



**Vardhmān**

Delivering Excellence. Since 1965.

# Spinning excellence for decades



**Annual Report  
2022-23**

Vardhman Textiles Ltd.

# In this year's report

02-37

## Corporate Overview

- Introducing Vardhman Textiles \_\_02
- Performing consistently \_\_04
- Our Value creation model \_\_06
- Chairman's message \_\_08
- Our business portfolio \_\_10
- Our unique value propositions \_\_18
- Empowering communities, growing responsibly \_\_20
- Environment \_\_28
- Governance \_\_34

38-110

## Statutory Reports

- Management Discussion & Analysis Report \_\_38
- Business Responsibility & Sustainability Report \_\_41
- Directors' Report \_\_76
- Annexures to the Directors' Report \_\_86
- Corporate Governance Report \_\_97
- General Information for Shareholders \_\_104

111-280

## Financial Statements

- Standalone Financial Statements \_\_111
- Consolidated Financial Statements \_\_193

281-290

## Notice

# Spinning excellence for decades

At Vardhman Textiles Limited, our pursuit of excellence across products, processes and people practices has remained relentless for over five decades.

With a team of highly skilled professionals and state-of-the-art technology, we constantly push the boundaries of innovation to deliver products and services of the highest quality. Our commitment to customer delight through excellence in manufacturing and customer service has earned us a sterling reputation in the market.

We strive to maintain this reputation by enhancing our operational efficiency through technology integration, improving our processes and ensuring optimal productivity and cost-effectiveness. This allows us to not only meet but exceed customer expectations, giving us a competitive edge.

Our dedication to excellence also extends to our sustainable practices, as we are committed to minimising our environmental impact and promoting ethical sourcing throughout our supply chain. We strive to implement eco-friendly initiatives such as reducing waste, conserving energy, and utilising renewable resources.

As one of India's largest vertically integrated textile manufacturers, we have been spinning excellence since our inception. Our commitment to quality and innovation with a strong focus on sustainability has enabled us to create holistic value for our stakeholders and maintain our market leadership.

### 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](http://www.vardhman.com)



# Introducing Vardhman Textiles

With a rich legacy spanning over five decades, Vardhman Textiles Limited stands tall as one of India's largest vertically integrated textile manufacturers. Our commitment to excellence permeates every aspect of our operations, from product development to manufacturing processes and the people who drive our success. With a turnover of over a billion dollars, we have consistently exceeded customer expectations, propelling us to the forefront of the industry.

Since the inception of Group in 1965, we have continuously raised the bar, benchmarking ourselves against global standards. Today, we proudly boast the largest spindle count in the country, with an impressive 1.23 million spindles. Apart therefrom, we have installed 1,550 looms for weaving fabrics. This remarkable production capacity allows us to manufacture a diverse range of high-quality yarn and fabric, catering to the evolving needs of our valued customers.

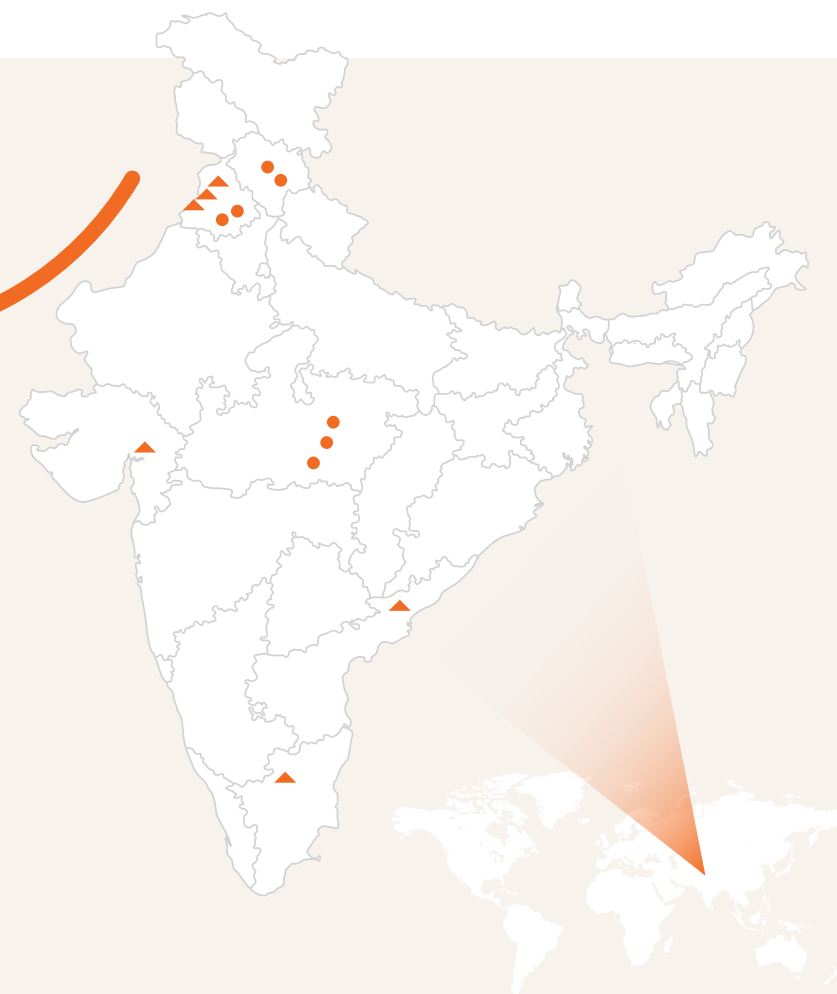
Embracing technology is crucial to our operational efficiency. We continually integrate cutting-edge technologies to enhance our manufacturing processes, ensuring that we remain at the forefront of the industry. By combining our technical expertise with a deep understanding of market dynamics, we stay agile and responsive to emerging trends and customer demands.



Manufacturer of hand knitting yarn in India



Spindle count in India



## 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

**15**  
State-of-the-art manufacturing facilities

**59**  
Countries of export presence

**1.23 million**  
Spindle Count

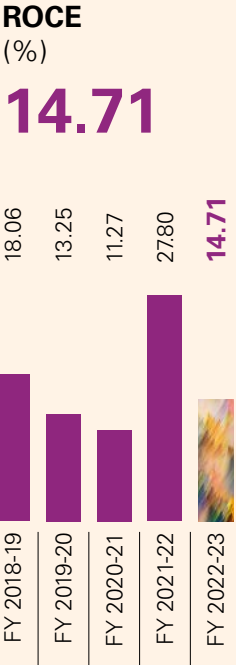
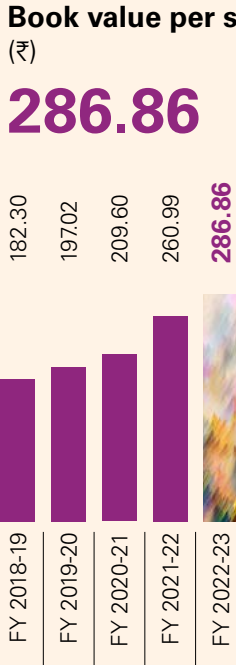
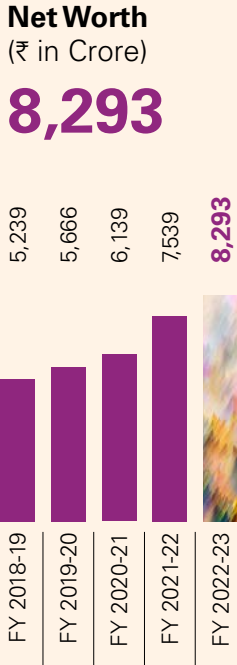
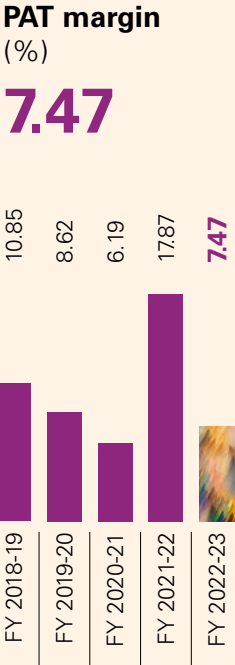
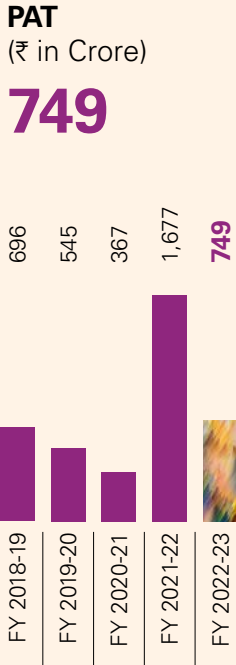
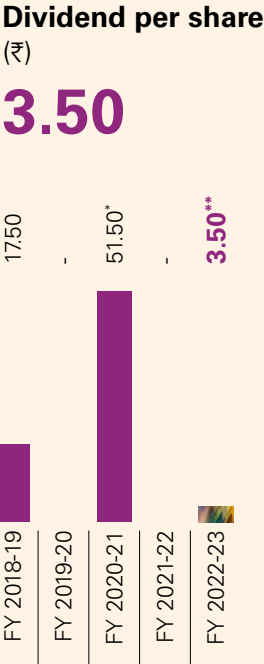
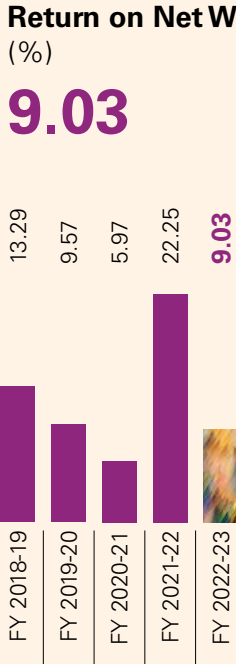
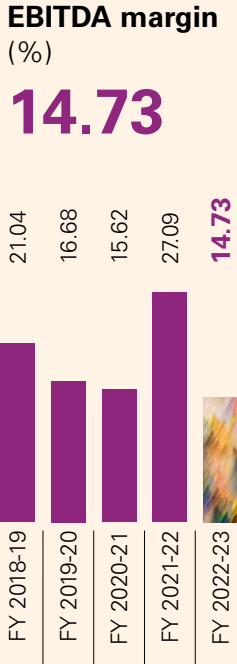
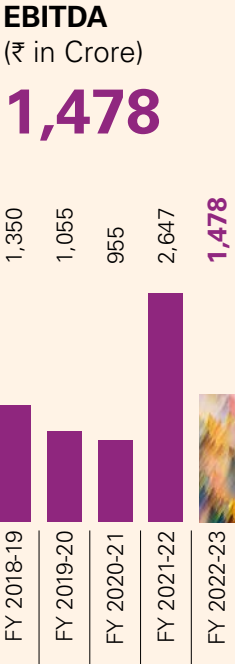
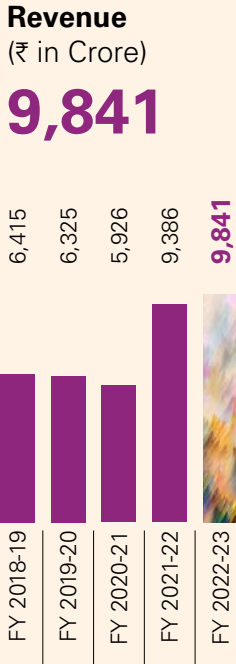
**1,550**  
Looms

**180 million meter per annum**  
Fabric processing capacity

**750 metric tonnes per day**  
Yarn production capacity

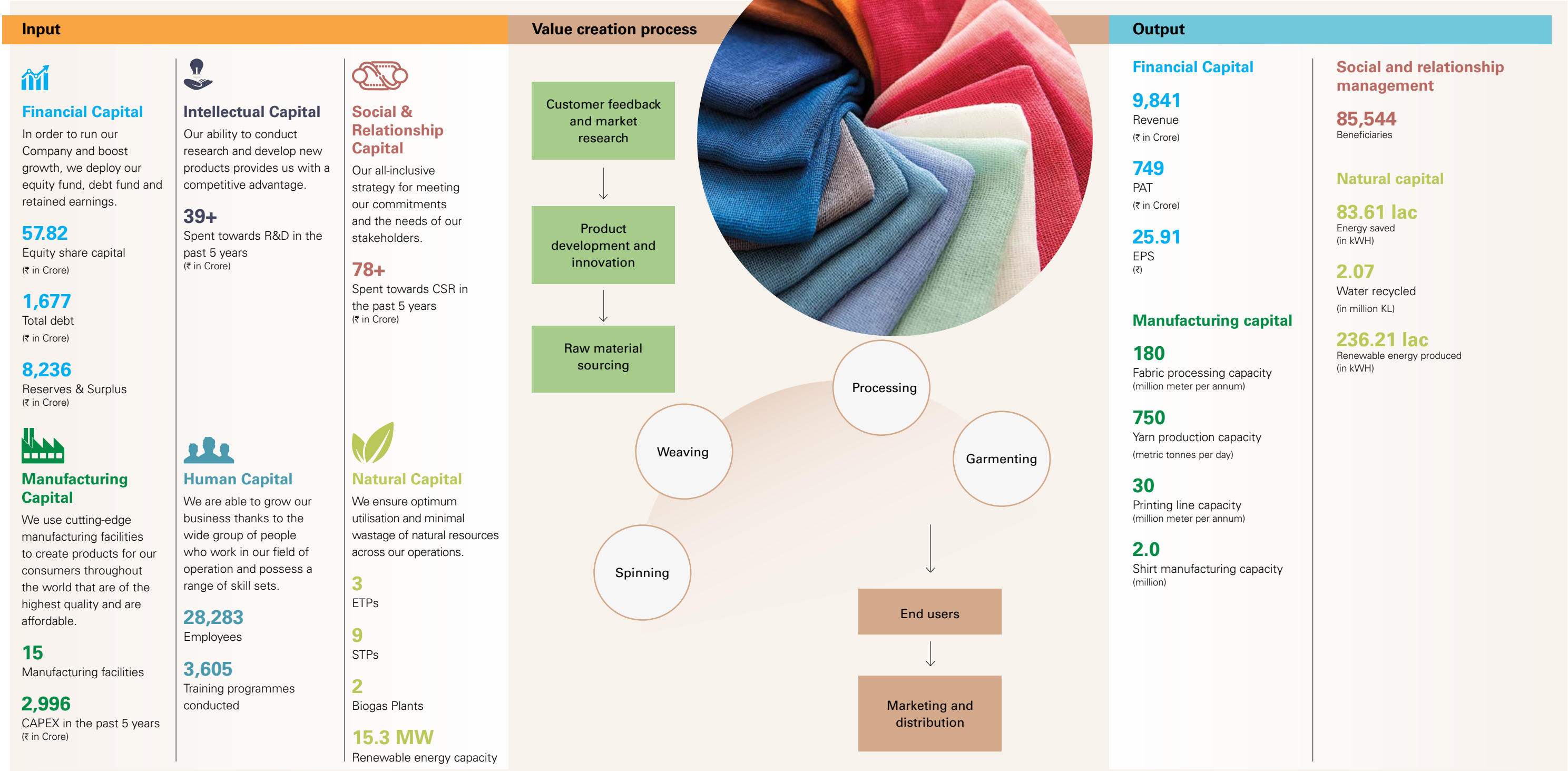
**30 million meter per annum**  
Printing line capacity

Performing consistently



\* Including Interim Dividend of ₹ 34/- per equity share.  
\*\*On face value of ₹ 2/- per share.

# Our Value creation model





# Chairman's message



“  
**Our consolidated revenue for the fiscal 22-23 stands at ₹ 10,137.49 crore as against ₹ 9,622.34 crore in 2021-22. We have recorded an EBITDA of ₹ 1,556.49 crore with an EBITDA margin of approximately 15.07%.**

”

## Dear Shareholders,

I hope this message finds you in good health and high spirits. I am writing to provide you the performance of Vardhman Textiles Limited in the fiscal year 2022-23.

We need to take a moment to reflect on the remarkable journey of Vardhman Textiles and share our collective achievements. As one of the largest manufacturers of yarn in India with an impressive spindle count of 1.23 million and a fabric processing capacity of 180 million meters, we have truly established ourselves as a world-class organization.

Our success is a testament to the synergy of vision, passion and technology. Across our 15 state-of-the-art manufacturing units spread across four states, we manufacture an extensive range of products including different varieties of Yarns, Fabrics, Garments and Acrylic Fibre. Such diverse operations are made possible by the dedication and hard work of our over 28,000 employees, with women workers comprising 35 percent of our workforce.

## Macro-economic Overview

Over the past year, the world economy has faced numerous disruptions, with the ongoing Russia-Ukraine conflict playing a significant role in disrupting supply chains. The resulting surge in the prices of critical commodities, including crude oil, natural gas, fertilizers and wheat, has intensified inflationary pressures. Central banks, initially slow to react, have now recognized the need for a strong monetary policy response.

Despite these challenges, I am pleased to share that the Indian

economy has shown remarkable resilience in the face of the pandemic. In fact, so far as the pace of recovery is concerned, we remained ahead of many other nations, positioning ourselves to return to the pre-pandemic growth path in FY23. However, we have also faced the challenge of reining in inflation, particularly due to the US and European strife. Through concerted efforts by the Government and the Reserve Bank of India (RBI), we have been successful in containing the inflation as compared to many other countries.

While various developed economies are passing through tough times with strong possibility of further policy rate increases by the US Federal Reserve and European Central Banks, we remain optimistic about India's economic growth comparatively. Despite the shrinking global market size in the second half of this year, agencies worldwide project India as the fastest-growing major economy. This optimism is underpinned by the resilience of our economy, characterized by the rebound of private consumption as the primary driver of growth. This shift in focus has also stimulated production activity and increased capacity utilization across sectors, leading to a decline in urban unemployment rates.

## Global and Indian Textiles Industry

Now, turning our attention to the global and Indian textile industries, we have witnessed a volatile period in the market. Fluctuating cotton prices on the international front, reaching as high as US Cents 140 to 150 per pound, have had a direct impact on Indian cotton prices. Further, imposition of 10% customs duty on import of cotton fiber by India has resulted into higher cotton

fiber cost in India than the international prices making downward industry less competitive. The demand for yarn is also not showing encouraging signs because of recession like conditions in US & Europe and the same is also reflected in stagnating cotton yarn prices while cotton fiber prices remain firm. To illustrate, cotton yarn exports from India have fallen from about 1300 mn kg in 2021 to less than 700 mn kg in 2022 due to low demand of yarn in leading garment exporting countries like Bangladesh and China thereby creating stress on capacity utilization for Indian textiles mills and subdued prices for textile products in domestic market. Despite these challenges, the opening up of the Chinese market after stringent Covid-19 restrictions has brought a sense of some relief. Gradual market reopening may lead to increased demand for yarn from the Chinese market, which had been lacking earlier.

## Financial Performance

Our consolidated revenue for the fiscal 22-23 stands at ₹ 10,137.49 crore as against ₹ 9,622.34 crore in 2021-22. We have recorded an EBITDA of ₹ 1,556.49 crore with an EBITDA margin of approximately 15.07%. Our robust manufacturing capabilities, combined with our ability to cater to diverse customer needs, have positioned us as a preferred partner in the textile industry. Furthermore, our efficient cost management practices and optimized supply chain have contributed to the profit margins.

## Innovation and Developments

We remain committed to enhancing our performance through incremental

improvements and trailblazing innovations. By focusing on developing new products and adopting a customer-centric approach, we have built enduring relationships with all our stakeholders. Our non-negotiable value system and ethical business practices have been the bedrock of our incredible success story.

Our commitment to excellence extends to the adoption of Six Sigma, which has yielded positive outcomes and improved responses. As the country's largest vertically integrated textile manufacturer, we take pride in offering our clients unmatched agility, flexibility, consistency, reliability, traceability and sustainability through every stage of production.

## Our workforce

At Vardhman Textiles, we believe in being proactive rather than reactive. This philosophy has kept us ahead of the curve, enabling us to anticipate and assess any situation. We foster a culture of skill development and talent encouragement which is reflected in the loyalty and dedication of our employees.

Inclusive growth is at the heart of our leadership approach. We strive to create an environment that promotes the development of people through trust, transparency and empowerment. This includes creating ample opportunities for women, who are central to our vision. We actively encourage their growth and development through training programs, mentorship opportunities and career advancement pathways. By fostering an inclusive workplace, we empower women to unleash their full potential, contributing not only to the success of our company but also to the economic and social progress of our nation.

## Responsible Corporate Citizen

Corporate Social Responsibility (CSR) is deeply ingrained in our aspirations. We are committed to empowering the communities that host us through initiatives focused on education, sustainable livelihood, healthcare and sanitation. Leading with compassion, we envision a better world of opportunities where people can lead lives with dignity.

Sustainability is a core driver of our operations. Recognizing the global shift towards greener and more sustainable products, we have actively pursued sustainable technologies, processes and products over the past few years.

In addition, our prudent financial management practices and adherence to corporate governance principles have garnered trust and confidence from our stakeholders, including investors, shareholders and financial institutions. We remain committed to transparent and ethical business dealings, ensuring the long-term sustainability and growth of our organization.

## Way forward

Looking ahead, we are optimistic about the future prospects of Vardhman Textiles. We will continue to leverage our strengths, drive innovation and explore new avenues for growth. Our unwavering commitment to excellence, customer satisfaction and social responsibility will remain at the forefront of our strategic priorities.

Thank you for your continued trust and support.

Sincerely,

**Shri Paul Oswal**  
Chairman



# Our business portfolio

## YARN



**1.23 million**  
Spindle count

**₹ 6,263 Crore**  
Revenue from yarn  
(excluding internal transfers)

**1,75,553 MT**  
Volume of yarn sold

Read more about  
yarn business on  
page 12 of the report

## FABRIC



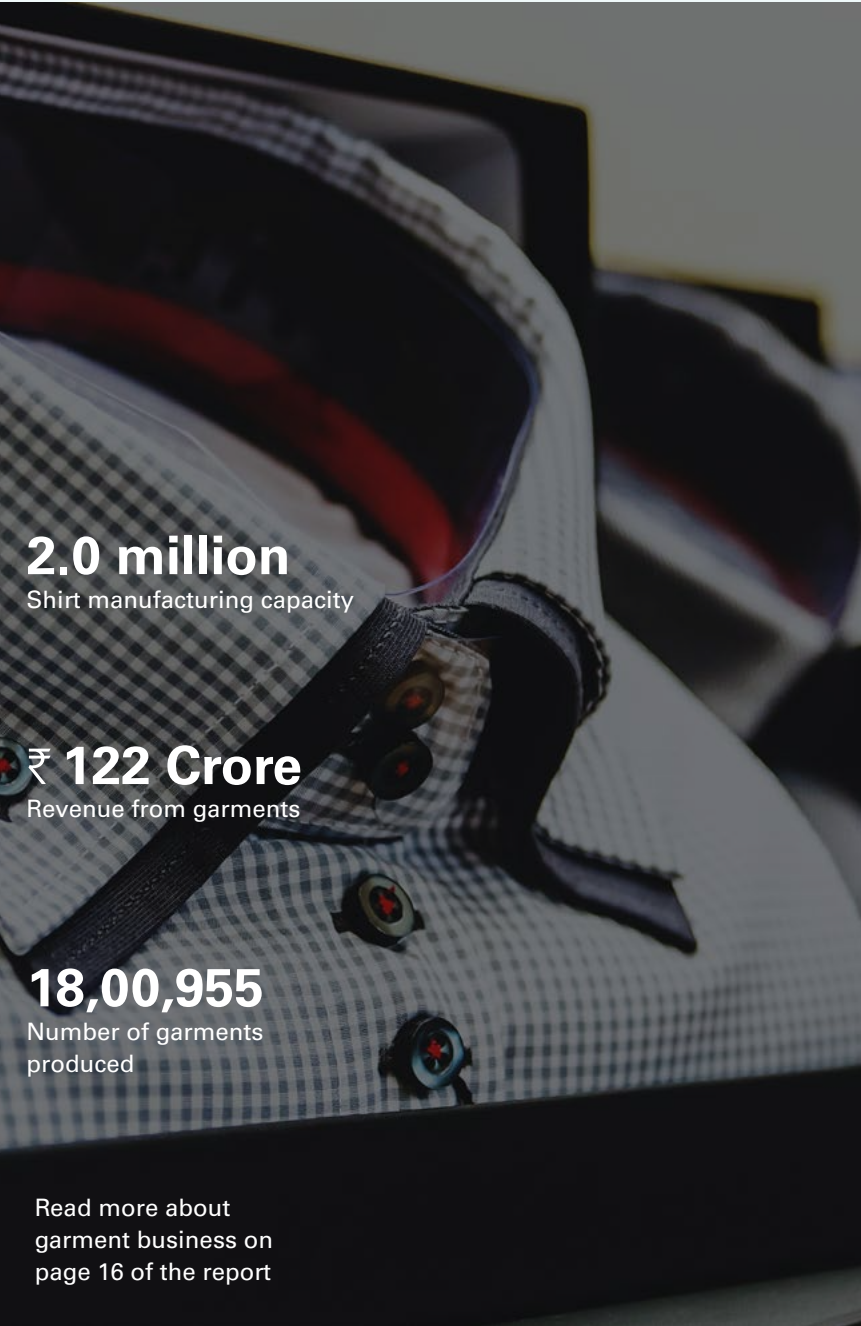
**181.6 MMPA**  
Volume of fabric weaved

**143.0 MMPA**  
Production of  
processed fabric

**₹ 3,450 Crore**  
Revenue from fabric

Read more about  
fabric business on  
page 14 of the report

## GARMENTS



**2.0 million**  
Shirt manufacturing capacity

**₹ 122 Crore**  
Revenue from garments

**18,00,955**  
Number of garments  
produced

Read more about  
garment business on  
page 16 of the report



YARN

Our yarn business is the cornerstone of our operations, representing our largest business. Our cutting-edge capabilities that allow us to produce a wide range of specialized greige and dyed yarns with a remarkable daily manufacturing capacity of 750 MT (approx.). Our expertise extends to working with different materials such as cotton, polyester, acrylic, viscose and other blends, enabling us to meet the diverse needs of our customers.

Our key strengths lie in our ability to offer an extensive selection of fancy yarns for hand-knitting, organic cotton, melange, core-spun yarns, ultra yarns (contamination controlled), gassed mercerized yarns, super fine yarns and slub yarns. This comprehensive product portfolio has earned us a name in the quality-conscious markets of the European Union (EU), the United States (US) and the Middle East.

We are committed to upholding exceptional quality standards and continuously strive for customer-driven innovation. In addition, we actively seek out technology partnerships and engage in innovative initiatives, ensuring that we stay at the forefront of the industry. By delivering superior yarn products, we have established ourselves as a trusted and preferred choice in the global textile market.

**1.23 million**  
Spindle count

**₹ 6,263 Crore**  
Revenue from yarn in FY23



Our yarn portfolio

Speciality yarns

- Core spun yarn
- Slubs
- Cellulosic
- Vortex yarn (PC and Melange)
- 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)
- Gassed mercerised

Grey yarns

- Polyester cotton
- Cotton yarn
- Compact yarn

Highlights of FY 23

- Investment in Online Raw Material Management and Quality module digitalization with industry 4.0
- Investment in Tow Dyed Acrylic Yarns Technology for HKY Export segment @ 10 TPD from existing 4.5 TPD
- Investment in Recycle Sustainable Yarn Technology for producing Recycle Yarns



## FABRIC

Our Fabrics division is equipped with state-of-the-art technology sourced from Japan and Europe. With 1,550 looms, we have a remarkable weaving capacity of 220 million meters and can process upto 180 million meters of fabric per year. These impressive capabilities allow us to cater to a diverse range of customers and meet their dynamic demands.

Our advanced facilities for Desizing, Scouring, Bleaching and Mercerisation have been designed with greener processes in mind. We have embraced enzymatic desizing as an alternative to chemical desizing and introduced bio-scouring techniques. Additionally, we have transitioned to 100% peroxide bleaching and incorporated Caustic Recovery Plants to recover up to 90% of caustic used in the process. By investing in eco-washers, we have successfully reduced water and acid consumption, further minimising our environmental footprint.

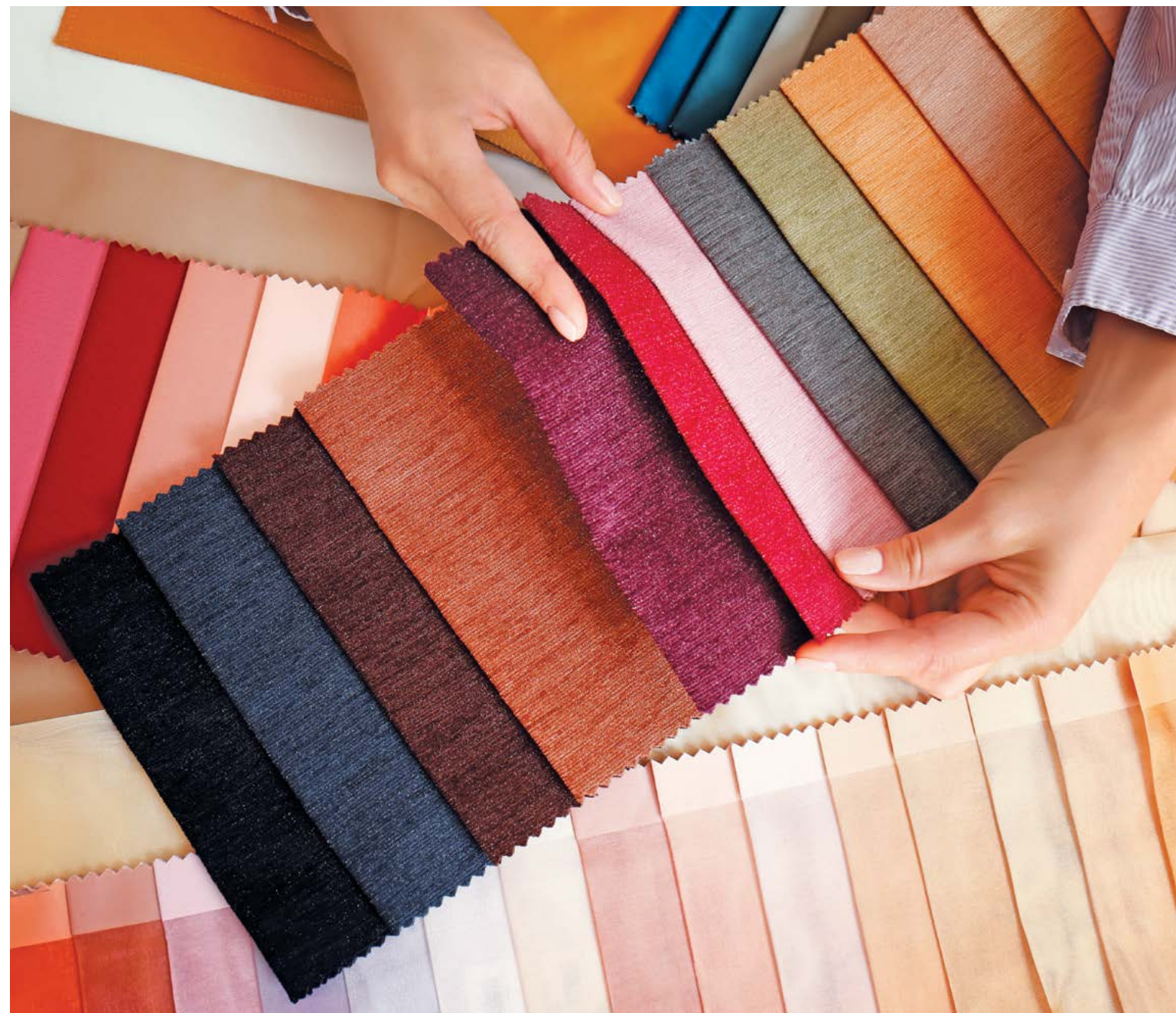
As a vertically integrated fabric supplier, we take pride in offering a selection of premium specialty textiles. Our dedicated workforce continuously leverages their skills and knowledge to improve our designs and products while ensuring they remain competitively priced without compromising on quality. This dedication has positioned us as a trusted brand among major retailers in India and key export markets, including the US, Europe, Asia and the Middle East.

**181.6 MMMPA**

Fabric weaved in FY23

**143.0 MMMPA**

Production of processed fabric in FY23



### 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
- Prerensa
- 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
- Aloevera



# GARMENTS

Our foray into the garment business began in 2009 when we formed a strategic partnership with the world-class textile organization Nisshinbo Textile Inc. of Japan. This collaboration gave birth to Vardhman Nisshinbo Garments Company Ltd., a venture dedicated to delivering top-notch formal men’s wear premium shirts of the highest quality. In 2019, Vardhman Textiles Limited purchased entire stake of Nisshinbo Textiles Inc. in VNGL and in year 2022, it was merged in Vardhman Textiles Ltd. and this unit is named as Vardhman Apparels.

Our USP is the cutting-edge machinery and world class infrastructure. We have sourced state-of-the-art equipment from manufacturers in Germany, Japan, China, USA and Denmark. This advanced machinery empowers us to manufacture shirts that not only meet the premium brands expectations but also exceeds their expectations in terms of quality, functionality, deliverance and operational excellence.

Our product range includes full taped and partial taped post-cure and pre-cure shirts. What sets us apart in the Indian market is our exclusive position as the sole manufacturer of post-cure shirts, backed by our mill with the liquid ammonia treatment facility and baking machine. This unique combination of advanced technology and specialized facilities allows us to cater to the diverse needs and preferences of our valued premium customers.

**2.0 million**  
Shirt manufacturing capacity



## Product

- Premium Post-Cure & Pre- Cure Men’s Formal Shirts
- Men’s wear- full & partial tape seamed shirts
- Semi-Formal Men’s Wear Shirts

## Customer Portfolio

- Louis Philippe
- Van Heusen
- Jack & Jones
- Blackberrys
- Raymond
- Colour Plus
- Pepe Jeans
- Park Avenue
- Arrow
- Giordano
- E5 (ECG)
- Splash
- Hirose
- 8 Seconds

## Garments

**₹ 122 Crore**  
Revenue from garments

**18,00,955**  
Number of garments produced