Saturday, 9th July, 2011 (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, 2011 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.
8. **Green Initiatives in the Corporate Governance:** The Government of India-Ministry of Corporate Affairs has, vide the Circular No. 17/2011 dated 21st April, 2011, allowed service of documents to the shareholders in the electronic mode. Thus, having regard to the said Circular read with the Information Technology Act, 2000 and Section 53 of the Companies Act, 1956, the Company hereby requests the Members to register their E-mail Address (and any change therein from time to time) with Universal Capital Securities Private Limited (Formerly known as Mondkar Computers Pvt. Ltd), the Registrar and Share Transfer Agents of the Company. The Company proposes to send the future correspondences in electronic form to the Members whose E-mail Address is registered with the Registrar and Share Transfer Agents of the Company. Any Member desiring to receive the said correspondences in the physical form should inform the Company.

For and on Behalf of the Board of Directors

**Place : Mumbai
Date : 29th April, 2011**

**Sd/-
Kajal Shah
Company Secretary**

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DIRECTORS' REPORT

Dear Members,

The Board of Directors hereby presents the 24th Annual Report on the business and operations of your Company along with the Audited Statements of Accounts for the Financial Year ended 31st March, 2011.

FINANCIAL HIGHLIGHTS:

	2010-2011 (₹ in Lacs)	2009-2010 (₹ in Lacs)
Sales	63266.73	55623.25
Other Income	38.63	0.95
Profit before Depreciation, Interest and Tax	8409.95	5161.54
Interest & Finance Charges	2364.19	856.24
Depreciation	6003.78	4077.56
Provision for Tax	8.37	38.72
Deferred Tax Assets / Liabilities	353.91	(236.08)
Net Profit	387.53	(47.06)
Profit / (Loss) brought forward from Previous Year	2237.91	2258.97
Appropriated Transfer to NCD Redemption Reserve	0.00	(26.00)
Profit / (Loss) carried to Balance Sheet	2625.44	2237.91

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:

During the year, the Turnover of Company has substantially increased to ₹63266.73 lacs as against ₹ 55623.25 Lacs in respect of the previous Financial Year ended 31st March, 2010, registering a growth of around 14% over the previous Financial Year. The Profit before Depreciation, Interest and Tax is ₹ 8409.95 Lacs in the Financial year ended 31st March, 2011 as against ₹ 5161.54 Lacs in the previous Financial year ended 31st March, 2010. The Company has earned during the year Net Profit of ₹ 387.53 Lacs after making provision for taxation of ₹ 8.37 Lacs and after considering Deferred tax Assets of ₹ 353.91 Lacs as against Loss of ₹ (47.06) Lacs in the previous Financial year ended 31st March, 2010.

CHANGE OF NAME OF THE COMPANY:

The name of the Company has been changed from M/s. Krishna Lifestyle Technologies Limited to "K-LIFESTYLE & INDUSTRIES LIMITED" in accordance with the provisions of Section 21 of the Companies Act, 1956. In this regard, the Company has received Fresh Certificate of Incorporation consequent upon Change of name of the Company dated 1st October, 2010, from the Government of India-Ministry of Corporate Affairs, Registrar of Companies, Gujarat, Dadra Nagar Haveli.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of the Company, Mr. Navin Kumar Tayal, Non-Executive Chairman, and Mr. Naresh Chandra Sharma, Director of the Company, retire by rotation at the ensuing Annual General Meeting, and are eligible for re-appointment.

During the year, Mr. Subhash Chandra Bhargava, has resigned from the Directorship of the Company w.e.f. 22nd October, 2010. The Board of Directors place on record the valuable services rendered by Mr. Subhash Chandra Bhargava and Contribution made by him during his tenure as the Director, in the growth of the Company.

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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 2011, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (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 2011 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:

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 and Mr. S. P. Jolly, Managing Director 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 programmed. 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. 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.

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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 ₹ 60,00,000/- or more per annum/ ₹ 5,00,000/- 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 2011.

AUDITORS:

M/s. A. F. Khasgiwala & Co., 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.

For and on Behalf of the Board of Directors

**Place : Mumbai
Date : 29th April, 2011**

**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 2010 – 2011:

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 :

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 in accordance with Form 'A' of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, in respect of Industries specified in the Schedule thereof:

	Year ended 31.03.2011	Year ended 31.03.2010
A. Power and Fuel Consumption :		
1. Electricity		
(a) Purchased		
1. Units (KWH in Lacs)	179.81	149.84
2. Total Amount (₹ in lacs)	945.80	671.28
3. Rate/Unit (₹)	5.26	4.78
(b) Own Generation (through Diesel Generator/ Furnace Oil / Gas)		
1. Units (KWH in Lacs)	432.78	415.24
2. Units per Liter of fuel	3.88	3.72
3. Cost per unit (₹)	6.95	6.04
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	R & D activities are being carried out by the Company continuously to Company 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.	
	(2010-11)	(2009-10)
b) Foreign Exchange Outgo (₹ in Lacs)	—	—
c) Foreign Exchange earned (₹ in Lacs)	—	—

For and on Behalf of the Board of Directors

Place : Mumbai
Date : 29th April, 2011

Sd/-
Navin Kumar Tayal
Chairman

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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

The concept of our Company, 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

2.1) The Board of Directors consists of 10 Directors.

During the year 2010-11, the Board met 4 times on the following dates namely 25th May 2010, 5th August, 2010, 15th October 2010, and 3rd February, 2011. There was no time gap of three months or more between any two meetings.

The name and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the 23rd Annual General Meeting held on 10th July, 2010, as also the number of Directorships and Committee Memberships held by them in other Public Companies are given below:

Name	Category	Attendance Particulars		Number of other Directorships and Total Committee member / Chairmanships as on 31.03.2011		
		Board Meetings	23 rd AGM	Directorship	Committee Membership	Committee Chairmanship
Mr. Navin Kumar Tayal	NEC	4	NO	2	2	2
Mr. S. P. Jolly	MD	4	YES	Nil	1	Nil
Mr. Ajay Ramesh Gupta	NED	3	YES	7	5	4
Mr. Dileep Shanker Kapre	ID	4	NO	Nil	2	Nil
Mr. Kulwinder Kumar Nayyar	ID	2	NO	1	1	1
Mr. Sanjeev Sharma	ID	4	YES	1	Nil	Nil
Mr. Naresh Chandra Sharma	ID	4	NO	3	6	4
Ms. Mrinal Tayal	ID	4	NO	4	Nil	Nil
Mr. Mahesh Prasad Mehrotra	ID	4	NO	14	9	5
Mr. Mahalinga Narayanan	ID	3	NO	5	5	4
Mr. Subhash Chandra Bhargava *	ID	2	NO	—	—	—

* Resigned as Director w.e.f. 22nd October, 2010

"NEC" = Non Executive Chairman, "MD" = Managing Director, "ID" = Independent Director,

"N" = Nominee, "NED" = Non-Executive Director.

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2.2) 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:

Sr. No.	Name of Director	Area of Expertise	Directorships	Committee Membership	Committee Chairmanships
1.	Mr. Navin Kumar Tayal	Graduation, 20 yrs, experience in execution of various projects in textiles.	2	Nil	2
2.	Mr. Naresh Chandra Sharma	Post graduate in English Literature, 37 yrs., exp. in field of LIC., 2 yrs experience as a managing director of LIC	3	2	4

2.3) Non-Executive Directors Compensation Disclosures:

Details of Sitting Fees paid to Non-Executive and Independent Directors of the Company during the Financial Year 2010-2011, for attending the Board Meetings, Audit Committee Meetings and Share Transfer and Investors' Grievances Committee Meetings, is as follows:

Sr. No.	Name of Directors	Category	Sitting Fees (in ₹)	
			Board Meetings	Committee Meetings
1.	Mr. Ajay Ramesh Gupta	NED	30,000	6,000
2.	Mr. Dileep Shanker Kapre	ID	40,000	16,000
3.	Mr. Kulwinder Kumar Nayyar	ID	20,000	10,000
4.	Mr. Sanjeev Sharma	ID	40,000	6,000
5.	Mr. Naresh Chandra Sharma	ID	40,000	—
6.	Ms. Mrinal Tayal	ID	40,000	—
7.	Mr. Mahesh Prasad Mehrotra	ID	40,000	10,000
8.	Mr. Mahalinga Narayanan	ID	30,000	—
9.	Mr. Subhash Chandra Bhargava	ID	20,000	—
	Total		3,00,000	48,000

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 Audit Committee of the Company has been re-constituted in the meeting of the Board of Directors held on 15th October, 2010. The Audit Committee now comprises of Mr. Kulwinder Kumar Nayyar as the Chairman and Mr. Mahesh Prasad Mehrotra & Mr. Dilip Shankar Kapre as the members of the Committee.

The constitution of Audit Committee meets with the requirements of Section 292A of the Companies Act, 1956 and Clause 49(II)(A) as introduced by the Companies (Amendment) Act, 2000.

The scope of the activities of the Audit Committee is as set out in Clause 49 of the Listing Agreement read with the Section 292A of the Companies Act, 1956. The terms of reference of the Audit committee are as follows:

- Overview of the company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.

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- d. 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.
- e. Reviewing with the Management, the quarterly financial statements before submission to the Board for approval.
- f. Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- g. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- h. Reviewing the adequacy of internal audit functions.
- i. Discussion with internal auditors any significant findings and follow up there on.
- j. 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.
- k. 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.
- l. 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.
- m. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

During the year 2010-11, the Audit Committee met 4 times on the following dates namely 24th May 2010, 4th August, 2010, 14th October 2010, and 3rd February, 2011. The composition of the Audit Committee and the details of Audit Committee Meetings attended by the Members are given hereunder:

Name of Member	Designation	Attendance
Mr. Ajay Ramesh Gupta (Resigned w.e.f 15th October, 2010)	Chairman	3
Mr. Sanjeev Sharma (Resigned w.e.f 15th October, 2010)	Member	3
Mr. Dilip Shankar Kapre	Member	4
Mr. Mahesh Prasad Mehrotra *	Member	1
Mr. Kulwinder Kumar Nayyar **	Chairman	1

* Mr. Mahesh Prasad Mehrotra, appointed as a member of the Committee w.e.f 15th October, 2010.

** Mr. Kulwinder Kumar Nayyar, appointed as the Chairman of the Committee w.e.f 15th October, 2010.

3.2) Remuneration Committee:

The Company does not have a Remuneration Committee. The remuneration payable to the Managing Director and the sitting fees paid to 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.

Remuneration to Managing Director and Non-Executive Directors for the year 2010-11.

Name	Gross Salary	TDS	Sitting Fees	Total
Mr. S. P. Jolly (MD)	6,00,000	60,000	—	5,24,000
Non-Executive Directors	—	—	3,48,000	3,48,000
Total	6,00,000	60,000	3,48,000	8,72,000

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3.3) Shareholders'/Investors' Grievance Committee:

The Committee comprises of Mr. Navin Kumar Tayal as the Chairman, Mr. S. P. Jolly and Mr. Dilip Shanker Kapre, 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 2010-11, the Audit Committee met 4 times on the following dates namely 24th May 2010, 4th August, 2010, 14th October 2010, and 3rd February, 2011. The composition of the Share Transfer and Investors' Grievance Committee and the details of the Meetings attended by the Members are given hereunder:

Name of Member	Designation	Attendance
Mr. Navin Kumar Tayal	Chairman	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 : 87
Number solved to the satisfaction of shareholders : 87
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
2009 – 2010	65, Krishna Nagar, Samarvani, Silvassa (U.T.)	10 th July, 2010	11.30 A.M.
2008 – 2009	65, Krishna Nagar, Samarvani, Silvassa (U.T.)	22 nd August, 2009	12.30 P.M.
2007 – 2008	65, Krishna Nagar, Samarvani, Silvassa (U.T.)	8 th August, 2008	10.30 A.M.

Note: The Company had passed special resolution in the last Annual General Meeting for re-appointment of Mr. S. P. Jolly, as a Managing Director w.e.f 25th May, 2010 in accordance with section 198, 269, 309, 310 and 311 and Schedule XIII and other applicable provisions, if any, 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 Notice of the Board Meetings, Notice of the Annual General Meeting and Book Closure, Quarterly Financial Results, Half yearly Statement of Assets and Liabilities in the following newspapers:

Free Press Journal – English; Loksatta-Jansatta-Gujarati.

(b) Management Discussion and Analysis forms integral part of this Annual Report. All matters pertaining to industry structure and developments, opportunities and threats, outlook, risks and concerns, etc., are discussed in the said report.

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7. GENERAL SHAREHOLDER INFORMATION

- 7.1 Annual General Meeting** :
- Date and time : Saturday 9th July, 2011 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 2010-11
(Tentative)
- Annual General Meeting : July, 2012
- Board Meetings:-
- Results for the Quarter ending : Second week of August, 2011
June 30, 2011
- Results for the Quarter/Half year : Second week of November, 2011
ending September 30, 2011
- Results for the Quarter ending : Second week of February, 2012
December 31, 2011
- Results for the year ending : Last week of May, 2012
March 31, 2012
- 7.3 Book Closure Date** : 7th July, 2011 to 9th July, 2011 (Both days inclusive)
- 7.4 Dividend Payment Date** : N. A.
- 7.5(a) Listing of Equity Shares** : Bombay Stock Exchange Ltd.
- (b) ISIN Numbers** : Equity Shares: INE218A01028
- 7.6 Stock Code** : 514221 (Bombay Stock Exchange)
- (Note: Annual listing fees for the year 2011-2012 have been duly paid to the Bombay Stock Exchange Ltd.)

7.7 Stock Market Data:

The shares of the Company are listed with the Bombay Stock Exchange Limited. The details of the Market Price data i.e., high, low (based on the closing prices) and volume during the Financial year 2010-11, is given hereunder:

Month	High (₹)	Low (₹)	No. of Shares
April 2010	1.39	0.94	51,56,796
May 2010	1.23	1.03	53,54,828
June 2010	1.14	1.00	51,40,919
July 2010	1.15	1.00	51,08,923
August 2010	1.10	0.83	67,34,904
September 2010	1.20	0.94	74,82,670
October 2010	1.15	0.94	55,80,115
November 2010	1.09	0.80	54,66,652
December 2010	0.97	0.76	35,98,180
January 2011	0.86	0.62	24,03,876
February 2011	0.78	0.55	23,33,568
March 2011	0.69	0.58	30,23,773

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 : Universal Capital Securities Private Limited
(Formerly known as Mondkar Computer Pvt. Ltd.)
21, Shakil Nivas, Opp. Satya Sai Baba Temple,
Mahakali Caves Road, Andheri (East), Mumbai - 400 093.
Email: info@unisec.in

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, 2011:

Category		Number of Shareholders	Number of Shares held
From	To		
Upto	5000	66058	111787688
5001	10000	5347	41976420
10001	20000	1836	28114289
20001	30000	622	15876804
30001	40000	248	8917068
40001	50000	232	11009054
50001	100000	339	25036791
100001	Above	313	779664846
TOTAL		74995	1022382960

b) Shareholding pattern as on 31st March, 2011

Sr. No.	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	66288378	6.48
3.	Domestic Companies	109798555	10.74
4.	Resident Individuals	300457378	29.39
	Total	1022382960	100.00

7.12 a) Dematerialization of Shares : Approximately 88.57% of the shares issued by the Company has been dematerialized up to 31st March 2011.

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, Silvassa (U.T.), Dombivali and Baddi (H.P.)

7.15 (a) 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. : Universal Capital Securities Private Limited
(Formerly known as Mondkar Computer Pvt. Ltd.) 21, Shakil Nivas, Opp. Satya Sai Baba Temple, Mahakali Caves Road, Andheri (East), Mumbai – 400 093.
Email: info@unisec.in

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

(b) 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 WITH THE CODE OF CONDUCT BY THE BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

I, S. P. Jolly, Managing Director of the K-Lifestyle & Industries Limited (Formerly known as Krishna Lifestyle Technologies Limited), hereby 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, 2011, 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, 2011.

For and on behalf of the Board of Directors

Sd/-

S. P. Jolly

Managing Director

Place: Mumbai

Date: 29th April, 2011

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 K-Lifestyle & Industries Limited (Formerly known as Krishna Lifestyle Technologies Limited), to the best of my knowledge and belief, certify that:

- (a) I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) To the best of my knowledge and belief, there are no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) 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 have not found any deficiencies in the design or operation of the Internal Control System.
- (d) I further certify that: -
 - a. there have been no significant changes in Internal Control (except increase in scope of work of Internal auditor) during this year.
 - b. there have been no significant changes in accounting policies during this year.
 - c. there have been no instances of significant fraud of which we have become aware and the involvement therein, of Management or an Employee having a significant role in the Company's Internal Control System.
- (e) 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: 29th April, 2011

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of **K-LIFESTYLE & INDUSTRIES LIMITED** (Formerly known as Krishna Lifestyle Technologies Limited):

We have examined the compliance of the conditions of Corporate Governance by **K-LIFESTYLE & INDUSTRIES LIMITED** (Formerly known as Krishna Lifestyle Technologies Limited) for the year ended 31st March 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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 and the representations made by the Board of Directors of the Company and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above Listing Agreement.

We state that in respect of investors grievances received during the year ended 31st March 2011, no investor grievances are pending against the Company as on 29th April, 2011, 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. 6491

Firm Registration no. 105114W

Place : Mumbai

Dated : 28th April, 2011

K-LIFESTYLE & INDUSTRIES LIMITED

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS

The Management of **K-LIFESTYLE & INDUSTRIES LIMITED** (Formerly known as 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

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 17% of the export earnings. It is the second largest provider of employment after agriculture. It provides direct employment to over 35 million people and indirect employment to around another 60 million people in the Country.

The Industry contributes around 25% share in the world trade of cotton yarn. India is the largest exporter of yarn in the international market and has a share of 25% in world cotton yarn export market. India contributes for 12% of the world's production of textile fibers and yarn. Indian textile industry is second largest after China in terms of spindlage, and has share of 23% of the world's spindle capacity. India has around 6% of global rotor capacity.

The industry is expected to grow from the present US\$ 70 billion to US\$ 220 billion by 2020; India's textile export is expected to reach US\$ 25 billion by 2012.

India has the potential to increase its textile and apparel share in the world trade from the current level of 4.5 per cent to 8 per cent and reach US\$ 80 billion by 2020.

— Cotton

India is the second largest producer of cotton in the world. According to Cotton outlook, a Cotton trade journal, Cotton production in India for the 2011-12 season is estimated to be 5.9 million tonnes. 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 32 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 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.

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.
- Abundant Raw Material availability that helps industry to control costs and reduces the lead-time across the operation;

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- 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.
- Availability of large varieties of cotton fiber and has a fast growing synthetic fiber industry;
- Promising export potential

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.

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.
- 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. During 2010-11 (upto June 2010, provision figures), 256 applications have been sanctioned at a project cost of US\$ 89.2 million. The cumulative progress as on June 30, 2010, includes 28,302 applications sanctioned at a project cost of US\$ 46.71 billion. The Ministry of Textile has sanctioned a total of US\$ 133 million under TUFS during September 2010. The TUFS subsidy has been suspended for the new loans w.e.f. 29th June, 2010.
- The Scheme for Integrated Textile Park (SITP) was approved in July 2005 to facilitate setting up of textiles parks with world class infrastructure facilities. Forty parks have been sanctioned till December 31, 2010 in nine states with total project cost of about US\$ 931.1 million with Government contribution of US\$ 320 million. When fully functional the parks would have an investment of US\$ 4.3 billion.
- The government extended 10 per cent capital subsidy and 4 per cent interest subsidy on installation of Spinning Machines and 5% interest subsidy on installation of Knitting Machines under the TUFs.
- The government has set to launch US\$ 44.21 million mission for promotion of technical Textiles.
- The Government has launched the Integrated Skill Development Scheme for the Textiles & Apparel Sector, with an objective of capacity building of Institutions providing skill development & training in Textiles Sector. Under this Scheme, the Government has envisaged skill development of 2.7 million persons with an overall cost of US\$ 530 million over the next five years.

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.

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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 overheads, 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 2010-2011 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

The Company has been maintaining 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 by M/s. B. James & Co., the Internal Auditor, about the financial and operating controls. The Audit Committee of the Company reviews the adequacy of internal audit functions.

vii) FINANCIAL PERFORMANCE VS. OPERATIONAL PERFORMANCE

The Company has achieved Sales Turnover of ₹63266.73 lacs as against ₹ 55623.25 Lacs in respect of the previous Financial Year ended 31st March, 2010, registering a growth of around 14% over the previous Financial Year. The Profit before Depreciation, Interest and Tax is ₹ 8409.95 Lacs in the Financial year ended 31st March, 2011 as against ₹ 5161.54 Lacs in the previous Financial year ended 31st March, 2010. The Company has earned during the year Net Profit of ₹ 387.53 Lacs after making provision for taxation of ₹ 8.37 Lacs and after considering Deferred tax Assets of ₹ 353.91 Lacs as against Loss of ₹ (47.06) Lacs in the previous Financial year ended 31st March, 2010.

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.

x) CAUTIONARY STATEMENT

Statements Made in this Report may be "forward looking statements" within the meaning of applicable securities laws and regulations. These 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 like changes in economic conditions affecting demand/supply, price conditions in which the Company operates, Government regulations, tax laws and other statutes and incidental factors.

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AUDITORS' REPORT

To,
The Members of
K-LIFESTYLE & INDUSTRIES LTD
(FORMELY KNOWN AS KRISHNA LIFESTYLE TECHNOLOGIES LIMITED)

1. We have audited the attached Balance Sheet of **K-LIFESTYLE & INDUSTRIES LTD (FORMELY KNOWN AS KRISHNA LIFESTYLE TECHNOLOGIES LIMITED)** As at 31st March, 2011 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 have 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,2011and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March,2011from 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, 2011,
 - 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
Firm Reg.No.105114W

Place : Mumbai
Date : 29.04.2011

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ANNEXURE REFERRED TO IN PARAGRAPH 2 OF AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST March, 2011 K-LIFESTYLE & INDUSTRIES LTD (FORMELY KNOWN AS 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.
 - a) The Company has not granted any loans, Secured or Unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - b) The Company has not taken any loans secured or unsecured, from companies, firms or parties covered in the register maintained under 301 of the Companies Acts,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 has 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 ₹5,00,000 or more during the year 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.
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 are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government of India under Section 209 (1) (d) of the Act have been maintained. We have, however, not made a detailed examination of such accounts and records.

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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 given Corporate guarantees for loan taken by others aggregating to ₹33.40Crore In favour of Indian Overseas Bank,Narimon Point Branch, Mumbai for securing loan granted to KSL and Industries Ltd, Eskay knit India Ltd, Jaybharat Textiles & Real Estate Ltd and Krishna Knitwear Technology Ltd, and another corporate Guarantees of ₹5 Crore in favour of State Bank of India, Vapi for securing the loan Granted to Ambica Chemicals & Synthetics Pvt.Ltd.
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.In our opinion and according to the information and explanations given to us, there are no Funds raised as a short term basis which have been used 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, 2011and 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
Firm Reg.No.105114W**

**Place : Mumbai
Date : 29.04.2011**

K-LIFESTYLE & INDUSTRIES LIMITED

BALANCE SHEET AS AT 31st MARCH, 2011

	SCH NO.	AS AT 31/03/2011 (₹ in Lacs)	AS AT 31/03/2010 (₹ in Lacs)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
SHARE CAPITAL	1	10178.04	10178.04
RESERVES & SURPLUS	2	45953.90	45566.37
		56131.94	55744.41
LOAN FUNDS	3	26145.63	17453.27
TOTAL		82277.57	73197.68
APPLICATION OF FUNDS			
FIXED ASSETS			
GROSS BLOCK	4	69790.81	64404.90
LESS: DEPRECIATION		26057.79	20054.00
		43733.03	44350.90
CAPITAL WORK IN PROGRESS		0.00	1207.31
NET BLOCK		43733.03	45558.21
INVESTMENTS	5	13348.88	13348.88
CURRENT ASSETS, LOANS & ADVANCES			
INVENTORIES	6	13745.63	6444.53
SUNDRY DEBTORS	7	9676.33	7831.66
CASH AND BANK BALANCES	8	213.18	136.94
LOANS AND ADVANCES	9	2100.01	401.32
		25735.15	14814.45
LESS: CURRENT LIABILITIES & PROVISIONS			
CURRENT LIABILITIES	10	1321.35	921.46
PROVISIONS	11	8.37	38.72
		1329.72	960.18
NET CURRENT ASSETS		24405.43	13854.27
DEFERRED TAX ASSETS (Net)		740.23	386.32
MISCELLANEOUS EXPENDITURE	12	50.00	50.00
(To the extent not adjusted or written off)			
TOTAL		82277.57	73197.68
NOTES OF ACCOUNTS			
CASH FLOW STATEMENT	20		
(BANK GUARANTEES ₹52.73Lacs)	21		
PART OF THE FINANCIAL STATEMENTS			

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

For A.F. KHASGIWALA & CO.
Chartered Accountants

Sd/-

Sd/-

Sd/-
(A.F. KHASGIWALA)

Chairman

Mg. Director

Partner
Mem No.006491
Firm Regn No.105114W

Sd/-

Place : Mumbai
Date : 29.04.2011

Company Secretary

ANNUAL REPORT 2010-2011

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2011

	SCH NO.	Year Ended 31/03/2011 (₹ in Lacs)	Year Ended 31/03/2010 (₹ in Lacs)
INCOME			
SALES	13	63266.73	55623.25
OTHER INCOME	14	38.63	0.95
INCREASE/(DECREASE) IN STOCK	15	1304.38	765.42
		64609.74	56389.62
EXPENDITURE			
RAW MATERIALS CONSUMED	16	46789.63	43959.53
MANUFACTURING EXPENSES	17	7709.42	6058.48
INTEREST AND FINANCE CHARGES	18	2364.19	856.24
SELLING & ADMINISTRATIVE EXPENSES	19	1700.74	1210.07
DEPRECIATION		6003.78	4077.56
		64567.76	56161.88
PROFIT BEFORE TAX		41.98	227.74
PROVISION FOR TAX		8.37	38.72
DEFERRED TAX LIABILITIES/(ASSETS)		(353.91)	236.08
PROFIT/(LOSS) AFTER TAX		387.53	(47.06)
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		2237.91	2258.97
AMOUNT AVAILABLE FOR APPROPRIATION		2625.44	2211.91
APPROPRIATIONS			
LESS : TRANSFER TO NCD REDEMPTION RESERVE		0.00	-26.00
BALANCE CARRIED TO BALANCE SHEET		2625.44	2237.91
BASIC AND DILUTED EARNINGS PER SHARE IN ₹		0.04	0.00
NOTES OF ACCOUNTS	20		
CASH FLOW STATEMENT	21		

AS PER OUR ATTACHED REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

For A.F. KHASGIWALA & CO.
Chartered Accountants

Sd/-
(A.F. KHASGIWALA)
Partner
Mem No.006491
Firm Regn No.105114W

Place : Mumbai
Date : 29.04.2011

Sd/-
Chairman

Sd/-
Mg. Director

Sd/-
Company Secretary

K-LIFESTYLE & INDUSTRIES LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2011

		As At 31/03/2011 (₹in Lacs)		As At 31/03/2010 (₹in Lacs)
SCHEDULE '1'				
SHARE CAPITAL				
Authorised				
I.	213,00,00,000 Equity Shares of ₹ 1/ each (Previous year 213,00,00,000 Equity Shares of ₹ 1/- each)	21300.00		21300.00
ii.	1,20,00,000 (previous year 1,20,00,000) redeemable - Preference Shares of ₹10/- each.	1200.00		1200.00
		22500.00		22500.00
ISSUED, SUBSCRIBED AND PAID UP				
	102,23,82,960 (previous year 102,23,82,960) Equity shares of ₹ 1/- each	10,223.82		10,223.82
	Less: Share allotment money receivable	45.78		53.63
	Less: Money received during the year	0.00		7.85
		45.78		
		10178.04	45.78	10178.04
		10178.04		10178.04
SCHEDULE '2'				
RESERVES AND SURPLUS				
	General Reserve	14479.17		14479.17
	Add Transfer From Non Conv. Deb. Redemption Reserve	600.00		0.00
				14479.17
	Subsidy	11.45		11.45
	Capital Reserve	364.23		364.23
	Non Convertible Debenture Redemption Reserve	600.00		600.00
	Less: Transfer to General Reserve	-600.00		0.00
	Share Premium	27873.61		27873.61
	Profit & Loss Account A/C			
	Surplus	2625.44		2237.91
		45953.90		45566.37

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	As At 31.03.2011 (₹ in Lacs)	As At 31.03.2010 (₹ in Lacs)
SCHEDULE '3'		
LOAN FUNDS		
SECURED LOANS		
TERM LOAN (From Banks) (Secured by First charge on Fixed assets both movable & immovable on paripassu basis and personal guarantee of Promoters/directors of the Company) Note:(Repayable within one year ₹ 3951Lacs (Prev.year Nil)	12693.29	14076.76
Interest Accrued and due	189.60	146.96
MORTGAGE LOAN(From Banks) (Secured by Mortgage of property owned by two relative of directors)	3997.08	0.00
WORKING CAPITAL LOANS(From Banks) (Secured by First charge on inventory and book debts on paripassu basis and personal guarantee of Promoters/directors of the Company)	9265.65	3020.89
TOTAL	26145.63	17244.61
UNSECURED LOANS		
9 % UNSECURED REDEEMABLE NON-CONVERTIBLE - DEBENTURES OF ₹100 EACH (Allotted to IFCI on 12/07/2002)	0.00	208.67
TOTAL	0.00	208.67
GRAND TOTAL	26145.63	17453.27

SCHEDULE : 4 : FIXED ASSETS as on 31.03.2011

(₹ in lacs)

SR NO	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS ON 01.04.2010	ADDI- TION FOR THE YEAR	DEDUC TION	AS ON 31.03.2011	UP TO 01.04.2010	DURING THE YEAR	WRITTEN BACK	UP TO 31.03.2011	AS ON 31.03.2011	AS ON 01.04.2010
1	LAND	606.35	0.00	0.00	606.35	0.00	0.00	0.00	0.00	606.35	606.35
2	BUILDING	9993.48	425.25	0.00	10418.73	2002.35	337.28	0.00	2339.63	8079.10	7991.13
3	PLANT & MACHINERY	53382.83	4958.16	0.00	58340.99	17885.50	5647.17	0.00	23532.68	34808.32	35497.33
4	OFFICE EQUIPMENTS	122.49	0.00	0.00	122.49	45.97	7.75	0.00	53.72	68.77	76.52
5	FURNITURE & FIXTURES	72.81	0.00	0.00	72.81	29.65	4.61	0.00	34.26	38.55	43.16
6	VEHICLE	59.54	0.00	0.00	59.54	55.52	3.34	0.00	58.86	0.68	4.02
7	OFFICE PREMISES	132.90	1.00	0.00	133.90	21.97	2.18	0.00	24.15	109.75	110.93
8	AIR CONDITIONERS	17.47	1.50	0.00	18.97	9.63	1.17	0.00	10.80	8.17	7.84
9	RESIDENTIAL FLAT	17.03	0.00	0.00	17.03	3.40	0.27	0.00	3.68	13.35	13.63
	TOTAL	64404.90	5385.91	0.00	69790.81	20054.00	6003.78	0.00	26057.79	43733.03	44350.90
10	Capital Work in Process	1207.31	4176.10	5383.41	0.00	0.00	0.00	0.00	0.00	0.00	1207.31
	TOTAL	65612.21	9562.01	5383.41	69790.81	20054.00	6003.78	0.00	26057.79	43733.03	45558.21
	PREVIOUS YEAR	53991.67	16203.17	4582.63	64404.90	16341.19	4077.56	364.75	20054.00	45558.21	37650.48

	As At 31.03.2011 (₹ in Lacs)	As At 31/03/2010 (₹ in Lacs)
SCHEDULE '5'		
INVESTMENTS		
LONG TERM, TRADE :		
Unquoted,		
36298756 (36298756 Previos year) Eq.sh of . KRISHNA KNITWEAR TECHNOLOGY LTD ₹10 each Fully paid up 22,19,000 Preference Shares of ₹ 100 each of ACTIF CORPORATION LTD. Fully paid up	6929.88	6929.88
Share Application Money (KSL and Industries Ltd.)	2219.00	2219.00
	4200.00	4200.00
	13348.88	13348.88

K-LIFESTYLE & INDUSTRIES LIMITED

	As At 31.03.2011 (₹in Lacs)	As At 31/03/2010 (₹in Lacs)
SCHEDULE '6'		
INVENTORIES :		
(At Taken Valued And Certified By The Management)		
1. Raw Materials	9152.51	4278.65
2. Work-in-progress	1979.80	867.26
3. Finished Goods	2591.54	1287.16
4. Stores & Consumables	21.78	11.46
	<u>13745.63</u>	<u>6444.53</u>
SCHEDULE '7'		
SUNDRY DEBTORS :		
(Unsecured And Considered Good)		
Exceeding Six Months- Considered Good	78.91	71.68
Others - Considered Good.	9597.42	7759.98
	<u>9676.33</u>	<u>7831.66</u>
SCHEDULE '8'		
CASH AND BANK BALANCES :		
Cash In Hand	16.47	6.75
Balances With Scheduled Banks In		
Current Accounts	55.42	106.70
Fixed Deposits With Scheduled Banks	141.29	23.49
(Pledged With Bank)		
	<u>213.18</u>	<u>136.94</u>
SCHEDULE '9'		
LOANS AND ADVANCES :		
(Unsecured And Considered Good)		
Advances Recoverable In Cash Or In Kind		
Or For Value To Be Received	1017.90	401.32
Subsidy Receivable	1082.10	0.00
	<u>2100.01</u>	<u>401.32</u>
SCHEDULE '10'		
CURRENT LIABILITIES :		
Sundry Creditors	539.78	128.38
Other Liabilities	781.57	793.08
	<u>1321.35</u>	<u>921.46</u>
SCHEDULE '11'		
PROVISIONS :		
Provision For Taxation	8.37	38.72
	<u>8.37</u>	<u>38.72</u>
SCHEDULE '12'		
MISCELLANEOUS EXPENDITURE :		
(To the extent not adjusted or written off)		
Deferred revenue Expenditure	50.00	50.00
	<u>50.00</u>	<u>50.00</u>

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SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2011

	Year Ended 31/03/2011 (₹ In Lacs)	Year Ended 31/03/2010 (₹ In Lacs)
SCHEDULE '13'		
SALES		
Domestic	<u>63266.73</u>	<u>55623.25</u>
	<u>63266.73</u>	<u>55623.25</u>
SCHEDULE '14'		
OTHER INCOME		
Others	<u>38.63</u>	<u>0.95</u>
	<u>38.63</u>	<u>0.95</u>
SCHEDULE '15'		
INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS		
Closing Stock	<u>2,591.54</u>	<u>1,287.16</u>
Opening Stock	<u>1,287.16</u>	<u>521.74</u>
	<u>1304.38</u>	<u>765.42</u>
SCHEDULE '16'		
RAW MATERIALS CONSUMED		
Opening Stock		
Work-in-progress	<u>867.26</u>	<u>337.72</u>
Raw Materials	<u>4,278.65</u>	<u>1,585.63</u>
	<u>5145.92</u>	<u>1923.35</u>
Add:Purchases	<u>52776.02</u>	<u>47182.09</u>
	<u>57921.95</u>	<u>49105.44</u>
Less: Closing Stock		
Work-in-progress	<u>1,979.80</u>	<u>867.26</u>
Raw Materials	<u>9,152.51</u>	<u>4,278.65</u>
	<u>11132.31</u>	<u>5145.91</u>
	<u>46789.63</u>	<u>43959.53</u>

K-LIFESTYLE & INDUSTRIES LIMITED

	Year Ended 31/03/2011 (₹ In Lacs)	Year Ended 31/03/2010 (₹ In Lacs)
SCHEDULE '17'		
MANUFACTURING EXPENSES		
Power & Fuel	4256.15	3179.30
Labour Charges	2567.61	2176.20
Oil, Lubricants, Dyes & Chemicals Consumed	216.26	160.25
Packing Material Consumed	329.48	264.58
Machinery Spare Parts & Repairs	174.80	145.58
Repairs - Electricals & others	48.57	30.26
Factory Rent	5.16	5.48
Processing & other charges	32.76	31.57
Water Charges	78.65	65.26
	<u>7709.42</u>	<u>6058.48</u>
SCHEDULE '18'		
FINANCIAL CHARGES		
Interstet on Redeemable Non-Conv.Deb.	3.64	53.22
Interest on Term Loan	1257.96	0.00
Interest on Cash Credit Accounts	1028.30	797.10
Finance & Bank Charges	74.29	5.92
	<u>2364.19</u>	<u>856.24</u>
SCHEDULE '19'		
SELLING AND ADMINISTRATIVE EXPENSES		
Insurance Charges	12.44	17.54
Consultancy & Professional Fees,Legal Charges	87.71	70.58
Discount, Commission and Brokerage	455.22	343.16
Salary & Staff Welfare	333.33	250.63
Transporation Charges	212.27	170.26
Printing and Stationery	59.26	48.60
Directors' Remuneration	5.24	1.44
General & Misc. Expenses	98.60	60.20
Advertisements	43.52	30.74
Auditors' Remuneration	1.01	0.88
Directors' Sitting Fees	3.48	2.50
Conveyance & Travelling	29.58	18.26
Listing Fees	1.02	1.13
Motor Car Expenses	21.59	10.26
Registration & Filing Fees	4.53	2.10
Rent,Rates & Taxes	79.37	52.36
Postage & Telephone Expenses	39.65	25.64
Sales Promotion Expenses	19.55	13.54
Stores expenses	33.09	0.00
Electrical Exp	160.28	90.25
	<u>1700.74</u>	<u>1210.07</u>

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SCHEDULE '20'

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

1. SIGNIFICANT ACCOUNTING POLICIES

- a. The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles ("GAAP"), and in compliance with the Accounting Standards referred to in section 211 (3C) and other requirements of the Companies Act, 1956

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of fixed assets etc. Actual results could differ from these estimates.

b. FIXED ASSETS

Fixed Assets are stated at cost of acquisition less depreciation. The cost comprises of 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.

From January 2010 has been provided depreciation on Plant & Machinery on Triple shift basis on term of schedule XIV to the Companies (Amendment) Act 1988.As against till December 2009 the depreciation was provided single shift basis.

d. INVESTMENTS

Long Term Investments are carried at cost less provision for diminution other than Temporary,if any, in value of such investments. .

e. INVENTORIES

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

2. 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.

3. 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.

4. The company has only one business Segment that is "Textile" and hence Segment reporting as required under AS-17 issued by ICAI is not applicable.

5. 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)	5.24 (1.44)	Nil (Nil)	5.24 (1.44)

Notes: Figures in brackets represent corresponding amount of previous year.

K-LIFESTYLE & INDUSTRIES LIMITED

6. AS-19 Leases

Company has not taken any Assets on Lease basis

7. 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.

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

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

10. **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..

11. EARNING PER SHARE

Basic and Diluted Earnings Per Share is calculated as under:

	31-03-2011 (₹in Lacs)	31-03-2010 (₹in Lacs)
a. Numerator :		
Net Profit As per Profit and Loss Account	387.53	– 47.06
Net Profit considered for EPS Calculation	387.53	– 47.06
b. Denominator :		
No. of Equity Shares	1022382960	1022382960
c. Basic & Diluted Earnings per Share	(₹) 0.04	(₹) 0.00
d. Nominal value of Equity Share	(₹) 1.00	(₹) 1.00

12. 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.

13. Payment of Audit Fees

	31.03.2011 (₹ in Lacs)	31.03.2010 (₹in Lacs)
Remuneration to Auditors:		
Audit Fee	0.86	0.73
Tax Audit Fee	0.15	0.15
14. Remuneration to Managing Director	5.24	1.44

15. Particulars in respect of goods manufactured:

	As at 31.03.2011 (In tonnes per annum)	As at 31.03.2010 (In tonnes per annum)
I. Licensed Capacity	N.A.	N.A.
II. Installed Capacity		
a) Spinning Division :	22700	22700
b) Knitting of specialty fabrics	35900	29000
c) T.F.O.	8000	8000
d) Processing	22000	22000
e) Garments (Pcs.)	3000000	3000000

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

Description		2010-2011		2009-2010	
		Qty (Tonnes)	Value (₹ in Lacs)	Qty (Tonnes)	Value (₹ in Lacs)
Opening Stock	Raw Material	4632.51	4278.65	1833.57	1585.63
	Work in Progress	784.54	867.26	440.09	337.72
	Finished Goods	981.56	1287.16	582.44	521.74
Closing Stock	Raw Material	6072.97	9152.51	4632.51	4278.65
	Work in Progress	1270.89	1979.80	784.54	867.26
	Finished Goods	1105.06	2591.54	981.56	1287.16
Purchases		33269.85	52559.57	48930.17	47182.09
Sales	Finished Goods	26756.36	63051.59	32724.36	55623.25
	Raw Material Consumed		46789.63		43959.53
Production	(Fabric/Cloth)	32771.54		38413.74	
Garments	(Pcs in Lacs)	6.90		3.25	

17. Expenditure in Foreign Currency :

	31.03.2011 (₹ in Lacs)	31.03.2010 (₹ 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

18. Earnings in Foreign Currency

NIL NIL

19. Break-up Expenditure on employees who were in receipt of remuneration aggregating not less than ₹ 6000000/-, if employed through-out the year or not less than Rs . 500000/- 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

20. Contingent liabilities: Bank Gurantees of Rs 39.14 Cr.

21. 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
Membership No. 6491
Firm Regn No. 105114W

Place : Mumbai
Date : 29-04-2011

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Company Secretary

K-LIFESTYLE & INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-2011 (₹ In lacs)	2009-2010 (₹ In lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extraordinary Items	41.98	227.74
Adjustment for:		
Depreciation and Amortisation	6003.78	4077.56
Loss on Discarded of Fixed Assets	0.00	0.00
Interest paid and payable (net)	2364.19	856.24
Operating profit before working capital changes	8409.95	5161.54
Adjustment for:		
Trade & other receivable	-3,543.36	-251.90
Inventories	-7,301.10	-3,963.02
Trade and other payable	369.54	61.41
Cash generated from operations	(2064.97)	1008.03
Add:less		
Interest paid	2364.19	856.24
Direct tax paid	8.37	237.55
Net cash from operating activities	(4437.53)	(85.76)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-4178.60	-11985.30
Interest received/other income	0.00	0
Increase in miscellaneous expenditure	0.00	-50.00
Increase in investment	0.00	0.00
Net cash used in investing activities	(4178.60)	(12035.30)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital Including share capital	0.00	7.85
Repayment of borrowing / increase in loan Due to increase in interest outstanding	8692.35	11811.36
Net cash used in financial activities	8692.35	11819.21
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	76.24	(301.85)
Cash and Cash Equivalents (Opening Balance)	136.94	438.78
Cash and Cash Equivalents (Closing Balance)	213.18	136.94
	76.24	(301.84)

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

AS PER OUR ATTACHED REPORT OF EVEN DATE FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

For A.F. KHASGIWALA & CO.
Chartered Accountants

Sd/-

Partner

Mem. No. 6491
Firm Regn no.105114W

Place : Mumbai
Date : 29.04.2011

Sd/-

Chairman

Sd/-

Managing Director

Sd/-

Company Secretary

AUDITOR'S CERTIFICATE

We have examined the attached cash flow statement of **K-LIFESTYLE & INDUSTRIES LIMITED** (FORMELY KNOWN AS KRISHNA LIFESTYLE TECHNOLOGIES LIMITED) for the year ended on **31st March, 2011**. The Statement has been prepared by the company in accordance with the requirements of and is based on and is in Agreement with the 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
Firm Regn. no.105114W

Place : Mumbai
Date : 29.04.2011

ANNUAL REPORT 2010-2011

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. : L74999DN1987PLC000035 State Code : 54
Balance Sheet Date : 31.03.2011

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 (₹ in Lacs)

Total Liabilities : 82277.57 Total Assets : 82277.57
SOURCE OF FUNDS
Paid-up Capital : 10178.04 Reserves and Surplus : 45953.90
Secured Loans : 26145.63 Unsecured Loans : 0.00
APPLICATION OF FUNDS
Net Fixed Assets : 43733.03 Investments : 13348.88
Net Current Assets : 24405.43 Miscellaneous Expenditure : 50.00
Deffered Tax Assets : 740.23 Accumulated Losses : NIL

IV. Performance of Company (₹ in Lacs)

Turnover and Other Income : 64609.74 Total Expenditure : 64567.76
Profit before Tax : 41.98 Profit/(Loss) After Tax : 387.53
Earning Per Share : 0.04 Dividend Rate % : NIL

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

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/-

Partner
Mem. No. 006491

Place : Mumbai
Date : 29.04.2011

Sd/-

Chairman

Sd/-

Managing Director

Sd/-

Company Secretary

ATTENDANCE SLIP

K-LIFESTYLE & INDUSTRIES LIMITED

(Formerly known as Krishna Lifestyle Technologies Limited)
Registered Office: Plot No.58-A, Danu Udyog Industrial Area, Piperia, Silvassa (U.T.)
(Please complete this slip and hand it over at the entrance of the Meeting Hall)

24TH ANNUAL GENERAL MEETING

Member's Name (in capital letters)

Regd. Folio No. No. of Shares held

DP. ID*	
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Client ID*	
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I hereby record my presence at the 24th Annual General Meeting of the Members of the Company being held on Saturday, 9th July, 2011, at 11.30 a.m. 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

K-LIFESTYLE & INDUSTRIES LIMITED

(Formerly known as Krishna Lifestyle Technologies Limited)
Registered Office: Plot No.58-A, Danu Udyog Industrial Area, Piperia, Silvassa (U.T.)

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

Regd. Folio No.	
-----------------	--

Client ID*	
------------	--

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 24th Annual General Meeting of the Members of the Company to be held on Saturday, 9th July, 2011, at 11.30 a.m. or at any adjournment thereof.

Signed this Day of 2011

Affix Re.1/- Revenue Stamp

* 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 than 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.
