



Shri Lakshmi Cotsyn Limited

(An ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007, SA8000:2008 Accredited Company)

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Shri S Dhamal
National Stock Exchange of India Limited,
Exchange Plaza, Plot No. C/1,
G- Block, Bandra Kurla Complex, Bandra (E)
Mumbai 400051

19/03/2018

Dear Sir

Subject- News Clarification

Please refer your mail dated 8th march 2018 asking about the explanation of the company against news published in Indian Express Newspaper dated 08th Mar., 2018.

In this connection, we wish to mention that the Indian Express Newspaper had published the news after the article published by Hindustan newspaper in its edition dated 28.02.2018 and 05.03.2018 respectively.

The Company had already submitted its explanation to the media which was published by Hindustan in its edition dated 06.03.2018. A copy of the said explanation is attached herewith for your kind perusal.

Please note that the panic was created for 3-4 days after publishing the news in Hindustan but after our clarification the situation has taken turn around and become normal.

We hope we had clarified the position.

Yours Faithfully

For Shri Lakshmi Cotsyn Limited

Rakesh Kumar Srivastava
(Company Secretary cum Finance Controller)

Encl: As above

Corporate & Marketing Office :

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News Clarification

We wish to inform that Hindustan newspaper (Hindi) in its edition dated 28 feb. 2018 and 5th march 2018 had published a news about our company relating to NPA of Rs. 3972 crores of various banks and also about delisting of shares of the company by BSE and NSE.

At the outset we wish to inform you that our company, Shri Lakshmi Cotsyn Ltd has not been declared as willful defaulter as yet by the banks. The Explanation on account of the above news published is given hereunder:-

1. Our company has not been declared as willful defaulter by any Bank till date.
2. From time to time keeping in view the Industrial development we had availed loans from different Banks and also making payment of the interest and Principal amount from time to time. Our Company, Shri Lakshmi Cotsyn Limited has taken loan from the Banks in connection with Terry Towel Project, Abhaypur, Denim Project, Malwan , Spinning , Malwan, Garment Project, Roorkee and Comforter project at Noida. These loans were obtained after completion of all legal formalities required under the Law and Banking provisions. The Banks had disbursed Rs 70/-, if the company has invested Rs 100/- in respect of all the above Projects installed.
3. Whatever Loans were sanctioned by the Bankers, all the Assets relating to that Loan like Land, Building and Plant & Machinery etc are available and all the factories are well established with installation of world class Plant and machineries and Technology. This can be inspected at any time. All the assets of the company are mortgaged with the banks.
4. The Company is still engaged in production and approx. 3500 employees are still working.
5. Central Bank of India is realizing 7% on all the Sale proceeds on behalf of the consortium Bankers and distributing the same amount to the bankers towards principal and interest.
6. In the year 2010 our company applied to Central Bank of India for setting up a Terry Towel Project and enhancing the capacity of Denim fabric with a Project cost of Rs 993 crores Out of which there was Term loan of Rs 693 crores , Promoter's contribution Rs 100 crores and Equity Capital of Rs 200 crores. The Central Bank of India had underwritten term loan of Rs 693 crores and Equity of Rs 200 crores.
7. However, in the above Project term loan of Rs 693 crores by the banks and Rs 100 crores by the Promoter's were invested, but inspite of great efforts by Central Bank of India Equity amount of Rs 200 crores could not be managed, however, Central Bank of India sanctioned Rs 175 crores towards Mezzanine Debt on a high cost of 15.5%



interest, but the Project was delayed by more than ten months and could not be fully commissioned.

8. The company made all out efforts to run the Units and arranged Funds requirement alongwith payments to the Bankers, inspite of non availability of Central Government TUF subsidy and State Government State Capital Subsidy amounting to Rs 190 crores and Rs 250 crores respectively. But due to non-commissioning of Technical Textile project, the company came into great financial stress due to payment of interest and installments.
9. After facing great financial stress the company approached Central Bank of India in Feb., 2013 and submitted Restructuring Proposal. This proposal was approved by CDR Cell, Mumbai on 24th June, 2013.
10. According to this approved Proposal, the Working Capital requirement of Rs 166 crores and Capital Expenditure amount of Rs 65.40 crores were approved by the Bankers , however , they expressed that this Rs 166 crs. of Working Capital is to be managed by the company out of TUF Subsidy pending with Central Government which has not been disbursed by Ministry of Textiles till today resulting Bank accounts turned into NPA.
11. In June, 2016 Central Bank of India filed the recovery suit in DRT, Delhi for Rs 3907 crores which company is contesting.
12. One great reason for the financial stress of the company is that non availability of TUF subsidy of Rs 190 crores from the Ministry of Textiles, Central Government and State Capital Subsidy of Rs 250 crores from State Government since 2011. Company hope that these subsidies will be available in near future and company will proceed on the path of progress very fast. In addition to this there will be increase in employment more than thousands employees and settlement of bank dues will be comfortable.
13. Company is making all out efforts to settle the debt of banks and protect this National wealth from turning into scrap. In this direction company is in discussion with 2-3 Investors and hopes that in next 4 to 5 months the efforts would be successful. This will result in availability of Working Capital to the company, continuity of exports, Tax revenue to the Exchequer, Economic growth in the State and increase in employment.

