

Vardhmān



Vardhman Group

Textile Solutions for the World of Tomorrow...



Overview of the Presentation

- Brief Snapshot of Vardhman Group
- Analysis of Yarn, Sewing Thread, Fabric, Fibre & Steel Business
- Financial Performance
- Strategic Direction
- Expansions
- Human Development



Brief Snapshot of Vardhman Group

- Incorporated in 1965 under the leadership of Mr S.P. Oswal
- Group Turnover for the FY ended March 31, 2007: Rs 24.54 billion
- Largest installed capacity in spinning in India
- Largest Yarn producer in India
- Largest manufacturer & exporter of Cotton Yarn from India
- Market Leader in Hand Knitting Yarn
- Second largest producer of Sewing Threads
- One of the leading integrated fabric producer
- One of the leading special alloys steel producer
- Highest quality acrylic manufacturer of the country

Vardhmān Group Companies



	Vardhman Holdings Limited (VHL)	Vardhman Textiles Limited (VTEX)	Vardhman Acrylics Limited (VAL)
Year of Commencement	1965	1973	1999
Main Business	Investment & Financing	Yarn, Fabric, Sewing Thread, Steel	Acrylic Staple Fibre
Gross Turnover 06-07		Rs. 21.50 bn	Rs. 2.14 bn
Collaborations			Exlan & Marubeni

	Vardhman Threads Limited (VTL)	VMT Spinning Co. Limited (VMT)
Year of Commencement	1994	1996
Main Business	Synthetic Threads	Cotton Yarn
Gross Turnover 06-07	Rs. 0.22 bn	Rs. 0.68 bn
Collaborations		Marubeni & Toho Rayon



Vardhman Global Alliances

Fibre and Yarn Dyeing	NIHON SANMO, JAPAN	1992
Gassed Mercerized Yarns	KYUNG BANG, SOUTH KOREA	1994
Cotton Yarns	TOHO RAYON, JAPAN	1995
Acrylic Fibre	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

The group has a world class production facilities and an ideal blend of technologies from all over the world.





Major Export Destinations

- *USA*
- *EU*
- *Australia*
- *Canada*
- *China*
- *Egypt*
- *Mauritius*
- *Hong Kong*
- *Indonesia*
- *Israel*
- *Italy*
- *Japan*
- *Korea*
- *Malaysia*
- *Singapore*
- *U.K.*





Group Capacities

Particulars	Unit of Measurement	1998	2000	2002	2006	Mar 2007
Spinning	Spindles (Lakhs)	3.86	4.00	4.96	5.12	5.88
Dyeing	Tpd	25.50	34.50	52.00	55.00	55.00
Mercerization	Tpd	1.70	5.00	6.75	6.75	8.00
Weaving	Looms	144	160	208	432	460
Sewing Thread	Tpd	15.50	18.50	18.50	25.00	30.00
Acrylic Fibre	Tpa	16,500	16,500	16,500	16,500	18,000
Processed Fabric	Mma	NA	15	20	30	42
Steel	Mtpa	65,000	40,000	40,000	80,400	80,400



Yarn Business

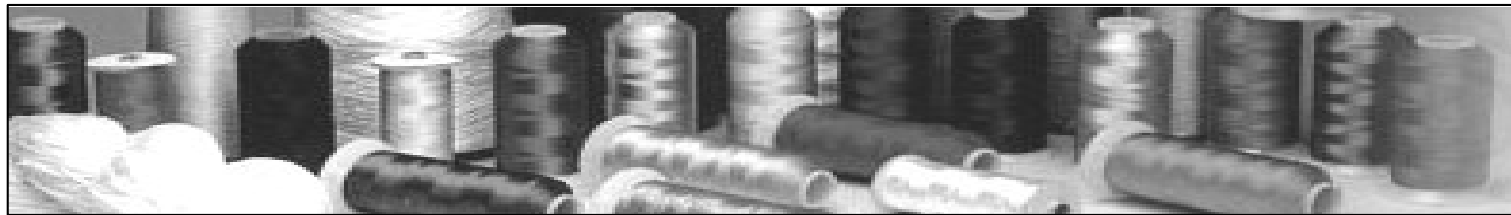
- Largest spinning capacity in the country with 0.59 mln spindles
- Turnover for the FY ended March 31, 2007 : Rs. 11.58 billion
- Twelve production plants located in the states of Punjab, Himachal Pradesh and Madhya Pradesh
- Technical tie-ups with the world leaders from Switzerland, Germany, Japan and Korea
- The largest exporter of yarn from India. The total export of the group is about 5% of total export of cotton yarn from the country
- It has a wide range of specialized grey, dyed, & a variety of blended yarns in cotton, polyester, acrylic, lyocel, Lycra, silk, wool & Tencel





Sewing Thread Business

- Started in 1982 as forward integration to Yarn Business
- Current capacity of approximately 30 tpd in its plants at Punjab, Tamil Nadu & H.P.
- Turnover for the FY ended March 31, 2007 : Rs. 3.19 billion
- Licensing agreement with American & Efird, Inc. USA for manufacturing & distribution of the famous A&E branded sewing threads
- The second largest brand of specialized threads in the country
- The product range includes:
 - Apparel Sewing Threads
 - Specialty Threads
 - Textile Crafts
 - Kite Flying





Fabric Business

- The group entered Fabric business in 1992.
- Current capacity 460 Looms & 42 million meters of processed fabric.
- Entered the processed fabric market in 1999
- Turnover for the FY ended March 31, 2007: Rs 4.13 billion
- One of the few fully integrated fabric suppliers in the country
- Dedicated to product innovation, world class quality, state-of-art technology and excellence in service
- Produces fabrics for both tops & bottoms for the apparel segment
- Serving top of the line customers like GAP, Banana Republic, Ann Taylor, Esprit





Acrylic Fibre Business

- Ventured into manufacture of Acrylic Staple Fibre in 1999- Vardhman Acrylics Limited
- Current Capacity 18,000 mtpa
- Turnover for the FY ended March 31, 2007 : Rs. 2.14 billion
- 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, upholstery, carpets etc.





Steel Business

- Started Steel business in the year 1972
- Manufactures Special and Alloy Steel
- Current Capacity 80,400 mtpa
- Turnover for the FY ended March 31, 2007 : Rs. 3.50 billion
- Application of products in automotive components, forging, ball bearings, engineering applications, railways, defence, medicosurgical ...
- Preferred OE supplier to leading OEMs like Telco, Ashok Leyland, Maruti, Hindustan Motors, Toyota, Mahindra & Mahindra and Escorts among others





Value Added Products

- Compact Yarn
- Cotton Lycra
- Mélange Yarn
- Cotton Dyed
- Pc Yarn Dyed
- Fiber Dyed
- Gas Mercerized
- Fancy & Slub
- Daff & Acrylic Yarn Dyed
- Hand Knitting Yarn

Specialized Products

- Cotton Lyocell
- Cotton Bamboo
- Cotton Silk
- Cotton Modal
- Cotton Tencel

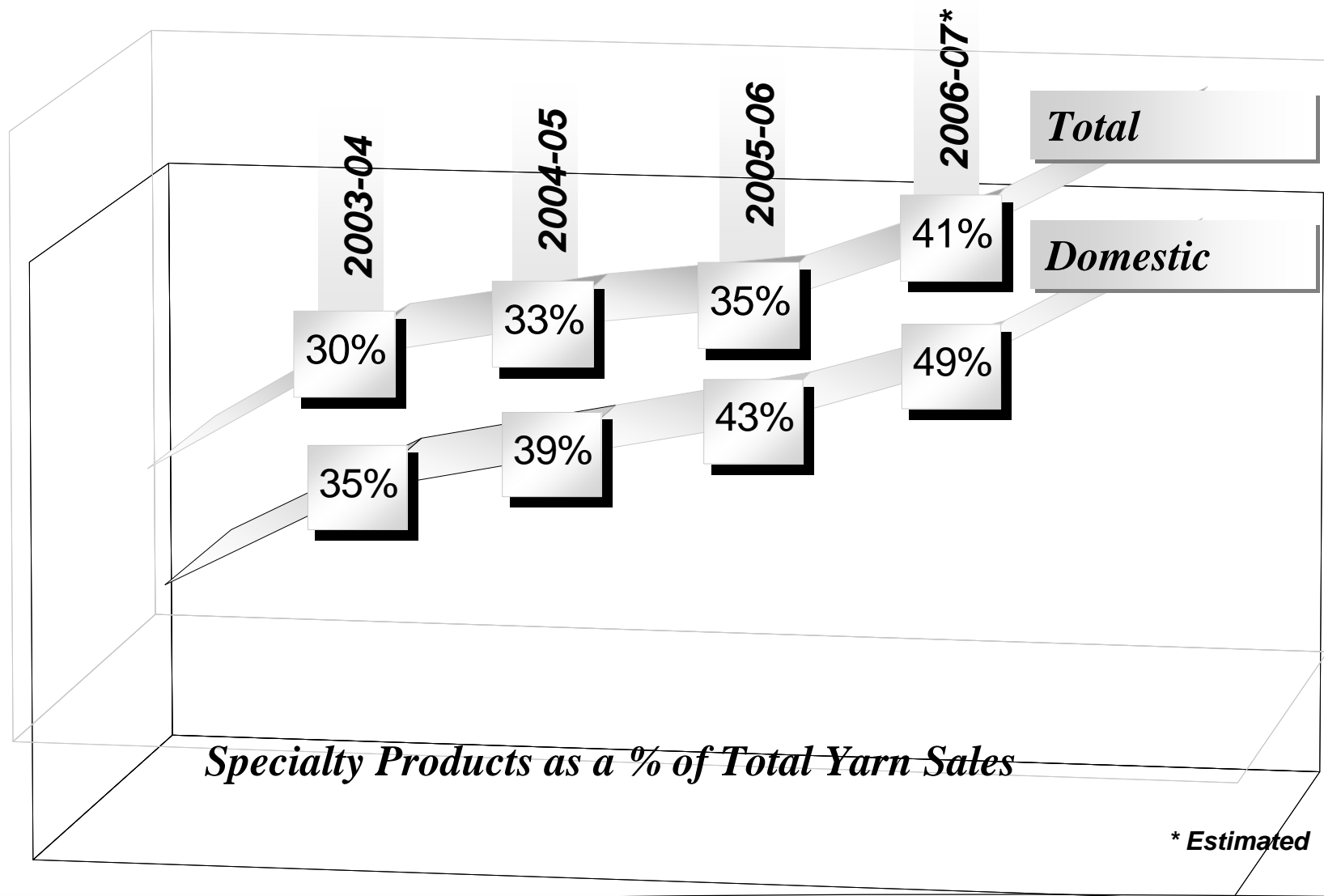
Fine Count Yarn

Customized Products

- Contamination Free Yarn

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Value Added/Customized Products of yarn Business





Financial Performance

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Group Financials for the FY ended Mar 31, 2007

(Rs Billions)

Company	Turnover	Operating Profit	Profit after Tax	Operating Margin	Net Worth	Return on Net Worth
VTEX	21.50	3.82	1.72	18%	10.92	16%
VAL	2.14	0.39	0.12	18%	1.36	9%
VMT	0.68	0.15	0.11	22%	0.50	22%
VTL	0.22	0.08	0.07	36%	0.42	17%
VHL	NA	0.14	0.13	NA	1.01	13%
Vardhman Group	24.54	4.58	2.15	19%	14.21	15%



Segment-wise Financials for the FY ended Mar 31, 2007

(Rs Billions)

Segments	Turnover	EBIDTA	Depn.	EBIT	Capital Employed	EBIDTA as % of Turnover	EBIDTA as % of Cap. Employed
Yarn	11.58	2.57	0.86	1.71	14.23	22%	18%
Sewing Thread	3.19	0.52	0.07	0.45	1.94	16%	27%
Fabric	4.13	0.49	0.26	0.23	3.81	12%	13%
Fibre	2.14	0.39	0.11	0.28	1.85	18%	21%
Steel	3.50	0.47	0.04	0.43	1.74	13%	27%
Investment & Financing	NA	0.14	0.00	0.14	1.01	NA	14%
Vardhman Group	24.54	4.58	1.34	2.50	24.58	19%	19%

Note : Capital Employed does not include Capital Work In Process amounting to Rs 5.54 billions, which pertains to Greenfield expansions in M.P.

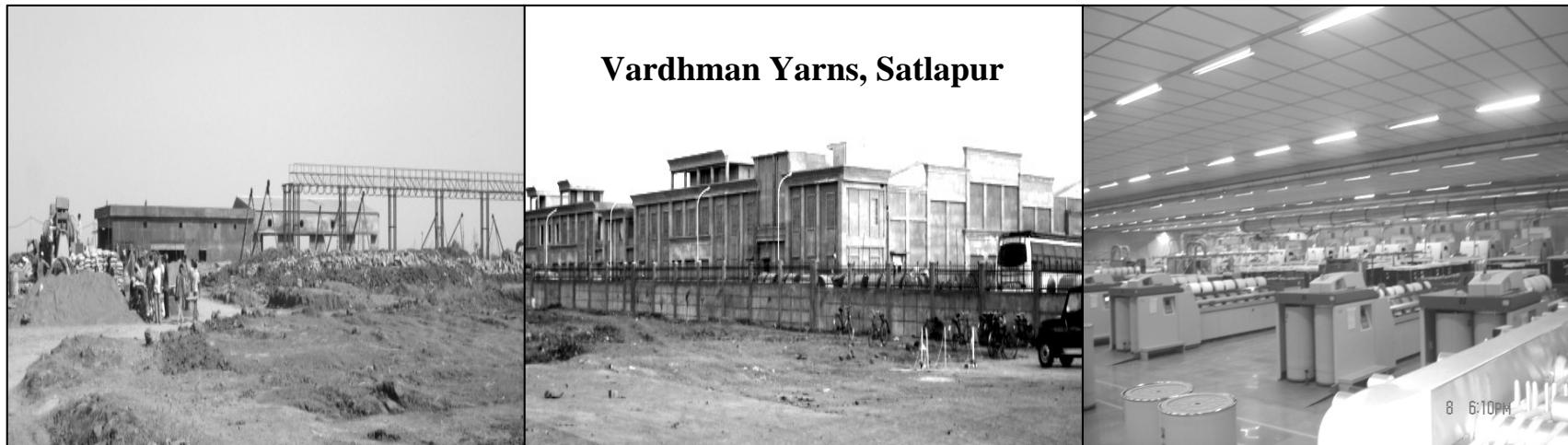


Strategic Direction



Yarn

- Focus on Value Added yarn
- Improvement in Capacity Utilization
- Focus on high value customers
- Focus on improving yields
- Participation in overseas yarn fairs
- Strategic Alliance with Nisshimbo, Japan
- Putting plants in Central India





Strategic Direction

Fabric

- Alliance with a leading Italian Design House to present our collections
- Focus on Value Added products esp. cotton Lycra based fabrics, Sheared & compact yarn based fabric
- Reducing cycle time & reducing lead time
- Strategic relationship with key exporters
- High level of Operational performance
- New expansion coming up in M.P. with reduced energy costs & improved logistics



Strategic Direction

Thread

- Strategic Alliance with American & Efird, Inc. USA for manufacturing & distribution of A&E branded sewing threads
- Decision taken to consolidate the thread business under one company, which is currently divided into two entities: Vardhman Threads Ltd & Vardhman Textiles Ltd
- This would help to enhance focus & accelerate growth momentum
- It opens up a possibility of strategic tie-ups or attracting financial investors



Expansions

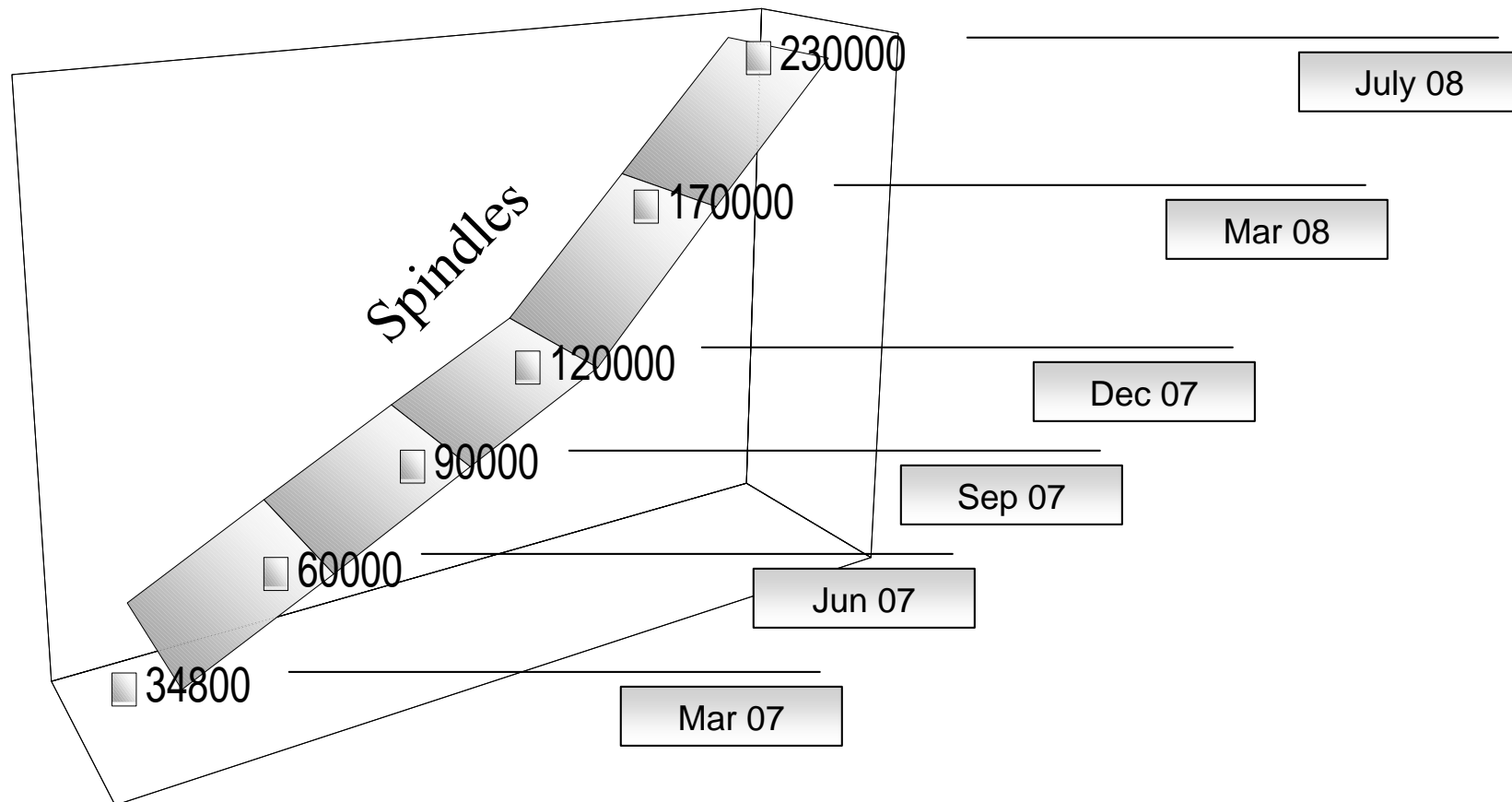


- Vardhman Group kicked off an expansion program of Rs.23-24 billion approx. in FY 2005-06
- In addition to the expansion of existing facilities, the new facilities are being set up in Madhya Pradesh. The implementation will be in phases and is expected to extend upto July 2008.
- The Group had consolidated majority of its operations under one company in FY 2004-05 - Vardhman Textiles Ltd (formerly known as Mahavir Spinning Mills Ltd) in order to take up an expansion of this size.

	Existing	Expansion	Post Expansion
Spinning (Lakhs Spindles)	5.88	~2.60	~8.50
Weaving (Looms)	460	~400	~900
Fabric Processing (MMPA)	42	~50	~90

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Expected Expansion in Satlapur



Note : The above figures are cumulative in nature.

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Expected Expansion in Budni



<div>Weaving</div>	100 Looms		400 Looms	
	<div>Processing</div>		20 Million Metres p.a.	40 Million Metres p.a.
		<div>Spinning</div>		30,000 Spindles
Total Capacity as on	Quarter Ending June	Quarter Ending September	Quarter Ending December	
	2007			



Risks to the Outlook

- Margin Pressure
- Project Implementation Risk
- Contamination and low productivity in cotton cultivation.
- Absence of trade pact with major regional trading blocks i.e. EEC, NAFTA, and ASEAN Result: higher tariff barriers and loss of competitiveness.



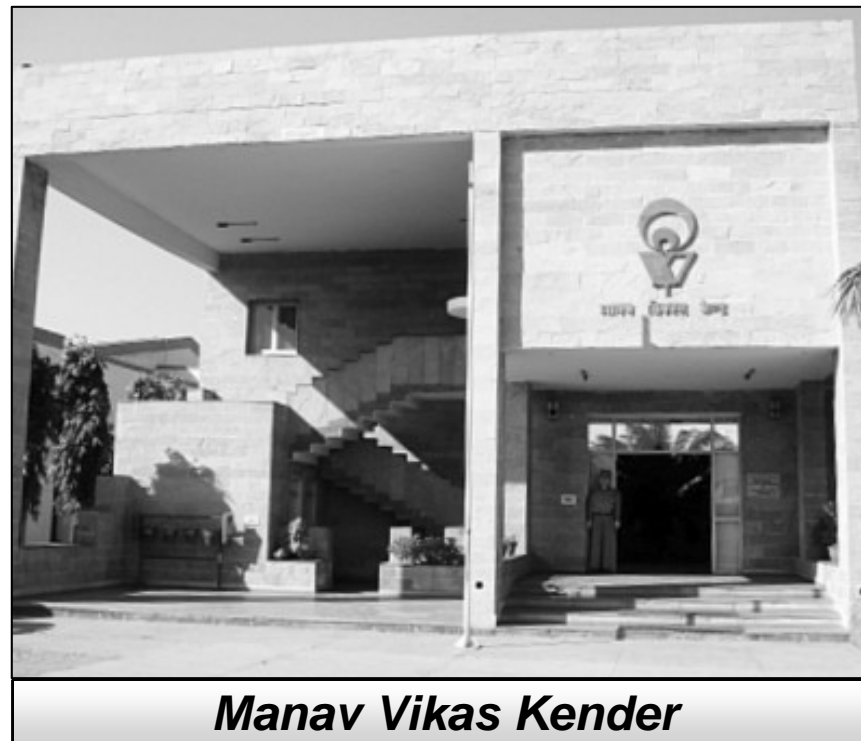
Human Development &
Knowledge Management

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Human Development



- Setting up of HRD centers for worker training
- In House Training and Development Centre for staff and management



Manav Vikas Kender



- TQM and TPM
- Quality Circle, Competitions,
 - Suggestion Scheme
- Olympiads –
 - Workers competition on skills and productivity
- Regular benchmarking



Vardhman Training & Development Centre



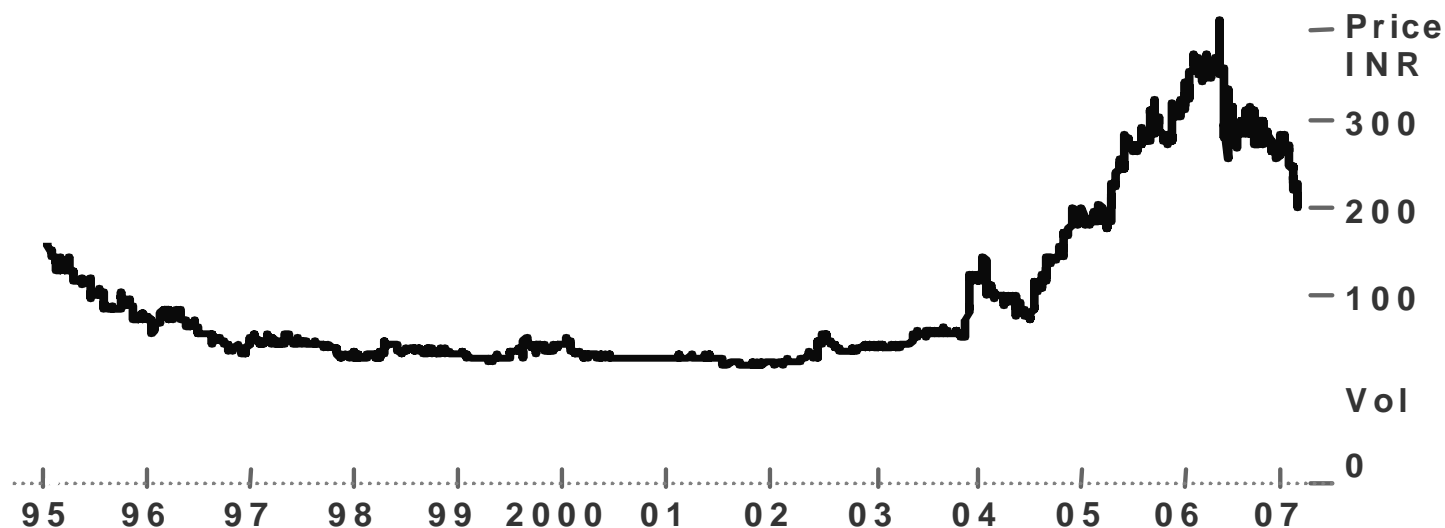
- Sri Aurobindo Socio-Economic and Management Research Institute
- Sri Aurobindo College of Commerce and Management
- Sri Aurobindo Public School
- Active member of Nimbua Greenfield Punjab Limited



- Active member of Village Cluster Adoption Programme (VCAP) to improve the yield of cotton per hectare to match World average (724kg)

Year	No of Villages	No of Farmers	Total cultivated area (Acre)	Area under Cotton (Acre)	Yield Achieved (Kg lint per ha)	Punjab Yield (Kg lint per ha)
2003-04	1	121	1608	1241	800	391
2004-05	10	2058	29213	13445	820	551
2005-06	25	2947	32934	19185	870	641
2006-07	50	5266	69405	43324	965	742 (P)

(P)- Provisional



Vardhman Textiles	Rs/share
Last price	204
Market Cap (Rsmn)	11,785
52 Week High	420
52 Week Low	185
P/E Ratio (Times)	6.86

Note : Reference date for above figures is Mar 31,07. EPS taken for P/E ratio is based on audited figures for the month end Mar 07.

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Thank You