



BUILT WITH TRUST.

Suryalakshmi
Cotton Mills Limited

Annual Report
2018-19





Forward Looking Statement

We have exercised utmost care in the preparation of this report. It contains forecasts and/or information relating to forecasts. Forecasts are based on facts, expectations, and/or past figures. As with all forward-looking statements, forecasts are connected with known and unknown uncertainties, which may mean the actual results deviate significantly from the forecast. Forecasts prepared by the third parties, or data or evaluations used by third parties and mentioned in this communication, may be inappropriate, incomplete, or falsified. As a result of the above-mentioned circumstances, we can provide no warranty regarding the correctness, completeness, and up-to-date nature of information taken, and declared as being taken, from third parties, as well as for forward-looking statements, irrespective of whether these derive from third parties or ourselves. 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.

Our company was built on Trust – The trust in our commitment to rise above every challenge that is thrown at us, the trust that we have in our employees and their unwavering devotion to delivering their best, and the trust that we have built, with our esteemed clients.

The recent times have been challenging to say the least. The textile industry faced a big blow due to the de-monetization and that meant a lot of struggles. But then, aren't tough times the best opportunity to grow?

We take these times in our stride and continue undeterred on our path with a renewed zest. We are investing our time in building a business model that would continue to optimize our performances and sustain our profitability in the years to come.

We will relentlessly put in all our efforts in maintaining Suryalakshmi's position as one of the largest players in the country's denim manufacturing industry.

Certification & Qualifications



Supplier Ethical Data Exchange (SEDEX)



ISO 14001:2004 Certification



Sedex Members Ethical Trade Audit (SMETA)



ISO 9001:2008 Certification



Business Social Compliance Initiative (BSCI)



OEKO-TEX® Standard 100 Certification

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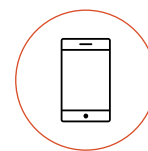
This annual report is available in the following formats:



Print



Online



Smartphones

ABOUT US

One of India's largest denim manufacturers, Suryalakshmi Cotton Mills Limited ('Suryalakshmi'), is an established Original denim manufacturer serving customers across 31 countries and in India.

Over the years, we have evolved from being a yarn manufacturer to a company having presence across the textile value-chain right from manufacturing of yarn to denim cloth to garments, we leverage our technological competencies to manufacture the finest yarns, premium denim and garments for customers across the world.



VISION

To become a global leader and preferred partner in textile manufacturing by leveraging long-term growth opportunities and creating superior value for all stakeholders



MISSION

To be one of the top global players in the fashion industry, bringing inspiration and innovation to every fabric and garment we create.



VALUES

Customer first

We put the needs of our customers first and are focused on delivering value by providing the highest quality products.

Integrity

We are committed to remain transparent, honest and accountable in our relationships with all stakeholders, both inside and out.

Responsibility

We pay attention to what we create, how we create it and the way it impacts people and the environment.

People welfare

We exercise global standards of worker and human resource welfare to create an efficient, healthy, happy and satisfied workforce.

Innovation-led design thinking

We leverage design thinking and technology innovation for delivering fast fashion to our customers. We exercise the highest levels of professionalism in our work & relationships and are committed to continuous improvement in our pursuit of excellence.



TFO
M/C NO: 5
COUNT: 30's
TPI: 36-38
SPEED: 1800 RPM
CONETIP: United Texwala
CHEESE COLOUR: Yellow
CLEANING DATE: 10/10/20

5+

Decades of experience in the industry

55.94%

Promoter shareholding as on 31st March, 2019

1994

The year of listing at BSE

CHAIRMAN'S MESSAGE

**Dear
Shareholders,**

At Suryalakshmi, our endeavour has always been to retain long-term value, to resist complacency and to strive for a better tomorrow. However, we are disappointed to have broken our legacy of uninterrupted growth.



The year that went by was without question a very challenging year in many respects. On global prospects, two of the largest economies in the world, the US and China were engaged in trade war, having major impact on the global trade. Moreover, the global economic growth was hampered by geopolitical uncertainties in some countries, slower than expected growth rate in developed economies, vulnerability to volatile capital inflows in emerging markets and oil price fluctuations.

However, the Indian economy remained one of the least affected economies from these global uncertainties. However, the several factors on domestic front like muted growth in agricultural sector, widening fiscal deficit, slowdown in consumption, especially in the rural areas, tepid increase in investments and muted exports did affect the GDP of the country. The subdued growth of 6.8% for FY19, with a low of 5.8% in Q4 reflected the weak investment sentiments. Nevertheless, the country continues to emerge as the fastest growing major economy and notched 23 places up to reach 77th position in World Bank's Ease of Doing Business 2018.

The textile industry holds a vital position in the Indian economy contributing significantly in the export earnings. Over the years, the industry has experienced challenges in the domestic as well as exports market post GST implementation and demonetisation. The after-effects of demonetisation are yet to stabilise for our sector, as there is an imbalance seen in the dynamics of domestic supply vis-à-vis demand.

The growth in textile and apparel market has been slower and, Denim market has been affected by the excess capacity in the industry. The Garment Industry is facing the problem of cheaper imports from neighboring countries of late. Recently, the denim manufacturers have been focussing more on sustainability in order to tackle environmental issues. In my view, the most devastating situation in the long-term is the fact that carbon emissions continue to rise worldwide and that the exploitation of our ecosystems continues to progress.

In the given market environment, our resilience has allowed us to ride through several tough business cycles in the past and we will do the same again. We have been proactively positioning ourselves through significant capital investment into our people, customer experience, our brand, information systems, supply chain and distribution centre to retain our market position despite slowdown in financial parameters.

We have also revised our strategies that will enable us to resume our growth trajectory, create value for our customers, provide healthy returns on equity and reduce our environmental footprints. Our facilities are being upgraded to remain at the forefront of technology, while investing to expand capacities and backward integration of key inputs. This will enable us to stay competitive in tough market conditions as well as empower us to deliver high-quality cost competitive products. We are continuously investing in R&D as well to aptly deal with the trends in the fashion industry. Towards that end, we are also joining hands with leading designers from Europe and Asia.

At Suryalakshmi, we are privileged to have an experienced and diversely skilled leadership team which is passionately engaged in the business, whose wisdom and insights will help us not only to achieve our short-term performance objectives, but also to realise our vision to become a global leader and preferred partner in textile manufacturing. **You will observe, the company's results have been adversely affected by the workers' agitation at Denim Division, which resulted in a lockout, lasting for well over 4 months. I am happy to report that the lockout has since been lifted and we are now working with renewed vigour to make up for the lost time.**

As we look to FY 2020 and beyond, one thing that's certain is change. We are committed to grow our business in the domestic market as well as in newer geographies globally. External factors have set us back but we are taking a long-term view and are determined to exploit the opportunities that exist to our advantage. Going forward, we see opportunities for us to perform better, regain market share and continue our historical growth path.

Lastly, I am thankful for the loyalty of our customers, the trust of our shareholders and the passion of our people. I also thank my fellow Board members for their continuous support and we all look forward to building a brighter FY 2020.

Regards,

L N Agarwal
Chairman

OUR PRESENCE









List of countries where we are present across the globe

1 Bangladesh		12 Iran		23 Spain	
2 Cambodia		13 Italy		24 Sri Lanka	
3 Canada		14 Jordan		25 Tanzania	
4 China		15 Lesotho		26 UAE	
5 Colombia		16 Madagascar		27 UK	
6 Egypt		17 Malaysia		28 Venezuela	
7 Ethiopia		18 Mexico		29 Vietnam	
8 Guatemala		19 Nicaragua		30 Thailand	
9 Hong Kong		20 Peru		31 Mauritius	
10 India		21 Portugal		32 Kenya	
11 Indonesia		22 South Korea			



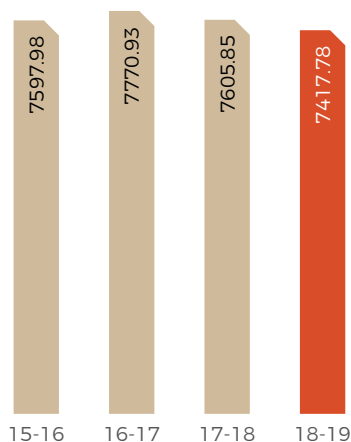
Our Clientele

FINANCIAL PERFORMANCE

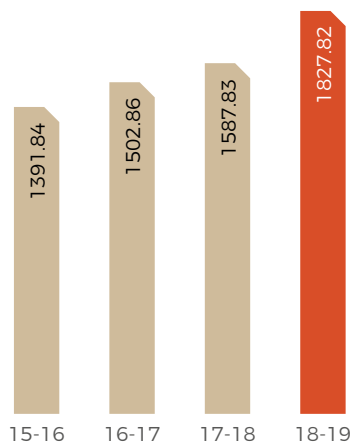
Revenue from operations

(₹ in million)



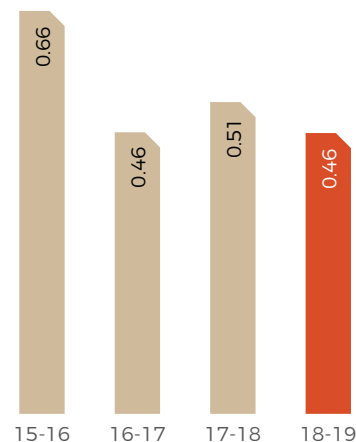
Exports

(₹ in million)



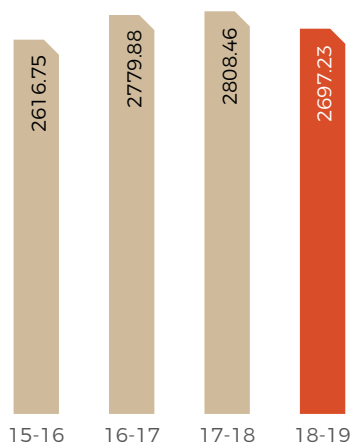
Net debt to Equity ratio

(in times)



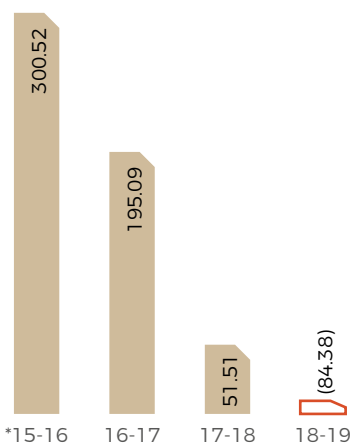
Net worth

(₹ in million)



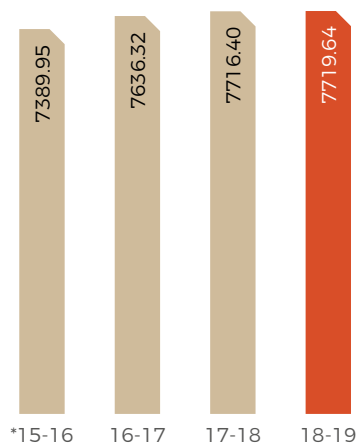
PAT

(₹ in million)



Gross Block

(₹ in million)



* Under previous GAAP, excluding Revaluation Reserve