

VARDHMAN TEXTILES LIMITED  
ANNUAL REPORT 2014-15

change.  
THE ONLY CONSTANT



#### THE JOURNEY AHEAD

02	CORPORATE OVERVIEW	24	MANAGEMENT REPORTS	70	FINANCIAL STATEMENTS
02	OUR 50 YEARS JOURNEY	24	MANAGEMENT DISCUSSION AND ANALYSIS	70	STANDALONE FINANCIAL STATEMENTS
15	BUSINESS PERFORMANCE	36	DIRECTOR'S REPORT	108	CONSOLIDATED FINANCIAL STATEMENTS
16	FROM THE CHAIRMAN'S DESK	61	CORPORATE GOVERNANCE REPORT	149	NOTICE
22	STATEMENT FROM THE MANAGEMENT				

THE WORLD HATES CHANGE, YET IT IS THE ONLY THING THAT HAS BROUGHT PROGRESS.  
CHARLES KETTERING

**Vardhman Group** emerged as one of the largest integrated textile manufacturing groups in India.

**The Group** invested in an operating capacity of more than a million spindles (including 7,188 rotors).

**The Group** emerged as India's second largest producer of sewing threads, leading manufacturer of hand-knitting yarn, one of the leading manufacturer-exporters of cotton yarn; leading manufacturer of piece-dyed fabric.

**The Group** enjoys alliances with global textile giants - American & Efird Global LLC (USA), Marubeni Corporation and Nisshinbo Textile, Inc. (Japan).

The last 50 years have been the most challenging for global business and industry.

The last 50 years have also been consistently enriching for Vardhman Group.

Standalone			
3,446.43	5,776.77	5,787.75	5,742.03
Market capitalisation (March 31, 2015) (₹ crore)	Enterprise value (March 31, 2015) (₹ crore)	Capital employed in business (March 31, 2015) (₹ crore)	Net sales from operations (2014-15) (₹ crore)

22	65	24,500	350
Manufacturing facilities	Global marketing footprint (nations)	Team size	Key customers



INAUGURATION  
OF ADDITIONAL  
SPINDLAGE  
CAPACITY AT VSGM,  
LUDHIANA BY LATE  
LALA RATTAN CHAND  
OSWAL, FOUNDER OF  
VARDHMAN GROUP

Vardhman Group			
4,591.94	7,394.01	7,636.63	7,846.73
Market capitalisation (March 31, 2015) (₹ crore)	Enterprise value (March 31, 2015) (₹ crore)	Capital employed in business (March 31, 2015) (₹ crore)	Net sales from operations (2014-15) (₹ crore)





# Gaining momentum

WE COMMITTED TO BE THE  
BEST TECHNOLOGY PROVIDER IN ALL  
INDUSTRIES. OUR EFFORTS  
AND SUPPORTS OUR TOTAL CUSTOMER  
SUPPORT AND LEADERS POSITION  
IN THE MARKET ARE THE  
THE BUILT AND ARE THE  
AND BUILT TOWARDS  
UNENDING  
UNENDING





Milestones



TESTIMONIAL



TRÜTZSCHLER GMBH + CO. KG · TEXTILMASCHINENFABRIK · MÖNCHEGLADBACH

GESCHÄFTSLEITUNG

To  
Vardhman Group  
India

Mönchengladbach/Germany, July 2015

On behalf of the Truetzschler Group and the owner families, we extend our best wishes and heartfelt congratulations to Mr S.P. Oswal and the Vardhman Group for completion of 50 years in business!

We feel immense pleasure and are proud to be part of this remarkable journey of Vardhman. This success story is an outcome of Mr. Oswal's vision complimented with dedication and hard work of his team. With more than 1 million spindles and growing, we wish all the best to the Vardhman Group and extend our greetings on crossing this special milestone.



Heinrich Trützschler



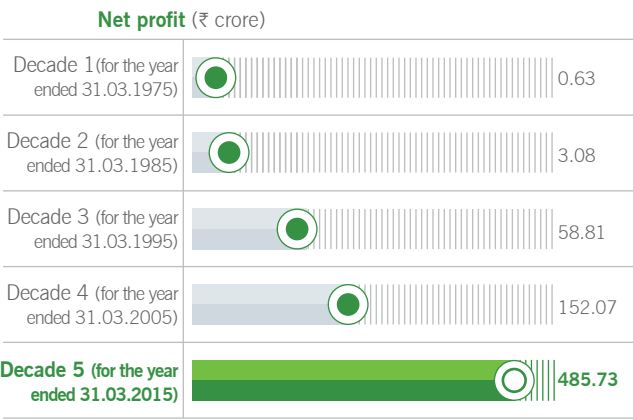
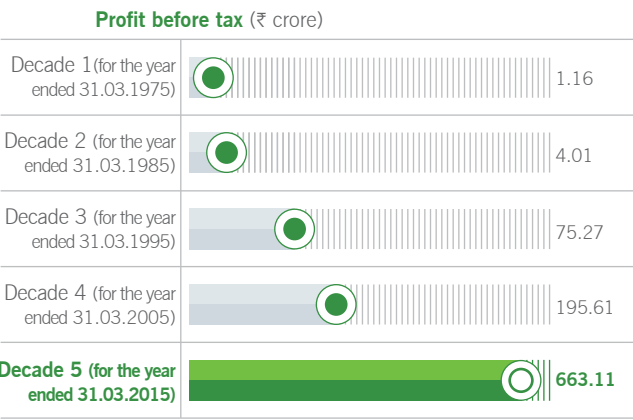
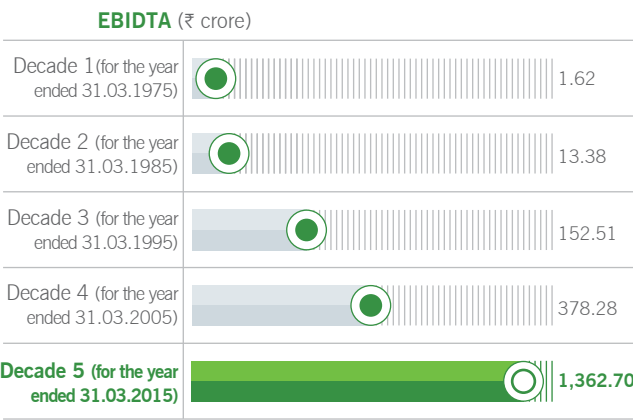
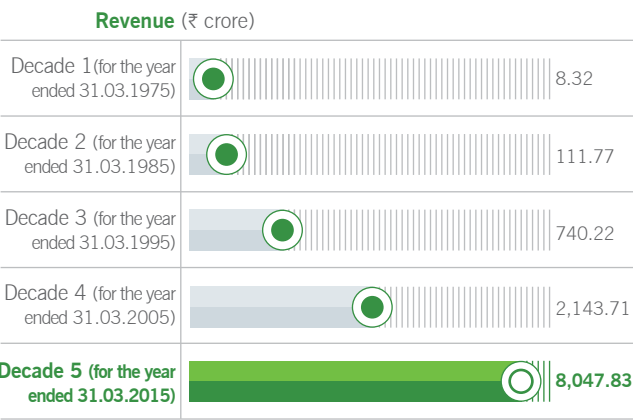
Dr. Michael Schürenkrämer

Kommanditgesellschaft · Mönchengladbach HIRA 2800  
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Trützschler Maschinen-Gesellschaft mbH · Mönchengladbach HIRB 2018  
Geschäftsführer: Dr.-Ing. Michael Schürenkrämer, Heinrich Trützschler,  
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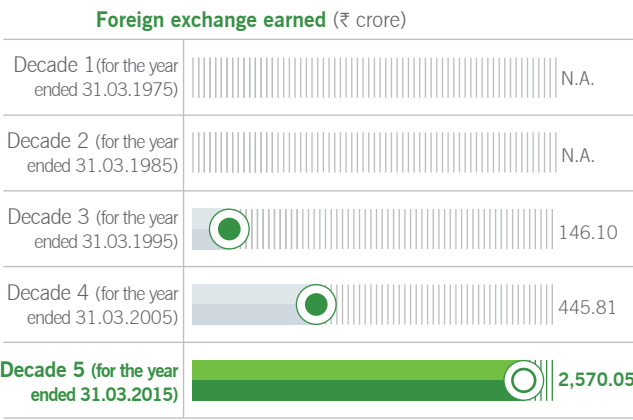
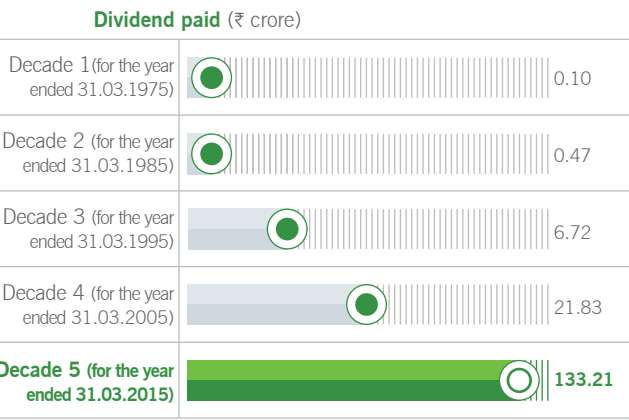
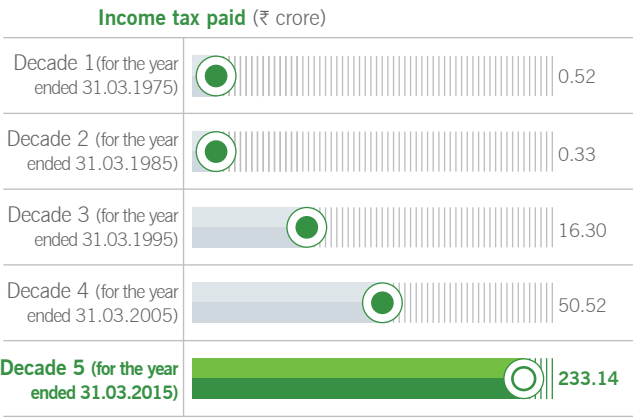
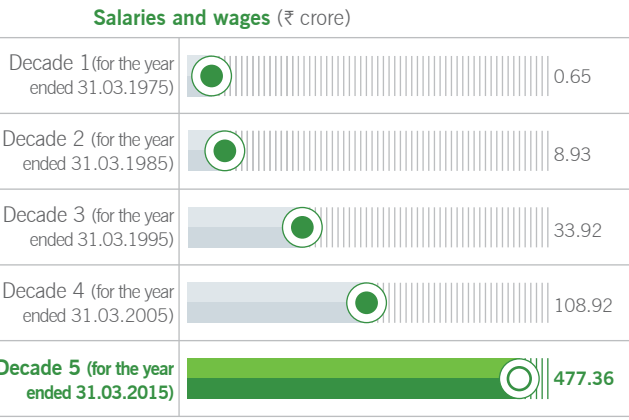
The textiles business is one of the most challenging. Marked by capital intensity, global competition and cyclicity.

In 50 years, Vardhman Group reported profits in 47 years; grew its profits in 29 years and increased its topline in 44 years.



In the last 50 years, Vardhman Group has emerged as more than just another textile player.

It has enriched society at various levels and in diverse ways.



When unproductive and violent unionism manifested in Vardhman’s shop-floor in 1982, the management enforced a six-month lockout.

The result was that Vardhman missed promised deliveries, output declined and customers sought alternative supply options. The Company responded with change – in its mindset.

**The change**  
Vardhman moved with speed to examine room for improvement. An analysis indicated a growing disconnect between the Company’s top floor and shop-floor teams. The management responded with corrective initiatives.

**It intensified** communication with workers through multiple forums.

**It commissioned** Manavikas Kendra, a workforce training centre in technical and behavioural competencies, for the first time in the country’s textile industry.

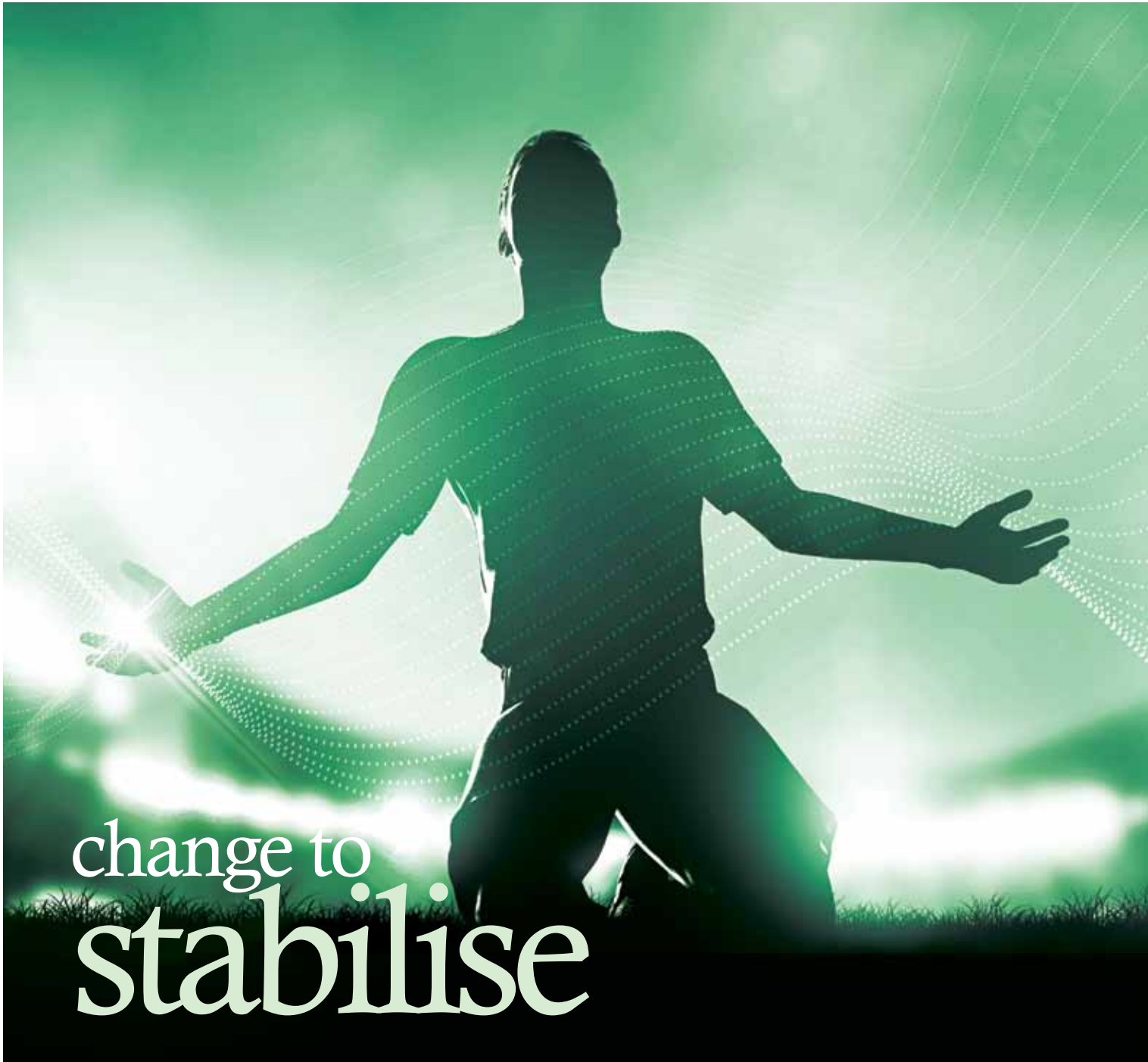
**It introduced** employee engagement – suggestions and improvement – programmes.

**It introduced** a Quality Circle programme, another first in India’s textile industry.

**The constant:**  
Vardhman has witnessed significantly more harmonious operations since.

TESTIMONIAL:  
**From Arvind Mills**  
“Business experience with Vardhman Group for over more than 15 years is really cheerful. They are consistent with the overall policies as well as pricing & servicing policy & proved them as a quality suppliers. Always ready to accept challenges to supply new and new products with highly service oriented team”.  
- S Fozdar

TESTIMONIAL:  
**From Richa Global**  
“We would like to congratulate the Vardhman team for reaching this mile stone. They have been a pioneer and market leader in terms of product development, innovation, sourcing and most important consistent quality over all these years. We wish you best of luck for many years to come”.  
- Richa global family



65+

Number of awards won by Vardhman’s Quality Circle initiative at National and International forums in the decade leading to 2014-15.





Bhoomi poojan at one of the units in Baddi in 1990



Foundation laying ceremony of Vardhman Nisshinbo Garments Company Limited in 2009. The foundation stone was laid by the Hon'ble Chief Minister of Punjab, Sardar Prakash Singh Badal

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Mr. S.P. Oswal, Chairman & Managing Director of Vardhman Group, during his visit to the factory site at VSGM in the early days of Vardhman Group



Mr. S.P. Oswal's interaction with workers

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When decade-long militancy affected Punjab, the state where the textile operations of Vardhman Group were majorly located, there was always a threat of a loss of production, stakeholder confidence, customers and revenues for most players.

**Except Vardhman.**  
The Company ring-fenced its intellectual capital through proactive initiatives, keeping to delivery schedules and enhancing customer confidence. Besides, it reinforced viability through a business-defining change.

**The change**  
Vardhman de-risked by extending its manufacturing presence beyond Punjab – to Baddi (Himachal Pradesh) in 1990 and Mandideep (Madhya Pradesh) in 1991.

**The constant**  
Vardhman volumes increased each year thereafter through ongoing benchmarking and a cross-pollination of its best practices across units.

Today, 100% of the Company's fabrics and acrylic fibre production is sourced from outside Punjab respectively, broadening the Company's operating base and de-risking the business from an excessive dependence on any one centre.

	Decade 1 (for the year ended 31.03.1975)	Decade 2 (for the year ended 31.03.1985)	Decade 3 (for the year ended 31.03.1995)	Decade 4 (for the year ended 31.03.2005)	Decade 5 (for the year ended 31.03.2015)
Yarn production (MT)	4,428	21,680	41,447	81,090	1,96,065
Grey fabric production (Mn mtrs)	NA	NA	7.50	31.51	170.00
Processed fabric production (Mn mtrs)	NA	NA	NA	28.47	110.00
Sewing thread production (MT)	NA	2,179	3,495	6,542	14,087
Acrylic fibre production (MT)	NA	NA	NA	13,368	20,595
Shirt production (Pcs)	NA	NA	NA	NA	9,70,207

NA – Not applicable/available

TESTIMONIAL:  
**Rieter congratulates** the Vardhman Group on their celebration of 50 glorious years. Our partnership with such a company as a textile machinery supplier challenges us to provide innovations and technical advances in order to make them even more competitive and successful also in future.

We are proud to be associated with the Vardhman Group and look forward to working with them closely for our mutual success in the industry.  
- Dr. Norbert Klapper  
Chief Executive Officer  
Rieter Machine Works Ltd.



23.62%

Proportion of the Company's assets housed at its Budhni unit