

## Chairman's Message



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Dear Shareholders,

It gives me immense pleasure to present the Annual Report 2018-19 for Vardhman Textiles Limited. The year went by on a positive note and the Company performance helped by favourable factors, was in line with our expectations. Such factors have cyclical trend, which keep on changing from favourable to extreme unfavourable as we have been facing in the current financial year with domestic prices of cotton far above the international prices and much reduced exports of yarn, leading to very difficult situation for the textile industry.

Today we are witnessing increased impact of economic environmental uncertainty on business performance driven by natural factors as well as manmade crisis due to political consideration in some countries . The natural factors include integration of textile value chain, smaller delivery cycle, one stop solution and focus on cost competitiveness through technology and economies of scales etc. The ever growing importance of preferential tariff treatment to some suppliers like Bangladesh and Vietnam in large consuming markets like EU as well as new markets like South Korea also has led to greater tariff/entry barriers to India. At domestic front also, we are witnessing significant reduction in import tariff especially on finished products while protection available to the domestic textile producers against cheap imports in sync with GST implementation has come down.

The geopolitical situation emerged out of USA-China trade war was supposed to generate positive outcomes for Indian textile industry, however the same could not materialize and whatever small business moved out of China, Vietnam and Bangladesh captured a significant part of the same. Being a textile material supplier, we did not suffer much and were able to sustain our performance in FY 2018-19. The negative impact of reduced exports of yarn to different countries, especially China, has started reflecting on Indian Textiles Industry. Also, the substantial gap between international cotton prices and domestic

cotton prices has raised serious viability issues for Indian textile companies especially in export market which do have consequential impact on domestic market also. We hope that Govt. is seized of the current developments and adequate policy decisions and measures will be taken to address the concerns of the Industry. We have strong commitment to textile industry and we do expect that sooner the industry will move to high growth trajectory.

Looking inward, we can say with some satisfaction that factors such as vertical integration, operational efficiency and modernisation initiatives helped us in diversifying business risk while allowing us to continue with our core competence. Looking forward especially keeping in view the current business environment, our focus will be on cost control, resource optimization and approach would be circumspective after having expanded our capacities both in Yarn and Fabric and to relook at our strategy to avail of the opportunities being opened up in the country with the Govt's pledge to raise the country's GDP to USD 5 Trillion . Meanwhile, we constantly strive to improve operational efficiency, increase internal well-being and actively contribute to our community while reducing environmental footprint to sustain our business for the long-term.

We are also eager to contribute towards the society and community around us. Our corporate social responsibility initiatives were focused around improving the well-being and quality

of life of the people by serving the underserved communities of the Country.

Going forward, we remain committed to create innovative and improved products that are perfectly tuned to people's daily needs. We are also committed to create a sustainable world by continuing our commitment towards eco-friendly practices.

Regards,

**Shri Paul Oswal**

A fellow shareholder