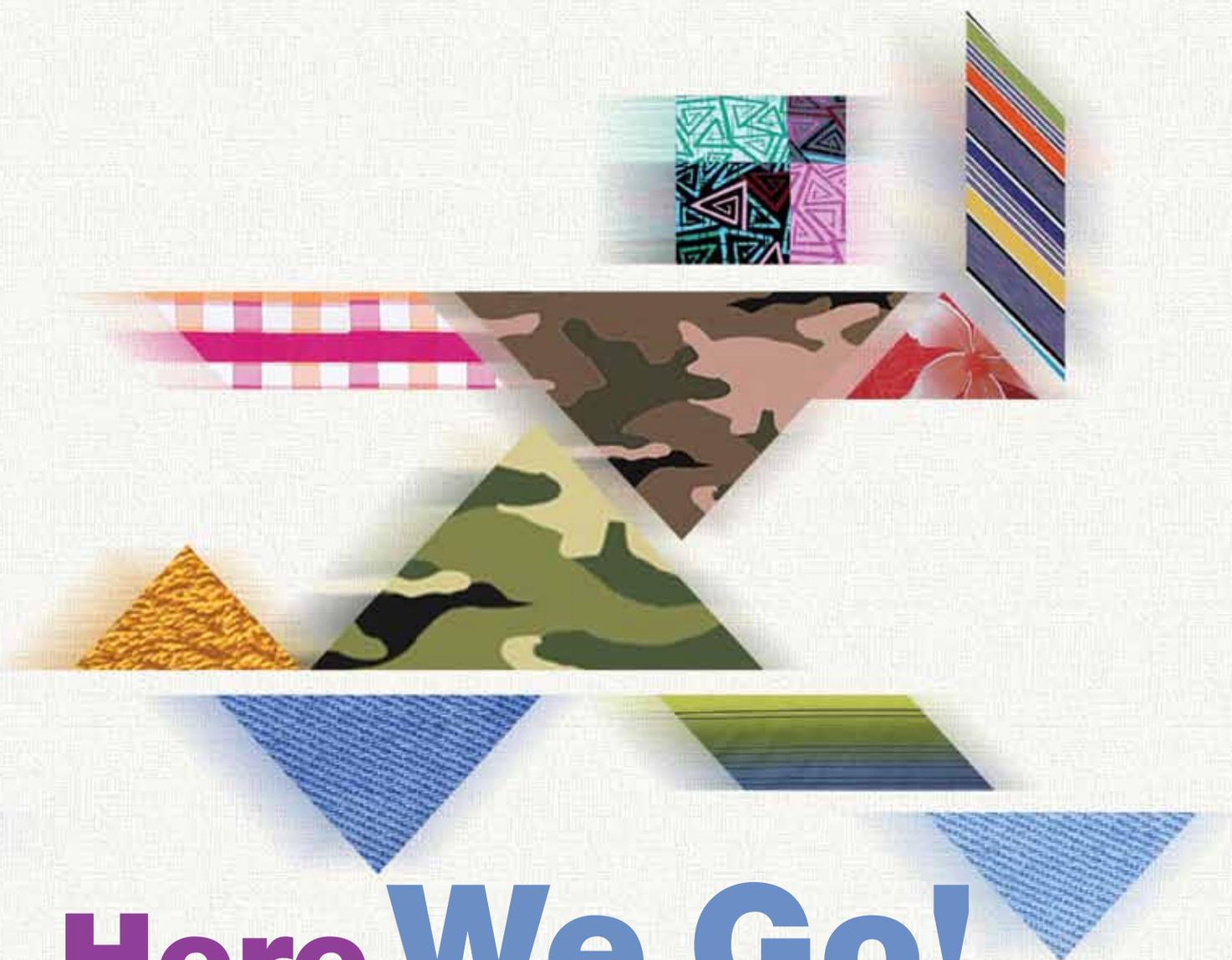




SHRI LAKSHMI COTSYN LIMITED  
23rd Annual Report 2010 -11



# Here We Go!

Accelerating growth across multiple verticals



## FORWARD LOOKING STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected, readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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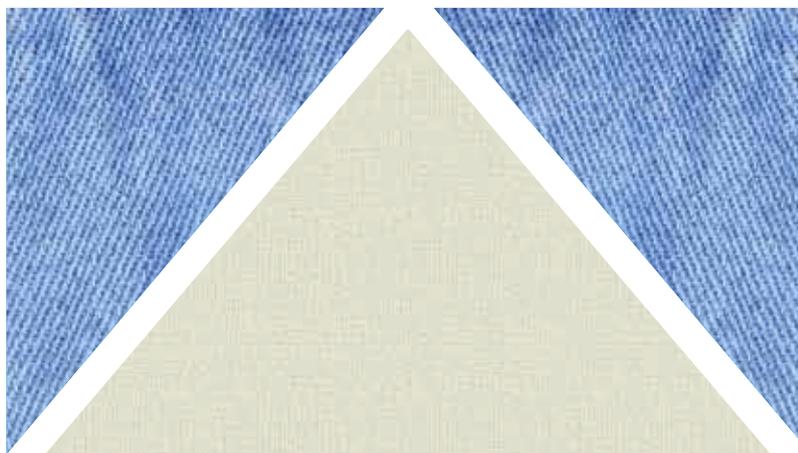
Going ahead and rediscovering one's potential is a corporate imperative at Shri Lakshmi, irrespective of market realities.

This is reflected in our continuous research and development, capacity expansion and business diversifications.

The journey has taken us far and wide: to multiple products from value-added innovative textile products, armoured vehicles and other defence solutions and various markets nationally and internationally.

We have now reached a juncture in our corporate existence when we are fully equipped to accelerate our pace. With developing competencies and widening business opportunities, Shri Lakshmi is looking forward to new product lines, brand-enhancing clients and escalating revenues.

**Tough or smooth, whatever may be the going we put our heart in things we do. Then there is no limit to whatever can be achieved.**





# Corporate Information

## BOARD OF DIRECTORS

**Dr. M.P. Agarwal**, Chairman cum Managing Director

**Mr. Pawan Kumar Agarwal**, Joint Managing Director

**Mr. Devesh Gupta**, Dy. Managing Director

**Mr. Dileep Bajaj**, Executive Director

**Mrs. Sharda Agarwal**, Executive Director

**Mr. R. K. Garg**, Independent Director

**Dr. G.N. Mathur**, Independent Director

**Dr. J.V. Rao**, Independent Director

**Mr. S.K. Mangol**, Independent Director

**Mr. K.D. Gupta**, Independent Director

**Mr. Ram Sharan Srivastava**, Independent Director

## COMPANY SECRETARY & FINANCE CONTROLLER

**Mr. Rakesh Kumar Srivastava**,

## PRESIDENT WORKS

**MR. B.R. GARG**

## STATUTORY AUDITORS

M/S Pradeep & Associates  
Chartered Accountants  
27/78 A, Gagan Deep Complex,  
Birhana Road, Kanpur-208001  
Ph. No. (0512)- 2313665

## INTERNAL AUDITORS

M/S Ajai Shanker & Company  
Chartered Accountants  
112 / 206-A, Swaroop Nagar,  
Kanpur-208002  
Mob. No. 09839211408

## COST AUDITOR

Mr. A.K.Srivastava  
96 Harjender Nagar, Kanpur-208007  
Mob. No. 09839116989

## SECRETARIAL AUDITOR

Mr. Sarvesh S. Srivastava  
117/ Q / 454, 209, Indrapuri  
Sharda Nagar, Kanpur-208025  
Mob. No. 09839084865

## LEGAL ADVISOR

Mr. Naresh Kumar Srivastava  
Advocates  
96/18, Sri Nivas Garden,  
Colonelganj, Kanpur-208001  
Mob. No. 09335503942

## P. R. ADVISOR

Adfactors Pr Pvt. Limited  
Shalaka Maharshi Karve Marg,  
Cooperage, Mumbai-400021  
Ph. No. (022)- 22813565

## BANKERS

1. Syndicate Bank
2. Central Bank Of India
3. Bank Of Baroda
4. Union Bank Of India
5. Canara Bank
6. Punjab National Bank
7. State Bank Of Patiala
8. Allahabad Bank
9. Indian Bank
10. IDBI Bank Limited
11. EXIM Bank
12. State Bank Of Travancore
13. Saraswat Co-Operative Bank
14. State Bank Of Mysore
15. Andhra Bank

## OVERSEAS BANKERS

1. PNB International Limited, London
2. Canara Bank, U.K.

## REGISTERED OFFICE

19/X-1 Krishnapuram  
G.T Road, Kanpur, U.P.-208007  
Ph. No. (0512)-2401492, 2402893  
Fax No. 91-512-2402339

## CORPORATE OFFICE

C-40, Sector-57, Noida. U.P.  
(0120)-4544780

## U.S. OFFICE

Suite # 627-629, 7 West, 34th Street,  
NewYork, NY-10016  
Ph No.: 212-212-0770

## SUBSIDIARY COMPANIES

### 1) Shri Lakshmi Overseas (Fzc)

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

### 2) Shri Lakshmi Defence Solutions Limited

Rahsoopur Gate No. 133, Tehsil Bindki,  
Industrial Area, G.T.Road, Distt. Fatehpur

## REGISTRAR & TRANSFER AGENTS

M/S Abhipra Capital Limited  
GF-58-59 World Trade Centre,  
Barakhamba Lane, New Delhi-110033  
Ph. no.:+91 11-42390909; 30750800  
Fax:+91 11-27215530

## UNITS

### (a) Malwan Unit

Upsidc Industrial Area  
P.O. Malwan Dist. Fatehpur, U.P.  
Ph. No. (05181)-248669

### (b) Aung Unit

P.O.Aung, Gt Road, Dist. Fatehpur, U.P.  
Ph. No. (05181)-251184 / 48

### (c) Abhaypur Unit

PO Ashapur, Abhaypur, G. T. Road  
District- Fatehpur (U.P.)

### (d) Rewari Bujurg Unit

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

### (e) Rahsupur Unit

Village Rahsupur  
Dist. Fatehpur, U.P.

### (f) Noida Unit

C-40, Sector-57,  
Noida  
Ph. No. (0120)-4722700

### (g) Roorkee Unit

Dev Bhoomi Industrial Estate,  
Village Banta Kheri, Tehsil Roorkee,  
District Haridwar, Uttaranchal  
Ph. No. (01332)-231961

### (h) Sonepat Unit

Village-Libasapur, District- Sonepat, Haryana  
Ph. No. (0130)-2381579

## WEBSITE

www.shrilakshmi.in

## E-MAIL ID

shri@shrilakshmi.in

## CORPORATE IDENTITY NUMBER (CIN)

L17122UP1988PLC009985

## DEMAT ISIN NSDL & CDSL.

INE851B01016

## LISTING

### Bombay Stock Exchange

Floor 25, P.J. Towers,  
Dalal Street, Mumbai-400001  
Ph. No. (022) – 2272134

### National Stock Exchange

5th Floor, Exchange Plaza,  
Bandra (E), Mumbai-400051  
Ph. No. (022)- 26598100

### U.P. Stock Exchange

“Padam Tower”, Civil Lines, Kanpur-208002  
Ph. No. (0512)- 2338220

### Singapore Stock Exchange

2, Shenton Way # 19-00,  
SGX Centre 1, Singapore-068804

## SCRIP CODE

**BSE:** 526049

**NSE:** SHLAKSHMI

## BLOOMBERG CODE

SHRI LAKSHMI IN

## REUTERS CODE

SHLK.BO



# Growing momentum



Shri Lakshmi Cotsyn Limited (Shri Lakshmi) is among India's fastest growing, Indian conglomerates with a strong presence in the home and technical textile segments. The efficient research and development capabilities and engineering excellence have enabled the organisation to diversify its offerings from value-added innovative textile products to armoured vehicles and other defence solutions.

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<b>Inception</b>	: August 1993 by Dr. M. P. Agarwal, a renowned cost accountant-turned-industrialist
<b>Headquarters</b>	: Kanpur
<b>Manufacturing facilities</b>	: Malwan, Aung, Abhaypur, Rewari Bujurg, Rahsupur, Noida (Uttar Pradesh), Roorkee (Uttarakhand) and Sonapat (Haryana)
<b>Listed on</b>	: BSE, NSE, SGX (Bonds) and the UP Stock Exchange
<b>Promoters' holdings (%)</b>	: 41.33
<b>NSE Code</b>	: SHLAKSHMI
<b>BSE Code</b>	: 526049



## Competitive advantages

- ▶ Integrated across the textile value chain – yarn manufacture, weaving, processing and dyeing to garmenting and retailing
- ▶ Diversified product offerings - home textiles, technical textiles to defence related armoured vehicles
- ▶ Market leader in the fusible interlining with over 30% market share in the organised sector
- ▶ Extensive marketing and distribution network through 1250 multi-branded outlets (MBOs)
- ▶ Large domestic and international client base
- ▶ Environment-friendly and technology-efficient processes, in-house chemical auxiliary unit and 16 MW captive co-generation power plants
- ▶ Efficient R&D facilities for innovative products
- ▶ Internationally benchmarked quality standards through advanced TQM methodologies
- ▶ Creative design offerings (exclusively copyrighted)



## Product offerings

- Denim Fabric, Bottom Weight Fabric, Wider Width Fabric, PU Coated Nylon Fabric, Home Furnishing and Bed Linen (Malwan Unit)
- Blended Suiting and Shirting, Cotton Fusible Interlining, Camouflage Uniform Fabric and Technical Textile Fabric (comprising Fire Retardant Fabric, Water Proof Fabric, NBC Fabric, Breathable Fabric and Camouflage Printed Fabric) (Aung unit)
- Technical Textile Fabric (which includes Flex Fabric , Black-out Fabric, Multi-Spectrum Camouflage Net (MSCN), Cotton Fusible Interlining and NBC Fabric) (Rewari Bujurg unit)
- Embroidery and Lace Fabric, Quilted Fabric (Sonepat unit)
- Comforters, Quilted Fabrics (Noida unit)
- Denim Jeans, Cotton Casual Trousers, Men's Knitted Shirts and T-Shirts, Ladies Fashion Wear (Roorkee unit)
- Terry Towels (Abhaypur unit)
- Bullet proof jackets, sleeping bags, combat helmets, IR camouflage nets, ballistic body armour, bullet proof helmets, bomb blankets, web equipment, armoured and mine protected vehicles (MPV) at Rashupur unit of SLDSL\*

\*SLDSL – Shri Lakshmi Defence Solutions Limited, Shri Lakshmi's subsidiary

## Features of our armoured and mine protection vehicles

### Drona MPV

- Armoured troop carrier to protect against mine explosions
- Possesses front fenders and the hood, attached to the chassis to reduce the shock against blast that is transmitted to the cabin
- Front wheel base with intelligent architecture and a 'V' shaped armouring cell on the rear wheels protect the vehicle against mine detonation under the wheel and diverts the impact of explosion, outwards, thus minimising damage to the crew cabin

### Viper

- Fast moving attacking armoured vehicle
- Possesses four side doors, a single rear luggage door, rotating turret and cross-country run flat tyre, a pick-up van style for additional and heavy artillery payload
- Capacity to carry a total crew complement of six
- Armoured to equip European B7+ armour

### Dhruv

- A patrol vehicle for police forces to tackle problems in urban areas
- Comfortable seating arrangements for a fully equipped response team of 10 to 12 people built on the Ford 550 American chassis

- Specialised air-conditioned vehicle with working space, rotating turrets and exceptionally viewing large armoured glass
- Developed an Indian right hand drive chassis with a B4 protection level (provision to upgrade to B7)
- Run flat tyres and an excess payload of four tons (post armouring) with an ability to enjoy a speed up to 95 kilometres per hour

### Sherpa MK7

- Light armoured vehicle configured to carry a tactically equipped crew of up to 10 persons, fitted with four side doors and either a single rear door or 30-70% double rapid deployment doors
- Mounted on the Ford 550 chassis
- Armoured to the NATO STANAG 4569 level 3 that exceeds the CEN European B7 armour level
- Built with hollow cavity walls filled with special blast protective materials
- Installed with side armour that provides excellent protection against side load IEDs
- The firewall provides a second armoured wall to protect the driver and front passenger from a frontal attack
- The floor (over 1,134 kg) is also protected from blast and the payload, despite superior armouring



Dhruv- Executive



Viper



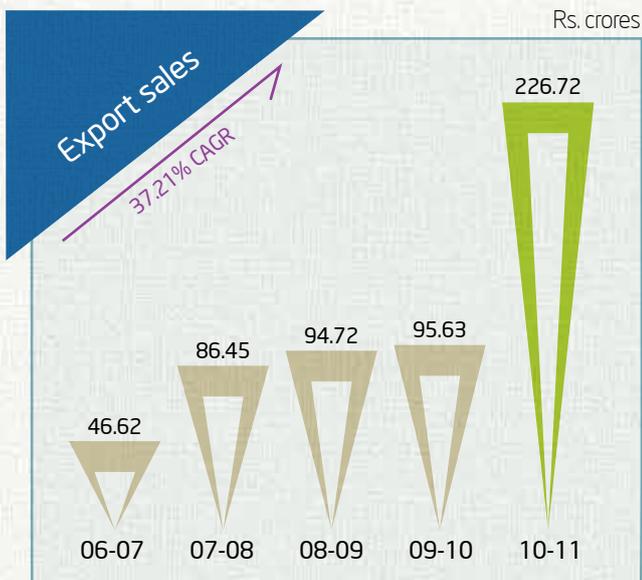
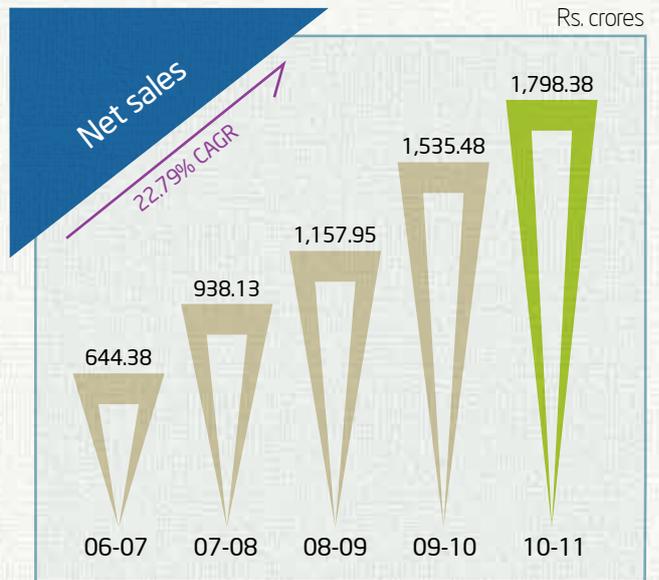
Dhruv - ATC

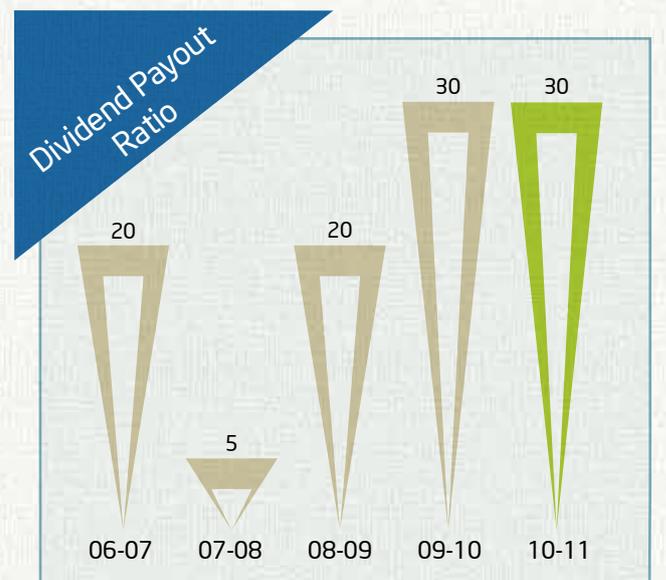
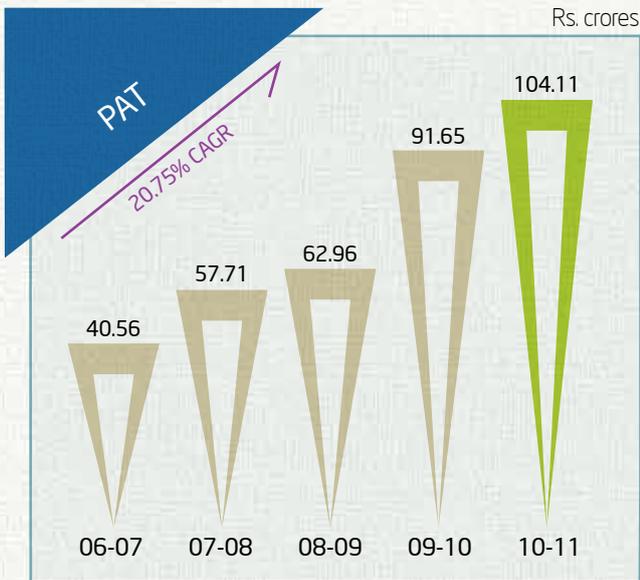


Drona MPV



# Financial highlights

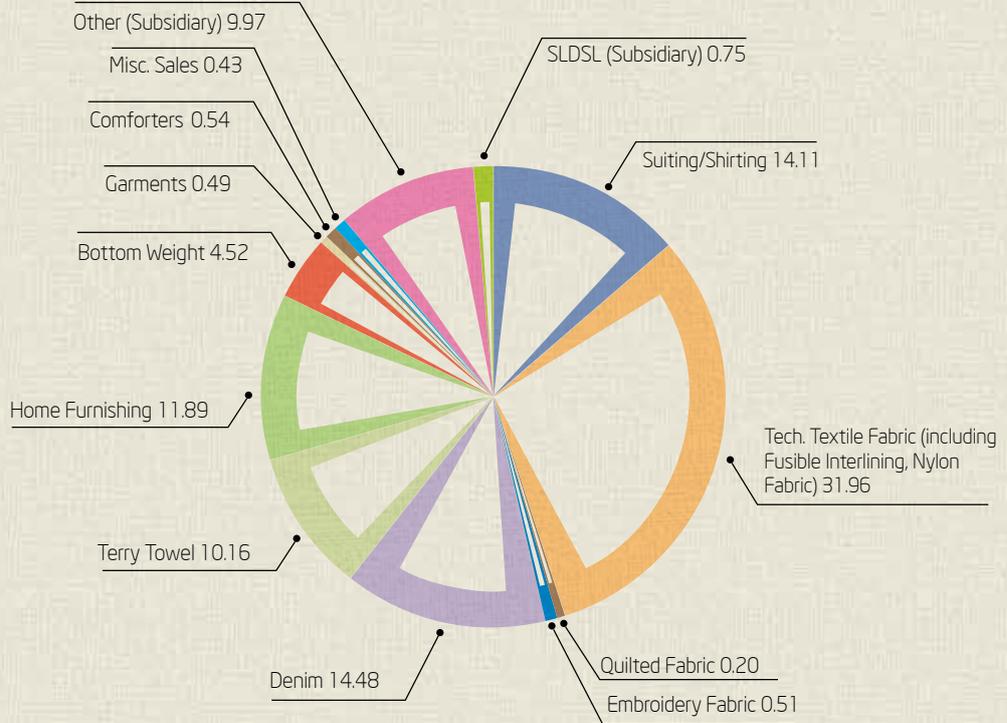




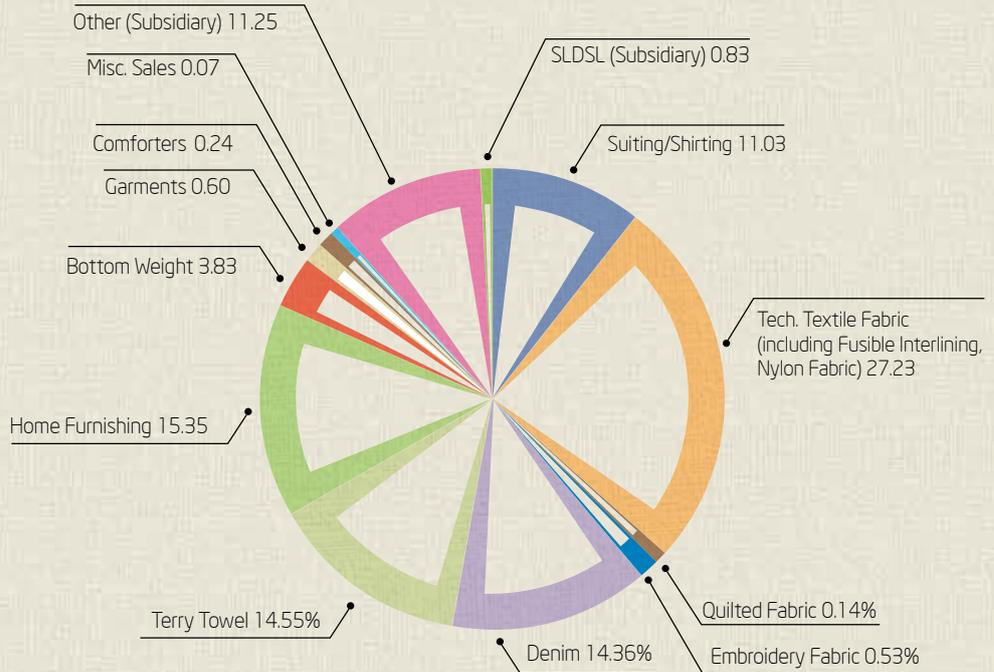


## Revenue contribution pie (%)

2009-10



2010-11



## Year-on-year improvement

**17.12%**

in net sales

**80.17%**

in net fixed assets

**33.14%**

in EBIDTA

**183 bps**

in EBIDTA margins

**13.60%**

in PAT

**18 bps**

in PAT margins

**31.70%**

in net worth

## Significant developments in 2010-11

- Received orders from various state police forces for their light armoured vehicles (Sherpa MK 7) and repeat orders for mine protection vehicle (Drona), armoured troop carriers (Dhruv), bullet proof helmets and ballistic sheets
- Participated in tenders for bullet-proof jackets, armoured sentry posts and multi-spectrum camouflage
- Entered into an MoU with 3M for communication system excellence (which is attached with their bullet-proof helmets)
- Signed an agreement with Ford India for providing chassis for the armouring of vehicles
- Introduced bomb blankets (that can be placed on the area where bomb is detected by the bomb squad in order to avoid any destruction in the adjoining areas during blast); received orders for the same from paramilitary forces
- Ministry of textiles, Govt. of India, has approved Shri Lakshmi Textile Park Limited for setting up new integrated textile parks in the State; it has also approved the Company for skill upgradation project
- Directorate of Scientific & Industrial Research (DSIR) awarded R&D recognition to the Company
- Set up six exclusive DYFI outlets in North India mostly in Delhi & NCR



**“ Go is a small word with big implications. For us it means going forth into a new order of reality ”**

Dr. M.P. Agarwal

## Dear Shareholders,

Since 1993 we have traversed a long way, encountering both opportunities and challenges. While opportunities gave us the chance to aspire for higher goals, the challenges hardened our resolve to keep trying even when conditions were not congenial. The objective in all these years was to enhance scale, drive innovation and widen offerings, despite adversities such as higher cost of capital, rising people cost and market volatilities.

In all these years, we are happy that we grew in good times and bad, and now we have reached a stage in our corporate evolution when we are fully equipped to commence the next level of our journey. We are now in the last phase of our Rs. 992-crore expansion plan of our denim fabrics, sheeting and technical textiles. Such an initiative will not only augment revenues, but help cater to the increasing demand and improve our market share. Moreover, our safety and defence solutions are increasingly gaining importance in the defence sector.

### FINANCIAL PERFORMANCE

Aligned to our previous performance in 2010-11, our revenues and profit increased 17% and 14% respectively, whereas our operating margins strengthened by 183 bps. The proportion of our revenues from exports increased 137% over that of the previous year.



We introduced a pilot scale project for converting rice-husk ash into liquid sodium silicate, which can have multiple applications. We shall further scale up this project and convert it to precipitated silica and contribute towards environment protection.

### STRONGER MARGINS AND HIGHER REALISATIONS

Technical textile, a high-margin segment, has the potential to grow faster than the home and apparel segments. The products find multi-sectoral applications across construction, automobile, agriculture and healthcare, among others. We are the market leaders in this segment and derive 27% of revenues from this segment alone. Our 16-fold expansion plan in this segment is expected to escalate revenues and widen brand visibility considerably. Our two-fold expansions in the home furnishing and fabrics segment, combined with our retail penetration through 1,250 multi-branded retail outlets on a franchise model, will also help strengthen realisations.

### DEFENCE SEGMENT OPTIMISM

The Indian defense sector is one of the fastest growing markets globally. With the ageing military hardware and technology, increasing domestic insurgencies, terrorism and hostility from neighbouring countries, the expenditure is expected to record a CAGR of over 6% between 2010 and 2015\*. Our cutting-edge defence products and armoring of vehicles (manufactured by Shri Lakshmi's subsidiary, SLDSL) has already found an overwhelming response from the state police forces.

Shri Lakshmi is also an approved vendor with multiple Indian defence establishments. We have been supplying safety textiles (bio- chemical, high altitude fabric, bullet-proof jackets and bullet-proof helmets, camouflage fabrics, uniform fabric, IR fabric and carbon fabric) to Indian defence establishments. Recently, the Indian Army has also shown interest in our armoured vehicles (Sherpa MK 7) and other defence products and has invited us for bidding for approximately 4400 such vehicles.

### CREATING VALUE

Our latest offerings: flex fabrics (for advertisement hoardings) and geogrid fabrics (to hold back strong surface) have the potential to capture a significant market share in India. Recently, our R&D units (Shri Lakshmi and SLDSL) were recognised by the Department of Scientific and Industrial Research. This is a major breakthrough for our R&D team. We have also received approval from The Ministry of Textiles for setting up new integrated textile park in the state of Uttar Pradesh and for undertaking skill upgradation project.

### ENVIRONMENT AND SOCIAL RESPONSIBILITY

Our green focus is gathering momentum too. In 2010-11, we continued to undertake in-campus greening, encouraged responsible use of natural resources, recycling, pollution- control measures and reduction of landfill wastes. We also maintained a healthy working environment and provided proper housing and medical facilities for our people.

### BEING OPTIMISTIC

The road ahead for Shri Lakshmi is bright and exciting. We are committed to make the best of the available opportunities, while minimising the extent of the underlying risk in our business model. You have always believed in our potential to grow and outsmart competition. We are grateful to our bankers, shareholders, customers, suppliers and the employees for helping us build a strong and sustainable organisation.

Warm Regards

**Dr. M.P. Agarwal**

Chairman and Managing Director

\*Source: The Indian Defense Sector – Market Opportunities and Entry Strategies, Analyses and Forecasts to 2015



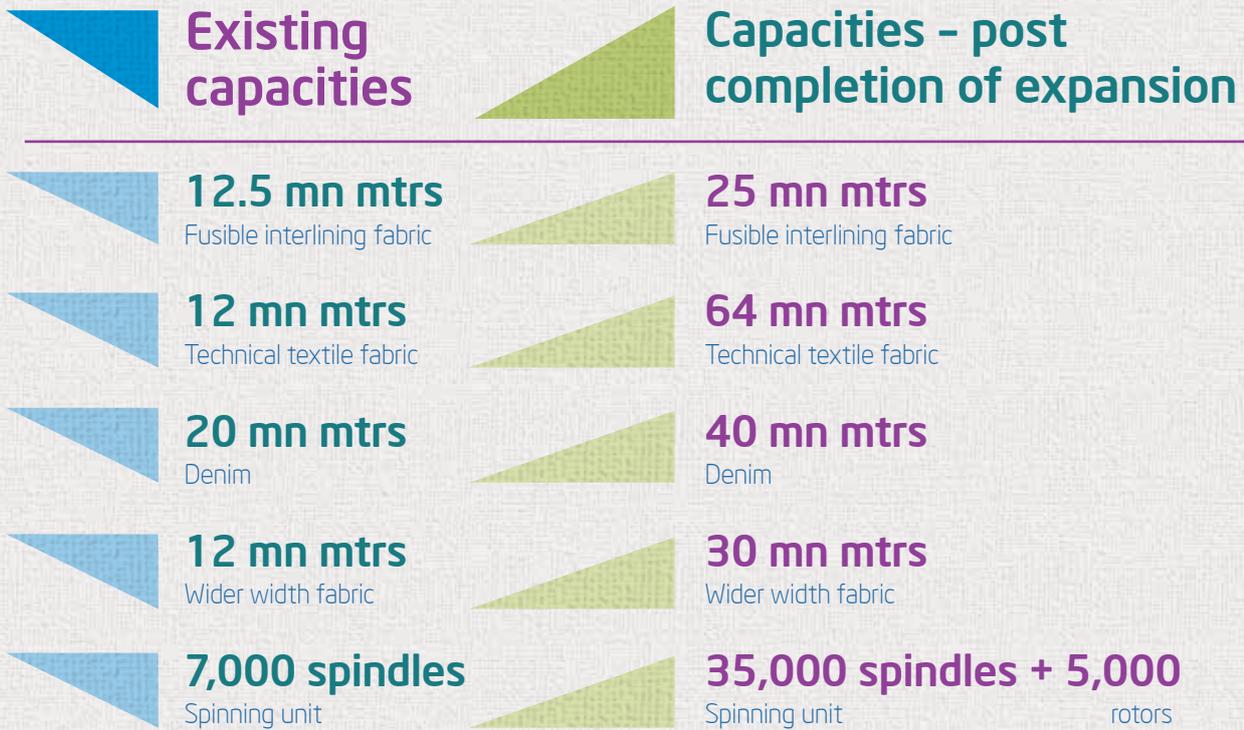
# Capacities are here

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The focus now is on expansion. We are undergoing a comprehensive Rs. 992-crore expansion/diversification plan across multiple verticals to cater to the additional demand generated, thanks to our quality excellence and ceaseless innovation. Once the proposed capacities come on stream, it will accelerate the performance across verticals.

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## Capacities under expansion (per annum)



## Existing capacities of other products (per annum)



## New capacities under Technical Textiles (per annum)





# Growth is here



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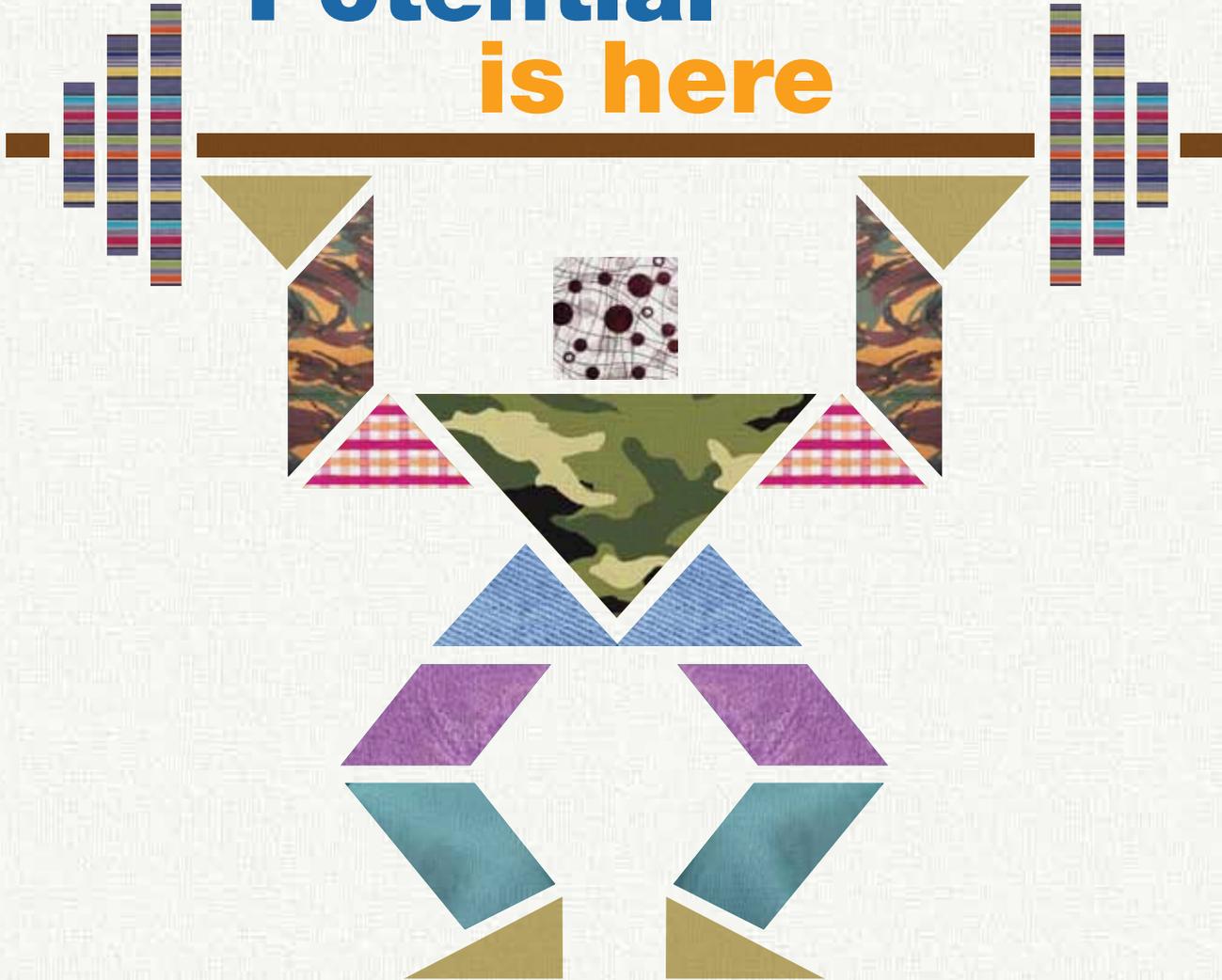
We are one of the leading manufacturers and suppliers of technical and safety textiles and fabricated items for the defence sector. Our product offerings and SLDSL's armoured and mine protection vehicles are finding an overwhelming response from the police forces as well as the Indian army. The products are margin-accretive and are expected to enhance the organisation's financial performance significantly, going ahead.

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# All star army commandoes gathered to see Sherpa MK7 at one of the army's exhibition



# Potential is here



Shri Lakshmi's Research and Development facility enhances cutting-edge technical expertise and superior craftsmanship. This enables innovative product offerings and drives market share.

The organisation manufactures bulk samples in its pilot plant for every product and shares it with the prospective clients for feedback. This results in less rejection, lower production cost and encourages exports. Besides, the presence of such facility also increases the possibilities of winning any tender.

## Innovative offerings of our R&D



### **BLACK-OUT FABRIC**

A curtain fabric with layers of carbon to completely block the lights, resulting in lower energy consumption and room protection from sunlight.

### **FLEX FABRIC**

A specialised fabric used as banner for the Out of Home (OOH) advertisements.

### **NUCLEAR BIO-CHEMICAL (NBC) FABRIC**

A specialised fabric for the defence sector that safeguards soldiers from nuclear or chemical warfare.

### **MULTI-SPECTRUM CAMOUFLAGE NET (MSCN) FABRIC**

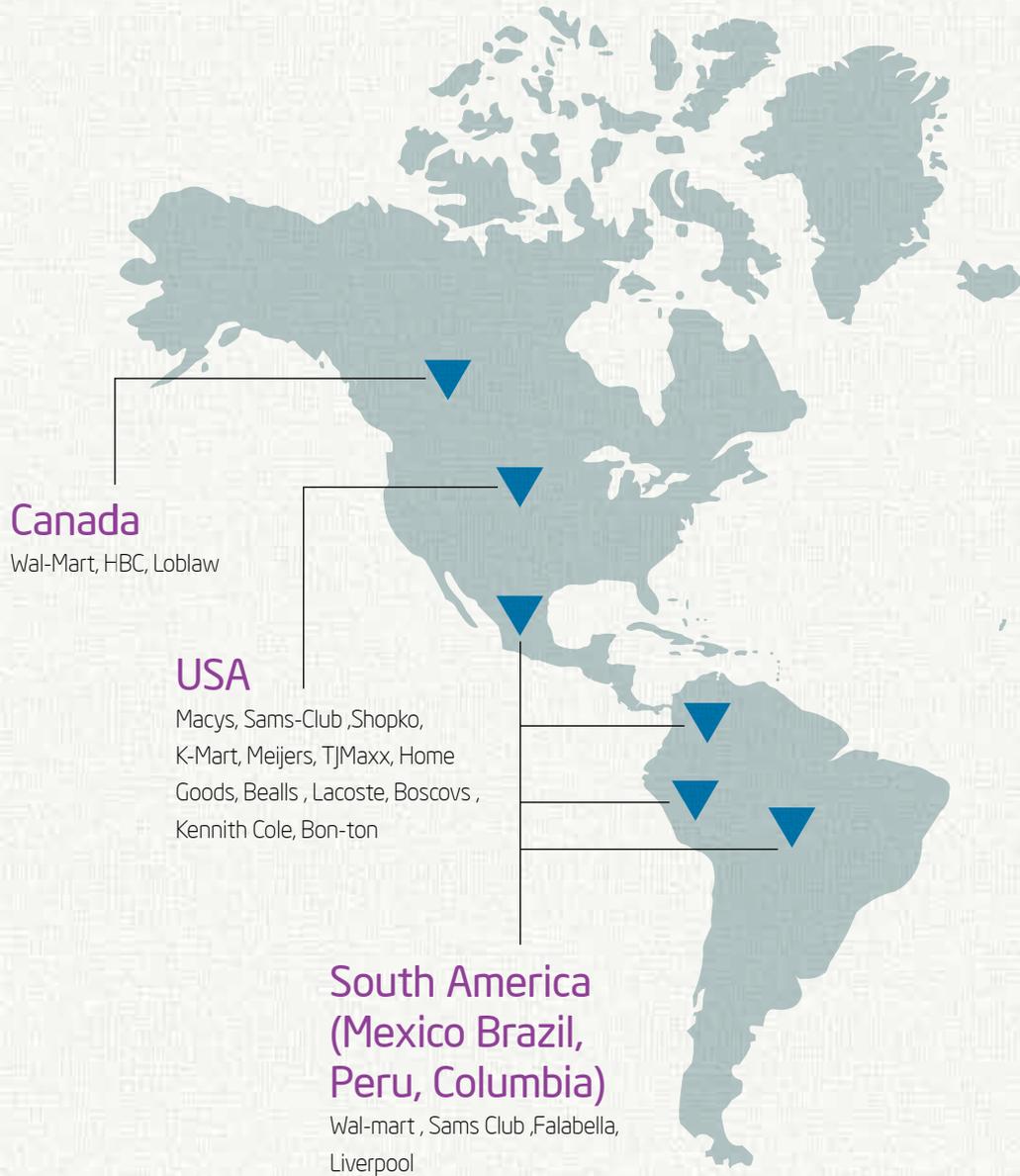
A specialised fabric for the defence sector to make the soldiers and arms/ammunitions indistinguishable to the naked eye, thermal, infra-red imaging and even to radar imaging.

### **GEOGRID FABRIC**

A specialised fabric to reinforce the soil behind a retaining wall as well as sub-bases or sub-soils below roads or structures.



# Going global







# Going ahead is creating consistent value... For evolving lifestyles

---

## Star Track

- ▶ Launched in 1997
- ▶ Offers over 40 varieties of fusible interlining (with zero shrinkage)
- ▶ Used in collars, cuffs, shoes, dolls and in other clothing accessories

## Galaxy

- ▶ Launched in 1997
- ▶ Offers a wide range of clothing accessories

## Alisha

- ▶ Launched in 2000
- ▶ Offers multiple embroidery range

## SVL

- ▶ Launched in 2008
- ▶ Offers 180 shades of zippers for gents and ladies garments, bags and luggage

## Weaves

- ▶ Launched in 2008
- ▶ Offers home furnishing items, such as value-added bed sheets, bed covers, terry towels, pillows, cushions, comforters, table covers, accessories and innovative bed sheets (water repellent, mosquito repellent, organic, vitamin-E enriched and bacteria-free)

## DYFI

- ▶ Launched in 2010
- ▶ Offers garments that are stitched through technology driven machines



# Awards and accolades

- ▶ Ranked 117th among the top 400 Mid-Cap companies in the year 2011 in India (Source: Dalal Street Journal, Mid-Cap 400, 2011 issue)
- ▶ Ranked 319th among the top 500 manufacturing companies in India (Source: Industry 2.0 - Technology Management for Decision-Makers, September, 2011 issue)
- ▶ Ranked 319th among the top 500 companies of India (Source: The Economic Times and published in ET-500, October 2010 issue)
- ▶ Ranked Star Export house from the office of the Joint Director General of Foreign Trade, Ministry of Commerce and Industry
- ▶ Received an award from Community of International Sewing Machine Industry, India (CISMI) organised by GARTEXMA for valuable support in apparel and home textiles machine industry (11th October, 2010)
- ▶ Dr. M.P. Agarwal, CMD, was recently conferred upon "Centre for Excellence Award 2010 in Textiles" from the National Productivity Council, (Kanpur Chapter) jointly with Merchant Chamber of Uttar Pradesh, Kanpur Management Association (KMA) and National Institute of Personnel Management (NIPM)
- ▶ Award received on 24th March, 2011 from Indian Carbon Outlook for Accelerating Market Driven Sustainability.

## Certifications

Name of Certificate	Purpose
GOTS	Global Textile System
O.E. 100 & Blended	User Health & Safety
REACH	Chemical Management
OEKO-TEX 100	Skin Friendly Chemical
SA-8000	Social Accountability
ISO-9001 / 2008	Quality Management System
ISO-14001 / 2004	Environment Management System
OHSAS - 18001 / 2001	Occupational Health & Safety
FAIR TRADE CERTIFICATE	Ethic Trade Practices



# Shri Lakshmi

**'सस्ते ब्याज, बिजली से मिलेगी उद्योगों को राहत'**

आज के उद्योगों को राहत देने के लिए सरकार ने ब्याज दरों को घटाया है। बिजली के दामों को भी घटाया है। इससे उद्योगों को राहत मिलेगी।

श्री लक्ष्मी कोटसिन लिमिटेड के अध्यक्ष श्री राजेश कुमार शर्मा ने कहा कि यह एक अच्छा संकेत है।

**श्री लक्ष्मी रिटेल शोप्स टो टारगेट टियर II सिटीज**

श्री लक्ष्मी रिटेल शोप्स टो टारगेट टियर II सिटीज में अपना बिजनेस शुरू करेगा।

श्री लक्ष्मी रिटेल शोप्स टो टारगेट टियर II सिटीज में अपना बिजनेस शुरू करेगा।

**तिरुपति में वीव्स स्टूडियो प्रारंभ**

तिरुपति में वीव्स स्टूडियो प्रारंभ हुआ है।

श्री लक्ष्मी कोटसिन लिमिटेड ने तिरुपति में वीव्स स्टूडियो प्रारंभ किया है।

**अजुबा : ब्रेड साल के अनुसंधान से मिली कामयाबी**

**कानपुर में बनी चादर से भागेंगे अमेरिकी खटमल**

कानपुर में बनी चादर से भागेंगे अमेरिकी खटमल।

कानपुर में बनी चादर से भागेंगे अमेरिकी खटमल।

**IN BRIEF**

**Weaves Studio Opened in Tirupati**

Tirupati: Shri Lakshmi Cotsyn Limited, a manufacturer of textile product setup its first showroom - Weaves Studio, in Tirupati on Friday. Sanjay Gupta, president of the company who inaugurated the shop said that Weaves Studio at Tirupati is their first exclusive store and they are going to shortly open 100 more such shops across the country. The products at Weaves studio include home furnishing products.

**श्री लक्ष्मी कोटसिननी विस्तरण योजना**

श्री लक्ष्मी कोटसिननी विस्तरण योजना।

श्री लक्ष्मी कोटसिननी विस्तरण योजना।

**श्री लक्ष्मी कोटसिन का नया शो रूम दिल्ली में**

नई दिल्ली। श्री लक्ष्मी कोटसिन ने गुडगांव और दिल्ली में एक रेडीमेड गार्मेंट का शो रूम डीवाईएफआई की शुरुआत की है। कंपनी कपड़ा और घर फर्निशिंग क्षेत्र में काम करने के अलावा अन्य रक्षा उपकरण भी बनाती है। कंपनी के कार्यकारी निदेशक दिलीप बजाज ने कहा, डीवाईएफआई मुख्यतः मेंज वेयर शो रूम हैं। यह 30 वर्ष तक के युवा खरीदारों पर केंद्रित है, इसलिए कपड़ों की कीमत 900 से 1500 रुपये रखी गई है।

**'Weaves Studio' opens in Tirupati**

Staff Reporter

TIRUPATI: Shri Lakshmi Cotsyn Ltd., a diver engaged in manufacturing and processing textile products for military forces launched its first Studio on Gandhiji Road, Tirupati on Friday. The value-added products on offer include mosquito-repelling sheets, bed covers, comforters, towels, bath linens, etc.

**Macchar menace? Buy a mosquito-repelling bedsheet**

The bedsheet undergoes an evolution

Shri Lakshmi Cotsyn net up 23.5%

Shri Lakshmi Cotsyn, an integrated textile player, has reported 23.5 per cent rise in its net profit at ₹28.50 crore for the quarter ended June as compared to ₹23.08 crore in the same period last year.

BS REPORTER

**Lakshmi Cotsyn plans Rs 993-cr capex for next fiscal**

Shri Lakshmi Cotsyn plans Rs 993-cr capex for next fiscal.

Shri Lakshmi Cotsyn plans Rs 993-cr capex for next fiscal.

**डॉक्टर की तरह गाँवर पर नजर रखेंगे जैकेट**

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**जैकेट पहनो और हो जाएगा ईसीजी**

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**Shri Lakshmi Cotsyn revenue jump**

Shri Lakshmi Cotsyn revenue jump.

Shri Lakshmi Cotsyn revenue jump.





# Profile of Directors



**Dr. M. P. Agarwal,**  
Chairman & Managing Director

The guiding force behind the stupendous rise in the company's turnover over a 18 years time frame. Experienced professional [Qualified Cost Accountant (FICWAI) and Doctorate in Textile costing (PhD)] turned entrepreneur with over three decades of experience.



**Mr. Pawan Agarwal,**  
Joint Managing Director

He is Science graduate and has proficiency in computer application, fabric processing and technical textiles. He has 16 years of rich experience and controlling production activities, quality controls and marketing.



**Mr. Devesh Gupta,**  
Deputy Managing Director

He has rich experience of 28 years in Textile Auxiliary manufacturing, Chemical Engineering, procurement and inventory management. He is entirely taking care of raw material procurement textile, chemical engineering process, efficiency and tight control over cost.



**Mr. Dileep Bajaj,**  
Executive Director

Has more than 33 years of Experience in Project & Financial Management especially in Textile Industry, looks after Corporate office at New Delhi



**Mrs. Sharda Agarwal,**  
Promoter Director

Actively involved in the business of the Company and played an active role in the management of the Company.



**Mr. S. K. Mangol,**  
Independent Director

A textile technologist with over 42 years experience in the textile industry.



**Prof. (Dr.) G. N. Mathur,**  
Independent Director

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.



**Mr. R.K. Garg,**  
Independent Director

A Management graduate with over 32 years of experience. Has worked with DLF & DCM Shriram.



**Dr. J.V. Rao,**  
Independent Director

Director in Northern India Textile Research Association (NITRA) Ghaziabad with over 31 years of experience in Textile Technology.



**Mr. K.D. Gupta,**  
Independent Director

Chairman of U.P. Stock Exchange, retired IRS Officer, Ex. Administrator U.P. Stock Exchange Association Limited. Worked in various capacities in Income Tax Department in Gujarat, M.P., New Delhi and Uttar Pradesh. Also Worked as Under Secretary in U.P.S.C.



**Mr. Ram Sharan Srivastava,**  
Independent Director

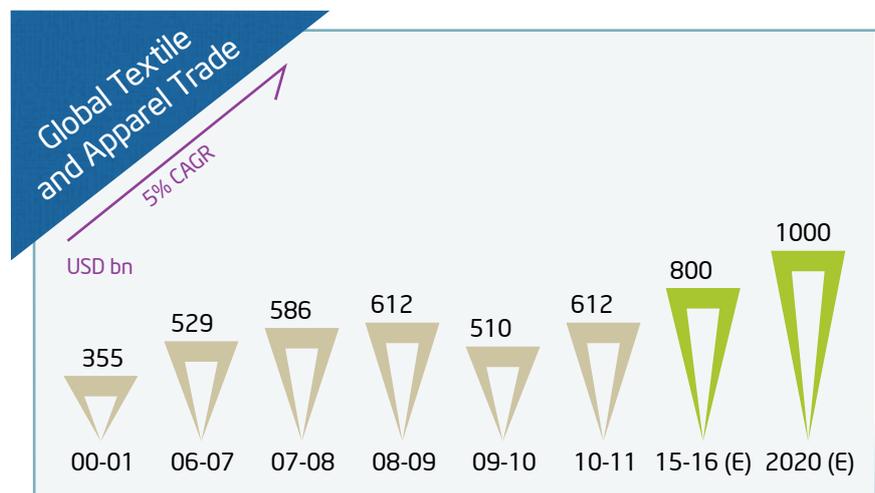
Retired IAS Officer.

# Management Discussion and Analysis

## TEXTILES

### The Global Textile Industry

The global textile and apparel trade stood at USD 510 Bn in 2009-10, and USD 612 Bn in 2010-11, and is further expected to grow at a CAGR of 5% to reach USD 800 Bn by 2015-16 and USD 1 Tn by 2020. The industry is expected to achieve the growth, on the back of a revival in demand from the US, Europe and Japan.

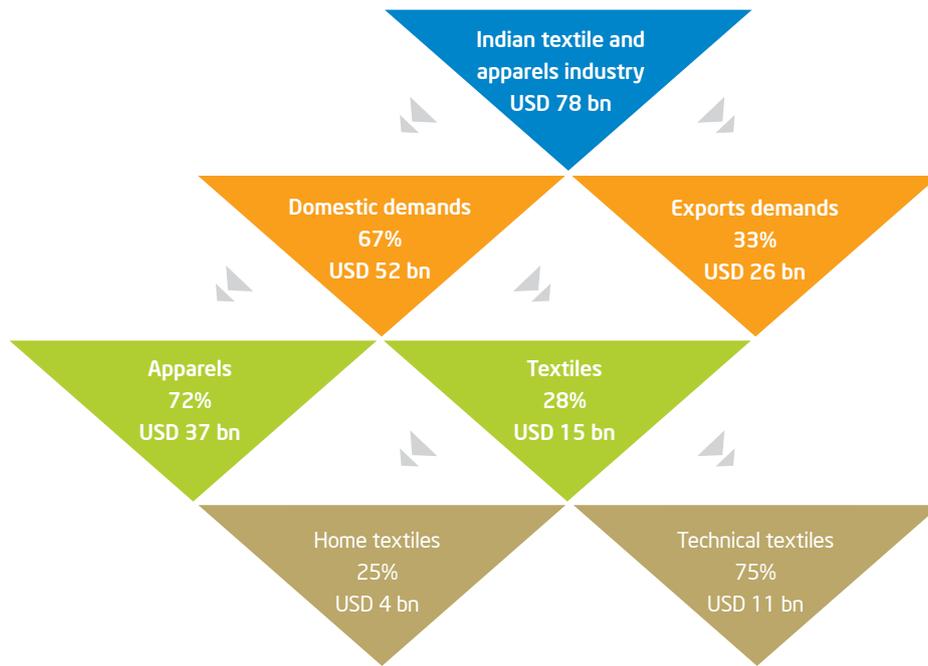


Source: Technopak Research Report

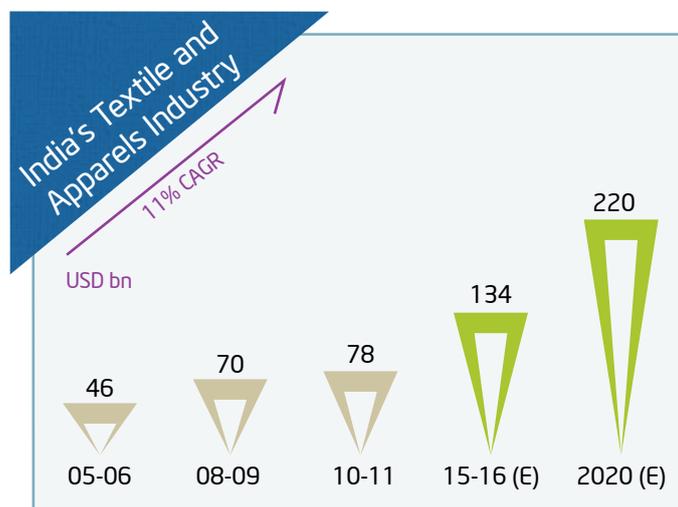
### The Indian Textile Industry

One of India's leading sectors, the textile industry contributes 4% to the country's GDP, provides direct employment to 35 Mn people (India's second largest employer after the primary agriculture industry), accounts for 14% of the industrial production, 12% of the total exports and 17% of export earnings. The industry is a leading foreign exchange earner for the country (Source: CCI Report on Indian Textile Industry).

### Break-up of the Indian textiles industry

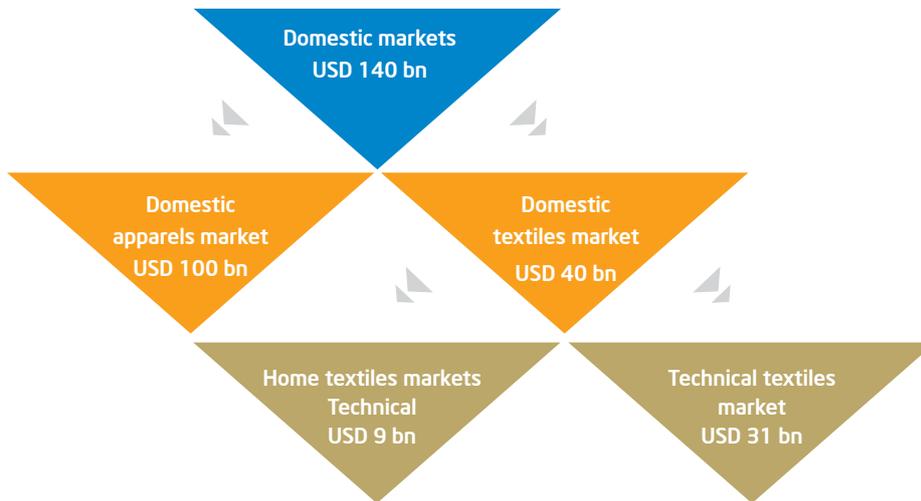


The Indian textiles and apparels industry was valued at USD 78 Bn in 2010-11 and is expected to reach USD 134 Bn in 2015 and USD 220 Bn by 2020, at a CAGR of 11%. The domestic market and exports on the other hand are expected to register a CAGR of 11% and 12%, respectively for the same period.



Source: Technopak Research Report

### Growth in the domestic textile and apparel market by 2020



(Source: Technopak Analysis)

### Textile Industry Segments

The textiles industry is largely decentralised and fragmented, and is broadly classified into:

- ▼ Fibre (natural and man-made) and yarn
- ▼ Processed fabrics (woollen textiles, silk textiles, jute textiles, cotton textiles and technical textiles)
- ▼ Readymade garments (RMGs), apparels and home textiles

### The Textile Process Value Chain



#### Wool

India is the seventh largest wool producer globally, accounting for 1.8% share in the total world production.

#### Cotton

India is the second largest global producer; it is the cheapest fibre available in the country.

#### Jute

(Commonly known as the Golden fibre)  
India is the largest producer of raw jute and jute products and the second largest exporter of jute products; it is the second cheapest fibre available in the country.

#### Silk

India is the second largest silk producer globally, contributing 18% of the total world raw silk production; it produces varieties of silk like Mulberry, Eri, Tasar and Muga.

## Industry Opportunities

**Readymade Garments:** The Indian readymade garments and apparels market is expected to reach USD 1000 Bn by 2020. With the advent of international brands, such as Louis Philippe, Van Heusen, Allen Solly, Peter England and Arrow among others, people are increasingly preferring ready-to-wear garments from tailored garments. In men's wear, attractive growth is being witnessed in active-wear, T-shirts and shirts. In women's wear, the products which are in high demand comprise tops, shirts, T-shirts and ethnic wear (sarees and salwaar kameezes). In kids' wear, the highest selling items are ethnic wear, dresses, bottom wear, uniforms, t-shirts and shirts.

**Apparel Retailing Market:** Of the Indian readymade garments and apparels market, about 83% is unorganised, the rest organised. With growing urbanization, the entry of a large number of domestic and international players and mushrooming malls across India, the apparel retail market has witnessed growth in organised retail. Tier I and Tier II Indian cities represent the highest growth drivers. The industry's growing potential has attracted multiple international brands to India, such as Shoppers Stop, Westside and Spencers, among others.

**Denims:** The denim market is expected to reach USD 65 Bn globally by 2015, as per the report by Global Industry Analysts. Denims are the most popular casual bottoms wear for men, women and kids of all ages. Over 50% of the global denim production happens in developing Asian countries of China, India, Turkey, Pakistan and Bangladesh. About 23 denim mills in India manufacture about close to 600 Mn metres of denim fabric every year. About 300 Mn metres of denim fabric every year cater to the domestic demand, and the rest are exported. Domestic demand is expected to reach about 530 Mn metres by 2015.

**Home Textiles:** The Indian home textiles market is expected to reach USD 9 Bn by 2020. As a result of an increase in the urban household population, rising corporatization and growth of institutional customers, all categories of the home textile market are expected to grow at an average CAGR of about 9%. The growth in rugs and carpets segment is expected to accelerate at an 11% CAGR, followed closely by curtains and upholstery at an expected CAGR 10%. Bed linen and towels are expected to grow at 9% CAGR and blankets and kitchen linen at about 8%.

**Technical Textiles:** India's technical textiles market is expected to reach USD 31 Bn by 2020. This segment has benefited from the various schemes offered and funds allocated by the Government. The segment is expected to grow at a CAGR of 10% till 2020, with the homotech, packtech, protech, geotech, mobiltech, buildtech and agrotech as the fastest sub segments.

(Sources: Technopak Research Report, Trends in India's Domestic Fashion Market, Technopak and World Denim Report)

## SCOT ANALYSIS OF THE INDIAN TEXTILES INDUSTRY

### Strengths

- ▼ One of the world's largest producers of natural and man-made fibres
- ▼ Availability of low-cost skilled labour

### Challenges

- ▼ The textiles and apparels market is sensitive to changing fashion trends
- ▼ High costs of indirect taxes, power and interest

### Opportunities

- ▼ Ready-to-wear apparels gaining popularity
- ▼ Organised retail of textiles and apparels
- ▼ Heavy investments from the Government and the private sector
- ▼ Increasing collaborations between the national and international players

### Threats

- ▼ Fairly competitive market
- ▼ A relatively large chunk of the market is unorganised
- ▼ Volatile raw material costs and increasing fuel costs
- ▼ Rupee appreciation may impact export revenues

## GROWTH DRIVERS OF THE TEXTILES AND APPARELS INDUSTRY

### Increasing Discretionary Income

India's per capita income has doubled between 2004-05 and 2010-11 to touch Rs 54,835 annually with discretionary income growing at much higher pace than the GDP growth.

### Growth in Retail

Organised retail has grown from 4% in 2009-10 to about 5-7% in 2010-11. The country has been witnessing the rapid emergence of malls in metro cities, Tier I and Tier II cities. With growing modernisation and mall culture, the need for better retail experience is being widely felt amongst the population.

### Increase in Working Population

In 2010-11, about 700 Mn people represented the working population, 64% of the total population. Growing corporate workforce and emphasis on attire are driving apparel spend.

### Changing Consumer Choices

Consumers have become extremely conscious towards their choice for brands and changing fashion trends. With a large number of foreign brands for apparel and clothing having entered the market, consumers are spending heavily to uplift their image and personality.



## GOVERNMENT ROLE

### The Technology Upgradation Fund Scheme (TUFS)

**Objective:** Technological upgradation for the textile and jute sectors and provides 10% capital subsidy on purchase of specified power looms, processing looms and garmenting machinery and 5% interest subsidy on term loan.

### The Scheme for Integrated Textile Park (SITP)

**Objective:** To provide funding assistance to facilitate the setting up of textiles parks with world class infrastructure facilities. Till date, 40 parks have been sanctioned in nine Indian states. The Scheme has attracted an investment of about Rs. 3,500 crore and has generated employment for 15,000 textiles workers up to now. The Central Government provides 40% of the project cost and technical assistance, and the State Government is responsible for facilitating land acquisition and infrastructure development, among others.

### The Integrated Skill Development Scheme (ISDS)

**Objective:** To train about 256,000 people between FY 2010-11 and FY 2011-12, and over 3 Mn people in five years.

### Duty abatement

**Objective:** Reducing central excise duties from 55% to 40%.

**Foreign trade:** Foreign Trade Policy 2009-14 provides for various fiscal incentives for textiles and apparels exports. The government has permitted cotton exports of upto 55 lac bales and yarn exports of upto 720 Mn kgs for 2010-11.

### Foreign Direct Investment (FDI)

**Objective:** 100% FDI has been allowed under the automatic route.

*(Sources: Mckinsey Global Institute, India's urban awakening: Building inclusive cities, sustaining economic growth, Technopak Research and Analysis, Economic Times, Census India and FICCI Research Report, IBEF).*

## DEFENCE

India's defence comprises navy, the air force and the army. The industry is witnessing partnerships, acquisitions, agreements, increased Indo-US collaborations and increased investment in emerging markets by global aerospace and defence companies, as a result of low-cost manufacturing options, research and development capabilities and availability of engineering and technical talent.

India's defence expenditure has grown at a relatively high rate compared to many other countries, emphasising the increasing prioritisation of this sector by the Indian Government. This which will create opportunities for domestic industry, boosting defence equipment segment, engineering services, outsourcing activities, supply chain sourcing and associated maintenance, repair and overhaul related activities (Source: Indian Defence Report, KPMG)

## COMPANY REVIEW

### Strengths

- ▼ Amongst India's top ten textile manufacturers
- ▼ R&D recognition from DSIR
- ▼ Rich product portfolio with internationally benchmarked quality standards and competitive rates
- ▼ Diverse portfolio of innovative and eco-friendly products (Vitamin E enriched bed sheets, zippers, home textiles, ready-made garments, and technical textiles, among others)
- ▼ Reputed brands which include Star Track, SVL, Weaves, DYFI, Galaxy, amongst others
- ▼ Experienced management team
- ▼ In- house captive textile auxiliary chemical plant and an in-house Research and Development for a superior quality
- ▼ Strong design team that has successfully come up with exclusive copyrighted designs
- ▼ Robust financials
- ▼ Strong distribution network to reach out to a large domestic and international client base
- ▼ Wide geographical presence both nationally and internationally
- ▼ An integrated supply chain across all verticals from yarn manufacture, dyeing to garmenting and retail
- ▼ Market leader in the fusible interlining segment, with a market share of more than 30%
- ▼ State of the art facilities, environment friendly and technologically efficient facility aided with advanced TQM methodologies, and captive co-generation power plants
- ▼ Own marketing office at New York, USA.

## Challenges

- ▼ Providing the best quality products at the lowest possible costs despite rising raw materials and fuel prices
- ▼ Awareness about the latest fashion trends and deliver products accordingly

## Opportunities

- ▼ A huge and expanding domestic and export markets
- ▼ Extensive potential for value-added products like bullet-proof jackets, technical textile products, high altitude fabrics, among others
- ▼ Benefits under the various schemes launched by the Government
- ▼ Collaborations with international players

## Threats

- ▼ Increasing competition from:
  - ▶ The unorganised players who offer sub-standard and cheaper products
  - ▶ Imported fabric from neighbouring countries, especially China
  - ▶ International brands
- ▼ Risk of loss arising out of foreign exchange fluctuations
- ▼ Anti dumping duties in importing countries will increase prices of goods

## ANALYSIS OF THE FINANCIAL STATEMENTS

### Accounting Policy

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

### Highlights 2010-11

- ▼ Revenues increased 17% to Rs. 1,813 crores
- ▼ EBIDTA increased 33% to Rs. 274 crores
- ▼ Profit after tax increased 14% to Rs. 104 crores
- ▼ Gross block increased 69.33% to Rs. 937 crores

### Sources of Funds

#### Equity Capital

Share capital of the Company, comprising 21,093,835 equity shares of Rs. 10 each, increased 6% to Rs. 21.09 crores in 2010-11 on account of FCCB conversion aggregating to USD 3,000,000. During the year the Company has allotted share warrants 5,430,000 to non-promoters and strategic investors, convertible into equity shares of Rs. 10 each at a premium of Rs. 146 per share.

## Reserve and Surplus

The reserve and surplus increased 27% to Rs. 507 crores in 2010-11 owing to addition to the share premium account and transfer of current year's profit.

## External Funds

Total loan funds increased to Rs. 1,619.63 crores owing to an increase in long term debt, working capital funding and other secured loans. The Company also raised a mezzanine debt of Rs 51 crores on account of their existing expansions. The short term loans and few unsecured loans on the other hand, declined 43% and 66% respectively on account of repayment. There was also a decline of 33% of FCCB on account of conversion.

## Application of Funds

### Gross Block and Depreciation

The gross block (including capital work in progress) increased 80% to Rs. 1,110.44 crores in 2010-11 on account of expansions. Similarly, the depreciation also increased to Rs. 37 crores with the acquisitions of these new assets. Accumulated depreciation as a proportion of total gross block strengthened to 15.46% indicating the newness of the assets.

### Inventory

Inventory constituted 40% of current assets as on 30th June, 2011. Inventory value increased 30% to Rs. 494 crores in 2010-11. The inventory cycle stood at 89 days during the year against 78 days in the previous year.

### Debtors

Debtors constituted 33% of the current assets as on 30th June, 2011. Owing to efficient debt management, sundry debtors changed marginally by 0.95% to Rs. 404 crores in 2010-11 – against the increase in revenues of about 17% during the year. The quality of the debtors is reflected in the proportion of debtors more than 'six months old' coming down to less than 1% of total debtors, from 2% in the previous year. Debtor days stood at 82 days during the year against 88 days in the previous year.

### Cash and Bank Balance

Company's cash and bank balance increased 57% to Rs. 51 crores in 2010-11 due to receipt of fund on the last day of the month i.e., 30 June 2011.

### Current Liabilities and Provisions

Current liabilities and provisions increased by 19% to Rs. 99 crores in 2010-11 on account of increase in dividend payable, proposed dividend and creditors.



### Revenue Analysis

Total revenues (including other income) increased 17.24% to Rs. 1,813.43 crores in 2010-11 owing to increasing realisations of the value-added products. With the opening of DYFI outlets, there was a massive increase in contribution from the garments sale. Terry towels and home furnishing also reflected a good amount of growth.

Other incomes (comprising miscellaneous income, duty drawbacks and income of sale of DEPB licence) increased 33% during the year. The contribution of other income to the total income continued to remain below 1%, reflecting company's strength in its core business.

#### Revenue growth in exports (Rs. crores)

2010-11	2009-10	% increase
227	96	137

#### Revenue growth by products in domestic market (Rs. crores)

Product	2010-11	2009-10	% increase
Regular textiles	1,082.98	951.48	13.82
Technical textiles	488.68	488.37	Same

### Cost Analysis

Increased capacities and operations resulted in the increase in operating cost by 15% to Rs. 1,540 crores in 2010-11.

#### Performance of key cost components in 2010-11 (Rs. crores)

Cost components	2010-11	2009-10	% increase
Raw materials consumed (after stock adjustment)	1,376	1,211	14
Power and fuel	50	37	35
Employee	51	38	34
Administrative	45	39	15

### RISK MANAGEMENT

#### Changes in fashion

The textiles and apparels industry is prone to changing fashion trends. This calls for careful forecasting and planning. Any inability to understand the upcoming fashion trends may affect the Company's growth prospects. The Company's design team has created exclusive designs that have been well accepted by the consumers of today.

#### Exchange rate fluctuations

Shri Lakshmi is exposed to foreign exchange risks and exchange rate fluctuations due to its exports presence. The Company has resorted to appropriate hedging practices to manage the risk arising out of exchange rate fluctuations.

### Cost risk

Increasing input costs can impact Shri Lakshmi's profitability. The Company passes on the unavoidable rise to the customers.

### Raw materials availability risk

Non-availability of the raw materials may adversely impact the Company's regular operations. An integrated efficient supply chain process ensures that it does not fall short of the required raw materials.

### Competition Risk

The textiles and apparels market is witnessing heightened competition with the entry of multiple international brands in the market, and with the presence of a large number of organised and unorganised players, who are expanding their capacities. The Company has initiated a major expansion plan and adopted state-of-the-art facilities and the latest technologies to maintain superior quality at competitive prices.

### QUALITY AND RESEARCH & DEVELOPMENT

Shri Lakshmi's strong procurement team keeps a check on the cost and the quality of the raw materials. It has also installed an in-house Research and Development department that regularly undertakes in-depth Research and Development initiatives to enable the Company to achieve cost and product leadership.

### HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Shri Lakshmi lays utmost importance to its human resource capital, and believes in contributing towards developing the competencies of its people through a large number of initiatives. The result is a growing pool of skilled, committed and hard working employees. The Company is in the IKEA approved list, as a result of its due diligence of IKEA guidelines pertaining to human resources and industrial relations.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Shri Lakshmi has adopted an adequate system of internal controls, which are implemented to:

- ▼ Safeguard the Company's assets from losses or damage
- ▼ Keep a constant check on the cost structure
- ▼ Prevent revenue leakages
- ▼ Provide adequate financial and accounting controls and implement accounting standards

The Company constantly monitors its internal control systems through an extensive programme of internal audits. A professional firm of chartered accountants viz. Ajai Shanker & Company conducts regular internal audits. The report of the internal auditors is reviewed by the Audit Committee.

# CORPORATE SOCIAL RESPONSIBILITY

"Shri Lakshmi endeavors to make constructive contribution towards Corporate Social Responsibility." The key to our approach is our comprehensive set of policies, practices and programs, integrated throughout business operations and decision-making processes where environmental and social performance is managed alongside financial performance.

Beyond profit maximization, we extend to include an acknowledgement of our responsibility to a broad range of stakeholders, as well as employees, customers, communities and the environment.

We adhere to comply following four dimensions of corporate responsibility:-

- ▼ Economic - responsibility to earn profit for owners
- ▼ Legal - responsibility to comply with the law (society's codification of right and wrong)
- ▼ Ethical - not acting just for profit but doing what is right, just and fair
- ▼ Voluntary and philanthropic - promoting human welfare and goodwill

## CUSTOMERS/CLIENTS RESPONSIBILITY

Balancing shareholder's interests against the interests of the wider community.

## COMMITTED TO QUALITY, EXCELLENCE AND TIMELY DELIVERY

### Driving Excellence to create values

Advanced TQM methodologies to deliver consistent and internationally benchmarked quality standards.

### Total Quality Management

Shri Lakshmi's TQM enhances quality awareness. Products move in numbered batches; a thorough batch wise inspection is conducted in line with client specifications. In the absence of such parameters, the Company follows internal protocols. The TQM teams issue a green card if all parameters are complied with. In the event of non-compliance, the batch is withdrawn and a red card is issued for subsequent analysis and rectification. In this way investors are provided with best quality products.

The Company believes in infusing innovation in thoughts, processes, approaches and strategies. It is run with an objective to consistently deliver break through products, a practice which is reflected in its marquee list of clientele.

## OUR STRENGTH IS EMBEDDED IN THE VALUE THAT WE CREATE

- ▼ We are integrated across all verticals from yarn manufacture, dyeing to garmenting and retail
- ▼ Environment friendly and technologically efficient processing systems
- ▼ Innovative products like eco-friendly textiles for the health conscious,

vitamin-E enriched bed sheets, water repellent bed sheets, stain free bed sheets, mosquito repellent bed sheets etc

- ▼ Exclusive copyrighted designs created by the design team reflecting the design excellence
- ▼ Reputed brands (Star Track, SVL, Weaves and DYFI) catering to multiple consumer segments
- ▼ Extensive marketing and distributor network to enhance reach

## VALUE TO COMMUNITY

- ▼ Being a good corporate citizen we focus on contributing to the community and the quality of life

## WE CARE

Each and every unit of Shri Lakshmi Group of Industries contributes towards the betterment of the community at large. The Company understands that long-term business success can only be achieved by recognizing a successful CSR (Corporate Social Responsibility) policy. It aims to make a constructive contribution to the underprivileged sections of the society by supporting educational and socio-economic initiatives.

As a responsible corporate citizen, Shri Lakshmi Cotsyn Limited believes in enduring healthy relationships with the entire workforce and has successful history of collaboration with communities at large. The company has consciously chosen the path that has led it to create better working environment and facilities for workers, especially females. On the course to sustainable development, Shri Lakshmi Cotsyn Limited takes care of environment too through its policies that ensure zero discharge ETP, Agro based turbines for power generation and reduced pollution.

## VALUE TO THE COUNTRY

The evolving nature of the threat faced by military forces and police personnel has increased the importance of quality force protection over any other times.

The Shri Lakshmi Group is dedicated to meeting those needs, as well as those of homeland security and allied military forces, with innovative protective products that enable war fighters to safely accomplish their missions.

Terrorism, Naxalite violence is trying to destabilize India's security and the armed forces need sophisticated weapons and defence equipment to counter this growing menace. Shri Lakshmi has risen to the challenges and has created mine-protected vehicles and B.P. jackets (successful for AK 47 and AK 56 for nine bullet firing as against traditional firing of six bullets). Our products have been well received by all state police forces.

## RESEARCH AND DEVELOPMENT

Innovation has always been a part of Shri Lakshmi policy. The continuous R&D efforts enabled the company to product innovation. The company possesses 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.

- ▼ Strong R&D cell for advanced testing laboratories, managed by a 50 member strong team
- ▼ Your Company manufactures various technical textile fabrics which include high altitude fabric, PU-Coated nylon fabrics, flex fabrics, carbon fabrics and IRR fabrics with estimated total capital expenditure of Rs. 482 Crores

### INTERNATIONAL STANDARDS

The Shri Lakshmi Groups believes that strong ethics bring good business and to attain that it complies with all necessary international standards.

Your Company adhere to following International Standards:-

- ▼ ISO 9001: 2008- Quality Management System
- ▼ ISO 14001: 2004 - Environmental Management System
- ▼ OHSAS 18001: 2007 -Occupational Health & Management Safety System
- ▼ GOTS -Global Organic Textile Standard
- ▼ Organic Exchange Blended Standard
- ▼ Oeko-Tex Standard- for Skin Friendly Chemical
- ▼ REACH- Substance of Very High Concern for Chemical Management
- ▼ FLO-CERT - Fair Trade Standards
- ▼ SA-8000-Social Accountability

### HUMAN RESOURCE DEVELOPMENT

Your Company believes that alignment of all employees to a shared vision and purpose is vital for winning in the market place. It also recognizes the mutuality of interests with key stakeholders and is committed to building harmonious employee relations. The collaborative spirit across all sections of employees has resulted in significant enhancement in quality and productivity.

We ensure healthy working environment and proper housing, medical facilities, gratuity and Insurance (GPA) benefits to the employees for the betterment of our people.

We have developed a Housing Colony for our Workers/ staff with all necessary amenities like water purifier, parks etc. at Malwan.

We adhere to strict labour compliance to all working conditions and benefits as directed under Indian Labour Laws.

### HEALTH & SAFETY MEASURES

We assure that workplace environments are safe and easy for individual employees to work in so that every employee can have peace of mind and concentrate on their work, allowing them to maximize their willingness and creative power. As we stably conduct all our business activities, we will pursue safety and health companywide and seek to assure the safety of our employees and promote and maintain their health.

- ▼ While maintaining a record free from accidents and disasters, we assure the safety of employees and local communities
- ▼ In addition to abiding by laws, regulations and other requirements for occupational safety and health, we make continuous efforts to improve our standards of safety health management
- ▼ Through education and activities that raise awareness about safety and health, we will seek to improve the safety and health awareness of all employees
- ▼ We promote the improvement of physical and mental health and the creation of workplace environments where people can work with peace of mind

### AWARNES PROGRAMMES

- ▼ Organized traffic awareness programme
- ▼ Modern techniques awareness
- ▼ Cyber security awareness
- ▼ Security awareness training to all the employees of the company
- ▼ Organized environmental awareness programme

### ENVIRONMENT & SOCIAL RESPONSIBILITY

Environment protection and social responsibility are deeply ingrained in our corporate credo.

To emphasize on environmental issues and energy conservation in all endeavours Shri Lakshmi has conceptualized/in the process of implementation of few projects which contributes towards mitigation of global warming. The project activities are being developed as Clean Development Mechanism (CDM) project activities and would be registered with the United Nations Framework Conventions on Climate Change (UNFCCC). These projects include:

1. Switching the fuel from coal to biomass in the existing 8 MW captive co-generation plant and Thermic Fluid Heater at Malwan unit.
2. Plan to set up a new 7 MW turbine and biomass based Thermic Fluid Heater to cater the increased demand of the Malwan unit.
3. Biomass based 8 MW captive co-generation power plant and Thermic Fluid Heater which is being set up at Abhaypur.
4. Biomass fuelled 12 MW captive co-generation power plant and Thermic Fluid Heater which has been planned to set up at the upcoming Rewari Bujurg unit.

Besides, the above, Shri Lakshmi's concern for the environment is reflected in the following initiatives:

- ▼ In campus greening
- ▼ Encouraging judicious use of natural resources
- ▼ Recycling, pollution control to ensure clean air and water and reduction of landfill wastes
- ▼ Developed 30 acres of land for organic product development

- ▼ In-house Chemical auxiliary unit and 16 MW rice-husks based captive co-generation power plants, resulting in optimum resource utilization
- ▼ Besides, the Power Plant with the capacity of 19 MW are under implementation

Your Company has followed "Green Initiative in Corporate Governance" by allowing paperless compliances through electronic mode. To contribute to the Corporate Social Responsibility, initiatives have already been taken and communication/ letter in this respect were already been dispatched to the shareholders at their addresses registered with the Company.

This is a golden opportunity for every shareholder of the Company to contribute to the Corporate Social Responsibility initiative of the Company

Your Company also continues to pursue its mission for environmental excellence and constantly explores opportunities to improve ecology & environment.

## ACTIVITIES IN 2010-11

### Free Medical Check-up Camp

Shri Lakshmi along with IMI Kanpur, organised a free medical check-up camp at the Malwan Parisar township. The specialised doctors of IMI addressed 450 people and advised medical remedies for various heart related ailments and other general health related issues and distributed free medicines.



### World Tobacco Prohibition Day

Shri Lakshmi conducted an awareness camp against the towards ill effects of tobacco at the Malwan unit and advised remedies to discontinue usage.



### Blood Donation Camp

Shri Lakshmi conducted blood donation camp at its unit where 50 employees of the Company voluntarily participated.



### Safety Week

Shri Lakshmi celebrated the safety week from 4th to 10th March, 2011. During this week, the employees were educated about various safety aspects – on the job and off the job – and conducted safety drills and advised ways to tackle the emergency situation.



### Productivity Awareness Week

Shri Lakshmi celebrated the productivity awareness week from 12th to 18th February, 2011. This programme educated employees towards the usage of latest technology and other measures, which could enhance productivity and ensure efficient operations.





# Notice

NOTICE is hereby given that the Twenty-Third Annual General Meeting of the Members of SHRI LAKSHMI COTSYN LIMITED will be held on Friday, 30th December, 2011 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 June 30, 2011, Balance Sheet as at that date together with the Directors' Report and Auditor's Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Dr. G. N. Mathur, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri K.D. Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri S. K. Mangol, who retires by rotation and who has expressed his unwillingness to be reappointed as a Director of the Company.
6. 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:

7. **to consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provision of section 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provision if any (including any statutory modification(s) or re-enactment thereof for the time being enforced) and subject to such other approval, as may be necessary, approval of the company be and is hereby accorded to the re-appointment of Dr. M.P. Agarwal as Managing Director of the Company for a further period of 5 years from 1st January, 2012, on the remuneration of Rs. 400,000/- per month CTC ( including allowances and perks).

FURTHER RESOLVED THAT in the event of absence or inadequacy of profits in any financial year, the remuneration payable to Dr. M.P. Agarwal by way of salary, allowances and perquisites as a part of CTC shall not exceed the maximum limits as prescribed under Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors may alter, vary, modify the terms and conditions of appointment of Dr. M.P. Agarwal from time to time during the tenure of his appointment as Managing Director including the salary and perquisites payable to him, provided however that the total remuneration payable to him shall not at any time exceed the limit prescribed under Schedule XIII and other applicable provisions of the Companies Act, 1956.

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

8. **to consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provision of section 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provision if any (including any statutory modification(s) or re-enactment thereof for the time being enforced) and subject to such other approval, as may be necessary, approval of the company be and is hereby accorded to the re-appointment of Mr. Pawan Kumar Agarwal as Joint Managing Director of the Company for a further period of 5 years from 1st January, 2012, on the remuneration of Rs. 250,000/- per month CTC ( including allowances and perks).

FURTHER RESOLVED THAT in the event of absence or inadequacy of profits in any financial year, the remuneration payable to Mr. Pawan Kumar Agarwal by way of salary, allowances and perquisites as a part of CTC shall not exceed the maximum limits as prescribed under Schedule XIII of the Companies Act, 1956.

# Notice

RESOLVED FURTHER THAT the Board of Directors may alter, vary, modify the terms and conditions of appointment of Mr. Pawan Kumar Agarwal from time to time during the tenure of his appointment as Managing Director including the salary and perquisites payable to him, provided however that the total remuneration payable to him shall not at any time exceed the limit prescribed under Schedule XIII and other applicable provisions of the Companies Act, 1956.

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

**9. to consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provision of section 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provision if any (including any statutory modification(s) or re-enactment thereof for the time being enforced) and subject to such other approval, as may be necessary, approval of the company be and is hereby accorded to the reappointment of Mr. Devesh Gupta as Deputy Managing Director of the Company for a further period of 5 years from 1st January, 2012, on the remuneration of Rs. 200,000/- per month CTC ( including allowances and perks).

FURTHER RESOLVED THAT in the event of absence or inadequacy of profits in any financial year, the remuneration payable to Mr. Devesh Gupta by way of salary, allowances and perquisites as a part of CTC shall not exceed the maximum limits as prescribed under Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors may alter, vary, modify the terms and conditions of appointment of Mr. Devesh Gupta from time to time during the tenure of his appointment as Deputy Managing Director including the salary and perquisites payable to him, provided however that the total remuneration payable to him shall not at any time exceed the limit prescribed under Schedule XIII and other applicable provisions of the Companies Act, 1956.

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

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

"RESOLVED THAT pursuant to the provision of section 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provision if any (including any statutory modification(s) or re-enactment thereof for the time being enforced) and subject to such other approval, as may be necessary, approval of the company be and is hereby accorded to the reappointment of Shri Dileep Bajaj as Executive Director of the Company for a further period of 5 years from 1st January, 2012, on the remuneration of Rs. 200,000/- per month CTC ( including allowances and perks).

FURTHER RESOLVED THAT in the event of absence or inadequacy of profits in any financial year, the remuneration payable to Shri Dileep Bajaj by way of salary, allowances and perquisites as a part of CTC shall not exceed the maximum limits as prescribed under Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors may alter, vary, modify the terms and conditions of appointment of Shri Dileep Bajaj from time to time during the tenure of his appointment as Executive Director including the salary and perquisites payable to him, provided however that the total remuneration payable to him shall not at any time exceed the limit prescribed under Schedule XIII and other applicable provisions of the Companies Act, 1956.

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

**11. to consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:**

"RESOLVED THAT pursuant to the provision of section 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provision if any (including any statutory modification(s) or re-enactment thereof for the time being enforced) and



## Notice

subject to such other approval, as may be necessary, approval of the company be and is hereby accorded to the re-appointment of Mrs. Sharda Agarwal as Executive Director of the Company for a further period of 5 years from 1st January, 2012, on the remuneration of Rs. 125,000/- per month CTC ( including allowances and perks).

FURTHER RESOLVED THAT in the event of absence or inadequacy of profits in any financial year, the remuneration payable to Mrs.Sharda Agarwal by way of salary, allowances and perquisites as a part of CTC shall not exceed the maximum limits as prescribed under Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT the Board of Directors may alter, vary, modify the terms and conditions of appointment of Mrs.Sharda Agarwal from time to time during the tenure of her appointment as Executive Director including the salary and perquisites payable to her, provided that the total remuneration payable to her shall not at any time exceed the limit prescribed under Schedule XIII and other applicable provisions of the Companies Act, 1956.

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

**Registered office:**

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

**Date: 29th November, 2011**

By Order of the Board

**(Rakesh Kumar Srivastava)**

Company Secretary cum finance Controller

### NOTES:

**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 Wednesday, 28th December, 2011 to Friday, 30th December, 2011 (both days inclusive) for the purpose of Annual General Meeting of the Company and declaration of Dividend.
- ▼ Dividend on equity shares, when approved at the ensuing Annual general Meeting, shall be paid to those shareholders whose name appear in the records of the Company at the close of working hours on Tuesday, 27th December, 2011.
- ▼ 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 212(8) of the Companies Act, 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.

# Notice

- ▼ 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.
- ▼ 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, Prof. (Dr) G N Mathur and Shri K.D. Gupta retire by rotation and being eligible, offer themselves for re-appointment. Shri S K Mangol, who retires by rotation and has expressed his unwillingness to be reappointed as a Director of the Company.

- ▼ The relevant details in this respect pursuant to Clause 49 of the Listing Agreement are furnished hereunder:

## I. Prof. (Dr.) G.N. Mathur

An eminent senior scientist and 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.

Prof. (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 K.D. Gupta

Shri K.D. is the Chairman of U.P. Stock Exchange and is a retired IRS Officer with 40 years of administrative experience. Mr. K.D. Gupta 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.

## III. Shri S.K. Mangol

Shri S K Mangol has served the Company as a non-executive independent Director since 25th April 1992. Due to his old age, he has expressed his unwillingness to continue as a director of the Company and is schedule to retire at ensuing annual general meeting.

### 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 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



# Notice

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 who have not registered their e-mail addresses, so far, are requested to register their valid e-mail addresses in respect of electronic holding with the Depository through their concerned Depository Participants. It is observed that we do not have your e-mail address in our records. In view of the above, it is in your interest **to provide your valid e-mail address to the Company at rakesh@shrilakshmi.in and rta@abhipra.com**, thereby enabling the company to promptly communicate to you with the information from time to time and also send the requisite documents, as prescribed under the Act.

## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT PURSUANT TO PROVISIONS OF SECTION 173 (2) OF THE COMPANIES ACT, 1956:

#### Item No. 7:

The remuneration committee has recommended the re-appointment of Dr M.P. Agarwal, the Managing Director of the Company for a further period of five years with effect from 1st January, 2012 at the increased remuneration of Rs. 4,00,000/- per month CTC as the term of appointment of Dr M.P. Agarwal, Managing Director of the Company is expiring on 31st December 2011, it is proposed to extend his term till 31st December 2016 and to increase his remuneration with effect from 1st January, 2012 on the terms and conditions as contained in the draft resolution which are in line with the requirements of Schedule XIII and other applicable provisions of the Companies Act, 1956.

In view of increased responsibilities, accountabilities, and contributions required in expanding business coupled with sustained good performance and prevalent pay scale in industry, the Board considered the recommendations of the remuneration committee and has approved the re-appointment of Dr M.P. Agarwal for a further period of five years with effect from 1st January, 2012 at the increased remuneration of Rs. 400,000/- per month CTC.

Yours Directors recommended the passing of the ordinary resolution in this regard. None of the Director except Dr. M.P. Agarwal himself, Mr. Pawan Kumar Agarwal and Sharda Agarwal, related to him may be considered as concerned or interested in the resolution.

#### Item No. 8:

The remuneration committee has recommended the re-appointment of Mr. Pawan Kumar Agarwal, Joint Managing Director of the Company, for a further period of five years with effect from 1st January, 2012 at the increased remuneration of Rs. 250,000/- per month CTC as the term of appointment of Mr. Pawan Kumar Agarwal, Joint Managing Director of the Company, is expiring on 31st December, 2011, it is proposed to extend his term till 31st December, 2016 and to increase his remuneration with effect from 1st January, 2012 on the terms and conditions as contained in the draft resolution which are in line with the requirements of Schedule XIII and other applicable provisions of the Companies Act, 1956.

In view of increased responsibilities, accountabilities, and contributions required in expanding business coupled with sustained good performance and prevalent pay scale in industry, the Board considered the recommendations of the remuneration committee and has approved the re-appointment of Mr. Pawan Kumar Agarwal for a further period of five years with effect from 1st January, 2012 at the increased remuneration of Rs. 250,000/- per month CTC.

Yours Directors recommended the passing of the ordinary resolution in this regard. None of the Director except Mr. Pawan Kumar Agarwal himself, Dr. M.P. Agarwal and Sharda Agarwal, related to him may be considered as concerned or interested in the resolution.

#### Item No. 9:

The remuneration committee has recommended the re-appointment of Mr. Devesh Gupta, as Deputy Managing Director for a further period of five years with effect from 1st January, 2012 at the increased remuneration of Rs. 2,00,000/- per month CTC as the term of appointment of Mr. Devesh Gupta, Deputy Managing Director of the Company, is expiring on 31st December 2011, it is proposed to extend his term till 31st December, 2016 and to increase his remuneration with effect from 1st January, 2012 on the terms and conditions as contained in the draft resolution which are in line with the requirements of Schedule XIII and other applicable provisions of the Companies Act, 1956.

## Notice

In view of increased responsibilities, accountabilities, and contributions required in expanding business coupled with sustained good performance and prevalent pay scale in industry, the Board considered the recommendations of the remuneration committee and has approved the re-appointment of Mr. Devesh Gupta for a further period of five years with effect from 1st January, 2012 at the increased remuneration of Rs.200,000 per month CTC.

Yours Directors recommended the passing of the ordinary resolution in this regard. None of the Directors except Mr. Devesh Gupta himself may be deemed to be concerned or interested in the proposed Resolution.

### Item No. 10:

The remuneration committee has recommended the re-appointment of Mr. Dileep Bajaj as Executive Director for a further period of five years with effect from 1st January, 2012 at the increased remuneration of Rs. 2,00,000/- per month CTC as the term of appointment of Mr. Dileep Bajaj, Executive Director of the Company is expiring on 31st December 2011, it is proposed to extend his term till 31st December, 2016 and to increase his remuneration with effect from 1st January, 2012 on the terms and conditions as contained in the draft resolution which are in line with the requirements of Schedule XIII and other applicable provisions of the Companies Act, 1956.

In view of increased responsibilities, accountabilities, and contributions required in expanding business coupled with sustained good performance and prevalent pay scale in industry, the Board considered the recommendations of the remuneration committee and has approved the re-appointment of Mr. Dileep Bajaj for a further period of five years with effect from 1st January, 2011 at the increased remuneration of Rs. 200,000 per month CTC.

Yours Directors recommended the passing of the ordinary resolution in this regard. None of the Directors except Mr. Dileep Bajaj himself may be deemed to be concerned or interested in the proposed Resolution.

### Item No. 11:

The remuneration committee has recommended the re-appointment of Mrs. Sharda. Agarwal, Executive Director of the Company, for a further period of five years with effect from 1st January, 2012 at the increased remuneration of Rs. 1,25,000/- per month CTC as the term of appointment of Mrs. Sharda. Agarwal, Executive Director of the Company, is expiring on 31st December, 2011, it is proposed to extend her term till 31st December, 2016 and to increase her remuneration with effect from 1st January, 2012 on the terms and conditions as contained in the draft resolution which are in line with the requirements of Schedule XIII and other applicable provisions of the Companies Act, 1956.

In view of increased responsibilities, accountabilities, and contributions required in expanding business coupled with sustained good performance and prevalent pay scale in industry, the Board considered the recommendations of the remuneration committee and has approved the re-appointment of Mrs. Sharda. Agarwal for a further period of five years with effect from 1st January, 2012 at the increased remuneration of Rs. 1,25,000/- per month CTC.

Yours Directors recommended the passing of the ordinary resolution in this regard. None of the Director except Mrs. Sharda. Agarwal herself, Dr. M.P. Agarwal and Mr. Pawan Kumar Agarwal, related to her may be considered as concerned or interested in the resolution.

### Registered office:

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

Date: 29th November, 2011

By Order of the Board

(Rakesh Kumar Srivastava)

Company Secretary cum finance Controller



# Directors' Report

Your Directors have the pleasure in presenting the 23rd Annual Report along with the audited financial statements of the Company for the year ended on 30th June, 2011.

## FINANCIAL RESULTS

Highlights of financial result for the year were as under:

	(Rs. in crores)		
Particulars	2010-11	2009-10	Growth (%)
Sales and other income	1,813.43	1,546.82	17.24
Operating profit before interest, depreciation and tax	273.98	205.78	33.14
<b>Less:</b>			
Interest and other financial charges	107.45	73.80	45.60
Depreciation	37.09	27.00	37.37
<b>Profit before tax</b>	<b>129.44</b>	<b>104.98</b>	<b>23.30</b>
<b>Less:</b> Income Tax (including deferred tax)	25.33	13.33	90.02
<b>Profit after tax</b>	<b>104.11</b>	<b>91.65</b>	<b>13.60</b>
Debenture redemption reserve	-	10.00	
Proposed dividend	6.33	5.99	
Dividend tax	1.08	1.02	
<b>Balance carried to balance sheet</b>	<b>96.70</b>	<b>74.64</b>	

## PERFORMANCE

Your Directors are pleased to inform you that besides terry towel and home furnishing, that performed stupendously during 2010-11, other products like denim, technical textiles (including nylon coated fabrics dress material) and garments have also marked their presence in the Company's overall performance.

During 2010-11, your Company recorded sales and operating income at Rs. 1,813.43 crores as compared with Rs. 1,546.82 crores in 2009-10, thus registered a growth of 17.24% over the last year. The profit before tax is increased by 23.30% being to Rs. 129.44 crores as against Rs. 104.98 in 2009-10. The profit after tax is increased by 13.60 % being to Rs. 104.11 crores as against Rs. 91.65 crores in 2009-10. The Company's performance was possible mainly on account of improved capacity utilisation, increase in sales and value added products.

## EXPORTS

During 2010-11, the Company recorded an export of Rs. 226.72 crores as against Rs. 95.63 crores in 2009-10, thus registered a growth of 137.08 % over the last year.

## WHOLLY-OWNED SUBSIDIARY COMPANIES

### M/S SLCL Overseas FZC, Sharjah U.A.E

M/S SLCL Overseas FZC, Sharjah U.A.E., a wholly-owned subsidiary, recorded a turnover of Rs. 202.29 crores as compared with Rs. 153.10 crores in the last year, thus registering a remarkable growth of 32.13%.

### Shri Lakshmi Defence Solutions Ltd.

- During 2010-11, Shri Lakshmi Defence Solutions Ltd. has made a remarkable performance with a turnover of Rs. 14.86 crores as compared with Rs. 11.47 crores in 2009-10, thus registered a growth of 29.56% over the last year. The company has participated in a tender floated by Indian Army (MOD) under the joint venture with Glow Trade, Malaysia for Multi Spectrum Camouflage-net, worth Rs. 200 crores. It is learnt that total requirement is for Rs. 600 crores and this partial requirement has been raised by MOD for the first time. The company has qualified in technical bid.

The Company expects huge demand for Armored Vehicles in India as well as abroad. The company has entered into following agreements:

- ▶ Agreement with Ford India Ltd. for armoring vehicle on Ford chassis
- ▶ MOU with RHEIN METALL AIR DEFENCE Switzerland for supply of SKY RANGER air defence system
- ▶ Agreement with Adcom Military Industries, Abu Dhabi for marketing the vehicles in Middle East & Africa

### Registered supplier for defence products

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

## JOINT VENTURE AGREEMENT WITH M/S RHEINMETALL AIR DEFENCE

M/s. Shri Lakshmi Cotsyn Limited through its 100% subsidiary company Shri Lakshmi Defense Solutions Ltd. has entered into a joint venture agreement with M/s. Rheinmetall Air Defence, Switzerland, for joint collaboration and technical know-how for manufacturing and integration of High level Air Defence systems consisting of missiles launcher, gun and radar system on a Wheel Track armored personnel carrier. Rheinmetall Air Defence Company is world renowned SWISS company engaged in manufacturing of high caliber guns for the Track system, radars and various other allied products for air defence. The company has also been supplying its product to MOD and Govt. of India for the last several years. SLDSL has also submitted proposals for supply of 20 mm High caliber guns for the fresh requirement of Coast Guard Vessels and Indian Air Forces.

## EXEMPTION UNDER SECTION 212(8) OF THE COMPANIES ACT, 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 212(8) of the Companies Act, 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.

### OPENING OF NEW STORES FOR RETAIL GARMENTS BRAND- "DYFI"

The Company has launched its own garments brand for retail sales in India called DYFI through five company owned stores and 450 multi-branded retail outlets throughout India. By the end of FY12, the owned stores are expected to increase upto 20 in number.

### EXPANSIONS

#### Expansion of Technical Textile Fabrics

Shri Lakshmi manufactures various technical textiles which includes fusible interlining fabric, high altitude fabric, PU coated fabric etc. In view of the increasing demand, the company is implementing the expansion project for enhancing the capacity of fusible interlining fabric from 12.5 MMPA to 25.0 MMPA. The Green Field Expansion project for manufacturing of black out fabrics, flex fabrics, NBC fabrics, MSCN fabric etc. are under implementation. The estimated capital cost for the project is Rs. ~4.82 Bn and the projects will be completed by the end of March 2012.

#### Denim and Wider width Fabric

Shri Lakshmi has the capacity to manufacture 20 MMPA of denim p.a, which it is increasing to 40 MMPA. The company is also increasing the manufacturing capacity of wider width fabric from 12 MMPA to 30 MMPA. The estimated capital cost for the project is Rs. ~5.10 Bn and both the projects are under implementation.

#### Spinning Mill

The company is already running a small plant consisting of 7,000 spindles and further installing 28,000 spindles, making total of installed capacity to 35,000 spindles and 5000 rotors with project cost of approx. Rs. 500 crores.

### DIRECTORS

Pursuant to the provisions of the Companies Act, 1956 and Articles of Association of the Company, the Directors of the Company namely, Prof. (Dr.) G. N. Mathur Shri K.D. Gupta and Shri S. K. Mangol are liable to retire by rotation at the ensuing Annual General Meeting of the Company .

Prof. (Dr.) G.N. Mathur and Shri K.D. Gupta, being eligible, have offered themselves for reappointment. However, Shri S. K. Mangol, has expressed his unwillingness for re-appointment as a Director of the Company due to his old age.

The Board placed on records its sincere appreciation for the valuable services rendered by Shri S. K. Mangol during his tenure as Director of the Company.

### CAPITAL

During the year 2010-11, the Company has allotted the following nos. of equity shares:

- (i) 188,405 nos. of equity shares at a pre-determined price of Rs. 108.41 per share after conversion of FCCB aggregating to USD 500,000. Consequently, the paid up capital of the company is increased to Rs. 201,518,100
- (ii) 866,663 nos. of equity shares at a pre-determined price of Rs. 108.41 per share after conversion of FCCB aggregating to USD 2,300,000. Consequently, the paid up capital of the company is increased to Rs. 210,184,730
- (iii) 75,362 nos. of equity shares at a pre-determined price of Rs. 108.41 per share after conversion of FCCB aggregating to USD 200,000. Consequently, the paid up capital of the company is increased to Rs. 210,938,350
- (iv) The Board has approved the allotment of 5,000,000 Share Warrants to promoters and 430,000 Share Warrants to non-promoters, convertible into equity shares of Rs. 10 each at a premium of Rs. 146 per shares
- (v) The Board has approved the allotment of 1,570,000 Share Warrants to non-promoters/strategic investors, convertible into equity shares of Rs. 10 each at a premium of Rs. 146 per share, on preferential basis at SEBI Floor price of Rs. 156/- per warrant, subject to the approval of shareholders and regulatory authorities
- (vi) The Board has obtained the approval of Shareholders vide their Extra General Meeting dated 5th May 2011, to issue Equity Shares in one or more tranches, in the course of domestic/ international offerings to Domestic/Foreign Investors/ Institutional Investors/ Foreign Institutional Investors, Companies or Body Corporate, through Global depository Receipts (GDR), American depository Receipts (ADR), Public Issue, Right Issue, Private Equity (PE), Private Placement (PP), Foreign Currency Convertible Bonds(FCCB), convertible Warrants, convertible Debentures, fully or partly and or any other securities convertible into or Exchangeable, with Equity Shares, issue of Securities to Qualified Institutional buyers(QIB) subject to the approval & provisions of regulatory authorities to the tune of Rs. 500 crores (inclusive of premium)

## REDEMPTION OF NON CONVERTIBLE DEBENTURES (DEBT)

During the year, your Company has Redeemed 12% secured Non Convertible Debentures of aggregate nominal value of Rs. 50.00 crores, which the Company has taken for meeting its long term expansion project cost. Since, the Company has now redeemed these Non Convertible Debentures, therefore the amount standing to the credit of Debenture Redemption Reserve account has been transferred to profit under Reserves & Surplus account.

## DIVIDEND

Your Directors at their meeting held on 29th November, 2011, has recommended a dividend of 30% (i.e., Rs. 3/- per share) on 21,093,835 equity shares of face value of Rs. 10/- each for the accounting year ended on 30th June, 2011 and recommended the same for the approval of shareholders in the forthcoming Annual general Meeting, that if approved, would be paid to all those equity shareholders whose name appears in the register of Members and whose names appears as beneficial owners as on record date i.e., 27th December, 2011 as per shareholders list furnished by our Registrar & Transfer Agent.

## CREDIT RATING

### Equity:

As per the latest CRISIL Independent Equity Research report on Shri Lakshmi Cotsyn Ltd. dated August 11, 2011, the fundamental grade of the company is 2/5, indicating that its fundamentals are moderate relative to other listed securities in India. CRISIL has assigned a fair value of Rs.150 to the company, which implies a valuation grade of 5/5, indicating the market price of Rs.105 (as on 15th November, 2011) has strong upside from the current levels. The full report can be downloaded from [www.ier.co.in](http://www.ier.co.in).

### Debt:

The CARE Rating, another reputed credit rating agency, has reaffirmed the rating of CARE BBB+( Triple B Plus) assigned to the long term bank facilities and revised the rating assigned to the short term facilities to PR3+ ( PR Three Plus) for the year 2010-11.

## 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 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

Your Company also continues to pursue its mission for environmental excellence and constantly explores opportunities to improve ecology and the environment.

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 got the certification to produce organic bed sheets, organic towels and other products.

## RESEARCH AND DEVELOPMENT

Innovation has always been a part of Shri Lakshmi 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.

Recently, the Directorate of Scientific & Industrial Research (DSIR) has awarded your Company with R & D recognition.

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.

- ▼ Strong R&D cell for advanced testing laboratories, managed by a 50 member strong team
- ▼ Your Company is implementing R & D based projects of technical textile fabrics which include black-out fabric, flex fabrics, NBC fabrics and MSCN fabrics with estimated total capital expenditure of Rs. 482 crores

## INSURANCE

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



## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR 2010-11

As required under Clause 49 of the Listing Agreement with Stock Exchanges, Management discussion and analysis for the year 2010-11 forms part of this Report and is annexed prior to the Notice of AGM( PAGE NO. 28)

## CORPORATE GOVERNANCE REPORT FOR THE YEAR 2010-11

Corporate Governance Report for the year 2010-11 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 wishes to send 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. In this regard, communication/ letter were already been dispatched to the shareholders at their addresses registered with the company.

## 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, Particulars of employees under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employee) Rules, 1975 as amended were not given.

### (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 217 (1) (e) of the Companies Act, 1956 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 Section 217(2AA) of the Companies Act, 1956, 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 judgments 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.

## STATUTORY DISCLOSURES

None of the Directors are disqualified under the provisions of Section 274(1) (g) of the Companies Act, 1956. The Directors have made the requisite disclosures, as required under the provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

## ACKNOWLEDGEMENTS

We have definitely scaled greater heights and defined the path for others to follow. In this regard, your Directors wish to place on record their appreciation of the timely support provided by the Company's bankers, all the vendors and tie-up entities and the dedication and commitment of the employees at all levels. We are sure we will continue to dare and reach the pinnacle of our journey called success.

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: 29th November, 2011

For and on behalf of the Board

**Devesh Gupta**

(Deputy Managing  
Director)

**Dr. M. P. Agarwal**

(Chairman &  
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:

Your Company proactively seeks measures to conserve energy through innovation in order to reduce wastage and optimize consumption. Employees are encouraged to give suggestions that will result in energy saving. Concurrent measures are adopted such as:

- ▶ 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;
- ▶ 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) Undergoing trials for switching the fuel from coal to biomass in the existing 8 MW captive co-generation plant and Thermic Fluid Heater at the Malwan unit;
- 3) In-house Chemical auxiliary unit, resulting in optimum resource utilization;
- 4) 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

Though rapidly improving, a low proportion of Indian looms are shuttle-less and the majority of India's total cloth production and processing is in the un-organized sector.

Technology absorption on a pan-industry basis will be dependent upon the larger players being proactive in absorbing newer technologies and ramping up production efficiencies.

### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO

		(Rs. in lacs)	
Foreign exchange earnings and outgo		2010-11	2009-10
i)	Total earnings of foreign exchange	23,011.46	8,204.28
ii)	Total outgo in foreign exchange	21,296.39	7,334.11

#### Registered office:

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

Date: 29th November, 2011

For and on behalf of the Board

**Devesh Gupta** **Dr. M. P. Agarwal**

(Deputy Managing Director) (Chairman & Managing Director)



# 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. Corporate governance signifies acceptance by management of the inalienable rights of shareholders as the true owners of the organisation and of their own role as trustees on behalf of the shareholders.

Shri Lakshmi Cotsyn Limited is committed to good corporate governance. The Company respects the rights of its shareholders to secure information on the performance of the Company. Its endeavor has always been to maximise the long term value to the stakeholders of the Company. 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. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board.

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

The Board has 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 30th June, 2011 the Board comprised 11 Directors.

## NUMBER OF BOARD MEETINGS HELD AND THE DATES THEREOF

During the financial year 2010-11, 6 meetings of the Board of Directors were held. The meetings were held on 30th August, 2010, 28th September, 2010, 28th October, 2010, 11th February, 2011, 08th April, 2011 and 3rd May, 2011. 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 and Managing Director)	Promoter Executive Director	6	Yes	5	1	Nil
Shri Pawan Kumar Agarwal (Joint Managing Director)	Promoter Executive Director	6	Yes	5	Nil	1
Shri Devesh Gupta (Deputy Managing Director)	Executive Director	5	Yes	5	Nil	1
Shri Dileep Bajaj	Executive Director	6	-	Nil	Nil	1
Smt. Sharda Agarwal	Promoter Executive Director	6	Yes	4	Nil	Nil
Shri R. K. Garg	Non-Executive Independent Director	3	-	Nil	1	1
Shri S. K. Mangol#	Non-Executive Independent Director	1	-	Nil	Nil	-
Prof. G. N. Mathur	Non-Executive Independent Director	2	-	1	Nil	2
Dr. J. V. Rao	Non-Executive Independent Director	3	-	Nil	Nil	1
Mr. R. S. Srivastava	Non-Executive Independent Director	5	Yes	Nil	2	Nil
Shri K.D. Gupta	Non-Executive Independent Director	6	-	5	Nil	2

Notes:

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

# retiring in the ensuing Annual General meeting.



## 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 of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures

- ▼ Efficiency and effectiveness of operations, both domestic and overseas;
- ▼ Safeguarding of assets and adequacy of provisions for all liabilities;
- ▼ Reliability of financial and other management information and adequacy of disclosures;
- ▼ Compliance with all relevant statutes.

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 named Shri R. K. Garg, Dr. G. N. Mathur and Shri K. D. Gupta. The Audit Committee is chaired by Shri R. K. Garg. 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 292A of the Companies Act, 1956. The Audit Committee while reviewing the Annual Financial statements also reviews the applicability of various Accounting Standards (AS) issued by the Institute of Chartered Accountants of India. Compliance of the Accounting Standard as applicable to the Company was ensured in the financial statements for the year ended 30th June, 2011. During the accounting year four Audit Committee Meetings were held on 27th August, 2010, 23rd October, 2010, 29th January, 2011 and 30th April, 2011.

#### Details of the attendance at the meetings are as follows

Serial number	Name	Attendance
1	Shri R. K. Garg	4
2	Dr. G. N. Mathur	3
3	Shri S. K. Mangol	3
4	Shri Pradeep Gupta	4
5	Shri R. K. Srivastava	4

#### 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/ Wholtime 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, all of them being Independent, including the Chairman of the Committee.

During 2010-11, the meeting of the Remuneration Committee was held on 5th November, 2010. Details of the attendance at the meeting are as follows:

Serial number	Name	Attendance
1	Shri R. S. Srivastava - Chairman	1
2	Dr. J. V. Rao	1
3	Dr. G. N. Mathur	1

**DETAILS OF REMUNERATION PAID TO ALL THE DIRECTORS FOR THE YEAR ENDED ON 30TH JUNE, 2011**

## a) Executive Directors (Managing/Wholetime Directors)

Details of remuneration paid for the year ended 30th June, 2011 to Managing/wholetime Directors are as follows

Name	Designation	All elements of remuneration package i.e. salary, perks, benefits, bonuses and pension, among others (Rs. in lacs/ p.a.)	Performance linked incentives along with the performance criteria (in Rs.)	Total (Rs. in lacs/ p.a.) (2009-10)	Stock, option with details, if any, and whether issued at discount as well as the period over which accrued and over which exercisable
Dr. M.P. Agarwal	Managing Director	30.00	NIL	30.00	Presently the Company does not have any stock option scheme
Mr. Pawan Kumar Agarwal	Joint Managing Director	18.00	NIL	18.00	
Mr. Devesh Narain Gupta	Dy. Managing Director	15.00	NIL	15.00	
Smt. Sharda Agarwal	Executive Director	9.00	NIL	9.00	
Mr. Dileep Bajaj	Executive Director	15.00	NIL	15.00	

## b) Non-Executive Directors

During 2010-11, 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.

The Shareholders'/ Investors' Grievance Committee comprises three Non-Executive Directors namely, Shri R. S. Srivastava, Mr. R. K. Garg, and Mr. K. D. Gupta and is chaired by Shri R. S. Srivastava. The Company Secretary acts as the Secretary of the Committee.

**FINANCE COMMITTEE**

The Committee comprises four Executive Directors chaired by Dr. M. P. Agarwal. The Finance Committee met 21 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 number	Name	Attendance
1	Dr. M. P. Agarwal	21
2	Shri Pawan Kumar Agarwal	19
3	Shri Devesh Narain Gupta	18
4	Shri Dileep Bajaj	14

**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.

**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 dispatched to the shareholders at their 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.

## 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
30th June, 2008	December 31, 2008	11.00 am	Wednesday	19/X-1, Krishnapuram, G.T. Road, Kanpur	1
30th June, 2009	December 31, 2009	11.00 am	Thursday	19/X-1, Krishnapuram, G.T. Road, Kanpur	5
30th June, 2010	November 27, 2010	11.00 am	Saturday	19/X-1, Krishnapuram, G.T. Road, Kanpur	5

## Extra-Ordinary General Meetings

Details regarding the Extra-Ordinary General Meetings of the Company held during the year 2010-11 are as follows

Year ended	Time	Day	Place	Number of special resolutions passed
4th October, 2010	11.00 am	Monday	19/X-1, Krishnapuram, G.T. Road, Kanpur	1
5th May, 2011	11.00 am	Thursday	19/X-1, Krishnapuram, G.T. Road, Kanpur	3

## 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.



## 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

- 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.
- 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.
- 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
- The Company complied with all the mandatory requirements of Clause 49 of the Listing Agreement.

## MEANS OF COMMUNICATION

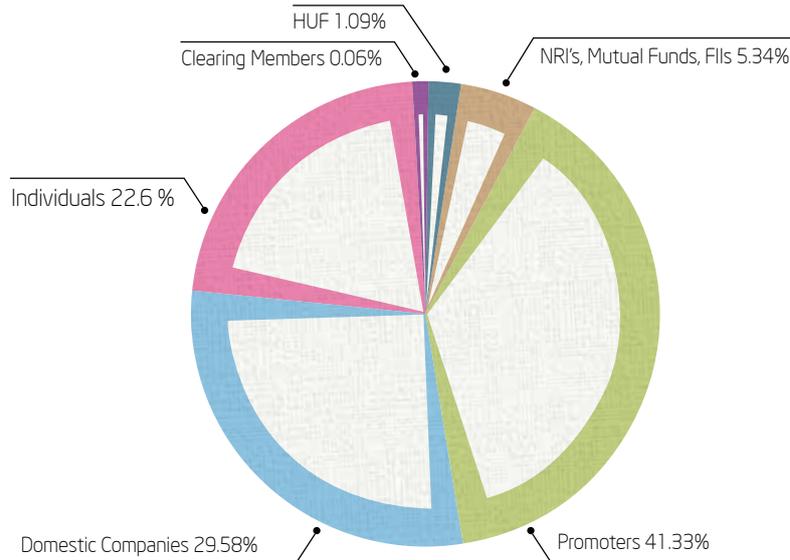
The quarterly, half-yearly and annual results are submitted to the listed stock exchanges and are published in leading newspapers viz. Business Standard (English and Hindi), Jansaptah, The Financial Express (English and Hindi) and, in terms of the requirements of Clause 41 of the Listing Agreement. The 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 30th June, 2011:

Category	Number of shares held	Percentage of share holding
<b>(A) Promoters' holding</b>		
-India promoters	87,17,831	41.33
-Foreign promoters	-	-
<b>Sub-Total (A)</b>	<b>8,717,831</b>	<b>41.33</b>
<b>(B) Non-promoters' holding</b>		
(1) Institutional investors		
Mutual Funds	-	-
Financial Institutions/Banks	150,000	0.71
Central Govt./State Govt.	-	-
Venture Capital Funds	-	-
Insurance companies	-	-
Foreign Institutional investors	767,620	3.64
Foreign Venture Capital investors	-	-
Foreign/ Financial Institutions/Banks	-	-
<b>Sub-total (B)(1)</b>	<b>917,630</b>	<b>4.35</b>
(2) Others		
-Domestic companies	6,239,179	29.58
-Individuals	4,767,715	22.6
-HUF	229,880	1.09
-NRI's	208,241	0.99
-Clearing members	12,859	0.06
- Trust	500	0.00
<b>Sub-total (B) (2)</b>	<b>11,458,374</b>	<b>54.32</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>12,376,004</b>	<b>58.67</b>
<b>Grand total (A)+(B)</b>	<b>21,093,835</b>	<b>100.00</b>

The diagrammatic representation of the shareholding pattern as on 30th June, 2011:



Distribution of share holding as on 30th June, 2011:

Shareholding of nominal value of		Shareholders		Shares amount	
Rs.	Rs.	Number	% to Total	Rs.	% to Total
(1)	(2)	(2)	(3)	(4)	(5)
Up to	- 5000	9807	85.19	1,43,50,330	6.80
5001	- 10000	798	6.93	65,87,430	3.12
10001	- 20000	409	3.55	62,97,920	3.00
20001	- 30000	143	1.24	36,92,840	1.75
30001	- 40000	66	0.57	23,85,950	1.13
40001	- 50000	52	0.45	24,67,910	1.17
50001	- 100000	86	0.75	65,20,520	3.09
100001 and above		151	1.31	16,86,35,450	79.94
<b>Total</b>		<b>11512</b>	<b>100.00</b>	<b>21,09,38,350</b>	<b>100.00</b>



**Stock market price data for the year 2010-2011 at BSE SENSEX**

**Script Code:** 526049 **Company:** SHRILAKSHMI **For the period:** July 2010 to June 2011:

Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades	Total Turnover (Rs.)	* Spread (Rs.)	
								H-L	C-O
Jul-10	142	154	138.25	150.35	299247	6395	43327356	15.75	8.35
Aug-10	152	163.6	144	153.35	816033	12400	125695259	19.6	1.35
Sep-10	155.4	167.9	151.55	157.1	1020428	13991	163350733	16.35	1.7
Oct-10	157.1	169.9	150.6	151.35	1149346	12689	184229834	19.3	-5.75
Nov-10	158.95	210	142.1	160.7	2699825	22148	449923293	67.9	1.75
Dec-10	163	164.85	121	131.6	1032894	11043	144056382	43.85	-31.4
Jan-11	133.9	136	100.5	104.95	708813	6485	84051846	35.5	-28.95
Feb-11	105.35	108.1	82	85.6	446851	5221	41438721	26.1	-19.75
Mar-11	90	92	74	78.4	500967	8056	40161440	18	-11.6
Apr-11	79.5	110.85	79	98.95	3354270	33284	343597518	31.85	19.45
May-11	100.5	102.7	89.25	95.45	1008257	10453	96524399	13.45	-5.05
Jun-11	96.4	97.9	75.1	81.85	475114	6822	41931234	22.8	-14.55

\*Spread

H-L: High-Low

C-O: Close-Open

**GENERAL SHARE HOLDER INFORMATION**

<b>23rd Annual General Meeting (AGM for year ended June 30, 2011)</b>	<b>Day:</b> Friday
	<b>Date:</b> 30th December, 2011
	<b>Time:</b> 11:30 am
	<b>Venue:</b> 19/X-1, Krishnapuram, G.T. Road, Kanpur
<b>Accounting calendar years</b>	For the accounting year 2010-11, the interim and final results were announced on:
	a. 1st quarter results - Fourth week of October 2010
	b. 2nd quarter results- Second week of February 2011
	c. 3rd quarter results- First week of May, 2011
	d. 4th quarter & Annual results- First week of August 2011
<b>Date of book closure</b>	Wednesday, 28th December, 2011 to Friday, 30th December, 2011 (both days inclusive).
<b>Listing on stock exchange</b>	a) National Stock Exchange of India Ltd. b) Bombay Stock Exchange Ltd c) U. P. Stock Exchange Ltd d) Singapore Stock Exchange
<b>Registrar and Transfer Agents</b>	M/s Abhipra Capital Ltd. GF-58-59 World Trade Centre, Barakhamba Lane, New Delhi-110033 Ph. no.:+91 11-42390909; 30750800, Fax:+91 11-27215530 <b>Email:</b> jeewatrai@abhipra.com; rta@abhipra.com

<b>Address for correspondence</b>	19/X-1, Krishnapuram, G.T. Road, Kanpur-7 (U.P.) Ph. no.:+91 512-2401492, 2402733, 2402893 Fax no.: +91 512-2402339 E-mail: shri@shrilakshmi.in Website: www.shrilakshmi.in
<b>Share transfer system</b>	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.
<b>Nomination facility</b>	Shareholders holding shares in physical and desirous of making a nomination in respect of their share holding in the Company as permitted U/S 109 A 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.
<b>Code of conduct</b>	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.
<b>Dematerialization of shares and liquidity</b>	<b>ISIN Code - equity shares: INE 851 B01016</b> As on 30th June, 2011, 90.59% of the total equity shares of the Company were dematerialised. Trading in equity shares of the Company is permitted only in dematerialised 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 2010-11.

Date: 29th November, 2011

Place: Kanpur

**(Dr. M P Agarwal)**

Chairman and Managing Director



**Pradeep & Associates**

Chartered Accountants

27/78 'A' 'Gagan Deep'  
Ground Floor, Birhana Road  
Kanpur – 208001  
Phone: Offi. : 2313665  
Resi. : 2540609

## Certificate

TO

THE MEMBERS,

M/S SHRI LAKSHMI COTSYN LIMITED

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

We have examined the compliance of conditions of Corporate Governance by **M/S SHRI LAKSHMI COTSYN LIMITED** for the year ended 30th June, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that Company has complied in material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Pradeep & Associates  
Chartered Accountants

**(Pradeep Kumar Gupta)**

Partner

Membership No. 70492

Date: 29th November, 2011

Place: Kanpur

## CEO/CFO Certification

I, Dr. M. P. Agarwal, Chairman & Managing Director of Shri Lakshmi Cotsyn Limited, hereby certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the year ending 30th June 2011 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable Laws and Regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by Shri Lakshmi Cotsyn Limited during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls for financial reporting in Shri Lakshmi Cotsyn Limited and we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee
  - (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in Accounting Policies during the year and the same have been disclosed in the notes to the financial statements; and
- (e) We certify that there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or any employee having significant role in the Company's internal control systems.
- (f) We affirm that we have not denied any personnel, access to the Audit Committee of the company (in respect of matters involving alleged misconduct).

**Dr. M. P. Agarwal**

Chairman & Managing Director

Date: 29th November, 2011

Place: Kanpur



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# Auditor's Report

The Members of

**Shri Lakshmi Cotsyn Limited**

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

1. We have audited the attached Balance Sheet of **M/s Shri Lakshmi Cotsyn Limited** as at 30th June, 2011 and the Profit and Loss Account for the period ended on that date and the Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement; an audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, by the Central Government of India in terms of Sub-Section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, 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 accounts, as required by law, have been kept by the company so far as appears from our examination of those.
  - (c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report, are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statements dealt with by this report, comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.
  - (e) On the basis of written representation received from the Directors of the Company as on 30th June 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 30th June, 2011 from being appointed as Director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said Accounts read together with Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the Accounting Principles generally accepted in India
    - (i) In so far as it relates to the Balance Sheet, of the State of Affairs of the Company as at 30th June, 2011 and
    - (ii) In so far as it relates to the Profit & Loss Account of the Profit for the period ended on that date; and
    - (iii) In so far as it relates to the Cash Flow Statement of the Cash flow of the Company for the period ended on that date.

For Pradeep & Associates  
Chartered Accountants  
**(Pradeep Kumar Gupta)**

Date: 29th November, 2011  
Place: Kanpur

Partner  
Membership No. 70492



## Annexure Referred In Paragraph 3 of Our Report Of Even Date as on 30th June 2011

1. (i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(ii) As explained to us, the fixed assets have been physically verified by the management during the period under regular programme of verification which in our opinion is reasonable having regard to the size of the Company & nature of its assets. As informed, no material discrepancies were noticed on such verification  
(iii) There was no substantial disposal of fixed assets during the period.
2. (i) As explained to us, inventory has been physically verified by the management at reasonable intervals during the period.  
(ii) In our opinion and according to the information and explanations given to us, the procedures at physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.  
(iii) On the basis of our examination of inventory records, we are of the opinion that the Company is maintaining proper records of inventory. As explained to us, there was no material discrepancies noticed on physical verification of inventory as compared to the book records.
3. (i) The Company has neither granted nor taken any loan Secured/Unsecured to /from Companies, firms, or other parties covered in the register maintained u/s 301 of the Companies Act, 1956.  
(ii) Since Company has not taken any loan from Companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956, this clause is not applicable.  
(iii) Since the Company has not taken any loan from parties covered u/s 301 of the Companies act 1956, comments on this paragraph is not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control in respect of these areas.
5. (i) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in to the Register maintained under Section 301 of the Companies Act 1956, have been so entered.  
(ii) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts, of arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lacs in respect of any party during the period have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted Public deposit u/s 58A and 58AA of the Companies Act, 1956 and rules framed thereunder.
7. In our opinion, the Company has an internal Audit System commensurate with the size and nature of its business.
8. The Central Government has prescribed maintenance of Cost Records under Section 209(1) (d) of the Companies Act, 1956, in respect of certain manufacturing activities of the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made & maintained.
9. (i) Undisputed statutory dues in respect of Provident Fund and Income Tax Deducted at source under Income Tax Act, 1961 have been deposited regularly by the Company on prescribed due dates with the appropriate authorities. Further other undisputed statutory dues including, Income Tax, Wealth tax, Sales Tax, Custom duty, Excise duty and Cess have been deposited subsequently.  
(ii) According to the information and explanations given to us, there is no arrear of undisputed statutory dues outstanding as on 30th June, 2011 for a period of more than six months from the date they became payable and these dues have been deposited subsequently.  
(iii) Since there no arrears of undisputed statutory dues outstanding, comment on this clause not applicable.
10. The Company has no accumulated losses at the end of the financial period ended on 30th June, 2011 and it has not incurred any cash losses in the current and immediately preceding financial year.

11. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial Institutions.
12. In our opinion and 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
13. In our opinion, the Company is not a Chit Fund or nidhi / mutual benefit fund/society.
14. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. In our opinion and according to the information & explanations given to us, the Company has not given any guarantee for loans taken by others from Bank or financial Institutions.
16. Based on the information and explanations given to us by the management, the term Loans taken during financial year were applied for the purpose for which the loans were obtained.
17. According to information and explanation given to us and on an overall examination of the Balance Sheet of the company, we are of the opinion that Company has not utilized any short term borrowing for repayment of long term borrowing and acquisition of fixed assets.
18. During the period covered by our audit report, Non-Convertible Debentures of Rs.50 crores were redeemed of face value Rs. 10.00 lacs per NCD, which the Company has taken for meeting its expansion project cost.
19. The Company has not raised any money by way of public issue during the period
20. Based upon the audit procedures performed by the purpose of reporting true and fair view of the financial statements and according to the information and explanations given to us by the management, in our opinion, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Pradeep & Associates  
Chartered Accountants  
**(Pradeep Kumar Gupta)**

Date: 29th November, 2011  
Place: Kanpur

Partner  
Membership No. 70492



# Consolidated Balance Sheet

as on 30th June, 2011

(Rs. In lacs)

Particulars	Schedule	As at 30-06-2011	As at 30-06-2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	2,109.38	1,996.34
Share Warrants	2	8,470.80	-
Share Warrant Application Money		2,353.49	4,858.79
Reserves & Surplus	3	50,732.29	39,949.70
		<b>63,665.96</b>	<b>46,804.83</b>
<b>Loan Funds</b>			
Debentures		-	5,000.00
Long Term Loan		86,179.87	36,694.21
Short Term Loan		9,964.09	17,375.42
Working Capital Loan		54,355.23	44,718.80
Other Secured Loan		5,053.42	1,518.34
Mezzanine Debt		5,101.73	-
Foreign Currency Convertible Bonds (FCCBs)		2,515.25	3,740.75
Unsecured Loans	4	1,308.80	3,837.61
		<b>164,478.39</b>	<b>112,885.13</b>
Deferred Tax - Net		4,594.58	3,193.76
<b>Total</b>		<b>232,738.93</b>	<b>162,883.72</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	93,671.54	55,318.51
Less: Depreciation		14,482.15	10,773.35
Net Block		<b>79,189.39</b>	<b>44,545.16</b>
Capital Work in progress		31,854.32	17,086.48
		<b>111,043.71</b>	<b>61,631.64</b>
<b>Investments</b>			
	6	<b>8,155.35</b>	<b>5,876.33</b>
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	7 (i)	49,392.43	38,082.11
Sundry Debtors	7 (ii)	40,403.05	40,022.36
Cash & Bank Balances	7 (iii)	5,052.97	3,215.52
Loans and Advances	7 (iv)	27,189.06	21,449.88
Other Current Assets	7 (v)	1,402.57	918.67
		<b>123,440.08</b>	<b>103,688.54</b>
<b>Less: Current Liabilities &amp; Provisions</b>			
(i) Current Liabilities	8 (i)	8,366.73	7,252.12
(ii) Provisions	8(ii)	1,533.48	1,060.67
		<b>9,900.21</b>	<b>8,312.79</b>
<b>Net Current Assets</b>		<b>113,539.87</b>	<b>95,375.75</b>
<b>Total</b>		<b>232,738.93</b>	<b>162,883.72</b>

Note : Figures as at 30.06.2011 includes Existing/Expansion, SLDSL and SLCL UAE operations.

As per our report of even date attached.  
For PRADEEP & ASSOCIATES  
Chartered Accountants

**P.K. Gupta**  
Partner

Place: Kanpur  
Date: 29th November, 2011

**Devesh Gupta**  
(Deputy Managing Director)

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

**Rakesh Kumar Srivastava**  
(Company Secretary cum Finance Controller)

# Consolidated Profit & Loss Account

for the year ended 30th June, 2011

(Rs. In lacs)

Particulars	Schedule	As at 30-06-2011	As at 30-06-2010
<b>INCOME</b>			
Total Sales	9	179,838.30	153,548.03
Other Income	10	1,504.36	1,133.72
		<b>181,342.66</b>	<b>154,681.75</b>
<b>EXPENDITURE</b>			
Purchase & Manufacturing Exp.	11	144,348.98	126,362.06
Personnel Expenses	12	5,098.38	3,849.55
Administrative Expenses	13	4,497.41	3,892.23
Financial Charges	14	10,745.45	7,380.33
Depreciation		3,708.80	2,699.65
		<b>168,399.02</b>	<b>144,183.82</b>
<b>Profit Before Tax</b>		<b>12,943.64</b>	<b>10,497.93</b>
Income Tax including Deferred Tax		2,533.14	1,332.63
<b>Profit After Tax</b>		<b>10,410.50</b>	<b>9,165.30</b>
Debenture Redemption Reserve		-	1,000.00
Proposed Dividend		632.82	598.90
Income Tax on dividend		107.55	101.78
<b>Balance Carried to Balance Sheet</b>		<b>9,670.13</b>	<b>7,464.62</b>

Note : Figures as at 30.06.2011 includes Existing/Expansion, SLDSL and SLCL UAE operations.

As per our report of even date attached.  
For **PRADEEP & ASSOCIATES**  
Chartered Accountants

**P.K. Gupta**  
Partner

Place: Kanpur  
Date: 29th November, 2011

**Devesh Gupta**  
(Deputy Managing Director)

**Rakesh Kumar Srivastava**  
(Company Secretary cum Finance Controller)

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



# Schedules to the Consolidated accounts

as on 30th June, 2011

(Rs. in lacs)

Particulars	As at 30-06-2011	As at 30-06-2010
<b>SCHEDULE-1</b>		
<b>Authorised Share Capital</b>		
50,000,000 Equity Share of Rs.10/- each	5,000.00	5,000.00
<b>Issued, Subscribed and Paid-Up Share Capital</b>		
21,093,835(19,963,405 ) Equity Shares of Rs.10/-each	2,109.38	1,996.34
	<b>2,109.38</b>	<b>1,996.34</b>
<b>SCHEDULE-2</b>		
<b>Share Warrants</b>		
5,430,000 Share Warrants of Rs. 156/- each	8,470.80	-
	<b>8,470.80</b>	<b>-</b>
<b>SCHEDULE-3</b>		
<b>Reserves &amp; Surplus</b>		
Share Premium	10,618.37	9,505.91
State Capital Subsidy	12.19	12.19
<b>Debenture Redemption Reserve</b>		
As per last Balance Sheet	3000.00	3,000.00
Less : Transferred to Profit & Loss Account	3000.00	-
<b>Profit and Loss Account</b>		
Profit as per last balance sheet	27,431.60	19,966.98
Add: Profit for the period	9,670.13	7,464.62
Add: Transfer from D. R. R.	3,000.00	-
	<b>50,732.29</b>	<b>39,949.70</b>
<b>SCHEDULE-4</b>		
<b>Unsecured Loan</b>		
Unsecured Loan	1,308.80	3,837.61
	<b>1,308.80</b>	<b>3,837.61</b>

## SCHEDULE-5 : FIXED ASSETS

(Rs. In lacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 01.07.10	Addition	As on 30.06.11	Upto 01.07.10	For the year	Upto 30.06.11	As on 30.06.10	As on 30.06.11
Land	914.01	21.40	935.41	-	-	-	914.01	935.41
Building	8,773.54	3,802.05	12,575.59	1,009.96	389.00	1,398.96	7,763.58	11,176.63
Plant & Machinery	44,411.90	34,301.57	78,713.47	9,439.77	3,213.52	12,653.29	34,972.13	66,060.18
Furniture & Fixture	357.36	32.53	389.89	48.06	23.94	72.00	309.30	317.89
Office Equipment	429.62	88.61	518.23	110.75	31.64	142.39	318.87	375.84
Vehicles	432.09	106.86	538.95	164.81	50.70	215.51	267.28	323.44
<b>Total</b>	<b>55,318.51</b>	<b>38,353.02</b>	<b>93,671.54</b>	<b>10,773.35</b>	<b>3,708.80</b>	<b>14,482.15</b>	<b>44,545.16</b>	<b>79,189.39</b>
Previous Year	52,723.63	2,594.89	55,318.52	8,073.70	2,699.65	10,773.35	44,649.93	44,545.16

# Schedules to the Consolidated accounts

as on 30th June, 2011

(Rs. in lacs)

Particulars	As at 30-06-2011	As at 30-06-2010
<b>SCHEDULE-6</b>		
<b>Investments</b>		
Quoted / Unquoted Shares	8,155.35	5,876.33
	<b>8,155.35</b>	<b>5,876.33</b>
<b>SCHEDULE-7</b>		
<b>i) Inventories</b>		
(As Certified by Management)		
Store, Spares & Consumables	739.50	1,536.34
Raw Materials	17,760.22	12,578.40
Semi-Finished Goods	16,347.70	14,217.53
Finished Goods	14,353.51	9,542.30
Coal & Husk	191.50	207.54
	<b>49,392.43</b>	<b>38,082.11</b>
<b>ii) Sundry Debtors</b>		
(Unsecured, Considered good)		
Debts outstanding for a period exceeding six month	150.50	873.43
Others	40,252.55	39,148.93
	<b>40,403.05</b>	<b>40,022.36</b>
<b>iii) Cash &amp; Bank Balance</b>		
Cash in Hand	109.65	45.59
Balances with Banks	4,943.32	3,169.93
	<b>5,052.97</b>	<b>3,215.52</b>
<b>iv) Loans &amp; Advances</b>		
(Unsecured, Considered good, Advance Recoverable in cash or Kind)		
Security Deposit	1,207.60	1,186.20
Advances to Suppliers for Capital Goods	25,772.19	19,980.81
Advances to Suppliers for Others	56.89	105.59
Advance to suppliers for Raw Materials	152.38	177.28
	<b>27,189.06</b>	<b>21,449.88</b>
<b>v) Other Current Assets</b>		
Advances against Others	14.40	210.26
Salary advance	40.24	14.27
Advances against Travelling Expenses	54.17	13.41
Advance Income Tax	943.10	368.23
Accrued Duty Draw back	131.26	268.84
Accrued DEPB	186.74	14.37
Prepaid Expenses	32.66	29.29
	<b>1,402.57</b>	<b>918.67</b>



# Schedules to the Consolidated accounts

as on 30th June, 2011

(Rs. in lacs)

Particulars	As at 30-06-2011	As at 30-06-2010
<b>SCHEDULE-8</b>		
<b>Current Liabilities &amp; Provisions</b>		
<b>i) Current Liabilities</b>		
Dividend Payable	22.77	10.21
Proposed Dividend	632.82	598.90
Sundry Creditors	7,711.14	6,643.01
	<b>8,366.73</b>	<b>7,252.12</b>
<b>ii) Provisions</b>		
Provision for Tax	1,122.31	650.00
Provision for Tax on Proposed Dividend	107.55	101.78
Provision for Expenses	303.62	308.89
	<b>1,533.48</b>	<b>1,060.67</b>
<b>SCHEDULE-9</b>		
<b>Total Sales</b>		
Suiting & Shirting	14,820.59	21,155.41
Technical Textile / Fusible Interlining / Nylon fabric	48,868.43	48,837.14
Quilting & Embroidery	1,207.59	1,096.75
Denim	25,345.49	21,886.68
Terry Towel	17,251.93	11,815.39
Home Furnishing	20,930.52	15,773.79
Bottom Weight	6,882.08	6,913.69
Garments	289.63	83.81
Misc. / Subsidiary Sales	21,569.98	16,422.66
	<b>157,166.24</b>	<b>143,985.32</b>
Export Sales	22,672.06	9,562.71
	<b>179,838.30</b>	<b>153,548.03</b>
<b>SCHEDULE-10</b>		
<b>Other Income</b>		
Miscellaneous Income	189.70	736.42
Duty Drawback	773.63	7.02
Income on Sale of DEPB License	541.03	390.28
	<b>1,504.36</b>	<b>1,133.72</b>

# Schedules to the Consolidated accounts

as on 30th June, 2011

(Rs. in lacs)

Particulars	As at 30-06-2011	As at 30-06-2010
<b>SCHEDULE-11</b>		
<b>Purchase &amp; Manufacturing Expenses</b>		
Raw Material Consumed	144,491.66	128,286.44
Packing Materials	1,275.42	1,088.74
Decrease / Increase Semi Finished Goods	(2,130.17)	(6,822.74)
Decrease / Increase Finished Goods	(4,811.21)	(368.61)
Power & Fuel	4,951.67	3,674.28
Others	571.61	503.95
	<b>144,348.98</b>	<b>126,362.06</b>

<b>SCHEDULE-12</b>		
<b>Personnel Expenses</b>		
Wages	2,267.96	1,609.54
Salaries	2,634.65	2,077.90
Staff welfare Expenses	98.91	90.56
Directors' Remuneration	96.86	71.55
	<b>5,098.38</b>	<b>3,849.55</b>

<b>SCHEDULE-13</b>		
<b>Administrative Expenses</b>		
Rent, Rate & Taxes	169.13	121.10
Insurance	67.17	31.14
Repair & Maintenance	533.58	220.03
Printing & Stationery	51.29	49.49
Postage & Telegram	96.07	124.33
Travelling & Conveyance	379.56	363.45
Meeting Expenses	8.63	4.87
Cost & Stock Audit fee	1.11	1.83
Audit Fees	13.79	11.20
Selling & Distribution Exp.	731.43	448.77
Legal Expenses	12.47	12.04
Advertisement	126.21	102.15
Freight Outward	804.05	686.44
Stores & Spares	590.34	890.48
Professional Charges	231.60	239.99
Misc. Expenses	680.98	584.92
	<b>4,497.41</b>	<b>3,892.23</b>



# Schedules to the Consolidated accounts

as on 30th June, 2011

(Rs. in lacs)

Particulars	As at 30-06-2011	As at 30-06-2010
<b>SCHEDULE-14</b>		
<b>Financial Charges</b>		
Interest on Borrowings	9,756.38	6,802.99
Bank Charges	989.07	577.34
	<b>10,745.45</b>	<b>7,380.33</b>

Note : Figures as at 30.06.2011 includes Existing/Expansion, SLDSL and SLCL UAE operations.

As per our report of even date attached.  
For PRADEEP & ASSOCIATES  
Chartered Accountants

**P.K. Gupta**  
Partner

Place: Kanpur  
Date: 29th November, 2011

**Devesh Gupta**  
(Deputy Managing Director)

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

**Rakesh Kumar Srivastava**  
(Company Secretary cum Finance Controller)

# Notes forming part of Consolidated accounts

as on 30th June, 2011

## SCHEDULE-16

Annexure to and forming part of the Balance Sheet as at 30th June, 2011 and Profit & Loss Account for the year ended on that date:

## ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### PRINCIPLES OF CONSOLIDATION:-

The Consolidated Financial Statements relate to Shri Lakshmi Cotsyn Ltd. (the Company) and its subsidiary companies viz. SLCL Overseas (FZC) and Shri Lakshmi Defence Solutions Ltd. 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 as per AS-21. The Consolidated Financial Statements as notified under 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., 30th June, 2011.
- c) The Consolidated Financial Statements have been prepared in accordance with AS-21. Accounting for Investments in Associate in Consolidated Financial Statements as per AS-23 as notified under the companies Accounting Standards Rules, 2006.

### SIGNIFICANT ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention and in accordance with the applicable accounting standards as notified under the Companies (Accounting Standards) Rules, 2006, issued by The Institute of Chartered Accountants of India. The significant accounting policies are as follows:

#### 1) FIXED ASSETS

Fixed assets are valued at cost.

#### 2) DEPRECIATION

Depreciation has been provided on straight line method on all the fixed assets as per Schedule XIV of the Companies Act, 1956. Further, depreciation on an asset, whose actual cost does not exceed Rs. 5000/- has been provided at the rate of 100%.

#### 3) 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.

#### 4) REVENUE RECOGNITION

In accordance with the provision of Section 209(3) of the Companies Act, 1956 and in accordance with AS-9, the Company follows accrual basis of accounting except in respect of interest on security deposit which is accounted for on receipt basis. Sales are invoiced on dispatch of goods to the customer.

#### 5) FOREIGN EXCHANGE TRANSACTION

As per AS-11, 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 has been accounted for at the exchange rate prevailing at the time of contract.

#### 6) EMPLOYEES RETIREMENT BENEFIT

Company's contribution to Employees Provident Fund is charged to Profit & Loss account. Provision for leave Encashment & Gratuity has been provided for in accounts in Compliance with AS-15.

#### 7) CONTINGENT LIABILITIES

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

#### 8) INVESTMENTS

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

#### 9) RESEARCH AND DEVELOPMENT EXPENDITURE

All revenue expenses pertaining to research and development are charged to the Profit and Loss Account in the year in which these are incurred and expenditure of capital nature is capitalized as fixed assets.



# Notes forming part of Consolidated accounts

as on 30th June, 2011

## 1. Remuneration Paid To Directors

(Rs. in lacs)

	As on 30.06.2011	As on 30.06.2010
Gross Salary paid to Managing Director and other Directors (Includes all allowances & perquisites)	96.86	71.55

2. During the accounting year ended 30th June, 2011, the Company has converted FCCBs aggregating to USD 3.00 Million out of remaining amount of FCCBs aggregating to 9.50 Million and issued/ allotted 1,130,430 nos. of equity shares at a predetermined price of Rs. 108.41 per share as mentioned in the term sheet and offering circular of FCCB and allotted to the respective Bond Holders on different dates.
3. During the year, the Company has provided Rs. 10 crores (in aggregate Rs. 30 Crores) as Debenture Redemption Reserve. Since, during the year, the Company has redeemed 12% secured Non Convertible Debentures of face value Rs. 10.00 lakhs and aggregate nominal value of Rs. 50.00 crores, therefore the amount standing to the credit of Debenture Redemption Reserve account has been transferred to profit under Reserves & Surplus account.
4. Calculation of earning per share (EPS) in accordance with AS-20 issued by Institute of Chartered Accountants of India

Sl. No.	Particulars	2010-11	2009-10
1.	No. of equity shares	2,10,93,835	1,99,63,405
2.	Nominal value of equity shares (in Rs.)	10	10
3.	Profit before tax (Rs. in lacs)	12943.64	10497.93
4.	Profit after tax (Rs. in lacs)	10410.50	9165.30
5.	Basic EPS (in Rs.)	49.35	45.90

5. **RELATED PARTY DISCLOSURE** : The related party disclosure in accordance with AS-18 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

### II) DETAILS OF TRANSACTION

Nature	Associate Companies	Key Management Personnel & their relatives
Remuneration	-	-
Rent Paid	750,000.00	1,320,000.00*

\* Dr. M. P. Agarwal (Rs. 300,000), Mr. Pawan Kumar Agarwal (Rs. 300,000), Mr. Alok Agarwal (Rs. 360,000), Mr. Vikas Agarwal (Rs. 360,000).

# Notes forming part of Consolidated accounts

as on 30th June, 2011

6. The Company is engaged in manufacturing of textiles which in the context of AS-17 as notified under the companies Accounting Standards Rules, 2006, is considered as the only business segment.
7. As per provisions of As-22 (Accounting for taxation of income) issued by Institute of Chartered Accountants of India, total deferred tax liability have been calculated to be Rs. 4,594.58 lacs.
8. No operations have been discontinued during the year.
9. Personal accounts are subject to confirmation, reconciliation and consequential adjustments (if any)

## 10. CONTINGENT LIABILITIES

- |  |                   |
|--|-------------------|
| (i) Guarantees given by the Company                  | NIL               |
| (ii) Claim against the Company not acknowledges Debt | Rs. NIL           |
| (iii) Letter of Credit outstanding                   | Rs. 4,838.23 lacs |

Estimated average contract remaining to be executed on Capital account & provided for (Net of Advances payment) Rs. NIL (Previous year NIL).

- |  |
|--|
| (iv) Provision for Tax amounting to Rs. 1,122.31 lacs has been made in the accounts. |
|--|

11. Additional information where applicable pursuant to the provisions of Schedule VI of the Companies Act, 1956 is as under:-

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

### B) Installed Capacity Per Annum

	Unit	As at 30.06.2011	As at 30.06.2010
(i) Suiting, Shirting	Mtrs	240 Lacs	240 Lacs
(ii) Technical Textiles			
- Technical Textile Fabric	Mtrs.	120 Lacs	60 Lacs
- Fusible Interlining Fabric	Mtrs.	125 Lacs	125 Lacs
- Nylon Fabric	Mtrs.	12.5 Lacs	12.5 Lacs
(iii) Quilt Fabrics	Mtrs.	4 Lacs	4 Lacs
(iv) Embroidery Fabrics	Mtrs.	8 Lacs	8 Lacs
(v) Bottom Weight	Mtrs.	60 Lacs	60 Lacs
(vi) Towel	Tons	15000 Tons	3000 Tons
(vii) Sheeting	Mtrs.	120 Lacs	120 Lacs
(viii) Denim	Mtrs.	200 Lacs	200 Lacs
(ix) Garments	Nos	66 Lacs	66 Lacs
(x) Quilts/Comforters	Nos	3 Lacs	3 Lacs



# Notes forming part of Consolidated accounts

as on 30th June, 2011

## C) Actual Production

	Unit	As on 30.06.2011	As on 30.06.2010
(i) Suiting & Shirting	Mtrs.	29,422,947	36,587,874
(ii) Technical Textiles			
-Technical Textile Fabric	Mtrs.	14,394,032	1,235,652
-Fusible Interlining Fabric	Mtrs.	14,989,336	19,494,411
-Nylon Fabric	Mtrs.	1,527,003	1,970,674
(iii) Quilt Fabrics	Mtrs.	191,981	710,537
(iv) Embroidery Fabrics	Mtrs.	637,374	1,119,298
(v) Bottom Weight	Mtrs.	7,469,535	7,153,383
(vi) Towel	Tons	9,562,405	5,151,966
(vii) Sheeting	Mtrs.	16,066,687	12,816,011
(viii) Denim	Mtrs.	20,098,105	19,384,847
(ix) Garments	Nos	556,669	501,325
(x) Quilts/Comforters	Nos	99,595	128,856

## D) Sales & Closing Stocks

	Unit	Opening	Closing	Sales
(i) Suiting & Shirting	Mtrs.	2,439,854	3,373,638	28,489,163
(ii) Technical Textiles				
-Technical Textile Fabric	Mtrs.	1,081,929	1,089,533	14,386,428
-Fusible Interlining Fabric	Mtrs.	1,125,131	2,567,594	13,546,873
-Nylon Fabric	Mtrs.	6,325	3,456	1,529,872
(iii) Quilt Fabrics	Mtrs.	45,263	91,845	145,399
(iv) Embroidery Fabrics	Mtrs.	30,539	16,225	651,688
(v) Bottom Weight	Mtrs.	338,199	466,840	7,340,894
(vi) Towel	Tons	130,106	1,294,580	8,397,931
(vii) Sheeting	Mtrs.	1,236,446	788,436	16,514,697
(viii) Denim	Mtrs.	367,084	489,369	19,975,820
(ix) Garments	Nos	19,237	155,254	420,652
(x) Quilts/Comforters	Nos	9,143	24,439	84,299

As per our report of even date attached.  
For **PRADEEP & ASSOCIATES**  
Chartered Accountants

**P.K. Gupta**  
Partner

Place: Kanpur  
Date: 29th November, 2011

**Devesh Gupta**  
(Deputy Managing Director)

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

**Rakesh Kumar Srivastava**  
(Company Secretary cum Finance Controller)

# Consolidated Cash Flow Statement

for the period ended 30th June, 2011

(Rs. in Lacs)

Particulars	30.06.2011	30.06.2010
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extra ordinary items	12,943.64	10,497.93
-Depreciation	3,708.80	2,699.65
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>16,652.44</b>	<b>13,197.58</b>
<b>ADJUSTMENTS FOR WORKING CAPITAL CHANGES :</b>		
-Trade and other receivable	(380.69)	(6,362.22)
- Inventories	(11,310.32)	(10,381.36)
- Trade Payables	1,062.86	1,660.90
- Loans and Advances	(6,223.08)	(18,236.93)
-Increase in Bank Borrowings	9,636.43	1,697.89
-Secured/Unsecured Loans	1,006.27	(5,640.16)
<b>Cash Generated from Operations</b>	<b>10,443.91</b>	<b>(8,782.30)</b>
-Income Tax	(660.01)	(1,332.63)
<b>Net Cash from Operating Activities</b>	<b>9,783.90</b>	<b>(10,114.93)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
-Fixed assets acquired	(53,120.87)	(11,718.38)
-Purchase of Investments	(2,279.02)	(4,863.34)
<b>Net Cash Used in Investing Activities</b>	<b>(55,399.89)</b>	<b>(16,581.72)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
-Proceeds from issue of share capital	1,225.50	2,781.75
-Proceeds from issue of share warrant application money	5,965.50	4,635.64
Proceeds from issue of Debentures	(5,000.00)	-
-Proceeds from issue of FCCB	(1,225.50)	(240.25)
-Proceeds from Long/Short Term Borrowings	47,176.06	19,361.60
-Dividend paid(including Dividend Tax)	(688.12)	(700.68)
<b>Net Cash from Financing Activities</b>	<b>47,453.44</b>	<b>25,874.06</b>
<b>Net increase in cash or cash equivalents</b>	<b>1,837.45</b>	<b>(822.59)</b>
Cash and Cash equivalents as at 1st July 2010	3,215.52	4,038.11
<b>Cash and Cash equivalents as at 30 June 2011</b>	<b>5,052.97</b>	<b>3,215.52</b>

As per our report of even date attached.  
For **PRADEEP & ASSOCIATES**  
Chartered Accountants

**P.K. Gupta**  
Partner

Place: Kanpur  
Date: 29th November, 2011

**Devesh Gupta**  
(Deputy Managing Director)

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

**Rakesh Kumar Srivastava**  
(Company Secretary cum Finance Controller)



# Standalone Balance Sheet

as on 30th June, 2011

(Rs. In lacs)

Particulars	Schedule	As at 30-06-2011	As at 30-06-2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	2,109.38	1,996.34
Share Warrants	2	8,470.80	-
Share Warrant Application Money		2,353.49	4,858.79
Reserves & Surplus	3	42,479.91	34,595.76
		<b>55,413.58</b>	<b>41,450.89</b>
<b>Loan Funds</b>			
Debentures		-	5,000.00
Long Term Loan		85,587.01	36,232.68
Short Term Loan (Project)		9,964.09	17,375.42
Working Capital Loan		53,926.72	44,475.82
Other Secured Loan		5,053.42	1,518.34
Mezzanine Debt		5,101.73	-
Foreign Currency Convertible Bonds (FCCBs)		2,515.25	3,740.75
Unsecured Loans	4	568.11	3,490.84
		<b>162,716.33</b>	<b>111,833.85</b>
Deferred Tax - Net		4,562.25	3,193.76
<b>Total</b>		<b>222,692.16</b>	<b>156,478.50</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	92,157.30	53,905.76
Less: Depreciation		14,350.19	10,705.74
Net Block		<b>77,807.11</b>	<b>43,200.02</b>
Capital Work in progress		31,854.32	17,086.48
		<b>109,661.43</b>	<b>60,286.50</b>
<b>Investments</b>			
	6	<b>3,877.75</b>	<b>1,844.58</b>
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	7 (i)	48,381.81	37,633.93
Sundry Debtors	7 (ii)	36,862.90	39,276.84
Cash & Bank Balances	7 (iii)	4,952.24	3,178.84
Loans and Advances	7 (iv)	26,926.71	21,363.90
Other Current Assets	7 (v)	1,324.13	910.71
		<b>118,447.79</b>	<b>102,364.22</b>
<b>Less: Current Liabilities &amp; Provisions</b>			
(i) Current Liabilities	8 (i)	7,823.59	6,992.39
(ii) Provisions	8(ii)	1,471.22	1,024.41
		<b>9,294.81</b>	<b>8,016.80</b>
<b>Net Current Assets</b>			
		<b>109,152.98</b>	<b>94,347.42</b>
<b>Total</b>		<b>222,692.16</b>	<b>156,478.50</b>

As per our report of even date attached.  
For PRADEEP & ASSOCIATES  
Chartered Accountants

**P.K. Gupta**  
Partner

Place: Kanpur  
Date: 29th November, 2011

**Devesh Gupta**  
(Deputy Managing Director)

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

**Rakesh Kumar Srivastava**  
(Company Secretary cum Finance Controller)

# Standalone Profit & Loss Account

for the year ended 30th June, 2011

(Rs. In lacs)

Particulars	Schedule	As at 30-06-2011	As at 30-06-2010
<b>INCOME</b>			
Total Sales	9	158,123.38	137,094.82
Other Income	10	1,490.41	1,131.80
		<b>159,613.79</b>	<b>138,226.62</b>
<b>EXPENDITURE</b>			
Purchase & Manufacturing Exp.	11	126,592.64	113,344.63
Personnel Expenses	12	4,909.97	3,684.77
Administrative Expenses	13	3,962.29	3,497.44
Financial Charges	14	10,501.58	7,288.44
Depreciation		3,644.45	2,632.04
		<b>149,610.93</b>	<b>130,447.32</b>
<b>Profit Before Tax</b>		<b>10,002.86</b>	<b>7,779.30</b>
Income Tax including Deferred Tax		2,490.80	1,332.63
<b>Profit After Tax</b>		<b>7,512.06</b>	<b>6,446.67</b>
Debtore Redemption Reserve		-	1,000.00
Proposed Dividend		632.82	598.90
Income Tax on dividend		107.55	101.78
<b>Balance Carried to Balance Sheet</b>		<b>6,771.69</b>	<b>4,745.99</b>

As per our report of even date attached.  
For **PRADEEP & ASSOCIATES**  
Chartered Accountants

**P.K. Gupta**  
Partner

Place: Kanpur  
Date: 29th November, 2011

**Devesh Gupta**  
(Deputy Managing Director)

**Rakesh Kumar Srivastava**  
(Company Secretary cum Finance Controller)

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



# Schedules to the Standalone accounts

as on 30th June, 2011

(Rs. in lacs)

Particulars	As at 30-06-2011	As at 30-06-2010
<b>SCHEDULE-1</b>		
<b>Authorised Share Capital</b>		
50,000,000 Equity Shares of Rs.10/- each	5,000.00	5,000.00
<b>Issued, Subscribed and Paid-Up Share Capital</b>		
21,093,835(19,963,405 ) Equity Shares of Rs.10/-each	2,109.38	1,996.34
	<b>2,109.38</b>	<b>1,996.34</b>
<b>SCHEDULE-2</b>		
<b>Share Warrants</b>		
5,430,000 Share Warrants of Rs. 156/- each	8,470.80	-
	<b>8,470.80</b>	-
<b>SCHEDULE-3</b>		
<b>Reserves &amp; Surplus</b>		
Share Premium	10,618.37	9,505.91
State Capital Subsidy	12.19	12.19
<b>Debenture Redemption Reserve</b>		
As per last Balance Sheet	3000.00	3,000.00
Less : Transferred to Profit & Loss Account	3000.00	-
<b>Profit and Loss Account</b>		
Profit as per last balance sheet	22,077.66	17,331.67
Add: Profit for the period	6,771.69	4,745.99
Add: Transfer from D. R. R.	3,000.00	-
	<b>42,479.91</b>	<b>34,595.76</b>
<b>SCHEDULE-4</b>		
<b>Unsecured Loan</b>		
Unsecured Loan	568.11	3,490.84
	<b>568.11</b>	<b>3,490.84</b>

## SCHEDULE-5 : FIXED ASSETS

(Rs. In lacs)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As on 01.07.10	Addition	As on 30.06.11	Upto 01.07.10	For the year	Upto 30.06.11	As on 30.06.10	As on 30.06.11
Land	914.01	21.40	935.41	-	-	-	914.01	935.41
Building	8,154.93	3,742.69	11,897.62	984.43	367.21	1,351.64	7,170.50	10,545.98
Plant & Machinery	43,652.86	34,261.55	77,914.41	9,400.64	3173.63	12,574.27	34,252.22	65,340.14
Furniture & Fixture	351.23	32.53	383.76	47.54	23.58	71.12	303.69	312.64
Office Equipment	417.98	86.50	504.48	109.97	30.82	140.79	308.01	363.69
Vehicles	414.76	106.86	521.62	163.16	49.21	212.37	251.60	309.25
<b>Total</b>	<b>53,905.76</b>	<b>38,251.53</b>	<b>92,157.30</b>	<b>10,705.74</b>	<b>3,644.45</b>	<b>14,350.19</b>	<b>43,200.02</b>	<b>77,807.11</b>
Previous Year	51,669.10	2,236.67	53,905.77	8,073.70	2,632.04	10,705.74	43,595.40	43,200.02
Capital Work in progress (including advances paid to supplier)	-	31,854.32	31,854.32	-	-	-	-	-

# Schedules to the Standalone accounts

as on 30th June, 2011

(Rs. in lacs)

Particulars	As at 30-06-2011	As at 30-06-2010
<b>SCHEDULE-6</b>		
<b>Investments</b>		
Quoted / Unquoted Shares	3,877.75	1,844.58
	<b>3,877.75</b>	<b>1,844.58</b>
<b>SCHEDULE-7</b>		
<b>i) Inventories</b>		
(As Certified by Management)		
Store, Spares & Consumables	719.36	1,532.71
Raw Materials	17,440.87	12,376.20
Semi-Finished Goods	16,116.82	14,084.17
Finished Goods	13,925.73	9,433.31
Coal & Husk	179.03	207.54
	<b>48,381.81</b>	<b>37,633.93</b>
<b>ii) Sundry Debtors</b>		
(Unsecured, Considered good)		
Debts outstanding for a period exceeding six month	81.36	840.69
Others	36,781.54	38,436.15
	<b>36,862.90</b>	<b>39,276.84</b>
<b>iii) Cash &amp; Bank Balance</b>		
Cash in Hand	85.69	42.69
Balances with Banks	4,866.55	3,136.15
	<b>4,952.24</b>	<b>3,178.84</b>
<b>iv) Loans &amp; Advances</b>		
(Unsecured, Considered good, Advance Recoverable in cash or Kind)		
Security Deposit	958.31	1,185.62
Advances to Suppliers for Capital Goods	25,771.49	19,980.03
Advances to Suppliers for Others	56.89	105.36
Advance to suppliers for Raw Materials	140.02	92.89
	<b>26,926.71</b>	<b>21,363.90</b>
<b>v) Other Current Assets</b>		
Advances against Others	13.88	207.77
Salary advance	20.57	10.74
Advances against Travelling Expenses	8.91	12.09
Advance Income Tax	943.10	368.23
Accrued Duty Draw back	131.26	268.84
Accrued DEPB	186.74	14.37
Prepaid Expenses	19.67	28.67
	<b>1,324.13</b>	<b>910.71</b>



# Schedules to the Standalone accounts

as on 30th June, 2011

(Rs. in lacs)

Particulars	As at 30-06-2011	As at 30-06-2010
<b>SCHEDULE-8</b>		
<b>Current Liabilities &amp; Provisions</b>		
<b>i) Current Liabilities</b>		
Dividend Payable	22.77	10.21
Proposed Dividend	632.82	598.90
Sundry Creditors	7,168.00	6,383.28
	<b>7,823.59</b>	<b>6,992.39</b>
<b>ii) Provisions</b>		
Provision for Tax	1,122.31	650.00
Provision for Tax on Proposed Dividend	107.55	101.78
Provision for Expenses	241.36	272.63
	<b>1,471.22</b>	<b>1,024.41</b>
<b>SCHEDULE-9</b>		
<b>Total Sales</b>		
Suiting & Shirting	14,820.59	21,155.41
Technical Textile/ Fusible Interlining / Nylon fabric	48,868.43	48,837.14
Quilting & Embroidery	1,207.59	1,096.75
Denim	25,345.49	21,886.68
Terry Towel	17,251.93	11,815.39
Home Furnishing	20,930.52	15,773.79
Bottom Weight	6,882.08	6,913.69
Garments	289.63	83.81
Misc Sales	118.36	94.68
	<b>135,714.62</b>	<b>127,657.34</b>
Export Sales	22,408.76	9,437.48
	<b>158,123.38</b>	<b>137,094.82</b>
<b>SCHEDULE-10</b>		
<b>Other Income</b>		
Miscellaneous Income	176.05	734.50
Duty Draw Back	773.63	7.02
Income on Sale of DEPB License	540.73	390.28
	<b>1,490.41</b>	<b>1,131.80</b>

# Schedules to the Standalone accounts

as on 30th June, 2011

(Rs. in lacs)

Particulars	As at 30-06-2011	As at 30-06-2010
<b>SCHEDULE-11</b>		
<b>Purchase &amp; Manufacturing Expenses</b>		
Raw Material Consumed	126,480.05	116,174.79
Packing Materials	1,197.86	1,014.34
Decrease / Increase Semi Finished Goods	(2,032.65)	(6,689.38)
Decrease / Increase Finished Goods	(4,492.42)	(1,272.26)
Power & Fuel	4,912.98	3,655.08
Others	526.82	462.06
	<b>126,592.64</b>	<b>113,344.63</b>
<b>SCHEDULE-12</b>		
<b>Personnel Expenses</b>		
Wages	2,234.56	1,592.03
Salaries	2,506.81	1,945.20
Staff welfare Expenses	81.60	79.14
Directors' Remuneration	87.00	68.40
	<b>4,909.97</b>	<b>3,684.77</b>
<b>SCHEDULE-13</b>		
<b>Administrative Expenses</b>		
Rent, Rate & Taxes	142.84	99.45
Insurance	66.15	29.91
Repair & Maintenance	530.91	218.80
Printing & Stationery	36.57	37.87
Postage & Telegram	92.72	122.22
Travelling & Conveyance	270.26	278.86
Meeting Expenses	7.81	4.87
Cost & Stock Audit fee	1.11	1.83
Audit Fees	13.79	11.03
Selling & Distribution Exp.	538.37	263.95
Legal Expenses	2.96	6.45
Advertisement	126.21	101.12
Freight Outward	739.92	666.51
Stores & Spares	574.09	877.34
Professional Charges	230.48	233.93
Misc. Expenses	588.10	543.30
	<b>3,962.29</b>	<b>3,497.44</b>



# Schedules to the Standalone accounts

as on 30th June, 2011

(Rs. in lacs)

Particulars	As at 30-06-2011	As at 30-06-2010
<b>SCHEDULE-14</b>		
<b>Financial Charges</b>		
Interest on Borrowings	9,651.50	6,718.39
Bank Charges	850.08	570.05
	<b>10,501.58</b>	<b>7,288.44</b>

As per our report of even date attached.  
For PRADEEP & ASSOCIATES  
Chartered Accountants

**P.K. Gupta**  
Partner

Place: Kanpur  
Date: 29th November, 2011

**Devesh Gupta**  
(Deputy Managing Director)

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

**Rakesh Kumar Srivastava**  
(Company Secretary cum Finance Controller)

# Standalone Cash Flow Statement

for the period ended 30th June, 2011

(Rs. in Lacs)

Particulars	30.06.2011	30.06.2010
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extra ordinary items	10,002.86	7,779.30
-Depreciation	3,644.45	2,632.04
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>13,647.31</b>	<b>10,411.34</b>
<b>ADJUSTMENTS FOR WORKING CAPITAL CHANGES :</b>		
-Trade and other receivable	2,413.94	(7,539.31)
- Inventories	(10,747.88)	(11,079.18)
- Trade Payables	753.45	1,906.49
- Loans and Advances	(5,976.23)	(18,142.99)
-Increase in Bank Borrowings	9,450.90	16,736.91
-Secured/Unsecured Loans	612.35	(5,978.86)
<b>Cash Generated from Operations</b>	<b>10,153.84</b>	<b>(13,685.60)</b>
-Income Tax	(650.00)	(1,322.85)
<b>Net Cash from Operating Activities</b>	<b>9,503.84</b>	<b>(15,008.45)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
-Fixed assets acquired	(53,019.38)	(11,360.16)
-Purchase of Investments	(2,033.17)	(811.59)
<b>Net Cash Used in Investing Activities</b>	<b>(55,052.55)</b>	<b>(12,171.75)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
-Proceeds from issue of share capital	1,225.50	3,531.75
-Proceeds from issue of share warrant application money	5,965.50	4,635.64
Proceeds from issue of Debentures	(5,000.00)	
-Proceeds from issue of FCCB	(1,225.50)	(204.25)
-Proceeds from Long/Short Term Borrowings	47,044.73	18,900.07
-Dividend paid(including Dividend Tax)	(688.12)	(700.68)
<b>Net Cash from Financing Activities</b>	<b>47,322.11</b>	<b>26,162.53</b>
<b>Net increase in cash or cash equivalents</b>	<b>1,773.40</b>	<b>(1,017.67)</b>
Cash and Cash equivalents as at 1st July, 2010	3,178.84	4,196.51
<b>Cash and Cash equivalents as at 30 June, 2011</b>	<b>4,952.24</b>	<b>3,178.84</b>

As per our report of even date attached.  
For **PRADEEP & ASSOCIATES**  
Chartered Accountants

**P.K. Gupta**  
Partner

Place: Kanpur  
Date: 29th November, 2011

**Devesh Gupta**  
(Deputy Managing Director)

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

**Rakesh Kumar Srivastava**  
(Company Secretary cum Finance Controller)



# Balance Sheet Abstract and Company's Gneral Business Profile

## 1. Registration Details

Registration No. :  State Code :

Balance Sheet Date :   
Date Month Year

## 2. Capital raised during the year

Public Issue :  Right Issue :

Bonus Issue :  FCCB Conversion :

## 3. Position of Mobilisation and deployment of funds (Rs. in Lacs)

Total Liabilities :  Total Assets :

## 4. Sources of Funds (Rs. in Lacs)

Paid-up Capital :  Reserves & Surplus :

Share Warrants :  Secured Loans :

Share Warrant Application Money :  Unsecured loans :

Foreign Currency Convertible Bonds :

## 5. Application of Funds (Rs. In Lacs)

Net Fixed Assets :  Investments :

Net Current Assets :  Misc. Expenses :

## 6. Performance Of Company (Rs. In Lacs)

Turn Over :  Total Expenditure :

Profit /Before Tax :  Profit/ After Tax :

Earning per share in Rs. :  Dividend Rate % :

## 5. Generic Names of Principal Products/ Services of Company (As per Monetary Terms) items Code No. (ITC Code)

Product Division  
398.52

Process of Fabric

Quilted Products, Embroideries & Cotton Sheeting Process

For and on behalf of the Board

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

**Devesh Gupta**  
(Deputy Managing Director)

**Rakesh Kumar Srivastava**  
(Company Secretary cum Finance Controller)

# Statement pursuant to Section 212

of the Companies Act, 1956, relating to Subsidiary Companies as at 30th June, 2011

1	Name of the Subsidiary Companies	Shri Lakshmi Defence Solutions Limited	SLCL Overseas, FZC, U.A.E.
2	Financial Year of the Subsidiary ended on	30.06.2011	30.06.2011
3	Shares of the Subsidiary held by the Company on the above date		
a)	No. of Shares	10,000,000	200,000
b)	Face Value	10	10
c)	Holding Company's interest	100.00%	100.00%
4	Net aggregate amount of Profit / (Loss) of the Subsidiary so far as they concern members of the Holding Company:		
(i)	Dealt with in the Holding Company's accounts:		
a)	For the financial year of the Subsidiary	175.89 lacs	2722.55 lacs
b)	For the previous financial years since it become Holding Company's Subsidiary	232.46 lacs	2486.17 lacs
(ii)	Not dealt with in the Holding Company's accounts:		
a)	For the financial year of the Subsidiary	N.A.	N.A.
b)	For the previous financial years since it become Holding Company's Subsidiary	N.A.	N.A.
5	Material changes in Subsidiary between the end of its financial year and the financial year of the Holding Company	Not applicable as accounting year of the Holding & Subsidiary Company ends on 30th June, 2011	Not applicable as accounting year of the Holding & Subsidiary Company ends on 30th June, 2011
a)	Fixed Assets		
b)	Investments made		
c)	Money lent by Subsidiary		
d)	Money borrowed by Subsidiary for any purpose other than that of the meeting current liabilities		

For and on behalf of the Board

Place: Kanpur

Date: 29th November, 2011

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



# Statement in terms of general exemption under 212(8) of the Companies Act, 1956 granted by Ministry of Corporate Affairs vide circular no. 2/2011 dated 08.02.2011

Name of the Subsidiary Companies	Shri Lakshmi Defence Solutions Limited	SLCL Overseas, FZC, U.A.E.*
Issued & Subscribed Share Capital	Rs. 1000 lacs	Rs. 20 lacs
Reserves & Surplus	Rs. 408.35 lacs	Rs.7844.03 lacs
Total Assets	Rs. 3194.67 lacs	Rs.7872.1 lacs
Total Liabilities	Rs. 3194.67 lacs	Rs.7872.1 lacs
Investments (except investment in Subsidiary)	Nil	Rs.5297.6 lacs
Turnover	Rs.1485.74 lacs	Rs.20229.18 lacs
Profit before Taxation	Rs.218.23 lacs	Rs.2722.55 lacs
Provision for Taxation	Rs.42.34 lacs	Nil
Profit after Taxation	Rs.175.89 lacs	Rs.2722.55 lacs
Proposed Dividend	Nil	Nil

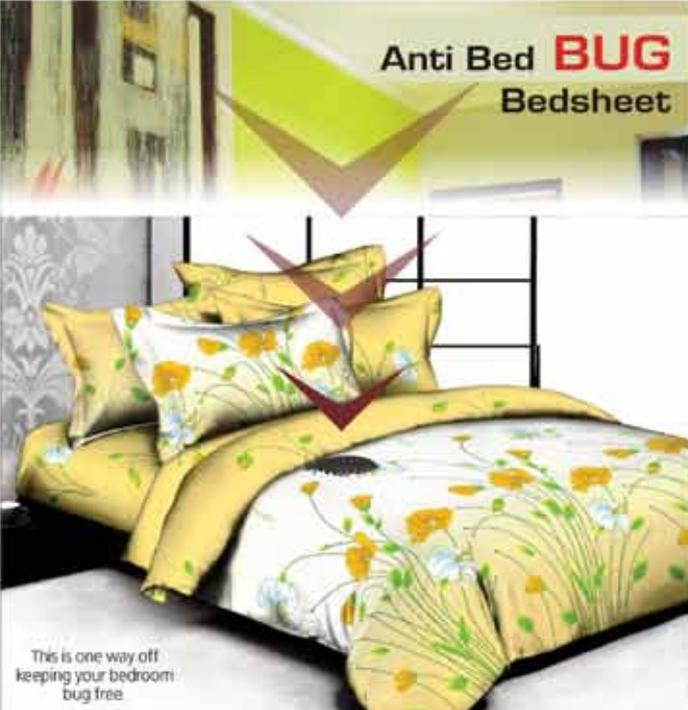
\*Converted into Indian Rupees at the Exchange rate, 1AED = Rs. 12.12 as on 30.06.2011.

#### Notes:

- 1) The Ministry of Corporate Affairs vide their general circular no. 2/2011 dated 05.02.2011 has granted exemption from the applicability of the provisions of sub-section (1) of sub section 212 of the Companies Act, 1956.
- 2) The company will make available the annual accounts of the Subsidiary Company and related detailed information if sought by the members of the Company and its Subsidiary. Further, the annual accounts of Subsidiary Company will kept for inspection by any member of the Company or its Subsidiary at the registered office of the Company and that of the subsidiary Company concerned.

# Some of our value added products

Anti Bed **BUG** Bedsheet



This is one way off keeping your bedroom bug free

*Mosquito Repellent Bed linen*



This is one way of keeping your bedroom mosquito free.

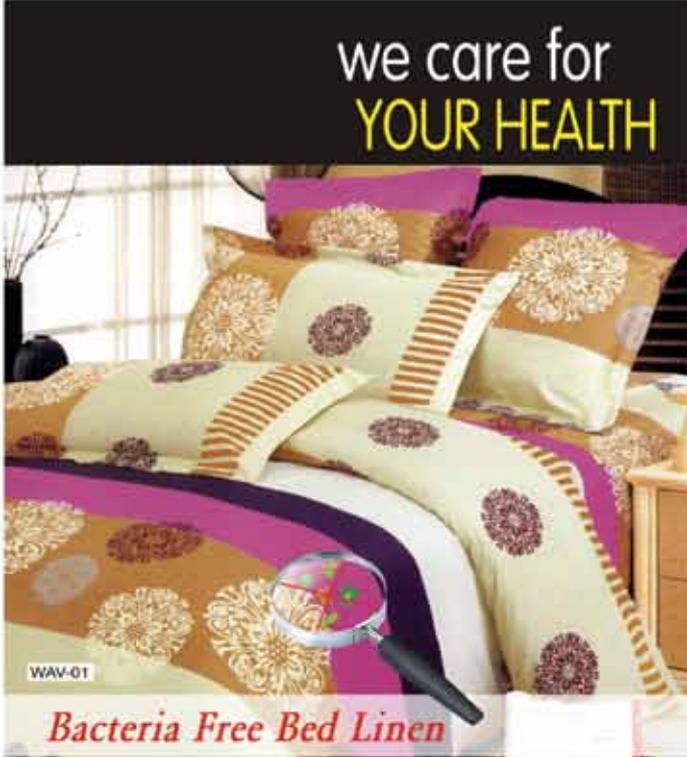
THE MOST INNOVATIVE WATER REPELLENT BED LINEN



WWR01

Ideal for New Mother

we care for **YOUR HEALTH**



WAV-01

*Bacteria Free Bed Linen*

Shri Lakshmi Cotsyn Limited is one of the fastest growing Indian conglomerates and a multi-product and multi-market player manufacturing research-driven textile products to armoured vehicles and other defence solutions.



**SHRI LAKSHMI COTSYN LIMITED**

(An ISO 9001:2008 certified company)

[www.shrilakshmi.in](http://www.shrilakshmi.in)