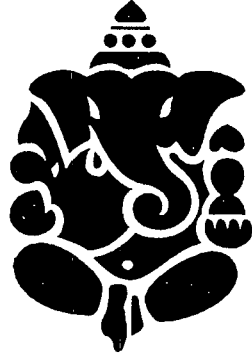


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Krishna Lifestyle Technologies Ltd.

**21st ANNUAL REPORT
2007-2008**

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

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 Vipin Kumar Bhatnagar
Shri Madhusudhan Paul

PRINCIPAL BANKER

State Bank of India
State Bank of Indore

AUDITORS

A.F. Khasgiwala & 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 400 025.

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, 8th August 2008, at 10.30 a.m.,
at 65, Krishna Nagar, Samarvani, Silvassa, (Union Territory).

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

NOTICE

NOTICE IS HEREBY GIVEN that the 21st Annual General Meeting of the Shareholders of Krishna Lifestyle Technologies Limited will be held on Friday, the 8th August, 2008 at 10.30 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, 2008 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 Ajay Gupta, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Dileep Shanker Kapre, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To 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 in place of M/s. B.M. Gattani & Co. Chartered Accountants who were appointed as a Statutory Auditor of the Company at the Annual General Meeting held on 08th June, 2007 and who hold office upto the conclusion of this Annual General Meeting and who have expressed their inability to continue as Statutory Auditor of the Company, and to authorise the Board of Directors to fix the remuneration of M/s. A.F. Khasgiwala & Co. Chartered Accountants.

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 Wednesday, 6th August 2008 to 8th August 2008 (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: 17th June, 2008

Navin Kumar Tayal
Chairman

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 21st Annual Report on the business and operations of your Company and the Audited Financial Statements for the year ended 31st March 2008.

FINANCIAL RESULTS

	2007-2008	2006-2007 (Rs. in Lacs)
Sales	36547.61	26465.71
Other Income	5.70	6.00
Profit before Depreciation, Interest & Tax	2482.57	2297.74
Interest & Finance Charges	228.00	292.26
Depreciation	1485.15	1742.09
Profit before Tax	769.42	263.39
Provision for tax & Deferred Tax Assets	(92.17)	29.55
Deferred Tax Assets	246.19	309.48
Net Profit for the Year	923.44	543.32
Profit available for Appropriation	1671.15	747.71
Surplus carried to Balance Sheet	1671.15	747.71

DIVIDEND

In view inadequacy of profits, Board of 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. 36547.61 Lacs in Financial Year 2007-08 as against sales of Rs.26465.71 Lacs in Financial Year 2006-07. The Company has recorded Profit before Depreciation, Interest and Tax Rs 2482.57 against Rs 2297.74 Lacs in the corresponding previous year. The Company has earned Net Profit after Tax of Rs 923.44 as against Rs. 543.32 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 focusing on manufacture of value added products where better margin are available. The Company extended its products across the entire value chain from cotton yarn to ready made garments.

FUTURE PLANS

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

DIRECTORS

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

Shri Ganpati P. Prabhu resigned as a director of the company w.e.f. 24th April 2007. the Board of Directors place on record the valuable services rendered by Shri Ganpati P. Prabhu during his tenure as Director of the company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

- (i) that in the preparation of the annual accounts, the applicable Accounting Standards(except Revised AS-15- employees benefits in case of Gratuity and Leave Encashment which have been accounted for on cash basis) have been followed;
- (ii) appropriate accounting policies have been selected and applied consistently, and judgments 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 2007 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 detecting frauds and other irregularities;
- (iv) the annual accounts have been prepared on a 'going concern' basis for the Financial year ended 31st March 2007.

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 2007. 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.

ANNUAL REPORT 2007-2008

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

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

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

EMPLOYEES

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

FIXED DEPOSITS

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

INSURANCE

The properties/assets of your Company are adequately insured.

COST AUDIT

The Central Government's Cost Audit Committee Order specifies audit of Cost Accounting Records for certain products of the company every year. The Board of Directors, subject to the approval of the Central Government, have appointed M/s J. K. Kabra & Co., Cost Accountants, as Cost Auditors to carry out this audit in respect of manufacture of textile products for the year ending 31st March 2008.

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 consistent 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 consistent practice followed by the Company to account for the same in cash basis.

Regarding observation at Sl. No. 3(h) 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 consistent 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: 17th June, 2008

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 2007 - 2008

I. CONSERVATION OF ENERGY

a) Energy conservation measures taken :

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

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

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

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

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

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

	Year ended 31.03.2008	Year ended 31.03.2007
A. Power and Fuel Consumption in respect of :		
1. Electricity		
(a) Purchased		
1. Units (KWH in Lacs)	85.32	74.58
2. Total amount (Rs. in lacs)	359.18	310.26
3. Rate per unit (Rs/unit)	4.21	4.16
(b) Own Generation (Through Diesel Generator/Furnace Oil)		
1. Units (KWH in Lacs)	201.72	123.36
2. Units per litre of fuel	3.61	3.58
3. Cost per unit (Rs/unit)	5.86	5.78
2. Coal		
3. Furnace Oil		
1. Furnace Oil (Ltr. In Lacs)	—	—
2. Total Amt (Rs. In Lacs)	—	—
3. Cost Rs./ltr.	—	—
4. Others/Internal Generation		

B. Consumption per unit of production

(Product : Yarn & Fabric)

1. Electricity (KWH/Tonne)	923.38	817.28
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 31.03.2008	Year ended 31.03.2007
b) Foreign Exchange Outgo (Rs. in Lacs)	—	—
c) Foreign Exchange earned (Rs. in Lacs)	—	61.96

For and on Behalf of the Board of Directors

Place: Mumbai
Date: 17th June, 2008

Navin Kumar Tayal
Chairman

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 8 Directors.

During the year 2007-2008, the board met 5 times on the following dates namely 24th April, 2007, 13th July 2007, 26th October 2007, 15th January 2008, and 05th March 2008. There was no time gap of four months or more between any two meetings.

The following table gives details of directors, attendance of directors at the board meetings and at the 20th Annual General Meeting held on 08th June 2007, 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	Directorship	Committee Membership	Committee Chairmanship
					(Including Krishna Lifestyle Ltd.)	
Shri Navin Kumar Tayal	NEC	7	No	3	Nil	2
Shri S. P. Jolly	MD	7	No	1	1	Nil
Shri Ajay Gupta	NED	6	No	6	2	3
Shri Dileep Shanker Kapre	NED	5	No	1	2	Nil
Shri Kulwinder Kumar Nayyar	NED	5	No	1	Nil	Nil
Shri Sanjeev Sharma	NED	5	Yes	2	Nil	Nil
Shri Vipin Kumar Bhatnagar	ID	6	Yes	2	1	1
Shri Madhusudhan Paul	ID	5	Yes	2	3	Nil
Shri Ganapati P. Prabhu*	ID	4	No	1	Nil	Nil

* Resigned w.e.f 24th April, 2007

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

Except for the Chairman, Managing 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: -

Sl. No.	Name of Director	Brief Resume	Area of Expertise	Other Directorships	Other Committee Memberships	Other Committee Chairmanships
1	Shri Ajay Gupta	Shri Ajay Gupta is B. Com., MBA	Marketing	5	3	1
2	Shri Dileep Shankar Kapre	Shri Dileep Shankar Kapre is B. Com. graduate. He has 17 years experience in textiles industry.	Textile	Nil	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 Dilipshanker Kapre 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, focusing primarily on (i) any changes in accounting policies and practices (ii) major accounting entries based on exercise of judgment by management (iii) qualifications in draft audit report (iv) significant adjustments arising out of audit (v) the going concern assumption (vi) compliance with accounting standards (vii) compliance with stock exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e. Reviewing the adequacy of internal audit functions.
- f. Discussion with internal auditors any significant findings and follow up there on.
- g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- 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.

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

During the year 2007-2008, the Audit Committee met 4 times on the following dates namely 24th April, 2007, 13th July 2007, 26th October 2007, 15th January 2008.

Name of Member	Designation	Attendance
Shri Ajay Gupta	Member	4
Shri Madhusudan Paul	Chairman	4
Shri Dilipshankar Kapre	Member	2

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 2006-2007.

Name	Salary	Commission	Sitting Fees	Total
Shri S. P. Jolly (MD)	1,44,000	—		1,44,000
Non-Executive Directors	—	—	84000	84000

(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 Ajay Gupta	Nil	10000
2.	Shri Dileep Shanker Kapre	Nil	8000
3.	Shri Kulwinder Kumar Nayyar	Nil	6000
4.	Shri Sanjeev Sharma	Nil	4000
5.	Shri Vipin Kumar Bhatnagar	Nil	8000
6.	Shri Madhusudan Paul	Nil	10000
7.	Shri Ganapati P. Prabhu	Nil	Nil
	TOTAL	—	46000

(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.

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During the year 2007-2008, the Investor Grievance Committee met 4 times on the following dates namely 24th April, 2007, 13th July 2007, 26th October 2007, 15th January 2008.

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

No of Shareholder's Complaint received so far : 68
Number not solved to the satisfaction of shareholders : 67
Number of pending complaints : 1 (Since resolved)

4. General Body Meetings

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

Year	Location	Date	Time
2006 – 2007	65, Krishna Nagar, Samarvani, Silvassa (U.T.)	08 th June 2007	11.30 A.M.
2005 – 2006	65, Krishna Nagar, Samarvani, Silvassa (U.T.)	29 th September 2006	11.30 A.M.
2004 – 2005	65, Krishna Nagar, Samarvani, Silvassa (U.T.)	08 th July, 2005	11.30 A.M.

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.

7. General Shareholder Information

7.1 Annual General Meeting :

Date and time : Friday, 8th August, 2008 at 10.30 a.m.
Venue : 65, Krishna Nagar, Samarvani, Silvassa
(Union Territory of Dadra & Nagar Haveli)

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

- 7.2 Financial Year : 1st April to 31st March
 Financial Calendar 2007-2008 : Annual General Meeting – (Tentative year)
 (Next September 2009)

Board Meetings

- Results for the quarter ending June 30, 2008 : Last week of July 2008
 Results for the quarter ending September 30, 2008 : Last week of October 2008
 Results for the quarter ending December 31, 2008 : Last week of January 2009
 Results for the year ending March 31, 2009 : Last Week of June 2009
- 7.3 Book Closure date : 6th August 2008 to 8th August 2008 (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 NSDL : Equity shares: INE218A01028
- 7.6 Stock Code : 514221

(Note: Annual listing fees for the year 2007-2008 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 2007	1.57	1.21	1.34	6673995
May 2007	1.53	1.17	1.20	5631990
June 2007	1.45	1.12	1.30	6780452
July 2007	2.21	1.23	1.89	22039196
August 2007	2.81	1.70	2.43	19620025
September 2007	3.04	2.07	2.20	19458717
October 2007	2.39	1.61	1.93	8886656
November 2007	2.17	1.65	1.94	13175479
December 2007	4.63	1.90	4.63	32109360
January 2008	6.18	2.54	2.54	52464853
February 2008	3.06	2.30	2.62	15556694
March 2008	2.75	1.50	1.95	9294140

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 Computer 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 2008

Category		Number of Shareholders	Number of Shares held
From	To		
Upto	500	11863	4610077
501	1000	20927	20627091
1001	2000	23150	43299321
2001	3000	6529	18725097
3001	4000	3412	13359002
4001	5000	3483	17201570
5001	10000	5508	43126920
10001	Above	3428	861433882
TOTAL		78300	1022382960

7.11. b Shareholding pattern as on 31/03/2008

	Category	No. of shares held shareholding	Percentage of
1.	Promoter's Holding	523505719	51.20
2.	Mutual Funds, Banks, Financial Institutions, FIIs, NRIs & OCBs	58235388	5.70
3.	Domestic Companies	127181466	12.44
4.	Resident Individuals	313460387	30.66
	Total	1022382960	100.00

7.12. a Dematerialization of Shares

: Approximately 88.00% of the shares issued by the Company has been dematerialized up to 31st March 2008

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

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

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

(ii) Any query on Annual Report

: Plot No.58A, Dhanudyog Indl. Area, Piperia, Silvassa (U.T.)

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

DECLARATION

I hereby declare and confirm that requirement of Clause 49 of Listing Agreement has been dully complied with save and except compliance of AS-15 applicable to accounting treatment of gratuity and leave encashment which has been accounted on cash basis.

KRISHNA LIFESTYLE TECHNOLOGIES LTD.

Place : Mumbai
Dated : 17th June, 2008

S.P. Jolly
Managing Director

CEO CERTIFICATION

I S.P. Jolly, Managing Director of **KRISHNA LIFESTYLE TECHNOLOGIES LTD.** do certify to the Board that:

- (a) I have reviewed financial statement and the cash flow statement for the year and the best of my knowledge and belief:
 - (i) these statement 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) There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (e) I accept responsibility for the establishing and maintaining internal control and that I have evaluated the effectiveness of the internal control systems of the company and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps they have taken or propose to take to rectify these deficiencies.
- (f) I have indicated change in internal control during the year;
 - (i) significant changes in internal control during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial segments and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any of the management or an employee having a significant role in the company's internal control system.

KRISHNA LIFESTYLE TECHNOLOGIES LTD.

Place : Mumbai
Dated : 17th June, 2008

S.P. Jolly
Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To the members of **KRISHNA LIFESTYLE TECHNOLOGIES LTD.**

We have examined the compliance of the conditions of Corporate Governance by **KRISHNA LIFESTYLE TECHNOLOGIES LTD.** for the year ended 31st March 2008 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 save and except compliance of AS-15 applicable to accounting treatment of gratuity and leave encashment which has been accounted on cash basis.

We state that in respect of investor grievances received during the year ended 31st March 2008 no investor grievances are pending against the Company as on 17th June, 2008 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.**
PRACTICING COMPANY SECRETARIES

Place : Mumbai
Dated : 17th June, 2008

S.K.JAIN
Proprietor

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

The Management of **ESKAY K'n'IT (INDIA) 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 Industry occupies a unique place in our country. The Textile Industry accounts for around 14% of the India's industrial production and about 4% of India's GDP. It contributes nearly 24% of Country's exports. Not only does it provide one of the basic needs of people, it operates as a self-reliant industry, from the production of raw materials to the delivery of finished products, with substantial value additions at each stage. The textile industry is the second largest provider of employment in India after agriculture, providing direct employment to about 35 million people.

India is the second largest player in the world cotton trade as it possesses the largest cotton acreage of about nine million hectares. India is the 3rd largest producer of cotton fibers. In the year 2000, the Government of India formulated a comprehensive textile policy called as Vision 2010 aimed at developing a globally competitive textile industry in India through modernization and consolidation. This policy is intended to take advantage of the free quota regime and increase India's export turnover to \$ 50 Billion by 2010.

b) Opportunity and Threats

The Global Textile and Clothing Industry is worth over US \$ 4395 billion, with clothing accounting for 60 % of the market and textiles the remaining 40%. Global Trade in textile and clothing is currently at US \$ 356 billion and is expected to grow to US \$ 600 Billion by 2010. The bulk of the increase is expected to be in clothing and is expected to grow from US \$ 199 billion to about US \$ 400 billion. India's Cotton Textile exports have grown at an annualized 6 % over the past 5 years, as compared with the world average of 2%. This growth reflexes the country's cast competitiveness in the business.

India appears suitably poised to leverage the strengths it has developed over the years owing to the following:

- Disbandment of 84% of quota from January 2005 is expected to trigger a US\$ 500 billion (roughly three-fold) rise in global textile trade.
- Likelihood of India's share in global trade to grow the fastest given that it's 4% of EU quotas as against 19% and 26% for China India's textile exports are slated to grow at a CAGR of 21% to US\$ 500 billion by 2010.
- Diversity of the textile sector spanning the entire value chain from fiber production through spinning, weaving, knitting, dyeing and finishing to final production of apparels and home textiles.
- Availability of vast pool of skilled and unskilled workforce at competitive costs.
- Flexible facilities to facilitate short runs for high fashion item and long run for basics complemented by strong designing capabilities.

Strengths:

- Self-reliant industry producing the entire supply chain fiber/cotton to garments/ home textiles.
- Large and growing domestic market.
- Second-largest textile producer in the world.
- Adequate raw material supplies.
- Low labour cost and availability of skilled and technical labour force.
- Excellence in fabric and garment designing.

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.
- Labour laws and policies lack reforms.
- Infrastructure bottlenecks for handling large volumes.

Opportunities:

- End of quota system and full integration of the textile industry.
- Shift in domestic market towards readymade garments, and domestic textile consumption increasing with growing disposable income.

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

Threats:

- Survival of the fittest-in term of quality, size delivery and cost.
- Pricing pressures.
- Stiff competition from other Asian countries.
- Increase in regional trade could reduce share of market opened for India, China and other countries.

c) 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.

d) Risk and Concern

There risk and concerns faced by the Company are similar to those faced by any growing organization in today dynamic industrial and economic scenario. The impact of events and developments at the macroeconomic level is being seen in the day to day functioning of enterprises. Moreover the Fiscal policies of the Government at the Macroeconomic as well as at the industry level are fundamental concerns for any organization. The challenges of functioning in a technology driven industrial scenario coupled with the need to maintain competitive costs are concerns which need to be addressed on an ongoing basis. At the micro level unethical competitions from sick units, free market policies and removal of quantitative restrictions and general human resource risk are a cause of concern for the Company.

e) 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 in the process of implementing SAP as an Enterprise Resource Planning (ERP) package, which will further enhance 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.

f) Financial Performance Vs. Operational Performance

The Company has achieved a Sales Turnover of Rs.65197.59 Lacs in the Financial Year 2007-08 as against Rs.47970.25 lacs in the Financial Year 2006-07. The Company has registered Net Profit has of Rs. 2068.40 Lacs in the Financial Year 2007-08 as against Net Profit of Rs. 1447.34 lacs in the Financial Year 2007-08. The Profit before Depreciation Interest and Tax has increased to 9828.21

g) 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.

h) Research and Development:

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

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

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, 2008, 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, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 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.4 in Schedule "19").*
 - 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 accounting method prescribed in Accounting Standard 15 of "Accounting for Retirement Benefits" issued by the Institute of Chartered Accountants of India. (Refer Note no.4 in Schedule "19").*
 - h) *No provision has been made for sundry debtors amounting to Rs 125.47 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.3 in Schedule "19").*

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

- 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.3 in Schedule "19" 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 "19" 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, 2008, and;
 - ii) in the case of the Profit and 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 **B. M. GATTANI & CO.**
Chartered Accountants

B.M.GATTANI
Proprietor
Mem. No.

Place : Mumbai
Date : 17th June, 2008

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 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 disposed some of its fixed assets during the year, but the ongoing status of the company is not affected.
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.
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.
(B) So also the provisions as to whether the payment of the principal and interest are also regular are not applicable.
(C) 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 we are not carried out any detailed examination of such accounts and records.

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

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 2007, 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, there is no overdue amount to the Financial Institutions during the year..
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
Mem. No.

Place : Mumbai
Date : 17th June, 2008

BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedules No.		AS AT 31/03/2008 (Rs. in lacs)	AS AT 31/03/2007 (Rs. in lacs)
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
SHARE CAPITAL	1	10,170.19	10,170.19	
RESERVES & SURPLUS	2	44,999.61	44,076.17	
			<u>55169.80</u>	54246.36
LOAN FUNDS				
SECURED LOANS	3		1408.51	2257.91
TOTAL			<u>56578.31</u>	<u>56504.27</u>
APPLICATION OF FUNDS				
FIXED ASSETS				
GROSS BLOCK	4	30,803.20	29,834.67	
LESS: DEPRECIATION		15,661.68	14,176.54	
		<u>15,141.52</u>	<u>15,658.13</u>	
CAPITAL WORK IN PROGRESS		0.00	0.00	
NET BLOCK			15141.52	15658.13
INVESTMENTS	5		34029.88	34029.88
CURRENT ASSETS, LOANS & ADVANCES				
INVENTORIES	6	1,742.58	1,644.60	
SUNDRY DEBTORS	7	4,050.96	5,296.24	
CASH AND BANK BALANCES	8	275.21	121.96	
LOANS AND ADVANCES	9	1,419.47	337.77	
		<u>7,488.22</u>	<u>7,400.57</u>	
LESS: CURRENT LIABILITIES & PROVISIONS				
CURRENT LIABILITIES	10	824.23	1,173.22	
PROVISIONS	11	121.73	29.55	
		<u>945.96</u>	<u>1,202.77</u>	
NET CURRENT ASSETS			6542.26	6197.80
DEFERRED TAX ASSETS			864.65	618.46
TOTAL			<u>56578.31</u>	<u>56504.27</u>

SIGNIFICANT ACCOUNTING POLICIES -**AND NOTES TO ACCOUNTS**

CASH FLOW STATEMENT

19

20

SCHEDULES REFERRED TO ABOVE FORM AN INTEGRAL
PART OF THE FINANCIAL STATEMENTS

As per our report of even date attached

For and on behalf of the Board of Directors

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

Chartered Accountants

B. M. Gattani

Proprietor

Mem. No.

NAVIN KUMAR TAYAL

Chairman

S.P. JOLLY

Managing Director

Place: Mumbai

Date: 17th June, 2008

Company Secretary

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedules No.	Year Ended 31/03/2008 (Rs. in lacs)	Year Ended 31/03/2007 (Rs. in lacs)
INCOME			
SALES	12	36547.61	26465.71
OTHER INCOME	13	5.70	6.00
INCREASE/(DECREASE) IN STOCK	14	(48.98)	(8524.41)
		<u>36504.33</u>	<u>17947.30</u>
EXPENDITURE			
MATERIALS AND GOODS CONSUMED	15	29502.71	12415.42
MANUFACTURING EXPENSES	16	3601.11	2593.94
INTEREST AND FINANCE CHARGES	17	228.00	292.26
SELLING & ADMINISTRATIVE EXPENSES	18	917.94	640.20
DEPRECIATION		1485.15	1742.09
		<u>35734.91</u>	<u>17683.91</u>
PROFIT/(LOSS) BEFORE TAX		769.42	263.39
PROVISION FOR TAX		92.17	29.55
DEFERRED TAX ASSETS		246.19	309.48
PROFIT/(LOSS) AFTER TAX		923.44	543.32
BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		747.71	204.39
TOTAL PROFIT/(LOSS)		<u>1671.15</u>	<u>747.71</u>
ADD: TRANSFERRED FROM GENERAL RESERVE to Writeoff accumulated losses against General Reserve		0.00	0.00
BALANCE CARRIED TO BALANCE SHEET		1671.15	747.71
BASIC AND DILUTED EARNINGS PER SHARE IN RS.		0.09	0.05
SIGNIFICANT ACCOUNTING POLICIES - AND NOTES TO ACCOUNTS	19		
CASH FLOW STATEMENT	20		

As per our report of even date attached

For and on behalf of the Board of Directors

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

B. M. Gattani
Proprietor
Mem. No.

NAVIN KUMAR TAYAL
Chairman

S.P. JOLLY
Managing Director

Place: Mumbai
Date: 17th June, 2008

Company Secretary

ANNUAL REPORT 2007-2008

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2008

	As At 31.03.2008 (Rs. in lacs)	As At 31.03.2007 (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)	1200.00	1200.00
	12500.00	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)	10,223.82	10,223.82
LESS: SHARE ALLOTMENT MONEY RECEIVABLE	53.63	53.63
	10170.19	10170.19
	10170.19	10170.19
SCHEDULE '2'		
RESERVES AND SURPLUS		
General Reserve		
Balance Brought Forward From Last Year	14,179.17	13,279.17
Add : Transferred From Debenture Redumption Reserve	0.00	900.00
Less :Transferred To Profit & Loss Account To Write Off Accumulated Losses	0.00	0.00
	14179.17	14179.17
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	600.00	1,500.00
Transferred To General Reserve	0.00	000.00
	600.00	600.00
Share Premium		
Balance Brought Forward From Last Year	27873.61	27873.61
Profit & Loss Account Transferred From P&L A/C	1671.15	747.74
	44999.61	44076.17

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

	As At 31.03.2008 (Rs. in lacs)	As At 31.03.2007 (Rs. in lacs)
SCHEDULE '3'		
SECURED LOANS		
Debtures 2,00,000, 12.50 % Secured Redeemable Non-convertible Debtures Of Rs.100 Each. Investment Institutions (Secured By Mortgage Of Land & Building And Hypothecation- Of Plant & Machinery At Piperia)	0.00	200.00
Debtures 3,98,649, 13 % Secured Redeemable Non-convertible - Debtures 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)	626.00	626.00
Working Capital Loans From Banks (Secured By Hypothecation of Inventories, Book Debts And Personal Guarantees of Promoter/Directors of The Company)	782.51	1431.91
	<u>1408.51</u>	<u>2257.91</u>

SCHEDULE : 4 : FIXED ASSETS AS ON 31st MARCH, 2008

(Rs. in lacs)

SR NO	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As On 01-04-2007	ADDI- TION	DEDU- CTION	AS ON 31.3.2008	UP TO 01-04-2007	DURING THE YEAR	WRITTEN BACK	UPTO 31.03.08	AS ON 31.03.08	AS ON 31-03-2007
1	Land	124.52	0.00	0.00	124.52	0.00	0.00	0.00	0.00	124.52	124.52
2	Building	4658.87	166.31	0.00	4825.18	1362.30	156.90	0.00	1519.20	3305.98	3296.57
3	Plant & Machinery	24758.11	752.57	0.00	25510.68	12695.61	1316.48	0.00	14012.09	11498.59	12062.50
4	Office Equipments	62.70	22.40	0.00	85.10	29.02	3.23	0.00	32.25	52.85	33.68
5	Furniture & Fixtures	32.78	27.25	0.00	60.03	18.57	2.48	0.00	21.05	38.98	14.21
6	Vehicle	59.54	0.00	0.00	59.54	45.57	3.27	0.00	48.84	10.70	13.97
7	Office Premises	103.66	0.00	0.00	103.66	16.31	1.69	0.00	18.00	85.66	87.35
8	Air Conditioners	17.47	0.00	0.00	17.47	6.59	0.83	0.00	7.42	10.05	10.88
9	Residential Flat	17.03	0.00	0.00	17.03	2.57	0.28	0.00	2.85	14.18	14.45
10	Elevator	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total	29834.67	968.53	0.00	30803.20	14176.54	1485.15	0	15661.68	15141.52	15658.13
	Previous Year	34852.81	236.32	5254.46	29834.67	15622.48	1742.09	3188.00	14176.54	15658.13	19230.33

SCHEDULE '5'

INVESTMENTS

Long Term, Trade :

Unquoted, fully paid up Equity Shares of

KRISHNA KNITWEAR TECHNOLOGY LTD.

3,62,98,756 (PREVIOUS YEAR 14,29,87,560) Shares of Rs. 10 each

Share Application Money (Krishna Knitwear Tech. Ltd.)

Share Application Money (Deccan Mills Real Estate & Inf. Ltd.)

Share Application Money (KSL Realty and Infrastructure Ltd.)

Share Application Money (Tayal Energy Limited.)

Share Application Money (Reward Real Estate Co .Ltd)

6929.88	1429.88
0.00	5500.00
10150.00	10150.00
4200.00	4200.00
7250.00	7250.00
5500.00	5500.00
<u>34029.88</u>	<u>34029.88</u>

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	As At 31.03.2008 (Rs. in lacs)	As At 31.03.2007 (Rs. in lacs)
SCHEDULE '6'		
INVENTORIES		
(At Taken Valued And Certified By The Management)		
1. Raw Materials	860.21	661.01
2. Stock-in-process	314.88	363.68
3. Finished Goods (Including Stock Of Goods Returned)	537.04	586.02
4. Stores & Consumables	30.45	33.89
	<u>1742.58</u>	<u>1644.60</u>
SCHEDULE '7'		
SUNDRY DEBTORS (UNSECURED)		
Outstanding For A Period Exceeding Six Months -		
Considered Good	125.47	983.24
Considered Doubtfull		
Provision Made For Doubtfull Debt		
Others - Considered Good.	3925.49	4313.00
	<u>4050.96</u>	<u>5296.24</u>
SCHEDULE '8'		
CASH AND BANK BALANCES		
Cash In Hand	13.33	29.78
Balances With Scheduled Banks In		
Current Accounts	247.38	82.90
Fixed Deposits With Scheduled Banks	14.50	9.28
(Kept As Security For Letters Of Credit With Banks)		
	<u>275.21</u>	<u>121.96</u>
SCHEDULE '9'		
LOANS AND ADVANCES		
Unsecured, Considered Good		
Advances Recoverable In Cash Or In Kind		
Or For Value To Be Received	1405.45	323.75
Considerd Doubtfull	0.00	0.00
Net Considered Good	1405.45	323.75
Deposits		
Government	14.02	14.02
	<u>1419.47</u>	<u>337.77</u>
SCHEDULE '10'		
CURRENT LIABILITIES		
Sundry Creditors	421.55	509.54
Other Liabilities	402.68	663.68
	<u>824.23</u>	<u>1173.22</u>
SCHEDULE '11'		
PROVISIONS :		
Provision For Taxation	121.73	29.55
	<u>121.73</u>	<u>29.55</u>

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

Schedules Forming Part Of The Profit And Loss Account As At 31st March 2008

	Year Ended 31/03/2008 (Rs. In Lacs)	Year Ended 31/03/2007 (Rs. In Lacs)
SCHEDULE '12'		
SALES		
Domestic	36547.61	26403.75
Export	0.00	61.96
	<u>36547.61</u>	<u>26465.71</u>
SCHEDULE '13'		
OTHER INCOME		
Interest (Tds 14432)	0.70	0.00
Profit On Sale Of Assets	0.00	3.12
Others	5.00	2.88
	<u>5.70</u>	<u>6.00</u>
SCHEDULE '14'		
INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS		
Closing Stock	537.04	586.02
Opening Stock	586.02	9,110.43
	<u>(48.98)</u>	<u>(8524.41)</u>
SCHEDULE '15'		
MATERIALS AND GOODS CONSUMPTION		
Opening Stock		
Stock-in-process	363.68	453.63
Raw Materials	661.01	8,503.16
	<u>1024.69</u>	8956.79
Add: Purchases	29653.11	4483.32
	<u>30677.80</u>	13440.11
Less: Closing Stock		
Stock-in-process	314.88	363.68
Raw Materials	860.21	661.01
	<u>1175.09</u>	1024.69
	<u>29502.71</u>	<u>12415.42</u>

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	Year Ended 31/03/2008 (Rs. In Lacs)	Year Ended 31/03/2007 (Rs. In Lacs)
SCHEDULE '16'		
MANUFACTURING EXPENSES		
Power & Fuel	1541.27	1022.69
Labour Charges	1197.62	711.29
Oil & Lubricants	53.90	62.25
Packing Material Consumed	188.55	142.01
Machinery Spare Parts & Repairs	120.66	81.36
Repairs - Electricals & Others	27.32	41.82
Factory Rent	4.65	4.44
Processing & Other Charges	26.23	114.32
Water Charges	61.57	49.32
Dyes & Chemicals Consumed	68.45	66.31
Furnace Oil Consumed/Coal Charges	273.08	261.63
Needles Consumed	34.83	33.59
Textiles Cess	2.98	2.91
	3601.11	2593.94
SCHEDULE '17'		
FINANCIAL CHARGES		
Interset On Non-conv.deb.	56.49	67.24
Interest On Cash Credit Accounts	169.56	222.80
Bank Charges	1.95	2.22
	228.00	292.26
SCHEDULE '18'		
SELLING AND ADMINISTRATIVE EXPENSES		
Insurance Charges	9.23	8.21
Consultancy & Professional Fees,Legal Charges	48.59	40.23
Discount,Commission And Brokerage	328.63	226.98
Salary & Staff Welfare	158.61	90.25
Transporation Charges	178.14	126.90
Printing And Stationery	33.63	20.95
Directors' Remuneration	1.44	1.44
General & Misc. Expenses	55.22	39.56
Advertisements	7.34	6.89
Auditors' Remuneration	0.88	0.88
Directors' Sitting Fees	0.46	1.29
Conveyance & Travelling	15.05	16.29
Listing Fees	0.92	0.92
Motor Car Expenses	6.50	7.71
Registration & Licence Fees	1.30	1.30
Rent,Rates & Taxes	43.61	19.98
Postage & Telephone Expenses	17.55	20.91
Sales Promotion Expenses	10.84	9.51
	917.94	640.20

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

SCHEDULE 19: NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2008.

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 includes Excise Duty and is net of Sales Tax.

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 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 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.

3 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.

4 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.

5 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.

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- 6 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.
- 7 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.
- 8 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:-
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.

9. **EARNING PER SHARE:**

Basic and Diluted Earnings per Share is calculated as under:

	31-03-2008 (Rs.)	31-03-2007 (Rs.)
a. Numerator :		
Net Profit/(Loss) As per Profit and Loss Account	923.44 lacs	54332250
Net Profit/(Loss) considered for EPS Calculation	923.44 lacs	54332250
b. Denominator :		
No. of Equity Shares	1022382960	
c. Basic & Diluted Earnings per Share	0.09	0.05
d. Nominal value of Equity Share	1	1

10. Payment to Audit Fees :	Year Ended 31.03.2008 (Rs.in Lacs)	Year Ended 31.03.2007 (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
11. Managerial Remuneration	1.44	1.44

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

12. Particulars of goods Manufactured	As at 31.03.2008 In Tonnes	As at 31.03.2007 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)	31089.04	24207.13
Raw Material Consumed: Indigenous	100%	100%
Imported	NIL	NIL

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.

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

Particulars		2007-08		2006-07	
		Qty(Tonnes)	Value (Lacs)	Qty(Tonnes)	Value (Lacs)
1. Op. Stock	Raw Material	1290.12	661.01	14546.28	8503.16
	Stock In Process	516.06	363.68	512.46	453.63
	Finished Goods	722.16	586.02	6830.20	9110.43
2. Cl. Stock	Raw Material	1434.41	860.21	1290.12	661.01
	Stock In Process	402.53	314.88	516.06	363.68
	Finished Goods	625.62	537.04	722.16	586.02
3. Purchases		35831.28	29653.11	8188.62	4483.32
4. Sales		35352.75	36547.61	25895.18	26465.71
5. R.M Consumed			29502.71		12415.42

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

14. Foreign Currency Transactions

	31.03.2008 (Rs.in Lacs)	31.03.2007 (Rs. in Lacs)
a. Value of Imported Capital Goods on CIF basis	—	—
b. Travelling Expenses	NIL	NIL
15. Earning in Foreign Currency Export of Goods	NIL	61.96
16. Remittance on account of Dividend to NRIs & FILs	—	—
17. MODVAT ; Capital expenditure and raw materials have been taken at net value after adjusting modvat, wherever applicable.		

18. Figures of previous year have been regrouped/ rearranged wherever necessary.

As per our report of even date

For and on behalf of the Board of Directors

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

B.M.GATTANI
Proprietor

NAVIN KUMAR TAYAL
Chairman

S.P.JOLLY
Managing Director

Place :Mumbai
Date : 17th June, 2008

Company Secretary

SCHEDULE-20

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008

	2007-2008 (Rs. In lacs)	2006-07 (rs. In lacs)
A. Cash flow from operating activities		
Net profit before tax and extraordinary items	769.42	263.39
Adjustment for:		
Depreciation and amortisation	1485.15	1742.09
Interest paid and payable (net)	228.00	292.26
Operating profit before working capital changes	<u>2482.58</u>	<u>2297.74</u>
Adjustment for:		
Trade & other receivable	163.58	16,614.06
Inventories	(97.98)	16,453.88
Trade and other payable	<u>(348.99)</u>	<u>338.55</u>
Cash generated from operations	2199.19	35704.23
Add:less		
Interest paid	228.00	292.26
Direct tax paid	0.00	0.00
Net cash from operating activities	<u>1971.18</u>	<u>35411.97</u>
B. Cash flow from investing activities		
Purchase of fixed assets	(968.53)	1830.11
Interest received	0.00	0.00
Increase in investment	0.00	(32600.00)
Net cash used in investing activities	<u>(968.53)</u>	<u>(30769.89)</u>
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	(849.40)	(4656.06)
Due to increase in interest outstanding		
Net cash used in financial activities	<u>(849.40)</u>	<u>(4656.06)</u>
Net increase /(decrease) in cash and cash equivalents	153.25	(13.98)
Cash and cash equivalents (opening balance)	121.96	135.94
Cash and cash equivalents (closing balance)	<u>275.21</u>	<u>121.96</u>
	<u>153.25</u>	<u>(13.98)</u>

Note: Figures of previous years have been regrouped/rearranged wherever necessary 0.00

As per our report of even date attached

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: 17th June, 2008

Company Secretary

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

Auditors Certificate

We have examined the attached cash flow statement of **Krishna Lifestyle Technologies Limited**. For the year ended 31st March, 2008. The Statement has been prepared by the company in accordance with the requirements of Listing Agreement Clause 32 with various Stock Exchanges 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.

For **B.M. Gattani & Co.**
Chartered Accountants

B.M. Gattani & Co.
Partner

Place: Mumbai
Date: 13th June, 2008

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	: 31.03.2008		

II. Capital Raised during the year

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

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

Total Liabilities	: 56578.31	Total Assets	: 56578.31
SOURCE OF FUNDS			
Paid-up Capital	: 10170.19	Reserves and Surplus	: 44999.61
Secured Loans	: 1408.51	Unsecured Loans	: NIL
APPLICATION OF FUNDS			
Net Fixed Assets Incl Cap WIP	: 15141.52	Investments	: 34029.88
Net Current Assets	: 6542.26	Miscellaneous Expenditure	: NIL
Deffered Tax Assets	: 864.65	Accumulated Losses	: NIL

IV. Performance of Company (Rs. in Lacs)

Turnover and Other Income	: 36504.33	Total Expenditure	: 35734.91
Profit before Tax	: 769.42	Profit/(Loss) After Tax	: 923.44
Earning Per Share	: 0.09	Dividend Rate %	: NIL

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

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

As per our report of even date attached

For and on behalf of the Board of Directors

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

B. M. Gattani
Proprietor

NAVIN KUMAR TAYAL
Chairman

S.P. JOLLY
Managing Director

Place: Mumbai
Date: 17th June, 2008

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)

TWENTIETH 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 20th Annual General Meeting of the company being held on Friday, 8th August 2008 at 10.30 a.m. at 65, Krishna Nagar, Samarvani, Silvassa (U.T.)

Signature of the Shareholder or Proxy

* Applicable for investors holding shares in electronic form

CUT HERE

PROXY FORM

KRISHNA LIFESTYLE TECHNOLOGIES LIMITED

Registered Office: Plot No.58-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 on Friday, , 8th August 2008 at 10.30 a.m. of at any adjournment thereof.

Signed this Day of 2008

* Applicable for investors holding shares in electronic form.

Affix Re.1/- Revenue Stamp

Note: The Proxy form duly completed and signed must deposited at the Registered Office of the Company, not less the 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 FOMALITIES FOR CONVERSION OF THEIR SHARES FROM PHYSICAL TO