

Self-renewal

VARDHMAN TEXTILES LIMITED

ANNUAL REPORT
2015•16



OPERATIONAL REVIEW

Contents



001
BUSINESS
OVERVIEW

08 Corporate identity | **10** Financial highlights | **12** From the Chairman's desk
14 Operational review

016
STATUTORY
REPORTS

16 Management Discussion and Analysis | **26** Director's Report
54 Corporate Governance Report

063
FINANCIAL
STATEMENTS

63 Standalone Financial Statements | **98** Consolidated
Financial Statements | **134** Notice



If there is anything that 51 years of working in India's textile sector has taught us, it is the need to keep reinventing.

Reinventing our products. Reinventing our processes.

Reinventing our mindset.

Embedding the concept of self-renewal into our business, translating into business sustainability.



Self-renewal at Vardhman means...

The humility to subject our business model, organisation and strategies to continuous review.



Self-renewal at Vardhman means...

The experience to analyse trends and develop new products



Self-renewal at Vardhman means...

The capacity to continuously improve existing products and processes.

Self



Self-renewal at Vardhman means...

The commitment to work with specialists and deliver best-in-class products.



Self-renewal at Vardhman means...

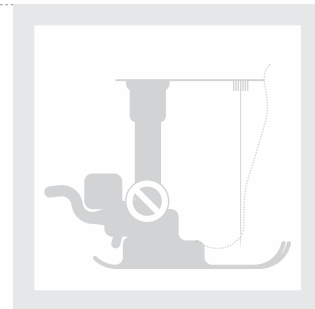
The passion to identify new product applications that widen markets.

renewal



SELF-RENEWAL AT VARDHMAN

Reinventing. Reinvesting. Rejuvenating.



During the last two challenging years for the global textile industry, a number of players deferred investments and aspired for status quo.

Vardhman Textiles strengthened its business instead.

Vardhman replaced conventional technology with contemporary equivalents. As against merely increasing production capacity, the Company strove to enhance output quality. As against volume growth, the Company worked towards increasing value-addition.

Automated our processes to enhance productivity, reliability and quality

Installed systems to enhance productivity and machine longevity

Automated solutions across operations, minimising human intervention

Realigned standard operating protocols (manufacturing and non-manufacturing processes) in line with the

best global practices

Institutionalised periodic operational audits in line with SOPs

Invested in the visualisation of key shopfloor operating parameters leading to real-time monitoring and faster corrective action

Institutionalised a systematic asset review to trace and arrest technology obsolescence

Invested in top-of-the-line equipment to provide unique fabric finishes

Revamped our IT network including technological upgradation for speedy execution of business transactions.

Invested in augmenting communication systems across all locations for seamless human collaboration.



SELF-RENEWAL

68%

of Vardhman's spindles are
less than 10 years old



SELF-RENEWAL

68%

of Vardhman's looms are
less than 10 years old

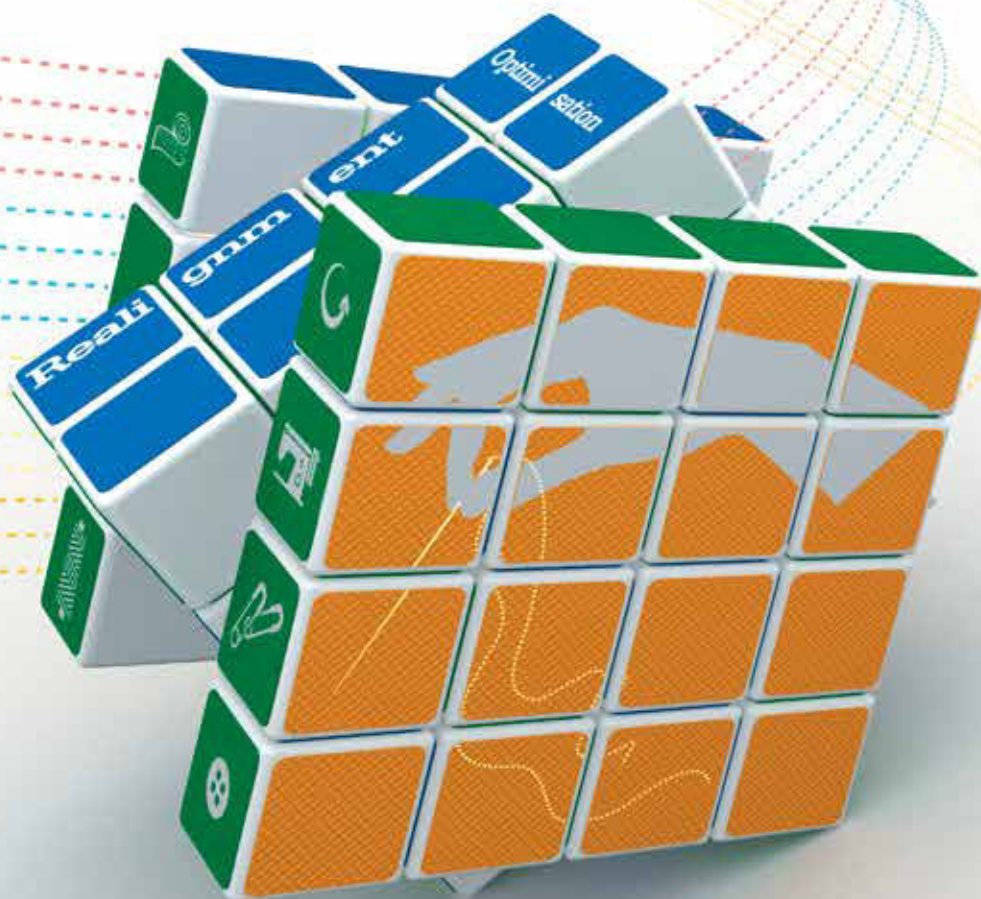




At Vardhman, yarn conversion cost per kg has remained largely stable across three years despite increases in power tariff and wages.



At Vardhman, our team size stood at 20,711 as on March 31, 2016; EBIDTA per employee was ₹6.34 lacs in 2015-16.





THE BENEFITS OF SELF-RENEWAL

Productivity. Profitability. Positivity.

Yarn production increased from 190,009 metric tonnes in 2014-15 to 204,142 metric tonnes in 2015-16 – a 7.44% growth.

Greige fabric production increased from 170 million meters in 2014-15 to 175 million meters in 2015-16 – a 2.94% growth.

Processed fabric production increased from 110 million meters in 2014-15 to 112 million meters in 2015-16 – a 1.82% growth.

Process discrepancies declined in last three years; fresh packaging for processed fabrics also improved.

Total EBIDTA margin improved more than 400 bps over the previous year.

Operating EBIDTA margin improved more than 180 bps over the previous year.

Our IT investments are expected to accelerate informed decision-making, achieve enhanced levels of service and strengthen productivity thereby creating a strong foundation for scalable growth.

A SNAPSHOT

Vardhman Textiles Limited is one of India's **largest integrated textile manufacturers.**

Second

largest producer of sewing threads in India.

Leader

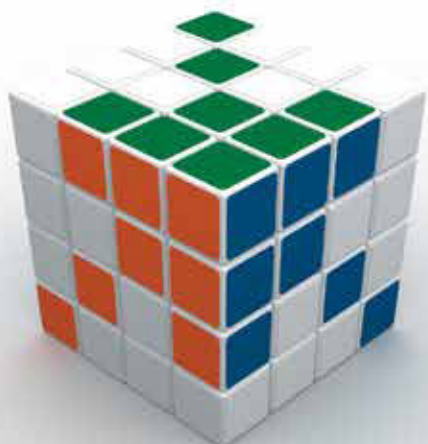
in hand knitting yarn in India

Leading

piece dyed fabric manufacturer in India.

Leading

cotton yarn manufacturer and exporter from India.



65

Global marketing footprint (nations)

350

Key customers

22

Manufacturing facilities

20,711

Team size

62.21%

Promoters' holding (March 31, 2016)