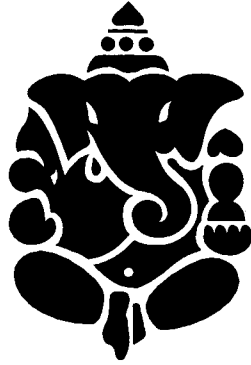


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Krishna Lifestyle Technologies Ltd.

**19th ANNUAL REPORT
2005 - 2006**

BOARD OF DIRECTORS

Shri Navin Kumar Tayal – Chairman
 Shri S. P. Jolly – Managing Director
 Shri Ajay Gupta
 Shri Dileep Shanker Kapre
 Shri Kulvinder Kumar Nayyar
 Shri Sanjeev Sharma
 Shri Dindayal B. Chokhoni
 Shri Cherian Joyson
 Shri Vipin Kumar Bhatnagar
 Shri Madhusudhan Paul
 Shri Ganapati P Prabhu
 Miss Manju Jain—IFCI Nominee

PRINCIPAL BANKER

State Bank of India
 State Bank of Indore

AUDITORS

B. M. Gattani & Co.
 Chartered Accountants

REGISTERED OFFICE

Plot No.58-A, Danudyog Industrial Area,
 Piperia, Silvassa (Union Territory)

CORPORATE OFFICE

396, Veer Savarkar Marg
 Opp. Siddhivinayak Temple
 Prabhadevi,
 Mumbai 400025.

R & T AGENT

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

PLANTS

Bhilad, Valsad, Gujarat
 Silvassa (U.T. of Dadar & Nagar Haveli)

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ANNUAL GENERAL MEETING on Friday, 29th September 2006, at 11.00 p.m.,
 at Krishna Nagar, Samarvani, Silvassa,(Union Territory)

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

NOTICE

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting of the Shareholders of Krishna Lifestyle Technologies Limited will be held on Friday, the 29th September 2006 at 11.00 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, 2006 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 Shri Ganapati P. Prabhu, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Sanjeev Sharma, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Dilip S. Kapre, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To re-appoint M/s. B. M. Gattani. & Co, Chartered Accountants, as Auditor of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix the Auditor's remuneration.

NOTES :

1. 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. 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. The Register of Members and Share Transfer Register of the Company will remain closed from Tuesday, 26th September 2006 to Friday, 29th September 2006 (both days inclusive) to comply with Annual Book Closure requirements.
4. Members desiring any information with regard to accounts or operations are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
5. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
6. 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

Place : Mumbai
Date : 07-07-2006

Navin Kumar Tayal
Chairman

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 19th Annual Report on the business and operations of your Company and the Audited Financial Statements for the year ended 31st March 2006.

FINANCIAL RESULTS :

	2005-2006 (Rs. in Lacs)	2004-2005 (Rs. in Lacs)
Sales	16039.12	13027.87
Other Income	28.00	50.09
Profit before Depreciation, Interest & Tax	514.02	191.04
Interest & Finance Charges	(1108.68)	1115.99
Depreciation	1727.29	1704.43
Profit before Tax	(104.59)	(2629.38)
Provision for tax & Deferred Tax Assets	308.98	—
Net Profit for the Year	204.39	(2629.38)
Profit available for Appropriation	204.39	(15480.08)
Transfer from General Reserve	—	15480.08
Proposed Dividend	—	—
Tax on Dividend	—	—
Surplus carried to Balance Sheet	204.39	—

DIVIDEND

In View of Loss incurred by the Company, 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. 16039.12 Lacs in F.Y. 2006 as against sales of Rs. 13027.87 Lacs in F.Y. 2005s during the previous year ended March 31st, 2005, a increase of 23.11%. During the year review the Company has registered Profit before Depreciation, Interest and Tax Rs 514.02 against Rs 191.04 Lacs in previous Year. The Company has earned net Profit after Tax of Rs 204.39 as against loss of Rs. 2629.38 Lacs in previous year. The improvement in performance of the Company during the year under Report was due to sustained efforts made by the Company in reducing cost and by shifting focus to manufacture value added products where better margin are available. During the current year, the dues of IFCI were settled at Rs. 44.25 crores and Rs 6.26 crores towards Term Loan and NCD respectively..

FUTURE PLANS

The Company is focusing on production of higher Counts Yarn with has resulted in increased volume of sales and improvement in profitability. The Company will continue to focus on production of higher count yarn.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of the Company, Shri Ganpati P. Prabhu, Shri Sanjeev Sharma and Shri Dileep S. Kapre Directors of the Company are due to retire at the forthcoming annual general meeting, and being eligible, have offered themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000 the Directors' confirm that :

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) appropriate accounting policies have been selected and applied consistently, and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2006 and of the Profit of the Company for the year under review;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

detecting frauds and other irregularities;

(iv) the annual accounts have been prepared on a 'going concern' basis for the Financial year ended 31st March 2006.

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

The information regarding Remuneration Committee is as given in Report of 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

The revised clause 49 of the listing agreement has come into effect from 1st January 2006. Your Company has made due compliance thereof.

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 S. K. Jain & Co. Practicing Company Secretaries 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 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 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.

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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 2006.

AUDITORS

M/s. B. M. Gattani & Co., Chartered Accountants, the 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. B. M. Gattani & 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.

AUDITORS' REPORT

The Management's comment on observation of the Audit Report is as follows:

Regarding observation at Sl. No. 3(f) in the Auditor's Report. No provision has been made for leave encashment, because it is the consistence practice followed by the Company to account for the same in cash basis.

Regarding observation at Sl. No. 3(g) in the Auditor's Report. No provision has been made for estimated total liability for future payment of gratuity, because it is the consistence practice followed by the Company to account for the same in cash basis.

Regarding observation at Sl. No. 3(f) in the Auditor's Report. No provision has been made for sundry debtor outstanding for more than 6 months, because the Management has already taken suitable measure to recover the said dues including filing of legal cases wherever considered appropriate and is hopeful of their recovery in due course of time. It is the consistence practice followed by the Company to account for the same in cash basis.

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 : 07.07.2006

Navin Kumar Tayal
Chairman

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

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 2005 - 2006

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 economised 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 31.03.2006	Year ended 31.03.2005
A. Power and Fuel Consumption in respect of :		
1. Electricity		
(a) Purchased		
1. Units (KWH in Lacs)	95.32	19.96
2. Total amount (Rs. in lacs)	451.78	119.09
3. Rate per unit (Rs/unit)	4.74	4.70
(b) Own Generation (Through Diesel Generator/Furnace Oil)		
1. Units (KWH in Lacs)	74.07	53.27
2. Units per litre of fuel	3.69	3.63
3. Cost per unit (Rs/unit)	5.54	3.54
2. Coal		
3. Furnace Oil		
1. Furnace Oil (Ltr. In Lacs)	11.72	9.55
2. Total Amt (Rs. In Lacs)	239.61	122.65
3. Cost Rs./ltr.	20.44	12.85
4. Others/Internal Generation		
B. Consumption per unit of production(Product : Yarn & Fabric)		
1. Electricity (KWH/Tonne)	755.79	697.28
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:**

- | | |
|------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| a) Specified areas in which R & D activities are carried out by the Company. | R & D activities are being carried out 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 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 for this purpose. |

2. Technology Absorption, Adoption 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 fabrics.	
	Year ended 31.03.2006	Year ended 31.03.2005
b) Foreign Exchange Outgo (Rs. in Lacs)	—	—
c) Foreign Exchange earned (Rs. in Lacs)	583.27	2587.40

For and on Behalf of the Board of Directors

Navin Kumar Tayal
Chairman

Place : Mumbai
Date : 07-07-2006

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 Governance

At Krishna Lifestyle Technology 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, and suppliers, regulatory authorities and society 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 12 Directors.

During the year 2005-2006, the board met 4 times on the following dates namely 6th May 2005, 29th July 2005, 28th October 2005 and 24th January 2006. 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 18th Annual General Meeting held on 8th July 2005, 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
Shri Navin Kumar Tayal	NEC	4	Yes	3	Nil	1
Shri S. P. Jolly	MD	3	Yes	Nil	1	Nil
Shri Ajay Gupta	NED	3	Yes	3	1	Nil
Shri Dileep Shanker Kapre	NED	4	No	Nil	1	Nil
Shri Kulwinder Kumar Nayyar	NED	3	No	Nil	Nil	Nil
Shri Sanjeev Sharma	NED	2	No	1	Nil	Nil
Shri Dindaval B. Chokhoni	NED	0	No	Nil	Nil	Nil
Shri Cherian Joyson	NED	0	No	Nil	Nil	Nil
Shri Vipin Kumar	ID	3	No	1	Nil	Nil
Shri Madhusudan Paul	ID	3	Yes	1	Nil	1
Shri Ganapati P. Prabhu	ID	4	No	Nil	Nil	Nil
Shri A. K. Gupta (Nominee Director – IFCI, Resigned as Director 29th July 2005)	N	0	No	3	1	Nil
Miss. Manju Jain (Nominee Director – IFCI, Appointed as Director w.e.f 29th July 2005)	N	2	No	Nil	1	Nil

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(Note: Shri P. P. Vaidya, IFCI observer, was present in the Board Meeting held on 6th May 2005 and 28th October 2005)

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

Except for the Chairman, Managing Director, Nominee Director and Madhusudan Paul (Independent Director), the other Directors retire by rotation.

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	Brief Resume	Area of Expertise	Other Directorships	Other Committee Memberships
1	Shri Ganapati P. Prabhu	B.A. & LLB with 16 years experience in Legal and Allied Matters	Legal	Nil	Nil
2	Shri Sanjeev Sharma	B Sc & Diploma in Textile Technology with 20 years experience in Spinning Mills	Spinning Mills	1	Nil
3.	Shri Dileep S. Kapre	B. Com. with 16 years experience in Textiles Industry.	Textiles	Nil	Nil

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 Director.

3.1) Audit Committee

The Board of Directors of the Company has constituted an Audit Committee. The Audit Committee comprises of Shri Madhusudan Paul, Shri Ajay Gupta and Shri A. K. Gupta / Ms. Manju Jain (Nominee Director IFCI) as member of the Committee. Shri Madhusudan Paul 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. Oversight 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, focussing primarily on (i) any changes in accounting policies and practices (ii) major accounting entries based on exercise of judgement 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

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

- 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 2005-2006, the Audit Committee met 4 times on the following dates namely 6th May 2005, 29th July 2005, 28th October 2005 and 24th January 2006.

Name of Member	Designation	Attendance
Shri Madhusudan Paul	Chairman	4
Shri Ajay Gupta	Member	4
Shri A. K. Gupta (Resigned from Director w.e.f 29th July 2005)	Member (IFCI Nominee)	Nil
Miss Manju Jain (Appointed as Director w.e.f 29th July 2005)	Member (IFCI Nominee)	2

(Note: Shri P. P. Vaidya, IFCI observer, was present in the Audit Committee Meeting held on 6th May, 2005 and 28th October, 2005)

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 with 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 2005-2006.

Name	Salary	Commission	Sitting Fees	Total
Shri S. P. Jolly (MD)	1,44,000	—	6,000	1,50,000
Non-Executive Directors	—	—	72,000	72,000

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

Sl. No	Name of Directors	Relationship with the other Directors	Sitting Fees (Rs.)
1.	Shri Navin Kumar Tayal	Nil	—
2.	Shri Ajay Gupta	Nil	16000
3.	Shri Ganapati P. Prabhu	Nil	8000
4.	Shri Dileep Shanker Kapre	Nil	8000
5.	Shri Madhusudan Paul	Nil	16000
6.	Shri Kulwinder Kumar Nayyar	Nil	6000
7.	Shri Sanjeev Sharma	Nil	4000
8.	Shri Dindaval B. Chokhoni	Nil	—
9.	Shri Cherian Joyson	Nil	—
10.	Shri Vipin Kumar	Nil	6000
11.	Shri A. K. Gupta (Nominee Director – IFCI)	Nil	—
12.	Miss. Manju Jain (Nominee Director – IFCI)	Nil	8000

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

3.3) Shareholders'/Investors' Grievance Committee

The Committee comprises of Shri Navin Kumar Tayal, Chairman, Shri S. P. Jolly, Managing Director and Shri 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 dividends etc. The Committee oversees the performance of the Company and recommends measures for overall improvement of the quality of investor services. The Board of Directors has delegated the power for approving transfer of securities to the managing director and Chairman of the Company.

During the year 2005-2006, the Investor Grievance Committee met 4 times on the following dates namely 28th April 2005, 9th July 2005, 10th October 2005 and 12th January 2006.

Name of Member	Designation	Attendance
Shri Navin Kumar Taya	Chairman (Non Executive Director)	4
Shri S. P. Jolly	Member	3
Shri Dilip Shanker Kapre	Member	4

No of Shareholder's Complaint received so far : 541
 Number not solved to the satisfaction of shareholders : 539
 Number of pending complaints : 2 (Resolved as on March 2006)

4. General Body Meetings

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

Year	Location	Date	Time
2004 - 2005	65, Krishna Nagar, Samarvani, Silvassa (U.T.)	8th July 2005	11.30 A.M.
2003 - 2004	65, Krishna Nagar, Samarvani, Silvassa (U.T.)	10th September 2004	11.30 A.M.
2002 - 2003	65, Krishna Nagar, Samarvani, Silvassa (U.T.)	30th September 2003	11.30 A.M.

One special resolutions for delisting of shares of the Company form Delhi, Chennai, kolkata, Ahmedabad and Baroda Stock Exchanges were passed in the 16th Annual General Meeting held on 30th September,2003.

Note: No postal ballots were used / invited for voting at these meetings in respect of special resolutions passed as there were no such provisions in the Companies Act, 1956 at that time.

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 Free Press Journal and Loksatta-Jansatta. Further, the Quarterly/Half yearly results and Quarterly shareholding patterns are also posted at EDIFAR website i.e. www.sebiedifar.nic.in.
- (b) Management Discussion and Analysis forms integral part of this annual report.

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

7. General Shareholder Information

7.1 Annual General Meeting

- Date and time : Friday, 29th September, 2006 at 11.00 a.m.
- Venue : 65, Krishna Nagar, Samarvani, Silvassa
(Union Territory of Dadra & Nagar Haveli)

7.2 Financial Year

- Financial Calendar 2006-2007 : 1st April to 31st march
- (Tentative year) : Annual General Meeting –
(Next August 2007)

Board Meetings

- Results for the quarter ending : Last week of July 2005
- June 30, 2005
- Results for the quarter ending : Last week of October 2005
- September 30, 2005
- Results for the quarter ending : Last week of January 2006
- December 31, 2005
- Results for the year ending : Last Week of June 2006
- March 31, 2006

- 7.3 Book Closure date : 26th Sept. to 29th Sept. 2006 (Both Days Inclusive)

- 7.4 Dividend Payment Date : N. A.

- 7.5 (a) Listing of Equity shares : The Stock Exchange, Mumbai

- (b) Demat ISIN Numbers in : Equity shares: INE218A01028
- NSDL

- 7.6 Stock Code : 514221

(Note: Annual listing fees for the year 2005-2006 have been duly paid to The Stock Exchange, Mumbai)

7.7 Stock Market Data

KRISHNA LIFESTYLE AND TECHNOLOGY LTD. (At The Stock Exchange, Mumbai)				
Month	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of Shares
April 2005	1.03	0.66	0.70	3493861
May 2005	0.87	0.61	0.79	4319434
June 2005	1.56	0.74	1.24	44024041
July 2005	2.24	1.06	1.58	32070706
August 2005	5.60	1.55	4.40	114683480
September 2005	4.59	2.11	2.11	40175880
October 2005	2.10	1.20	1.41	17583660
November 2005	2.33	1.42	1.65	6571218
December 2005	1.76	1.27	1.37	6475859
January 2006	1.64	1.19	1.19	8653692
February 2006	1.20	0.96	1.11	6580940
March 2006	1.45	0.90	1.05	14678349

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

The shares of the Company are listed at Mumbai Stock Exchange, 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 2006

Category From - To	Number of Shareholders	Number of Shares held
Upto – 500	8974	4489620
501 – 1000	19072	18858125
1001 – 2000	23004	43889705
2001 – 3000	6558	18955657
3001 – 4000	3515	13795331
4001 – 5000	2937	14489806
5001 – 10000	5785	44770744
10001 – Above	3373	863133972
TOTAL	73218	1022382960

7.11. b Shareholding pattern as on 31/03/06

	Category	No. of shares held	Percentage of shareholding
1.	Promoter's Holding	522342900	51.09
2.	Mutual Funds, Banks, Financial Institutions, FIIs, NRIs & OCBs	65460423	6.41
3.	Domestic Companies	116265514	11.37
4.	Resident Individuals	318314123	31.13
	Total	1022382960	100.00

7.12. a Dematerialization of Shares : Approximately 87.03% of the shares issued by the Company has been dematerialized upto 31st March 2006.

7.12. b Liquidity : The Companies shares are listed on The stock exchange Mumbai

7.13 Outstanding GDR/ADR/Warrants Or any other convertible instruments, Conversion date and likely impact on Equity : No such Instrument outstanding

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

7.15 (i) Address for Investor Correspondence For transfer / dematerialization of shares payment of dividend on shares, : Mondkar Computer Pvt. Ltd.
21, Shakil Nivas,

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

interest and redemption of debentures
and any other query relating to the
shares and debentures of the Company.

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.)

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 2006 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 statement of the Company.

In our opinions 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 2006, No investor grievances are pending against the Company as on 31st March, 2006 as per the records maintained by the Company and presented to the Investors/Shareholders Grievance 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 S. K. Jain & CO.
Company Secretaries

Place : Mumbai
Dated : 07-07-2006

(S. K. Jain)
PROPRIETER
C. P. No. 3076

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

The Management of Krishna Lifestyle Technology 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.

a) Industry structure and Developments

The Textile industries occupied a pivotal place in the Indian economy by virtue of providing employment to around 18% of the total national work force, accounting for the more than 14% of total industrial production and comprising around 24% of the country's exports.

The global textile trade is set to triple to \$ 856 bn over the next decade, driven by WTO –mandated lifting of quota restriction on developing countries. This could translate into significant gains for a number of industry players in the Textile Industries of cost-competitive countries like India & China especially in segments like Garments and Home Textile (Current Market size is about \$70 billion), which cater to end customers other than intermediate manufacturers in Textile value chain.

b) Opportunity and Threats

India's cotton textile's exports have grown at an annualized 6% over the past few years, as compared to the world average of 2%. India with its dominant market share has ahead start in the segment. The USA is the largest market for the textiles. The total imports of textiles and clothing into the USA during January-July, 2005 increased by 9.42 per cent as compared to the corresponding period of previous year. Thus there is an ample opportunity to penetrate in the overseas markets.

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.

d) Outlook

As the industrial and economic growth of the country is showing steadily improvement, the Company has drawn out and is implementing an extensive 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, is expected to benefit significantly.

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.

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

f) 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.

g) Internal Control system and their adequacy

The Company's internal control systems are adequate, considering size and nature of operation of the Company, to meet regulatory/statutory requirements assure recording of all transactions and report reliable and timely financial information. Additionally, it also provides protection against misuse or loss of any of the company assets. The company is implementing SAP as an Enterprise Resource Planning (ERP) package, which enhances the internal control mechanism.

Your Company ensures adherence to all internal control policies and procedures as well as compliance with all regulatory guidelines. The adequacy of internal controls is reviewed by the audit committee of the Board of directors.

h) Financial Performance Vs. Operational Performance

The Company has achieved a sales turnover of Rs.42900.78 Lacs in F. Y. 2006 as against sales of Rs. 31455.52 Lacs in F. Y. 2005, registering an increase of 36.38%. The Company has registered a net profit of Rs 240.50 lacs in Financial Year 2006 as against net profit of Rs 157.35 lacs in Financial Year 2005. Cash accruals have increased by 193% in Financial Year 2006 to Rs 4937.50 lacs from Rs 1684.06 lacs in Financial Year 2005. As a result of effective measures taken by the Management in containing cost of production and constant change in product mix the P.B.I.D.T. has increased to Rs 5626.72 lacs in financial Year 2006 from Rs 2424.86 lacs in Financial Year 2005, an increase of 132%.

i) Development in Human Resources/Industrial Relation front

Human resources are strength of your company. Your Company has a team of qualified and dedicated personnel who have contributed to the consolidation of the operations of your company. The core team has been with your company since inception and have ensured timely completion of the various projects undertaken by the company. Your company's industrial relations continued to be harmonious during the period under review.

To maintain high level of motivation and leadership development, the training of the employees is an on going process. Your company operations during the period under report were accident free. This is possible due to extensive training, standard operating procedures, safety checks and controls planned at every stage of operations.

j) 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.

B.M.GATTANI & CO.

Chartered Accountants

301 'B' Shivdham, Next to Sai Baba Nagar, Borivli (West) Mumbai-400 092

Ph. No. 2807 7908 (M) 31024541

AUDITORS' REPORT

To,
The Members of
KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

We have audited the attached Balance Sheet of KRISHNA LIFESTYLE TECHNOLOGIES LIMITED as at 31st March, 2006, 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.

1. 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.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. 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) *Subject to the matter referred at paragraph 3(f) and 3(g) below and note no.2 of schedule "22"*, 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 and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - d) *Subject to what is stated in paragraph 3(f) and 3(g) below*, in our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow statement have been prepared in compliance with the Accounting Standards referred to in Section 211 (3C) of the Act, to the extent applicable
 - e) On the basis of the written representations received from the directors as on 31st March, 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2006 from being appointed as a director of the Company in terms of Section 274(1)(g) of the Act.
 - f) *In accordance with the consistent practice followed by the Company, no provision has been made in accounts for leave encashment, as the same is accounted for on cash basis the impact whereof on the company's loss is presently not ascertainable. The accounting method of providing leave encashment liabilities as and when paid is not in accordance with the accounting method prescribed in Accounting Standard 15 of "Accounting for Retirement Benefits" issued by the Institute of Chartered Accountants of India. (Refer Note no.7 in Schedule "22").*
 - g) *In accordance with the consistent practice followed by the Company, no provision has been made in accounts in respect of the estimated total liability for future payment of gratuity, as the same is accounted for on cash basis the impact whereof on the company's loss is presently not ascertainable in the absence of valuation of such liability. The accounting method of providing gratuity liability as and when due is not in accordance with the*

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

accounting method prescribed in Accounting Standard 15 of "Accounting for Retirement Benefits" issued by the Institute of Chartered Accountants of India. (Refer Note no.7 in Schedule "22").

- h) No provision has been made for sundry debtors amounting to Rs.14255.21 lacs outstanding for more than 6 months which have been classified by the management as 'considered good' as in the opinion of the management these are fully recoverable and hence no provision has been considered necessary. (Refer Note no.6 in Schedule "22").
- i) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to our comments in paragraph 3(f), 3(g), and 3(h) above, the effect of which could not be determined and our comments in the annexure referred to in paragraph 3 above, Note no.6 in Schedule "22" regarding confirmations of transactions with and balances of debtors, creditors, loans and advances and deposits have not been called for during the year and therefore, the same are subject to confirmation and reconciliation if any and read together with Significant Accounting Policies and other notes appearing in Schedule "22" and elsewhere in the accounts 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, 2006, and;
 - ii) in the case of the Profit and Loss Account, of the loss 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 B. M. GATTANI & CO.
Chartered Accountants

B.M.GATTANI
Proprietor

Place : Mumbai
Date : 07-07-2006

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2006 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. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the Fixed Assets.
(b) As per information and explanations given to us, the management at reasonable intervals carries out the physical verification of the fixed assets the discrepancies noticed on such verification, which were not material, have been appropriately dealt with in the accounts.
(c) The Company has not disposed off a substantial part of the fixed assets during the year.
2. A) As per the information and explanations given to us, the inventories have been physically verified during the year by the management. In our opinion, having regard to the nature and location of the stocks, The frequency of the physical verification is reasonable.
B) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
C) In our opinion, company is maintaining proper records of inventory and the discrepancies noticed on physical verification of the same were not material in relation to the operations of the company and the same have been properly dealt with in the books of account.
3. (A) The company had not granted nor taken any loans, secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
(B) Hence the provisions as to whether the rate of the interest and other terms and conditions of loans given or taken by the Company, secured or unsecured, are prima facie prejudicial to the interest of the Company are not applicable.
(C) So also the provisions as to whether the payment of the principal and interest are also regular are not applicable.
(D) Similarly the provisions as to whether reasonable step have been taken by the Company for recovery/payment of the principal and interest, if the overdue amount is more than one lakh are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls and there is no continuing failure for the same.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 have been so entered.
6. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 and exceeding the value of five lakh rupees in respect of any party during the year are reasonable having regard to the prevailing market prices at the relevant time.
7. As the Company has not accepted any deposits from the public, hence question of complying with the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules made there under does not arise.
8. In our opinion, the internal audit system of the Company is commensurate with the size of the company and nature of its business.
9. On the basis of the records produced, 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. However

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

we are not carried out any detailed examination of such accounts and records.

10. a. According to the information and explanations given to us and the records examined by us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income-tax, wealth tax, custom duty, excise-duty, cess and other statutory dues and there are no undisputed statutory dues outstanding as at 31st March 2006, for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, there are no dues of Sales tax, Income tax, Custom, Wealth tax, Excise duty, Cess which have not been deposited on account of any dispute.
11. The accumulated losses of the company are not more than 50% (Fifty percent) of its Net Worth. Hence the provisions, whether the Company incurred cash losses during the Financial Year and in the Financial year immediately preceding such Financial year are not applicable.
12. According to the information and explanations given to us, overdues of principal amount to the Financial Institutions is Rs. 16.83 Crore.
13. 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.
14. The Company is not a Chit fund, Nidhi, mutual benefit fund or a society.
15. 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.
16. 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.
17. The Company has not raised any term loan during the year. According to the information and explanation to us the term loan outstanding at the beginning of the year applied for the purpose for which they were raised.
18. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on Short-term basis have been used for long term investment by the Company.
19. The Company has not made any preferential allotment of shares during the year.
20. During the year covered by our audit report the Company has not issued any secured debentures.
21. The Company has not raised any money by public issues during the year covered by our report.
22. As per the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For B. M. GATTANI & CO.
Chartered Accountants

B.M.GATTANI
Proprietor

Place : Mumbai
Date : 07-07-2006

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BALANCE SHEET AS AT 31ST MARCH, 2006

	SCHEDULES		As at 31.03.2006 (Rs.in lacs)		As at 31.03.2005 (Rs.in lacs)
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
SHARE CAPITAL	1	10,170.19		10,170.19	
RESERVES & SURPLUS	2	<u>43,532.85</u>		<u>43,328.46</u>	
			53703.04		53498.65
LOAN FUNDS					
SECURED LOANS	3		6913.97		8342.53
			<u>60617.01</u>		<u>61841.18</u>
APPLICATION OF FUNDS					
FIXED ASSETS					
GROSS BLOCK 4		34,852.81		34,518.25	
LESS: DEPRECIATION		<u>15,622.48</u>		<u>13,895.19</u>	
NET BLOCK			19230.33		20623.06
INVESTMENTS	5		1429.88		1429.88
CURRENT ASSETS, LOANS & ADVANCES					
INVENTORIES	6	18,098.48		17,275.83	
SUNDRY DEBTORS	7	19,208.86		20,275.35	
CASH AND BANK BALANCES	8	135.94		144.98	
LOANS AND ADVANCES	9	<u>3,039.21</u>		<u>2,835.39</u>	
			40,482.49		40,531.55
LESS: CURRENT LIABILITIES & PROVISIONS					
CURRENT LIABILITIES	10	834.67		743.31	
PROVISIONS 11		<u>0.00</u>		<u>0.00</u>	
		834.67		743.31	
NET CURRENT ASSETS			39647.82		39788.24
MISCELLANEOUS EXPENDITURE	12		0.00		0.00
(To the extent not written off or adjusted)					
DEFERRED TAX ASSETS			308.98		0.00
PROFIT & LOSS ACCOUNT			<u>0.00</u>		<u>0.00</u>
			<u>60617.01</u>		<u>61841.18</u>
TOTAL					
SIGNIFICANT ACCOUNTING POLICIES					
AND NOTES TO ACCOUNTS	22				
CASH FLOW STATEMENT	23				
SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS					

As per our attached report of even date

For and on behalf of the Board of Directors

For B. M. GATTANI & CO.
Chartered Accountants

(B.M.Gattani)
Proprietor

NAVIN KUMAR TAYAL
Chairman

S.P. JOLLY
Managing Director

PLACE : MUMBAI
DATE : 07-07-2006

Company Secretary

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006.

	Schedules	As at 31.03.2006 (Rs.in lacs)	As at 31.03.2005 (Rs.in lacs)
INCOME			
SALES	13	16039.12	13027.87
INCOME FROM OPERATIONS	14	0.00	0.00
OTHER INCOME	15	28.00	50.09
INCREASE/(DECREASE) IN STOCK	16	694.77	(479.01)
		16761.89	12598.95
EXPENDITURE			
MATERIALS AND GOODS CONSUMED	17	13174.08	10702.78
MANUFACTURING EXPENSES	18	2390.95	1377.55
INTEREST AND FINANCE CHARGES	19	(1113.46)	1115.99
SELLING & ADMINISTRATIVE EXPENSES	20	687.62	327.58
DEPRECIATION		1727.29	1704.43
MISCELLANEOUS EXPENDITURE	21	0.00	0.00
WRITTEN OFF			
		16866.48	15228.33
PROFIT/(LOSS) BEFORE TAX		(104.59)	(2629.38)
PROVISION FOR TAX		0.00	0.00
DEFERRED TAX ASSETS		308.98	0.00
PROFIT/(LOSS) AFTER TAX		204.39	(2629.38)
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		0.00	(12850.70)
TOTAL PROFIT/(LOSS)		204.39	(15480.08)
ADD : TRANSFERRED FROM GENERAL RESERVE to Writeoff accumulated losses against General Reserve			15480.08
BALANCE CARRIED TO BALANCE SHEET		204.39	0.00
BASIC AND DILUTED EARNINGS PER SHARE IN RS.		0.02	-0.26
SIGNIFICANT ACCOUNTING POLICIES -			
AND NOTES TO ACCOUNTS	22		
CASH FLOW STATEMENT	23		
schedules referred to above form an integral part of the - Financial Statements			

As per our attached report of even date

For and on behalf of the Board of Directors

For B. M. GATTANI & CO.
Chartered Accountants

(B.M.Gattani)
Proprietor

NAVIN KUMAR TAYAL
Chairman

S.P. JOLLY
Managing Director

PLACE : MUMBAI
DATE : 07-07-2006

Company Secretary

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SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH,2006

	As at 31.03.2006 (Rs.in lacs)	As at 31.03.2005 (Rs.in lacs)
SCHEDULE '1'		
SHARE CAPITAL		
AUTHORISED		
I. 113,00,00,000 EQUITY SHARES Of Rs. 1/ each (Previous Year 113,00,00,000 EQUITY SHARES of Rs. 1/- each)	11300.00	11300.00
II. 1,20,00,000 (PREVIOUS YEAR 1,20,00,000) REDEEMABLE - PREFERENCE SHARES OF RS.10/- EACH.	<u>1200.00</u> 12500.00	<u>1200.00</u> 12500.00
ISSUED, SUBSCRIBED AND PAID UP		
102,23,82,960 (PREVIOUS YEAR 102,23,82,960) EQUITY SHARES OF RS. 1/- Each (Include 1735800 Equity Shares of Rs.10/-Each allotted as Bonus Shares)	<u>10,223.82</u>	<u>10,223.82</u>
LESS: SHARE ALLOTMENT MONEY RECEIVABLE	53.63	53.63
	<u>10170.19</u>	10170.19
	<u>10170.19</u>	<u>10170.19</u>
SCHEDULE '2'		
RESERVES AND SURPLUS		
GENERAL RESERVE		
BALANCE BROUGHT FORWARD FROM LAST YEAR	13,279.17	28,759.25
Add : TRANSFERRED FROM DEBENTURE REDUMPTION RESERVE	900.00	
LESS : TRANSFERRED TO PROFIT & LOSS ACCOUNT TO WRITE OFF ACCUMULATED LOSSES	<u>0.00</u>	<u>15,480.08</u>
	14179.17	13279.17
SUBSIDY		
	11.45	11.45
CAPITAL REDEMPTION RESERVE		
	300.00	300.00
CAPITAL RESERVE		
	364.23	364.23
NON CONVERTIBLE DEBENTURE REDEMPTION RESERVE		
BALANCE BROUGHT FORWARD FROM LAST YEAR	1,500.00	1,500.00
TRANSFERRED TO GENERAL RESERVE	900.00	
Total	600.00	
SHARE PREMIUM		
BALANCE BROUGHT FORWARD FROM LAST YEAR	27873.61	27873.61
PROFIT & LOSS ACCOUNT TRANSFERRED FROM P&L A/C	204.39	
	<u>43532.85</u>	<u>43328.46</u>

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

	As at 31.03.2006 (Rs.in lacs)	As at 31.03.2005 (Rs.in lacs)
SCHEDULE '3'		
SECURED LOANS		
DEBENTURES		
4,00,000, 12.50 % SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES OF RS.100 EACH		
Investment Institutions (Secured by mortgage of Land & Building and hypothecation of Plant & Machinery at Piperia)	200.00	400.00
DEBENTURES		
3,98,649, 13 % SECURED REDEEMABLE NON-CONVERTIBLE - DEBENTURES OF RS.100 EACH. (Inclusive of Interest) (Allotted to IFCI on 12/07/2002 Secured by mortgage of - Land & Building and hypothecation of plant & machinery at Bhilad)		
	611.00	398.65
TERM LOANS		
FROM IFCI (Secured by mortgage of Land & Building and hypothecation of Plant & Machinery at Bhilad and personal guarantees of Promoter directors of the Company)		
Term Loan	4375.00	4400.00
Interest Accrued and due	0.00	1574.26
WORKING CAPITAL LOANS		
FROM BANKS		
(Secured by hypothecation of inventories, book debts and personal guarantees of Promoter/directors of the Company)		
	1727.97	1569.62
	6913.97	8342.53

SCHEDULE '4' : FIXED ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As on 01.04.2005	Additions during the year	Deductions	As on 31.03.2006	Upto 01.04.2005	During the year	Written Back	Upto 31.03.2006	As on 31.03.2006	As on 31.03.2005
LAND	124.52	0.00	0.00	124.52	0.00	0.00	0.00	0.00	124.52	124.52
BUILDING	4546.62	112.25	0.00	4658.87	1054.84	151.86	0.00	1206.70	3452.17	3491.78
PLANT & MACHINERY	29314.23	210.25	0.00	29524.48	12694.68	1553.34	0.00	14248.02	15276.46	16619.55
OFFICE EQUIPMENTS	120.62	7.26	0.00	127.88	42.01	5.90	0.00	47.91	79.97	78.61
FURNITURE & FIXTURES	45.30	2.56	0.00	47.86	21.19	2.95	0.00	24.14	23.72	24.11
VEHICLE	81.74	0.00	0.00	81.74	45.80	7.77	0.00	53.57	28.17	35.94
OFFICE PREMISES	243.35	0.00	0.00	243.35	26.97	3.97	0.00	30.94	212.41	216.38
AIR CONDITIONERS	22.23	2.24	0.00	24.47	6.89	1.11	0.00	8.00	16.47	15.34
RESIDENTIAL FLAT	17.02	0.00	0.00	17.02	2.01	0.27	0.00	2.28	14.74	15.01
ELEVATOR	2.62	0.00	0.00	2.62	0.80	0.12	0.00	0.92	1.70	1.82
TOTAL	34518.25	334.56	0	34852.81	13895.19	1727.29	0	15622.49	19230.33	20623.06
PREVIOUS YEAR	34111.39	406.86	0.00	34518.25	12190.76	1704.43	0.00	13895.19	20623.06	21920.63

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	As at 31.03.2006 (Rs.in lacs)	As at 31.03.2005 (Rs.in lacs)
SCHEDULE '5'		
INVESTMENTS		
LONG TERM, TRADE :		
Unquoted, fully paid up Equity Shares of KRISHNA KNITWEAR TECHNOLOGY LTD. 1,42,98,756 (PREVIOUS YEAR 14,29,87,560) SHARES - OF RS. 10 EACH.	1429.88	1429.88
	1429.88	1429.88
SCHEDULE '6'		
INVENTORIES		
(AT TAKEN VALUED AND CERTIFIED BY THE MANAGEMENT)		
1. RAW MATERIALS	8503.16	7167.99
2. STOCK-IN-PROCESS	453.63	1660.92
3. FINISHED GOODS (INCLUDING STOCK OF GOODS RETURNED)	9110.43	8415.66
4. STORES & CONSUMABLES	31.26	31.26
	18098.48	17275.83
SCHEDULE '7'		
SUNDRY DEBTORS (UNSECURED)		
OUTSTANDING FOR A PERIOD EXCEEDING SIX MONTHS - CONSIDERED GOOD		
	14255.21	15826.54
Considered Doubtfull	0.00	
Provision made for Doubtfull Debt	0.00	
Net	0.00	
OTHERS - CONSIDERED GOOD.	4953.65	4448.81
	19208.86	20275.35
SCHEDULE '8'		
CASH AND BANK BALANCES		
CASH IN HAND	57.83	74.13
BALANCES WITH SCHEDULED BANKS IN CURRENT ACCOUNTS	68.83	61.57
FIXED DEPOSITS WITH SCHEDULED BANKS	9.28	9.28
(KEPT AS SECURITY FOR LETTERS OF CREDIT WITH BANKS)	135.94	144.98
SCHEDULE '9'		
LOANS AND ADVANCES		
UNSECURED, CONSIDERED GOOD		
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED		
	3025.19	2821.37
Considerd Doubtfull	0.00	0.00
Net Considered Good	3025.19	2821.37
DEPOSITS		
- GOVERNMENT	14.02	14.02
	3039.21	2835.39

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

	As at 31.03.2006 (Rs.in lacs)	As at 31.03.2005 (Rs.in lacs)
SCHEDULE '10'		
CURRENT LIABILITIES		
SUNDRY CREDITORS	202.37	217.51
OTHER LIABILITIES	632.30	525.80
	834.67	743.31
SCHEDULE '11'		
PROVISIONS :		
PROVISION FOR TAXATION	0.00	0.00
	0.00	0.00
SCHEDULE '12'		
MISCELLANEOUS EXPENDITURE		
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
	0.00	0.00
	0.00	0.00

Schedule Forming Part of the Balance Sheet As At 31st March, 2006

	Year Ended 31.03.2006 (Rs.in lacs)	Year Ended 31.03.2005 (Rs.in lacs)
SCHEDULE '13'		
SALES		
DOMESTIC	15455.85	10440.47
EXPORT	583.27	2587.40
	16039.12	13027.87
SCHEDULE '14'		
OTHER INCOME FROM OPERATIONS		
PROCESSING CHARGES	0.00	0.00
	0.00	0.00
SCHEDULE '15'		
OTHER INCOME		
INTEREST	0.00	0.77
INSURANCE CLAIM RECEIVED	0.00	0.00
OTHERS	28.00	2.97
D.E.P.B.	0.00	46.35
	28.00	50.09
SCHEDULE '16'		
INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS		
CLOSING STOCK	9,110.43	8,415.66
OPENING STOCK	8,415.66	8,894.67
	694.77	(479.01)

Year Ended	Year Ended
31.03.2006	31.03.2005
(Rs.in lacs)	(Rs.in lacs)

SCHEDULE '17'

MATERIALS AND GOODS CONSUMPTION

OPENING STOCK				
STOCK-IN-PROCESS	1,660.92		1,728.79	
RAW MATERIALS	<u>7,167.99</u>		<u>7,145.40</u>	
		8828.91		8874.19
 ADD: PURCHASES		<u>13301.96</u>		<u>10657.50</u>
		22130.87		19531.69
 STOCK-IN-PROCESS	453.63		1,660.92	
RAW MATERIALS	<u>8,503.16</u>	8956.79	<u>7,167.99</u>	8828.91
		<u>13174.08</u>		<u>10702.78</u>

SCHEDULE '18'

MANUFACTURING EXPENSES

Power & Fuel				
		862.14		283.64
Labour Charges		557.07		422.70
Oil & Lubricants		35.91		12.01
Packing Material Consumed		125.71		50.36
Machinery Spare Parts & Repairs		109.88		35.40
Repairs - Electricals & others		48.33		26.38
Factory Rent		3.64		3.64
Processing & Other Charges		188.15		267.96
Water Charges		32.16		15.77
Dyes & Chemicals Consumed		160.80		125.26
Furnace Oil Consumed/Coal Charges		239.61		122.65
Needles Consumed		25.46		10.48
Textiles Cess		2.09		1.30
		<u>2390.95</u>		<u>1377.55</u>

SCHEDULE '19'

FINANCIAL CHARGES

INTEREST ON NON-CONVERTIBLE DEBENTURES				
		76.82		119.18
INTEREST ON TERM LOANS		(1351.69)		832.27
INTEREST ON CASH CREDIT ACCOUNTS		156.20		154.47
BANK CHARGES		5.21		10.07
		<u>(1113.46)</u>		<u>1115.99</u>

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

	Year Ended 31.03.2006 (Rs.in lacs)	Year Ended 31.03.2005 (Rs.in lacs)
SCHEDULE '20'		
SELLING AND ADMINISTRATIVE EXPENSES		
Insurance Charges	6.75	3.52
Consultancy & Professional Fees,Legal Charges	39.07	21.39
Commission and Brokerage	195.63	84.13
Salary & Staff Welfare	69.87	28.44
Transportation Charges	175.13	105.98
Discount	87.69	13.52
Printing and Stationery	12.21	6.75
Directors' Remuneration	1.44	1.44
General & Misc. Expenses	33.84	17.60
Advertisements	5.56	3.12
Auditors' Remuneration	0.88	0.88
Directors' Sitting Fees	0.78	0.74
Conveyance & Travelling	11.86	6.67
Listing Fees	0.92	0.92
Motor Car Expenses	5.75	2.85
Registration & Licence Fees	1.74	1.04
Rent,Rates & Taxes	13.55	11.36
Postage & Telephone Expenses	16.23	12.09
Sales Promotion Expenses	8.72	5.14
	<u>687.62</u>	<u>327.58</u>
SCHEDULE'21'		
MISCELLANEOUS EXPENDITURE WRITTEN OFF		
Public Issue Expenses	0.00	0.00
	<u>0.00</u>	<u>0.00</u>

SCHEDULE 22: NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006.**1. SIGNIFICANT ACCOUNTING POLICIES****a. BASIS OF ACCOUNTING**

The Financial statements are prepared under the historical cost convention on the accounting principles of a going concern, in accordance with the applicable accounting standards and on accrual basis except specifically stated here below.

All Income and expenses to the extent considered receivable/payable with reasonable certainty are accounted for accrual basis.

b. FIXED ASSETS

Fixed Assets are stated at cost of acquisition. 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.

Depreciation on assets sold or terminated is provided up to the date(s) of sale or termination of the asset(s).

d. INVESTMENTS

Long term 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

Finished goods are valued at lower cost or net realisable value. Value of stock-in process is determined considering cost of material, labour and related overheads. Other Inventories are valued at cost except scrap which is valued at net realisable value

f. REVENUE RECOGNITION

i) Sale of goods is recognized at the point of dispatch of goods to customers.

Sale include Excise Duty and are net of Sales Tax.

ii) Export Sales are accounted for on the basis of Bill of Landing.

iii) Benefit on account of Entitlement to Import Duty – free materials under the “duty Exemption Pass Book Scheme” is recognised on cash basis

g. EMPLOYEE RETIREMENT BENEFITS

Contributions are made under the relevant rules/statute to the Provident and Family Pension Fund to the Extent applicable. Leave encashment liabilities is accounted for cash basis. Gratuity liability is accounted for as and when due.

h. BORROWING COST

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 a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

i. TAXATION

Provisions for current tax is made on the basis of estimated taxable income for the current accounting year in the accordance with the Income Tax Act, 1961. The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as on the

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

Balance Sheet date. Deferred tax assets arising from timing differences to the extent there is reasonable certainty that these would be realized in future.

2. Included in the finished good inventory goods back from customers in earlier years valued at it cost to customers at Rs. 7610.93 Lacs which is in excess of its net realizable value. In the uncertainty about the net realised value of these inventory, the impact thereof is not ascertainable.
3. In the opinion of the Board, Current Assets, including Loans and Advances, are approximately of the value stated, if realised in the ordinary course of business unless otherwise stated. the provision of all know liabilities is adequate and not in excess of what is reasonably necessary.
4. No provision has been made for sundry debtors outstanding more that six months since the management has taken suitable measures to recover the said dues including filing of legal cases wherever considered appropriate and is hopeful of their recovery in due course of time.
5. No provision has been made in the accounts in respect of leave encashment and estimated total liability for future payment of gratuity, as the Company's practice to account for the same as and when due for payment.
6. The balances of certain Debtors, Creditors, Loans & Advances and Deposits are subject to confirmation, reconciliation and adjustment, if any, having consequential impact on the loss for the year, assets and liabilities, the amount whereof are presently not ascertainable.
7. The amount due to Small Scale Industries and /or Ancillary Industrial Suppliers on account of principal amounts is Rs. NIL. The same is disclosed on the basis of the information available with the company regarding the status of suppliers as define under the Industries (Development and Regulation) Act, 1951 and Interest on delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993.
8. 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. 1/04/2001 for certain business enterprises is not applicable in case of company.

9 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	Relative of Key Management Personnel	Total
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.

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10. EARNING PER SHARE

Basic and Diluted Earnings Per Share is calculated as under:

		31-03-2006 (Rs.in Lacs)	31-03-2005 (Rs.in Lacs)
a.	Numerator :		
	Net Loss As per Profit and Loss Account	20439281	(262938096)
	Net Loss considered for EPS Calculation	20439281	(262938096)
b.	Denominator : No. of Equity Shares	1022382960	1022382960
c.	Basic & Diluted Earnings per Share	0.02	-0.26
d.	Nominal value of Equity Share	1	1

11. Payment to Audit Fees :

	Year Ended 31.03.2006 (Rs. in Lacs)	Year Ended 31.03.2005 (Rs.in Lacs)
Audit Fee	0.60	0.60
Tax Audit Fee	0.15	0.15
For Certification	0.05	0.05
Out of Pocket Expenses (Service Tax)	0.08	0.08
12 Managerial Remuneration	1.44	1.44
13 Particulars of goods Manufactured	As at 31.03.2006 In Tonnes	As at 31.03.2005 In Tonnes
I. Licensed Capacity	N.A	N.A
II. Installed Capacity (Per Annum)		
a. Speciality Knitted Fabric Divn.	25000	25000
b. Spinning Division	21000	21000
c. Processing Division	22000	22000
d. Garment Division (Pieces)	3000000	3000000
e. T.F.O.	8000	8000
III. ACTUAL PRODUCTION		
Yarn/Cloth (Tonnes)	22412.24	10502.26

Notes :- The production is arrived at by opening stock, balance of stock-in-process plus raw material issued less shortages and closing balance of stock-in-process.

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

14 Details of Opening Stock, purchases, Closing Stocks and Consumptions of Raw materials

Description	2005-2006		2004-2005	
	Quantity (Tonnes)	Value (Rs. in lacs)	Quantity (Tonnes)	Value (Rs. in lacs)
I. OPENING STOCK				
Raw Material	17,960.35	7,167.99	15,722.72	7,145.40
Stock-in-process	1,349.65	1,660.92	1,423.93	1,728.79
Finished Goods	4,649.44	8,415.66	4,917.81	8,894.67
II. PURCHASES	19,723.67	13,301.96	21,753.81	10,657.50
III. SALES	20,231.48	16,039.12	13,064.93	13,027.87
IV. CLOSING STOCK				
Raw Material	14,546.28	8,503.16	17,960.35	7,167.99
Stock-in-process	512.46	453.63	1,349.65	1,660.92
Finished Goods	6,830.20	9,110.43	4,649.44	8,415.66
V. Raw Material Consumed		13,174.08		10,702.78

Notes :- The consumption is arrived at by opening stock plus purchases less closing stocks.

Raw Material Consumed : Indigenous	2005-2006	2004-2005
Imported	100%	100%
	NIL	NIL
15 Foreign Currency Transactions	31.03.2006	31.03.2005
	(Rs.in Lacs)	(Rs. in Lacs)
a. Value of Imported Capital Goods on CIF basis	-	-
b. Travelling Expenses	NIL	NIL
16 Earning in Foreign Currency Export of Goods	583.27	2,587.40
17 Remittance on account of Dividend to NRIs & FILs		-
18 MODVAT ; Capital expenditure and raw materials have been taken at net value after adjusting modvat, wherever applicable.		
19 Figures of previous year have been regrouped/rearranged wherever necessary.		

As per our attached report of even date

For and on behalf of the Board of Directors

For B. M. GATTANI & CO.
Chartered Accountants

(B.M.Gattani)
Proprietor

NAVIN KUMAR TAYAL
Chairman

S.P. JOLLY
Managing Director

PLACE : MUMBAI
DATE : 07-07-2006

Company Secretary

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SCHEDULE-23 CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH,2006.

	2005-2006 (Rs. In lacs)	2004-2005 (Rs. In lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	(104.59)	(2629.38)
ADJUSTMENT FOR :		
DEPRECIATION AND AMORTISATION	1727.29	1704.43
INTEREST PAID AND PAYABLE (NET)	(1113.46)	1115.22
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	509.24	190.27
ADJUSTMENT FOR:		
TRADE & OTHER RECEIVABLE	862.67	62.65
INVENTORIES	(822.65)	522.53
TRADE AND OTHER PAYABLE	91.36	(167.77)
CASH GENERATED FROM OPERATIONS	640.62	607.68
ADD : LESS		
INTEREST PAID	(1113.46)	1115.99
DIRECT TAX PAID	0.00	0.00
NET CASH FROM OPERATING ACTIVITIES	1754.08	(508.31)
B. CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	(334.56)	(406.86)
INTEREST RECEIVED	0.00	0.77
NET CASH USED IN INVESTING ACTIVITIES	(334.56)	(406.09)
C. CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM ISSUE OF SHARE CAPITAL INCLUDING SHARE CAPITAL	0.00	0.00
REPAYMENT OF BORROWING/INCREASE IN LOAN DUE TO INCREASE IN INTEREST OUTSTANDING	(1428.56)	858.05
NET CASH USED IN FINANCIAL ACTIVITIES	(1428.56)	858.05
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(9.04)	(56.35)
CASH AND CASH EQUIVALENTS (Opening Balance)	144.98	201.33
CASH AND CASH EQUIVALENTS (Closing Balance)	135.94	144.98
	(9.04)	(56.35)

Note: Figures of previous years have been regrouped/rearranged wherever necessary
Signatures Schedules 1 to 23

As per our attached report of even date

For and on behalf of the Board of Directors

For B. M. GATTANI & CO.
Chartered Accountants

(B.M.Gattani)
Proprietor

NAVIN KUMAR TAYAL
Chairman

S.P. JOLLY
Managing Director

PLACE : MUMBAI
DATE : 07-07-2006

Company Secretary

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

AUDITOR CERTIFICATE

We have examined the attached cash flow statement of KRISHNA LIFESTYLE TECHNOLOGIES LIMITED for the year ended on 31st March,2006. 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 **B. M. Gattani & Co.**

Chartered Accountants

(B.M. Gattani)

Proprietor

Place : Mumbai

Date :

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.	:	35	State Code	:	54
Balance sheet Date	:	31.03.2006			

II. CAPITAL RAISED DURING THE YEAR

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

III. POSITION TO THE MOBILISATION AND DEPLOYMENT OF FUNDS(RS. IN LACS)

Total Liabilities	:	60617.01	Total Assets	:	60617.01
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SOURCE OF FUNDS

Paid-up Capital	:	10170.19	Reserves & Surplus	:	43532.85
Secured Loans	:	6913.97	Unsecured Loans	:	NIL

APPLICATION OF FUNDS

Net Fixed Assets					
Including capital WIP	:	19230.33	Investments	:	1429.88
Net Current Assets	:	39647.82	Misc. Expenditure	:	NIL
Deferred Tax Assets	:	308.98	Accumulated Losses	:	NIL

IV PERFORMANCE OF COMPANY(Rs.IN LACS)

Turnover & Other Income	:	16761.89	Total Expenditure	:	16866.48
Profit before Tax	:	(104.59)	Profit/(Loss) after Tax	:	204.39
Earning Per Share	:	0.02	Dividend Rate %	:	Nil

V GENERIC NAMES OF PRINCIPLES PRODUCT/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 attached report of even date

For and on behalf of the Board of Directors

For **B. M. GATTANI & CO.**

Chartered Accountants

(B.M.Gattani)

Proprietor

PLACE : MUMBAI

DATE : 07-07-2006

NAVIN KUMAR TAYAL

Chairman

S.P. JOLLY

Managing Director

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)

NINETEENTH ANNUAL GENERAL MEETING

Member's Name (in capital letters)

Folio No. No. of Shares held

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

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

I hereby record my presence at the 19th Annual General Meeting of the company being held on Friday, 29th September 2006 at 11.00 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-A, Danudyog Industrial Area, Piperia, Silvassa (U.T.)

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

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

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

I/We

of

being a member/members of the Company, hereby appoint

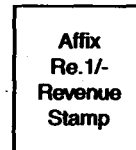
of in the District of

or failing him 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 19th Annual General Meeting of the company being held on Friday, 29th September 2006 at 11.00 a.m. or at any adjournment thereof.

Signed this Day of 2006



* 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.

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.