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BOARD OF DIRECTORS

DR. VIJAYPAT SINGHANIA, Chairman Emeritus
GAUTAM HARI SINGHANIA, Chairman and Managing Director
MINOO R. SHROFF, Vice-Chairman (upto June 11, 2003)
B. K. KEDIA
NANA CHUDASAMA
B. V. BHARGAVA
U. V. RAO
I. D. AGARWAL (Nominee of UTI)
NABANKUR GUPTA, Wholetime Director and Group President
P. K. BHANDARI, Wholetime Director and Deputy Group President
ANANT SINGHANIA, Wholetime Director
AKSHAY SINGHANIA, Wholetime Director (upto October 22, 2003)

MANAGEMENT EXECUTIVES

GAUTAM HARI SINGHANIA, Chairman and Managing Director
NABANKUR GUPTA, Wholetime Director and Group President
P. K. BHANDARI, Wholetime Director and Deputy Group President
ANANT SINGHANIA, Wholetime Director
F. M. ALI, President (Delhi Office)
V. K. BHARTIA, President (Corporate)
AJIT MANTAGANI, President (Denim)
S. K. GUPTA, Vice President (Textile)
ANIRUDDHA DESHMUKH, Vice President
HARSHAL JAYAVANT, Vice President (Files & Tools)
S. K. KAUL, Vice President (Project)
MARCEL PARKER, Vice President (HR)
S. K. SINGHAL, Vice President (Project)
K. G. JAIN, Executive Director (Marketing)
R. A. PRABHUDESAI, Executive Director (Finance)

GENERAL MANAGER - LEGAL & COMPANY SECRETARY

R. NARAYANAN

BANKERS

BANK OF INDIA
CENTRAL BANK OF INDIA
STANDARD CHARTERED BANK LIMITED
STATE BANK OF INDIA
BANK OF MAHARASHTRA
THE HONGKONG & SHANGHAI BANKING CORPORATION LIMITED
BANK OF AMERICA
CITIBANK N.A.
HDFC BANK LIMITED

AUDITORS

DALAL & SHAH
Chartered Accountants

INTERNAL & OPERATIONAL AUDITORS

MAHAJAN & AIBARA
Chartered Accountants

REGISTERED OFFICE

Plot No. 156/H. No. 2, Village Zadgaon
Ratnagiri - 415 612 (Maharashtra)

REGISTRAR AND SHARE TRANSFER AGENT

MCS Limited
Sri Venkatesh Bhavan
Plot No. 27, Road No. 11, MIDC, Andheri (East)
Mumbai 400 093



REPORT OF THE DIRECTORS

TO

THE MEMBERS

Your Directors have pleasure in placing before you their 79th Annual Report and Accounts for the year ended March 31, 2004.

OPERATIONAL OVERVIEW

During the year under review the increasing cost of inputs, sluggish domestic demand and highly competitive international market had a dampening effect on the overall performance. Despite stagnant domestic market and fierce competition in the overseas market, the Board considers the all round performance of the Company during the year under review satisfactory.

The gross turnover was higher by 7.34 % at Rs. 1091.53 crores (Rs.1016.87 crores). Profit before tax and exceptional items was higher by 39.59 % at Rs. 183.13 crores (Rs.131.19 crores). Net profit, after provision for prior year adjustments, income and wealth taxes, was higher by 46.48 % at Rs.132.29 crores (Rs.90.25 crores).

APPROPRIATIONS

An amount of Rs. 2.50 crores (Rs. 3.75 crores) is credited to the Debenture Redemption Reserve and Rs. 60 crores (Rs. 67 crores) is credited to the General Reserves. Out of the amount available for appropriation, your Directors recommend a dividend of 55 % (45 %) on Equity Shares. The dividend tax on the proposed dividend will be Rs.4.33 crores (Rs. 3.54 crores).

PERFORMANCE OF DIVISIONS

Textile Division -

Despite spiralling wool prices and difficult conditions in the international market, the Division continued to be on the growth path both in terms of volume as well as overall revenue while maintaining healthy bottomline. Exports were adversely affected owing to severe price competition and difficult market conditions.

With the expected removal of quotas effective January 1, 2005 and removal and/or closure of capacities in the developed countries, there is a significant opportunity of exporting fabric in the form of converted garments. This will help the industry to export higher volume and also export products where value addition is higher. To take benefit of these opportunities, the Company is setting up a new plant to manufacture suits and trousers at Bangalore through its subsidiary to be able to provide conversion facilities for its fabric into garments for its customers.

Files and Tools Division -

The Division continues to remain market leader in files segment in the domestic market and one of the largest producers of files in the world. The overall performance of the Division was satisfactory.

Denim Division -

The Division turned out satisfactory results. The enhanced production capacity of 20 million metres became fully operational during the last quarter of the year under review. The effect of the increased production capacity will be reflected in the current year.

Thermal Captive Power Plant, commissioned during the last quarter, will assure availability of uninterrupted cost effective power supply.

FINANCE AND ACCOUNTS

The observations made by the Auditors in their Report has been clarified in the relevant notes forming part of the Accounts, which are self explanatory.

AWARDS

Textile Division received the following awards during the year :

National Energy Conservation Awards by Ministry of Power, Government of India in recognition of the achievements in Energy Conservation in the Textile Sector for the year 2003 to Thane and Chhindwara Plants.

Excellent Export Performance Award during the year 2002-2003 by Thane Manufacturers' Association, Thane.

Excellent Industrial Safety Performance Award during the year 2002 by Directorate of Industrial Safety & Health, Thane and Thane Manufacturers' Association, Thane.

J. K. Files and Tools Division was awarded by Engineering Export Promotion Council the 'TOP EXPORTERS TROPHY' in recognition of the Division's outstanding contribution to engineering exports during the year 2000-01 in the category of merchant exporters.

EXPORTS

Aggregate exports of all Divisions rose by 18.75 % at Rs. 228.62 crores (Rs.192.53 crores).

CONSOLIDATED ACCOUNTS

In accordance with the requirements of Accounting Standard AS-21 prescribed by The Institute of Chartered Accountants of India, the Consolidated Accounts of the Company and its subsidiaries is annexed to this Report.



SUBSIDIARIES

Domestic

Raymond Apparel Limited

In the competitive market scenario with the presence of local as well as international brands, the Company has maintained sales at the same level as in the previous year. The gross turnover of the Company for the year was marginally lower at Rs.15071.64 lakhs (Rs.15075.70 lakhs). Profit before tax and depreciation was Rs. 494.66 lakhs (Rs.297.45 lakhs excluding capital gain of Rs.598.96 lakhs). Profit after tax was Rs.221.69 lakhs as against Rs.647.11 lakhs. The Company is expected to grow with new range of products and garment styles in different categories, with appropriate thrust to product development and development of new categories of products to achieve the desired growth.

Hindustan Files Limited

The Company incurred a loss of Rs. 313.02 lakhs (Loss of Rs. 251.22 lakhs) during the year under review. The margins remained under pressure during the year under review due to rising prices of major inputs like steel, fuel, and electricity and lower sales realisation. Steps are being taken by the Company to improve its performance in the coming years, to maintain its cost competitiveness, improving the productivity levels as well as reducing costs.

The accumulated losses of the Company as at March 31, 2004 was Rs.661.76 lakhs, exceeding its entire net worth of Rs. 377.01 lakhs thus rendering the Company to a status of 'Sick Industrial Company' within the meaning of Section 3 (o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). The Company is taking necessary steps to make a reference to BIFR pursuant to Section 15 of SICA.

Colorplus Fashions Limited

The gross turnover of the Company was higher by 18.76% at Rs. 7829.68 lakhs (Rs. 6592.68 lakhs). Profit before tax was higher by 58.41 % at Rs.1800.78 lakhs (Rs.1136.77 lakhs). Profit after tax was higher by 55.93 % at Rs.1322.26 lakhs (Rs. 847.96 lakhs).

The Company made rapid strides in achieving a significant improvement in market share as well as performance over the previous year. Colorplus is the only brand, which has posted a significant growth during the year under review in the premium men's ready-to-wear segment.

Everblue Apparel Limited (formerly known as Raymond Infotech Limited) incurred a loss of Rs. 15.48 lakhs (Loss of Rs. 1.81 lakhs) during the year under review. The Company has embarked upon new business as manufacturers of and dealers in denimwear in view of the opportunities arising as a result of expected abolition of textile quotas from January 1, 2005. The Company proposes to set up a facility for manufacture of denimwear at Bangalore. The project is estimated to cost Rs. 44 crores and expected to go on stream by May 2005.

Silver Spark Apparel Limited (formerly known as Raymond Technology Solutions Limited) incurred a loss of Rs. 15.57 lakhs (Loss of Rs.3,000) during the year under review. The Company has embarked upon new business as manufacturers of suits and formal trousers to encash opportunities arising as a result of expected abolition of textile quotas. The Company is setting up facility for manufacture of suits and formal trousers at Bangalore at an estimated cost of Rs. 40 crores to be implemented in two phases. The first phase will become operational by September 2004 and the second phase by September 2005.

Plugin Sales Limited which became a subsidiary of the Company with effect from April 3, 2003 is engaged in retail marketing of consumer durable. The Company incurred a loss of Rs. 439.15 lakhs (Loss of Rs. 5.48 lakhs) during the year under review.

Pashmina Holdings Limited incurred a loss of Rs. 2.06 lakhs (Loss of Rs. 6.39 lakhs).

Overseas

Jaykayorg AG fared well and made a net profit of SFr. 84,979 (SFr. 151,039) for the year ended December 31, 2003.

J. K. (England) Limited made a net profit of Pound Sterling 26,764 (Pound Sterling 49,136) for the year ended December 31, 2003.

Regency Texteis Portuguesa Limitada, Portugal made a net loss of Euros 1,35,479 (Profit after tax of Euros 26,983) for the year ended December 31, 2003.

Textiles Regency S. L., Spain incurred a loss of Euros 71,377 (Loss of Euros 46,488) for the year ended December 31, 2003.

VOLUNTARY DELISTING OF THE COMPANY'S EQUITY SHARES FROM THE STOCK EXCHANGES AT DELHI AND KANPUR

Consequent upon the approval of the shareholders at the last Annual General Meeting held on June 11, 2003 and in pursuance of the delisting guidelines issued by SEBI, the equity shares of the Company were delisted from the Stock Exchanges at Delhi and Kanpur with effect from October 23, 2003 and September 26, 2003 respectively. The delisting will not adversely affect the shareholders of the Company as the equity shares continue to be listed on The Stock Exchange, Mumbai and National Stock Exchange.

CORPORATE GOVERNANCE

Your Company attaches considerable significance to good Corporate Governance as an important step towards building investor confidence, improve investors' protection and maximise long term shareholder value. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a compliance report on Corporate Governance has been annexed as part of the Annual Report.



DIRECTORS

At the meeting of the Board of Directors of the Company held on May 6, 2004, Shri Gautam Hari Singhania was reappointed Chairman and Managing Director of the Company for a period of five years from July 1, 2004 to June 30, 2009, subject to the approval of the shareholders at the ensuing Annual General Meeting.

Shri B. K. Kedia, Shri Nana Chudasama, and Shri B. V. Bhargava retire by rotation and, being eligible, offer themselves for reappointment. Appropriate resolutions for the reappointment/appointment of the aforesaid Directors are being moved at the ensuing Annual General Meeting, which the Board commend for your approval.

Shri Akshay Singhania resigned from the Board of Directors of the Company with effect from October 22, 2003. The Board places on record its appreciation of the services rendered by Shri Akshay Singhania during his tenure of office.

AUDITORS

Messrs. Dalal & Shah, Chartered Accountants, Statutory Auditors, retire and are eligible for reappointment. You are requested to appoint Auditors.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that :

- (i) in the preparation of the Annual Accounts, the applicable accounting standards had been followed;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors had prepared the annual accounts on a going concern basis.

STATUTORY INFORMATION

Information pursuant to sub-section 1 (e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure 1 to this Report.

The particulars of employees, as required under Section 217 (2A) of the Companies Act, 1956, are given in a separate Annexure to this Report. This Annexure is not being sent alongwith this Report to the members of the Company in line with the provisions of Section 219 (1) (b) (iv) of the said Act. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company. None of the employees listed in the said Annexure is a relative of any Director of the Company except for Dr. Vijaypat Singhania, Shri Gautam Hari Singhania, Shri Akshay Singhania and Shri Anant Singhania who are related to each other. None of the employees hold (by himself or alongwith his spouse and dependent children) more than two percent of the equity shares of the Company.

The Company has been exempted by the Central Government vide their letter no. 47/86/2003-CL-III dated April 30, 2004 under Section 212 (8) of the Companies Act, 1956 from attaching a copy of the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and the Report of the Auditors of the subsidiary companies and approval of the Central Government is awaited for similar exemption in respect of one subsidiary. However, pursuant to Accounting Standard 21 issued by The Institute of Chartered Accountants of India, Consolidated Financial Statements presented by the Company includes the financial information of the subsidiaries. The Company will make available these documents/details upon request by any member of the Company and its subsidiaries interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept for inspection by any member at the registered offices of the Company and its subsidiary companies.

Deposits of Rs. 27.14 lakhs from 286 depositors which fell due for repayment before the close of the financial year remained unclaimed by the depositors as on March 31, 2004 and of these, deposits of Rs. 1.44 lakhs from 14 depositors were subsequently repaid, leaving a balance of Rs. 25.70 lakhs from 272 depositors unclaimed upto the date of this Report.

APPRECIATION

Your Directors express their warm appreciation to all the employees at various Units for their diligence and contribution.

For and on behalf of the Board

Gautam Hari Singhania
Chairman and Managing Director

Mumbai, May 6, 2004
(figures in brackets pertain to 2002-2003)



ANNEXURE (1) TO THE DIRECTORS' REPORT

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. Conservation of Energy :

The Company has given utmost importance to Energy Conservation by adopting the most modern technology and has implemented many energy conservation measures through Small Group Activities and Suggestions Scheme. The Company has always given top priority for minimisation of energy consumption by putting continuous efforts towards optimisation of operating and processing parameters, upgradation of plant equipments, improving power factor, energy audits, etc. In most of the plants, the Company has achieved the power factor near unity. Thane unit of Textile Division has received first prize for National Energy Conservation Award from Ministry of Power, Government of India, for consecutive three years 2000, 2001 and 2002. The Company's Textile Division at Thane and Chhindwara have received Certificate of Merit in National Energy Conservation Award from Ministry of Power, Government of India, for the year 2003. Some of the measures, which have contributed towards energy savings are:

- 1) Inter-locking of blowers with machines and installation of variable frequency drive in Humidification Plants.
- 2) Installation of energy efficient atomisers instead of conventional nozzles.
- 3) Installation of converter on TFO spinning machines.
- 4) Replacement of air washer blower of Spinning Department with energy efficient blower.
- 5) Replacement of old transformer with energy efficient transformer.

B. Technology Absorption :

(a) Research and Development (R & D) :

The R&D Department of Textile Division continues to develop new products and finishes for the market. All wool, light weight, fine count suiting based on Superfine 210's Wool was produced during the year. Travel friendly easy care 'wool/polyester' blended fabric was introduced during the year. In addition to the above, many new fine qualities of fabric were successfully developed.

The Files & Tools Division has developed new machines for Cabinet Rasp Files for higher productivity and automation for Triangular Files. The Division has also introduced Granite Drills. Continuous product and process development activities are carried out by the Division.

The Denim Division has developed new yarn having same thickness but with different structure achieved by varying the length, thickness of slubs to produce new look Denims called 'Multi-Count-Multi-Twist' (MCMT) Denims. Denims with different types of surface coatings are under development.

(b) Technology Absorption, Adaptation and innovation :

The Textile Division has adopted latest technology like Automation and Computerisation of Dyeing Department and dosing of chemicals in Rope Washing. It has also installed Oil Free Stenter Chain.

The Files & Tools Division has achieved the bench mark of best File manufacturers for 6R/T Chainsaw Files, Plasticut Files, etc. resulting into market growth.

The Denim Division has installed the state of art dyeing machinery and Auto Pilot Dosing System. The new indigo dyeing range has online monitoring and correction of "pH" by injecting precise quantity of chemicals. 'Pre-reduced Indigo' in liquid form would help to produce consistent shades over long runs, reduce chemical cost and is more eco-friendly. A new software solution is being tested to get 'Optimum Mix' of cottons with different parameters to get lowest mixing cost.

C. Foreign Exchange Earnings and Outgo :

As for exports of Textile Division, recession in key market continues to haunt export growth, coupled with the entry of China into the Global market in a big way with strategically low prices. Exports to Europe has more than doubled and to West Asia showed a growth of 20% over the previous year. The Division has plans to focus on selective major customers in North America, Europe and Japan and hope to have substantial growth in the coming years. Two new Retail outlets have been opened during the year i.e. one in Qatar and another in Bangladesh, making the total overseas retail outlets to twenty.

The Files & Tools Division export sales recorded an increase of around 7% over previous year despite lower realisation due to strengthening of the rupee. Files sales recorded growth of around 8% in value and 20% in volume over the previous year. The drills export was marginally down due to major competition from China. In the year under review, the Division developed new markets like Brazil, Turkey etc. The Division plans to improve its presence in international market by leveraging its strong brand image. The new markets like China, CIS countries are being explored further for expanding our international markets.

The Denim Division exports leapfrogged by 71% in value terms to Rs.96 crores and by 73% in volume terms to 8.8 million metres driven by capacity expansion and wider acceptance by discerning overseas customers. Some of the new styles have been nominated by GAP and the Division has also penetrated new markets like Poland and Columbia besides increased presence in Bangladesh and Turkey.

The particulars regarding foreign exchange earnings and outgo are given in Schedule 17 - Notes forming part of the Accounts at Note Nos. 11, 12 and 13.



Form 'A'
(Forming part of Annexure (1))

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION

	Purchased		Own generation (through Diesel Generator/ Steam Turbine)	
	Current Year	Previous Year	Current Year	Previous Year
1. Electricity				
a) Total units (KWH in thousands)				
Textile	91530	91832	13872	16063
Files & Tools	19963	18639	102	245
Denim	26032	24774	* 8357	1618
b) Total Amount (Rupees in lacs)				
Textile	3511.48	3598.25	854.93	861.86
Files & Tools	803.61	773.58	6.65	16.46
Denim	883.52	842.43	287.96	112.45
c) Units/per Litre of Diesel Oil				
Textile	—	—	3.63	3.76
Files & Tools	—	—	3.34	2.27
Denim	—	—	3.40	3.56
d) Units/per Kg. of Coal				
Denim	—	—	0.59	—
e) Cost per unit (Rs.)				
Textile	3.84	3.92	6.16	5.37
Files & Tools	4.03	4.15	6.52	6.72
Denim	3.39	3.40	3.45	6.95

* 66.86 lac KWH units generated through steam turbine.

		Total Quantity	Total Cost Rs. Lacs	Average Rate per Unit Rupees
2. Coal (M.T.)				
a) Textile Division	Current Year Previous Year	20582.81 21247.00	297.10 300.82	1443.44 1415.82
b) Denim Division	Current Year Previous Year	21701.00 8611.00	342.13 128.54	1576.56 1492.70
3. Furnace Oil (Lac Litres)				
a) Textile Division	Current Year Previous Year	64.18 73.07	824.69 839.00	12.85 11.48
b) Files Division	Current Year Previous Year	3.71 4.24	42.74 50.29	11.52 11.86
c) Denim Division	Current Year Previous Year	0.25 —	3.02 —	12.18 —
4. Diesel Oil (Lac Litres)				
a) Textile Division	Current Year Previous Year	38.19 42.74	657.89 680.16	17.23 15.91
b) Files & Tools Division	Current Year Previous Year	3.96 5.56	74.50 84.73	18.80 15.24
c) Denim Division	Current Year Previous Year	4.91 4.54	119.83 84.34	24.41 18.58
5. LPG (Kgs.)				
a) Textile Division	Current Year Previous Year	71205.00 43665.00	20.36 11.98	28.59 27.44
b) Files & Tools Division	Current Year Previous Year	140416.00 137655.00	44.40 38.53	31.62 27.99
c) Denim Division	Current Year Previous Year	60970.00 43571.00	21.34 15.25	35.00 35.00

B. CONSUMPTION PER UNIT OF PRODUCTION

	Unit	Standard (if any)	Current Year	Previous Year
1. Electricity				
a) Fabrics	KWH/Metre	—	4.67	5.01
b) Engineers' Steel Files	KWH/Piece	—	0.33	0.35
c) Denim	KWH/Metre	—	2.08	2.08



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

During the year under review the increasing cost of inputs, sluggish domestic demand and highly competitive international market had a dampening effect on the overall performance. Despite stagnant domestic market and fierce competition in the overseas market, the Board considers the all round performance of the Company during the year under review satisfactory.

The gross turnover was higher by 7.34 % at Rs. 1091.53 crores (Rs.1016.87 crores). Profit before tax and exceptional items was higher by 39.59 % at Rs. 183.13 crores (Rs.131.19 crores). Net profit, after provision for prior year adjustments, income and wealth taxes, was higher by 46.58 % at Rs. 132.29 crores (Rs.90.25 crores).

SEGMENT ANALYSIS AND REVIEW

The key business segments of the Company are Textile, Denim and Files & Tools Divisions.

A. TEXTILE DIVISION

Industry Outlook

Industrial scenario in the Textile Sector remained unchanged during the year under review with stagnant domestic market and fierce competition in the international market. The Division is, however, confident of sustained growth through a series of initiatives in the areas of product development, technological upgradation and strengthening of distribution network.

Opportunities and Threats

With the expected removal of quotas effective January 1, 2005 and removal and/or closure of capacities in the developed countries, there is a significant opportunity of exporting fabric in the form of converted garments. This will help the industry to export higher volume and also export products where value addition is higher. To take benefit of these opportunities, the Company is setting up a new plant to manufacture suits and trousers at Bangalore through its subsidiary to be able to provide conversion facilities for its fabric into garments for its customers.

Lowering of import duties on raw wool and textile machinery is a welcome step and will go a long way in reducing overall burden on Textile Sector. However, inflow of spurious fabric material with counterfeit, fake and misleading selvedge descriptions, if not stopped immediately, can become a big threat to the domestic market. Strengthening of the rupee is also impacting export realisation.

Performance Highlights

Despite spiraling wool prices and difficult conditions in the international market, the Division continued to be on the growth path both in terms of volume as well as overall revenue while maintaining healthy bottom line.

Market Share and Distribution

Continued revamping and widening of distribution network helped the Division in garnering greater market share both at home and neighbouring countries.

Retail Network

Raymond Retail Shops network, already representing largest retailing space under any single brand, crossed the 300 mark (20 overseas) during the year under review. In addition, ambitious plans have been drawn up to ensure brand's presence in select Malls coming up in and around major towns.

Overseas Market

Exports were adversely affected, declining from Rs.74.68 crores to Rs.63.86 crores owing to severe price competition in the market place. The Division received Export Excellence Award from Thane Manufacturers' Association for the year 2002-03.

With the opening of new international markets and wider customer base and ability of the Company to provide garments to its customers, export volume is expected to record healthy growth during the current year. However, export realisations are likely to be under pressure on account of strengthening rupee.

Product Development

As a result of consistent product development efforts, various new innovative blends were introduced, major highlights of which were:

- 'Applause' : Wool Rich, Home Washable Fabric;
- 'Gold Leaf' : Capes Wool, Camel Hair and Super 100s Merino Wool Premium Jacketing;
- 'Lorenzo' : Premium Safari Collection in altogether new combination of Modal with Wool and Polyester;
- 'Fusion' : Tropical Collection in linen and other comfort blends.

Limited editions of 'Super 210s' Wool suit-lengths were also launched in the Super Premium Category, Raymond being the only manufacturer of this category in India and among only two other manufacturers in the world.

During the current year new introductions ranging from high-performance fabric to extra-fine wool blends have been planned.

Raw Material

Wool prices which remained all time high during the year under review, showed a declining trend in the last quarter inching towards stabilisation in short term awaiting new clip.

Prices of man-made fibres, are likely to stay within the narrow price band.



Modernisation and Internal Control Systems

Capital Expenditure of Rs.13.91 crores was incurred during the year towards on-going modernisation and upgradation of technical facilities in all the three plants of the Division at Thane, Chhindwara and Jalgaon.

Major modernisation is on the anvil with a capital outlay exceeding Rs.120 crores, including cost of setting up a coal-based 10 MW captive power plant at Chhindwara.

Thane plant was awarded a certificate jointly by Directorate of Industrial Safety & Health and Thane Manufacturers' Association for 'Excellent Industrial Safety Performance' for the year 2002.

With Chhindwara and Jalgaon plants having obtained ISO 9001-2000 certification from Det Norske Veritas (DNV) of Netherlands during the year, all the plants of the Division are now ISO 9001-2000 certified.

Thane and Chhindwara plants were awarded commendation certificate by the Ministry of Power, Government of India, in appreciation of the efforts in Energy Conservation in the Textile Sector for the year 2003 after having won various awards in this endeavour during the past three consecutive years.

Highlights

Particulars	2003-04	2002-03
Production (Lac Meters) Suiting Fabric	241.04	232.04
Sales (Lac Meters) Suiting Fabric	240.47	233.28
Sales & Services (Rs. Crores) (Including export incentives)	779.40	746.50

B. DENIM DIVISION

Industry Outlook, Opportunities and Threats

International Denim market, which was sluggish during the year under review, owing to the wild fluctuations in Euro-Dollar parity, is currently showing improvement, particularly in Europe.

The restructuring of the denim industry worldwide continued during 2003-04 with further reduction in effective capacities in North America and Mexico, increase in Asia, particularly in India, China and Pakistan. There is slight imbalance and uncertainty in the market scenario of new demand supply equations, particularly in the WTO regime post January 2005.

Cotton price rise continued unabated during 2003-04, primarily due to the record 'China imports' factor. The Division, which is a net export earner, has taken steps to mitigate to some extent the impact of increase in cotton price and depreciating U.S. dollar by further enrichment of product mix, timely judicious sourcing from international and domestic sources and mixing varieties of cotton optimally. The Company has been nominated by major brands as a source for denim.

Performance and Review of Operations

The Division turned out satisfactory results. The enhanced production capacity of 20 million metres became fully operational during the last quarter of the year under review. The effect of the increased production capacity will be reflected in the current year.

Thermal Captive Power Plant, commissioned during the last quarter, will assure availability of uninterrupted cost effective power supply.

Highlights

Particulars	2003-04	2002-03
Production (Lac Metres)	175.61	127.11
Sales Volume (Lac Metres)	173.92	123.89
Sales (incl. Export Incentives) (Rs. Crores)	194.66	136.62

C. FILES & TOOLS DIVISION

The Division is engaged in manufacture and marketing of Steel Files and HSS Cutting Tools, comprising mainly of Drills.

Industry Outlook

With high level of automation, the usage of files in industrial sectors in developing countries is coming down. The growth rate of files business globally is almost stagnant. But there is scope for Division to improve its presence in the vast international market by leveraging strong brand image. Considering the worldwide recessionary trend and continuous slide in U.S. dollar-rupee parity in the year under review, the overall performance of the Division is satisfactory.



Opportunities and Threats

Margins are likely to be under pressure in the current year owing to steep rise in cost of major inputs like steel, fuel, power and labour. In addition, cheap imports, sporadic presence of spurious goods in the market, reduction in DEPB rates may have further impact on margins. The Division is taking all round steps to counter the rising input cost and domestic competition through cost reduction, rationalisation of products and distribution channels, judicious inventory management and research & development. By leveraging the strong brand in international market, the Division has embarked upon development of export market in China and CISR countries.

Performance and Review of Operations

The Division continues to remain market leader in files segment in the domestic market and one of the largest producers of files in the world. The overall performance of the Division was satisfactory. The domestic sales of files has gone up marginally, whereas drill sales recorded an increase of around 11% in volume as compared to previous year. The Exports recorded an increase of around 7% over previous year despite lower sales realisation.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

Industrial relations remained cordial in all the plants without any disruption of manufacturing activities.

CAUTIONARY STATEMENT

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

