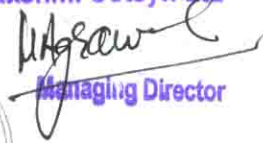


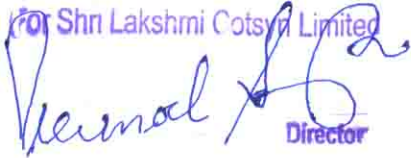


FORM A

**Format of covering letter of the annual audit report to be filed with the
Stock exchanges.**

1.	Name of the Company:	Shri Lakshmi Cotsyn Limited
2.	Annual financial Statements for the year ended	31 st March 2014 (9 months)
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by- <ul style="list-style-type: none">• CEO/Managing Director • Auditor of the Company • Audit Committee Chairman	<p style="text-align: center;">For Shri Lakshmi Cotsyn Ltd</p> <p style="text-align: center;"> Managing Director</p> <p style="text-align: center;"> </p> <p style="text-align: center;">For Shri Lakshmi Cotsyn Limited</p> <p style="text-align: center;"> Director</p>



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 Detroit, 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 TUFSS 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 in order 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).



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

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
All central paramilitary State Police forces	Forces Ministry of Defence (Navy)
	Defence Material Stores R&D Est
Indian Railways	Federation of Indian Export Organization
	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.

Besides, M/s Shri Lakshmi Defence Solutions Ltd., has given a Corporate Guarantee towards the entire financial assistance availed by M/s Shri Lakshmi Cotsyn Ltd., in favour of Centbank Financial Services Ltd., a security trustee appointed by the Lender Banks. Further, the Company has also pledged its 27.22 % of its total shareholding with M/s Centbank Financial Services Ltd.

DIVIDEND

Since the Company and its subsidiaries have incurred the loss, your Directors, have not recommended any dividend for the accounting year ended on 31st March, 2014.

CREDIT RATING

Since M/s Shri Lakshmi Cotsyn Ltd., is under implementation of CDR package therefore the CARE Rating, a credit rating agency has reconfirmed the rating to the Long term bank facilities, Short term bank facilities and Non-Convertible Debenture (NCD) as CARE D (Single D) due to the stressed liquidity position of the Company vide their letter dated March 28, 2014.

CRISIL Ratings has assigned the rating of M/s Shri Lakshmi Defence Solutions Ltd., as CRISIL D to its Long term bank facilities and Short term bank facilities respectively.

AUDITORS

M/s Pradeep & Associates, Chartered Accountants, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment. The observations of Auditors in their report read with notes to the accounts are self-explanatory and do not call for further explanation.

COST AUDITOR

The Central Government's Cost Auditor order specifies an audit of cost accounting records of the textile Company every year. This is applicable to the products manufactured by the Company. The Board of Directors, subject to the approval of the Central Government, appointed Mr. A.K. Srivastava, Cost Accountants, Kanpur, to carry out cost audit for the current year.

INTERNAL AUDITOR

The Company appointed a firm of Chartered Accountants M/s Ajai Shanker and Company of Kanpur as internal auditors to review the internal control systems of the Company and report thereon. The Report of the Internal Auditors is reviewed by the Audit Committee.

ENVIRONMENTAL SUSTAINABILITY

With an increasing concern towards ecology and global warming, consumers are favouring organic and eco-friendly textile products. Therefore, the demand of organic cotton is accelerating with brands and retailers continuing to implement long-term commitment to increase their use of organic cotton. Your Company also continues to pursue its mission for environmental excellence and constantly explores opportunities to improve ecology and the environment.

RESEARCH AND DEVELOPMENT

Innovation has always been a part of SLCL policy. The continuous R&D efforts enabled the company to product innovation. The company posses in-house R&D facilities which results in cost saving.

Company's R&D strategy is anchored on the development and speedy commercialization of globally competitive products, processes and technologies through best-in-class research interventions backed by world-class infrastructure. It has a strong R&D cell for advanced

testing laboratories. The Company is recognized as an In-house R&D unit by Department of Science and Industrial Research, Ministry of Science and Technology.

INSURANCE

All the insurable assets of your Company including inventories, building, plant and machinery were adequately insured.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR 2013-14:

As required under Clause 49 of the Listing Agreement with Stock Exchanges, Management discussion and analysis for the year 2013-14 forms part of this Report and is annexed in the Annual Report.

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2013-14:

Corporate Governance Report for the year 2013-14 as required by Clause 49 of the Listing Agreement together with the Report of the Auditors of the Company in this regard is annexed herewith.

GREEN INITIATIVE FOR PAPER LESS COMMUNICATIONS:

In accordance with MCA's recent circulars bearing no.17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011, your company now sends documents and various other notices (including notice calling Annual General Meeting, Audited Financial Statements, Directors' Report, Auditor's Report etc) to the shareholders through electronic mode to the registered e-mail addresses of shareholders.

STATUTORY INFORMATION:

(A) Particulars of employees

The industrial relations throughout the year under review remained cordial. As none of the employees of the Company was in receipt of remuneration in excess of the limits prescribed, hence the particulars of employees under the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are not given in the report.

(B) Conservation of energy, technology absorption and foreign exchange earnings and outgo

Particulars with respect to conservation of energy, among others, as required under Section 134(3) clause (m) of the Companies Act, 2013 read with the Companies

(Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in the Annexure forming part of this Report.

(C) Directors' responsibility statement

As required under clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, your Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards were followed and there are no material departures;
2. The Directors selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period;
3. The Directors took proper and sufficient care to maintain adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

4. The Directors prepared the annual accounts on a going concern basis.
5. The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
6. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

STATUTORY DISCLOSURES

None of the Directors are disqualified under the provisions of Section 164 (2) of the Companies Act, 2013. The Directors have made the requisite disclosures, as required under the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the timely support provided by the Company's bankers, CDR cell officials, all the vendors and tie-up entities and the dedication and commitment of the employees at all levels. Your Directors convey their grateful thanks to all the Government authorities and shareholders for their continued and unstinted assistance, co-operation and patronage.

We also take this opportunity to thank all the valued customers who have appreciated our products and have patronized them.

Registered office:

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

Date: 30th May, 2014

For and on behalf of the Board

sd/-

Dr M P Agarwal

(Chairman and Managing Director)

sd/-

Devesh Gupta

(Deputy Managing Director)

ANNEXURE 'A' TO THE DIRECTORS' REPORT

Additional Information as required under the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 **:

(A) CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

The Company is engaged in the continuous process of energy conservation through new and improved measures for operation and maintenance to reduce wastage and make efficient use of energy. Some of the measures undertaken in this direction on a continuous basis are:

- Synchronization of steam turbine power and DG plants to facilitate shifting of part / full electrical load against each other in case of any emergency thus avoiding power failure;
- Installation of cooling water recovery system where water from machines is collected and reused for process requirements such as heat recovery system on CRP machine;

- Use of energy saving lighting arrangement on shop floor and roads within factory premises;
- Optimum use of compressors during lean period of operations.
- Monitoring of high energy consuming equipments closely for better control;
- Regular checking and monitoring of electrical load on all motors and repair of the defective ones;
- Installation of power factor controllers/capacitors to conserve energy;
- Inspection and immediate rectification of air leakages in weaving, knitting and preparatory;
- Installation of centralized cooling tower for saving of energy of C.T. fans and CT pumps.

(b) Additional investment and proposals being implemented for reduction of consumption of energy:

Your Company planned several measures, which are at various stages of implementation. Some of them are:

- 1) 8 MW bio-mass captive co-generation power plant has been set up at Abhaypur for reliable captive supply;
- 2) 7 MW Bio Mass based captive power plant commissioned at Malwan.
- 3) Undergoing trial for switching the fuel from coal to municipal wastes brackets.
- 4) To conserve the environment, we are planning to install Fly Ash Making Brick and Power plants
- 5) Installed 10 Tons Per Day pilot plant for making Sodium Silicate by using Boiler Fly Ash, to conserve the environment
- 6) Proposed to increase the Capacity of Effluent Treatment plant to bifurcate the Denim & Process house discharge effluent. In this way we will treat more effectively effluent and load on ground water level will be reduced.
- 7) Proposed to utilize each and every shed of the plant for rain water harvesting.
- 8) Proposed to install total plant condensate recovery system, due to which Boiler MB water requirement will be reduced.
- 9) Undergoing trial for switching the fuel from coal to biomass in the existing 8 MW captive co- generation plant and Thermic Fluid Heater at Malwan unit.
- 10) In-house Chemical auxiliary unit, resulting in optimum resource utilization.
- 11) Monitoring and increasing scale and scope of measures taken in the past.

Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods

The above measures initiated / being initiated for energy conservation resulted in improving the energy efficiency at all plants and savings in consumption of power and the cost of production. Your Company will continue to implement planned measures for optimization of energy conservation and efficiency.

(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Efforts in brief, made towards Technology Absorption, Adaptation and Innovation:

The Company sets target for technology improvement in accordance with global competition. Company's R&D strategy is anchored on the development and speedy commercialization of globally competitive products, processes and technologies through best-in-class research interventions backed by world-class infrastructure.

It has a strong R&D cell comprising of about 20 active members and constant R & D pursuits keep going on towards development of better products, cost reductions and better utilization of waste products.

On the above lines a project for conversion of 50 tons per day of RHA (Rice Husk Ash Waste Product) into value added products like L.S.S (Liquid Sodium Silicate) and PPT Silica was planned and a pilot scale plant for processing of 6 tons per day of R.H.A into 10 tons per day of L.S.S has already been commissioned which shall be later scaled upto 50 tons per day of R.H.A conversion, once full financial benefits of the pilot scale project are established and achieved.

Further R&D efforts have been made in the area of Technical Textiles where in house technology has been developed for manufacturing of N.B.C (Nuclear/ Biological/ Chemical –Warfare) protective suits on commercial scales. One trial order has already been executed and another big order has been awarded to your Company by the M.O.D.

Other Regular Benefits derived as a result of above efforts:

- (i) The development of several new products and line developments:
- (ii) Product quality improvement and better stability.
- (iii) Increased use of alternative fuels
- (iv) Cost reduction in an inflationary scenario.
- (v) Reduction in specific energy consumption.

***Note: Looking at the present financial constraints during this period, all the above efforts have been put on hold which will be resumed later when financial status comes back to normal.*

Imported Technology (imported during the last 5 years): Nil

(B) FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Rs. In lacs)

	Foreign exchange earnings and outgo	2013-14 (9 Months)	2012-13 (12 Months)
i)	Total earnings of foreign exchange	13597.26	25183.71
ii)	Total outgo in foreign exchange	1174.48	9565.23

Registered office

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

Date: 30th May, 2014

For and on behalf of the Board

sd/-

Dr M P Agarwal

(Chairman and Managing Director)

sd/-

Devesh Gupta

(Deputy Managing Director)



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

Corporate Governance Report

(Annexure to and forming integral part of Directors' Report of the Company)

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations and in all its interactions with its stakeholders including shareholders, employees, lenders and the Government. Corporate governance helps to serve corporate purposes by providing a framework within which stakeholders can pursue the objectives of the organisation most effectively. The Company will continue to focus its resources, strengths and strategies to achieve its vision of creating a rich product mix in a largely matured Indian textile market. The Company is in compliance with the requirements of the guidelines on corporate governance stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges.

The Board plays a critical role in overseeing how the management serves the short and long-term interests of shareholders and other stakeholders.

Development of Corporate Governance guidelines is a continuous process which evolves over a period of time and undergoes changes to suit the changing times and needs of the business, society and the nation.

BOARD OF DIRECTORS

During the year 2013-14 the Company had an optimum combination of Executive and Non-Executive Directors as per the Corporate Governance requirements. The Board of Directors of the Company Consists of eminent persons with considerable professional expertise and experience in business and industry, finance, management etc. As on 31st March, 2014 the Board comprised 8 Directors.

NUMBER OF BOARD MEETINGS HELD AND THE DATES THEREOF

During the accounting year 2013-14, 6 meetings of Board of Directors were held. The meetings were held on 30th September 2013, 14th November 2013, 05th December 2013, 11th January 2014, 15th March 2014 and 31st March 2014. The maximum time gap between any two meetings was not more than four calendar months.

ATTENDANCE OF DIRECTORS AT THE BOARD/COMMITTEE MEETINGS AND THE LAST ANNUAL GENERAL MEETING:

Name and designation of the Director	Category of Directorship	Number of Board meetings attended	Attendance at the last AGM	Number Directorship* in other companies	Committee position held**	
					Chairman	Member

Dr Mata Prasad Agarwal (Chairman & Managing Director)	Promoter Executive Director	6	Yes	3	1	Nil
Shri Pawan Agarwal (Joint Managing Director)	Promoter Executive Director	6	Yes	3	Nil	1
Shri Devesh Gupta (Deputy Managing Director)	Executive Director	6	Yes	1	Nil	1
Shri Dileep Bajaj	Executive Director	1	-	Nil	Nil	1
Smt. Sharda Agarwal	Promoter Executive Director	6	Yes	2	Nil	Nil
Shri R K Garg	Non-Executive Independent Director	3	-	Nil	Nil	3
Dr. G N Mathur	Non-Executive Independent Director	5	-	1	1	2
Shri Pramod Kumar Singh	Non-Executive Independent Director	1	-	Nil	2	1
Mr R S Srivastava#1	Non-Executive Independent Director	-	-	-	-	-
Shri K.D. Gupta#2	Non-Executive Independent Director	-	-	-	-	-

Notes:

1. *Other Directorships of only Indian Public Limited Companies were considered pursuant to Clause 49 of Listing Agreement.
2. **Committee positions of only four committees namely Audit Committee, Investors' Grievance Committee, Remuneration Committee and Finance Committee have been mentioned.

#1 resigned on 30th September 2013

#2 resigned on 30th September 2013

BOARD PROCEDURE:

The Board meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each of the Directors. All the items on the Agenda are accompanied by notes giving comprehensive information on the related subjects. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman. The Board's role, functions, responsibility and accountability are clearly defined. In addition to matters statutorily requiring Board's approval, all major decisions involving policy formulation, strategy and business plans, annual operating and capital expenditure budgets, new investments, details of Joint Ventures, sale of business unit/ division, compliance with statutory/regulatory requirements, major accounting provisions and write offs are considered by the Board.

INFORMATION PLACED BEFORE THE BOARD

Information placed before the Board of Directors broadly covers the items specified in Clause 49 of the Listing Agreement and such other items which are necessary to facilitate meaningful and focused deliberation and issues concerning the Company and taking decision in an informed and efficient manner. Besides, the Board of Directors has complete access to all information of the Company, as and when necessary.

COMMITTEES OF THE BOARD

Audit Committee

The Audit Committee is empowered, pursuant to its terms of reference, inter alia, to:

- Investigate any activity within its terms of reference and to seek any information it requires from any employee;
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The role of the Committee includes the following:

- (a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- b) Recommending the appointment and removal of external auditors, fixation of audit fee and approval of payment of fees for any other services rendered by the auditors;
- c) Reviewing with the management the financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices
 - The going concern assumption
 - Major accounting entries based on exercise of judgement by management
 - Significant adjustments arising out of audit
 - Compliance with Accounting Standards
 - Compliance with Stock Exchange and legal requirements concerning financial statements
 - Related party transactions
 - Qualifications in draft audit report
 - Report of the Directors & Management Discussion and Analysis;
- (d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems and the Company's statement on the same prior to endorsement by the Board;
- (e) Reviewing the adequacy of the internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
- (f) Reviewing reports of internal audit, including that of wholly owned subsidiaries, and discussion with internal auditors on any significant findings and follow-up thereon;

COMPOSITION

The Company has an Audit Committee comprising three Directors, all being Non-Executive-Independent namely Shri R K Garg, Dr. G N Mathur and Shri Pramod Kumar Singh. The Audit Committee is chaired by Shri Pramod Kumar Singh. The Company Secretary acts as the Secretary to the Audit Committee. Mr.

Pradeep Gupta, M/s Pradeep & Associates, Statutory Auditors, was invited to be present at all the Audit Committee meetings.

The terms of reference of the Audit Committee are in conformity with the requirements specified in Clause 49 of the Listing Agreement with the Stock Exchanges and also comply with the requirements of Section 177 of the Companies Act, 2013. During the accounting year four Audit Committee Meetings were held on 28th September 2013, 14th November 2013, 5th December 2013 and 28th March 2014.

Details of the attendance at the meetings are as follows

Serial no.	Name	Attendance
1	Shri R.K. Garg	2
4	Dr G N Mathur	3
5	Shri Pramod Kumar Singh	3

Internal Auditors and Internal Audit System

The Company appointed a firm of Chartered Accountants M/s Ajai Shanker & Company of Kanpur as Internal Auditors to review the internal control systems of the Company and report thereon. The report of Internal Auditors is periodically reviewed by the Audit Committee of the Board and necessary directions are issued whenever required.

The Company continues to maintain a comprehensive Internal Audit System for assessing risk, adding values and improving your organization's operations and also to ensure timely financial reporting.

Cost Auditor

The Company appointed Mr. A. K. Srivastava of Kanpur as Cost Auditor of the Company who submits his report to the Audit Committee for consideration.

Remuneration Committee

The Remuneration Committee was constituted by the Board to recommend/review the Remuneration package of the Managing/Wholetime Directors. The recommendations of the Remuneration Committee are considered and approved by the Board subject to shareholders' approval.

The Remuneration Committee comprises three Non-Executive Directors, namely Shri Pramod Kumar Singh, Shri R. K. Garg and Dr G. N. Mathur, all of them being Independent, including the Chairman of the Committee. During 2013-14, the meeting of the Remuneration Committee was held on December 5th, 2013 and were attended by all the Directors.

Details of remuneration paid to all the Directors for the year ended on 31st March, 2014:

a) Executive Directors (Managing/Wholetime Directors)

Details of remuneration paid for the year ended 31st March, 2014 to Managing/Whole time Directors are as follows

Name	Designation	All elements of remuneration package i.e. salary, perks, benefits, bonuses and pension, among	Performance linked incentives along with the performance criteria	All elements of remuneration package i.e. salary, perks, benefits, bonuses and pension, among	Stock, option with details, if any, and whether issued at discount as well as the period over which accrued and over which

		others (Rs. in lacs) (2013-14) (9 Months)	(in Rs.)	others (Rs. in lacs (2012-13))(Annual)	exercisable
Dr M.P Agarwal	Managing Director	36.00	NIL	48.00	Presently the Company does not have any stock option scheme
Mr Pawan Kumar Agarwal	Joint Managing Director	22.50	NIL	30.00	
Mr Devesh Narain Gupta	Dy. Managing Director	18.00	NIL	24.00	
Smt. Sharda Agarwal	Executive Director	11.25	NIL	15.00	
Mr Dileep Bajaj	Executive Director	18.00	NIL	24.00	

b) Non-Executive Directors

During 2013-14, the Company did not pay any remuneration to Non-Executive Directors except sitting fees to each Non-Executive Director for attending meetings of the Board of Directors and Committees thereof. The criterion for payment of sitting fees to Non-Executive Directors is based on the provisions of the Companies Act, 1956 and is well within the statutory ceiling fixed in this regard.

Finance Committee

The Committee comprises four Executive Directors chaired by Dr. M P Agarwal. The Finance Committee met 13 times during the year. The Committee is primarily looking after the day-to-day business activity of the Company within Board approved directions/framework. Details of the attendance at the meeting are as follows:

Serial no.	Name	Attendance
1	Dr M P Agarwal	13
2	Shri Pawan Kumar Agarwal	11
3	Shri Devesh Narain Gupta	10
4	Shri Dileep Bajaj	08

Shareholders/ Investor's Grievance Committee

In compliance with Clause 49 of the Listing Agreement, the Shareholders /Investors' Grievance Committee has been constituted by the Board for a speedy disposal of grievances/complaints relating to shareholders/investors.

The Shareholders'/ Investors' Grievance Committee comprises three Non-Executive Directors namely, Mr. R. K. Garg, Dr. G.N. Mathur and Mr. Pramod Kumar Singh and is chaired by Mr. R. K. Garg. The Company Secretary acts as the Secretary of the Committee.

Compliance officer

The Board designated Mr. Rakesh Kumar Srivastava, Company Secretary-cum-Finance Controller as the Compliance Officer of the Company for complying with the requirements of the listing agreements and SEBI Laws.

Investor Grievance Redressal:

The Committee, inter alia, approves issue of duplicate share certificates and oversees and reviews all matters connected with transfer/transmission of shares, dematerialization/ rematerialisation of shares , consolidation of share certificates etc.. Committee also looks into redressal of shareholders'/investors'

complaints related to non-receipt of Annual Reports, non-receipt of declared dividend etc. In addition, the Committee advises on matters which can facilitate better investor services and relations.

GREEN INITIATIVE FOR PAPER LESS COMMUNICATIONS:

The Ministry of Corporate Affairs (MCA) vide its circulars bearing no.17/2011 dated 21.04.2011 and 18/2011 dated 29.04.2011, has taken a “ Green Initiative in Corporate Governance” by allowing paperless compliances by companies through electronic mode . Companies can now send documents and various notices (including notice calling Annual General Meeting, Audited Financial Statements, Directors’ Report, and Auditor’s Report etc) to the shareholders through electronic mode to the registered e-mail addresses of shareholders. To contribute to the Corporate Social Responsibility, initiatives have already been taken and communication/ letter in this respect were already been mailed to the shareholders at their mailing addresses registered with the Company.

Risk management

The Company manages risks as an integral part of its decision making process. The Company has adequate system of internal control commensurate with its size and business operation at all units and the corporate head-quarter to safeguard and protect its assets against losses. The Board of Directors and the Audit Committee continuously have a close eye on the risks by adopting the following procedure:

- Identification of risks
- Assessment of risk
- Risk control and mitigation

The risk control and mitigation is being done, keeping in view the risk appetite of the Company.

Audit Committee provides quarterly updates to the Board of Directors. The head of departments are responsible for identifying, reviewing and escalating risks as well as preparing and executing action plans within their areas of responsibility.

Whistle Blower Policy

The Company seeks to maintain ethical code of conduct and behavior in elevating on the framework for reporting unethical / improper conduct and endeavors to take suitable steps on investigating, reviewing and reporting the same.

a) *Applicability:-*

This policy is applicable to the following:

1. Customers
2. vendors
3. Employees
4. Directors and other Managerial Staff

b) *Disclosure/Reporting:-*

Every Stakeholder i.e. Director, employee, customers, vendor etc. of the Company are free to disclose in writing, the violation of rules, regulations and laws or unethical conduct to their immediate supervisor/notified person.

The Directors and Senior Management of the Company maintains confidentiality of any such information rendered and also ensures that Whistle Blower Policy adopted by Company is not under discriminatory dominance.

General Body Meetings

Details regarding the Annual General Meetings of the Company held during the last three years were as follows:

Year ended	Date	Time	Day	Place	Number of special resolutions passed
June 30, 2011	December 30, 2011	11:30 am	Friday	19/X-1, Krishnapuram, G.T. Road, Kanpur	-
June 30, 2012	December 31, 2012	11:30 am	Monday	19/X-1, Krishnapuram, G.T. Road, Kanpur	3
June 30, 2013	December 30, 2013	11:30 am	Monday	19/X-1, Krishnapuram, G.T. Road, Kanpur	-

Extra-Ordinary General Meetings

Details regarding the Extra-Ordinary General Meetings of the Company held during the year 2012-13 are as follows:

Year ended	Time	Day	Place	Number of special resolution passed
5 th February 2014	11:30 am	Wednesday	19/X-1, Krishnapuram, G.T. Road, Kanpur	2

Postal ballot

No special resolution requiring a postal ballot was proposed last year. At the ensuing Annual General Meeting there is no resolution proposed to be passed by way of Postal ballot.

Disclosures

- a. There were no materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the Directors or the management and their subsidiaries or relatives, among others, that may have potential conflict with the interests of the Company at large. The related party transactions are duly disclosed in the "Notes to the Annual Accounts" of the Company.
- b. There were no cases of non-compliance by the Company, penalties, strictures imposed on the Company by stock exchanges or SEBI or any statutory authority, on any matter related to capital markets, during last three years.
- c. The Company did not adopt any whistle blower policy. However, the Company did not deny access to any personnel to approach the management or the Audit Committee on any issue
- d. The Company complied with all the mandatory requirements of Clause 49 of the Listing Agreement.

Means of communication

The quarterly, half-yearly and annual results are submitted to the listed stock exchanges and are published in leading newspapers viz. Business Standard (English and Hindi), The Financial Express (English and Hindi), Jansaptah, in terms of the requirements of Clause 41 of the Listing Agreement. The Company also displays the presentations made by it to Institutional investors and to analysts on its website along with the official news releases.

**** The Management discussion and analysis Report is given separately forming part of the Annual Report. ****

Share holding Pattern for the quarter ended March 31, 2014:

Category	Number of shares held	Percentage of share holding
(A) Promoters' holding		
-India promoters	13563200	47.64
-Foreign promoters	-	-
Sub-Total (A)	13563200	47.64
(B) Non-promoters' holding		
(1) Institutional investors		
Mutual Funds	-	-
Financial Institutions/Banks	150000	0.53
Central Govt./State Govt.	-	-
Venture Capital Funds	-	-
Insurance companies	-	-
Foreign Institutional investors	1742236	6.12
Foreign Venture Capital investors	-	-
Foreign/ Financial Institutions/Banks	-	-
Sub-total (B)(1)	1892246	6.65
(2) Others		
-Domestic companies	6635069	23.30
-Individuals	4044358	14.20
-HUF	206194	0.72
-NRI's	143204	0.50
- Clearing members	39564	0.14
- Trust	-	-
- Foreign Corporate bodies	1946810	6.84
Sub-total (B) (2)	13015199	45.71
Total Public Shareholding (B)= (B)(1)+(B)(2)	14907445	52.36
Grand total (A)+(B)	28470645	100.00

Distribution of share holding as on 31st March 2014:

Shareholding of nominal value of	Shareholders		Shares amount			
	Rs.	Rs.	Number	% to Total	Rs.	% to Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Up to - 5000	7889	83.801	11785110	4.140		
5001 - 10000	706	7.499	5734970	2.014		
10001 - 20000	364	3.867	5503250	1.933		
20001 - 30000	124	1.317	3169230	1.113		
30001 - 40000	52	0.552	1870380	0.657		
40001 - 50000	50	0.531	2340230	0.822		
50001 - 100000	88	0.935	6311270	2.217		
100001 and above	141	1.498	247992010	87.104		
Total	9414	100.000	284706450	100.000		

Stock market price data for the year 2013-2014 at BSE SENSEX :

Company : SHRI LAKSHMI COTSYN LTD.	Scip Code:
526049	
Period: July 2013 to March 2014	
All Prices in ₹	

Month	Open	High	Low	Close	No. of Shares	No. of Trades	Total Turnover	* Spread	
								H-L	C-O
Jul 13	23.50	34.00	23.50	30.00	40,386	501	11,86,661	10.50	6.50
Aug 13	30.00	30.00	20.15	20.45	31,321	102	7,60,539	9.85	-9.55
Sep 13	19.45	26.90	16.90	25.80	75,661	356	15,79,385	10.00	6.35
Oct 13	26.40	28.90	19.10	19.10	86,701	307	20,87,411	9.80	-7.30
Nov 13	18.25	21.25	12.30	12.30	1,74,550	464	29,60,588	8.95	-5.95
Dec 13	11.69	15.95	11.69	14.50	1,65,721	254	21,73,497	4.26	2.81
Jan 14	14.13	17.85	13.85	14.30	48,722	290	7,50,131	4.00	0.17
Feb 14	13.80	16.10	12.86	12.90	52,292	203	7,36,328	3.24	-0.90
Mar 14	12.90	16.35	12.28	14.53	1,82,122	1,063	27,04,140	4.07	1.63

*Spread

H-L: High-Low

C-O: Close-Open

General share holder information:

26th Annual General Meeting (for year ended March 31st, 2014)	Day: Thursday Date: July 31 st , 2014 Time: 11:30 am Venue: 19/X-1, Krishnapuram, G.T. Road, Kanpur
Accounting calendar years	For the accounting year 2013-14, the interim and final results were announced on: a. 1 st quarter results - Second week of November 2013 b. Yearly audited results - First week of December 2013 c. 2 nd quarter results- Last week of March 2014 d. 3 rd quarter & Annual results(9 months) – Fifth week of May 2014
Date of book closure	Tuesday, 29 th July, 2014 to Thursday, 31 st July, 2014 (both days inclusive).
Listing on stock exchange	a) National Stock Exchange of India Ltd. b) Bombay Stock Exchange Ltd c) U. P. Stock Exchange Ltd.
Registrar and Transfer Agents	M/s Abhipra Capital Ltd. GF-58-59 World Trade Centre, Barakhamba Lane, New Delhi-110033 Ph. no.:+91 11-42390909, Fax:+91 11-27215530 Email: jeewatrai@abhipra.com ; rta@abhipra.com
Address for correspondence	19/X-1, Krishnapuram, G.T. Road, Kanpur-7 (U.P.) Ph. no.:+91 512-2401492, 2402733, 2404181 Fax no.: +91 512-2402339 E-mail: shri@shrilakshmi.in Website: www.shrilakshmi.in
Share transfer system	Applications for transfer of shares in physical form are received by the Company's Registrar and Transfer Agent, Abhipra Capital Ltd., who in consultation and approval of the Company, executes the requests of transfer/transmission of shares.

Nomination facility	Shareholders holding shares in physical and desirous of making a nomination in respect of their share holding in the Company as permitted U/s 109A of Companies Act, 1956 may submit their request to the Company in form 2B of the Companies (Central Government's) General Rules and Forms, 1956, prescribed for the purpose.
Code of conduct	The Company's Board laid down a Code of Conduct for all Board members and senior management of the Company. All Board members and designated senior management personnel have affirmed compliance with this Code of Conduct. A declaration to this effect, signed by Dr M P Agarwal, Chairman-cum-Managing Director, is enclosed at the end of this Report.
Dematerialization of shares and liquidity	ISIN Code - equity shares: INE 851 B01016 As on March 31, 2014, 93.09 % of the total equity shares of the Company were dematerialized. Trading in equity shares of the Company is permitted only in dematerialized form, as per the notification issued by the Securities and Exchange Board of India (SEBI).

Declaration

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, I, Dr. M P Agarwal, Chairman and Managing Director of Shri Lakshmi Cotsyn Ltd, declare that all Board members and Senior Executives of the Company have affirmed their compliance with the Code of Conduct for the accounting year 2013-14.

Date: 30th May 2014
Place: Kanpur

(Dr. M P Agarwal)
Chairman & Managing Director

**INDEPENDENT AUDITOR'S REPORT****To The Members of****Shri Lakshmi Cotsyn Limited****19/X-1, Krishnapuram, G. T. Road,****Kanpur**

We have audited the accompanying financial statements of **M/s Shri Lakshmi Cotsyn Ltd.** which comprise the Balance Sheet as at **31st March 2014**, and the Statement of Profit and Loss and Cash Flow Statement for the nine months period then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in clause (2) of section 2 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at **31st March 2014**
- b) in the case of the Statement of Profit and Loss Account, of the loss for the year ended on that date;
and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

PRADEEP & ASSOCIATES

{ Chartered Accountants }

27/78-A, Gagan Deep Complex, Birhana Road, Kanpur-208001.



Tel. No. 0512-2313665

(M) 9839037148

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 143 of the Companies Act, 2013, 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 purpose of our audit;

b) 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 those books

c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in clause (2) of section 2 of the Companies Act, 2013;

e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of section 164 of the Companies Act, 2013.

f) Since the Central Government has not notified the date at which the cess is to be paid under Section 269 of the Companies Act 2013, for the purpose of rehabilitation or revival or protection of assets of the Sick Industrial Company, nor has issued any rules prescribing the manner in which such cess is to be paid, Hence no cess is due and payable by the Company.

For Pradeep & Associates.

Chartered Accountants

FRN: 001254C

Sd/-

CA. P.K. Gupta (FCA)

(Partner)

Place: Kanpur

Date: 30.05.2014

Membership No. :070492



The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Shri Lakshmi Cotsyn Limited. On the accounts of the company for the nine months financial year ended on 31st March 2014.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
2. (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted loans, secured or unsecured, to companies firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.

(e) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013. Thus sub clauses (f) & (g) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of



27/78-A, Gagan Deep Complex, Birhana Road, Kanpur-208001.

goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.

5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, there are no contracts or arrangements referred to in section 189 of the Companies Act, 2013
b) This Clause is not applicable as stated above.
6. The Company has not accepted any deposits from the public covered under section 73 of the Companies Act, 2013
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under section 128 of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. (a) According to the records of the company, undisputed statutory dues including Investor Education and Protection Fund, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have been regularly deposited with the appropriate authorities except Provident Fund & Employees' State Insurance, TDS, work contract tax etc According to the information and explanations given to us there were outstanding statutory dues of Provident Fund & Employees' State Insurance as on 31st March 2014 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 is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. In our opinion, the Company's accumulated losses at the end of the financial year are in excess of fifty percent of its net worth. The Company has net loss of Rs. 624.15 Crores and has incurred cash loss of Rs. 545.68 Crores during the financial year covered by our audit. Thus the net worth of the company has been completely eroded and the company is required to make necessary reference to BIFR in accordance with the provisions of Section 15(1) of Sick Industrial Companies (Special Provisions) Act 1985 (SICA).
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to banks and other Financial Institution except the dues of IFCI amounting to Rs. 6.68 crores and of FCCB worth USD 2.80 Mn for which IFCI has filed a recovery suit at Hon'able DEBT Recovery Tribunal (DRT) Delhi and Bond Holders have filed winding up petition at Allahabad High Court.
12. Due to the liquidity crunch, the Company had opted Corporate Debt Restructuring Mechanism envisaged under RBI guidelines & the CDR package of the Company was approved by the CDR cell vide Letter of Approval (LOA) dated 28th June 2013 and Master Restructuring Agreement (MRA) was signed on 29th June 2013. The CDR package is under implementation.

PRADEEP & ASSOCIATES

{ Chartered Accountants}

27/78-A, Gagan Deep Complex, Birhana Road, Kanpur-208001.



Tel. No. 0512-2313665

(M) 9839037148

13. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
15. According to information and explanations given to us, the Company has made investment in Shares. Proper records & timely entries have been maintained in this regard & investments specified are held in their own name.
16. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
17. Based on our audit procedures and on the information given by the management, we report that the company, in compliance of terms of LOA issued by CDR Cell, has raised Rs. 93.90 crore as unsecured loan from its Business Associates towards promoters contribution which was to be converted into equity subject to the approval of BSE/NSE during the year.
18. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at **31st March 2014**, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
19. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For Pradeep & Associates

Chartered Accountants

FRN: 001254C

Sd/-

CA. P.K. Gupta, FCA

(Partner)

Place: Kanpur

Date: 30.05.2014

Membership No. :070492

SHRI LAKSHMI COTSYN LIMITED (CONSOLIDATED)
BALANCE SHEET AS ON 31ST MARCH, 2014

	Particulars	Note No.	As at 31 March, 2014	As at 30 June, 2013
			(Rs. In Lacs)	(Rs. In Lacs)
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	2,847.06	2,847.06
	(b) Reserves and surplus	2	(31,027.61)	30,812.09
	© Minority Interest	3	8.52	9.31
	(d) Money received against share warrants		-	-
2	Share application money pending allotment		6,843.04	6,480.52
3	Non-current liabilities			
	(a) Long-term borrowings	4	215,493.56	175,354.46
	(b) Deferred tax liabilities (net)		47.37	14,092.45
	(c) Other long-term liabilities		-	-
	(d) Long-term provisions		8,046.27	6,106.75
4	Current liabilities			
	(a) Short-term borrowings	5	101,867.28	104,332.37
	(b) Trade payables		17,987.95	14,201.49
	(c) Other current liabilities	6	2,145.10	516.52
	(d) Short-term provisions	7	341.20	376.79
			324,599.75	355,129.81
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	8	173,564.38	177,598.52
	(ii) Intangible assets	9	33.95	33.95
	(iii) Capital work-in-progress		964.84	-
	(iv) Intangible assets under development		-	-
	(v) Fixed assets held for sale		-	-
	(b) Non-current investments	10	7,533.87	8,162.50
	(c) Deferred tax assets (net)		-	-
	(d) Long-term loans and advances	11	8,114.24	8,772.38
2	Current assets			
	(a) Current investments	12	-	700.08
	(b) Inventories	13	58,719.26	74,382.10
	(c) Trade receivables	14	63,467.39	41,253.72
	(d) Cash and cash equivalents	15	837.43	916.56
	(e) Other current assets	16	11,364.38	43,310.00
			324,599.75	355,129.81
	See accompanying notes forming part of the financial statements			

In terms of our report attached.
For PRADEEP & ASSOCIATES
Chartered Accountants

For and on behalf of the Board of Directors

P.K.GUPTA
Partner

DR.M.P. AGARWAL
Chairman

DEVESH GUPTA
Dy.Managing Director

RAKESH KUMAR SHRIVASTAVA
Company Secretary cum Financial Controller

Place : KANPUR
Date : 30.05.2014

SHRI LAKSHMI COTSYN LIMITED (CONSOLIDATED)
Statement of Profit and Loss for the year ended 31 March, 2014

Particulars		Note No.	As at 31 March, 2014	As at 30 June, 2013
			(Rs. In Lacs)	(Rs. In Lacs)
A	CONTINUING OPERATIONS			
1	Revenue from operations (gross) Less: Excise duty Revenue from operations (net)	17	85,658.92 - 85,658.92	192,219.66 - 192,219.66
2	Other income	18	2,349.56	2,434.34
3	Total revenue (1+2)		88,008.49	194,654.00
4	Expenses			
	(a) Cost of materials consumed Purchases of stock-in-trade	19	73,207.13 1,472.71	156,748.48
	(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	8,026.66	653.37
	(c) Employee benefits expense	21	5,324.26	6,737.84
	(d) Finance costs	22	19,948.31	35,672.53
	(e) Depreciation and amortisation expense	23	7,901.03	10,169.67
	(f) Other expenses	24	17,753.48	21,359.64
	Total expenses		133,633.59	231,341.53
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(45,625.11)	(36,687.53)
6	Exceptional items		-	-
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		(45,625.11)	(36,687.53)
8	Extraordinary items	25	(16,832.75)	(81.27)
9	Profit / (Loss) before tax (7 ± 8)		(62,457.86)	(36,768.80)
10	Tax expense:			
	(a) Current tax expense for current year		-	-
	(b) Deferred tax		8.77	4,785.25
			8.77	4,785.25
11	Profit / (Loss) from continuing operations (9 ± 10)		(62,466.63)	(41,554.05)
B	Profit / (Loss) from discontinuing operations		-	-
12.i	Profit / (Loss) from discontinuing operations (before tax)		-	-
12.ii	Gain / (Loss) on disposal of assets / settlement of liabilities attributable to the discontinuing operations		-	-
12.iii	Add / (Less): Tax expense of discontinuing operations		-	-
	(a) on ordinary activities attributable to the discontinuing operations		-	-
	(b) on gain / (loss) on disposal of assets / settlement of liabilities		-	-
			-	-
13	Profit / (Loss) from discontinuing operations (12.i ± 12.ii ± 12.iii)		-	-
14	Profit / (Loss) for the year (11 - 12 TO 13)		(62,466.63)	(41,554.05)
15	Earnings Per Equity Share (of 10/- Each)		(219.41)	(145.95)

SHRI LAKSHMI COTSYN LIMITED (CONSOLIDATED)
Notes forming part of the financial statements

Notes Nos.	PARTICULARS	As at 31 March, 2014	As at 30 June, 2013
		(Rs. In Lacs)	(Rs. In Lacs)
1	Share Capital		
	<u>Authorised</u> 5,00,00,000 Equity Shares of Rs 10 each	5,000.00	5,000.00
		5,000.00	5,000.00
	Issued, subscribed and fully paid-up shares 2,84,70,645 Equity Shares of Rs. 10/- each fully paid-up	2,847.06	2,847.06
		2,847.06	2,847.06
	Reconciliation of the number of Equity Shares outstanding:		
	Equity shares outstanding at the beginning of the year	28,470,645.00	28,093,835.00
	Equity shares allotted during the year	-	376,810.00
	Equity shares outstanding at the end the of the year	28,470,645.00	28,470,645.00
	Shareholder holding more than 5 percent Equity shares of the Company:		
	Name of shareholder	No. Of Shares	
		31 March 2014	30 June, 2013
		NIL	NIL
2	Reserves and Surplus		
(i)	Securities premium account		
	Balance as per last financial statement	21,209.19	20,838.37
	Add :Additions during the year	-	370.82
	Less :Deduction during the year	-	-
	Closing Balance	21,209.19	21,209.19
(ii)	Capital Reserves Account		
	State Capital Subsidiary	12.19	12.19
	Add :Additions during the year	569.78	-
	Foreign Currency Transaction Reserve	60.67	
	Closing Balance	642.64	12.19
(iii)	Surplus / (Deficit) in Statement of Profit and Loss		
	Balance as per last financial statement	9,590.71	51,145.74
	Less: Loss for the year **{ (62466.62)+(3.52)}	(62,470.15)	(41,555.03)
	Total	(52,879.44)	9,590.71
	Total Reserve and Surplus (i to iii)	(31,027.61)	30,812.09
3	Minority Interest		
	Share held by outsider (Rs.1000 Lacs - Rs. 995 Lacs)	5.00	5.00
	Add : 0.5% Reserve & Suplus		
	** Rs.852.89 * 0.50% = 4.26 Lacs		
	*** Rs.(148.63)* 0.50% = (0.74) Lacs	3.52	4.31
	Total Reserve and Surplus (i to iii)	8.52	9.31
4	Long-term Borrowings		
	Secured Loan :		
	Secured loans from Banks	192,592.21	160,765.79
	Mezannine Debt	12,434.73	12,841.75
	Unsecured Loan:		

SHRI LAKSHMI COTSYN LIMITED (CONSOLIDATED)
Notes forming part of the financial statements

Notes Nos.	PARTICULARS	As at 31 March, 2014	As at 30 June, 2013
		(Rs. In Lacs)	(Rs. In Lacs)
	Unsecured Loan	10,466.62	1,746.92
	Total	215,493.56	175,354.46
5	<u>Short Term Borrowings</u>		
	Short term Loan for project	33,328.78	35,190.36
	Working Capital Loan	68,538.50	69,142.01
		101,867.28	104,332.37
6	<u>Other Current Liabilities</u>		
	Unpaid Dividend	25.60	25.66
	Statutory remittances	2,119.50	490.86
		2,145.10	516.52
7	<u>Short Term Provisions</u>		
	Provision for Tax	16.75	-
	Provision for Expenses	324.45	376.79
		341.20	376.79
9	<u>Intangible Assets /Goodwill</u>		
	Share Capital of Synergy	1.69	1.69
	Less : Reserve & Surplus of Synergy	42.79	42.79
	Opening Balance 42.79 (100% holding)	-	-
		41.10	41.10
	Less : Investment	7.15	7.15
		33.95	33.95
10	<u>Non- Current Investment</u>		
	Quoted Shares	-	38.56
	Un-Quoted Shares	7,533.87	8,123.94
		7,533.87	8,162.50
11	<u>Loans and Advances</u>		
	Advance to Suppliers	2,120.49	-
	FDR	50.56	-
	Advance license	5.96	-
	Advance to Suppliers for priority loan	1,568.52	-
	Capital advances	-	7,048.25
	Security Deposits	1,107.57	845.40
	Others loan and Advances:	2,871.44	460.64
	Advances Tax	322.83	328.21
	Prepaid Expenses	66.87	89.88
		8,114.24	8772.38
12	<u>Current Investment</u>		
	Un-Quoted Shares	-	700.08
		-	700.08
13	<u>Inventories</u>		
	(As certified by the Management)		
	Traded Goods	100.00	-

SHRI LAKSHMI COTSYN LIMITED (CONSOLIDATED)

Notes forming part of the financial statements

Notes Nos.	PARTICULARS	As at 31 March, 2014	As at 30 June, 2013
		(Rs. In Lacs)	(Rs. In Lacs)
	Raw Materials	18,861.79	27,015.60
	Work-in-Process	16,570.34	25,744.08
	Finished Goods	21,938.12	20,890.92
	Stores and Spare-parts, etc.	1,249.01	731.50
		58,719.26	74,382.10
	Basis of valuation of inventories are as under: realisable value except waste which is being valued at net realisable value.		
14	<u>Trade Receivables</u>		
	(Unsecured, Considered Good unless otherwise stated)	-	
	Outstanding for more than six months (from due date)	26,712.87	10,678.54
	Considered Good	37,415.86	30,575.18
		63,467.39	41,253.72
15	<u>Cash and Bank balances :</u>		
(a)	Cash and cash equivalents:		
	Cash Balance on Hand (Including Stamps in Hand)	163.53	223.74
	Balance with Banks in:		
	Current Accounts	648.30	667.16
(b)	Earmarked balances with banks:		
	Unpaid Dividend Account	25.60	25.66
		837.43	916.56
16	<u>Other Current Assets</u>		
	Accrued Duty Draw back	617.35	685.25
	Accrued DEPB	-	-
	Accrued Focus License	68.60	-
	Tuf's Subsidy Receivable	10,441.11	-
	Accrued Interest	49.23	-
	TDS Receivable	18.79	-
	Advances against Others	4.92	36.39
	Rent Receivable	13.75	-
	Salary advance	101.87	56.94
	Slow Moving assets	-	42,486.83
	Advances against Travelling Expenses	48.76	44.59
		11,364.38	43,310.00
17	<u>Revenue from Operations :</u>		
(i)	<u>Sale of Manufactured goods :</u>		
	Suiting & Shirting	7,118.11	17,930.86
	Technical Textile / Fusible Interlining	16,426.03	63,056.60
	Quilting & Embroidery	792.80	1,196.14
	Denim	7,493.41	29,340.47
	Terry Towel	8,955.40	17,680.51
	Home Furnishing	4,177.19	10,546.19
	Bottom Weight	3,107.45	5,739.97
	Garments	1,387.58	1,353.25

SHRI LAKSHMI COTSYN LIMITED (CONSOLIDATED)

Notes forming part of the financial statements

Notes Nos.	PARTICULARS	As at 31 March, 2014	As at 30 June, 2013
		(Rs. In Lacs)	(Rs. In Lacs)
	comforters	2.17	-
	Misc. Sales	14,188.24	17,732.22
		-	
		63,648.38	164,576.21
	Export Sales	22,063.39	
	Less : Inter Company Sales	<u>52.85</u>	27,643.45
	Revenue from Operations	85,658.92	192,219.66
18	<u>Other Income</u>		
	Miscellaneous Income	1,024.66	99.48
	Balance w/o	0.23	-
	Reimbursement of export freight outward	5.00	-
	Tender expense refund	0.10	-
	Interest Received	16.81	-
	Duty Draw Back	1,302.76	2,334.86
	Income on Sale of DEPB License	-	-
		2,349.56	2,434.34
19	<u>Cost of materials consumed</u>		
	Raw Material Consumed **	71,470.60	153,621.22
	Packing Materials	1,376.12	2,330.52
	Others	360.41	796.74
		73,207.13	156,748.48
20	<u>Changes in Inventories of Finished Goods, Work-in-Process and Traded Goods</u>		
	Work-in-Process as at 31th March, 2014	16,570.34	25,744.08
	Work-in-Process as at 30th June, 2013	25,744.08	22,148.24
		9,173.74	(3,595.84)
	Finished Goods 31th March, 2014	21,705.89	20,890.92
	Finished Goods 30th June, 2013	20,489.67	25,140.13
		(1,216.22)	4,249.21
	Traded Goods 31th March, 2014	100.00	-
	Traded Goods 30th June, 2013	-	-
		(100.00)	-
	Net (increase) / decrease Inventories	8,026.66	653.37
21	<u>Employee Benefit Expenses</u>		
	Salaries, wages and bonus	5,233.34	6,593.50
	Director salary	2.20	-
	Employee welfare expenses	88.72	144.34
		5,324.26	6,737.84
22	<u>Finance Costs</u>		
	Interest Expenses	19,535.50	34,370.20
	Bank Charges	412.81	1,302.33
		19,948.31	35,672.53

SHRI LAKSHMI COTSYN LIMITED (CONSOLIDATED)

Notes forming part of the financial statements

Notes Nos.	PARTICULARS	As at 31 March, 2014	As at 30 June, 2013
		(Rs. In Lacs)	(Rs. In Lacs)
23	<u>Depreciation and Amortization expense</u>		
	Depreciation of tangible assets	7,901.03	10,169.67
		7,901.03	10,169.67
24	<u>Other Expenses</u>		
	Rent, Rate & Taxes	153.66	294.45
	Insurance	55.55	106.58
	Repair & Maintenance	249.74	287.25
	Printing & Stationery	43.62	69.57
	Postage & Telegram	130.01	125.73
	Internet & telephone exp	1.18	-
	Travelling & Conveyance	357.38	371.50
	Meeting Expenses	0.89	1.88
	Cost & Stock Audit fee	1.11	0.41
	Auditors Remuneration	19.29	19.29
	Selling & Distribution Exp.	941.31	824.44
	Legal Expenses	50.50	7.85
	Poojan expense	0.04	-
	Fees & Subscription	2.06	-
	Freight Inward	8.80	-
	Security Expense	3.94	-
	Tax w/o	3.87	-
	Filing Fees	0.07	-
	Advertisement	69.16	162.18
	Freight Outward	928.45	1,023.18
	Stores & Spares	437.10	674.62
	Professional Charges	152.32	213.94
	Power & Fuel	4,232.54	6,188.63
	Discount	7,391.04	10,426.45
	Misc. Expenses	2,519.85	561.69
		17,753.48	21,359.64
25	<u>Extra-Ordinary Items</u>		
(i)	Trade Receivables	661.33	812.33
	Less : Trade Payable	998.49	941.26
	Exchange Loss	337.16	(128.93)
(ii)	Purchase of Synergy	54.57	86.42
	Less : Sale to Synergy	52.84	38.76
	Exchange Loss	(1.73)	47.66
	Net Exchange Loss	335.43	(81.27)
(iii)	Loss on sale of slow moving stock	(34,014.12)	-
	Loss on sale of rejected stock	(4,068.81)	-
		(38,082.93)	-
	Less:		
	Deferred Tax Liability Written Back	(14,053.85)	-
	Tuf's Subsidy accrued Relating to P.Y	(6,860.90)	-
		(17,168.18)	(81.27)
	Net Extraordinary Item	(16,832.75)	

SHRI LAKSHMI COTSYN LIMITED (CONSOLIDATED)

(Rs. in Lacs)

Particulars	31.03.2014	30.06.2013
<u>CASH FLOW FROM OPERATION ACTIVITIES</u>		
Net Profit before tax	(62,457.86)	(36,768.80)
- Depreciation	7,901.03	10,169.67
	(54,556.82)	(26,599.13)
<u>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</u>		
- Trade and Other receivable	(22,213.67)	23,475.99
- Inventories	15,662.84	168.03
- Trade Payables	5,379.45	4,379.46
- Loans & Advances	32,603.76	(42,391.97)
- Increase in Bank Borrowing	(603.51)	(11,787.75)
- Secured/Unsecured Loans	40,139.10	988.43
- Income Tax	(14,045.08)	-
	56,922.88	(25,167.81)
Cash Generated from operations	2,366.06	(51,766.93)
Net cash from operating activities	2,366.06	(51,766.93)
<u>CASH FLOW FROM INVESTMENT ACTIVITIES</u>		
- Fixed assets acquired	(4,214.36)	(10,463.28)
- Sale of Investment	1,328.71	-
	(519.60)	(62,230.21)
<u>CASH FLOW FROM FINANCE ACTIVITIES</u>		
- Proceeds from issue of share capital	0.00	408.50
- Proceeds from issue of share warrant application money	362.52	-
- Proceeds from issue of Debentures	-	4,000.00
- Proceeds from issue of FCCB	1,939.52	(408.50)
- Proceeds from long / Short Term borrowings	(1,861.58)	58,377.21
- Dividends paid (Including Dividend Tax)	-	-
- Net Cash used in financing activities	440.46	62,377.21
- Net increase in cash and cash equivalents	(79.13)	147.00
Cash and Cash equivalents as at 1st July 2012	916.56	769.56
Cash and Cash equivalents as at 30 June 2013	837.43	916.56

SHRI LAKSHMI COTSYN LIMITED
BALANCE SHEET AS ON 31st March 2014

Particulars		Note No.	As at 31st March, 2014	As at 30th June, 2013
			(Rs. In Lacs)	(Rs. In Lacs)
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	2,847.06	2,847.06
	(b) Reserves and surplus	2	(41,500.72)	20,344.79
2	Share application money pending allotment		6,843.04	6,480.52
3	Non-current liabilities			
	(a) Long-term borrowings	3	214,376.97	173,884.27
	(b) Deferred tax liabilities (net)		-	14,053.85
	(c) Other long-term liabilities		-	-
	(d) Long-term provisions		8,046.27	6,106.75
4	Current liabilities			
	(a) Short-term borrowings	4	100,924.31	103,420.96
	(b) Trade payables		16,223.85	12,764.03
	(c) Other current liabilities	5	2,145.10	511.02
	(d) Short-term provisions	6	288.63	325.85
			310,194.51	340,739.10
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	7	172,352.82	176,341.82
	(ii) Intangible assets		-	-
	(iii) Capital work-in-progress		964.84	-
	(iv) Intangible assets under development		-	-
	(v) Fixed assets held for sale		-	-
	(b) Non-current investments	8	3,266.50	2,586.31
	(c) Deferred tax assets (net)		-	-
	(d) Long-term loans and advances	9	8,087.00	9,700.01
2	Current assets			
	(a) Current investments	10	-	718.75
	(b) Inventories	11	57,389.22	72,332.86
	(c) Trade receivables	12	56,152.87	35,105.38
	(d) Cash and cash equivalents	13	717.30	724.37
	(e) Other current assets	14	11,263.97	43,229.60
			310,194.51	340,739.10
	See accompanying notes forming part of the financial statements			

In terms of our report attached.

For PRADEEP & ASSOCIATES

Chartered Accountants

For and on behalf of the Board of Directors

P.K.GUPTA
Partner

DR. M. P. AGARWAL
Chairman

DEVESH GUPTA
Dy. Managing Director

RAKESH KUMAR SHRIVASTAVA
Company Secretary cum Finance Controller

Place : KANPUR
Date : 30.05.2014

SHRI LAKSHMI COTSYN LIMITED
Statement of Profit and Loss for the year ended 31st March, 2014

Particulars		Note No.	As at 31st March, 2014	As at 30th June, 2013
			(Rs. In Lacs)	(Rs. In Lacs)
A	CONTINUING OPERATIONS			
1	Revenue from operations	15	73,074.48	174,310.36
	Revenue from operations		73,074.48	174,310.36
2	Other income	16	2,301.15	2,416.41
3	Total revenue (1+2)		75,375.63	176,726.77
4	Expenses			
	(a) Cost of materials consumed	17	62,987.64	143,228.43
	Purchases of stock-in-trade			
	(b) Changes in inventories of finished goods, work-in-process and stock-in-trade	18	7,801.14	(1,102.12)
	(c) Employee benefits expense	19	5,179.99	6,548.97
	(d) Finance costs	20	19,670.95	35,449.12
	(e) Depreciation and amortisation expense	21	7,846.73	10,089.32
	(f) Other expenses	22	17,136.29	18,590.17
	Total expenses		120,622.74	212,803.89
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(45,247.11)	(36,077.12)
6	Exceptional items	23	(17,168.18)	-
7	Profit / (Loss) before extraordinary items and tax (5 ± 6)		(62,415.29)	(36,077.12)
8	Extraordinary items		-	-
9	Profit / (Loss) before tax (7 ± 8)		(62,415.29)	(36,077.12)
10	Tax expense:			
	(a) Current tax expense for current year		-	-
	(b) Deferred tax		-	4,785.25
			-	4,785.25
11	Profit / (Loss) from continuing operations (9 ± 10)		(62,415.29)	(40,862.37)
B	Profit / (Loss) from discontinuing operations			
12.i	Profit / (Loss) from discontinuing operations (before tax)		-	-
12.ii	Gain / (Loss) on disposal of assets / settlement of liabilities attributable to the discontinuing operations		-	-
12.iii	Add / (Less): Tax expense of discontinuing operations		-	-
	(a) on ordinary activities attributable to the discontinuing operations		-	-
	(b) on gain / (loss) on disposal of assets / settlement of liabilities		-	-
			-	-
13	Profit / (Loss) from discontinuing operations (12.i ± 12.ii ± 12.iii)		-	-
14	Profit / (Loss) for the year (11 ± 13)		(62,415.29)	(40,862.37)
15	Earnings Per Equity Share (of 10/- Each)		(219.23)	(143.52)

In terms of our report attached.

For PRADEEP & ASSOCIATES

Chartered Accountants

P.K.GUPTA
Partner

For and on behalf of the Board of Directors

DR.M.P. AGARWAL
Chairman

DEVESH GUPTA
Dy.Managing Director

RAKESH KUMAR SHRIVASTAVA
Company Secretary cum Finance Controller

Place : KANPUR

Date : 30.05.2014

SHRI LAKSHMI COTSYN LIMITED
Notes forming part of the financial statements

Notes Nos.	PARTICULARS	As at 31st March, 2014	As at 30th June, 2013
		(Rs. In Lacs)	(Rs. In Lacs)
1	Share Capital		
	Authorised		
	5,00,00,000 Equity Shares of Rs 10 each	5000.00	5000.00
		5000.00	5000.00
	Issued, subscribed and fully paid-up shares		
	2,84,70,645 Equity Shares of Rs. 10/- each fully paid-up.	2847.06	2847.06
		2847.06	2847.06
	Reconciliation of the number of Equity Shares outstanding:		
	Equity shares outstanding at the beginning of the year	28470645	28093835
	Equity shares allotted during the year	-	376,810
	Equity shares outstanding at the end the of the year	28470645	28470645
	Shareholder holding more than 5 percent Equity shares of the Company:		
	Name of shareholder	No. Of Shares	
		31st March, 2014	30th June, 2013
		NIL	NIL
2	Reserves and Surplus		
(i)	Securities premium account		
	Balance as per last financial statement	21,209.19	20,838.37
	Add :Additions during the year	-	370.82
	Less :Deduction during the year	-	-
	Closing Balance	21,209.19	21,209.19
(ii)	Capital Reserves Account		
	Balance as per last financial statement	12.19	12.19
	Add :Additions during the year	569.78	-
	Closing Balance	581.97	12.19
(iii)	Surplus / (Deficit) in Statement of Profit and Loss		
	Balance as per last financial statement	(876.59)	39,985.78
	Add: Profit for the year	(62,415.29)	(40,862.37)
	Total	(63,291.88)	(876.59)
	Total Reserve and Surplus (i to iii)	(41,500.72)	20344.79
3	Long-Term Borrowings		
	Secured Loans from Banks :		
	Secured loans from Banks	192504.24	160618.90
	Mezannine Debt	12434.73	12841.75
	Unsecured :		
	Unsecured Loan	9438.00	423.62
	Total	214,376.97	173,884.27
4	Short Term Borrowings		
	Working Capital Loan	67595.53	68230.60
	Short Term Loan	33,328.78	35,190.36
		100924.31	103420.96

SHRI LAKSHMI COTSYN LIMITED
Notes forming part of the financial statements

Notes Nos.	PARTICULARS	As at 31st March, 2014 (Rs. In Lacs)	As at 30th June, 2013 (Rs. In Lacs)
5	<u>Other Current Liabilities</u>		
	Unpaid Dividend	25.60	25.66
	Statutory Liabilities	2,119.50	485.36
		2145.10	511.02
6	<u>Short Term Provisions</u>		
	Provision for Expenses	288.63	325.85
		288.63	325.85
8	<u>Non- Current Investment</u>		
	Quoted Shares	-	38.56
	Un-Quoted Shares	3,266.50	2,547.75
		3266.50	2586.31
9	<u>Loans and Advances</u>		
	Advances to suppliers	1,946.19	7,048.25
	Advances to suppliers priority loan	1,568.52	-
	Security Deposits	1,081.09	625.36
	Others loan and Advances	3,116.89	1,629.96
	Advances Tax	321.92	321.92
	Prepaid Expenses	52.39	74.52
		8087.00	9700.01
10	<u>Current Investment</u>		
	Un-Quoted Shares	-	718.75
		-	718.75
11	<u>Inventories</u> (As certified by the Management)		
	Raw Materials	18,659.55	26368.79
	Work-in-Process	16,454.54	25625.50
	Finished Goods	21,046.77	19676.95
	Stores and Spare-parts	1,228.36	661.62
		57,389.22	72332.86
	Basis of valuation of inventories are as under: All the inventories are valued at lower of cost or net realisable value except waste which is being valued at net realisable value.		
12	<u>Trade Receivables</u> (Unsecured, Considered Good unless otherwise stated)		
	(a) Outstanding for more than six months	25,230.32	9,727.96
	(b) Considered Good	30,922.55	25,377.42
		56,152.87	35,105.38

SHRI LAKSHMI COTSYN LIMITED
Notes forming part of the financial statements

Notes Nos.	PARTICULARS	As at 31st March, 2014	As at 30th June, 2013
		(Rs. In Lacs)	(Rs. In Lacs)
13	<u>Cash and Bank balances :</u>		
(a)	Cash and cash equivalents:		
	Cash Balance on Hand	46.25	58.06
	Balance with Banks in:		
	Current Accounts	645.45	640.65
(b)	Earmarked balances with banks:		
	Unpaid Dividend Account	25.60	25.66
		717.30	724.37
14	<u>Other Current Assets</u>		
	Accrued Duty Draw back	617.35	685.25
	Accrued Focus Licence	68.60	-
	Tuf's Subsidy Receivable	10,441.11	-
	Accrued Interest	28.53	
	Advances to Others	4.92	6.25
	T.D.S. Receivable	17.29	
	Salary advance	57.27	18.69
	Slow Moving assets	-	42,486.83
	Advances against Travelling Expenses	28.90	32.58
		11263.97	43229.60
15	<u>Revenue from Operations :</u>		
(i)	<u>Sale of Manufactured goods :</u>		
	Suiting & Shirting	12373.69	23,314.02
	Industrial Fabric / Fusible Interlining	16426.03	63,056.60
	Quilting & Embroidery	792.80	1,196.14
	Denim	7493.41	30,537.81
	Terry Towel	16750.17	28,394.75
	Home Furnishing	11862.26	18,299.44
	Bottom Weight	3107.45	5,767.89
	Garments	1848.41	2,850.31
	Comforters	869.31	893.40
	Others	1550.95	
	Revenue from Operations	73074.48	174310.36
	Sales includes Export Sales of Rs.22063.39 lakhs (Previous year Rs.27420.24 lakhs).		
16	<u>Other Income</u>		
	Miscellaneous Income	998.39	81.55
	Duty Draw Back	1302.76	2334.86
		-	-
		2301.15	2416.41

SHRI LAKSHMI COTSYN LIMITED
Notes forming part of the financial statements

Notes Nos.	PARTICULARS	As at 31st March, 2014	As at 30th June, 2013
		(Rs. In Lacs)	(Rs. In Lacs)
17	<u>Cost of materials consumed</u>		
	Raw Material Consumed	61270.70	140137.60
	Packing Materials	1363.38	2311.78
	Others	353.56	779.05
		62987.64	143228.43
18	<u>Changes in Inventories of Finished Goods, Work-in-Process and Traded Goods</u>		
	Work-in-Process as at 31st March, 2014	16454.54	25625.50
	Work-in-Process as at 30th June, 2013	25625.50	21673.73
		9,170.96	(3,951.77)
	Finished Goods as at 31st March, 2014	21046.77	19676.95
	Finished Goods as at 30th June, 2013	19676.95	22526.60
		(1,369.82)	2,849.65
	Net (increase) / decrease Inventories	7801.14	(1102.12)
19	<u>Employee Benefit Expenses</u>		
	Salaries, wages and bonus	5105.02	6413.26
	Employee welfare expenses	74.97	135.71
		5179.99	6548.97
20	<u>Finance Costs</u>		
	Interest Expenses	19263.46	34176.92
	Bank Charges	407.49	1272.20
		19670.95	35449.12
21	<u>Depreciation and Amortization expense</u>		
	Depreciation of tangible assets	7846.73	10089.32
		7846.73	10089.32
22	<u>Other Expenses</u>		
	Rent, Rate & Taxes	102.97	120.29
	Insurance	53.34	101.62
	Repair & Maintenance	248.74	284.48
	Printing & Stationery	26.72	47.78
	Postage & Telegram	113.78	96.16

SHRI LAKSHMI COTSYN LIMITED
Notes forming part of the financial statements

Notes Nos. PARTICULARS		As at 31st March, 2014	As at 30th June, 2013
		(Rs. In Lacs)	(Rs. In Lacs)
	Travelling & Conveyance	317.51	287.12
	Meeting Expenses	0.89	1.88
	Cost & Stock Audit fee	0.88	0.30
	Auditors Remuneration	19.10	19.10
	Selling & Distribution Exp.	756.06	655.74
	Legal Expenses	50.45	7.75
	Advertisement	66.46	36.77
	Freight Outward	812.52	958.99
	Stores & Spares	429.54	672.74
	Power & Fuel	4215.94	6167.60
	Discount	7287.83	8,439.71
	Professional Charges	151.48	202.61
	Misc. Expenses	2482.08	489.53
		17136.29	18590.17
23	<u>Exceptional Items</u>		
a.	Loss on sale of Slowing Moving Stock	34,014.12	
b.	Loss on sale of rejected Stock	4,068.81	
		38,082.93	-
	<u>Less :</u>		
c.	Deferred Tax Liabilities Written back	14,053.85	
d.	Tuf's Subsidy accrued relating to previous year	6,860.90	
		17,168.18	-

In terms of our report attached.

For PRADEEP & ASSOCIATES

Chartered Accountants

For and on behalf of the Board of Directors

P.K.GUPTA
Partner

DR. M. P. AGARWAL
Chairman

DEVESH GUPTA
Dy. Managing Director

RAKESH KUMAR SHRIVASTAVA

Place : KANPUR

Company Secretary cum Finance Controller

Date : 30.05.2014

SHRI LAKSHMI COTSYN LIMITED

Notes 7 : FIXED ASSETS

(Rs. In Lacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 01.07.13	Addition	As on 31.03.2014	Upto 01.07.13	For the year	As on 31.03.2014	As on 30.06.13	As on 31.03.2014
Land	2,176.04	-	2,176.04	-	-	-	2,176.04	2,176.04
Building	24,008.21	414.90	24,423.11	2,715.79	699.23	3,415.02	21,292.42	21,008.09
Plant & Machinery	178,783.93	3,439.83	182,223.76	27,053.05	7,023.08	34,076.13	151,730.88	148,147.63
Furniture & Fixture	538.58	0.30	538.88	133.14	25.12	158.26	405.44	380.62
Office Equipment	664.30	2.70	667.00	277.61	49.31	326.92	386.69	340.08
Vehicles	708.31		708.31	357.96	49.99	407.95	350.35	300.36
Total	206,879.37	3,857.73	210,737.10	30,537.55	7,846.73	38,384.28	176,341.81	172,352.82
Previous Year	181,848.62	25,030.75	206,879.37	20,448.23	10,089.32	30,537.55	161,400.38	176,341.82

In terms of our report attached.

For PRADEEP & ASSOCIATES

Chartered Accountants

For and on behalf of the Board of Directors

P.K.GUPTA
Partner

DR. M. P. AGARWAL
Chairman

DEVESH GUPTA
Dy. Managing Director

RAKESH KUMAR SHRIVASTAVA
Company Secretary cum Finance Controller

Place : KANPUR

Date : 30.05.2014

SHRI LAKSHMI COTSYN LIMITED

Cash Flow Statement as on 31st March, 2014

(Rs. in Lacs)

Particulars	As at 31st March, 2014	As at 30th June, 2013
<u>CASH FLOW FROM OPERATION ACTIVITIES</u>		
Net Profit before tax and extra ordinary items	(62,415.29)	(36,077.12)
- Depreciation	7,846.73	10,089.32
	(54,568.56)	(25,987.80)
<u>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</u>		
- Trade and Other receivable	(21,047.49)	26,007.20
- Inventories	14,943.64	(1,142.37)
- Trade Payables	5,056.68	3,406.88
- Loans & Advances	33,578.64	(42,764.39)
- Increase in Bank Borrowing	(635.07)	(11,783.60)
- Short Term Loans	(1,861.58)	10,502.39
- Income Tax	(14,053.85)	-
	15,980.97	(15,773.89)
Cash Generated from operations	(38,587.59)	(41,761.69)
Net cash from operating activities	(38,587.59)	(41,761.69)
<u>CASH FLOW FROM INVESTMENT ACTIVITIES</u>		
- Net cash from operating activities	(38,587.59)	(41,761.69)
- Fixed assets acquired	(4,252.78)	(10,462.78)
- Sale of Investment	38.56	-
	(42,801.81)	(52,224.47)
<u>CASH FLOW FROM FINANCE ACTIVITIES</u>		
- Proceeds from issue of share capital	-	408.50
- Proceeds from issue of share warrant application money	362.52	-
- Proceeds from issue of Debentures	-	4,000.00
- Proceeds from issue of FCCB	1,939.52	(408.50)
- Proceeds from long Term borrowings	40,492.70	48,439.89
- Dividends paid (Including Dividend Tax)	-	-
- Net Cash used in financing activities	42,794.74	52,439.89
- Net increase in cash and cash equivalents	(7.07)	215.42
Cash and Cash equivalents as at 1st July 2013	724.37	508.95
Cash and Cash equivalents as at 31st March 2014	717.30	724.37

As per our report of even date attached.

For **PRADEEP & ASSOCIATES**
Chartered Accountants

Dr. M. P. Agarwal
(Chairman & Managing Director)

P.K.Gupta
Partner

Devesh Gupta
(Deputy Managing Director)

Rakesh Srivastava
(Company Secretary cum Finance Controller)

Place - Kanpur

Date : 30.05.2014

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Annexed to and forming part of the Balance Sheet as at 31st March 2014 and Statement of Profit & Loss for the year ended (9 months period)on that date:

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

PRINCIPLES OF CONSOLIDATION:-

(In respect of stand alone accounts, there is no requirement of an accounting policy of principles of consolidation)

The Consolidated Financial Statements relate to Shri Lakshmi Cotsyn Ltd. (the Company) and its subsidiary companies viz. SLCL Overseas (FZC), Shri Lakshmi Defence Solutions Ltd. and Synergy Global Home Inc., U.S.A. The Consolidated Financial Statements have been prepared on the following basis:

- a) The Financial Statements of the company and its subsidiary companies have been combined on a line-by-line basis adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra group & Intra group transactions resulting in unrealized profit & losses as per Accounting Standard 21- “The Consolidated Financial Statements” notified by the companies Accounting Standards Rules, 2006.
- b) The Financial Statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as that of the company i.e., 31st March 2014.
- c) The Consolidated Financial Statements have been prepared in accordance with AS-21.
- d) The difference between the cost of investment in the subsidiaries, and the Company’s share of net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital reserves as the case may be.
- e) Minority Interest in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately from liabilities and equity of the company’s shareholders.
Minority interest in the net assets of consolidated subsidiaries consists of:
 - The amount of equity attributable to minority at the date on which the investment in subsidiary is made; and
 - The minority share of movements in equity since the date the parent subsidiary relationship came into existence.
- f) Minority’s share of net profit for the year of consolidated subsidiaries is identified and adjusted against the Profit After Tax of the Group.
- g) Accounting for Investments in Associate in Consolidated Financial Statements as per Accounting Standard – 23 “ Accounting for Investment in Associates in Consolidated Financial Statements” notified by the companies (Accounting Standards) Rules, 2006.

SIGNIFICANT ACCOUNTING POLICIES

1) BASIS OF ACCOUNTING:

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the Generally Accepted Accounting Principles, Accounting Standards notified under clause 2 of Section 2 of the Companies Act, 2013 and the relevant provision thereof.

2) VALUATION OF INVENTORIES:

Inventory of Raw Material, Stores, Spares and Consumables are valued at cost. Cost is arrived at weighted Average method. Finished Goods and Semi Finished Goods are valued at cost of Raw Material at the respective units and conversion of these includes the cost incurred in the normal course of the business, in bringing the goods upto the present condition or net realizable value which is lower as accordance with the Accounting Standard-2 “ Valuation of Inventories” issued by ICAI.

3) DEPRECIATION:

In respect of all the fixed assets, depreciation is provided on straight line basis applying the rates specified in Schedule II of the Companies Act, 2013. Further, depreciation on an asset, whose actual cost does not exceed Rs. 5000/- has been provided at the rate of 100%.

4) REVENUE RECOGNITION:

In accordance with the provision of Section 128(1) of the Companies Act, 2013 and in accordance with Accounting Standard -9 “Revenue Recognition”, the Company follows accrual basis of accounting except in respect of interest on security deposit which is accounted for on Cash basis. Sales are invoiced on dispatch of goods to the customer.

5) TANGIBLE ASSETS:

As per Accounting Standard -10” Accounting for Fixed Assets”, Tangible assets are valued at cost less accumulated depreciation.

6) INTANGIBLE ASSETS:

Intangible assets are valued at cost

7) FOREIGN EXCHANGE TRANSACTION:

As per Accounting Standard -11 “The Effect of Change in Foreign Exchange Rate”, current assets and current liabilities relating to foreign currency transactions are recorded at the exchange rate prevailing at the time of transaction. Foreign currency contracts, outstanding at the close of the year have been accounted for at the exchange rate prevailing at the time of contract.

8) EMPLOYEES RETIREMENT BENEFIT:

Company’s contribution to Employees Provident Fund is charged to the Statement of Profit & Loss for the relevant financial year. Provision for leave Encashment & Gratuity has been made in accounts in Compliance with Accounting Standard -15 “Employee Benefits.”

9) INVESTMENTS:

All investments are valued at cost prices. Income from these investments is credited to revenue on accrual basis.

10) RESEARCH AND DEVELOPMENT EXPENDITURE:

As per Accounting Standard – 26 “ Intangible Assets” all revenue expenses pertaining to research and development are charged to the Statement of Profit and Loss in the year in which these are incurred and expenditure of capital nature is capitalized as fixed assets.

11) SEGMENT REPORTING:

The Company is engaged in manufacturing of textiles which in the context of Accounting Standard -17 “ Segment Reporting” as notified under the Companies Accounting Standards Rules, 2006, is considered as the only business segment.

12) EARNING PER SHARE (EPS):

Calculation of earnings per share (EPS) in accordance with Accounting Standard-20 “ Earning Per Share” issued by Institute of Chartered Accountants of India”.

Sl. No.	Particulars	2013-14 (for the period of 9 months ending on 31.03.14)	2012-13
1.	No. of equity shares	2,84,70,645	2,84,70,645
2.	Nominal value of equity shares (in Rs.)	10/-	10/-
3.	Profit before tax (Rs. in lacs)	(62415.29)	(36077.94)
4.	Profit after tax (Rs. in lacs)	(62415.29)	(40862.37)
5.	Basic EPS (in Rs.)	(219.23)	(143.52)

NOTES TO ACCOUNTS

1. Personal accounts are subject to confirmation, reconciliation and consequential adjustments (if any).
2. During the financial year under consideration, the Company has received Capital Subsidy of Rs. 5.69 Crores under Textile Upgradation Fund Scheme (TUFS) which has been credited to Capital Reserve Account.
3. As per the CDR Package approved by the CDR EG on 28th June 2013 a sum of Rs. 93.80 crores was stipulated to be inducted as promoter's contribution. In compliance with the same the company raised Rs. 93.90 Crore as Unsecured Loans from business associates to be converted into equity subject to approval of BSE/NSE, at a rate as may be mutually agreed between investor and the company in accordance with SEBI norms. However, in view of the present financial position of the company the investors have expressed their unwillingness to convert their unsecured loans into equity. The company is in discussion with such investors and is hopeful of a favorable decision in the matter.
4. Trade receivables include a sum of Rs. 252.30 Crore which is outstanding for a period of more than 6 months. Out of the same, receivables aggregating to Rs. 182.78 crores are doubtful of recovery, However no provision against the same has been made in the books of account as the management is hopeful of recovery of the same through constant follow up or by legal process as the management is contemplating to initiate legal action against such debtors.
5. Other current assets include Rs. 104.41 Crore towards accrued TUFS subsidy during the period.
6. Investment of Rs. 32.66 Crore includes investment in group companies.
7. The Accumulated Losses of the company as at 31.03.2014 have eroded the entire net worth of the company as on that date. As such the company has become a Sick Industrial Company as defined under Section 3(1) (O) of the Sick Industrial Companies (Special Provisions) Act 1985.
8. IFCI filed an application before Honorable debt recovery Tribunal, Delhi for recovery of its claim amounting to Rs. 6.68 Crore in respect of certain loan given to company. Company is contesting the case before DRT.
9. 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 per equity share 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 23.10.2012.

Out of that, FCCB worth USD 5 mn (including interest on FCCB of USD 1.5 mn) have been redeemed by availing ECB of USD 5.00 mn from UCO Bank.

Current FCCB outstanding is USD 2.8 mn (including interest on FCCB of USD 0.8mn) 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'ble High Court, Allahabad for recovery of their dues. The winding up petition filed by the FCCB Holders have since been admitted by the Hon'ble High Court and the matter is pending before the Hon'ble High Court.

10. Loss for the year is inclusive of Rs. 340.14 crore being the loss suffered by the company on disposal of slow moving stocks of finished goods/ raw material of Rs. 424.87 crore which was identified during the previous financial year. In addition to this, the company has also suffered a loss of Rs 40.69 Crore on sale of rejected stock. Due to the overall slowdown in demand in the textile sector and due to deterioration in the quality of stocks of such slow moving inventory and in order to mitigate the working capital shortages, the Company was forced to sell the same at relatively lower prices which resulted in substantial losses to the company.
11. In view of the liquidity crisis in the company and non receipt of TUFs subsidy, company is finding difficulties in making payment of dues i.e. interest and instalments to Banks as per CDR scheme. Due to non-payment of Bank dues, some accounts of the company may become NPA.
12. Deferred tax liability amounting to Rs. 140.54 crore recognized in the preceding financial years has been written back during the year under consideration due to substantial accumulated losses of the company and in such an event there is no likelihood of any Tax Liability in the near future in accordance with the provisions of AS 22.
13. As per CDR package, company was sanctioned Rs. 65.40 Crore as priority loan for critical capex, which should be available to the company in Aug' 2013, but it could not happen. Therefore Technical Textile unit , Spinning unit and Yarn Dyed Shirting Unit could not be made fully operational.
14. **RELATED PARTY DISCLOSURES :**
The related party disclosure in accordance with Accounting Standard-18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India is given below:-

I) NAME OF RELATED PARTIES & DESCRIPTION OF RELATIONSHIP

(A) Key Managerial Personnel:-

- (i) Dr. M.P. Agarwal CMD
- (ii) Mr. Pawan Kumar Agarwal Jt. M.D.
- (iii) Mr. Devesh Gupta Dy. M.D.

(B) Relatives of Key Managerial Personnel:-

- (i) Mrs. Sharda Agarwal Director (Wife of Dr. M.P. Agarwal)
- (ii) Mr. Alok Agarwal President (Works) (Son of Dr. M.P. Agarwal)
- (ii) Mr. Vikas Agarwal President (Marketing) (Son of Dr. M.P. Agarwal)

(C) Companies & Concerns controlled by Key Managerial Personnel/ Relatives

- (i) Shri Lakshmi Defence Solutions Ltd.
- (ii) SLCL Overseas (FZC) at Sharjah, UAE
- (iii) Synergy Global Home Inc. N.Y., U.S.A.

II) DETAILS OF TRANSACTION

Nature	Associate Companies	Key Management Personnel & their relatives
Remuneration	-	33,90,000.00*
Rent Paid	6,75,000.00**	9,90,000.00***

* Mr. Alok Agarwal (Rs. 11,25,000) , Mr. Vikas Agarwal (Rs. 11,25,000) , Mrs. Kamini Agarwal (Rs.5,40,000), Mrs. Divya Agarwal (Rs.60,000), Mrs. Barsha Agarwal (Rs.5,40,000).

** Galaxy Capital Finance Limited (Rs. 4,50,000) , Gautam Budh Impex (P) Ltd. (Rs.2,25,000)

*** Dr. M. P. Agarwal (Rs. 2,25,000), Mr. Pawan Kumar Agarwal (Rs. 2,25,000), Mr. Alok Agarwal (Rs. 2,70,000), Mr. Vikas Agarwal (Rs. 2,70,000).

15. **CONTINGENT LIABILITIES:**

Contingent liabilities as shown in the notes to the accounts, may affect the future profitability to the extent they materialize for payment

(i) Guarantees given by the Company	Rs 5.99 Crore
(ii) Claim against the Company not acknowledged as Debt	Rs. NIL
(iii) Letter of Credit outstanding	Rs. 38.17 Crore
(iv) Export Bill Discounted	Rs. 9.28 Crore

Estimated average contract remaining to be executed on Capital account and not provided for (Net of Advances payment) Rs. NIL (Previous year NIL).

1. Additional information wherever applicable or required are as under:-

A) Licensed Capacity: The Company is not required to obtain any licensed under the Industrial Development & Regulation Act, therefore the details of license capacity is not applicable.

Installed Capacity per Annum

Sr.No.	Particulars	Unit	As at 31.03.2014 (9 Months)	As at 30.06.2013 (12 Months)
i	Suiting & Shirting	Mtrs.	300 Lacs	300 Lacs
ii	Technical Textiles			
	<i>Technical Textiles Fabric</i>	Mtrs.	120 Lacs	120 Lacs
	<i>Fusible Interlining Fabric</i>	Mtrs.	250 Lacs	250 Lacs
	<i>NBC Fabric</i>	Mtrs.	100 Lacs	100 Lacs

	<i>Flex Fabric</i>	Sq. Mtrs.	500 Lacs	500 Lacs
	<i>Black Out Fabric</i>	Mtrs.	200 Lacs	200 Lacs
	<i>IRR / MSCN fabric</i>	Mtrs.	50 Lacs	50 Lacs
	<i>Others</i>	Mtrs.	180 Lacs	180 Lacs
iii	Quilt Fabric	Mtrs.	4 Lacs	4 Lacs
iv	Embroidery Fabrics	Mtrs.	8 Lacs	8 Lacs
v	Bottom Weight	Mtrs.	60 Lacs	60 Lacs
vi	Terry Towel	Tons	15000 Tons	15000 Tons
vii	Sheeting	Mtrs.	300 Lacs	300 Lacs
viii	Denim	Mtrs.	400 Lacs	400 Lacs
ix	Garments	Nos.	66 Lacs	66 Lacs
x	Quilts / Comforters	Nos.	3 Lacs	3 Lacs

Actual Production:

Sr.No.	Particulars	Unit	As at 31.03.2014 (9 Months)	As at 30.06.2013 (12 Months)
i	Suiting & Shirting	Mtrs.	21,588,990	26,412,530
ii	Technical Textiles			
	<i>Technical Textiles Fabric</i>	Mtrs.	7,085,117	12,956,850
	<i>Fusible Interlining Fabric</i>	Mtrs.	11,282,239	17,585,956
	<i>NBC Fabric</i>	Mtrs.	-	1,232,093
	<i>Black Out Fabric</i>	Mtrs.	-	9,982,452
	<i>IRR / MSCN fabric</i>	Mtrs.	-	-
	<i>Others</i>	Mtrs.	-	118,21,131
iii	Quilt Fabric	Mtrs.	208,411	425,658
iv	Embroidery Fabrics	Mtrs.	303,252	315,585
v	Bottom Weight	Mtrs.	3,450,007	7,821,737
vi	Terry Towel	Tons	3,903,719	13,671,541
vii	Sheeting	Mtrs.	8,660,488	26,464,491
viii	Denim	Mtrs.	7,495,230	34,134,631
ix	Garments	Nos.	5,32,107	316,525
x	Quilts / Comforters	Nos.	98,523	72,585

Sales:

Sr.No.	Particulars	Unit	Opening	Closing	Sales
i	Suiting & Shirting	Mtrs.	4,283,627	3,673,134	22,199,483
ii	Technical Textiles				
	<i>Technical Textiles Fabric</i>	Mtrs.	2,902,810	4,441,522	5,546,405
	<i>Fusible Interlining Fabric</i>	Mtrs.	2,927,866	2,963,114	11,246,991
	<i>NBC Fabric</i>	Mtrs.	12,38,397	-	12,38,397
	<i>Black Out Fabric</i>	Mtrs.	44,64,921	-	44,64,921
	<i>IRR / MSCN fabric</i>	Mtrs.	-	-	-
	<i>Others</i>	Mtrs.	29,538,131	-	29,538,131
iii	Quilt Fabric	Mtrs.	74,759	325	282,845
iv	Embroidery Fabrics	Mtrs.	5,141	125	308,268
v	Bottom Weight	Mtrs.	9,74,138	389,526	4,034,619
vi	Terry Towel	Tons	46,29,396	4,242,452	4,290,663
vii	Sheeting	Mtrs.	11,921,904	11,379,436	9,202,956
viii	Denim	Mtrs.	14,10,573	1,74,839	8,730,964
ix	Garments	Nos.	58,652	-	590,759
x	Quilts / Comforters	Nos.	13,589	25,579	86,533

For PRADEEP & ASSOCIATES
Chartered Accountants
FRN.001254C

(P.K. GUPTA)
Partner
Membership No. 070492

Dr. M.P. AGARWAL
Chairman & Managing Director

DEVESH GUPTA
Dy. Managing Director

RAKESH KR SRIVASTAVA
Company Secretary & Finance Controller

Place: Kanpur
Date: 30.05.2014