



Shri Lakshmi Cotsyn Limited

CIN. L17122UP1988PLC009985 (An ISO 9001:2008 Accredited Company)
Regd. office: 19/X-1, Krishnapuram, G.T. Road, Kanpur- 208007 U.P. India
Ph.: +91 512 2401492, 2402893, 2402733 Fax: +91 512 2402339
e-mail: shri@shrilakshmi.in * Website : www.shrilakshmi.in

NOTICE

NOTICE is hereby given that the Twenty-Sixth Annual General Meeting of the Members of SHRI LAKSHMI COTSYN LIMITED will be held on Thursday, 31st July, 2014 at 11:30 a.m. at the Registered Office of the Company at 19/X-1, Krishnapuram, G.T. Road, Kanpur-208007 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Profit & Loss Account for the year ended March 31st, 2014, (9 months period) Balance Sheet as at that date together with the Directors' Report and Auditor's Report thereon.
2. To appoint a Director in place of Shri G N Mathur, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Pramod Kumar Singh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s Pradeep & Associates, Chartered Accountants as Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

5. **To consider and if thought fit, to pass, with or without modification/s, the following resolution as an Ordinary Resolution:**

“RESOLVED that the Company do approach Board for Industrial and Financial Reconstruction (BIFR) for approval of its rehabilitation scheme in view of erosion of net worth and the company being declared sick under the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), as amended ” .

Registered office:

19/X-1, Krishnapuram,
G.T. Road, Kanpur

Date: 30th May 2014

By Order of the Board
For Shri Lakshmi Cotsyn Limited

sd/-
(Rakesh Kumar Srivastava)
Company Secretary cum finance Controller

NOTES:

1. The relative Explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business set out in this Notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY..

The instrument appointing proxy, in order to be effective, should be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.

- The Register of members and share transfer books of the Company will remain closed from Tuesday, 29th July 2014 to Thursday, 31st July 2014 (both days inclusive) for the purpose of Annual General Meeting of the Company.
- The members who hold shares in dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
- All documents referred to in the accompanying Notice are available for inspection at the Registered Office of the Company during business hours on all working days upto the date of Annual General Meeting.
- In view of the directions issued by the Ministry vide General Circular No: 2 /2011, dated 08.02.2011 in regard to exemption under Section 129 of the Companies Act, 2013 for not attaching the balance sheet of the subsidiary concerned, Board of Directors of your Company have given their consent for not attaching the balance sheet of the subsidiary companies.
- The Annual Accounts of the subsidiary companies shall also be kept for inspection by any shareholders in the registered office of the holding company and of the subsidiary companies concerned. The Company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand.
- Corporate Members are requested to send to the Company, a duly certified copy of the Board resolution/Power of Attorney, authorizing their representatives to attend and vote at the Annual General Meeting.
- Members are requested to produce the attendance slip duly signed as per the specimen signature recorded with the Company for admission to the Meeting Hall.
- Shareholders, who have not dematerialized their shares as yet, are advised to have their shares dematerialized to avail the benefit of paperless trading.
- Pursuant to the provisions of Section 124 of the Companies Act 2013, as amended, dividend for the financial year 2006-07 and the dividends for the

subsequent years which remain unpaid or unclaimed for a period of 7 years will be transferred to Investor Education and Protection Fund (IEPF). Shareholders who have so far not encashed the dividend warrant(s) are requested to make their claim to the Secretarial Department at Registered Office of the Company or office of the RTA, failing which the unpaid/unclaimed amount will be transferred to the IEPF on its due date. It may also be noted that once the unpaid/ unclaimed dividend is transferred to the IEPF as above, no claim shall lie against the IEPF/the Company in respect of such amount by the shareholder.

- In all correspondence with the Company/RTA, members are requested to quote their folio numbers and in case their shares are held in the dematerialized form, they must quote their DP ID and Client ID number.
- Members desirous of obtaining any information concerning the accounts and operations of the Company, are requested to write to the Company at least seven days before the date of the meeting in order to enable the management to make the information available at the meeting, if the Chairman so permits.
- All correspondence relating to change of address, transfer/transmission of shares, bank mandate, dividend and all other matters relating to the shareholding in the Company may be made directly to the Registrar and Transfer Agent (RTA) of the Company M/s Abhipra Capital Ltd. GF-58-59 World Trade Centre, Bara Khamba Lane, New Delhi.

In terms of the Articles of Association of the Company, Dr G.N. Mathur and Shri Pramod Kumar Singh are retiring by rotation and being eligible, offer themselves for re-appointment. The relevant details in this respect pursuant to Clause 49 of the Listing Agreement are furnished hereunder:

I. Dr G.N. Mathur

He is an eminent senior scientist and has been the Ex-Director, Defence Materials and Stores Research and Development Establishment (DMSRDE), Post Graduate in Chemical Engg. from Canada university and Doctorate in Engg. from University of Detrouite, U.S.A. Presently associated with the University of Arkansas, U.S.A. and is working on Nano Technology and its application in Textiles to manufacture Smart Textiles.

Dr G.N. Mathur does not hold shares in the Company in his name and none of the share in the Company is held by him for any other person on a beneficial basis.

II. Shri Pramod Kumar Singh

Mr. Pramod Kumar Singh has been a Former Advisor to Union Textile Minister and has a rich experience of over 25 years in the field of media and Politics. He is post graduate in Political Science from Allahabad University and M. Phil. (International politics) –from Jawaharlal Nehru University (JNU) New Delhi.

Important Communication to Members:

Green Initiative in the Corporate Governance

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued a circular stating that services of notice/documents including Annual Report can be sent by e-mail to its members. In order to overcome the delivery aspect of Notice's, documents and in the spirit of circular issued by the Ministry of Corporate Affairs permitting the Companies to adopt the "Green initiative in Corporate Governance" by allowing paperless compliances through electronic mode, the Ministry has permitted the corporate entities to send through electronic mode its Notices convening the General Meetings, Financial Statements, Directors' Report, and Auditors' Report etc. in electronic form, to the email address provided by you. To support this green initiative of the Government in full measure, Members in respect of electronic holding are requested to inform any changes in their registered e-mail addresses through their concerned Depository Participants and Shareholders holding shares in physical shares are requested to inform their valid e-mail address to the Company at rakesh@shrilakshmi.in and rta@abhipra.com. Please note that Annual Report of the Company will also be available at the company's website at www.shrilakshmi.in.

EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 5:

Due to non receipt of TUFs subsidy, operations of the company have affected badly and capacity utilization during the year was 35%. Company achieved a turnover of Rs.753.76 crores in 9 months period i.e. July' 13 to March' 14 as against Rs. 1767.27 crores in 2012-13 (12 months).). The profit after tax was Rs. (624.15) crores in 2013-14(9 months) as compared to Rs. (408.63) crores in 2012-13 (12 months). Further in order to consolidate the operations, company has sold out the liquidated old and damaged stock at throwaway price to avoid further deterioration in the status of fabric/yarn lying in warehouse and also settling the old receivable by allowing quality discount and taking material back, which has added further losses to the company. Resultantly the entire net worth of the company has been eroded in 9 months accounting year ended on 31st March 2014 and it is obligatory on the part of the company to file a reference to BIFR.

Registered office:

19/X-1, Krishnapuram,
G.T. Road, Kanpur

Date: 30th May 2014

By Order of the Board

For Shri Lakshmi Cotsyn Limited

sd/-

(Rakesh Kumar Srivastava)

Company Secretary cum Finance Controller

SHRI LAKSHMI COTSYN LIMITED
Registered Office: 19/X-1, Krishna Puram, Kanpur-208007

PROXY FORM

Folio No. DP ID No. Client ID No. No. of Shares

I/We..... R/O.....
.....being a member /members of **SHRI LAKSHMI COTSYN LIMITED**
hereby appoint R/O
or failing him/her R/O..... as
my/our Proxy to attend and vote for me/us on my/ our behalf at the 26th Annual General
Meeting of the Company to be held on Thursday , 31st July 2014 at 11:30 A.M. at the
Registered Office of the Company and/or at any adjournment thereof.

Signed this.....day of 2014.

Signature

Affix a Re. 1 Revenue Stamp

Note: The Proxy inorder to be effective should be completed and signed and must be deposited at the registered office of the Company not less than 48 hours before the time fixed for commencement of the aforesaid meeting.

SHRI LAKSHMI COTSYN LIMITED
Registered Office: 19/X-1, Krishna Puram, Kanpur-208007

ATTENDANCE SLIP

(Please complete this Attendance Slip and hand it over at the entrance of the meeting Hall.)

Folio No. DP ID No. Client ID No. No. of Shares

Name of the Member/ Authorized Representative/ Proxy and Address:

.....

I hereby record my presence at the 26th Annual General Meeting of the Company being held on Thursday , 31st July 2014 at 11:30 A.M. at the Registered Office of the Company.

Signature of the Member/ Authorized Representative/ Proxy:

.....

(To be signed at the time of handling over this slip).



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DIRECTORS' REPORT

Your Directors have the pleasure in presenting the 26th Annual Report along with the Audited financial statements of the Company for the nine months financial year ended on 31st March, 2014 :

FINANCIAL RESULTS:

Highlights of financial result (Stand-alone & Consolidated) for the year were as under:

(Rs. in Crores)

Particulars	2013-14 (9 months) Stand Alone	2012-13 (12 months) Stand Alone	2013-14 (9 months) Consolidated	2012-13 (12 months) Consolidated
Sales and other income	753.76	1767.27	880.08	1946.54
Operating profit before interest, depreciation and tax	(177.29)	94.60	177.76	91.55
Less:				
Interest and other financial charges	196.71	354.49	199.48	356.73
Depreciation	78.47	100.89	79.01	101.70
Extraordinary items	-	-	(168.33)	(0.81)
Exceptional Items	171.68	-	-	-
Profit/ Loss before tax	(624.15)	(360.78)	(624.58)	(367.69)
Less: Income Tax (including deferred tax)	-	47.85	0.09	47.85
Profit/ Loss after tax	(624.15)	(408.63)	(624.67)	(415.54)
Proposed dividend	-	-	-	-
Dividend tax	-	-	-	-
Balance carried to balance sheet	(624.15)	(408.63)	(624.67)	(415.54)

PERFORMANCE:

Performance Highlights - Stand-alone:

Your Directors wish to inform you that during entire period of 9 months, Company faced lot of problems on account of financial stress hence operations of the units were restricted between 25 to 40% of its installed capacity.

During 2013-14, the Company recorded sales and operating income at Rs. 753.76 crore in 9 months Accounting period as compared to Rs. 1767.27 in 2012-13 (12 months). The profit before tax was Rs. (624.15) crore in 2013-14 (9 months) as compared to Rs. (360.78) crore in 2012-13 (12 months). The profit/loss after tax was Rs. (624.15) crore in 2013-14(9 months) as compared to Rs. (408.63) crore in 2012-13(12 months). However the difficult external environment had a direct bearing on the Company's financial results.

Performance Highlights - Consolidated:

During 2013-14, the Company recorded sales and operating income at Rs. 880.08 crores in 9 months Accounting period as compared to Rs. 1946.54 in 2012-13 (12 months). The profit/ loss before tax stood at Rs. (624.58) crores in 2013-14 (9 months) as compared to Rs. (367.69) in 2012-13 (12 months). The profit/loss after tax was Rs. (624.67) crores in 2013-14(9 months) as compared to Rs. (415.54) in 2012-13(12 months).

IMPLEMENTATION OF CORPORATE DEBT RESTRUCTURING PACKAGE OF M/S SHRI LAKSHMI COTSYN LTD.:

The CDR package filed by the company was approved by CDR Cell in its meeting dated 24.06.2013 and LOA dated 28.06.2013 was issued. In compliance of the LOA, Master Restructuring Agreement (MRA) was signed on 29.06.2013. As per TEV report submitted by CFSL, subsidiary of Central Bank of India, following assumptions were taken for viability of the company: -

- a. Company will receive Rs. 166 Crore on account of TUFS subsidy by 30.06.2013 and no additional working capital was demanded from the Lenders in the package.
- b. CFSL finalized that company need a capex of Rs. 65.40 Crore for installation of balancing equipments mainly in their Technical Textile plant and Spinning plant to become the projects operational which would be available to the company by 01.08.2013, so that all equipments required to revive the operations can be installed upto 31st Jan' 2014 & start working in 4-5 months to improve the operations mainly in Technical Textile unit and Spinning unit. Accordingly company requested all the Lenders to release their share to the company. The Lenders requested to the company to bring the promoter's contribution first then to release share of priority loan. After induction of promoter's contribution, company again requested to disburse the loan but banks linked the disbursement with the matter of perfection of security, though there was no such condition given in LOA. In view of difficulties faced by the company, it was decided in Lenders meeting dated 17.01.2014 that company should be allowed prorata share of priority loan based on value of the properties required to be mortgaged and actually mortgaged. Accordingly, Central Bank of India requested all the Banks vide their letter no. CFB/DEL/2013-14/1270 dated 03.02.2014 to release 70% loan to the company i.e. 45.80 Crore. In spite of our regular follow up, Rs. 33.97 Crore was only disbursed till date and equipments which was to be installed by Jan' 2014 would not be available even for next 6 months as disbursement of full loan will take further time.

EROSION OF NET WORTH OF M/S SHRI LAKSHMI COTSYN LTD.:

Due to non receipt of TUFS subsidy and blockage of substantial funds in slow/non moving stocks and debtors, the company faced severe liquidity crunch and huge scarcity in the working capital funds. In order to partially mitigate the working capital fund scarcity and to arrest the further deterioration in the quality of the stocks, the stocks of slow moving/non moving stock of fabric/yarn lying in warehouse were sold at prevailing market prices which were substantially lower

than the cost of procurement/production which resulted in substantial losses to the Company. Further, the Company also entered into settlements with its old debtors by allowing quality discount and taking the material back, which has also contributed to the losses of the company, resulting in erosion of the entire net worth of the Company as at the year end.

REFERENCE TO THE BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR):

As the Accumulated Losses of the Company at the end of the financial year 2014 are in excess of its entire net worth, the Company is obligated to file a reference with the Board for Industrial and Financial Reconstruction in terms of the provisions of section 15(1) of Sick Industrial Companies (Special Provisions) Act 1985. The Company is taking necessary steps to ensure the necessary compliances with the requirements of the statute.

WINDING UP PETITION AGAINST OF M/S SHRI LAKSHMI COTSYN LTD.:

In Financial Year 2007-08, the company had issued 5-year Zero-coupon Foreign Currency Convertible Bonds of the nominal value of US \$ 10 million with YTM of 7.5%. As per the terms of the Offering Circular dated 20.09.2007 issued by the company, conversion price of the bond was Rs. 108.49 and the bond holders have converted the FCCB Bonds amounting to US \$ 4.5 Mn into equity. However subsequently due to unfavorable share prices the Bond holders could not exercise their conversion right for FCCB worth USD 5.5 Mn till the date of maturity and as such the Bonds had fallen due for redemption on 27.09.2012.

Out of that, FCCB worth USD 3.50 mn (including interest FCCB of USD 5.00 mn) have been redeemed by availing ECB of USD 5.00 mn from UCO Bank.

Current FCCB outstanding is USD 2 mn (including interest FCCB of USD 3.00 mn) which could not be redeemed in view of stringent financial position of the company. Due to non-payment of the dues to FCCB Holders, some of them have filed the winding up petition before Hon'able High Court, Allahabad for recovery of their dues. The winding up petition filed by the FCCB Holders have since been admitted by the Hon'able High Court and the matter is pending before the Hon'able High Court.

PETITION BEFORE DEBT RECOVERY TRIBUNAL (DRT) BY IFCI AGAINST M/S SHRI LAKSHMI COTSYN LTD.:

The company had availed a short term loan of Rs 30 Crores from IFCI Ltd. on 30th September 2011 and present Outstanding is Rs. 6.37 crores including interest. The said loan was secured by two time security in the form of pledge of shares and mortgage of collateral security of land of its group company. To recover the loan the IFCI had served upon the company a notice under SARFAESI Act, which was suitably replied by the company. Besides the IFCI has now filed petition to DRT to recovery of their loan which the company is contesting before DRT also.

EXPORTS

Despite all adverse situations, the Company recorded an export (consolidated) of Rs 220.63 crores in 9 months period ending on 31st March 2014 as against Rs. 276.43 crores in 2012-13 (12 Months).

On Stand-alone basis, the Company recorded an export of Rs 220.63 crores in 9 months period ending on 31st March 2014 as against Rs. 274.20 crores in 2012-13 (12 Months).

RECOGNITIONS & AWARDS:

The company is registered with the following organisations:

1. Director General of Quality Assurance (DGQA)
2. Director General of Supplies & Disposals (DGS&D)
3. Ordnance Board Group of Factories.
4. D.M.S.R.D.E.
5. Trade Mark Agency having brand names STAR TRACK, DYFI, HEBE
6. Office of the Textile Commissioner as a Composite Mill.
7. Bureau of Indian Standards (BIS)
8. Department of Industrial Development, Ministry of Industry.

Company is duly registered with Export Promotional Council and Posses valid Import Export code and RCMC issued by Federation of Indian Export Organisation. Further based upon past performance of exports, Company is also registered with Ministry of Commerce and Industry as STAR EXPORT HOUSE.

WHOLLY-OWNED SUBSIDIARY COMPANIES:

The Company has three subsidiary companies, details of which are as under:

M/s SLCL Overseas FZC, Sharjah U.A.E

The Company is a 100% subsidiary of SLCL, which has been set up at Sharjah Airport International Free Zone, Sharjah, and UAE. It is engaged in trading of 100% Polyester fabric material, garments and alike products and also exporting to other countries, besides trading in Sharjah itself.

M/S SLCL Overseas FZC, Sharjah U.A.E., a wholly-owned subsidiary, recorded a turnover of Rs. 104.33 Crores as compared with Rs. 142.74 Crores in the last year.

M/s Shri Lakshmi Defence Solutions Ltd.

SLDSL manufactures bullet proof jacket, bullet proof helmet, armored vehicles, bullet proof morchas and other ballistic products for defense and homeland security. The company was incorporated on 19.12.2006 and has started functioning recently. The Company has introduced a new range of indigenously designed models based on advance armouring technology for armed and police forces namely Dhruv, Drona and Viper. These Vehicles are equipped to help the security forces to encounter ever increasing security threats from naxalities groups and other terrorists' activities.

During 2013-14 (9 months), the Company recorded sales and operating income of Rs. 21.63 Crores as compared with Rs. 18.49 Crores in 2011-12, thus registered a growth of 16.98 % over the last year. However the Company has incurred net loss of Rs.1.49 crores in 2013-14 as compared to a profit of Rs. 1.86 crores in 2012-13.

Registered supplier for defence products	
Approved Supplier	Registered with
Indian Army, Navy, Air Force, Ordnance Factories	Directorate General of Supplies & Disposal
	Director General of Quality Assurance
	Forces Ministry of Defence (Navy)
All central paramilitary	Defence Material Stores R&D Est
State Police forces	Federation of Indian Export Organization
Indian Railways	RDSO (Indian Railways
	Indian Postal Department

M/s Synergy Global Home Inc.

M/s Synergy Global Home Inc., is a wholly-owned subsidiary and was incorporated at U.S.A.; which deals in trading of home furnishing items.

During the year, M/s Synergy Global Home Inc., U.S.A has achieved revenue of Rs. 0.56 crores as compared with Rs. 0.18 Crores in 2012-13. However, the company, suffered a loss of Rs. 0.09 crores in 2012-13 as compared with a previous year's profit of Rs. 0.11 crores.

EXEMPTION UNDER SECTION 129 OF THE COMPANIES ACT, 2013 FOR NOT ATTACHING THE BALANCE SHEET OF THE SUBSIDIARY COMPANIES:

In view of the directions issued by the Ministry vide General Circular No: 2 /2011, dated 08.02.2011 in regard to exemption under Section 129 of the Companies Act,2013 for not attaching the balance sheet of the subsidiary concerned; therefore, Board of Directors of your Company have given their consent for not attaching the balance sheet of the subsidiary concerned;

The Annual Accounts of the subsidiary companies shall also be kept for inspection by any shareholders in the head office of the holding company and of the subsidiary companies concerned. The Company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand

STATUS OF ONGOING EXPANSION OF M/S SHRI LAKSHMI COTSYN LTD.:

After receipt of part disbursement of priority loan amounting Rs. 34 crores (approx.), the company has made the payment to the machinery suppliers for critical capex out of 65.40 crores. However, the projects namely Technical Textiles, Spinning and Yarn Dyed Shirting's projects cannot be fully commissioned without release of full priority loan. However Company is in the process of commissioning the machines whatever are being received at site.

DIRECTORS:

Pursuant to the provisions of the Companies Act, 2013 and Articles of Association of the Company, the Directors of the Company namely, Shri Pramod Kumar Singh and Shri G.N Mathur are liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, have offered themselves for reappointment.

SHARE CAPITAL

During the year 2013-14, the Company has not allotted any equity shares:

EXTERNAL COMMERCIAL BORROWINGS (ECB) OF M/S SHRI LAKSHMI COTSYN LTD.:

Your company had raised External Commercial Borrowings (ECB) to the tune of USD 5.00 Mn from UCO Bank and the proceeds thereof were utilized for redemption of FCCBs worth USD 5.00 MN held by UCO Bank itself. The said ECB is due for repayment along with Interest and UCO Bank has sent the Recall notice of its debt. The company has given a reply mentioning its critical financial position and asking some more time with a request for reschedulement of ECB giving moratorium of 2 years.

PLEDGE OF SHARES

As per the terms and conditions stipulated in CDR package of M/s Shri Lakshmi Cotsyn Ltd., 42,23,568 nos. of equity shares belonging to promoter group were pledged with M/s Centbank Financial Services Ltd., a security trustee appointed by the Lender Banks and 2,00,000 nos. of equity shares belonging to promoter group were pledged with Union Bank of India.