



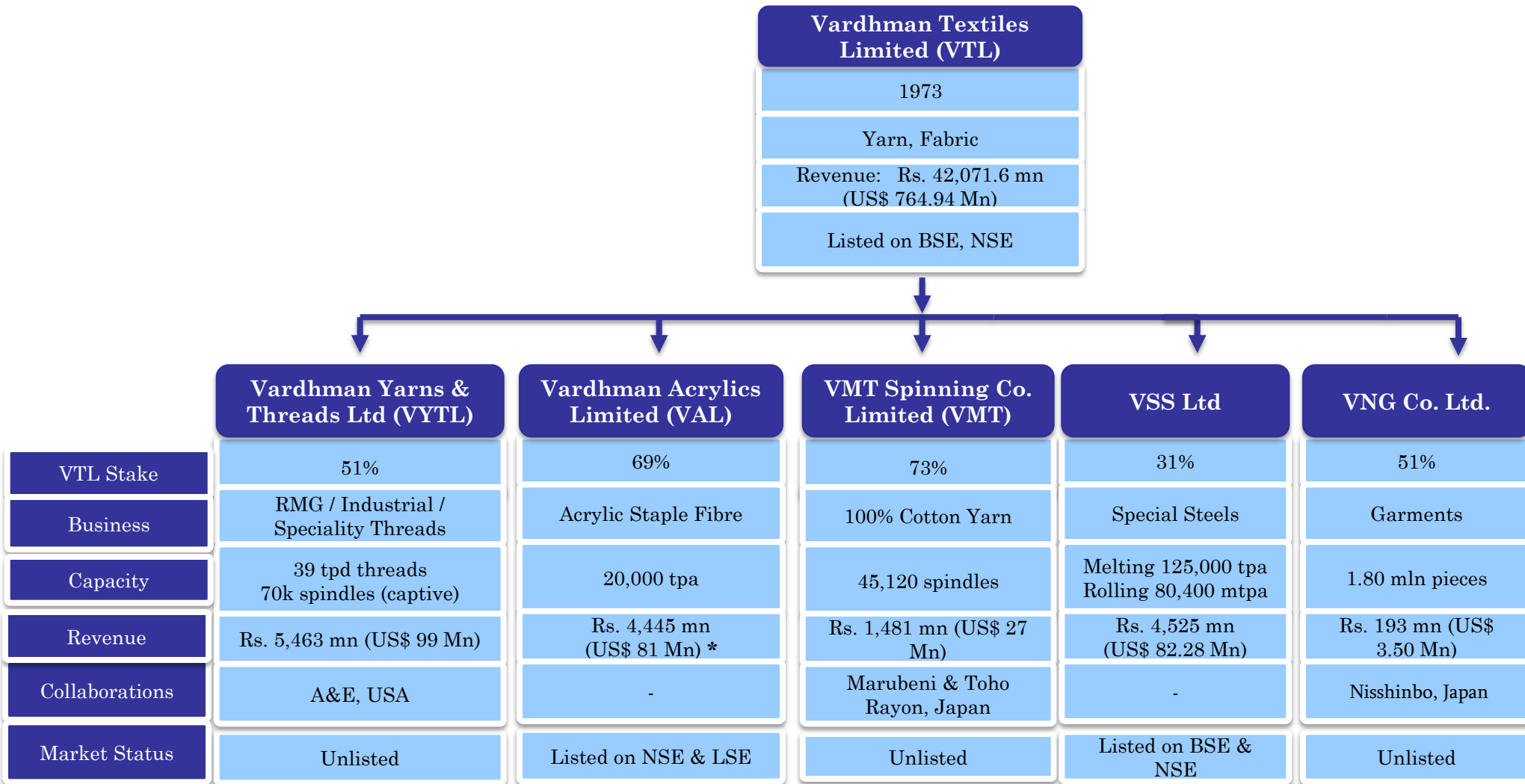
Vardhman Textiles Ltd

Corporate Presentation
June 2013

Vardhman Textiles Ltd. (VTL)– an overview

- **VTL is one of the largest listed, integrated textile manufacturing companies in the Country**
 - VTL has a strong position in the Indian textile sector in the manufacturing of fiber, yarn, sewing thread and fabrics
 - Now also into garment manufacturing through a collaboration with Nisshinbo, Japan with production started in Mar 2011
 - VTL and its subsidiaries have 20 manufacturing facilities across India and employ ~25,000 people
- **VTL is a market leader in its various product offerings**
 - VTL and its subsidiaries is one of the largest listed yarn manufacturer in India with a capacity of 0.96 mln spindles including 4488 rotors.
 - One of the leading manufacturer & exporter of cotton yarn in India
 - One of the leading producer of sewing threads and hand knitting yarn in India
- **Global alliances**
 - VTL has forged global alliances with leading textile companies such as American & Efird (A&E) Inc USA, Marubeni & Toho Rayon, Japan and Nisshinbo, Japan
- **Key Financials (Consolidated)**
 - FY13: Revenues – Rs. 50,210.8 Mn (US\$ 912.92 Mn); EBITDA – Rs. 10,236.4 Mn (US\$ 186.11 Mn); PAT – Rs. 3,830.2 Mn (US\$ 69.64 Mn); PAT (after minority int.) – Rs. 3,563.9 Mn (US\$ 64.79 Mn)

VTL – Group Structure



* Including Trading Turnover

Group also has two investment companies VTL Investment Ltd and Vardhman Holdings Ltd. other than the above companies, out of which Vardhman Holdings Limited is a listed company.

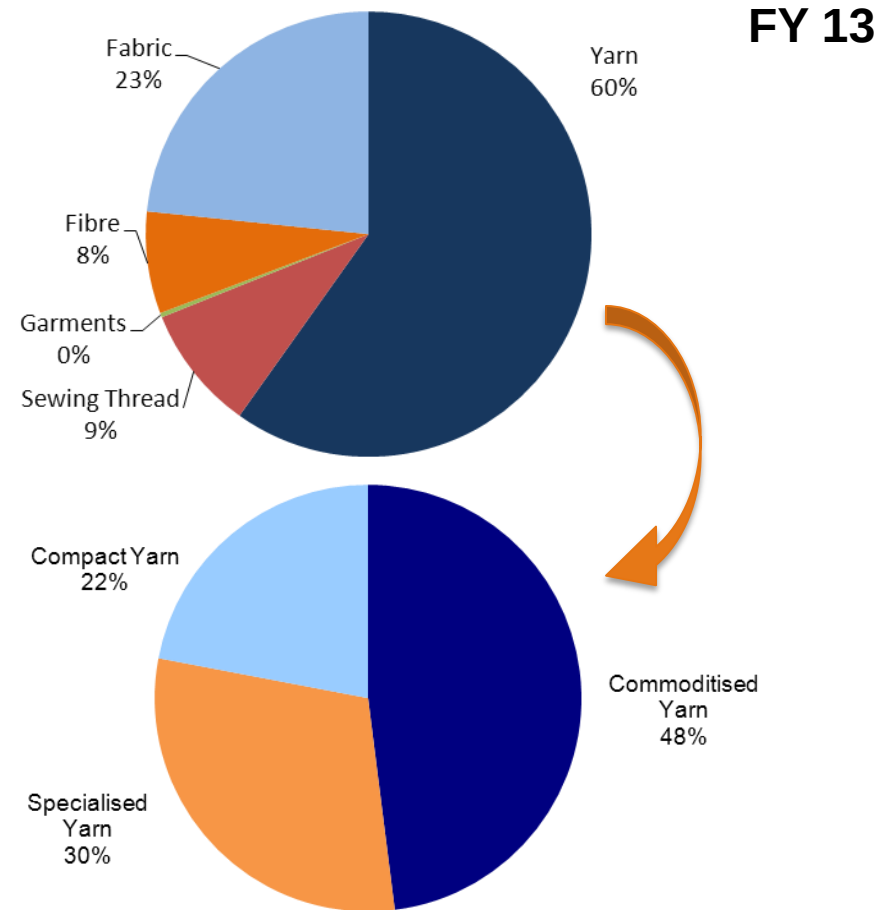
Vardhman Textiles Ltd : Our Strengths



Our Key Strengths

- Proven track record of execution
 - Has been operating in the textile industry since 1965 and has become one of the largest textile manufacturing companies in India
- Diversified business
 - VTL has 60% of total income coming from yarn products; within the yarn products the focus is on non-commoditized products
- Integrated business
 - The business is wholly integrated, operating across the entire value chain from fiber to fabrics. This allows the Company to be a one stop shop for customers including buying houses, retailers, overseas garment manufacturers, recognized export houses, wholesalers and marketing agents

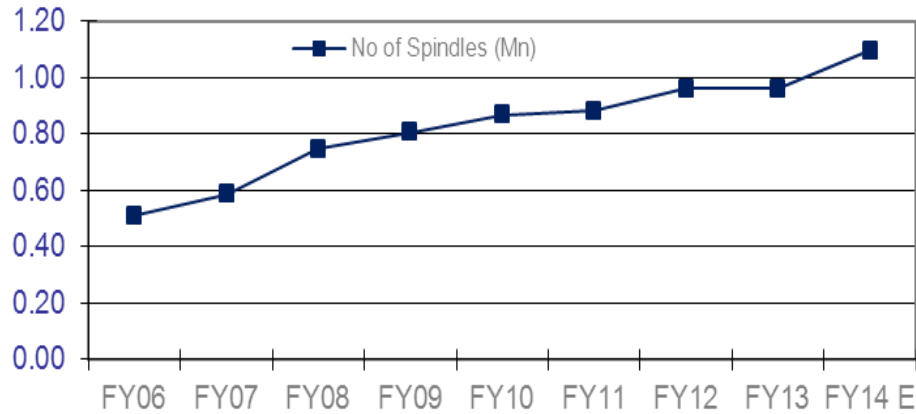
Strong integration and diversified business operations



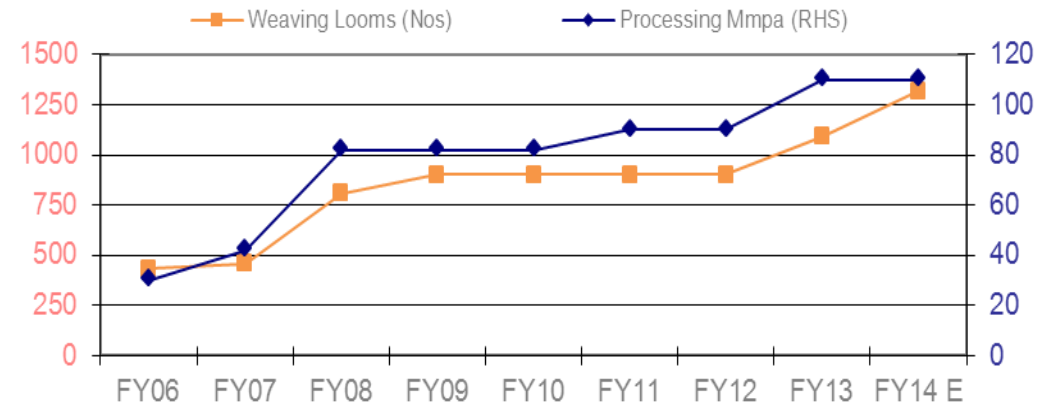
VTL's capacities have steadily expanded



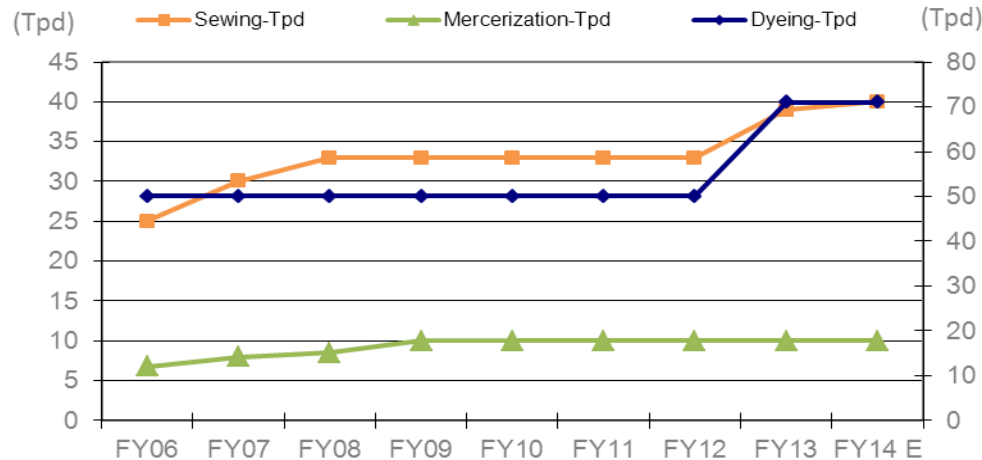
Spindles – Spinning capacity has increased at 12% CAGR



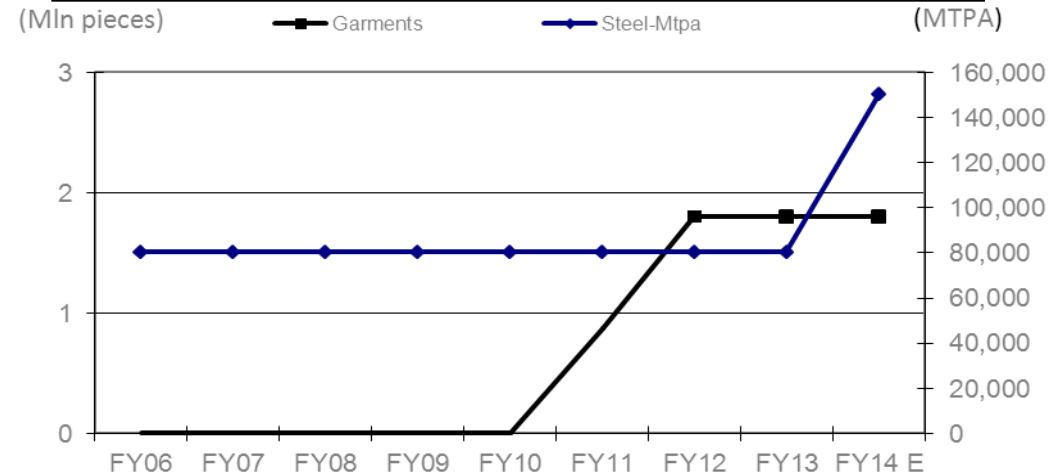
Weaving Looms & processing have grown in tandem



Gradual growth in Sewing, Dyeing and Mercerization



Garments Steel capacities have grown



Yarn – 60% of revenues

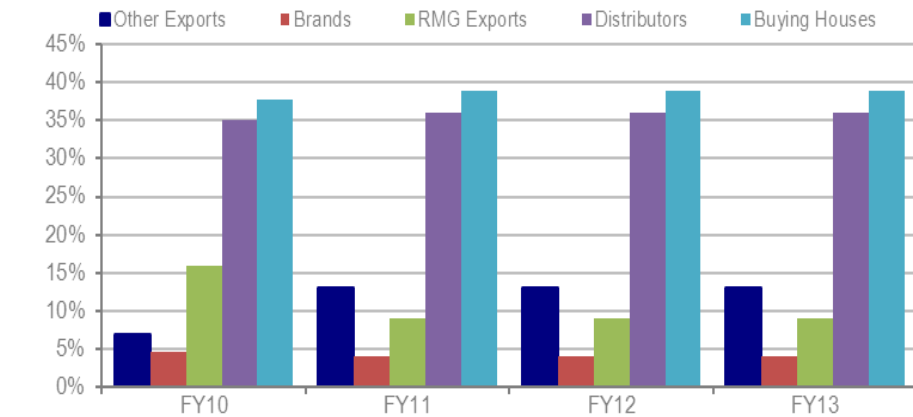
- One of the largest spinning capacities in the country with > 0.96 mn spindles
- 12 production plants located in the states of Punjab, Himachal Pradesh and Madhya Pradesh
- Technical tie-ups with the well recognized global corporate's from Japan and Korea.
- De-risked business through value added and specialized products
- The spreads stayed range bound during the last year.

Value Added Products	
Compact Yarn	Fibre Dyed
Cotton Lycra	Gas Mercerized
Melange Yarn	Fancy Yarns
Cotton Dyed	Slub Yarns
PC Yarn Dyed	Acrylic Yarns
Yarn Dyed	Hand Knitted Yarns
Specialized Products	
Cotton Lyocell	Cotton Silk
Cotton Bamboo	Cotton Modal
Cotton Tencel	Cotton Viscose
Environment Friendly Products	
Organic Cotton	Fair Trade Yarn
Contamination Free Yarn	

Fabrics - 23% of revenues

- Continuing its onward march up the value chain, the group entered Fabric business in 1992 with Greige (unprocessed) Fabric
- Subsequently entered the Processed Fabric market in 1999
- Current capacity is 1090 looms & 110 million meters of processed fabric per annum
- One of the few fully integrated fabric suppliers in the country
- Produce specialized fabrics like Yarn Dyed, Special White, Melanges, Nylon, Modal & Linen.
- Doing specialized finishes like Liquid Ammonia, Teflon / Nanocare (oil & water repellent), ETI etc.

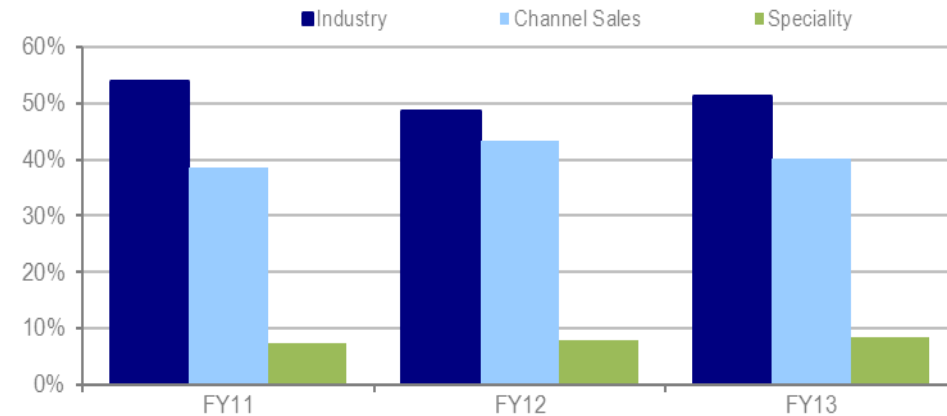
Segment sales are dominated by buying houses & distributors



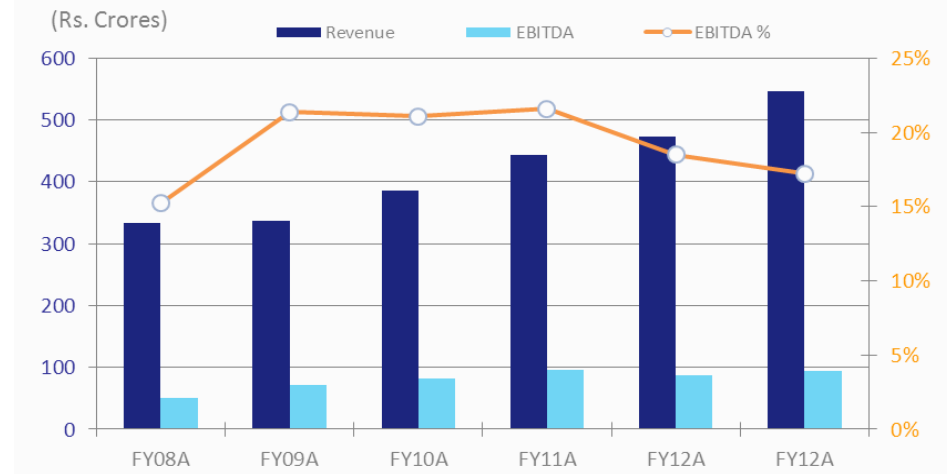
Sewing Thread - 9% of revenues

- The Group entered the Thread business in 1982 as a forward integration to its Yarn business
- Current capacity is 39 tpd across 4 plants at Punjab, Tamil Nadu & Himachal Pradesh
- In 2002, entered into a strategic alliance as a licensee with American & Efird, Inc. USA (A&E) for manufacturing & distribution of A&E branded sewing threads in India
- Spun off the Threads business into a new company (Vardhman Yarns & Threads Ltd) in 2008 and entered into a 51:49 Joint Venture with A&E
- Post creation of JV, increased the production capacity for core spinning & filament threads with A&E's quality parameters
- Currently Vardhman owns one of the largest brands of specialized threads in the country

Segmental Sales – Industry & Channel sales > ~ 90%



Healthy margin growth in a less crowded market



Other segments

Acrylic Fibre (7% of revenues)

- Ventured into manufacture of Acrylic Staple Fibre in 1999 - Vardhman Acrylics Limited
- The plant was set up in Gujarat, in collaboration with Marubeni & Japan Exlan of Japan.
- Current capacity is 20,000 mtpa
- World class wet spun technology with highly automated, microprocessor controlled systems
- Products are marketed under the brand name VARLAN©
- It is used in manufacturing of hand knitted yarns, blankets, jerseys, sweater, saris, upholster, carpets etc.

Steel

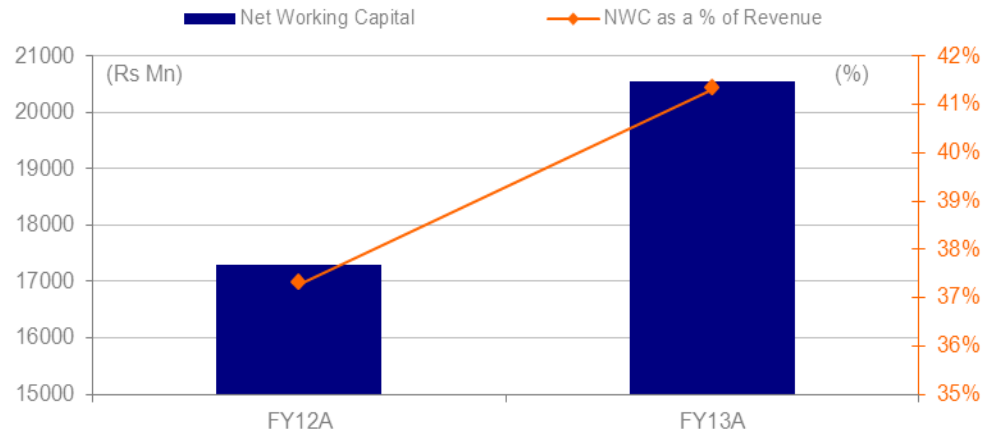
- Started Steel business in 1972 as a diversification strategy, with capacity of 35,000 tpa.
- Current Production Capacity: Steel Melting Shop 125,000 tpa ; Rolling Mill 80,400 tpa
- Caters to high technology quality conscious special & alloy steel segment
- Application of round products in automotive components, forging, ball bearings, piston pins, engineering applications, railways, defense etc.
- Preferred supplier to leading OEMs like Telco, Ashok Leyland, Maruti, Hindustan Motors, Toyota, M&M and Escorts among others

Financials

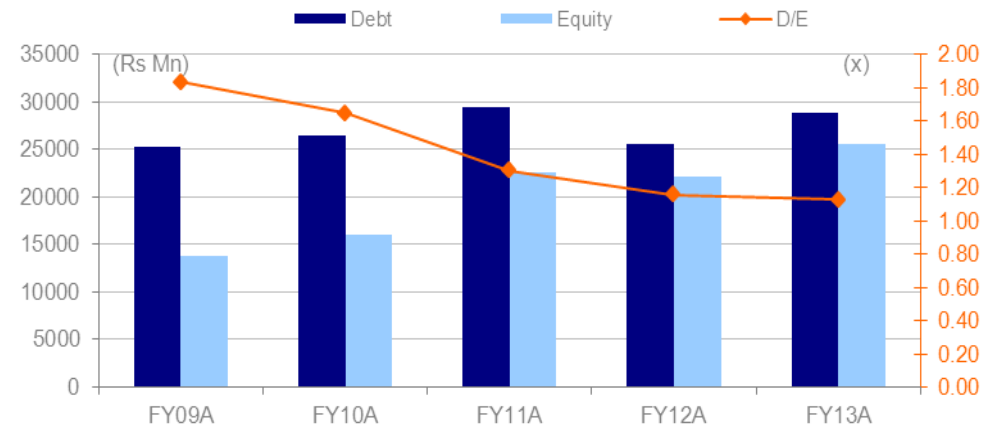
Financial highlights



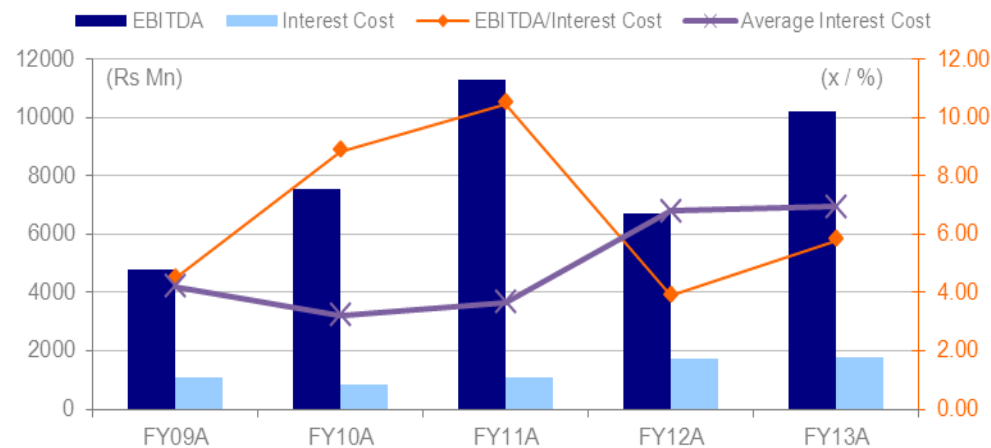
NWC levels are relatively stable



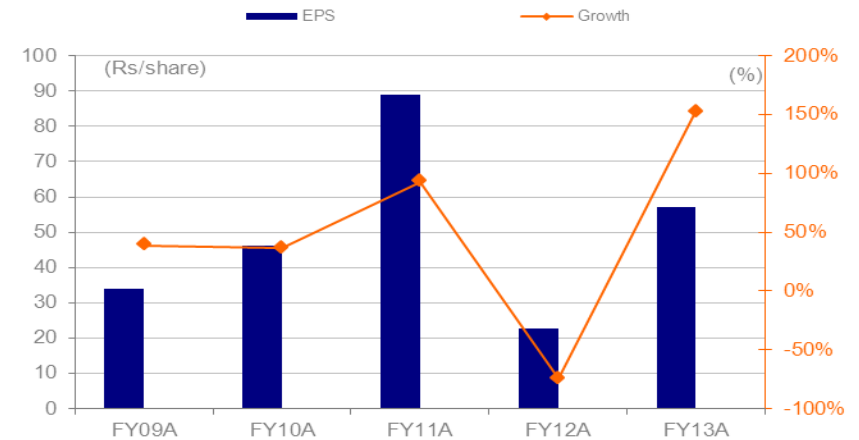
Comfortable debt/equity considering most debt under TUFs



Interest coverage



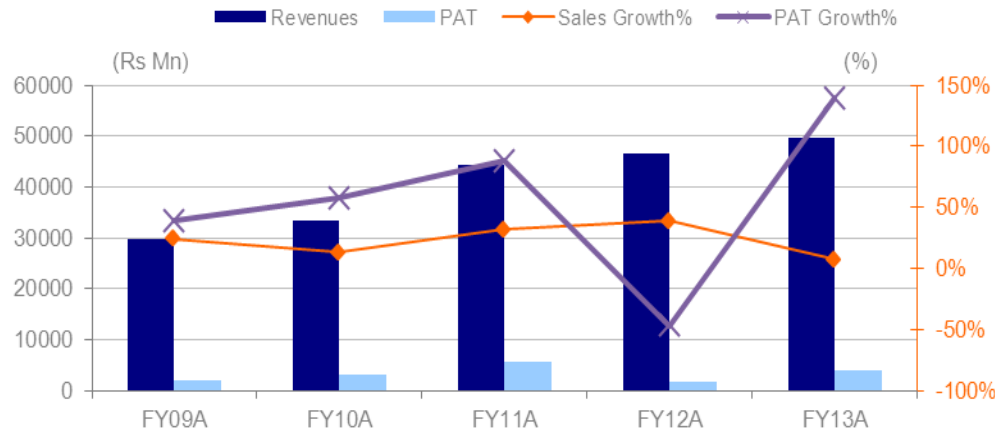
Earnings Growth over the years



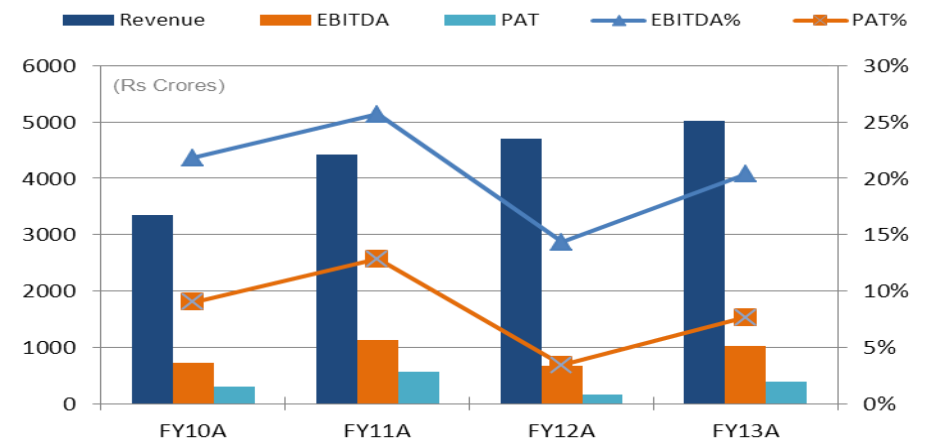
Financial highlights (cont..)



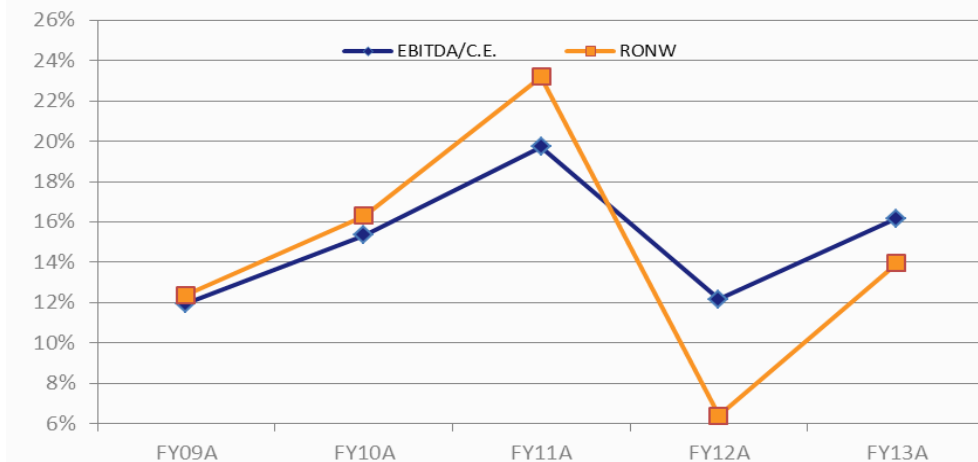
Bottom line growth over the years



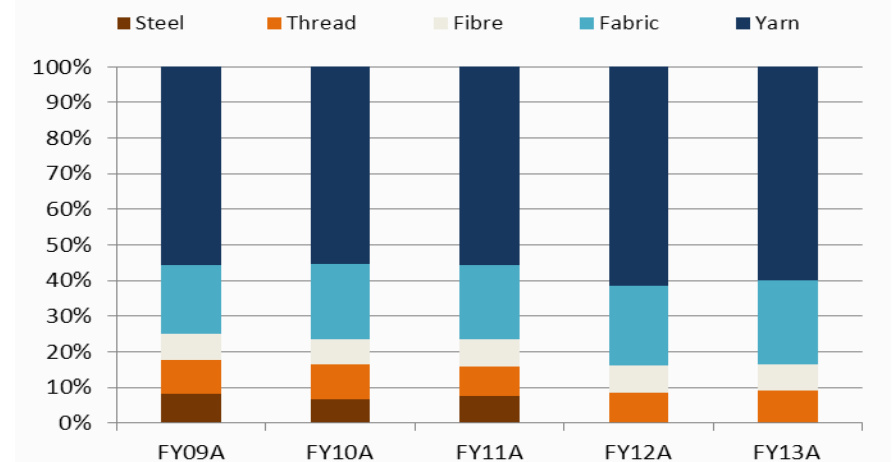
Margins



Return ratios

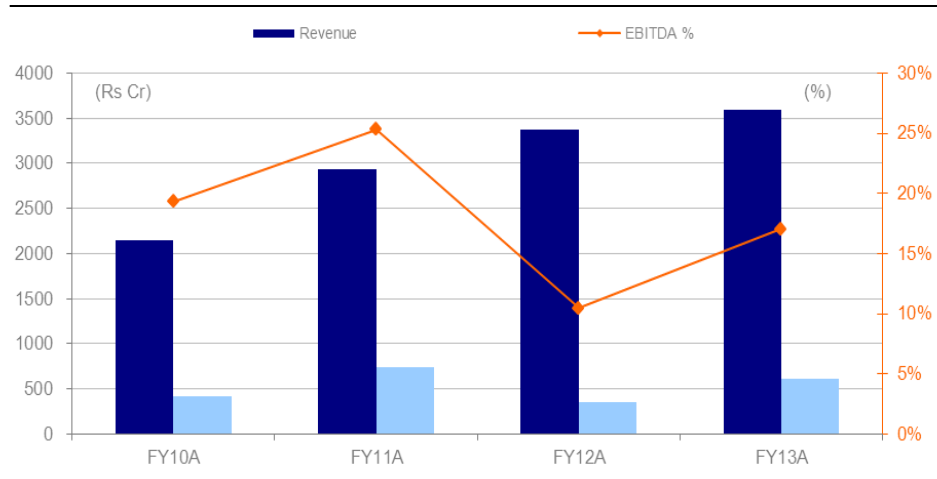


Yarn and fabric continue to be the biggest segments

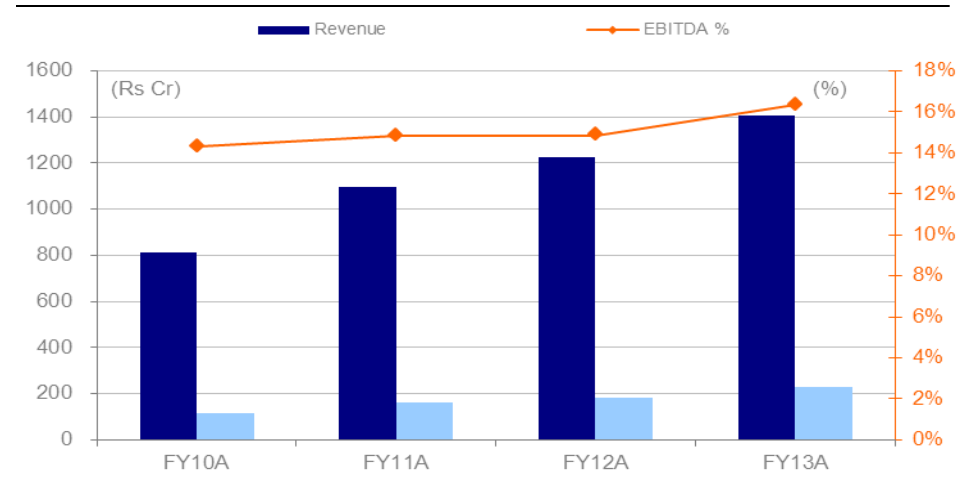


Segmental numbers

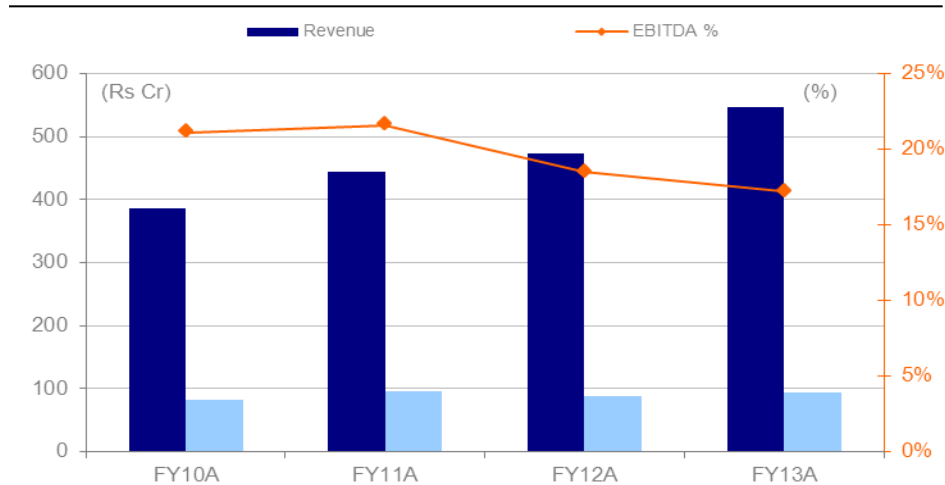
Yarn business



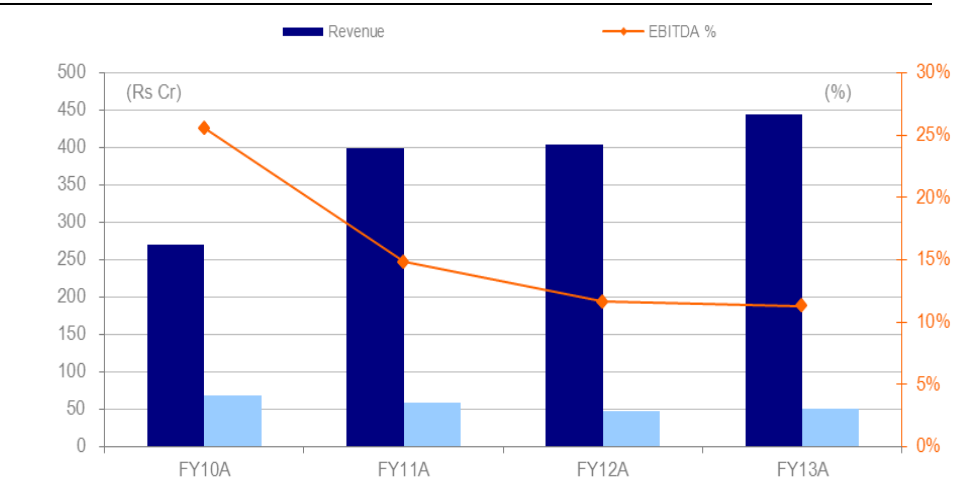
Fabric business



Thread Business



Fibre business



Key financials



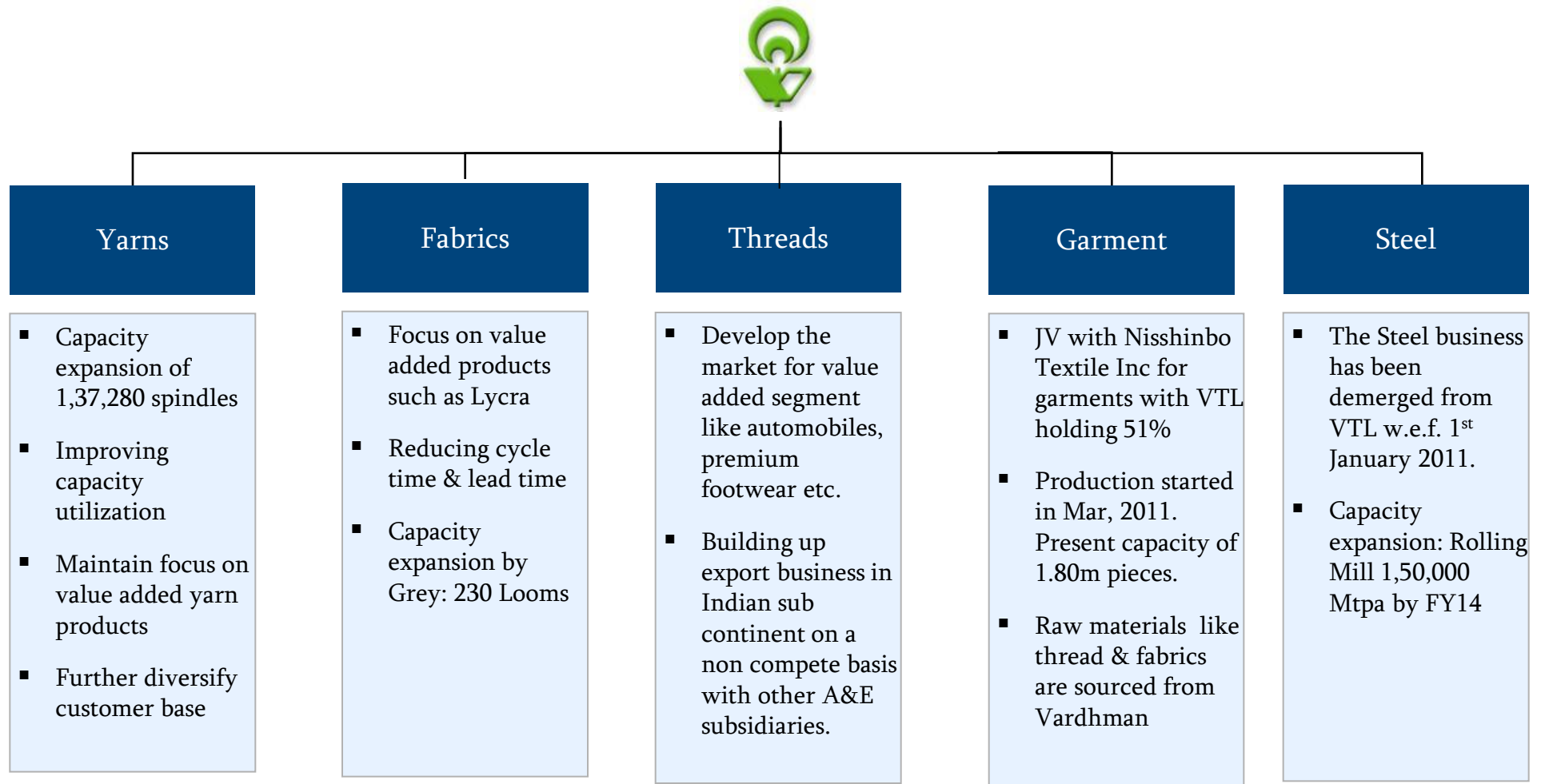
Particulars	INR Million					USD Million				
	FY11A	FY12A	FY13A	Q4 FY13	Q4 FY12	FY11A	FY12A	FY13A	Q4 FY13	Q4 FY12
Revenues	44,185	46,986	50,211	11,463	10,927	803	854	913	208	199
EBITDA	11,278	6,737	10,236	2,683	2,258	205	122	186	49	41
Margin %	26%	14%	20%	23%	21%	26%	14%	20%	23%	21%
PBT	7,206	2,266	5,512	1,624	1,206	131	41	100	30	22
Margin %	16%	5%	11%	14%	11%	16%	5%	11%	14%	11%
PAT	5,253	1,603	3,830	1,152	836	96	29	70	21	15
Margin %	9%	3%	8%	10%	8%	9%	9%	8%	10%	8%
Total Assets	61,033	59,665	67,887	59,233	51,800	1110	1085	1234	1077	942
Net Worth	22,642	22,067	25,512	22,766	19,960	412	401	464	414	363
Total Debt	29,444	25,488	28,776	27,426	24,386	535	463	523	499	443
EBITDA / CE	19.63%	12.17%	16.16%	19.26%	16.21%	19.63%	12.17%	16.16%	19.26%	16.21%
ROCE	15.14%	7.23%	11.50%	14.73%	11.53%	15.14%	7.23%	11.50%	14.73%	11.53%
RONW	23.20%	7.26%	15.01%	20.25%	16.76%	23.20%	7.26%	15.01%	20.25%	16.76%
EPS - Basic	88.97	22.61	57.00	18.11	13.14	1.62	0.41	1.04	0.33	0.24

Most of the debt on the Company's books enjoys TUF scheme benefits and hence lower interest rates

All currency conversions in the presentation has been done at 1 US\$ = INR 55

Quarterly figures are for Vardhman Textiles Ltd stand-alone

The Road Ahead



Timeline – Capex & Capacities

Weaving	1090 Looms	1320 Looms
Processing	110 mmpa	110 mmpa
Spinning	0.96 Mln Spindles	1.10 Mln Spindles
Dyeing	71 tpd	71 tpd
Year Ending March...	2013	2014 (E)
Total Capex (Rs.Cr.)	400	950

Annexure

VTL Management

Name	Designation	Details	Experience
S .P. Oswal	Chairman & Managing Director	- Is an M.Com. Gold Medalist from Panjab University Chandigarh and also holds directorships in 22 other companies - Holds Directorships in Confederation of Indian Textile Industry and New Delhi Institute of Management. Conferred the Padma Bhushan Award for his contribution towards Trade and Industry.	43
Sachit Jain	Executive Director	- B.Tech from IIT (Delhi) and an MBA from IIM Ahmedabad - Holds directorships in 21 other companies including Vardhman Acrylics Ltd., Vardhman Texgarments Limited Vardhman Holdings Limited and VMT Spinning Company Ltd - Chairman of the Audit Committee of Vardhman Yarns & Threads Limited , VMT Spinning Company Ltd and Vardhman Texgarments Limited	21
Suchita Jain	Executive Director	Masters in Commerce from Punjab University Chandigarh. Holds directorships in 13 other companies including Vardhman Holdings Limited	21
B K Choudhary	MD, Vardhman Acrylics Ltd.	- Director, Operations at Vardhman Fabrics, Managing Director in Vardhman Acrylics Limited - Masters in Commerce from Meerut University and MBA from University of Jodhpur. - Extensive experience within the group in project management and business operations	37
D L Sharma	MD ,VYTL	- Holds a B.Sc (Engineering) and MBA from Punjab Agricultural University, Ludhiana. - Director in charge of Vardhman Nisshinbo Garment Limited	37
Neeraj Jain	Executive Director MD. VMT Spg. Co. Ltd.	- He is a Chartered Accountant and a Graduate in Commerce from Ludhiana. Has extensive experience in the finance and yarns businesses within the group. - Also holds directorships in Vardhman Apparels Limited and Vardhman Textile Components Limited	19
IMJS Sidhu	President, Baddi Operations	- Overall charge over the units of the Company situated at Baddi B. Text from Technological Institute of Textiles & Sciences, Bhiwani. Has experience in Maintenance Management, Production Management and Quality Control & Assurance in the group.	39

Major global strategic alliances

Product	Alliance Partner	Year
Fibre and Yarn Dyeing	Nihon Sanmo, Japan	1992
Gassed Mercerized Yarns	Kyung Bang, South Korea	1994
Cotton Yarns	Toho Rayon, Japan	1995
Acrylic Fibre (JV ended in 2009)	Exlan and Marubeni Corp, Japan	1996
Fabric Dyeing & Finishing	Tokai Senko, Japan	1998
Sewing Threads	American & Efird (A&E) Inc USA	2001
Cotton Yarns	Nisshinbo, Japan	2002
Cotton Fabric	Nisshinbo, Japan	2007
Garments	Nisshinbo, Japan	2009

VTL has forged major alliances with global players with an aim of forward integration and moving up the value chain

Thank You

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