

ANNUAL REPORT 2018-19

SHRI LAKSHMI COTSYN LTD.

Corporate Information

BOARD OF DIRECTORS

Dr. M.P. AGARWAL - Chairman cum Managing Director
Mr. PAWAN KUMAR AGARWAL - Joint Managing Director
Mr. DEVESH NARAIN GUPTA - Dy. Managing Director
Mrs. SHARDA AGARWAL - Executive Director

COMPANY SECRETARY & FINANCE CONTROLLER

Mr. RAKESH KUMAR SRIVASTAVA

HEAD ACCOUNTS

Mr. H. S. TIWARI

STATUTORY AUDITORS

M/s. TANDON & TANDON
9/81, Arya Nagar
Kanpur - 208 002

INTERNAL AUDITORS

M/s. SRIVASTAVA S & CO.
Chartered Accountants
102/206-A, Swaroop Nagar
Kanpur - 208 002
Ph. No. : (0512) 2551249

COST AUDITORS

Mr. A. K. SRIVASTAVA
96, Harjender Nagar
Kanpur - 208 007
Ph. No. : 098391 16989

RESOLUTION PROFESSIONAL (RP)

Mr. ROHIT SEHGAL
Partner
AAA Insolvency Professionals LLP
E-10A, Kailash Colony, Greater Kailash - I
New Delhi - 110 048

LEGAL ADVISOR

DHIR & DHIR ASSOCIATES
Advocates & Solicitors
D-55, Defence Colony
New Delhi - 110 024
www.dhirassociates.com

P. R. ADVISOR

S. K. ADVERTISERS
MIG F-4, Gujaini, Kanpur - 208 022
Ph. No. : (0512) 2282265

BANKERS & ARC CONSORTIUM

1. Central Bank of India
2. Syndicate Bank
3. Union Bank of India
4. Canara Bank
5. Bank of Baroda
6. Punjab National Bank

7. Indian Bank
8. State Bank of India
9. Exim Bank
10. Oriental Bank of Commerce
11. IDBI Bank
12. Vijaya Bank
13. Corporation Bank
14. Saraswat Bank
15. Andhra Bank
16. Edelweiss Asset Reconstruction Company Ltd.

MONITORING INSTITUTION FOR LENDERS

Central Bank of India
CFB, Jeevantara Building, Parliament Street
New Delhi - 110 001

SECURITY TRUSTEE FOR LENDERS

Centbank Financial Services Limited
1st Floor, Link House, Bahadurshah Zafar Marg
New Delhi - 110 002

REGISTERED OFFICE

19/X-1, Krishnapuram
G. T. Road, Kanpur, U.P. 208 007
Ph. No. : (0512) 2402893, 2402733

CORPORATE OFFICE

C-40, Sector - 57, Noida, U.P.
Ph. No. : (0120) 4544780

SUBSIDIARY COMPANIES

1. SLCL Overseas (FZC)

SAIF Zone, P.O. 8000, Sharjah, U.A.E.

2. Shri Lakshmi Defence Solutions Ltd.

Rahsoopur, Tehsil Bindki
Industrial Area, G.T. Road, Dist. Fatehpur

3. Synergy Global Home Inc.

160, Green Tree Drive, Suite 101, Drover
Kent - 19904, USA

REGISTRAR & TRANSFER AGENTS

M/s. Abhipra Capital Ltd.
GF-58-59 World Trade Centre
Barakhamba Lane, New Delhi - 110 001
Ph. No. : (011) 2341 4629, 2341 3893
E-mail : rta@abhipra.com

UNITS :

(a) MALWAN UNIT

UPSIDC Industrial Area
P.O. Malwan, Dist. Fatehpur, U.P.
Ph. No. : (05181) 248 669

(b) ABHAYPUR UNIT

P.O. : Aung, G.T. Road, Dist. Fatehpur, U.P.

(c) REWARI BUJURG UNIT

Village & Post. - Rewari Bujurg
Pargana & Tehsil - Bindki, Dist. Fatehpur, U.P.

(d) NOIDA UNIT (CLOSED)
C-40, Sector - 57, Noida
Ph. No. : (0120) 4722700

(e) ROORKEE UNIT (CLOSED)
Dev Bhoomi Industrial Estate
Village Banta Kheri, Tehsil Roorkee
Dist. Haridwar, U!aranchal
Ph. No. : (01332) 231961

(f) SPINNING UNIT (CLOSED)
UPSIDC Industrial Area
P.O. : Malwan, Dist. Fatehpur, U.P.

WEBSITE :
www.shrilakshmi.in

E-MAIL ID :
shri@shrilakshmi.in

CORPORATE IDENTITY NUMBER (CIN)
L17122UP1988PLC009985

DEMAT ISIN NSDL & CDSL
INE851B01016

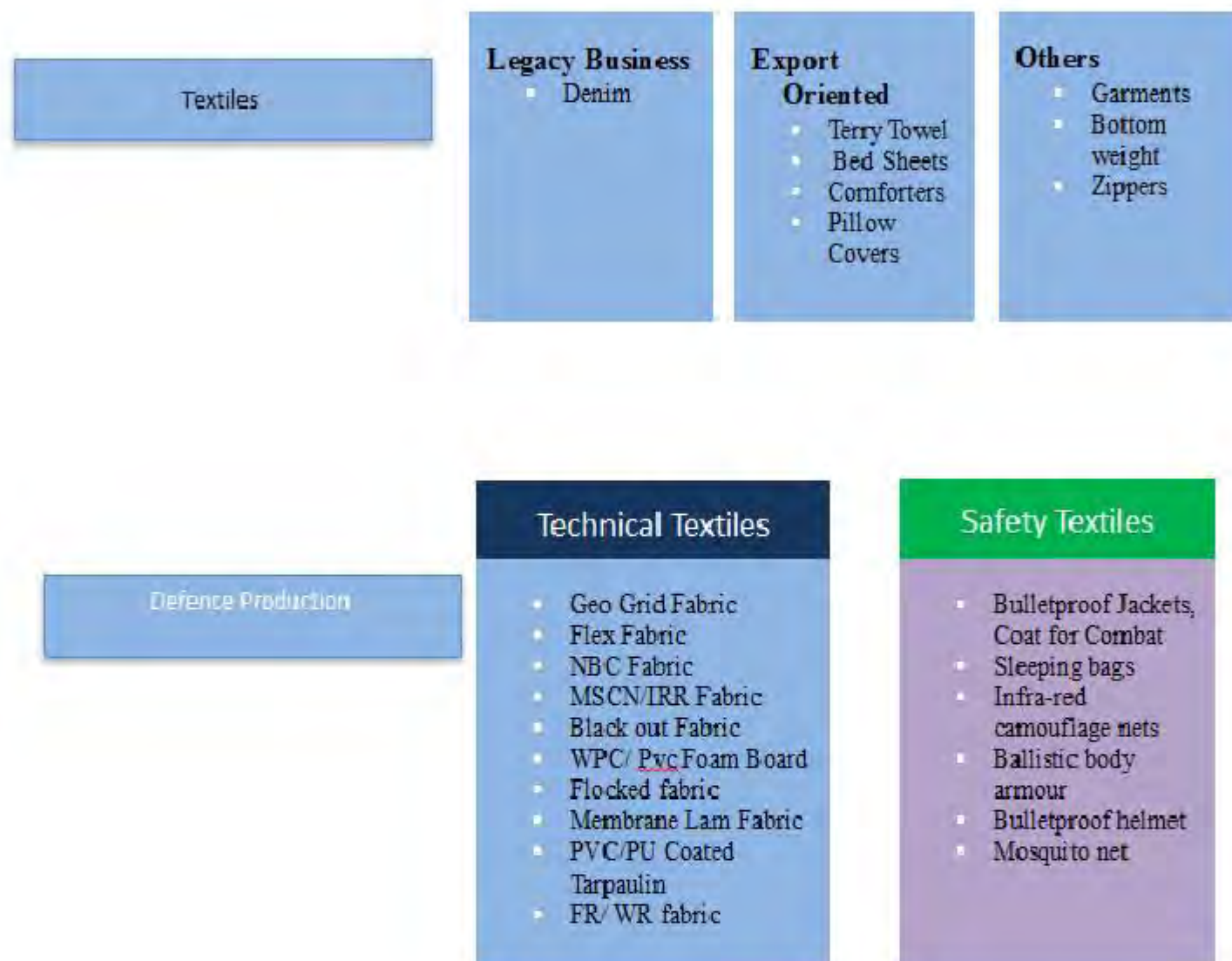
LISTING
Bombay Stock Exchange
Floor 25, P.J. Towers
Dalal Street, Mumbai - 400 051
Ph. No. : (022) 2272134

National Stock Exchange
5th Floor, Exchange Plaza
Bandra (E), Mumbai - 400 051
Ph. No. : (022) 26598100

SCRIP CODE
BSE : 526049
NSE : SHLAKSHMI

BLOOMBERG CODE
SLCL IN
REUTERS CODE
SHLK.BO

PRODUCT PROFILE





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

Management Discussion and Analysis

Company overview

Shri Lakshmi Cotsyn Limited (SLCL) was engaged in the manufacturing of technical textiles, denim, terry towels, bottom weights, home furnishing, high margin technical and safety textiles (Water Repellent Bed Linen, Vitamin E bed Linen, Fire Retardant Fabrics, Organic Bedspread, Breathable Fabrics, NBC (Nuclear Bio-Chemical) Fabrics, MSCN (Multispectral Camouflage Nets) Fabric, Flex Fabric, Blackout and ECW (Extreme Cold Weather) Fabric., among others. The Company had 6 state-of-the-art manufacturing facilities located across India but since February 2019, all the units of the Company were closed. During the year 2018-19, Company faced lot of problems on account of financial stress hence operations of the units were restricted between 5% to 10% of its installed capacity on job work basis due to the non-payment of salary to the workers and staff.

Global textile industry

The global textile mills market is forecast to reach \$842.6 billion in value in 2020, an increase of 26.2% since 2015. The compound annual growth rate of the market in the period 2015–20 is predicted to be 4.8%. [Data source: Market Line (2017)]

Indian textile industry

Overview

India's textiles sector is one of the oldest industries in Indian economy and is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum.

India is among the world's largest producers of Textiles and Apparel. Domestic Textile and apparel industry contributes 2.3% to India's GDP and accounts for 13% of industrial production, and 12% of the country's export earnings.

The Textiles & garments industry in India is second largest employer in the country in the country providing employment 45 million people. It is expected that the number will increase from 45 million in FY2017-18 to 55 million by 2020.

FDI in the Textiles & Apparel industry has reached up to \$ 3.1 bn during 2018-19

Exports in the Textiles & Apparel industry are expected to reach \$ 300 bn by 2024-25 resulting in a tripling of Indian market share from 5% to 15%

SLCL's competitiveness

Since the Company is under Corporate Insolvency Resolution Process (CIRP) and undergoing with the moratorium period, hence all the manufacturing facilities of the company are closed due to lack of working capital and Workers. The Company had Strong infrastructure with state-of-the-art large manufacturing facilities at 6 locations which are presently non-operational.

Weakness

all the manufacturing facilities of the company are closed due to lack of working capital and Workers. High liquidity constraints during the year adversely affected Company's financial performance during the year.

Opportunity

The existing promoters/management has submitted a settlement plan with NCLT under Section 12A of IBC which is under consideration as yet. If the settlement plan is approved by the Hon'ble NCLT, the company may get the opportunity for the revival.

Threat

The Company is under NCLT and presently non-operational.

Financial review

Accounts prepared on a historical cost basis, based on accrual method of accounting in accordance with applicable accounting standards issued by The Institute of Chartered Accountants of India.

Quality

The Company had stringent quality checks at every stage of the production and had adapted advanced TQM methodologies to deliver consistency through across pre-set parameters.

Human Resources & Industrial Relations

On account on non-payment of wages and salaries to the workers and staff during the CIRP period, there occurred various disturbances among the workers which affected the Company's performance during the year.

Risk Management

The Company's risk management framework identifies the risks including unfavourable industry slowdown, increasing competitive pressures from the Indian peers and neighbouring countries, adverse currency movements and poor quality and weaker distribution strategy amongst others.

Internal control system

The large size and nature of the business demands the Company to maintain a proper internal control system. Constant efforts are made by the management to maintain a sound financial and commercial practice capable of improving the efficiency of the operations and sustainability of the business.

Corporate Social Responsibilities

The Company continues to extend to include an acknowledgement of the company's responsibility to a broad range of stakeholders, as well as employees, customers, communities and the environment. The Company has followed "Green Initiative in Corporate Governance" by allowing paperless compliances through electronic mode to contribute to the Corporate Social Responsibility.

Outlook

On the back of the changing macro-economic scenario, the Company is still trying to explore possibilities of bouncing back and leveraging the favourable external scenario.

For and on behalf of the Board

Dr M P Agarwal
(Chairman and Managing Director)
DIN:00311806

Pawan Kumar Agarwal
(Joint Managing Director)
DIN:00311954

Place: Kanpur
Date: 30.10.2019



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 Thirty-First Annual General Meeting of the Members of SHRI LAKSHMI COTSYN LIMITED will be held on Saturday, 14th December 2019 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 (a) the audited stand-alone financial statement of the Company for the financial year ended March 31, 2019 and the reports of the Board of Directors and Auditors thereon; and (b) the audited consolidated financial statement of the Company for the financial year ended March 31, 2019 and the report of Auditors thereon.
2. Ratification of appointment of Auditors:

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

“RESOLVED THAT pursuant to the provisions of Sections 139 and 142 and other applicable provisions, if any, of the Companies Act 2013 read with the related Rules made thereunder, as amended from time to time and pursuant to the resolution approved by the members of the Company at the Annual General Meeting held on 26.09.2017, the appointment of M/s. Tandon & Tandon, Chartered Accountants (Firm Registration no. 002070C) as Statutory Auditors of the Company to hold office till the conclusion of next AGM, be and is hereby ratified at such remuneration as shall be fixed by the audit committee in consultation with the auditors”.

3. To re-appoint a Director in place of Dr. M.P. Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint a Director in place of Mr Pawan Kumar Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.

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 pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the reappointment of Mr. Arun Kumar Srivastava, Cost Accountant (Membership No.10467) as Cost

Auditors at such remuneration as approved by the Board of Directors and set out in the explanatory statement annexed to the Notice, to conduct the audit of cost records of the Company in respect of the products , as applicable, for the financial year 2019-20, be and is hereby ratified.

FURTHER RESOLVED THAT Dr. M.P. Agarwal, Managing Director and Mr. Pawan Kumar Agarwal, Joint Managing Director of the Company be and are hereby severally authorised to submit the necessary intimation to the Central Government/other authorities and to do all such other acts as may be necessary from time to time in this regard”.

6. To consider and if thought fit, to pass, with or without modification/s, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 203 read with Schedule V of the Companies Act, 2013 and other applicable provisions if any (including any statutory modification(s) or reenactment thereof for the time being enforced) and subject to such other approval, as may be necessary, approval of the company be and is hereby accorded to the re-appointment of Dr. M.P. Agarwal as Managing Director of the Company for a further period of 3 years from the date of Annual General Meeting 2018-19 at nil remuneration as the Company is into NCLT and CIRP is going on.

RESOLVED FURTHER THAT the Board of Directors may alter, vary, modify the terms and conditions or appointment of Dr. M.P. Agarwal from time to time during the tenure of his appointment as Managing Director including the salary and perquisites payable to him, provided however that the company is revived and rejuvenate its activities after any resolution plan for revival, is approved.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to complete all the necessary formalities and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 203 read with Schedule V of the Companies Act, 2013 and other applicable provisions if any (including any statutory modification(s) or reenactment thereof for the time being enforced) and subject to such other approval, as may be necessary, approval of the company be and is hereby accorded to the re-appointment of Mr. Pawan Kumar Agarwal as Joint Managing Director of the Company for a further period of 3 years from the date of Annual General Meeting 2018-19 at nil remuneration as the Company is into NCLT and CIRP is going on.

RESOLVED FURTHER THAT the Board of Directors may alter, vary, modify the terms and conditions or appointment of Mr. Pawan Kumar Agarwal from time to time during the tenure of his appointment including the salary and perquisites payable to him, provided however that the company is revived and rejuvenate its activities after any resolution plan for revival, is approved.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to complete all the necessary formalities and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provision of Sections 196, 203 read with Schedule V of the Companies Act, 2013 and other applicable provision if any (including any statutory

modification(s) or reenactment thereof for the time being enforced) and subject to such other approval, as may be necessary, approval of the company be and is hereby accorded to the reappointment of Mr. Devesh Narain Gupta as Deputy Managing Director of the Company for a further period of 3 years w.e.f. from the date of Annual General Meeting 2018-19, on the remuneration of Rs. 2,00,000/- per month CTC (including allowances and perks).

FURTHER RESOLVED THAT in the event of absence or inadequacy of profits in any financial year, the remuneration payable to Mr. Devesh Narain Gupta by way of salary, allowances and perquisites as a part of CTC shall not exceed the maximum limits as prescribed under Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors may alter, vary, modify the terms and conditions or appointment of Mr. Devesh Narain Gupta from time to time during the tenure of his appointment as Deputy Managing Director including the salary and perquisites payable to him, provided however that the total remuneration payable to him shall not at any time exceed the limit prescribed under Schedule V and other applicable provisions of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to complete all the necessary formalities and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 203 read with Schedule V of the Companies Act, 2013 and other applicable provisions if any (including any statutory modification(s) or reenactment thereof for the time being enforced) and subject to such other approval, as may be necessary, approval of the company be and is hereby accorded to the re-appointment of Mrs. Sharda Agarwal as Executive Director of the Company for a further period of 3 years from the date of Annual General Meeting 2018-19 at nil remuneration as the Company is into NCLT and CIRP is going on.

RESOLVED FURTHER THAT the Board of Directors may alter, vary, modify the terms and conditions or appointment of Mrs. Sharda Agarwal from time to time during the tenure of his appointment including the salary and perquisites payable to her, provided however that the company is revived and rejuvenate its activities after any resolution plan for revival, is approved.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to complete all the necessary formalities and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution."

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

For Shri Lakshmi Cotsyn Limited

Date: 05.11.2019

(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.