



Vardhmān

Vardhmān

Delivering Excellence. Since 1965.

***Timeless
bonds of trust***

2016-17 ANNUAL REPORT

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Revenue

2.04%

Y-o-Y



EBITDA

27.94%

Y-o-Y



Profit after Tax

48.08%

Y-o-Y



EPS

50.16%

Y-o-Y



Equity share information

- Market capitalisation (31st March, 2017)
₹ 73,415 million
- Enterprise value (31st March, 2017)
₹ 80,329 million
- Proposed dividend
₹ 15 per share (Face value ₹ 10)
- Promoters holding (31st March, 2017)
61.84%

- Institutional holding (31st March, 2017)
22.71%
- National Stock Exchange (NSE)
VTL
- Bombay Stock Exchange (BSE)
502986
- Bloomberg code
VTEX:IN



View this annual report online
<https://www.vardhman.com>

Trust *is an intangible that drives tangible value at Vardhman.*

For decades, we have fostered relationships of trust with our stakeholders, through our core competencies in textile manufacturing.

Within textile manufacturing, we are focusing on increasing the wallet share with distinguished clients by expanding our portfolio of products.

Besides cotton yarn and blends, we are looking at more synthetic and blended yarns. We are also taking steps to expand our existing fabric processing capabilities, going forward.

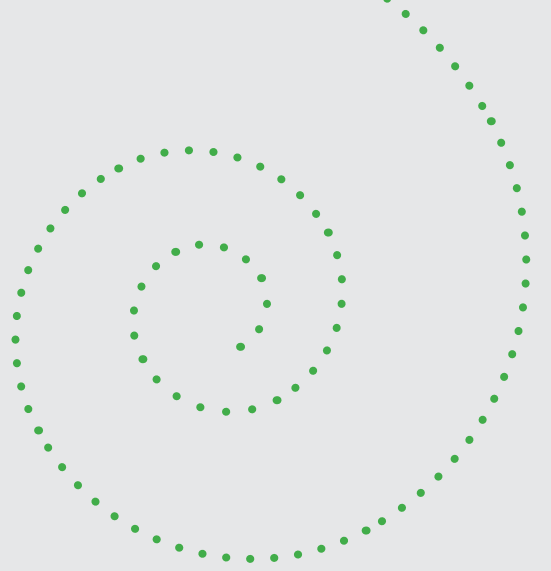
Our foray into printed fabrics was also a prudent step forward. We have already commissioned the first phase of our printed line, and are now stabilising our operations.

We are refreshing our portfolio, strengthening global technology alliances, sharpening the capabilities of our people and expanding our community interventions.

We have set high standards of customer and stakeholder integrity, and our culture encourages hard work, innovation, respect and taking ownership.

At the same time, we are working to reduce environmental footprint, driving education and healthcare initiatives, along with supporting community wellbeing.

Economic, social and environmental sustainability remain at the core of our business philosophy. And in everything we do, we are inspired by timeless bonds of trust with all our stakeholders.





Strengthening the legacy of trust

50+ years

We have over five decades of valuable experience in the constantly evolving textile industry.

Largest

Yarn manufacturer in India with a capacity of over 1 million spindles, including 7,188 rotors

Leading

Manufacturer and exporter of cotton yarn in India

Prominent

Manufacturer of piece dyed fabric

No.1

Hand knitting yarn manufacturer in India

No.2

Producer of sewing threads

22

State-of-the-art manufacturing assets across six states in India

65+

Country global marketing presence

350+

Key customers across the globe

38.50%

Proportion of our revenue from exports

21,206

Team members driving the levers of progress at Vardhman

₹ 54.10 mn

Contribution to social initiatives in 2016-17



Driving excellence for decades

We are Vardhman Group (Vardhman). Incorporated in 1973, Vardhman Textiles Limited is the flagship company of Vardhman Group, which is one of India's largest textile conglomerates with presence across the textile value chain viz., yarn, sewing thread, fabric, fibre and garments.

We also have small presence in steel via our associate company Vardhman Special Steels Limited.

We manufacture a wide range of textile products across yarn, fabrics and fibre (acrylic) and have the operational flexibility to strengthen it further. With our sophisticated design and sampling capabilities, we act as a trusted design partner for our clients.

We enjoy a strong presence in markets like the European Economic Community, Canada, China, Japan, South Korea, Mexico, Brazil, Mauritius and the Middle East. We have also emerged as a preferred supplier to global garment makers like Tommy Hilfiger, Esprit, Gap (including brands such as Old Navy), Zara, H&M, Mango, Benetton and Arrow, among others.

We strive to achieve excellence through a culture of innovation and continuous improvement. As an organisation, we believe in well thought-out growth and a largely conservative approach for sustainable growth.

Our vision

Rooted in values, creating world class textiles.

Our mission

The Vardhman Group aims to be a world class textile organisation producing diverse range of products for the global textiles market. We seek to achieve customer delight through excellence in manufacturing and customer service, based on creative combination of state-of-the-art technology and human resources. We are responsible corporate citizens.

Our values

- Expansion in areas that we know best.
- Total customer focus in all operational areas.
- Offer products of best available quality for premium market segments through TPM and Zero-Defect implementation in all functional areas.
- Global orientation targeting sizeable percentage of production for exports.
- Integrated diversification and product range expansion.
- Faith in individual potential and respect for human values.
- Encourage innovation for constant improvements to achieve excellence in all functional areas.
- Accept change as a way of life.
- Appreciate our role as a responsible corporate citizen.

Our corporate holding structure

| Vardhman Textiles Limited (VTL) Yarn, Fabric | | | | | |
|----------------------------------------------|----------------------------------------|------------------------------|------------------------------|-------------------------------|--------------------------------|
| | Vardhman Yarns & Threads (VYTL) | Vardhman Acrylics (VAL) | VMT Spinning Co. (VMT) | VSSL | VNGL |
| VTL Stake | 11% | 70.75% | 89% | 31% | 51% |
| Business | RMG/ Industrial/ Specialty Threads | Acrylic Fibre | 100% Cotton Yarn | Special Steels | Garments |
| Capacity | 41 TPD threads, 71K spindles (captive) | 20,000 TPA | 46,320 spindles | Rolling 150,000 MTPA | 1.8 mn pieces |
| Revenue | ₹ 7.79 bn (US\$ 120.11 mn) | ₹ 3.68 bn (US\$ 56.74 mn) | ₹ 1.91 bn (US\$ 29.45 mn) | ₹ 7.56 bn (US\$ 116.57 mn) | ₹ 582.884 mn (US\$ 8.99 mn) |
| Collaborations | A&E, USA | - | Marubeni, Japan | - | Nisshinbo, Japan |
| Market Status | Unlisted | Listed on NSE | Unlisted | Listed on BSE & NSE | Unlisted |

Our products spectrum

We are a one-stop shop for textile needs.



FIBRE



YARN



SEWING THREADS



FABRIC



GARMENTS

Other strategic business



STEEL

Our quality commitments

From the procurement of cotton to final garmenting, we have put in place stringent online and offline testing systems to ensure quality products. We are one of the few companies in the industry to adopt intensive quality checks at every stage of production right up to dispatch. We have adopted testing standards from:

- American Association of Textile Chemists and Colorists (AATCC)
- ASTM International

Our major global alliances

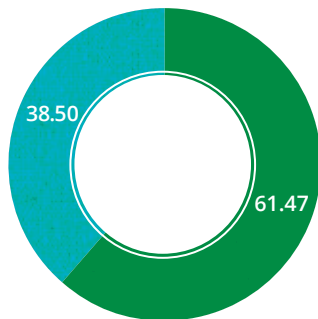
We have forged major alliances with global players for forward integration and moving up the value chain.

| Products | Alliance partners | Nature of collaborations |
|----------------------------------|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Fibre and yarn dyeing | Nihon Sanmo, Japan | Technical collaborations for foray into yarn and fibre dyeing |
| Gassed mercerised yarns | Kyung Bang, South Korea | Technical collaborations for foray into gassed mercerised yarns |
| Cotton yarns (ended in 2012) | Toho Rayon, Japan | Joint venture for making customised yarns for the Japanese market |
| Acrylic fibre (JV ended in 2009) | Exlan and Marubeni Corp, Japan | Technology contract for the transfer of technology and equipment supply contract for the supply of proprietary and special plant and equipment |
| Fabric dyeing and finishing | Tokai Senko, Japan | Technical collaboration for forward integration into fabric processing |
| Sewing threads | American & Efird (A&E) Inc., USA | Joint Venture; A&E is now the majority shareholder in the JV with 89% holding. |
| Cotton yarns | Nisshinbo, Japan | Technical collaboration |
| Cotton fabric | Nisshinbo, Japan | Technical collaboration |
| Garments | Nisshinbo, Japan | Technical and marketing collaboration |

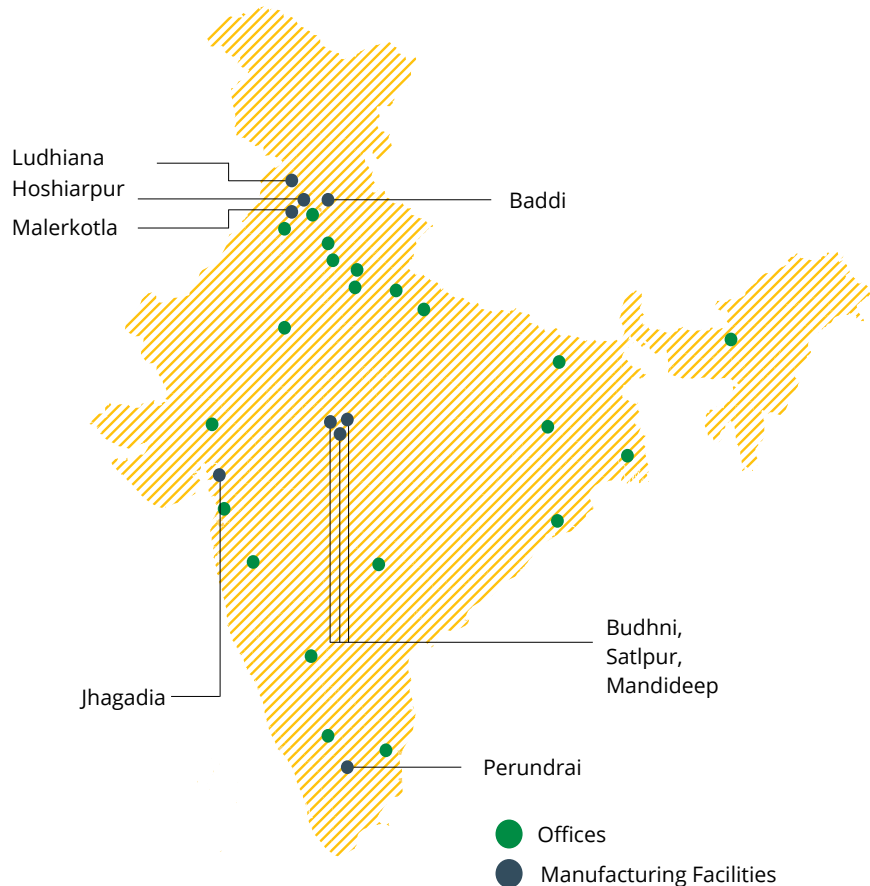
PAN-INDIA PRESENCE

REVENUE MIX (GEOGRAPHY-WISE)

(%)



Domestic Export



CAPACITIES

1 mn+

Spindles Yarn

Location: Punjab, Himachal Pradesh & Madhya Pradesh

1,320

Looms Fabric

Location: Himachal Pradesh & Madhya Pradesh

110 MMPA

Processed Fabric

Location: Himachal Pradesh & Madhya Pradesh

20,000 TPA

Acrylic Fibre

Location: Gujarat

71 TPD

Dyeing

Location: Punjab & Himachal Pradesh

41 TPD

Sewing threads

Location: Punjab & Tamil Nadu

1.8 mn

Pieces p.a. of Garments

Location: Punjab

150,000 TPA

Steel (Rolling and Billets)

Location: Punjab

50 MW

Power

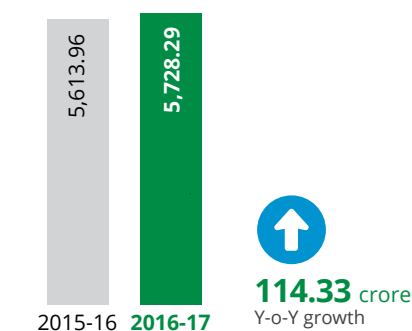
Location: Madhya Pradesh



Financial performance

REVENUE FROM OPERATIONS

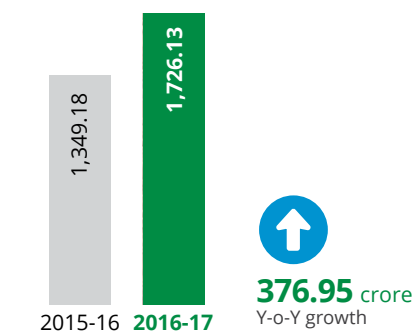
(₹ in crore)



Our revenue increased, owing to increased domestic sales, new product launches, shifting to more value-added products and widened global footprint.

EBIDTA

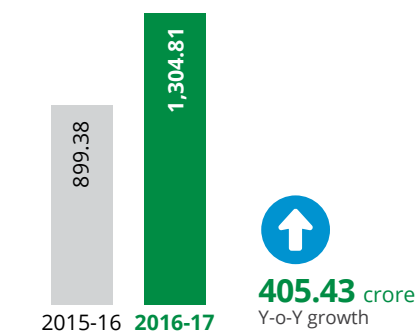
(₹ in crore)



Our EBITDA increased owing to multiple efficiency enhancing measures across all our manufacturing facilities.

PROFIT BEFORE TAX (PBT)

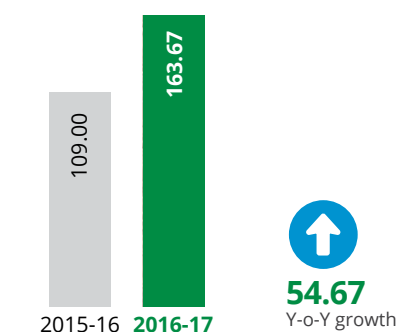
(₹ in crore)



Our PBT grew with growing revenues and rationalised costs across the board.

EARNINGS PER SHARE

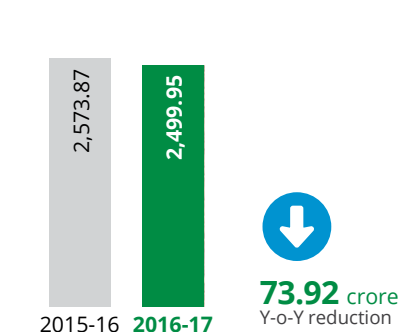
(₹)



Our earnings per share grew owing to rising net profits.

FIXED TANGIBLE ASSETS (NET)

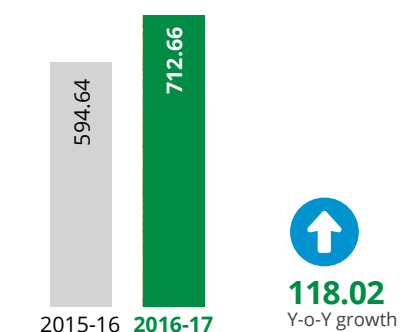
(₹ in crore)



Our fixed tangible assets declined due to depreciation of ₹ 324.85 crore in FY 2016-17.

BOOK VALUE PER SHARE

(₹)



Our book value per share grew owing to higher earnings.