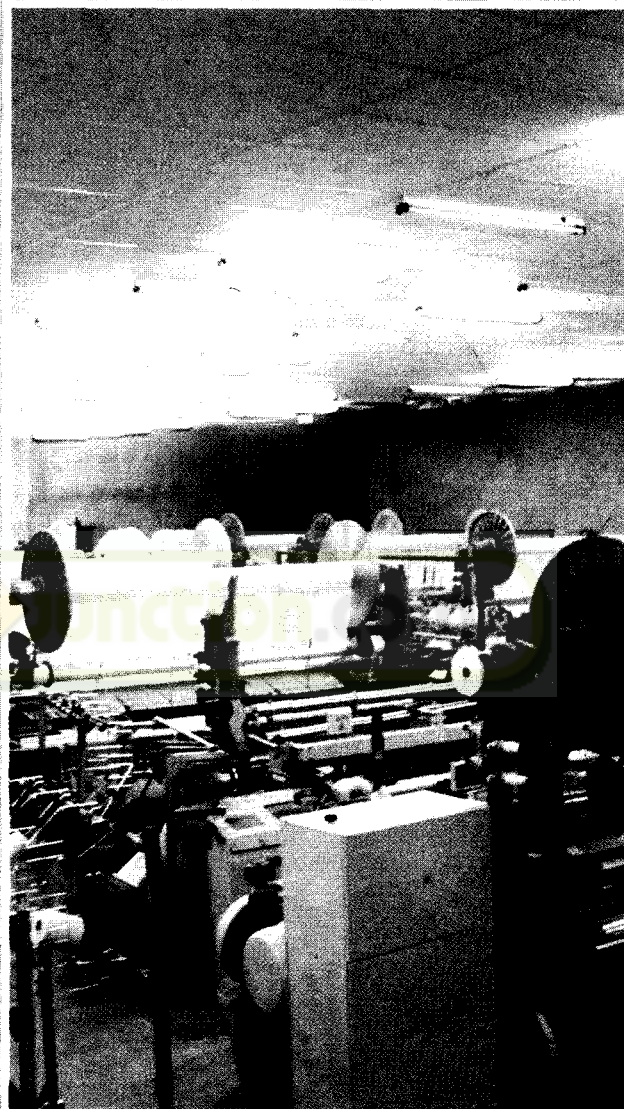


ANNUAL REPORT 2005-06



SHRI LAKSHMI COTSYN LIMITED

(An ISO 9001: 2000 Accredited Company)

18th *Annual Report* *2005-06*

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SHRI LAKSHMI COTSYN LIMITED

19/X-1, Krishna Puram, G.T. Road, Kanpur - 208 007 (U.P.) INDIA

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Corporate Information

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CHAIRMAN & MANAGING DIRECTOR
JOINT MANAGING DIRECTOR
DY. MANAGING DIRECTOR
EXECUTIVE DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR
DIRECTOR

Dr. M.P. AGARWAL
Mr. PAWAN KUMAR AGARWAL
Mr. DEVESH GUPTA
Mr. DILEEP BAJAJ
Mrs. SHARDA AGARWAL
Mr. R.K.GARG
Dr. G.N. MATHUR
Mr. J.S. VARSHNEY
Mr. S.K. MANGOL
Dr. J.V.RAO

COMPANY SECRETARY

Mr. AMIT Kr. GUPTA

AUDITORS

PRADEEP & ASSOCIATES
Chartered Accountants
27/78 A, Gagan Deep Complex
Birhana Road, Kanpur-208001

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-1 Krishnapuram
GT Road, Kanpur, U.P.-208007

CORPORATE OFFICE

6A & 6C, Vandana Building
11, Tolstoy Marg
New Delhi-110 005

WORKS

- I. P.O.Aung, GT Road
District Fatehpur, U.P.
- II. Village-Libasapur
District- Sonapat, Haryana
- III. UPSIDC Industrial Area
P.O. Malwan
District Fatehpur, U.P.
- IV. Dev Bhoomi Industrial Estate,
Village Banta Kheri, Tehsil Roorkee,
District Haridwar, Uttaranchal

Chairman Message

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Dear Shareholders,

It has been my privilege to have provided leadership to your company over the last decade. We made the more difficult strategy choice of creating multiple drivers of growth by matching proven internal capabilities with emerging market opportunities. It is a matter of great pride and deep satisfaction for the Company that during this period we have not only grown to a significant size, but also created enormous shareholder value. We are today at the threshold of a new era in our corporate journey.

I am delighted to inform you that for the FY 2006, Shri Lakshmi has turned out a robust performance with the excellent results. The Company has delivered on all fronts, including domestic market, defence sector as well as in foreign market.

During the year under review, we delivered an excellent overall operating performance generating further growth in profits and cash flows. Our turnover increased by 27.50% to Rs. 36003.32 Lacs and profit after tax grew by 62.84% to Rs. 1584.19 Lacs.

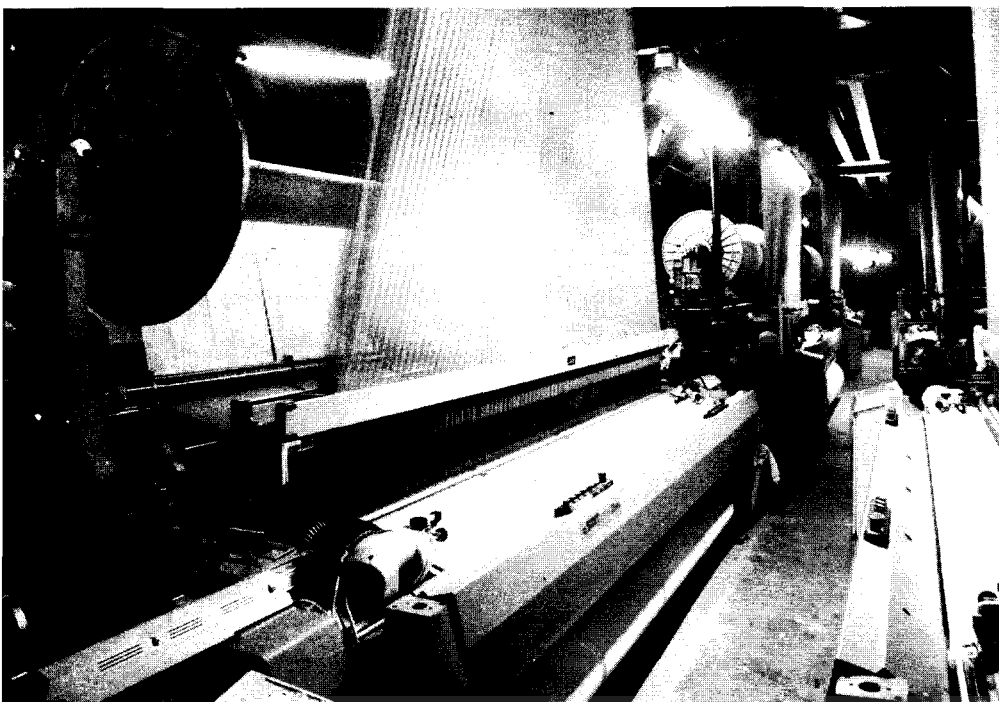
Shri Lakshmi's business philosophy has been one of balancing prudence and a pioneering spirit to maximize value for all our stakeholders. As we build upon our established core competencies, we will not only strengthen our standing in our specialized segments, but also widen the scope of our offerings and climb the value chain. Over the last two years, your Company has made substantial investments in expanding its capacities and product range.

Our rich and vast product lines, robust production and marketing infrastructure have made our Company to feel different from others. I am confident that the Company's sustained growth of performance in the next few years will allow us to reach our goal with in the short span of time. It is a matter of great pleasure to note that we have already moved to cotton rich segments for the US, European and other regulated markets, which will no doubt be the major contributors to our future growth.

Dr. M.P. Agarwal
Chairman & Managing Director

Corporate Profile

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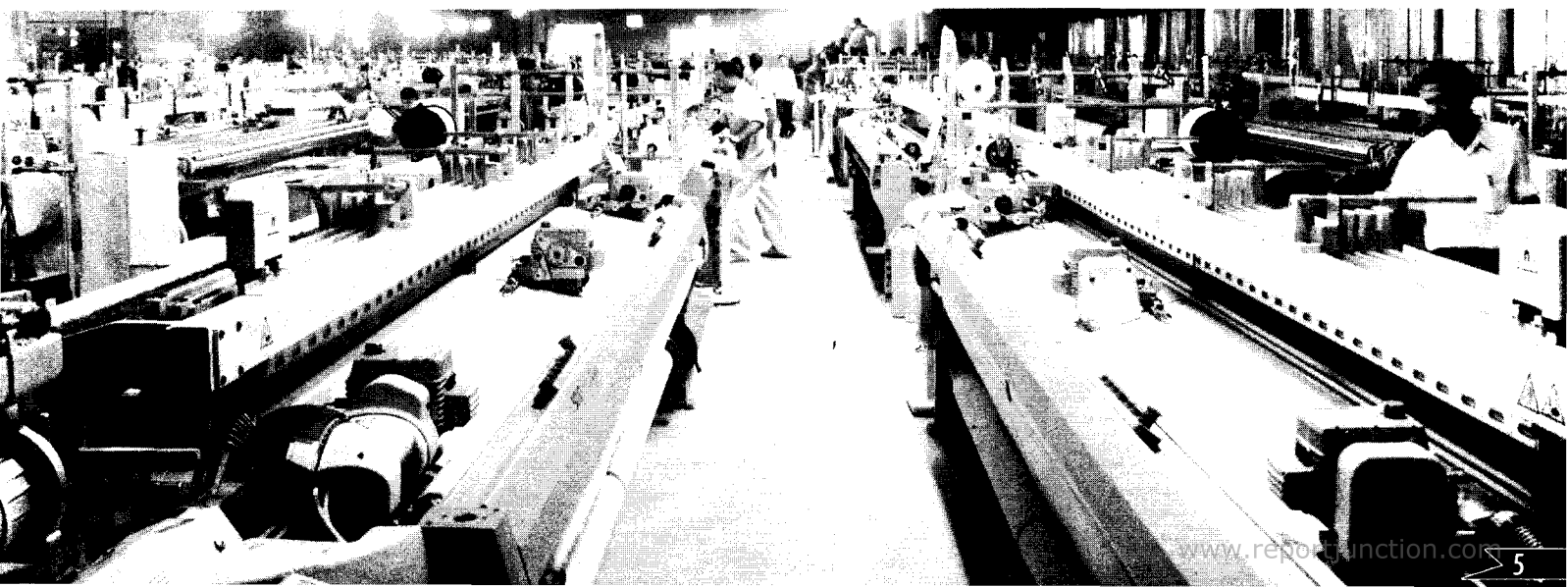
Shri Lakshmi Cotsyn Limited (Shri Lakshmi), an ISO 9001-2000 accredited entity, a Multi-Dimensional, Multi-Divisional, Multi-Product is engaged in textile manufacturing, established with vision to go global, involving highly experienced team of high caliber professionals, headed by Dr. M.P. Agarwal with more than three decades of rich diversified business experience. In less than two decades Shri Lakshmi has risen over the textile horizon to be a dynamic transactional, competing successfully in textiles products on all

spherical directions and has carved niche for itself in burgeoning field of textiles.

With the goal of becoming a dominant player in the textile industry, Shri Lakshmi has established state-of-the-art manufacturing facilities using world class plant, process, machineries and technologies. These strengths have been translated into a robust financial performance and hold the promise of even a greater future for the Company.

By realigning its attention through a dedicated focus on enhancing efficiencies both internally and externally, Shri Lakshmi has achieved great success in selectively addressing the value added and branded segments with customized offerings for niche markets.

Shri Lakshmi is committed in creating value for its stakeholders, by delivering on promises and building relationships. Shri Lakshmi has excelled in attracting the highest quality customers, investors, employees and suppliers, resulting in measurable differences in operations.



Visioning Growth Horizons

Growth at Shri Lakshmi Cotsyn Limited (Shri Lakshmi) has several dimensions. It not only encompasses manufacturing capacities, sales turnover and profitability, but also reflects contemporary business practices and alignment with markets at home and abroad.

During the year, the company focussed on organic growth in order to consolidate its market leadership and market share in the global textile arena. Shri Lakshmi has set up its manufacturing facilities at Malwan, Fatehpur, U.P. with the best available technology involving state of art machineries from the best machine manufacturers globally to cater the need of global and domestic clients.

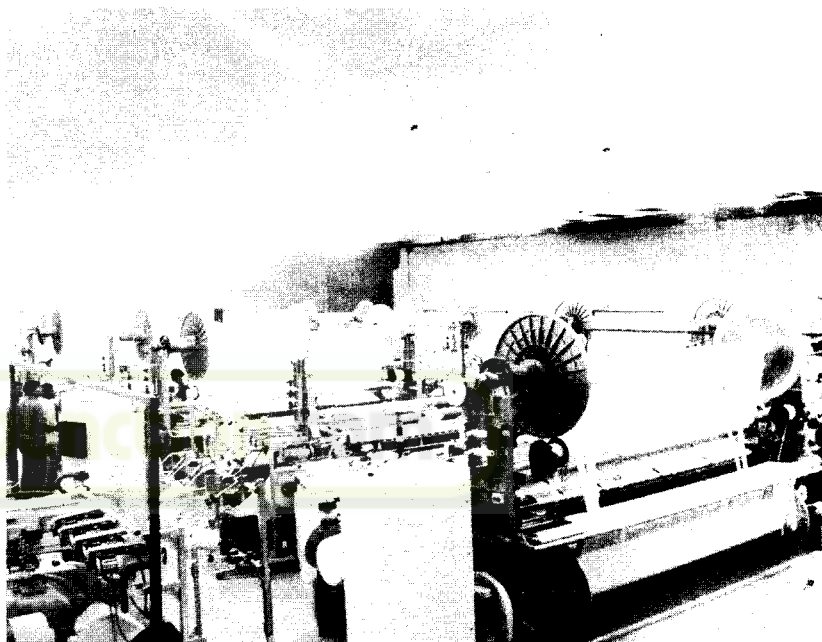
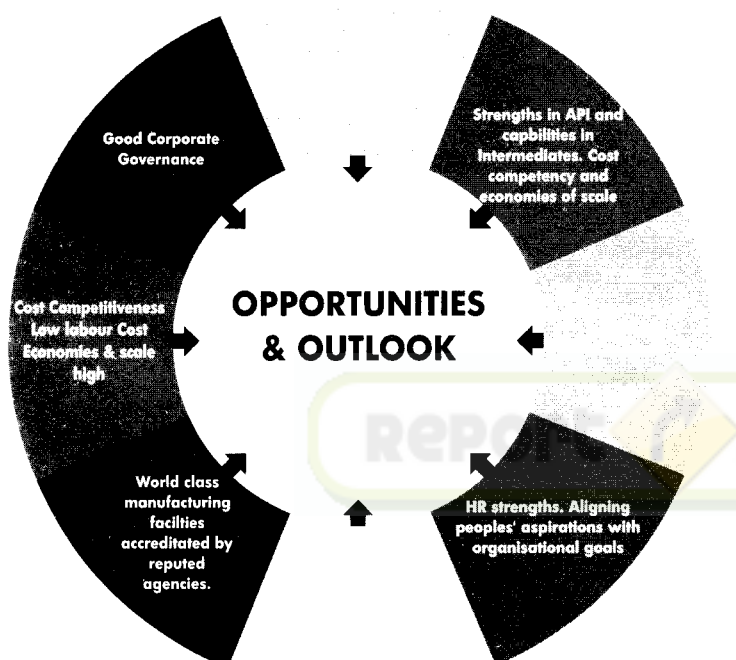
With sensible business policy of quality, reasonable prices and committed deliveries for the utmost satisfaction of our esteemed clients. Shri Lakshmi has evolved and honed its strategy to excel in its business segments.

We have endeavored to shape our corporate philosophy with the same spirit that bonds definitive relationships based on mutual sensitively and trust. Hence it is only appropriate that the motif of mother and child be our master theme and visual signature, re-enforcing our philosophy of fostering timeless relationships.

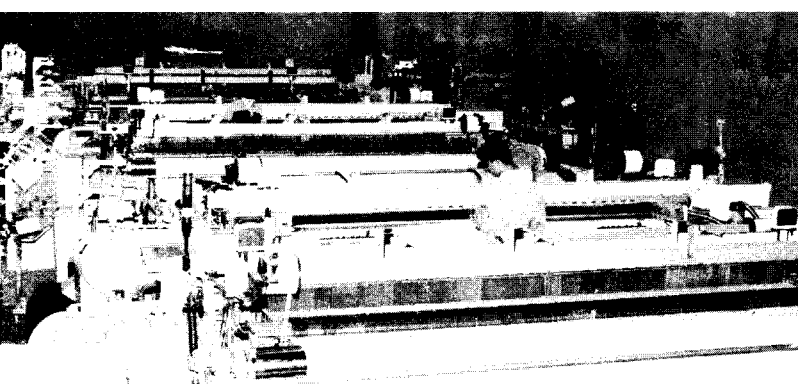


With an infinite number of choices, in today's global world the customer has truly become the king. For Shri Lakshmi, customers have been and remain the driving force of our continued success. Recognizing this we have created an irresistible quality, service and relationship for the customer.

Creating Customer Value



Building Competitiveness



Consistently driven by its ethos of sustainability and transparency, Shri Lakshmi has invested carefully in augmenting its business in areas of strength and streamlining focus in areas that have future potential. At Shri Lakshmi, sustainability encompasses the product mix, technology and processes, financial working, marketability, human resources and above all the environment in which the Company operates.

Shri Lakshmi continues to reap benefits from a strong inward thrust on prudent financial management. This includes cost minimization for raw materials and inputs, and through enhancing operations performance.

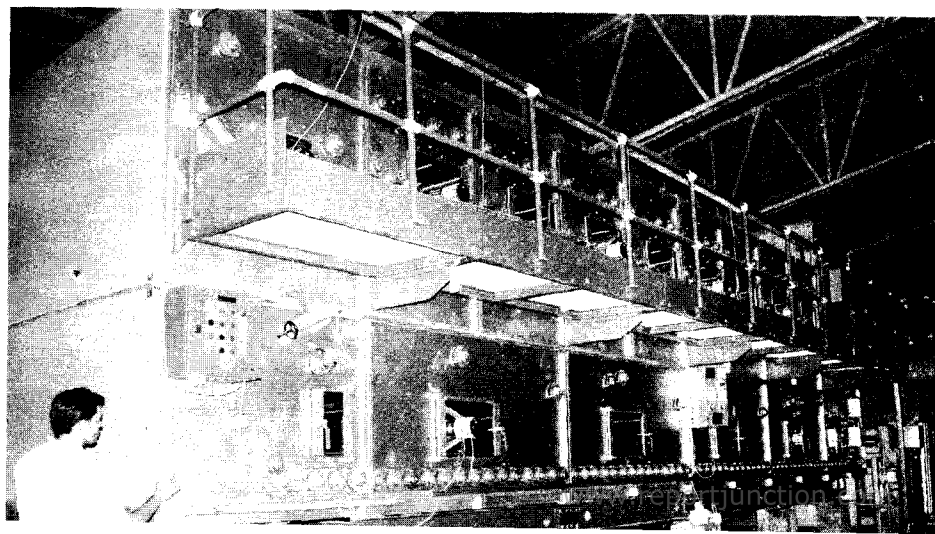
Stretching Objectives

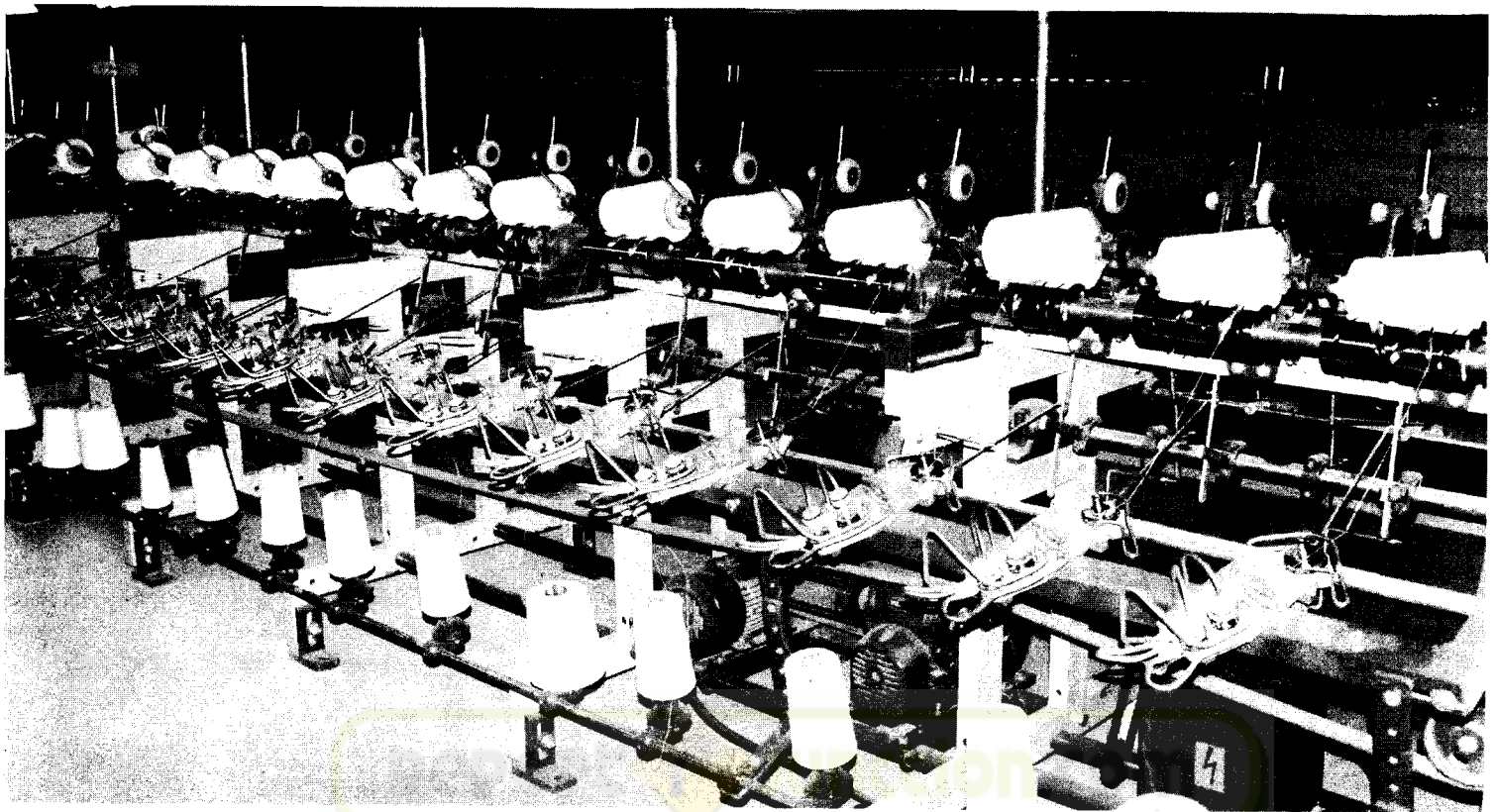
After mastering into technical textile fabrics for industrial and institutional segment such as Disruptive printed fabric, fusible interlining, PU coated Nylon Disruptive fabrics, Nuclear Bio-chemical fabrics, Infrared protective Fabrics, Bullet proof Jackets & High Altitude Fabrics, the Company is now entering in common man's home with Terry Towels, Home Furnishing, Denim Fabrics, Garments and Bottom Weight Fabrics.

The Company is steadfastly pursuing newer technologies and expanding its backward and forward linkages in manufacturing processes. This approach has enabled the company in becoming the lowest cost manufacturer in several product categories that the company manufactures.

Potential

Shri Lakshmi believes in achieving a long term, sustainable competitive edge by setting up state of the art global sized capacities at low capital costs. The quest is holistic leadership, quality leadership, cost leadership and value leadership. Backed by continuous process improvements, cost reduction and optimization, the Company has emerged as a highly efficient textile conglomerate.





Building Shareholders' Wealth

Shri Lakshmi, guided by its core ethos of sustainable development, has entered into growth path that embraces all stakeholders of the Company. The Company believes in ethical business practices and maintains high levels of corporate governance standards. Half of the Board of Directors consists of Independent Directors comprising of experts with multi-disciplinary background.

The SLCL focuses on transparency in its relationships with its stakeholders. These relationships have been built over years and have evolved on the dictates of the heart rather than the mind. Conscious efforts towards achieving these objectives look beyond just conforming to statutory compliance.

