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ANNUAL REPORT 2006-2007

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The new state-of-the-art textile plant (weaving section) at Vapi, Gujarat



The new state-of-the-art textile plant (spinning section) at Vapi, Gujarat

**NOTICE****82nd ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT THE **EIGHTY SECOND ANNUAL GENERAL MEETING** OF THE MEMBERS OF RAYMOND LIMITED WILL BE HELD ON **MONDAY, JUNE 18, 2007 AT 11.00 A.M.** AT THE REGISTERED OFFICE OF THE COMPANY AT PLOT NO. 156/H. NO.2, VILLAGE ZADGAON, RATNAGIRI 415 612 (MAHARASHTRA) TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Statement of Accounts together with Directors' Report as also the Auditors' Report thereon for the year ended March 31, 2007.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Shri Nana Chudasama, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri B.K. Kedia, who retires by rotation and, being eligible, offers himself for reappointment.
5. To pass with or without modifications, the following Resolution as an Ordinary Resolution but in the event of the provisions of Section 224A of the Companies Act, 1956 becoming applicable to the Company on the date of holding of this meeting, the same will be proposed as a Special Resolution :

"RESOLVED THAT Messrs. Dalal & Shah, Chartered Accountants, be and are hereby reappointed Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration of Rs. 27.50 lakhs plus service tax as applicable and reimbursement of actual travel and other out-of-pocket expenses."

SPECIAL BUSINESS :

To pass with or without modifications, the following resolutions :

As an Ordinary Resolution:

6. "RESOLVED THAT Shri I. D. Agarwal, who was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956 and Article 161 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

As a Special Resolution:

7. "RESOLVED THAT pursuant to the provisions of Sections 198, 309 (4) and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, the consent of the Company be and is hereby accorded to the payment of commission of a sum not exceeding 1% of the annual net profit of the Company computed in accordance with the provisions of Sections 198, 349 and 350 of the said Act, subject to an overall ceiling of Rs. 25 lakhs (Rupees Twenty Five lakhs only) to such Directors of the Company (other than the Chairman and Managing Director and Wholtime Director) in such proportion and manner as may be directed by the Board of Directors, for a period of two (2) years and such payment shall be made in respect of the profits of the Company for the financial years commencing April 1, 2006 to March 31, 2007 and April 1, 2007 to March 31, 2008."

By Order of the Board
For **Raymond Limited**

Registered Office :
Plot No. 156/H. No.2
Village Zadgaon
Ratnagiri 415 612 (Maharashtra)
Dated : April 27, 2007

R. Narayanan
Director – Legal
& Company Secretary



Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Explanatory Statement setting out the material facts concerning Special Business in respect of Item Nos. 6 & 7 of the accompanying Notice as required by Section 173 of the Companies Act, 1956, is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from June 1, 2007 to June 18, 2007 (both days inclusive) in connection with the Annual General Meeting.
5. The dividend as recommended by the Board, if declared at the meeting, will be paid on or after June 19, 2007 to those members whose names appear on the Company's Register of Members on June 18, 2007. In respect of the shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
6. Members are requested to notify immediately any change in their address/bank mandate to their respective Depository Participants (DPs) in respect of their electronic share accounts and to the Registrar and Share Transfer Agent of the Company at Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai – 400 078, Maharashtra in respect of their physical share folios, if any.
7. Dividend for the Financial Year ended March 31, 2000, which remains unpaid or unclaimed, will be due for transfer to the Investor Education and Protection Fund of the Central Government later this year, pursuant to the provisions of Section 205C of the Companies Act, 1956.

Members, who have not yet encashed their dividend warrants for the Financial Year ended March 31, 2000 or any subsequent financial years are requested to lodge their claims with the Company/Intime Spectrum Registry Limited, without delay. Members are advised that no claims shall lie against the said Fund or the Company for the amounts of dividend so transferred to the said Fund.

8. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Intime Spectrum Registry Limited will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company/Intime Spectrum Registry Limited will not entertain any direct request from such members for deletion of/change in such bank details. Further, instructions if any, already given by them in respect of shares held in physical form will not be automatically applicable to the dividend paid on shares in electronic form. Members may, therefore, give instructions regarding bank accounts in which they wish to receive dividend, directly to their Depository Participants.
9. Reappointment of Directors :

At the ensuing Annual General Meeting, Shri Nana Chudasama and Shri B.K. Kedia, retire by rotation and being eligible, offer themselves for reappointment. Pursuant to Clause 49 (VI) (A) of the Listing Agreement relating to the Code of Corporate Governance, the particulars of the aforesaid Directors are given below :

Profile of Directors retiring by rotation :

- a. Shri Nana Chudasama, aged 75 years joined the Board of Directors of the Company on 1st August, 1986. Shri Chudasama is a well known personality in the field of business and social activities. Shri Chudasama is member of Shareholders' Committee and Remuneration Committee of the Company.

The names of Companies in which Shri Chudasama holds other Directorships are as follows :

Name of the Company

Board Position held

SAN Engineering & Locomotive Company Limited	– Director
New Consolidated Construction Company Limited	– Director
The Dukes Retreat Limited	– Director
Mid-Day Multimedia Limited	– Director



Shri Nana Chudasama is not a member of any Committee of the Board in any of the above mentioned companies.

He holds 663 equity shares in the Share Capital of the Company.

- b. Shri B. K. Kedia, aged 79 years and a post graduate in Arts, has participated in the Advance Management Programme (AMP) in Harvard. Shri Kedia was awarded a Certificate of Honour by the Indian Woollen Mills' Federation (IWMF) for his distinguished services to the Indian Woollen Industry. Shri Kedia is the Managing Committee Member of Indian Woollen Mills' Federation, Mumbai and Chairman Emeritus of Wool Research Association.

During his association with the Company for over five decades, Shri B. K. Kedia held various onerous Management and Board positions including that of Wholetime Director and Executive Director. On January 1, 1995 he was appointed as Senior President & Wholetime Director, and later on elevated to the position of Senior President and Joint Managing Director. Since August 1, 2000 Shri Kedia is a Non-Executive Director of the Company. Shri Kedia is the Chairman of the Audit Committee and Member of Remuneration Committee of the Company.

The names of Companies in which Shri B.K.Kedia holds other Directorships are as follows :

<u>Name of the Company</u>	<u>Board Position held</u>
J.K. Investors (Bombay) Limited	– Director
Raymond Apparel Limited	– Director
Pashmina Holdings Limited	– Director
J.K. Helene Curtis Limited	– Director
Hindustan Files Limited	– Director
Everblue Apparel Limited	– Director
Silver Spark Apparel Limited	– Director
J.K. Ansell Limited	– Director
Radha Krshna Films Limited	– Director
J.K. (England) Limited	– Director

Shri B.K. Kedia is not a member of any Committee of the Board in any of the above mentioned companies. He holds 100 equity shares in the Share Capital of the Company.

10. **Profile of Shri I.D. Agarwal – Additional Director proposed to be appointed as a Director:**

Shri I.D. Agarwal, aged 66 years who has been appointed as an Independent Director w.e.f. June 23, 2006, was earlier a Nominee Director of Unit Trust of India on the Board of the Company during October, 2001 to February, 2006.

Shri Agarwal, M.Com. D.S.M., C.A.I.I.B., has 37 years of experience in Banking, Finance & Currency, has undergone professional training with Bank of England (U.K.), Midland Bank (U.K.), Bundesbank (Germany), and Dresdnerbank (Germany). Shri Agarwal, former Executive Director, Reserve Bank of India, was an Advisor to the United Nations and has been the Director of Small Industries Development Bank of India (SIDBI). His other directorship is as under:

<u>Name of the Company</u>	<u>Board Position held</u>	<u>Committee Memberships</u>
Western India Shipyard Limited, Goa	Director	Member - Audit Committee

Shri I.D. Agarwal holds no equity shares in the Share Capital of the Company.

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173 of the Companies Act, 1956 ('the Act').

The following Explanatory Statement relating to Special Business at Item Nos. 6 & 7 of the accompanying Notice sets out all material facts as required under Section 173 of the Act.

Item No. 6

At the meeting of the Board of Directors of the Company held on June 23, 2006, Shri I.D. Agarwal was appointed Additional Director of the Company and holds office of Director upto the date of the ensuing Annual General Meeting in terms of Section 260 of the Act.



Pursuant to Section 257 of the Act, the Company has received a notice, together with requisite deposit, from a member signifying his intention to propose Shri I.D. Agarwal as a candidate for the office of Director of the Company.

The Directors commend the resolution for approval of the members.

Except for Shri I.D. Agarwal, no Director of the Company is concerned or interested in the said Resolution.

Item No. 7

At the Annual General Meeting of the Company held on June 23, 2006, the shareholders had accorded their consent to the Board of Directors of the Company to pay commission not exceeding 1% of the Annual Net Profit of the Company subject to an overall ceiling of Rs.25 lakhs to be paid and distributed amongst Non Wholetime Directors of the Company for the financial year 2005-06.

It is now proposed that the Non Wholetime Directors be paid the same level of commission not exceeding 1% of the Annual Net Profit of the Company subject to overall ceiling of Rs.25 lakhs for further period of two financial years viz. 2006-07 and 2007-08.

The Board commends the Special Resolution set out at Item No.7 of the accompanying Notice.

Shri Gautam Hari Singhania being relative of Dr. Vijaypat Singhania and Shri Anant Singhania, and all the Non-Wholetime Directors of the Company, may be deemed to be concerned or interested in the aforesaid resolution to the extent of the commission that may be received by them.

By Order of the Board
For **Raymond Limited**

Registered Office :
Plot No. 156/H. No.2
Village Zadgaon
Ratnagiri 415 612 (Maharashtra)
Dated : April 27, 2007

R. Narayanan
Director – Legal
& Company Secretary



BOARD OF DIRECTORS

DR. VIJAYPAT SINGHANIA, Chairman Emeritus
 GAUTAM HARI SINGHANIA, Chairman & Managing Director
 B. K. KEDIA
 NANA CHUDASAMA
 ANANT SINGHANIA
 B. V. BHARGAVA
 U. V. RAO
 I. D. AGARWAL (w.e.f. 23-6-2006)
 NABANKUR GUPTA
 P. K. BHANDARI, Wholtime Director & Group President

MANAGEMENT EXECUTIVES

GAUTAM HARI SINGHANIA, Chairman and Managing Director
 P. K. BHANDARI, Wholtime Director and Group President
 ANIRUDDHA DESHMUKH, President – FMCG & Retail
 DEEPAK KHETRAPAL, President – Corporate & Strategic Initiatives
 HARSHAL JAYAVANT, President – Engineering Business
 MARCEL PARKER, President – HR
 ROBERT LOBO, President – Shirting Fabric Business
 SHREYAS JOSHI, President – Group Apparel
 S.K. SINGHAL, President – Textiles
 H. SUNDER, President – Finance, Chief Financial Officer

DIRECTOR – LEGAL & COMPANY SECRETARY

R. NARAYANAN

BANKERS

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

INTIME SPECTRUM REGISTRY LIMITED
 C-13, PANNALAL SILK MILLS COMPOUND, L.B.S MARG,
 BHANDUP (WEST), MUMBAI – 400 078

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REPORT OF THE DIRECTORS

TO THE MEMBERS

Your Directors have pleasure in placing before you their 82nd Annual Report and Accounts for the year ended March 31, 2007.

FINANCIAL HIGHLIGHTS

During the year, the gross turnover, net of returns and discounts was lower by 3% at Rs.1,284.19 crores (including gross sales of the Company's erstwhile denim division only upto July 31, 2006) compared to Rs.1,324.74 crores in the previous year.

Profit before tax, prior period adjustments and exceptional items was Rs.156.98 crores as against Rs.173.65 crores in the previous year.

Net profit, after exceptional items (including surplus on divestment of the denim division - Rs.88.09 crores), prior year adjustments, provision for taxes was higher at Rs.202.12 crores as against Rs.121.00 crores last year.

These results include the results of operations of the denim division only upto July 31, 2006. The division was subsequently combined into a 50:50 joint venture with UCO NV of Belgium. Consequently the results of the current year are not strictly comparable with that of the previous year.

APPROPRIATIONS

An amount of Rs.40 crores (Previous Year: Rs.12.10 crores) is credited to the General Reserves. Out of the amount available for appropriation, your Directors recommend a dividend of 50% (50%) on Equity Shares. The dividend tax on the proposed dividend will be Rs.5.22 crores (Previous Year: Rs.4.30 crores).

PERFORMANCE OF DIVISIONS

Textile Division -

The textile division continued to maintain its market leadership position during the year. With Phases I and II of expansions at the Vapi plant becoming operational, the division reported increased net revenues and profits for the year under review. Sales increased by 14% and Profit before interest and tax by 15%. The domestic fabric sales component increased by 16% with increased network penetration and wider product range. The division's export sales increased by 10%, with export turnover crossing the Rs.100 crores mark to reach Rs.110 crores. Increase in export sales was achieved against stiff international competition. Going forward, with the buoyant demand for worsted fabrics, continued focus on exports, and increased retail penetration through new store openings, the outlook for the current year is encouraging.

Files and Tools Division -

The Division continues to remain the market leader in the domestic files market and the largest producer of files globally. Overall, the performance of the division was satisfactory. Exports of the division have grown by 8%, compared to the previous year. Drill sales was however marginally lower compared to the previous year, primarily due to stiff price competition from local players in domestic market and from low priced Chinese drills in the export market. The Division is considering various global consolidation opportunities and product portfolio expansions, to attain higher growth in its businesses.

FINANCE AND ACCOUNTS

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

JOINT VENTURES

Raymond UCO Denim Private Limited (RUDPL) - Consolidated operations

The Denim business of Raymond Limited was combined with that of UCO NV, Belgium to form a 50:50 joint venture. The joint venture commenced operations from August 1, 2006.

The over-supply situation in the global denim industry witnessed last year continues with capacities increasing in the Asian region.

The Indian operations of the joint venture comprising the fabric and garmenting operations recorded net sales (net of returns and discounts) of Rs.260 crores, including export sales of Rs.136 crores. The loss for the year before tax was Rs. 7.8 crores after accounting for one time costs. The loss after fringe benefit tax and wealth tax was Rs. 8 crores. The fabric division which produces differentiated varieties of denim fabric registered over 90% capacity utilisation. The garmenting operations, with improving efficiencies, is moving up to the medium and high end of the fashion market, in alliance with a washing and finishing consulting company of international repute.

Significant additions to capacity have taken place in India resulting in oversupply and corresponding pricing pressures. However, with wider product range and differentiated products as well as through constant innovation, the Company as a whole continues to cater to the higher end European and US markets and the Indian operations commands a major share of supplies to the premium brands operating in India.

The European operations has been facing lackluster demand in the European market, resulting in lower capacity utilisation and consequent losses. Though the main markets, Germany and France performed rather well, Spain and UK which are price sensitive markets were under intense pressure. The focus is now on creating new product ranges for customers and the new collection has been well received. The low cost Romanian facility of the joint venture commenced operations in January 2007. Positive factors to look forward to the future are the progress on product innovation, the start up of the low cost Romanian facility and the pick up in the Euro economy.

The US operations too faced sluggish markets in the US, with production and sales at low levels resulting in losses. The objective for the coming year is to restore volumes in the fashion markets with product innovations.



The consolidated operations of RUDPL for the period ended March 31, 2007 had sales (including export incentives) of Rs.510.75 crores and incurred a loss after tax of Rs.59.88 crores.

Raymond Zambaiti Private Limited

The Company, a 50:50 joint venture with reputed Italian manufacturer, Cotonificio Honegger, aimed at manufacturing fine cotton shirting fabric for premium international customers and domestic brands has come up on stream during the year. The Company's state-of-the-art production facilities at Kagal, Kolhapur commenced commercial production on October 1, 2006. Its products have been well accepted in the international as well as in the domestic markets.

The net sales (net of excise) of the Company was Rs.31.69 crores (Previous Year: Rs.Nil). The Company incurred a loss after tax of Rs.9.96 crores (Previous Year: Rs.0.75 crore) primarily due to trial production related expenditure and gradual ramp up of capacity utilisation during the year under review.

The Company's outlook for the current year is encouraging with interest shown by well reputed global and domestic garment brands to source the Company's fabrics for their products.

Raymond Fedora Private Limited

The Company, a 50:50 joint venture with Lanificio Fedora S.p.A. Italy, to manufacture, sell and distribute woollen fabrics including blankets and shawls has recorded net sales of Rs.22.89 crores (Previous Year: Rs.12.28 crores) for the year under review and has incurred a loss after tax of Rs.14.05 crores (Previous Year: loss of Rs.2.01 crores). The Company has commenced exports of woollen fabrics. In spite of stiff competition in the international market, with improved marketing efforts and stabilisation of the production process, the prospects of a positive impact on the current year working of the Company look promising.

Gas Apparel Private Limited

The Company, a 50:50 joint venture with Grotto S.p.A. of Italy, the owner of the internationally renowned "Gas" brand, has been set up during the third quarter of the year, to sell casual apparel and accessories. The "Gas" brand would provide quality, versatile fashion and a lifestyle image to a young cosmopolitan, international and trend conscious customer profile. The brand has been launched in New Delhi and Mumbai as part of the first phase.

Raymond Europe S.R.L.

The Company has, with a view to providing world class design inputs to the apparel brands of its subsidiaries, Raymond Apparel Limited and Colorplus Fashions Limited, set up a new design studio in Italy in joint venture with Cotonificio Honegger, Italy in September 2006. The design studio's continuous input has helped our brands to evolve in line with international fashion trends. For the period ended March 31, 2007 the Company earned a profit after tax of Rs 4.35 lakhs.

AWARDS

Textiles Division received the following awards during the year:

- Chhindwara unit received the National Safety Award from the Ministry of Labour and Employment, Government of India for outstanding performance in Industrial Safety during the Award year 2005 in achieving "accident free year".
- Thane unit received the first prize – State Level Award for Excellence in Energy Conservation and Management from the Maharashtra Energy Development Agency in the Textile sector for the year 2005.

Files and Tools Division received the following awards during the year:

- Star Performers in Product Group for 2004-05 – Silver Shield by Engineering Export Promotion Council in recognition of the Division achieving outstanding exports amongst the Medium Enterprises – Hand Tools category for the year 2004-05.
- International Trade Awards 2006-07 from CNBC TV18 as outstanding Exporter of the year in Engineering and Machine Tools category.

EXPORTS

Aggregate exports of all Divisions (including the erstwhile denim division upto July 31, 2006) was Rs. 255 crores (Previous Year: Rs.310.72 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

The gross turnover, net of discounts of the Company was higher by 24% at Rs. 237.09 crores (Previous Year: Rs. 189.84 crores). Profit after tax was lower at Rs. 10.54 crores (Previous Year: Rs. 14.86 crores) mainly due to costs of setting up own retail network.

During the year under review, with a view to broaden the premium profile of its brands and provide a unique shopping experience to customers, the Company continued with its retail thrust through new store openings. With the increased retail penetration and emphasis on product innovation, the Company's Brands – "Park Avenue", "Parx", "Manzoni" have attained leadership positions in their respective segments.

With the objective of broadening its product offering further, the Company launched "ZAPPI" a premium range brand in kids' wear during the course of the year, for which exclusive brand stores were opened. The Company also launched a new brand "Notting Hill", to cater to the popular price segment of the market. Aiding in this foray has been the group's design studio in Italy which provides it with an international edge.

With the Company's focus on exclusive, Company owned, high quality retail stores, separate dedicated teams for all distribution channels, extensions of existing brands and new brand launches, coupled with an industry wide explosion in new retail format stores, the future outlook is positive.



Colorplus Fashions Limited

The gross turnover of the Company was higher at Rs.120.94 crores (Previous Year: Rs.101.88 crores). Net profit after taxes, was Rs.13.13 crores (Previous Year: Rs.16.90 crores), mainly due to costs incurred for setting up infrastructure for design, product development and expansion of own retail network.

The Company constantly endeavours to achieve high visibility and retail thrust. During the year, the Company maintained its leadership position through a number of innovative features in production, warehousing and marketing processes apart from products. The Company continues to endeavour to maintain its leadership position in premium casual wear segment. A range of men's accessories has also been introduced, and its design studio in Chennai has been strengthened further. The Company also invested in the share capital of Gas Apparel Private Limited during the year.

Silver Spark Apparel Limited

The gross turnover of the Company was Rs.72.59 crores (Previous Year: Rs.55.60 crores). The Company achieved net profit after tax of Rs.2.65 crores (Previous Year: Loss Rs.4.80 crores) during the year under review.

The Company is exporting its products to reputed international Brands, against repeat orders, demonstrating their acceptance of the quality and service levels offered. The Company has also been imparting continuous operator training to improve efficiencies and quality standards. During the year, the Company installed another jacket line and is in the process of further expanding its jacket capacity as well as setting up Made-to-Measure facilities.

Everblue Apparel Limited

The Company incurred a loss of Rs.5.49 crores (Previous Year: Loss of Rs.11.96 crores) during the year under review.

On August 8, 2006, 'Raymond UCO Denim Private Limited' entered into a Conducting Agreement with the Company, under which the Company's facilities are being used by Raymond UCO Denim Private Limited for manufacture of denim wear on a conducting basis for a fee. After initial teething problems, operations are now stabilising and production efficiencies improving.

Celebrations Apparel Limited

The gross turnover of the Company was Rs.5.27 crores (Previous Year: Rs.1.09 crore). The Company incurred a loss of Rs.0.91 crore (Previous Year: Loss of Rs.1.51 crore).

During the year under review, the Company focused on imparting training to operators, obtaining manufacturing consistency and operational efficiencies. The Company has met the quality standards set by reputed national brands. The Company has increased its shirt manufacturing capacity from 2,000 shirts to 3,000 shirts per day.

Hindustan Files Limited

The net sales (net of excise) of the Company was higher at Rs. 27.69 crores (Previous Year: Rs.22.77 crores). Profit after Tax was Rs. 2.44 crores (Previous Year: Rs.1.57 crore). Due to its networth becoming positive during the year, the Company ceased to be a sick industrial company under the SICA, in terms of the order passed by the BIFR.

The satisfactory performance of the Company during the year under review was achieved against the backdrop of higher input costs, primarily steel. This was achieved through improved cost efficiencies.

JK Talabot Limited

The Company's facility to manufacture files and rasps at Chiplun in Ratnagiri District, Maharashtra, was erected with machinery imported from MOB Outillage SA, France. The production process, which commenced during the second half of the period under review, has since stabilised. The Company incurred a loss after tax of Rs.2.73 crores (Previous Year: Loss of Rs.0.95 crore) during the period under review. With increased capacity utilisation during the current year, the performance is expected to improve.

Scissors Engineering Products Limited

The Company incurred a loss of Rs.0.45 lakh (Previous Year: loss of Rs.26.09 lakhs) during the period under review.

Ring Plus Aqua Limited

The net sales (net of excise) of the Company was higher by 3% at Rs.72.05 crores (Previous Year: Rs.69.66 crores). Net profit after tax was higher at Rs.7.22 crores (Previous Year: Rs.5.30 crores).

The performance of the Starter Gear Division remained steady during the year under review. The sales of gears increased to 13.92 lakhs nos. (Previous Year: 12.97 lakhs nos.), valued at Rs.41.59 crores (Previous Year: Rs.41.70 crores). The performance of Shaft Bearings Division improved during the year under review with a sale of 21.8 lakhs nos. (Previous Year: 19.76 lakhs nos.) valued at Rs.23.96 crores (Previous Year: Rs.21.89 crores). Export constituted 59% of the total sales for both divisions.

The Company has been able to expand its customer base through offering cost effective products and superior service levels.

The Company entered into a joint venture with AJ Rose Manufacturing Company, USA in December 2006 called Rose Preci-Form Private Limited for manufacture of sheet metal components. The project execution is proceeding as per plan. The expansion project of ring gears is also progressing as per schedule.

Pashmina Holdings Limited

During the year under review the Company incurred a loss of Rs.2.09 lakhs (Previous Year: Profit of Rs.55.11 lakhs).

Overseas

Jaykayorg AG incurred a loss of CHF 714,450 (Previous Year: Loss of CHF 103,539) for the year ended December 31, 2006.

J K (England) Limited recorded a profit of Pound Sterling 13,374 (Previous Year: Loss of Pound Sterling 7,282) for the year ended December 31, 2006.

Regency Texteis Portuguesa Limitada, Portugal earned a profit of Euros 11.444,17 (Previous Year: Loss of Euros 64.884,08) for the year ended December 31, 2006.