



Vardhman

Delivering Excellence. Since 1965.

VARDHMAN TEXTILES LIMITED

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Ref. VTXL: SCY: JUN: 2020-2021

Dated: 24.06.2020

BSE Limited, 1 st Floor, New Trading Ring, Rotunda Building, P.J Towers, Dalal Street, Fort, MUMBAI-400 001. Scrip Code: 502986	The National Stock Exchange of India Limited, Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), MUMBAI-400 051 Scrip Code: VTL
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Dear Sir/Madam,

Subject: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Disclosure relating to impact of COVID-19 pandemic on the Company.

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated 20th May, 2020, please find enclosed herewith a disclosure on material impact of COVID-19 pandemic on the Company.

This is for your information and record.

Thanking you,
For Vardhman Textiles Limited


Sanjay Gupta
Company Secretary



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EFFECT OF COVID ON BUSINESS OF THE COMPANY

The Company is in the business of textile, manufacturing Yarn and Fabric. It has its manufacturing facilities located in the states of Punjab, Himachal Pradesh and Madhya Pradesh. To prevent and contain the spread of Covid-19, the State Government of Punjab imposed a Curfew from 23rd March, 2020 followed by announcement by the Central Government for 21 days nation-wide lockdown from 25th March, 2020 resulting in complete shutdown of all economic and social activities. To comply with the directives of the Central Govt., the Company temporarily closed its manufacturing operations and offices across India. Thereafter, in compliance with the relaxations given by the Ministry of Home Affairs (MHA) and after seeking approval from the concerned State Govt. authorities, wherever required, the Company started limited operation at its manufacturing facilities. With the easing of lockdown norms and opening up of markets, the capacity utilization of all of our manufacturing plants is gradually increasing over a period of time.

Simultaneously, the Company has made intensive efforts to surpass the Covid challenge through an enhanced hygiene and adherence to the social distancing norms, use of masks and sanitizers etc.. Technology is being leveraged to minimize human contact, meetings are held virtually and the practice of work from home, where ever required, has also been inculcated in work environment. The Company is committed to ensure the safety and well-being of its employees.

The outbreak of Covid-19 has posed one of the biggest unforeseen threat to the Global Economy. The Company could not remain immune to the adverse business conditions. On the raw material side, due to sudden shutdown of economic activities and uncertain environment, the global demand of cotton witnessed sluggishness leading to fall in its prices which has an impact on the inventory carried by the Company. On the sales side also, there has been a decline in the overall export and domestic demand of Yarn and Fabric. Many orders from major customers in fabric business have been put on hold and some of these orders have got cancelled also because of prevailing situation in the USA, Europe and Japan which are prominent markets for branded readymade garments. This



decline in demand has resulted in lower sale prices which is squeezing the margins of the Company. Amidst this depressed economic environment, the Company may report loss in the first quarter of the current Financial Year.

On liquidity front, the Company has adequate resources to meet its short term and long term liabilities. However, with a view to have further liquidity cushion in the present times of uncertainty, the Company has recently issued NCDs for Rs. 195 crores on private placement basis. The Company may raise more funds in the times to come, if so required, keeping in view its comfortable debt equity ratio.

Looking forward, this pandemic has posed unforeseen and unprecedented challenges. In these circumstances, the Company may not be in a position to quantify its future impact on the business as of now. However, we are hopeful that with the opening-up of global markets and restoration of normalcy in the supply chain, the demand will gradually improve easing out pressures on the financials of the Company.

