



Suryalakshmi Cotton Mills Ltd

Regd. Office : 105, Surya Towers, 6th floor, S.P. Road,
Secunderabad 500 003.

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To
The Shareholders,
Suryalakshmi Cotton Mills Limited.

The Board of Directors of the Company had, at its meeting held on 8th August, 2013, unanimously approved a proposal to merge its wholly owned subsidiary Suryakiran International Limited (SKIL) with itself.

At this meeting, the Board of Directors of the Company had also discussed and unanimously approved the Scheme of Amalgamation between wholly owned subsidiary company SKIL and the Company and their respective Shareholders and Creditors under Sections 391-394. ("Scheme") of the Companies Act, 1956, subject to the approval of Stock Exchanges, Public Shareholders and the Hon'ble High Court, A.P. and all statutory approvals.

The Company seeks the approval of the Members by way of postal ballot to this Scheme pursuant to the requirements under circular number CIR/CFD/DIL/5/2013 dated February 4, 2013 read with circular number CIR/ CFD/DIL/8/2013 dated May 21, 2013, both issued by the Securities and Exchange Board of India ("**SEBI Circular**"), conditions laid down in the Observation Letters dated December 16, 2013, issued by the National Stock Exchange of India Limited and BSE Limited pursuant to the SEBI Circular and the Listing Agreement (collectively referred to as "**Observation Letters**") and under relevant provisions of applicable laws.

The Resolutions being placed before the Members seek their approval for the aforesaid amalgamation.

The Resolutions along with the Explanatory Statement are set out in the accompanying "Notice of Postal Ballot" for your consideration. A Postal Ballot Form is also enclosed.

The Company has appointed Mr. K V Chalama Reddy, Company Secretary in wholetime practice as the Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

Further, the approval of the Members/Creditors will also be sought for the Scheme under sections 391 to 394 of the Companies Act, 1956 at the meeting of the Members/Creditors to be convened as per the directions of the Hon'ble High Court of Andhra Pradesh.

In terms of the SEBI Circular, read with the Observation Letters, the Scheme shall be acted upon only if the votes cast by the Public Shareholders in favour of each of them are more than the number of votes cast by the Public Shareholders against it.

You are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed and signed in the enclosed self-addressed postage pre-paid envelope so as to reach the Scrutinizer on or before **6th February, 2014**. Ballot forms received after the said date will be treated as if the reply from such Shareholders has not been received.

In compliance with the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 and the Listing Agreement, the members may cast their votes either through Postal Ballot Form or through Electronic Form (e-voting). The instructions for voting in either of the two modes are set out in the Postal Ballot Form sent along with this notice.

The Scrutinizer will submit his report to the Chairman after completion of the scrutiny of the postal ballots and the results of the postal ballot will be announced at the Registered Office of the Company at 105, Surya towers, 6th floor, S.P. Road, Secunderabad 500 003 on **22nd February, 2014**.

By Order of the Board
For **SURYALAKSHMI COTTON MILLS LIMITED**

Date : December 23, 2013
Place : Secunderabad

E V S V Sarma
Company Secretary

NOTICE OF POSTAL BALLOT

Notice is hereby given pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution through Postal Ballot) Rules, 2011 and other applicable provisions of the Companies Act, 1956, circular number CIR/CFD/DIL/5/2013 dated February 4, 2013 read with circular number CIR/CFD/DIL/8/2013 dated May 21, 2013, both issued by the Securities and Exchange Board of India ("**SEBI Circular**") and other relevant provisions of applicable laws (including the Companies Act, 2013) for the approval of the Public Shareholders (as defined in the Explanatory Statement) of the Company to the following Resolution:

Item No. 1

Approval of the Scheme of Amalgamation of Suryakiran International Limited (SKIL) with the Company.

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

"RESOLVED THAT pursuant to Circular No CIR/CFD/DIL/5/2013 dated 4th February, 2013 read with Circular No. CIR/CFD/DIL/8/2013 dated 21st May, 2013 issued by the Securities and Exchange Board of India ("SEBI"), the Observation Letters issued by each of the National Stock Exchange of India Limited and the BSE Limited dated December 16, 2013 and relevant provisions of applicable laws, the Amalgamation as embodied in the Scheme of Amalgamation of Suryakiran International Limited (SKIL) and the Company and their respective Shareholders and Creditors ("**Scheme**"), be and is hereby approved with/without any modifications and/or conditions, if any, which may be required and/or imposed by the Hon'ble High Court of Andhra Pradesh while sanctioning the arrangement embodied in the Scheme or by any authorities under law.

RESOLVED FURTHER THAT Mr. Paritosh Agarwal, Managing Director and Mr. E V S V Sarma, Company Secretary be and are hereby severally authorized to do all such acts, deeds, matters and things as are considered requisite or necessary to effectively implement the arrangement embodied in the Scheme and to accept such modification and/or conditions, if any, which may be required and/or imposed by the Hon'ble High Court of A.P. while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in carrying out the Scheme."

By Order of the Board
For **SURYALAKSHMI COTTON MILLS LIMITED**

Date : December 23, 2013
Place : Secunderabad

E V S V Sarma
Company Secretary

Notes:

1. Consideration and approval of the Public Shareholders by Postal Ballot is sought to the above Resolutions.
2. An Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 read with section 192A of the Companies Act, 1956, is annexed hereto. The said Resolutions and Explanatory Statement along with Postal Ballot Form are being sent to you for your consideration.

3. The Resolutions for approval of the amalgamation of SKIL with the Company as listed in the Notice would be deemed to be approved if the votes cast by the Public Shareholders in favour of the Resolution are more than the votes cast against the Resolution.
4. The Company has appointed Mr. K V Chalama Reddy, Company Secretary in whole time practice, as the Scrutinizer to conduct the Postal Ballot process in a fair and transparent manner.
5. This Notice is being sent to all the Members whose name appears in the Register of Members/ list of Beneficial Owners as received from National Securities Depository Services Limited (NSDL) / Central Depository Services (India) Limited (CDSL) on December 23, 2013.
6. You are requested to carefully read the instructions printed in the Form attached hereto, fill up the Form, give your assent or dissent on the Resolution at the end of the Form and return the duly completed and signed Form (no other form or photocopy thereof is permitted) in the enclosed self-addressed postage prepaid envelope so as to reach the Scrutinizer on or before the close of working hours on 6th February, 2014. Envelope containing Postal Ballot, if sent by courier or by Registered Post at the expense of the Member will also be accepted. **However, the Ballot received after the stipulated day and time will be strictly treated as if no reply has been received from the Member.**
7. The Company is pleased to offer E-Voting facility as an alternate, for its Members to enable them to cast their votes electronically instead of dispatching Postal Ballot Form. E-Voting is optional.

The procedure and instructions for E-Voting are contained in the Postal Ballot form enclosed hereto:
8. Members have option to vote either through e-voting or through Ballot Form. If a member has opted for e-voting, then he/she should not vote by Postal Ballot and vice-a-versa. **However, in case members cast their vote both via physical ballot and e-voting, then voting through physical ballot shall prevail and voting done by e-voting shall be treated as invalid, notwithstanding whichever is cast first.**
9. In line with the "Green Initiative in the Corporate Governance" launched by the Ministry of Corporate Affairs allowing paperless compliances by recognizing emails as one of the modes of service of Notice/documents on the Shareholders and pursuant to Rule 3(a) (iii) of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011, the Company is sending this Notice electronically on the e-mail addresses as obtained from the Depositories / other sources to the Members. Such individual Member may exercise their voting electronically as per the procedure given above. **In case a Member does not want to avail the electronic voting facility organized through CDSL, such Member may send a request for obtaining the Notice and Postal Ballot Form in physical form from M/s Karvy Computershare Pvt. Limited, Plot no.17 to 24, Vittal rao nagar, Madhapur, Hyderabad-500 081.** On receipt of such request, the Registrar and Share Transfer Agents will dispatch the same in physical form to enable the Member to send back the duly signed Postal Ballot by **6th February, 2014.**
10. Upon completion of scrutiny of the Postal Ballot voting, the Scrutinizer will submit his report to the Chairman. The results will be announced by the Chairman or any other Director of your Company on **22nd February, 2014** at the Registered Office of your Company and the Resolution will be taken as passed effectively on the date of such declaration, if assented by the requisite majority. The date of declaration of the result by the Chairman or such other Director shall be deemed to be the date of the General Meeting convened in that behalf. The result of the Postal Ballot will be communicated to the Stock Exchanges where your Company's shares are listed and shall be published through a public notice in newspapers. The result will also be put up on the website of the Company i.e. www.suryalakshmi.com.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 READ WITH SECTION 192A (2) OF THE COMPANIES ACT, 1956

For the purposes of this explanatory statement, the following terms shall have the following meaning:

- **“Company”** means Suryalakshmi Cotton Mills Limited, a public company limited by shares incorporated in India under the Companies Act, 1956 and having its Registered Office at 105, Surya towers, 6th Floor, S.P. Road, Secunderabad 500 003 A.P.
- **“SKIL”** means Suryakiran International Limited, a company limited by shares incorporated in India under the Companies Act, 1956 and having its Registered Office at 105, 6th floor, Surya towers, S.P. Road, Secunderabad 500 003, A.P.
- **“Public”** shall have the meaning assigned to it in Rule2(d) of the Securities Contract (Regulation) Rules, 1957 and “Public Shareholders” shall be construed accordingly;
- Rule 2(d) of the Securities Contract (Regulation) Rules, 1957 is reproduced below :-
- “Public” means other than (i) Promoter and the promoter group (ii) Subsidiaries and associates of the company.
- Explanation : for the purpose of this clause, the words “Promoters” and “Promoter group” shall have the same meaning as assigned to them under the Securities and Exchange Board of India (issue of capital and disclosure requirements) regulations 2009.
- **“SEBI Circular”** means the circular number CIR/CFD/DIL/5/2013 dated February 4, 2013 read with circular number CIR/CFD/DIL/8/2013 dated May 21, 2013, both issued by the Securities and Exchange Board of India;
- **“Stock Exchanges”** means the National Stock Exchange of India Limited and BSE Limited;

In relation to Item No. 1

The Board of Directors of the Company have approved the following transactions, where,

1. SKIL will be merged into the Company as contemplated in the scheme of amalgamation under Sections 391-394, and other applicable provisions, if any, of the Companies Act, 1956. A copy of the same is enclosed as **Annexure I** to this Notice (**“Scheme”**).
2. The Audit Committee and the Board of Directors of the Company have also considered the Scheme of Merger of the wholly owned subsidiary company with its Company and the details of the same are set out in paragraph 10 of this Explanatory Statement.
3. Pursuant to the SEBI Circular for a scheme of arrangement which involves a listed company, the listed company is required to ensure that the scheme submitted to the Hon'ble High Court for sanction, provides for voting by Public Shareholders through Postal Ballot and e-voting, after disclosure of all material facts in the explanatory statement sent to the shareholders when the parent listed company has acquired the equity shares of the subsidiary, by paying consideration in cash or kind to any of the shareholders of the subsidiary including promoters. The Company confirms compliance with these conditions.
4. The SEBI Circular also requires that the Scheme should provide that the scheme shall be acted upon only if the votes cast by the Public Shareholders in favour of the proposal are more than the number of votes cast by the Public Shareholders against it.

5. As required by the SEBI Circular, the Company has filed the Complaints Report (indicating NIL complaints) with the Stock Exchanges on October 25, 2013 and a copy of the same is enclosed as **Annexure II** to this Notice. After filing of the Complaints Report, the Company has received "NIL" complaints.
6. The Company has received, in terms of Clause 24(f) of the Listing Agreement, Observation Letters from the Stock Exchanges dated December 16, 2013 conveying their No Objection for filing the Scheme with the High Court. Copies of the aforementioned observation letters are enclosed as **Annexure III** and **Annexure IV** to this Notice.
7. The Audit Committee and the Board of Directors have approved the amalgamation of SKIL into the Company.
8. In light of the above, the approval of the shareholders is being sought.

9. Benefits of the Transaction

The proposed amalgamation is expected to result in the following benefits to the company/shareholders:

- i. Complete forward integration of Denim into the garmenting facility.
- ii. More efficient marketing of SKIL's products in international markets.
- iii. Greater flexibility in development of new markets for garments.
- iv. Several administrative advantages like simpler reporting, simplified compliance etc.
- v. Financial savings by way of carry forward of all business losses of Suryakiran International Limited in the Company.

10. The salient features of the Scheme are provided below:

10.1 The Scheme envisages the Amalgamation of SKIL into the Company with effect from April 1, 2013 (the date with effect from which the Scheme shall, upon being sanctioned by the High Courts, be operative, being the '**Appointed Date**').

10.2 Background

10.2.1 (a) SKIL, a company limited by shares, was originally incorporated 14th November, 1994 under the name 'Suryakiran Spinning Mills Limited' and its name was changed to Suryakiran International Limited on 10th Day of December, 2004. Its registered office is 105, Surya Towers, 6th floor, S.P. Road, Secunderabad 500003.

(b) The share capital structure of SKIL as on September 30, 2013 is as under:

A. Authorised Share Capital	Amount in Rupees
50,00,000 equity shares of Rs. 10 each	5,00,00,000
2,00,000, 5% Non cumulative redeemable preference shares of Rs.100 each	2,00,00,000
Total	7,00,00,000
B. Issued, Subscribed and Paid Up Share Capital	Amount in Rupees
44,57,765 equity shares of Rs. 10/- each fully paid up	4,45,77,650
2,00,000, 5% Non cumulative redeemable preference shares of Rs.100 each	2,00,00,000
Total	6,45,77,650

- (c) The shareholding pattern of SKIL as on September 30, 2013 is as under:

Sl. No.	Name of Shareholder	Number of Shares	Percentage (%)
1.	L N Agarwal*	1	0
2.	B N Agarwal*	1	0
3.	Rajender Kumar Agarwal*	1	0
4.	Jeetender Kumar Agarwal*	1	0
5.	Devender Kumar Agarwal *	1	0
6.	Paritosh Kumar Agarwal *	1	0
7.	Suryalakshmi Cotton Mills Ltd	44,57,759	100
Total		44,57,765	100

* (as Nominees of SLCM)

10.2.2 The Company

- (a) The Company is a public company limited by shares incorporated in the year 1962 under the Companies Act, 1956, having its Registered Office at 105, 6th floor, Surya towers, S.P. Road, Secunderabad 500 003 A.P.
- (b) The share capital structure of the Company as on September 30, 2013 is as under:

A. Authorised Share Capital		Amount in Rupees
25,000,000 Equity Shares of Rs.10 each		250,000,000
672,000 Preference Shares of Rs.100 each		67,200,000
Total		31,720,000
B. Issued, Subscribed & Paid up Share Capital*		Amount in Rupees
145,22,290 Equity Shares of Rs.10 each fully paid up		14,52,22,900
Add: Forfeited shares		1,77,30,000
Total		16,29,52,900

- (c) The promoter shareholding pattern of the Company as on September 30, 2013 is as under:

Sl. No.	Name of Shareholder	Number of Shares	Percentage (%)
1.	Satyabhama Bai Agarwal	3023032	20.82
2.	Paritosh K Agarwal	1478472	10.18
3.	L N Agarwal	1364516	9.40
4.	Vedanth Agarwal	1065356	7.33
5.	Padmini Agarwal	971815	6.69
6.	Aparna Agarwal	651808	4.49
7.	L N Agarwal (HUF)	401890	2.77
8.	L N Agarwal (FT)	370000	2.54

The Equity Shares of the Company are listed on the Stock Exchanges.

As on September 30, 2013, the Company has Locked in shares of 1160000.

10.3 Pursuant to the Scheme,

- (a) all assets and liabilities of SKIL shall stand transferred to and become assets and liabilities of the Company;
- (b) all Equity Shares of the Company held by SKIL will be cancelled and the Share Capital of the Company shall stand reduced to that extent;
- (c) i. The entire preference share capital of the Transferor Company of 2,00,000, 5% Non Cumulative Redeemable preference shares of Rs.100/- aggregating to Rs. 2,00,00,000 in the Transferor Company stands cancelled in terms of the Scheme and accordingly shall stand extinguished without any other act or deed or thing to be done by any person.
ii. The Transferee Company shall issue and allot 5% Non Cumulative Redeemable preference shares of Rs.100/- each credited in the capital of the Transferee Company to every preference shareholder of the Transferor Company whose name appears in the Register of Members on the Record Date in the proportion of 1 preference share of Rs.100/- each of the Transferee Company for every 1 preference share of Rs.100/- each held in the Transferor Company on the same terms and conditions on which they were issued by the Transferor Company.
- (d) upon the scheme becoming effective, SKIL shall stand dissolved without winding-up;
- (e) upon the scheme becoming effective, the Authorised Share Capital of the Company shall automatically increase, without any further act, instrument or deed on the part of the Company, by the authorised share capital of SKIL.

10.4 All costs, charges and expenses (including, but not limited to, any taxes and duties, stamp duty, registration charges, etc.) of/payable by SKIL and the Company in relation to or in connection with the Scheme and incidental to the completion of the amalgamation of SKIL with the Company in pursuance of the Scheme shall be borne and paid by the Company. In the event that this Scheme fails to take effect within such period or periods as may be decided by SKIL and the Company, each of SKIL and the Company shall bear its own costs and expenses or as may be otherwise mutually agreed.

10.5. The scheme is conditional upon and subject to the approvals and/ or sanctions laid down in Clause 15 of the Scheme.

- 11. In terms of Clause 24(h) of the Listing Agreement, the Pre and Post Amalgamation Capital Structure and Shareholding Pattern of the Company is provided in Annexure V to this Notice. There is no change in the shareholding pattern post amalgamation as there is no fresh issue of shares.
- 12. The Shareholders are requested to read the entire text of the Scheme, annexed to this Notice, to get better acquainted with the provisions thereof. As stated above, the aforesaid are only salient features thereof.
- 13. The proposal for the Amalgamation was placed before the Audit Committee of the Company at its meeting held on 8th August, 2013. Fortress Capital Management Services Pvt. Ltd , acting as the independent merchant banker provided the fairness opinion. On the basis of their evaluations and its own independent judgement, the Audit Committee has recommended the Scheme, to the Board of Directors of the Company. Copy of the Fairness Opinion is enclosed as Annexure VI to this Notice.

14. Based on the aforesaid advice/ opinions and on the basis of their independent judgment and evaluation, the Board of Directors of the Company has come to the conclusion that the amalgamation is in the best interests of the company and its shareholders.
15. In addition to the documents annexed to this explanatory statement, copies of the following documents are open for inspection at the Registered Office of the Company between 10.00 a.m. and 6.00 p.m. on any working day:
- Scheme of Amalgamation between the Company and SKIL and their respective Shareholders and Creditors.
 - Memorandum and Articles of Association of the Company and SKIL.
 - Annual reports of the Company and SKIL for the year ended 31st March, 2013.
 - Copy of the Fairness Opinion dated October 4, 2013 issued by Fortress Capital Management Services Pvt Limited.
 - Complaints Report dated October 25, 2013.
 - Observation Letters dated December 16, 2013 issued each by the National Stock Exchange of India Limited and BSE Limited, respectively.

16. Disclosure of Interest

None of the Directors and the Key Managerial Personnel (as defined under Companies Act, 2013) and their Relatives have any interest in the purchase of shares from SKIL and the Scheme of Amalgamation between the Company and SKIL except as Shareholders in general of the respective companies, the extent of which is as stated below:

S. No.	Directors & Key Managerial Personnel and their relatives	Designation	Shares	As a %
1	Smt. Satyabhama Agarwal	Wife of Sri L N Agarwal	3023032	20.82
2	Sri Paritosh K Agarwal	Managing Director	1478472	10.18
3	Sri L N Agarwal	Chairman & Managing Director	1364516	9.4
4	Master Vedanth Agarwal	Son of Sri Paritosh Agarwal	1065356	7.33
5	Smt.Padmini Agarwal	Wife of Sri Paritosh Agarwal	971815	6.69
6	Ms.Aparna Agarwal	Daughter of Sri Paritosh agarwal	651808	4.49
7	L N Agarwal (HUF)	Hindu Undivided Family	401890	2.77
8	L N Agarwal FT	Family Trust	370000	2.54
9	Sri R Surender Reddy	Director	28000	0.19
10	Sri A Nageswara Rao	Director	666	0.00
11	Sri H L Ralhan	Director	650	0.00
12	Sri N L Tibrewal	Director	0	0.00
13	Sri R S Agarwal	Director	765	0.01
14	Sri Kumar Neel Lohit	Director	0	0.00
15	Sri E V S V Sarma	Company Secretary	4096	0.03
16	Sri P S Subramaniam	Vice President (Finance)	30764	0.21

**SCHEME OF AMALGAMATION
OF
SURYAKIRAN INTERNATIONAL LIMITED.
(TRANSFEROR COMPANY)
AND
SURYALAKSHMI COTTON MILLS LIMITED.
(TRANSFeree COMPANY)**

PART I - PRELIMINARY

1. DEFINITIONS

In this Scheme, unless repugnant to the context or meaning thereof, the following expressions shall have the following meanings:

- (a) **“Act”** means the Companies Act, 1956, including any statutory modifications, re-enactments or amendments thereof.
- (b) **“Appointed Date”** means the 1st day of April 2013 or such other date as may be approved by the Hon'ble High Court of Judicature at Andhra Pradesh
- (c) **“Effective Date”** means the last of the dates on which the certified copies of the order(s) of the High Court at Andhra Pradesh vesting all the assets, properties, liabilities, rights, duties, obligations and the like of the Transferor Company in the Transferee Company are filed with the Registrar of Companies, Andhra Pradesh after obtaining the consents, approvals, permissions, resolutions, agreements, sanctions and orders necessary there for.
- (d) **“Scheme of Amalgamation”** or **“this Scheme”** or **“the Scheme”** means this Scheme of Amalgamation, providing for Amalgamation of the Transferor Company into the Transferee Company, in its present form with such modifications as may be done in accordance with this Scheme.
- (e) **“Transferee Company”** means Suryalakshmi Cotton Mills Limited, a company incorporated under the Act and having its registered office at 6th floor, Surya Towers, 105, S.P. Road, Secunderabad 500 003.
- (f) **“Transferor Company”** means Suryakiran International Limited, a company incorporated under the Act and having its registered office at 6th floor, Surya Towers, 105, S.P. Road, Secunderabad 500 003.
- (g) **“Undertaking”** shall mean and include the whole of the undertaking of the Transferor Company, as going concern, including all secured and unsecured debts, borrowings liabilities including deferred tax liabilities (if any), duties and obligations and all the assets and properties, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent, all plant and machinery, vehicles, fixed assets, work in progress, current assets, deferred tax assets (if any), investments, reserves, provisions, funds, quota rights, import quotas, Demat accounts with the Depositories, Banks, etc. , import licenses, other licenses, registrations including registrations obtained under local or central statutes, copyrights, patents, trade names, trademarks, industrial designs, and other industrial rights and licenses in respect thereof, applications (if any) for registration of copyrights, patents, trade names and trademarks, containers, packaging materials, labels, label designs, leases, licenses, including software licenses, tenancy rights, premises, ownership flats, hire purchase and lease arrangements, computers, office equipment, telephones, telexes, facsimile connections, communication facilities, equipment and installations and utilities, electricity, water and other service connections, employees, benefits of agreements, contracts and arrangements, including

insurance contracts, arrangements with original equipment manufacturers, technical collaboration agreements, long term supply contracts, powers, authorities, permits, allotments, approvals, recognitions from Government Departments, quality certifications, consents, privileges, balances with all regulatory authorities, duty drawback claims, liberties, advantages, easements and all the right, title, interest, goodwill, benefit and advantage, deposits, reserves, provisions, advances, receivables, funds, cash, bank balances, accounts and all other rights, claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of or granted in favour of or enjoyed by the respective Transferor Company, as on the Appointed Date and all earnest money and/ or deposits including security deposits paid by the Transferor Company as on the Appointed Date.

2. DATE OF TAKING EFFECT

The Scheme, in so far as it relates to Amalgamation of Transferor Company into the Transferee Company, shall come into operation from the Appointed Date but shall become effective from the Effective Date.

PART II - AMALGAMATION

3. TRANSFER OF UNDERTAKING

The undertaking of the Transferor Company shall be transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company in the following manner:

- (a) (i) With effect from the Appointed Date, the whole of the undertaking of the Transferor Company comprising all assets and liabilities of whatsoever nature and wheresoever and whatsoever situated, shall, under the provisions of Section 391 read with Section 394 and all other applicable provisions, if any, of the Act, without any further act, instrument or deed, be and stand transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company as going concern so as to become as and from the Appointed Date the assets and liabilities of the Transferee Company and there shall be vested in the Transferee Company all the rights, title, interest or obligations of the Transferor Company therein and shall be subject to the subsisting charges as mentioned hereinafter.
 - (ii) The Transferor company has become a 100% subsidiary of the Transferee Company on the completion of the transaction relating to the residual sale equity Shares of Rs. 10/- each of the Transferor Company in favour of the Transferee Company and thus transferee company owning all the 4457765 equity shares of Rs.10/- each of the Transferor Company. With effect from the appointed date, all assets and liabilities be vested in the Transferee Company including any adjustment to the reserves and surplus of any amounts pursuant to the Scheme at their carrying values in the books of Transferor Company on the appointed date and shall be governed by the pooling of interest method as contained in Accounting Standard 14: Accounting for Amalgamations, issued by the Institute of Chartered Accountants of India.
- (b) Movables other than those specified in clause 3(a) (ii) above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances, deposits and balances, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, shall also stand transferred under clause (a) above. The Transferor Company shall also give notice in such form as it may deem fit and proper to each person, debtor or depositor that pursuant to sanction of the High Court of Andhra Pradesh at Hyderabad to the Scheme between the Transferor Company, the Transferee Company, and their respective members and creditors under Section 391 read with Section 394 of the Act, the said debt, loan, advance or deposit be paid or made good or held on account of the Transferee Company and all rights vested in the Transferor Company against relevant parties shall automatically vest in the Transferee Company.

- (c) With effect from the Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of the Transferor Company shall also, under the provisions of Sections 391 to 394 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as and from the Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this sub-clause.
- (d) The transfer and vesting of the undertaking of the Transferor Company as aforesaid, shall be subject to the existing securities, charges and mortgages, if any, subsisting over or in respect of the property and assets or any part thereof of the Transferor Company.

Provided however, any reference in any security documents or arrangements (to which the Transferor Company is a party) to the assets of the Transferor Company offered or agreed to be offered as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to the undertaking of the Transferor Company as are vested in the Transferee Company by virtue of the aforesaid Clauses, for all intents and purposes and that such securities, charges and mortgages shall not extend or be deemed to extend, to any of the assets of the Transferee Company. Further, securities by way of corporate guarantee given by Transferee Company to Transferor Company's bankers shall stand extinguished from the Effective date.

Provided further that the securities, charges and mortgages (if any subsisting) over and in respect of the assets or any part thereof of the Transferee Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges or mortgages to the end and intent that such securities, charges and mortgages shall not extend or be deemed to extend, to any of the assets of the Transferor Company vested in the Transferee Company.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by the Transferor Company which shall vest in the Transferee Company by virtue of the amalgamation of the Transferor Company with the Transferee Company and the Transferee Company shall not be obliged to create any further or additional security therefor after the amalgamation has become operative.

- (e) In so far as the various rights, quality certifications, licenses, registrations, arrangements with brand owners, technical collaboration agreements, long term supply contracts, recognitions and approvals from Government Departments, incentives including duty drawback benefits, refund claims pending with Revenue Authorities, subsidies, rehabilitation schemes, special status and other benefits or privileges (granted by any Government body, local authority or by any other person) enjoyed or availed by the Transferor Company are concerned, the same shall vest with and be available to the Transferee Company on the same terms and conditions as were applicable to the Transferor Company.
- (f) Loans or other obligations, if any, due or outstanding inter se between the Transferor Company and the Transferee Company shall stand discharged and there shall be no liability, relating either to principal or to interest after the Appointed Date, in respect of such loans and other obligations.

4. BUSINESS AND PROPERTY IN TRUST FOR TRANSFEEE COMPANY

4.1 As and from the Appointed Date up to and including the Effective Date:

- (a) The Transferor Company shall carry on and be deemed to have carried on its business and activities and shall stand possessed of all its assets and properties referred to in Clause 3 above, in trust for the Transferee Company and shall account for the same to the Transferee Company.

- (b) Any income or profit accruing or arising to the Transferor Company and all costs, charges, expenses and losses or taxes (including deferred tax balances, if any) incurred by the Transferor Company shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or taxes (including deferred tax balances, if any), as the case may be, of the Transferee Company and shall be available to the Transferee Company for being disposed off in any manner as it thinks fit.
 - (c) The Transferor Company shall not declare any dividend for the period commencing from and after the Appointed Date without the prior written consent of the Transferee Company.
- 4.2 With effect from the Appointed Date, all debts, liabilities, duties and obligations of the Transferor Company as on the close of business on the date preceding the Appointed Date, whether or not provided in the books of the Transferor Company, and all liabilities which arise or accrue on or after the Appointed Date shall be deemed to be the debts, liabilities, duties and obligations of the Transferee Company.

5. CONDUCT OF BUSINESS

5.1 Till the Effective Date:

- (a) The Transferor Company shall carry on its business with reasonable diligence and in the same manner as it had been doing hitherto, and the Transferor Company shall not alter or substantially expand its businesses, except with the prior written concurrence of the Transferee Company.
- (b) The Transferor Company shall not, without the prior written concurrence of the Transferee Company, alienate, charge or encumber any of its properties referred to in Clause 3 above, except in the ordinary course of business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the respective Board of Directors of the Transferor Company, unless prior written consent of the Transferee Company is obtained.
- (c) The Transferor Company shall not vary or alter, except in the ordinary course of business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the Board of Directors of the Transferor Company, the terms and conditions of employment of any of its employees, nor shall it conclude any settlement or compromise with its employees, unless prior written consent of the Transferee Company is obtained.
- (d) The Transferor Company shall not issue or allot any further shares to any person in any manner whatsoever, unless prior written consent of the Transferee Company is obtained.
- (e) The Transferee Company shall be entitled to apply to the Central/State Government, and all other agencies, departments and authorities concerned as are necessary under any law, for such consents, approvals and sanctions, which the Transferee Company may require to own and operate the undertakings of the Transferor Company.

6. LEGAL PROCEEDINGS

- 6.1 All legal proceedings of whatsoever nature by or against the Transferor Company pending and/ or arising at the Appointed Date and relating to the Transferor Company or its undertaking or properties, assets, debts, liabilities, duties and obligations referred to in Clause 3, shall be continued and/ or enforced until the Effective Date as desired by the Transferee Company and as and from the Effective Date shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company. On and from the Effective Date, the Transferee Company shall and may, if required, initiate any legal proceedings in

its name in relation to the Transferor Company in the same manner and to the same extent, as would or might have been initiated by the Transferor Company.

- 6.2 After the Appointed Date, if any proceedings are taken against the Transferor Company above, the same shall be defended at the cost of the Transferee Company.

7. CONTRACTS AND DEEDS

- 7.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, licenses, agreements, insurance policies and other instruments, if any, of whatsoever nature to which any of the Transferor Company is a party and subsisting or having effect on the Effective Date shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto. It is clarified that any contracts between the Transferor Company and the Transferee Company as on the Effective Date shall stand terminated.
- 7.2 The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any agreement, confirmations or novations to which the Transferor Company will, if necessary, also be a party in order to give formal effect to the provisions of this Scheme, if it is so required or if it becomes necessary.

DISSOLUTION OF TRANSFEROR COMPANY

On the Scheme coming into effect, the Transferor Company shall, without any further act or deed, stand dissolved without winding up.

8. SHARE CAPITAL

8.1 Share Capital of Transferee Company

The Authorised, Issued, Subscribed and Paid up Share Capital of Transferee Company as of date is as under:

PARTICULARS	AMOUNT (Rs)
AUTHORISED CAPITAL	
250,00,000 Equity Shares of Re 10/- each	25,00,00,000
6,72,000, 0.1% Cumulative Redeemable Preference shares of Rs.100 each	6,72,00,000
Total	31,72,00,000
ISSUED	
210,51,556 Equity Shares of Re 10/- each	21,05,15,560
6,72,000, 0.1% Cumulative Redeemable Preference shares of Rs.100 each	6,72,00,000
Total	27,77,15,560
SUBSCRIBED AND PAID-UP CAPITAL	
145,22,290 Equity Shares of Re 10/- each	14,52,22,900
Forfeited Shares	1,77,30,000
Total	16,29,52,900

8.2 Share Capital of Transferor Company

The Authorised, Issued, Subscribed and Paid up Share Capital of the Transferor Company as of Date is as under:

PARTICULARS	AMOUNT (Rs)
AUTHORISED CAPITAL	
50,00,000 equity shares of Rs. 10 each	5,00,00,000
2,00,000, 5% Non cumulative redeemable preference shares of Rs.100 each	2,00,00,000
Total	7,00,00,000

8.3 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

44,57,765 equity shares of Rs. 10/- each fully paid up	4,45,77,650
2,00,000, 5% Non cumulative redeemable preference shares of Rs.100 each	<u>2,00,00,000</u>
Total	<u>6,45,77,650</u>

9. Share Capital of the Transferee Company on Amalgamation:

- (a) Merger of Authorized Share Capital of Transferor Company with Authorized Share Capital of Transferee Company:

On and from the Effective Date, the Authorized Share Capital of Transferor Company shall stand merged with the Authorized Share Capital of Transferee Company without any further act of Transferee Company or its shareholders. Consequently, the Authorized Share Capital of Transferee Company shall stand increased by Rs.7,00,00,000 comprising 50,00,000 equity shares of Rs.10/- each and 2,00,000, 5% Non cumulative redeemable preference shares of Rs.100 each over and above the Authorized Share Capital of Transferee Company immediately prior to the Effective Date, without any further act to be done by Transferee Company or obligation to pay any further registration fee, filing fee or other charges. The Memorandum and Articles of Association of Transferee Company shall automatically stand amended to incorporate the above increase in the Authorized Capital of the Transferee Company.

- (b) It is hereby clarified that for the purposes of this sub Clause (a) above, the consent of the shareholders of the Transferee Company and the Transferor Company to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution under Section 16, Section 94 or any other applicable provisions of the Act would require to be separately passed or filings be required to be made with any authority.

10. CANCELLATION/ ISSUE OF EQUITY SHARES/PREFERENCE SHARES

- 10.1 The Transferor Company is a wholly owned subsidiary of the Transferee Company and the entire equity of Transferor Company is held by the Transferee Company. Upon the coming into effect of this Scheme 44,57,765 (Forty Four Lakhs Fifty Seven Thousand Seven Hundred and Sixty Five only) equity shares of Rs. 10/-

(Rupees Ten) each aggregating to Rs. 445,77,650/- (Rupees Four Crore Forty Five Lakhs Seventy Seven Thousand Six Hundred and Fifty only) in the Transferor company held by Transferee company shall stand cancelled in terms of this scheme and accordingly shall stand extinguished, without any other act or deed or thing to be done by any person and no shares or consideration shall be issued/ paid by the Transferee Company pursuant to such cancellation.

- 10.2 i. Upon the scheme coming into effect, the entire preference share capital of the Transferor Company of 2,00,000, 5% Non Cumulative Redeemable preference shares of Rs.100/- aggregating to Rs. 2,00,00,000 in the Transferor Company stands cancelled in terms of the Scheme and accordingly shall stand extinguished without any other act or deed or thing to be done by any person.
- ii. The Transferee Company shall issue and allot 5% Non Cumulative Redeemable preference shares of Rs.100/- each credited in the capital of the Transferee Company to every preference shareholder of the Transferor Company whose name appears in the Register of Members on the Record Date in the proportion of 1 preference share of Rs.100/- each of the Transferee Company for every 1 preference share of Rs.100/- each held in the Transferor Company on the same terms and conditions on which they were issued by the Transferor Company.

10.3 The Transferor Company shall not make any change in its capital structures either by any increase (by issue of equity shares, issuance of bonus shares, convertible debentures, etc) or otherwise by decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner except by mutual consent of the respective Board of Directors of the Transferor Company and the Transferee Company.

11. STAFF, WORKMEN AND EMPLOYEES

11.1 On the Scheme coming into effect, all staff, workmen and employees of the Transferor Company in service on such date shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the Appointed Date without any break in their service and on the basis of continuity of service and the terms and conditions of their employment with the Transferee Company shall not be less favourable than those applicable to them with reference to the Transferor Company.

11.2 It is expressly provided that, in so far as the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund created or existing for the benefit of the staff, workmen and employees of the Transferor Company are concerned including all arrangements with Life Insurance Corporation of India, if any, in relation to such Fund or Funds, upon the Scheme coming into effect, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever in relation to the administration or operation of such Fund or Funds and in relation to the arrangements with Life Insurance Corporation of India, if any or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Company in relation to such Fund or Funds shall become those of the Transferee Company and all the rights, duties and benefits of

11.1 the employees employed in different units of the Transferor Company under such Funds and Trusts shall be protected, subject to the provisions of law for the time being in force. It is clarified that the services of the staff, workmen and employees of the Transferor Company will be treated as having been continuous for the purpose of the said Fund or Funds.

12. GENERAL TERMS OF AMALGAMATION

12.1 Upon the Scheme coming into effect, the Transferee Company shall be entitled to use all packaging, labels, point of sale material, sign board, samples, closures, other publicity material, etc, lying unused and which Transferor Company is entitled to use under any statutes/ regulations, till such time, as all of such packaging, labels, closures, etc are exhausted.

12.2 It is clarified that all taxes payable by the Transferor Company from the Appointed Date onwards including all or any refunds and claims, including claims for refunds pending with the Revenue Authorities, shall, for all purposes, be treated as the tax liabilities or refunds and claims of the Transferee Company. Accordingly, upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise, if it becomes necessary, its Sales tax returns, Excise & Modvat/ Cenvat returns, service tax returns, other tax returns, and to claim refunds/ credits, pursuant to the provisions of this Scheme.

Upon the Scheme becoming effective, the Transferee Company is also expressly permitted to revise, if it becomes necessary, its income tax returns and to claim refunds, advance tax and withholding tax credits, etc, pursuant to the provisions of this Scheme.

12.3 In accordance with the Modvat/ Cenvat Rules framed under the Central Excise Act, 1944, as are prevalent on the Effective Date, the unutilized credits relating to excise duties paid on inputs/ capital goods lying in the accounts of the Transferor Company shall be permitted to be transferred to the credit of the Transferee Company, as if all such unutilized credits

were lying to the account of the Transferee Company. The Transferee Company shall accordingly be entitled to set off all such unutilized credits against the excise duty payable by it.

13. PART IV - ACCOUNTING TREATMENT

- 13.1 Transferee Company shall record the assets and liabilities of Transferor Company vested in it pursuant to this Scheme, at the respective book values thereof as appearing in the books of Transferor Company on the Appointed Date. To the extent that there are inter-corporate loans or balances between Transferor Company and Transferee Company, the obligations in respect thereof shall be discharged and corresponding effect shall be given in the books of account and records of Transferee Company for the reduction of any assets or liabilities, as the case may be. There will be no accrual of interest or other charges in respect of any such inter-company loans or balances with effect from the Appointed Date.
- 13.2 The identity of reserves of Transferor Company shall be maintained and the same shall be aggregated with the balances of similar reserves in the books of Transferee Company. Balances shown as "Miscellaneous Expenditure" (to the extent not written off or adjusted) in the balance sheet of Transferor Company shall be similarly aggregated with balances of Transferee Company.
- 13.3 In case of any differences in accounting policies between Transferor Company and Transferee Company, the impact of the same till the merger will be quantified and adjusted in the capital reserve / amalgamation reserve of the Transferee Company to secure the financial statements of Transferee Company are prepared on the basis of a consistent accounting policy.
- 13.4 The excess, if any, of the value of the assets over the value of the liabilities of Transferor Company pursuant to this Scheme shall be recorded as Amalgamation Reserve account in the books of Transferee Company. Such Amalgamation Reserve shall be treated in accordance with the relevant provisions of Companies Act, 1956 and other rules/regulations including the Accounting Standards as may be applicable in this regard.
- 13.5 The deficit, if any, in the value of the assets over the value of the liabilities of Transferor Company pursuant to this Scheme shall be treated as Goodwill in the books of Transferee Company as per the provisions of the Companies Act, 1956 and other rules/regulations including the Accounting Standards as may be applicable in this regard.
- 13.6 Notwithstanding the above, the Transferee Company, in consultation with its auditors, is authorised to account any of these balances in any manner whatsoever, if considered more appropriate.

PART V-GENERAL

14. APPLICATIONS TO HIGH COURTS

- 14.1 The Transferee Company and the Transferor Company shall, with all reasonable dispatch, make applications to the High Court of Judicature at Andhra Pradesh, under Section 391 of the Act, seeking orders for dispensing with and/or convening, holding and conducting of the meetings of the members and/ or creditors of the Transferor Company and the Transferee Company as may be directed by the High Court of Judicature at Andhra Pradesh. At the same time, the Transferee Company shall make applications to the High Court of Judicature at Andhra Pradesh to seek approval of its shareholders under postal ballot method and e-voting, after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution if prescribed by The Stock Exchange, Mumbai or the National Stock Exchange, Mumbai or the Securities and Exchange Board of India, Mumbai
- 14.2 Upon complying with the Orders of the High Court of Andhra Pradesh on the applications mentioned in Clause 14.1, the Transferee Company and the Transferor Company shall, with all reasonable dispatch, apply to the High Court of Andhra Pradesh for sanctioning the

Scheme under Sections 391, 394 and 101 of the Act, and for such other Order or Orders, as the said High Court may deem fit for carrying this Scheme into effect and for dissolution of the Transferor Company without winding up.

14.3 The Transferor and Transferee Companies shall however secure the necessary approvals of such authorities as may be prescribed for effecting merger or amalgamation of certain companies under the provisions of Companies Act as amended from time to time.

15. CONDITIONALITY OF SCHEME

15.1 The Scheme is conditional upon and subject to being approved by the High Court of Andhra Pradesh or such authorities as aforesaid under Clause 14.3 and the necessary approvals from Stock Exchanges/ SEBI as may be prescribed.

15.2 The Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it. The term public share carry the same meaning as defined under Rule 2 of Securities Contracts (Regulation) Rules, 1957.

15.3 This Scheme, although to come into operation from the Appointed Date (subject to Clause 2), shall not become effective until the date on which all necessary certified copies of Orders are duly filed with the Registrar of Companies, Andhra Pradesh. The date of such filings shall be the "Effective Date" for the purpose of this Scheme.

16. MODIFICATION OR AMENDMENT

16.1 The Transferor Company (by its Directors) and the Transferee Company (by its Directors / any Committee thereof) at any time till the dissolution of the Transferor Company takes place may assent to any modification(s) or amendments) in this Scheme which the Court and / or any other authorities may deem fit to direct or impose, including sanction of components of the Scheme in part, or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/ or carrying out the Scheme and the Transferor Company (by its Directors) and the Transferee Company (by its Directors/ any Committee thereof) and after the dissolution of the Transferor Company, the Transferee Company (by its Directors/any Committee thereof) be and are hereby authorised to take such steps and do all such acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubts, difficulties or questions whether by reason of any orders of the Court or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected herewith.

16.2 COSTS, CHARGES AND EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Transferor Company and the Transferee Company arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne and paid by the Transferee Company.

16.3 AMENDMENT OF MEMORANDUM AND ARTICLES OF ASSOCIATION

Consequent to the Scheme of Amalgamation being sanctioned by this Hon'ble Court the necessary changes shall be deemed to have been effected in the Memorandum of Association of the Transferee Company, in accordance with the provisions contained above and as per the Order sanctioning the scheme.

For **Suryalakshmi Cotton Mills Limited.** (Transferee Company)

Director / Company Secretary

For **Suryakiran International Limited** (Transferor Company)

Director

Annexure II

SURYALAKSHMI COTTON MILLS LTD
SURYALAKSHMI

(AN IS/ISO 9001 : 2008 & ISO 14001 : 2004 CERTIFIED COMPANY)

October 25, 2013

To

The Dy. Manager,
National Stock Exchange of India Ltd.,
"Exchange Plaza"
Bandra-Kurla Complex,
Bandra(East)
MUMBAI 400 051.
Scrip Code : SURYALAXMI

KIND ATTN : MS. NIDHI THAKKAR.

Dear Sir,

Reg : Proposed scheme of arrangement – amalgamation with the subsidiary company
Suryakiran International Limited (SKIL) - Submission of Annexure III.

With reference to the above we have to inform you that so far the Company has not received any complaint either directly or from Stock Exchanges/SEBI about the proposed scheme of amalgamation.

We request you to process our application further.

Thanking you,

Yours faithfully,
For SURYALAKSHMI COTTON MILLS LIMITED


E V S SARMA
COMPANY SECRETARY



GOVERNMENT RECOGNISED EXPORT HOUSE

Regd. Office Surya Towers, 6th Floor, 105 Sardar Patel Road, Secunderabad - 500 003, A.P. INDIA
Phone : +91-40-30571600, 27819856 / 857, Fax : +91-40-27846854
E-MAIL : sicmtd@suryalakshmi.com WEBSITE : www.suryalakshmi.com

SURYALAKSHMI COTTON MILLS LTD

(AN IS/ISO 9001 : 2008 & ISO 14001 : 2004 CERTIFIED COMPANY)

ANNEXURE 11

Format for Complaints Report:

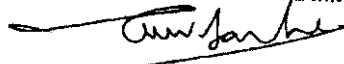
Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Nil
5.	Number of complaints pending	Nil

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1	Nil		
2	Nil		
3	Nil		

for Suryalakshmi Cotton Mills Limited


 E.V.S.V. Sarma
 Company Secretary
 25/10/2013



GOVERNMENT RECOGNISED EXPORT HOUSE
 Regd. Office : Surya Towers, 6th Floor, 105 Sardar Patel Road, Secunderabad - 500 003. A.P. INDIA
 Phone : +91-40-30571600, 27819856 / 857. Fax : +91-40-27846854
 E-MAIL : stcmld@suryalakshmi.com WEBSITE : www.suryalakshmi.com



**NATIONAL STOCK EXCHANGE
OF INDIA LIMITED**

Annexure III **NIFTY 50**
Stock of the nation

Ref: NSE/LIST/224627-R

December 16, 2013

The Company Secretary
Suryalakshmi Cotton Mills Limited
6th Floor, Surya Towers,
105, Sardar Patel Road,
Secunderabad – 500003.

Kind Attn.: Mr. E. V. S. V. Sarma

Dear Sir,

Sub: Observation letter for the draft Scheme of Amalgamation of Surya Kiran International Limited and Suryalakshmi Cotton Mills Limited.

We are in receipt of draft Scheme of Amalgamation of Surya Kiran International Limited and Suryalakshmi Cotton Mills Limited.

We have perused the draft Scheme of Amalgamation and the related documents/details submitted by Suryalakshmi Cotton Mills Limited including the confirmation of the Company Secretary that the scheme so submitted does not in any way violate, over-ride or circumscribe the provisions of the Securities Laws or the Stock Exchange requirements.

Pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013 and SEBI Circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013. SEBI has vide letter dated December 16, 2013, has given following comments on the draft Scheme of Amalgamation:

"a. The Company shall duly comply with various provisions of the Circulars.

b. The Company to comply with the undertaking given vide letter dated November 12, 2013 regarding seeking shareholders' approval through postal ballot/e-voting and proceeding with the Scheme only if votes cast by public shareholders in favour of the Scheme is more than those voted against it."

Accordingly, we do hereby convey our 'No-objection' with limited reference to those matters having a bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable the Companies to file the scheme with Hon'ble High Court.

However, the Exchange reserves its rights to withdraw this No-objection approval at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.

Yours faithfully,
For National Stock Exchange of India Ltd.


Samir Rajdev
Manager

Annexure IV

DCS/AMAL/PS/24(f)/341/2013-14

December 16, 2013

The Company Secretary
Suryalakshmi Cotton Mills Limited
Surya Towers, 6th Floor, 105,
Sardar Patel Road, Secunderabad,
Andhra Pradesh – 500 003

Dear Sir/Madam,

Sub: Observation letter regarding the Scheme of Arrangement/ Amalgamation between Surya Kiran International Limited (SKIL) and Suryalakshmi Cotton Mills Limited (SCML) and their respective shareholders.

We are in receipt of draft Scheme of Arrangement/ Amalgamation involving merger of Surya Kiran International Limited (SKIL) (WOS of SCML) with the company.

The Exchange has noted the confirmation given by the Company stating that the scheme does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions of the Listing Agreement or the requirements of BSE Limited (BSE).

As required under SEBI Circular No.CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No.CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI has vide its letter dated December 16, 2013 given the following comment(s) on the draft scheme of arrangement:

The company shall duly comply with various provisions of the aforesaid SEBI circular.

&

The Company to comply with the undertakings given vide letter dated November 12, 2013 regarding seeking shareholders approval through postal ballot/e-voting and proceeding with the scheme only if votes cast by public shareholders in favour of the scheme is more than those voted against it.

Accordingly, we hereby convey Exchange's 'No-objection' with limited reference to those matters having bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the scheme with the Hon'ble High Court.

Further you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also mention the same in your application for approval of the scheme of arrangement submitted to the Hon'ble High Court.

The Exchange reserves its right to withdraw its No-objection/approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Yours faithfully,


Jayesh Ashtekar
Manager


Bhuvana Sriram
Dy. Manager

Annexure-V

**Pre Amalgamation Shareholding of Suryalakshmi Cotton Mills Limited
(as on 30th September , 2013)**

Statement Showing Shareholding Pattern as on 30th September, 2013						
Category code	Category of Shareholder	Number of Shareholders	Table (I)(a)		Total shareholding as a percentage of total number of shares	
			Total number of shares	Number of shares held in dematerialized form	As a percentage of(A+B)	As a percentage of (A+B+C)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)
(A)	Shareholding of Promoter and Promoter Group²					
1	Indian					
(a)	Individuals/ Hindu Undivided Family	9	9326889	9326889	64.22	64.22
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0.00
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00
(e)	Any Others(Specify)	0	0	0	0.00	0.00
	Sub Total(A)(1)	9	9326889*	9326889	64.22	64.22
2	Foreign					
a	Individuals (Non-Residents Individuals/Foreign Individuals)	0	0	0	0.00	0.00
b	Bodies Corporate	0	0	0	0.00	0.00
c	Institutions	0	0	0	0.00	0.00
d	Qualified Foreign Investor	0	0	0	0.00	0.00
e	Any Others(Specify)	0	0	0	0.00	0.00
	Sub Total(A)(2)	0	0	0	0.00	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	9	9326889	9326889	64.22	64.22
(B)	Public shareholding					
1	Institutions					
(a)	Mutual Funds/ UTI	1	2800	0	0.02	0.02
(b)	Financial Institutions / Banks	3	152857	152857	1.05	1.05
(c)	Central Government/ State Government(s)	0	0	0	0.00	0
(d)	Venture Capital Funds	0	0	0	0.00	0

(e)	Insurance Companies	0	0	0	0.00	0
(f)	Foreign Institutional Investors	0	0	0	0.00	0
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0
(h)	Qualified Foreign Investor	0	0	0	0.00	0
(i)	Any Other (specify)	0	0	0	0.00	0
	Sub-Total (B)(1)	4	155657	152857	1.07	1.07
	B 2 Non-institutions					
(a)	Bodies Corporate	238	1340711	1340645	9.23	9.23
(b)	Individuals					
I	Individuals - i. Individual shareholders holding nominal share capital up to Rs 1 lakh	6454	2149754	1999155	14.80	14.80
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	46	1491495	1491495	10.28	10.28
(c)	Qualified Foreign Investor	0	0	0	0.00	0.00
(d)	Any Other (specify)					
(d-i)	Clearing Members	9	1525	1525	0.01	0.01
(d-ii)	Non Resident Indians	60	56259	56259	0.39	0.39
	Sub-Total (B)(2)	6807	5039744	4889079	34.71	34.71
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	6811	5195401	5041936	35.78	35.78
	TOTAL (A)+(B)	6820	14522290	14368825	100	100
(C)	Shares held by Custodians and against which Depository Receipts have been issued					
1	Promoter and Promoter Group	0	0	0	0	0
2	Public					
	Sub-Total (C)	0	0	0	0	0
	GRAND TOTAL (A)+(B)+(C)	6820	14522290	14368825	100	100

* 140665 shares out of these are pledged to a Bank.

The Post Amalgamation shareholding of Suryalakshmi Cotton Mills Limited as of 30th September, 2013 is same as above as there is no fresh issue of shares under the scheme.



STRICTLY PRIVATE & CONFIDENTIAL

October 4, 2013

To,
The Board of Directors
 Suryalakshmi Cotton Mills Limited,
 Surya Towers, 6th Floor,
 105 Sardar Patel Road,
 Secunderabad - 500 003
 Andra Pradesh, India

The Board of Directors
 Suryakiran International Limited
 Surya Towers, 6th Floor,
 105 Sardar Patel Road,
 Secunderabad - 500 003
 Andra Pradesh, India

Sub: Fairness Opinion on proposed amalgamation of Suryakiran International Limited into Suryalakshmi Cotton Mills Limited under a Scheme of Amalgamation.

Dear Sir(s),

We refer to our discussion wherein the management of Suryalakshmi Cotton Mills Limited (hereinafter referred to as "SCML" or "company") has requested Fortress Capital Management Services Private Limited ('us') to give a Fairness Opinion on the proposed amalgamation of Suryakiran International Limited (hereinafter referred to as "SKIL"), (hereinafter collectively referred to as "Companies") into SCML under a Scheme of Amalgamation (hereinafter referred to as "Scheme").

1. BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

- 1.1 **Suryalakshmi Cotton Mills Limited** was incorporated in 1962 and manufactures cotton and synthetic yarn. It has a 60,000 spindlage Spinning Division at Amanagallu, Mahabubnagardistrict, Andhra Pradesh. It also has 40 million meter Denim plant and a 25 MW Captive Power Plant at Ramtek, near Nagpur, Maharashtra. The shares of SCML are listed on National Stock Exchange of India Limited and Bombay Stock Exchange Limited.
- 1.2. **Suryakiran International Limited** is a subsidiary of SCML and is engaged in the business of manufacture and sale of denim garments.
- 1.2 The management of SCML is considering an amalgamation of its subsidiary SKIL into itself with effect from appointed date of April 1, 2013. We have been informed that

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FORTRESS CAPITAL MANAGEMENT SERVICES PVT. LTD.



the proposed amalgamation will lead to forward integration of denim into garmenting facility and this will also reap several administrative advantages like simpler reporting, simplified compliance requirements etc.

- 1.3 We have been informed that the Scheme was approved by the Board of Directors of SCML and SKIL at their respective meetings held on 2nd February, 2013.
- 1.4 We have been further informed that SCML was holding 50.92% of the share capital of the subsidiary SKIL. The company has acquired further shares from all the shareholders (except one share from each of the six shareholders who shall be the nominees of the holding company). Thus SKIL has become the wholly owned Subsidiary of the Company w.e.f. May 18th, 2013.
- 1.5 Accordingly, SCML has appointed us to give a fairness opinion on the proposed amalgamation of Suryakiran International Limited into Suryalakshmi Cotton Mills Limited under a Scheme of Amalgamation.
- 1.6 The information contained in our report herein is confidential. It is intended only for the sole use of captioned purpose including for obtaining the requisite statutory approvals.

2. SOURCES OF INFORMATION

For the purposes of this exercise, we have relied upon the following sources of information:

- (a) Draft Scheme of Amalgamation under Sections 391 to 394 of the Companies Act, 1956.
- (b) Audited financials of last three years of SCML and SKIL for the years ended 31st March 2013, 31st March 2012 and 31st March 2011.
- (c) Latest Share Holding Pattern of SCML and SKIL (pre and post amalgamation).
- (d) Such other information and explanations as we required and which have been provided by the management of SCML and SKIL.

3. EXCLUSIONS AND LIMITATIONS

- 3.1 Our conclusion is based on the information furnished to us being complete and accurate in all material respects. We have relied upon the financials and the information and representations furnished to us without carrying out any audit or other tests to verify its accuracy with limited independent appraisal.
- 3.2 We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the companies.

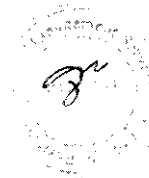


- 3.3 Our work does not constitute verification of financials or including the working results of the Companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
- 3.4 Our opinion is not intended to and does not constitute a recommendation to any shareholders as to how such shareholder should vote or act in connection with the Scheme of Arrangement or any matter related therein.
- 3.5 Our liability (statutory or otherwise) for any economic loss or damage arising out of the rendering this Opinion shall be limited to amount of fees received for rendering this Opinion as per our engagement with SCML and SKIL.
- 3.6 Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed amalgamation with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon.
- 3.7 We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof.
- 3.8 We do not express any opinion as to the price at which shares of SCML may trade at any time, including subsequent to the date of this opinion.
- 3.9 This certificate has been issued for the sole purpose to facilitate the Companies to comply with clause 24(f) and 24(h) of the Listing Agreement and SEBI Circular No CIR/CFD/DIL/5/2013 dated 4 February 2013 and CIR/CFD/DIL/8/2013 dated 21 May 2013 and it shall not be valid for any other purpose.

4. CONCLUSION

- 4.1 With reference to above and based on information and explanation provided by the management representative of SCML and after analyzing the Scheme of Arrangement, we understand that since SKIL has become a wholly owned subsidiary of SCML and no shares are be issued by SCML as consideration for the proposed amalgamation and there is also no change in the Shareholding pattern of the SCML post proposed amalgamation. Hence, the Valuation of the Companies has not been undertaken by SCML from an Independent Valuer as per SEBI Circular No. CIR / CFD / DIL / 5 / 2013 dated 4 February 2013 read with SEBI Circular No. CIR / CFD / DIL / 8 / 2013 dated 21 May 2013.

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4.2 On the basis of the foregoing and based on the information and explanation provided to us, in our opinion, the proposed amalgamation of Suryakiran International Limited into Suryalakshmi Cotton Mills Limited as per the Scheme of Amalgamation is fair and reasonable to the holders of equity shares of SCML.

Thanking you,

Yours faithfully,
For Fortress Capital Management Services Pvt. Ltd.

Atul M. Shah
Authorized Signatory

Place: Mumbai

SEBI Registration No.: INM000011146