Sector: Other Textile Products **RESULT REVIEW Q4&FY26** **Declared On: 07 May 2026**

Vardhman Textiles Limited

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs605	175	Hold	Rs655	8%

**as on 11th May, 2026*

About the Company:

Incorporated in 1973, Vardhman Textiles Ltd (VTL) which was earlier known as Mahavir Spinning Mills Ltd is a part of the Vardhman Group. It had started as a yarn manufacturer and now is one of India's largest vertically integrated textile manufacturers from spinning and fabric manufacturing to garments (largest in terms of number of spindles). This vertical integration offers significant advantages, including cost efficiency, consistent quality control, faster turnaround times, and economies of scale. It operates 15 state-of-the-art manufacturing facilities, which is well equipped with advanced machinery and technology, that enables it to produce a wide range of fabric from 60GSM to 400GSM producing a diverse range of products, including yarns, fabrics, acrylic fiber and garments. VTL is a leading manufacturer and exporter of cotton yarn in India. It offers a diversified yarn portfolio across cotton, blended and value-added varieties. VTL is undertaking capex to modernize its existing facilities, helping it to meet the evolving needs of its customers and increasing the share of its value-added products. The company is also in the process of increasing its processed fabric capacity and venturing into synthetic fabrics. Mr. Paul Oswal is the Chairman and Managing Director of the company.

Results: Quick Glance:

- The net sales for the quarter reported a drop of 0.4% to Rs24,980mn as compared to Rs25,086mn in the same quarter last year
- The Ebitda margins for the quarter under review stood at 11.8% as compared to 11.4% in the comparative quarter last year
- The company reported profit of Rs1893mn as compared to Rs2379mn in the same quarter last year
- The EPS for the quarter stood at Rs6.49 as compared to Rs8.35 in the corresponding period of last year
- For FY26, the revenues came in at Rs98,691mn as compared to Rs97,849mn; marginal growth of 0.9% while the PAT stood at Rs7532mn as against Rs8867mn. The EPS came in at Rs26.18 as against Rs31.05 in FY25
- The Board has recommended dividend of Rs5 per share for FY26

Conference Call Highlights:

- On the **industry** front, the Management indicated that the last 6 months have been mixed for the sector, as the US tariffs finally came to conclude making India more competitive and things getting back to the right direction
- Due to the US tariffs, at the utilization levels of 50-60%, discounts to the tune of ~25% were offered both by home/ garment textile players which impacted margins, and shying of orders. VTL was impacted as supplier of yarn or fabric at lower utilization and lower realization as well. Now with the tariffs going off, home and garment exporters are working at 90-100% utilization, with better exports and better demand for yarn. However, with the recent geopolitical concern, disruption has been both through crude and logistics. However, rupee movement has been beneficial to the exporters though. Overall, if things remain in control at the macro level, Q1 is anticipated to be a good quarter for the industry
- On the **cotton prices**, the Indian cotton prices were premium to the US prices which are now at par leading to improvement in the yarn spreads due to the cotton price alignment. There is no disruption in the long-term prices relative to future prices of cotton. With the Mission for Cotton Productivity (Rs5659cr approved) focusing on seed quality and land holding; productivity is expected to improve gradually by ~20%. The Mission focuses on enhancing cotton productivity through development of high yielding variety (HYV) seeds resistant to disease and pests, scaling up of existing and latest crop production technologies through States governments, Krishi Vigyan Kendras, and State Agricultural Universities (SAUs) through large-scale promotion and adoption of latest crop production technologies, ensures least contaminant cotton supply to industry, and promote high-quality cotton exports
- On the **spindle** side, 11.5 million spindles are off the market; so, of the 3000 mills, 1000 have shutdown indicating consolidation of the industry
- **Capex of VTL:** With regard to the modernization in the spinning business, the company expects it to be completed in the next 6-8 months which would make VTL strong on quality, flexibility and cost factors. On the performance fabric, the plant was commercialized in FY26; with orders/ramp-up expected to come in over the next 6-9 months. The processed fabric plant has commercialized but due to the tariff issue there was no utilization; but should pick in the months to come. Green capex is expected to be completed in the next 1-2 months. The company recently has announced the garment capacity expansion from 2.2mn p.a. to 4.5mn p.a. capacity, expected to be completed end of FY27E for an investment of Rs1,250mn

Conference Call Highlights (contd.):

- **Capex of VTL:** Furthermore, on the spinning side, the company awaits piece of land in Madhya Pradesh to be granted by the Govt by Dec/Jan; the plans for the same being on the drawing boards and to be finalized in the next 2-3 months
- The Management has built optimism for FY27E based on better RM scenario, demand and capacity. Furthermore, with the FTA coming in, demand is expected to increase over the next 12-15 months

Financials:

Performance (Q4&FY26)

Q4&FY26 Result (Rs mn)	Mar-26	Mar-25	y-o-y	Dec-25	q-o-q	FY26	FY25	y-o-y	FY27E
Total Revenue	24980	25086	(0.4%)	25053	(0.3%)	98691	97849	0.9%	103520
EBITDA	2941	2869	2.5%	2844	3.4%	12386	12628	(1.9%)	13354
Other Income	579	1200	(51.7%)	585	(1.0%)	2235	3360	(33.5%)	2245
Interest	232	229	1.2%	262	(11.5%)	925	773	19.7%	936
Depreciation	1226	1035	18.5%	1183	3.6%	4645	4009	15.9%	4783
Exceptional Items	0	0	-	0	-	0	0	-	0
Share of assoc.	104	127	(18.0%)	153	(32.2%)	501	477	4.9%	501
Tax	274	553	(50.5%)	451	(39.4%)	2019	2815	(28.3%)	2253
Net Profit	**1893**	**2379**	**(20.4%)**	**1685**	**12.3%**	**7532**	**8867**	**(15.1%)**	**8128**

Outlook and Recommendations:

The company has reported flat revenues for the quarter and so also for the full year. However, the Ebitda margins came in at 11.8% for the quarter, indicating the effective cost management strategies or shift towards higher margin products. This margin resilience highlights the company's ability to manage input costs and operational expenses in the competitive sector. Also, the other expenses also factor in one-time MTM hit of Rs570-580mn, excluding which margins would have been even better. The profits reported drop of 20.4% y-o-y (22% y-o-y on owners PAT); navigating a challenging quarter for the company. For the full year, the revenues were flat while the profits reported drop of 15.1% y-o-y. On the segmental bifurcation, textile was down by 1% while acrylics grew by 16% y-o-y for the quarter. While Q4 performance of the fabric was with a lag, Q1 is expected to be better for textile companies on the whole. Exports contributed 44-45% of the total sales for the company. VTL is India's largest **fully integrated textile** company, transformed from a mid-sized spindle company to a textile powerhouse with leading presence across yarn and fabric segment. VTL with its strong market positioning and robust balance sheet is well placed to capture the consolidation theme in the Indian textile industry. Also, with the largest domestic spindlage, it is in a sweet spot to benefit from the increasing spreads between yarn and cotton prices. VTL is amongst very few textile companies that have been able to consistently and successfully operate with comparatively lower leverage. In order to insulate itself from the volatile yarn business, the company has been constantly scaling-up its presence in **high margin** woven cotton fabric segment. The company remains committed to fully utilising its **expanded capacity by FY28E**. Backed by strategic foresight, operational agility and deep customer engagement, VTL is confident in its ability to leverage this expansion to accelerate growth and strengthen its market leadership. The strategic expansion will strengthen its market position, support economies of scale and ensure timely delivery to clients, driving sustainable growth. It is also **focusing on value added product portfolio**; initiatives including handling more fibres and expanding into new areas, such as 100% synthetic filament-based fabric with an overall increase in its product basket. The company is well on track with regard to its capex plans; well strategized based on demand and opportunities emerging in the market. It is working on the shift away from grey fabrics toward dyed and processed alternatives; value-added segments that are experiencing strong and growing demand from both existing and prospective customers. Through the recently announced expansion in the garment unit capacity in Punjab, the company would broaden its product portfolio, strengthen its ability to attract high value buyers and secure new order volumes. VTL is looking at **commitment to sustainability** through significant investments in green power aiming to substantially increase the share of green energy consumption, driven by customer demand. By integrating energy-efficient technologies and sustainable materials; it aims to minimise environmental impact, meet global standards and attract eco-conscious consumers, thereby enhancing its brand reputation and competitiveness.

Outlook and Recommendations (contd.):

VTL is working towards **strengthening global partnerships** with key apparel brands fostering long-term collaborations. This strategy enhances supply chain reliability, secures consistent orders and expands market reach, positioning it as a preferred supplier in the competitive global textile industry. The Management commentary radiated optimism for the industry growth on the whole, unless more on the macro front acts as a spoilt sport. All from RM prices, to demand to capacity is well in favour for a gradual uptrend. VTL remains well-positioned to benefit from India's rising prominence in the global textile supply chains, aided by a conservative balance sheet (net debt/equity <0.2x), strong operating cash flows, and prudent capital allocation. We maintain hold on the stock for a target of Rs655.

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