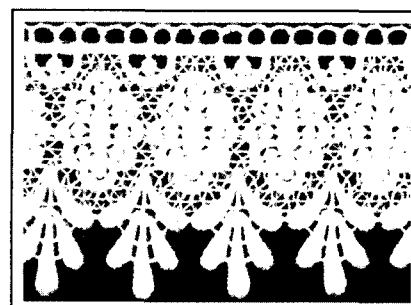
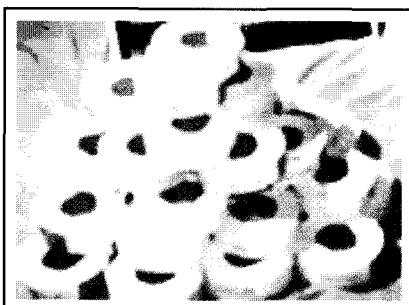
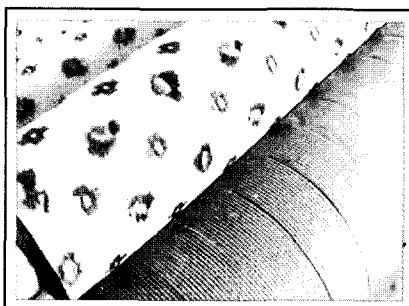


SHRI LAKSHMI COTSYN LIMITED



17th Annual Report 2004-2005



17th *Annual Report* **2004-2005**



SHRI LAKSHMI COTSYN LIMITED

19/X-1, Krishna Puram, G.T. Road, Kanpur - 208 007



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BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR

Dr. M. P. AGARWAL

JOINT MANAGING DIRECTOR

Mr. PAWAN KUMAR AGARWAL

DY. MANAGING DIRECTOR

Mr. DEVESH GUPTA

EXECUTIVE DIRECTOR

Mr. DILEEP BAJAJ

DIRECTOR

Mrs. SHARDA AGARWAL

DIRECTOR

Mr. R. K. GARG

DIRECTOR

Dr. G.N.MATHUR

DIRECTOR

Mr. J. S. VARSHNEY

DIRECTOR

Mr. S. K. MANGOL

DIRECTOR (Nominee-IDBI)

Mr. L.N.VAZ

COMPANY SECRETARY

Mr. AMIT Kr. GUPTA

AUDITORS

PRADEEP & ASSOCIATES
CHARTERED ACCOUNTANTS
27/78 A, GAGAN DEEP COMPLEX
BIRHANA ROAD, KANPUR

BANKERS

1. Syndicate Bank
2. Bank of Baroda
3. Central Bank of India
4. Union Bank of India
5. Canara Bank
6. State Bank of Patiala

REGISTERED OFFICE

19/X-I KRISHNA PURAM
GT ROAD, KANPUR-208007

CORPORATE OFFICE

6A,6C, VANDANA BUILDING
11, TOLSTOY MARG
NEW DELHI-110005

WORKS

P.O.AUNG, GT ROAD
DIST. FATEHPUR, U.P.

VILLAGE - LIBASPUR
DISTRICT - SONPAT
HARYANA

UPSIDC INDUSTRIAL AREA
P.O. MALWAN
DIST. FATEHPUR, U.P.

Chairman & Managing Director

Dr. M. P. Agarwal



The Chairman



Chairman's Message

My Dear Fellow Share Holder,

The year ended June 2005, has proved to be a benchmark for the Company for future growth. In my message last year I conveyed to seek new ways and explore new growth opportunities to enhance the Shareholders value. I can adherely say that the dream has come true with utmost efforts of our dedicated team, which managed to achieve the desired Goal.

In the previous year under review your Company has recorded an increase of 34.44% in Sales and 57% in Profits. The total revenue of the Company grew to Rs. 28,371 Lacs as against Rs. 21,104 Lacs in the previous year.

You are aware that from 1st January 2005 the Textile quota system imposed by the developed countries has been dismantled, which was a great challenge for our company also and I am proud to say that your Company has encashed the opportunities.

A project was planned to manufacture Denim Fabric, Bottom Weight Wear Fabric, Wider Width Sheeting Fabric and Terry Towel Fabric for making our presence felt in International market.

It is indeed a great pleasure that the project is under advance stage of implementation and expected to be completed by July 2006. This could only be possible because of dedicated force of your Company and thrust on Quality Management System.

We are also granted with ISO 9001 : 2000 Registration during the year under review.

It is an achievement that can be directly attributed to our ability to deliver superior Customer Management, leading not only to customer satisfaction but towards customer delight.

This is infact a humble start towards glorious future of our Company. We assure you that we will continue to strive for a better performance with greater new growth opportunities to enhance Share holder value.

You have always patronized us with your valuable suggestions and feed back. We hope the same shall continue in future also.

Yours Sincerely,

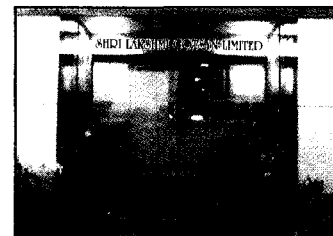
Dr. M. P. Agarwal

Chairman & Managing Director



The Company: Highlights

Shri Lakshmi Cotsyn Ltd.



- ❖ A listed Company incorporated in the year 1988
- ❖ An established name in processing synthetic as well as cotton fabrics and manufacturing other textile related items
- ❖ one of the largest textile players in northern India
- ❖ integrated multi- product and multi-market player covering most activities of textile value chain & reaching out to wide customer base with diversified product range
- ❖ core competency in processing of Blended Suiting & Shirting, Cotton Fusible Interlining and manufacture of Embroidery, Lace and Quilted Fabrics
- ❖ ISO 9001-2000 Quality Management System Certified

The Company : A Fact Sheet

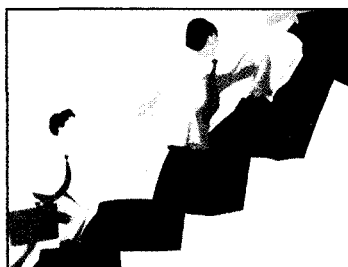
1988 : Incorporation

1993-94 : Commercial production commenced with installed capacity of 6 MMPA

1995-96 : Diversification plan to manufacture Polyfibre Filled Beds Spreads and Quilts with an installed capacity of 0.4 MMPA

1997-98 : Installed capacity enhanced from 6 MMPA to 18 MMPA

1998-99 : Expansion project envisaging -



- ❖ Expansion of capacity for production of Polyfibre Filled Quilted Cloth by 0.4MMPA
- ❖ Setting up of facilities for manufacture of Microdot Fusing
- ❖ Cloth (MDFC) of 10 MMPA capacity
- ❖ Embroidery Cloth of 0.8 MMPA capacity

2005-06 : Proposed expansion project envisaging manufacturing

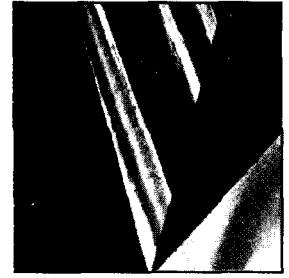
- ❖ Wider Width Processing Fabrics with capacity of 12 MMPA
- ❖ Denim fabric -capacity - 20 MMPA
- ❖ Bottom Wear Fabrics -capacity- 6 MMPA
- ❖ Terry Towels -capacity - 3000 Tons p. a.
- ❖ Yarn Dyeing -capacity - 1500 Tons p. a.
- ❖ Captive Cogeneration Power Plant of 5MW
- ❖ Textile Auxiliary Chemical manufacturing plant of 1200 tonnes p.a.



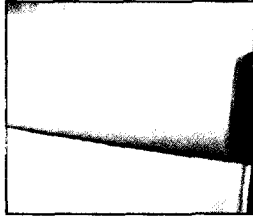
The Company: Product Lines (Existing)

Suiting & Shirting:

- ❖ Installed capacity of 18 MMPA
- ❖ Substantial infrastructure for blended suiting and shirting manufacturing
- ❖ Established brand names for product



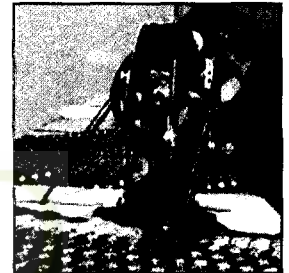
Cotton Fusible Interlining:



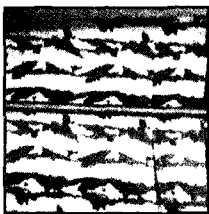
- ❖ Installed capacity of 10 MMPA
- ❖ Leading player in the segment with 15% market share
- ❖ 20 different variants of the products to have presence among different types of customers

Embroidery, Lace & Quilted Fabric

- ❖ Installed capacity of 1.2 MMPA
- ❖ Superior quality control due to purchasing own grey fabric
- ❖ In house processing capabilities leading to superior quality and lower costs
- ❖ Dedicated customer base
- ❖ Established brand for products



Industrial & Technical Textile Fabric



- ❖ Manufacturing capacity 6 MMPA
- ❖ Research based products
- ❖ High profitability
- ❖ Strong position in defence, MHA, Paramilitary Force & State Governments Supplies.

The Company: Product Lines (Proposed)

Denim Fabric

- ❖ Capacity envisaged comparable to that of leading denim players
- ❖ Air Jet looms are equipped with the latest state of the art technology with automatic controls through microprocessors
- ❖ Huge demand in both domestic and international markets
- ❖ Structural shift in garment operations from the US and Western Europe to Asia and African regions and focus on value added denim
- ❖ Huge demand supply gap of 750 million meters p.a. in US alone
- ❖ Rope dyeing machinery & technology imported from Morrison Textile, USA



Bottom Weight Wear Fabric

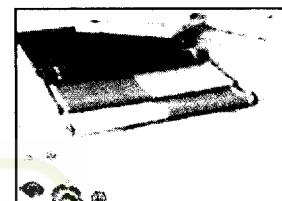
- ❖ 100% wrinkle free cotton suiting for gents trousers
- ❖ Advanced rapier looms with dobby attachment
- ❖ Specialised processing technology
- ❖ Higher demand from garments sector

Wider Width Fabric

- ❖ Part of home textile segment
- ❖ Latest technology employed capable of high speed weaving & producing quality wider width fabrics of international standards
- ❖ Continuous processing technology with microprocessor control employed for best quality creaseless fabric
- ❖ Product mix consists mainly of wider width plain fabrics, satins and twills
- ❖ High demand from US; India enjoyed 20% market share in 2004 and slated to grow manifold.

Terry Towel

- ❖ Mainly used in home textile and is the most consumable textile product world-over
- ❖ Rapier terry looms from SMIT, Italy to be employed for best quality diversified terry qualities
- ❖ Very high demand for product from US; India enjoyed 21% market share in 2004; largest supplier worldwide; average growth rate of 55%
- ❖ Exponential growth in coming years with quota phase out and Westpoint Stevens and Pillotex, Companies in US under Chapter 11 proceedings



The Company: Cost Efficiency

- ❖ Power Costs (captive power plant)
- ❖ In house captive textile auxiliary chemicals plant
- ❖ Trained manpower resulting in higher productivity
- ❖ Locational advantage; low transportation costs
- ❖ Backward area related benefits
- ❖ Economies of Large Scale of Production.

The company: Research & Development



Research and development has always been the cornerstone of SLCL. The advent of the new generation fabrics has led to higher customer expectations. The need of the hour is to meet these expectations and upgrade our own product technology capabilities. R&D, with its role of technology & knowledge data bank, works on basic research using computer simulation to analyze and improve product performance. The Company strives towards development of these capabilities to strengthen its portfolio

through its R&D efforts. The new projects awarded are a result of such advanced capabilities. These investments in R&D will yield new product developments and add to the growth of the Company.



Benchmarking against global products, the Company continuously strives to better its product quality attaining a competitive edge to expand its export business.

The Company: Marketing Strategy

SLCL's market leadership position for ride control products and a significant presence for its range of textile products is the result of its customer centric approach..

In its endeavor to provide quality products, the Company lays emphasis on trained sales personnel interacting closely with the channel partners and other decision makers.

Various marketing initiatives undertaken to reinforce its strong brand image are vast product range, new product development, market penetration, sales promotion activities for both the trade and various segments of market and its research activities. These activities help the Company to keep abreast with the changing business scenario and provide insights on market potential.



The Company: Export



According to the Agreement on Textiles and Clothing (ATC) since 01.01.2005 there is no import restrictions (quota) for any category in any country and whole world would be an open international market without any restrictions on the import and exports of textiles and garments. While globalization offers unlimited opportunities, it also brings threats from the competitors to destabilize the export and local markets. In order to withstand the competition both in international market and local market and accelerate to the export growth it is imperative to convert the strength of the different segments of the textile industry into a competitive edge for exploiting opportunities offered by the free market economy to its fullest extent and reduce the impact of the possible threats of the globalization. SLCL although slowly but steadily is embarking upon its export strategy.

The Company: Corporate Social Responsibility

As a responsible corporate, SLCL believes that for any economic development to be meaningful, the benefits from the business must trickle down to the society at large. Being a socially responsible Corporate, SLCL has taken initiative to keep environment clean and green. A huge plantation has been planned by SLCL within and nearby areas of its new plant site located at Malwan, Dist. Fatehpur. Further, SLCL's stress is more towards education and health of the society at large and therefore management always keen to contribute for the said cause. Step further towards its social responsibilities, SLCL is installing Zero Discharge Effluent Treatment Plant to be eco-friendly in true sense.

