



About Vardhman Group

Vardhman is a major integrated textile producer in India. The Group was setup in 1965 at Ludhiana, Northern India. Since then, the Group has expanded manifold and is today, one of the largest textile conglomerates in India. The Group portfolio includes manufacturing and marketing of Yarns, Fabrics, Sewing Threads, Fibre and Alloy Steel.

The group started its corporate journey with an installed capacity of 6000 spindles in 1965 under the flagship company Vardhman Spinning & General Mills Limited (now known as Vardhman Holdings Limited and is an investment arm of the Group) in Ludhiana. Over the years the group has expanded its spinning capacities besides adding new businesses. The group has also diversified into yarn processing, weaving, Sewing thread, fabric processing, acrylic fibre manufacturing and into special/ alloy steels. Today, close to 20,000 people are the Organisation's most important asset – its human capital.

The Vardhman group comprises of three listed and two unlisted companies-

Listed Companies

- Vardhman Textiles Limited (formerly Mahavir Spinning Mills Limited)
- Vardhman Acrylics Limited
- Vardhman Holdings Limited¹ (formerly Vardhman Spinning & General Mills Limited)

Unlisted Companies

- VMT Spinning Company Limited
- Vardhman Threads Limited



Key financials (in INR Crores) of the Group's flagship company –
Vardhman Textiles Limited

Financial Highlights	FY 07	FY 06	FY 05	FY 04	FY 03
Turnover	2150.09	1957.25	1931.37	1155.57	906.07
FOB value of Export	434.02	367.42	413.08	276.91	235.92
Profit Before Tax (PBT)	225.77	250.59	159.67	82.35	58.30
Profit after Tax (PAT)	171.70	196.32	120.76	60.16	42.52
Equity Dividend	40%	40%	45%	45%	42%
Equity Share Capital	57.77	57.77	38.51	25.75	25.75
Reserves and Surplus	1034.26	903.90	761.81	474.79	427.70
Net Worth	1092.03	961.67	800.32	500.54	453.45
Gross Fixed Assets (Incl CWIP)	2649.38	1856.33	1536.82	791.77	774.94
Net Fixed Assets (Incl.CWIP)	1718.63	1037.56	808.71	435.73	466.29
Total Asset	2911.39	2156.04	1645.81	1071.61	971.91
Key Indicators	FY 07	FY 06	FY 05	FY 04	FY 03
Book Value of share (Rs)	189.03	166.47	207.81	194.39	176.10
Earning per share (Rs) -Basic	29.72	33.98	20.90	23.37	16.51
-Diluted	16.56	16.50	9.47	4.43	3.27
Debt: Equity Ratio	1.37:1	0.92:1	0.57:1	0.58:1	0.63:1
PBT/Trunover (%)	10.50%	12.80%	8.27%	7.13%	6.43%
Profit after Tax /Turnover (%)	7.99%	10.03%	6.25%	5.21%	4.69%
Return on Capital Employed (NP/ Total Asset)	5.90%	9.11%	7.34%	5.61%	4.37%
Return on Net worth (NP/ Net Worth)	15.72%	20.41%	15.09%	12.02%	9.38%

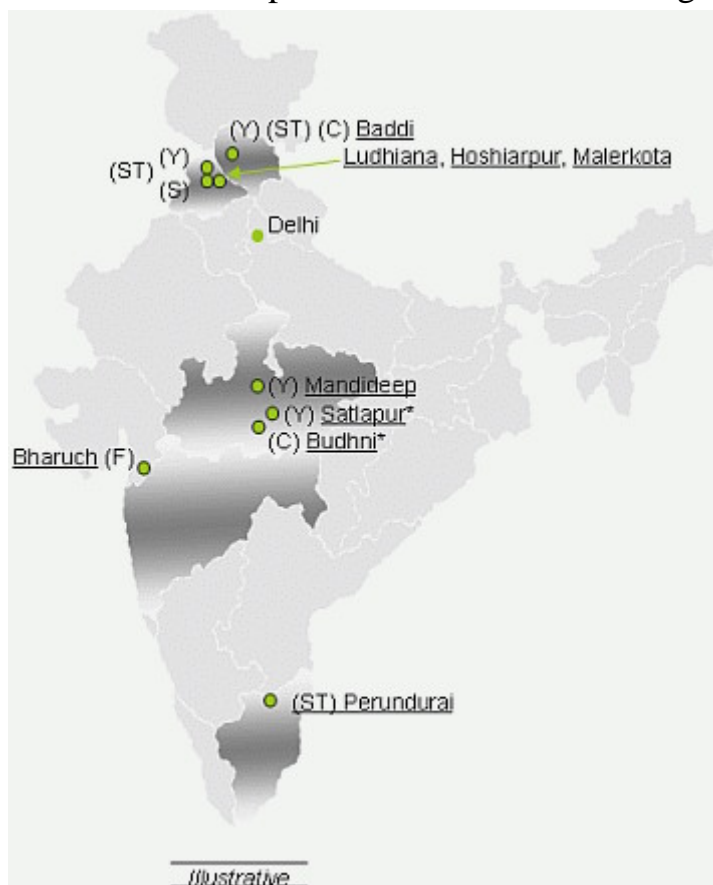
Note

The figures for the financial year 2005-06 and 2004-05 are not comparable with the figures of the previous years as the figures for 2005-06 and 2004-05 have been taken after taking into account the figures of all the textile business of Vardhman Holdings limited (formerly as Vardhman Spinning and General mills ltd) which stands vested with the company w.e.f 1st April 2004 pursuant to the scheme of arrangement and demerger between Vardhman Holdings Ltd and MSML Co.)



Our Businesses

Vardhman Group consists of 5 SBUs spread across 9 manufacturing locations



Spinning Business (Y)	
Vardhman Spinning & General Mills	Ludhiana, Punjab
Auro Spinning	Baddi, HP
Arihant Spinning	Malerkotla, Punjab
Arisht Spinning	Baddi, HP
Gas Mercerised Yarn Business	Hoshiarpur, Punjab
Auro Dyeing	Baddi, HP
Anant Spinning	Mandideep, MP
Vardhman Spinning & General Mills (Export Oriented Unit)	Baddi, HP
VMT	Baddi, HP
Vardhman Yarns	Satlapur, MP (partly commissioned)
Fabric Business (C)	
Auro Weaving	Baddi, HP
MSML Textiles Division	Baddi, HP
Auro Textiles	Baddi, HP
Vardhman Fabrics	Budhni, MP (upcoming)
Sewing Thread Business (ST)	
ST-I	Hoshiarpur, Punjab
ST-II	Ludhiana, Punjab
ST-III	Perundurai, TN
Vardhman Threads Limited	Baddi, HP
Vardhman Special Steels (S)	
	Ludhiana, Punjab
Vardhman Acrylics Limited (F)	
	Bharuch, Gujarat



Yarns

The group is one of the largest spinning group of the country with a spindlage of over 5,50,000. The group has 12 production plants located in the states of Punjab, Himachal Pradesh and Madhya Pradesh. In many of the yarn market segments, Vardhman holds the position of market leader – besides being a large and reliable supplier in the country. Vardhman is also the largest exporter of yarn from India. The group yarn exports amount to over US\$ 100 million covering the most quality conscious markets in the world. The total export of Cotton yarn of the group is about 6% of total export of cotton yarn from the country.

Sewing Threads

Vardhman entered the Sewing thread business in 1982 as a forward integration to its yarn business. The group had to struggle for survival being pitted against a large multinational organisation. Today with approximately 25 metric tonne/per day of sewing thread manufacturing capacity in its plant at Hoshiarpur, Ludhiana, Baddi & Perundurai. Vardhman threads have emerged as second largest sewing thread brand in the country.

Weaving

Continuing its onward march on the value curve, Vardhman group entered weaving business in 1992 with a capacity of 7 million metres per annum. The capacity has been subsequently expanded to 45 million meters per annum. The group has already made its mark as a quality producer of grey poplin / shirting / suiting in the home market and has also entered the highly competitive export market within this short span, now exporting fairly large volume of its production.

Processed Fabric

In its quest for further value addition Vardhman started fabric processing in 1999. Vardhman established a modern fabric process house in 1999 with a capacity of 30 million metres per annum. This capacity has been expanded to 42 metres per annum in FY 2005-06. A Vardhman fabric is dedicated to meet customer demand for top quality finished fabric through product innovation, world class quality, state-of-art technology and excellence in service.



Fibre

In 1999 the group set up an Acrylic staple fibre plant at Bharuch in Gujarat in collaboration with Marubeni and Japan Exlan of Japan. The plant has annual capacity of 18500 metric tonnes per annum.

Steel

The steel business was setup in 1973 as diversification with a capacity of 35000 million tonnes per annum. Later on group acquired a steel plant from Mohta Group of Industries in 1988 and converted this loss making unit into a profitable business in first year of operation with the Group. Subsequently the steel mill has been modernised and expanded to a capacity of 100000 million tonnes per annum. Catering to high technology quality conscious alloy steel segment, the unit has a reputation of being a dependable source of supply of special and alloy steel to Indian/International standards.



Capacities at a Glance

Vardhman has one of the largest spinning capacities in India with a spindlage of more than 5,50,000. Vardhman Threads has emerged as second largest sewing thread brand in the country. In fabrics, the Group has already made its mark as a quality producer of grey poplin / shirting / suiting in the home market and has also entered the highly competitive export market within this short span, now exporting fairly large volume of its production. Vardhman established a modern fabric process house in 1999 with a capacity of 30 million meters per annum. This capacity has been expanded to 42 million meters per annum in FY 2005-06. Set up in technical collaboration with Marubeni and Japan Exlan of Japan, the acrylic fibre plant has an annual capacity of 16500 metric tonnes annum. The steel mill has been modernised and expanded to a capacity of 100000 metric tonnes per annum.

Spinning Business	
Spindle Capacity	
Existing	About 600,000
Post Expansion	800,000
Fabric Business	
Fabric Production in Lac (100 thousand) Metres/Month	
Auro Textiles (Existing)	42
Post Expansion	85-90
Sewing Thread Business	
Production in Metric Tonnes/Day	
Total	28.30
Dyeing (Yarn & Fibre) & Mercerising	
Production in Metric Tonnes/Day	
Total	54.5
Steel Business	
Production in Metric Tonnes/Annum	
SMS	100000
Rolling Mill	84000
Acrylic Fibre Business	
Production in Metric Tonnes/Annum	
Total	18500



The Road Ahead

Vardhman Textiles Limited is on an expansion mode in the next 3-4 years (including FY 2005-06). Besides expanding/ modernising its current capacities of Spinning, Weaving & Fabric Processing at Baddi and in Punjab region, the company also plans to double its capacities in Fabric Processing with appropriate captive investment in Spinning and Weaving. These facilities are to be set up in Madhya Pradesh (central India). The implementation will be in phases and is expected to extend upto 2008. Vardhman Textiles Limited's new a spinning unit – Vardhman Yarns in Satlapur with a total installed capacity of 174,000 spindles with a captive power plant of a capacity of 25 MW is already operational and will be completed in next one year. Vardhman Textiles Limited is also setting up a composite Spinning, Weaving & Processing unit, with a Co-Generation Plant, at Budni in Madhya Pradesh. This expansion will be in two phases and the commercial production of the entire plant is expected to commence during calendar year 2008.