

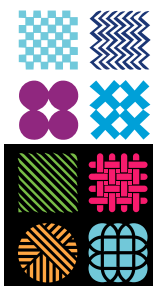


Vardhman

Delivering Excellence. Since 1965.



In this year's report



Forward-looking statements

Some information in this report may contain forward-looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward-looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.



For more details visit
www.vardhman.com



02-048 Corporate Overview

- 02 On a never-ending pursuit of excellence
- 04 Delivering excellence across multiple locations
- 05 At a glance
- 06 Our five-year performance in numbers
- 08 Designed to deliver enhanced value
- 10 Chairman's message
- 12 Message from the management
- 14 Expanding portfolio to meet diverse needs
- 20 Strengths that set us apart
- 22 Empowering customers through technology
- 24 Embedding a culture of innovation
- 25 Our support system for maximising value
- 28 Being a responsible corporate citizen
- 40 Occupational health and safety
- 42 Fulfilling our responsibility towards climate action
- 46 Focusing on sustainable products
- 48 Board of directors



049-112 Statutory Reports

- 49 Management Discussion and Analysis
- 52 Business Responsibility Report
- 66 Directors' Report
- 75 Annexures to the Directors' Report
- 98 Corporate Governance Report
- 106 General Information for Shareholders



113-285 Financial Statements

- 113 Standalone Financial Statements
- 198 Consolidated Financial Statements



286-297 Notice

We understand the value of exploring unfamiliar spaces.

It keeps us on track to identify prospects and invigorate change within the organisation.



With every passing year, we are shoring up operational capacities, embracing newer methods of doing business and dedicating efforts to fulfil stakeholder expectations. Our committed endeavours have empowered us to keep pace with a changing business environment and stay ahead of the curve.

At Vardhaman, we remain rooted to our core value of excellence to ensure customer delight through manufacturing expertise, world-class services and a fine blend of state-of-the-art technology and human capital.

On a never-ending pursuit of excellence

We are one of India's largest vertically integrated textile manufacturers with over five decades of experience in the industry and more than a billion dollars in turnover.

Excellence at Vardhman Textiles Limited is pervasive across product, process and people practices. Our drive to continuously raise the bar and benchmark ourselves to the global best has seen us exceed customer expectations and sharpen our competitive edge.

The Group commenced its operations in 1965 with 6,000 spindles and currently have the largest spindle count in the country which stands at 1.13 million. Our production lines are flexible enough to manufacture a wide range of products including yarn and fabric while being able to meet the expanding needs of our customers. We collaborate with our customers to create smart and innovative products that enhance their experience.

Our skilled employees help enhance innovation through idea generation and are integral to our sustainable growth. We are always striving to enhance our operational efficiency through technology integration.



Our Vision

Rooted in values
Creating world class textiles



Our Mission

Vardhman Group, as a world-class textile organisation, aims at 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 understand and bear our responsibility as a good corporate citizen.



Our Values

Customer focused

Understand, engage and deliver with total customer focus in all operational areas

Quality

Ensure the best quality through latest technology, well-structured and standardised work practices

Respect

Faith in individual potential and respect for human values

Innovation

Anticipate change and encourage innovation

Responsibility

Be a responsible corporate citizen and positively contribute to the society that we live in

Delivering excellence across multiple locations



Our Presence

- Fabric Units**
 - Baddi, Himachal Pradesh
 - Budhni, Madhya Pradesh
- Yarn & Dyeing Units**
 - Ludhiana, Punjab
 - Malerkotla, Punjab
 - Baddi, Himachal Pradesh
 - Mandideep, Madhya Pradesh
 - Satlapur, Madhya Pradesh
 - Budhni, Madhya Pradesh

Subsidiaries & Associates

- Fibre Unit**
 - Jhagadia, Gujarat
- Steel Unit**
 - Ludhiana, Punjab
- Sewing Thread Units**
 - Hoshiarpur, Punjab
 - Ludhiana, Punjab
 - Perundurai, Tamil Nadu
 - Vizag, Andhra Pradesh

Map not to scale. Only for representation purpose

At a glance

48+

Years of industry experience

15

State-of-the-art manufacturing facilities

57

Countries present

1.13 million

Largest spindle count in India

Largest

Manufacturer of hand knitting yarn in India

27,599

Employees

180 million metres per annum

Fabric processing capacity

670 metric tonnes per day

Yarn production capacity

30 million metres per annum

Printing line capacity

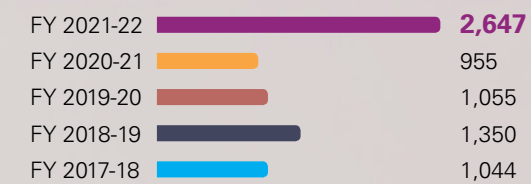
Our five-year performance in numbers



Revenue (₹ in crore)



EBITDA (₹ in crore)



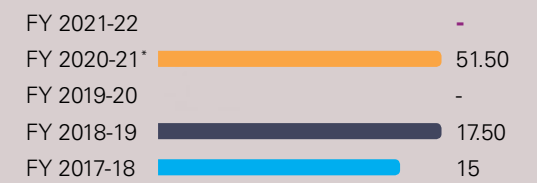
PAT (₹ in crore)



Return on Net Worth (in %)



Dividend per Share (₹)



* Including Interim Dividend of Rs. 34/- per equity share.

EBITDA Margin (in %)



PAT Margin (in %)



Net Worth (₹ in crore)



Designed to deliver enhanced value

Input



Financial Capital

Our financial prudence enables us to manage risks and run a successful business.

57.77

Equity share capital
(₹ in Crore)

1,980

Total debt
(₹ in Crore)

7,481

Reserves & Surplus
(₹ in Crore)



Manufactured Capital

We use cutting-edge manufacturing facilities to create affordable and best quality products for consumers around the world.

15

Manufacturing facilities

2,444

CAPEX in the past 5 years
(₹ in Crore)



Intellectual Capital

Our ability to conduct research and develop new products provides us with a competitive advantage.

30+

Spent towards R&D in the past 5 years
(₹ in Crore)



Social & Relationship Capital

Our all-inclusive strategy for meeting our commitments and the needs of our stakeholders.

75+

Spent towards CSR in the past 5 years
(₹ in Crore)



Natural Capital

We ensure optimum utilisation and minimal wastage of natural resources across our operations.

3
ETPs

9
STPs

2
Biogas Plants

13.1 MW
Renewable energy capacity



Human Capital

We are able to grow our business thanks to the wide group of people who work in our field of operation and possess a range of skill sets.

27,599

Employees

3,716

Contractual workers

Value creation process



Output

Financial Capital

9,386

Revenue
(₹ in Crore)

1,677

PAT
(₹ in Crore)

58.16

EPS
(₹)

Manufacturing capital

180

Fabric processing capacity
(million meter per annum)

670

Yarn production capacity
(metric tonnes per day)

30

Printing line capacity
(million meter per annum)

Social and relationship management

1,25,000+

Beneficiaries

Natural capital

74.31 lac

Energy saved
(in kWh)

1.49 million KL

Water recycled

222.71 lac

Renewable energy produced
(in kWh)

Chairman’s message

“

At Vardhman, we place a strong emphasis on making a positive contribution to society. With a strong focus on achieving sustainable development, we aspire to make a positive and lasting difference to people’s lives.



Shri Paul Oswal
Chairman

Dear Shareholders,

I am pleased to present to you the Annual report for the fiscal 2021-22.

During FY 2021-22, the macroeconomic landscape proved to be far more volatile than anticipated. While the global economy recovered more quickly than expected and consumer sentiments improved considerably, the impact of Covid-19 was evident on the economic environment as well as on businesses. Disruptions in the global supply chain and widespread inflation impacted businesses globally. While the economy has not been able to overcome the turbulence completely, new challenges in the form of the Russia-Ukraine war aggravated geopolitical stress. Further, supply chain disruptions resulted in surging commodity prices.

In India, swift fiscal and monetary policy action in the first half of the fiscal acted as a tailwind for a visible economic recovery in the second half of the year. However, despite staging a strong rebound, with a GDP growth that was the fastest among major economies, the geopolitical upheavals impacted India’s growth prospects for the near term, with inflation continually treading over positive sentiments.

For the textile sector, the fiscal 2021-22 was a year of recovery due to pent up demand effect. However, the same could not be sustained for long due to rising cotton prices and reduction in cotton production in India. These factors spoiled the prospects of a full recovery in the first half of current financial year 2022-23. It is apprehended that the same may continue for the rest of the year also amidst uncertainty and high inflation all over the world. The poor demand from global retail chain in terms of lower orders and prices which do not absorb the rise in raw material prices confirm this apprehension. Accordingly, the textile manufacturers are forced to scale down the production capacities and Vardhman is no exception to this broad trend.

The global cotton production outlook especially in USA and Pakistan is not encouraging and may put strain on global cotton supply and cotton prices. To sail through this difficult period we would be optimising production capacities in sync with demand and improvement in operational efficiencies.

At Vardhman, we place a strong emphasis on making a positive contribution to society. With a strong focus on achieving sustainable development, we aspire to make

a positive and lasting difference to people’s lives. We are constantly trying to improve the infrastructure of schools, hospitals, and communities where we operate, to help marginalised sections gain access to safe and hygienic living conditions, good education and healthcare facilities.

In the end, I would like to extend my gratitude to all our stakeholders for their continued support and confidence in us which inspires us to continuously strive hard to achieve better performance.

Regards,

Shri Paul Oswal
Chairman

Message from the management



“

At Vardhman, we believe a purpose led organisation – that thinks beyond profits – not only attracts customers but also empowers employees to be more engaged and innovative.

Suchita Jain

Vice-Chairperson and
Joint Managing Director

“

We are hopeful about coping with the situation on the back of our rich experience, industry knowledge and our core values of customer-centricity, transparency, environment stewardship

Neeraj Jain

Joint Managing Director

Dear Shareholders,

Overcoming the hurdles posed by the COVID 19 pandemic, the economy witnessed some relief during FY2021-22. With revival of economic activities across the world, although less than the pre-COVID-19 level, the textile industry has also seen revival of growth in terms of capacity utilisation and earnings as well. These trends are visible in the performance of both segments of yarns and fabrics. We registered a steady financial performance, recording a consolidated revenue of Rs. 9,622.34 crore. Our EBITDA stood at Rs. 2,647 crore in FY 22 as compared to Rs. 955 crore in FY 21. Our PAT grew from Rs. 367 crore in FY 21 to Rs. 1,677 crore in FY 22.

The revival in manufacturing activities came with sharp increase in commodity prices, which was manageable to some extent as we were able to pass on the rise in raw material and other input cost to consumers. However, with the changed geopolitical situation due to the Russia-Ukraine war, strained relations between US and China and high inflation in developed countries, warranting anti-inflationary monetary policies by central banks, has somewhat watered down the strong business recovery, at least for the next couple of months, if not years. Due to these factors, we are not

able to pass the increase in raw material prices to consumers in terms of higher prices of yarn and fabric and have to reduce capacity utilisation and have to work with lower margins/even losses. Further, the actual cotton crop falling short of estimates and imposition of import duty on cotton fibre in India has led to spiraling of cotton prices, thereby further aggravating the situation.

We are hopeful about coping with the situation on the back of our rich experience, industry knowledge and our core values of customer-centricity, transparency, environment stewardship and societal empowerment. We are also working towards enhancing the overall efficiency of our people and processes by embracing state-of-the-art technologies and platforms. Our products and quality continued to remain unmatched in our industry space, giving us an edge over our peers.

Our committed and dedicated 25000+ employees were one of the key reasons for our success in the most challenging year. We are thankful to the entire team at Vardhman for overcoming gripping uncertainties and enabling the Company to deliver strong performances. Being a responsible Company, we strived towards creating a diverse and open work environment wherein our employees can grow and thrive. We also ensured their

mental and physical well-being through various initiatives and programs.

At Vardhman, we believe a purpose-led organisation – that thinks beyond profits – not only attracts customers but also empowers employees to be more engaged and innovative. We are making big strides in our sustainability journey and have set ambitious targets across key parameters of ESG through our sustainability framework 'PRO - Proactively Responsible Organisation'. We plan to leverage our 3Ps – Product, Process and People practices – to maintain our growth trajectory and create sustained and consistent value for all our stakeholders in the ensuing financial year FY 2022-23.

Warm Regards,

Suchita Jain

Vice-Chairperson and
Joint Managing Director

Neeraj Jain

Joint Managing Director

Expanding portfolio to meet diverse needs

YARN

At Vardhman, yarn constitutes the largest business with a capacity to manufacture 670 MT of yarn in a day.

We take advantage of our cutting-edge capabilities to manufacture a wide range of specialised greige and dyed yarns made of cotton, polyester, acrylic and other blends. In addition, we produce and provide fancy yarns for hand-knitting, melange, core-spun yarns, ultra yarns (contamination controlled), gassed mercerised, super fine yarns and slub.

In the quality-conscious markets of the European Union (EU), the United States (US), and the Middle East, our cotton yarn enjoys a significant market share. We have established ourselves as a global leader in the manufacturing of high-quality yarn, thanks to an unwavering dedication to excellence, ongoing customer-driven innovation, and innovative initiatives including technology partnerships.

Our yarn portfolio

Speciality yarns

- Core spun yarn
- Slubs
- Cellulosic
- Vortex yarn
- Special blended yarn
- Sustainable yarn

Acrylic, fancy and hand knitting yarns

- Grey acrylic
- Dyed acrylic
- Fancy spun yarn
- Fancy structured yarn
- Hand knitting yarn

Dyed yarns

- Packaged dyed yarn
- Mélange / Heather yarn (Brand Rangoli)
- Gasses mercerised

Grey yarns

- Polyester cotton
- Cotton yarn
- Compact yarn

Highlights for FY22

- We have set up a cotton recycling plant Vardhman ReNova with a production capacity of 6TPD for producing sustainable recycled yarn.
- We have expanded the yarn manufacturing capacity by adding two units in Madhya Pradesh. The total expansion comprises approximately 1,00,000 spindles using world-class technology. This will increase the yarn manufacturing capacity by 75TPD.
- We have introduced 26 new vortex machines for producing low pilling yarn in grey and Mélange yarn.
- All our yarn is produced through a contamination removal system that helps deliver contamination-free yarns.
- Invested in digitalisation, in line with Industry 4.0 for online monitoring of quality and production efficiency of machines.
- Undertook modernisation of around 70,000 spindles of ring frames and 5,000 spindles of speed frames.

1.13 million
Spindle count

₹ 6,473 Crore
Revenue from yarn
(excluding internal transfers)

1,77,430 MT
Sale of yarn



FABRIC

The Fabrics division is equipped with ultra-modern weaving and processing technology sourced from Japan and Europe. With 1,550 looms, the facility has a weaving capacity of 220 million metres and fabric processing capacity of 180 million metres per annum.

Our state-of-the-art capabilities for Desizing, Scouring, Bleaching and Mercerisation have incorporated greener processes for fabric processing. We have added facilities of enzymatic desizing (in place of chemical desizing), bio-scouring, and have also switched over to 100% peroxide bleaching. We recover upto 90% of caustic through Caustic Recovery Plants during the process of mercerisation. We have installed eco-washers to reduce water and acid consumption.

Our focus on sustainable solutions in processing includes re-use of water, optimising steam consumption and heat recovery systems in the washers and stenters. Our processing unit is designed to enhance the quality of the fabric while being environmentally conscious.

Being one of the few vertically integrated fabric suppliers in India, we provide a selection of premium speciality textiles. Utilising the skills and knowledge of our workforce, we continuously improve our designs and products while making sure they are competitively priced and are of superior quality. Owing to this, we have become one of the most popular brands among major retailers in India and in other important export countries of Europe, Asia and Middle East.

193.4 MMPA

Fabric weaved in FY22

151.7 MMPA

Production of processed fabric in FY22

Our fabric portfolio

- Tops, bottoms and outer wear for men and women.
- Fabrics suitable for casual, formal and regular wear.
- Solids, yarn-dyed, print, dobbies and various performance finishes.

Our finished fabric portfolio

- Velegante
- Prepresa
- Worry Free
- Liquid Finish
- P4 Finish
- Stay White and Fresh
- Gr&De
- Easy Care
- Stain repellent
- Airwash
- UV protection
- Anti-microbial
- Stain release
- Biomagica
- Quick dry
- Water repellent
- Aroma
- Aloe vera