



SURYALAKSHMI



**RESTRATEGISE.  
REBOUND.  
RESTORE.**

Annual Report 2020-21



### Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our business prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make or publish, 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 'anticipates', 'estimates', '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 our assumptions. The achievement of results is 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 bear 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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# SUR YALAK SHMI COT TON MIL LS LTD



# UNDERSTANDING SURYALAKSHMI COTTON MILLS LIMITED

## Who we are

**We have been providing premium yarns, and premium denim, for nearly six decades to some of the globally renowned domestic and international brands.**

**We have built trust by manufacturing responsibly and sustainably. | We have built value for our shareholders. | We have built careers for nearly 3000 people. | We have developed 3,000+ high-quality specialized denim variants. | We are rebuilding ourselves, to emerge profitable again.**

Established in 1962, we have built our presence across the textile value chain from manufacturing of yarn to denim cloth by building an integrated business model and by leveraging our manufacturing capabilities. We are one of India's leading Original Denim Manufacturers (ODM) associating with renowned international and domestic brands with an enviable market share in the premium denim segment.

## Suryalakshmi Cotton Mills Limited, Today

For more than five decades Suryalakshmi has taken everything the world has thrown at it in its stride: the fickleness of changing trends in the fashion industry, the fortunes of boom and recession, the revolving door of bull and bear markets.

But it is no secret the Company got itself into trouble over the last few years. We tackled these issues head-on, and since FY21 we have put together a transformation strategy to turn the Company around. As we began to put the plan in place, the challenges the Company faced were intensified by the onset of the pandemic.



## Our vision

**To become a global leader and preferred partner in premium yarn and denim fabric manufacturing by leveraging long-term growth opportunities and creating superior value for all stakeholders.**



## Our mission

**To be one of the Top Global Players in the specialized denim and premium yarn sector, bringing inspiration and innovation to every fabric and garment we create.**





## Values that define us

### Customer First

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

### Innovation-led Design Thinking

We will leverage design thinking, 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.

### People Welfare

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

### Integrity

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

### Responsibility

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

## Where we operate

Headquartered in Telangana, India, and quoted on the Bombay Stock Exchange (BSE) and National Stock Exchange of India Ltd. we have a global sales

sales presence associating with leading private labels, fashion brands, and retail chains. Our unrivaled global reach and footprint serve as one of our competitive advantages.

# 30

Number of countries where Suryalakshmi has its product presence

# 25

Customers served globally

## Our quality assurance

We have successfully driven our business for more than five decades by emphasizing on quality excellence. Our quality excellence is vindicated by certifications such as [], [], and [] and our technologically advanced manufacturing practices.

# FROM THE CHAIRMAN'S DESK

**“Taking a long-term view, I found it quite heartening to see the way Suryalakshmi performed during the year in delivering on our key strategic objectives amidst a challenging market environment.”**



## Dear Shareholders,

It's been a year like no other, as I write this statement, I find myself vindicated of the trust and confidence I had put in my colleagues over the years, but specially over the past year when we were put to yet another test of resilience as the raging pandemic continued to wreak havoc in people's lives and countries' economies. At the outset, I trust you and your family are keeping well in these unprecedented times. FY21 will be remembered as one of the most challenging years in recent times, as Covid-19 continues to affect our lives and livelihoods.

Taking a long-term view, I found it quite heartening to see the way Suryalakshmi performed during the year in delivering on our key strategic objectives amidst a challenging market environment. Quite simply, we began the financial year in a weak operational and financial position. In March, the pandemic amplified some of these weaknesses and has had a very obvious impact on our financial results. But, thanks to the combined efforts of the management team and our people, we faced up to the challenges and took action quickly.

## Challenging FY21

A year of unprecedented challenges and uncertainties, FY21 proved to be a difficult year for most of the business entities across industries. The Covid-19 pandemic disrupted the way of life, businesses, and the overall economic scenario across the globe. It had put governments



under pressure to act with agility and stem the spread of the virus. An already weak Indian economy saw GDP declining by 24.4%, multiple decades low, in the first quarter of the financial year under review.

Given the circumstances, there is no doubt that the pandemic caught the world unprepared. The struggles for the Indian textile sector got further aggravated as owing to the negative impact on trading from the lockdowns affected just about every bricks-and-mortar retailer in the world. Also, owing to the focus of the people on the necessary items the demand for fashion products across the globe dropped to the bottom.

But, the growing penetration of the online platform provided a glimmer of hope, but then again it also added to the challenge as heavy online discounts across global markets resulted in negatively impacting the profitability of many of our clients. Being part of this vicious cycle, it impacted us also and for the first quarter, it was a near washout for us. The easing of restrictions gave little respite, and post the second quarter things started to improve for us as the export markets started opening up slowly and our dependence on only the domestic market reduced substantially.

### Turning crisis to our advantage

In Suryalakshmi's case, we also got impacted owing to the pandemic and lockdown. Our denim plant remained closed and even after

unlocking of the economy, we could only resume operations by the August end. This was largely owing to the inventory shortage we had owing to supply chain issues and the rising logistics cost.

However, we turned this crisis to our advantage in a way that it not only helps us to mitigate the challenges thrown by the pandemic but also helps us prepare for the rebound. Owing to this sudden onset of the pandemic, it took a while for everyone to get a grip of things including the government. Seeing the impact of the pandemic, the government along with the Reserve Bank of India introduced several fiscal stimuli to boost the battered Indian economies and the different sectors. As part of this (Covid) fiscal package, the government allowed a moratorium period for the repayment of term loans for two years and also allowed a reduction of the interest rates on the loans.

Taking into consideration, we were successful in availing this package which allowed us breathing space during difficult times. It helped us with the required liquidity as our financing cost went down substantially. And owing to this liquidity our purchasing power increased, our working capital strengthened and it also enabled us to stock up our inventory level at a competitive price, thereby helping us mitigate the raw material price fluctuation.

Further, during the year, we continued to focus on the delivery of

our strategies, in particular through reviews of progress on key strategic priorities such as operational excellence in terms of effective utilization of labor and machine hours to reduce cost, growing our international businesses in focused markets and growing our market share by connecting effectively with our international clients and focus on value creation with clear actions to protect margins, generate cash and deliver on our targets.

We ended the financial year with a lower order book compared to previous year. Our overall performance for FY21 reflects the challenging backdrop amidst which we operated. Also, our international businesses got impacted due to local lockdown in some of the key geographies where we operate. Low-capacity utilization and the subsequent operating deleverage adversely impacted profitability parameters. However, unlike the earlier downcycles where our balance sheet was weak, this time it remained strong with sufficient liquidity to tide over tough times.

### Road ahead

Under the current circumstances, taking a longer-term view – with our current industry scenario, I believe we have strong visibility, and we remain well-positioned in key growth areas to make a strong comeback when the demand rises. We would continue to emphasize enhancing our efficiency across different business activities while focusing on expanding in the

## FROM THE CHAIRMAN'S DESK

areas where we can provide a more effective solution to our customers for their denim and yarn requirements.

Given the uncertainty faced by businesses across India and the globe, going forward, our primary focus would be centered around maximizing our relevance to our clients and control the factors which are under our control.

As we ended the year in a much stronger financial position both in terms of our balance sheet and embedding

cost controls and working capital management controls, we would continue to focus progressing on our strategic initiatives to ensure we return to the growth track soon and deliver the desired results for our different stakeholders. Looking ahead to the future, we are starting to shift gear – moving away from fixing the problems to spending more time on developing our runway for growth. We do this from a position where our business health has improved considerably over the last year and is getting stronger with each passing day.

Sincerely Yours

L N Agarwal







# CORPORATE INFORMATION

## Board of Directors

Sri L.N.Agarwal  
Chairman and Managing Director

Sri Paritosh K. Agarwal  
Managing Director

Sri R.Surender Reddy  
Director

Sri V.V.S. Ravindra  
Nominee - IDBI

Sri Navrang Lal Tibrewal  
Director

Sri R.S.Agarwal  
Director

Smt. Padmini Agarwal (up to  
07/11/2020) Whole time Director

Sri Dhruv Vijai Singh  
Director

Smt. Aruna Prasad (From 01/02/2021)  
Director

## Company Secretary

**Sri E.V.S.V.Sarma**

## President (Finance)

**Sri P.S. Subramanyam**

## Statutory Auditors

M/s.K.S.Rao & Co.  
Flat NO.601A, Golden Green Apartments,  
Irrum Manzil Colony,  
Hyderabad - 500082.  
Tel. (040) 23373399

## Cost Auditors

**M/s. S. Hariharan & Associates**

Trichy  
Tamilnadu - 620 006

## Bankers

State Bank of India  
Industrial Finance Branch  
Hyderabad

IDBI Bank Limited  
Saidapet, Chennai.

Union Bank of India (erstwhile -  
Andhra Bank),  
Somajiguda, Hyderabad.

DBS Bank India Limited (erstwhile -  
Lakshmi Vilas Bank Limited)

Aditya Trade Centre,  
Ameerpet, Hyderabad.

EXIM Bank,  
Rajbhavan Road,  
Hyderabad

Axis Bank,  
Begumpet  
Hyderabad.

South Indian Bank Limited,  
Rajbhavan Road,  
Hyderabad.

## Registered Office

6th Floor, Surya Towers  
105, S.P. Road  
Secunderabad - 500 003  
Tel.Nos. (040) 27885200  
Fax Nos.(040) 27846854  
Website : [www.suryalakshmi.com](http://www.suryalakshmi.com)

## FACTORIES

### Yarn Divisions

Amanagallu  
Ranga Reddy Dist.  
Telangana - 509 321.

Amravati,  
Addl. Amravati Indl. Area,  
Textile Zone, Nandgaon Peth,  
Tuljapur Village, Talkhana,  
Dist. Amravati,  
Maharashtra - 444 901

### Denim Division

Ramtek Mauda Road  
Village Nagardhan, Tehsil Ramtek  
Nagpur, Maharashtra - 441 106

## Registrar and Transfer Agent

KFin Technologies Private Limited,  
Selenium Tower B, Plot No.31&32,  
Financial District,  
Nanakramguda,  
Hyderabad - 500 032.  
Tel.: 040-67161606