



The Raymond Shop at Warden Road

## ANNUAL REPORT 2011-2012





The Raymond Shop  
at Warden Road

**CHAIRMAN EMERITUS :** DR. VIJAYPAT SINGHANIA

## **BOARD OF DIRECTORS**

GAUTAM HARI SINGHANIA, Chairman and Managing Director

DR. VIJAYPAT SINGHANIA, Chairman Emeritus

I. D. AGARWAL

NABANKUR GUPTA

P. K. BHANDARI

SHAILESH V. HARIBHAKTI

PRADEEP GUHA

AKSHAY CHUDASAMA

BOMAN R. IRANI

H. SUNDER, Whole-time Director (w.e.f. 29.07.2011)

## **MANAGEMENT EXECUTIVES**

GAUTAM HARI SINGHANIA, Chairman and Managing Director

H. SUNDER, President – Finance & CFO, Whole-time Director

ANIRUDDHA DESHMUKH, President – Textiles & FMCG

HARSHAL JAYAVANT, President – Engineering Business

K. A. NARAYAN, President – HR

RAKESH PANDEY, President – Retail & Business Development

ROBERT LOBO, President (Operations) – Group Apparel

SHREYAS JOSHI, President – Group Apparel

S.L. POKHARNA, President – Commercial

## **DIRECTOR – SECRETARIAL & COMPANY SECRETARY**

THOMAS FERNANDES

## **BANKERS**

BANK OF INDIA

BANK OF MAHARASHTRA

CENTRAL BANK OF INDIA

CITIBANK N. A.

HDFC BANK LIMITED

IDBI BANK LIMITED

STATE BANK OF INDIA

STANDARD CHARTERED BANK

## **AUDITORS**

DALAL & SHAH

Chartered Accountants

## **INTERNAL AUDITORS**

MAHAJAN & AIBARA

Chartered Accountants

## **REGISTERED OFFICE**

PLOT NO.156/H.NO. 2, VILLAGE ZADGAON

RATNAGIRI - 415 612, MAHARASHTRA

## **REGISTRAR & SHARE TRANSFER AGENT**

LINK INTIME INDIA PRIVATE LIMITED

C-13, PANNALAL SILK MILLS COMPOUND, L.B.S MARG,

BHANDUP (WEST),

MUMBAI – 400 078.

## **CONTENTS**

	Pages
Ten-Year Highlights	2
Directors' Report & Management Discussion and Analysis	3-11
Corporate Governance Report	12-22
<b>Standalone Financial Statements</b>	
Auditors' Report	23-25
Balance Sheet	26
Statement of Profit and Loss	27
Cash Flow Statement	28
Notes	29-54
Statement of Significant Accounting Policies and Practices	55-56
<b>Consolidated Financial Statements</b>	57-77
Details of Subsidiary Companies	78

## **Annual General Meeting**

Date: June 6, 2012 at 11.00 a.m.

Venue: At the Registered Office

## TEN YEAR HIGHLIGHTS

(Rs. in Lacs)

	*2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
<b>INCOME</b>										
Sales and Other Income	195903	157270	142706	147780	146015	137497	140637	122639	116853	109588
% Increase/(Decrease)	24.57	10.21	(3.43)	1.2	6.2	(2.2)	14.7	4.9	6.6	6.2
Gross Profit/(Loss) before interest and depreciation	32840	5277	22938	(12373)	22287	34840	27170	18442	27305	21820
As % of Sales and Other Income	16.8	3.4	16.1	(8.4)	15.3	25.3	19.3	15.0	23.4	19.9
Net Profit/(Loss) after Tax	5635	(10487)	2637	(27040)	6612	20125	12229	7682	13184	9143
<b>ASSETS EMPLOYED</b>										
Net Fixed Assets	98377	95972	98206	106115	73311	76174	84512	57563	42122	40602
Investments	77730	74013	89179	88859	104730	98448	73660	73428	71587	61231
Net Current Assets	43870	59516	57282	57155	58543	45343	44013	42083	44381	46623
Total	219976	229500	244667	252129	236584	219965	202185	173074	158090	148456
% Increase/(Decrease)	(4)	(6)	(3)	7	8	9	17	9	6	1
<b>EQUITY FUNDS AND EARNINGS</b>										
<b>Shareholders' Funds:</b>										
Shareholders' Investments	1885	1885	1885	1885	1885	1885	1885	1885	1885	1885
Bonus Shares	4253	4253	4253	4253	4253	4253	4253	4253	4253	4253
Reserves	104292	100420	111153	106560	133690	129478	112857	104256	98717	89297
Total	110430	106558	117291	112698	139828	135616	118995	110394	104855	95435
Contribution to Country's Exchequer	5753	3528	3798	7144	7998	10306	11011	10031	17672	17096
<b>Per Equity Share of Rs.10:</b>										
Book Value	179.9	173.6	191.1	187.0	231.2	220.9	193.9	179.9	170.8	155.5
Earnings	9.2	(16.3)	4.1	(44.2)	11.8	32.9	19.7	13.6	21.6	14.7
Dividend	2.5	1.0	Nil	Nil	2.5	5.0	5.0	4.0	5.5	4.5

\* Figures are stated as per the Annual Report of 2011-12



## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

### To the Members,

Your Directors are pleased to present their 87<sup>th</sup> report on the business and operations of your Company together with the Audited Statement of Accounts for the year ended March 31, 2012.

### 1. CORPORATE OVERVIEW

Raymond Limited is India's Leading Textile and Branded Apparel Company with interests in Engineering (files, tools and auto components) business having its corporate headquarters in Mumbai.

Your Company prepares its financial statements in compliance with the requirements of the Companies Act, 1956 and the Generally Accepted Accounting Principles (GAAP) in India. Overall the financial statements have been prepared on historical cost basis. The estimates and judgments relating to the financial statements are made on a prudent and reasonable basis, so as to reflect in a true and fair manner the form and substance of transactions and reasonably present your Company's state of affairs, profit and cash flows for the year ended March 31, 2012.

### 2. FINANCIAL HIGHLIGHTS

FY 2012 witnessed a turbulent business environment that moderated growth. The year started with optimism but as it progressed, there were challenges with inflation, decelerating growth and worsening investment climate which adversely impacted consumer sentiments. The global economic environment was confronted with geo-political instability, Eurozone sovereign debt crisis, fluctuating global commodity prices, etc.

In FY 2012, your Company reported a top-line growth of about 25% over the previous year. This growth was driven on multiple platforms including a powerful brand portfolio, pan-India retail network, strength of network relationships, product innovation and world class quality. Your Company's investments in putting in place a structure to deliver on the strategy and improve operational processes are witnessing good traction. The FY 2012 performance of your Company is particularly noteworthy when viewed in the backdrop of an extremely challenging business environment especially during the second half of the year which is the peak season for textiles and apparel.

During the year under review, your Company launched its flagship store 'Raymond @ Warden Road' in South Mumbai. This store has contemporary retail and merchandising elements designed to offer customers with the entire range of exotic & premium fabrics, apparel and accessories in a world class ambience.

In February 2012, Ring Plus Aqua Limited, the auto components subsidiary of your Company, acquired a majority stake in a Pune-based forged components manufacturer. This acquisition marks Ring Plus Aqua's entry into forged components and strengthens this subsidiary's position in the global automotive power train domain.

The Gross Consolidated revenue from operations for the FY 2012 was Rs. 3708.70 crore (Previous Year: Rs. 3064.05 crore). The Operating Profit was Rs.204.39 crore (Previous Year: Rs.197.17 crore). The Consolidated Profit after tax for the year was Rs.143.01 crore (Previous Year: Rs. 42.61 crore).

The Standalone gross revenue from operations of your Company was Rs. 1874.63 crore as compared to Rs. 1496.53 crore in the previous year. The Operating Profit before tax and an exceptional item was Rs. 83.74 crore as against Rs. 98.54 crore in the previous year. The net profit after exceptional items, prior year adjustments and provision for taxes was Rs. 56.35 crore as against a net loss of Rs.100.19 crore in the previous year.

Your Company focuses on enhancing shareholder value and looks beyond immediate opportunities by building its businesses with long-term relevance.

#### Appropriation

Your Directors recommend a dividend of 25% aggregating to Rs. 15.35 crore (Previous Year: Rs. 6.14 crore). The dividend distribution tax on the recommended dividend amounts to Rs. 2.49 crore (Previous Year: Rs. 1.00 crore). An amount of Rs. 5.63 crore (Previous Year: Nil) is credited to General Reserves and the surplus of Rs. 32.88 crore is carried to the Balance Sheet.

### 3. OVERVIEW OF THE ECONOMY

Global growth is projected to be 3.5% for current year 2012. US economy is expected to continue its slow recovery, whilst the Eurozone grapples with its debt-crisis.

Notwithstanding the current economic environment, there are strong reasons to be bullish on the country's long term growth potential. Favourable demographics, a large growing middle class with increasing disposal incomes support a strong consumption story.

### 4. ANALYSIS AND REVIEW

#### Textile Industry Conditions

The Textile Industry is one of the most important sectors in the Indian Economy and the second largest generator of employment after Agriculture. It contributes more than 4% to the GDP and 17% to the country's export earnings. The Textile sector provides employment to over 3.5 crore people.

The Government proposes to increase the investment in this sector to generate more employment through various schemes viz. Scheme for Integrated Textile Parks (SITP), Technology Upgradation Fund Scheme (TUFS), Integrated Skill Development Scheme (ISDS), Technology Mission on Technical Textiles (TMTT). The allocation for this sector during the 12<sup>th</sup> Five Year Plan is proposed to be increased to around Rs. 49,650 crore as against an allocation of Rs. 14,000 crore during the 11<sup>th</sup> Five Year Plan.

#### Opportunities and Challenges

Your Company is well poised to seize opportunities available to the textile and apparel sector on account of its brands resilience, strong domain expertise, state-of-the-art production facilities, emphasis on product innovation and growth potential in smaller towns & cities.

There are challenges, which in the short term, will moderate growth – inflation, high interest rates, depreciating rupee, delays in policy initiatives to boost investments and capital flows. These are likely to affect your Company's performance.

#### Performance Highlights

Despite the challenging business environment and weak market sentiments especially during the second half of the year, which is the peak season for textiles and apparel industry in the country, the Company's sales from the Textile Division registered a growth of 23%; the Net Revenue being Rs. 1864.61 crore in FY 2012 as against Rs. 1485.43 crore in FY 2011.

#### Market Share and Retail Network

Your Company is the market leader in India for high quality clothing, both fabric and apparel in FY 2012. The Company continues its focus on retail network expansion during this financial year. The Company is operating through more than 800 retail stores which include TRS (The Raymond Shop) and EBOs (The Exclusive Brand Outlet) covering more than 1.6 million sq. feet of dedicated retail space (including overseas). The Company's Brands are available across 30,000 plus, points of sale.

In FY 2012, the Textile Division's domestic sales were Rs. 1668.91 crore as compared to Rs. 1349.03 crore in FY 2011. During FY 2012, your Company opened 100 TRS stores. The Company continues to be prudent in its selection of store locations.

#### Exports

Your Company has shown a remarkable growth of 44% during FY 2012. The Textile Exports during the year under review were Rs. 195.70 crore as against Rs. 136.40 crore in the previous year.

#### Raw Material

Wool prices remained high for the better part of the year under review and the depreciation of the rupee made wool imports costlier. Polyester fibre prices have been volatile but have ended soft during the year.

### 5. 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. The Schedule VI of the Companies Act, 1956 has been revised by the Ministry of Corporate Affairs vide its notification dated February 28, 2011. The notification is in force and is applicable for all Balance Sheets and Statement of Profit and Loss to be prepared for the financial year commencing on or after April 1, 2011. Therefore, the previous period figures have been regrouped/re-cast wherever necessary.

### 6. PERFORMANCE OF SUBSIDIARY COMPANIES

#### Domestic subsidiaries

##### Raymond Apparel Limited

The gross revenue of the company was at Rs. 568.82 crore (Previous Year: Rs. 468.79 crore). Profit after tax was Rs. 29.24 crore (Previous Year: Rs. 22.64 crore). The second half of FY 2012 was challenging due to subdued consumer sentiments. The strength of its brands enabled it to post topline growth of 21.34%. The strategy to stay focussed on core brands-Park Avenue, Parx & Raymond Premium Apparel is paying off.

##### Colorplus Fashions Limited

The company's gross revenue for FY 2012 was Rs. 194.82 crore (Previous Year: Rs. 172.37 crore). The company had a profit after tax of Rs. 6.72 crore (Previous year: Rs. 10.38 crore). This company continues to innovate and adapt to latest fashion trends and is a leading player in the premium casual wear segment.

##### Silver Spark Apparel Limited

The gross revenue of the company for FY 2012 was Rs. 149.93 crore as compared to the previous year Rs. 110.18 crore. The company had a profit after tax of Rs. 8.78 crore (Previous Year: Rs. 5.62 crore).

#### Celebrations Apparel Limited

The gross revenue of the company for FY 2012 was Rs. 24.76 crore (Previous Year: Rs.17.44 crore). The company earned a profit after tax of Rs. 1.06 crore (Previous Year: Rs.0.68 crore).

#### Everblue Apparel Limited

The company earned a profit after tax of Rs.1.01 crore (Previous Year: Rs. 0.76 crore).

#### Raymond Woollen Outerwear Limited

The gross revenue of the company, net of returns and discounts for FY 2012 was Rs. 16.59 crore (Previous Year: Rs. 50.58 crore). During this year company incurred loss of Rs. 8.14 crore (Previous Year: Rs.4.35 crore).

Your Company is in the process of seeking necessary legal approvals for the restructuring of this subsidiary. The restructuring is aimed at enhancement of operational efficiencies.

#### JK Files (India) Limited

The company continues to be the market leader in the files segment in the domestic market and the largest producer of Steel Files in the world. To diversify the product portfolio, power tools have been launched in the domestic market by the company.

The export sale of the company was Rs. 134.74 crore as compared to Rs. 98.94 crore in the previous year, a growth of 36.18%. The company reported gross revenue of Rs. 343.06 crore for the year under review (Previous Year: Rs. 272.12 crore). The profit after tax was Rs. 12.03 crore (Previous Year: Rs. 10.91 crore).

The company continues its initiatives on expanding capacity to cater to the increased demand for files, improving productivity, quality, controlling cost, optimum capacity utilization, better working capital and foreign exchange management. An extensive brand building exercise has been initiated by the Company.

#### JK Talabot Limited

The company manufactures files and rasps at its plant at Chiplun in Ratnagiri District, in the State of Maharashtra. During the year the gross revenue of the company was at Rs. 23.82 crore (Previous Year: Rs. 21.66 crore). The company recorded profit after tax of Rs. 2.02 crore during the FY 2012 (Previous Year: Rs. 1.43 crore).

#### Scissors Engineering Products Limited

The company incurred a loss of Rs.0.005 crore during the year under review (Previous Year: Rs.0.004 crore).

#### Ring Plus Aqua Limited

The total revenue of the company was at Rs. 152.99 crore (Previous Year: Rs.117.08 crore), a growth of 31%. The Net Profit after tax was at Rs. 12.64 crore (Previous Year: Rs. 11.29 crore) a growth of around 17%. With significant growth trend in the Auto Industry, the company for the first time crossed the milestone of total revenue of Rs.150 crore during the year under review.

The company continued its relentless efforts in developing new markets and acquiring new clients which lead to exponential growth in both domestic and export markets.

#### Trinity India Limited

The company was acquired by Ring Plus Aqua Limited on February 23, 2012, by purchase of majority stake. The company is a forged components manufacturer in Pune with a strong presence in the domestic and export markets. Ring Plus Aqua Limited has taken measures to improve the operations of the company.

#### Pashmina Holdings Limited

The company made a profit after tax of Rs. 0.36 crore in the FY 2012 as compared to Rs.1.99 crore in the previous year.

#### Overseas subsidiaries

**Jaykayorg AG** recorded a loss of CHF (174,474) (equivalent to Rs.0.95 crore) [Previous Year: Profit CHF 240,318 (equivalent to Rs. 1.15 crore)] for the year ended December 31, 2011.

**Raymond (Europe) Limited** recorded a profit of Pound Sterling 64,764 (equivalent to Rs. 0.50 crore) [Previous Year: Profit Pound Sterling 19,474 (equivalent to Rs. 0.14 crore)] for the year ended December 31, 2011.

**R & A Logistics INC, USA**, a subsidiary of Ring Plus Aqua Limited set up in USA to provide better service to US based customers, earned a profit of US\$ 17,825 (equivalent to Rs. 0.09 crore) [Previous Year: US\$ 11,111 (equivalent to Rs.0.04 crore)] for the year ended March 31, 2012.

## 7. PERFORMANCE OF JOINT VENTURES

### Raymond UCO Denim Private Limited

During the year under review, the revenue from Indian operations, net of returns and discounts recorded a 26% growth to Rs. 750.48 crore including exports of Rs.290.90 crore, from Rs. 596.96 crore including exports of Rs. 263.44 crore for the FY 2011.

The company recorded a profit before tax and exceptional items of Rs. 14.02 crore as against a profit of Rs. 6.18 crore in FY 2011.

The company focused on improving high margin business and strategically exited non-remunerative price points. The measures of de-bottlenecking the manufacturing process also helped to improve productivity, efficiencies and reduce rejections.

### Raymond Zambaiti Limited

The gross revenue of the company was Rs. 228.98 crore (Previous Year: Rs. 211.76 crore). The company had a profit after tax of Rs. 3.49 crore during the year under review (Previous Year: Rs. 7.51 crore).

The company is a preferred premium high value shirting supplier to top domestic brands and maintains its cutting-edge with continuous design and product innovation and a strong emphasis on consumer services. During the year under review this company's operations were impacted with the introduction of excise duty on garments and low off-take by leading brands.

## 8. QUALITY & ACCOLADES

Your Company continues to win awards year-on-year. Some notable awards during the year are:

- In a survey conducted by FORTUNE Magazine along with HAY Group published in March 2012, Raymond Limited has been ranked 15<sup>th</sup> amongst India's Most Admired Companies and No.1 in the Apparel Sector.
- Raymond Made-to-Measure has won the "Most Innovative Store Design" from ET Retail Awards 2011.
- Raymond has won the "Most Trusted Apparel Brand 2011" Award from Economic Times Brand Equity.
- Raymond has been ranked 20<sup>th</sup> in "The Brand Trust Report, India Study, 2011".
- Park Avenue has won the "Most Preferred Men's Apparel Brand" under the Lifestyle Category in the North East Consumer Awards 2011.
- The National Safety Award for outstanding performance in Industrial Safety (runner-up) – Chhindwara Textile Plant awarded in November 2011.
- Export Excellence Award 2011-12 given by EEPC for Hand Tools Exports (Large Enterprise) – JK Files (India) Limited
- Denim Fabric and Garmenting business has bagged the following awards:
  - 1) Silver Trophy for 2<sup>nd</sup> highest exports of denim fabric for the last 5 consecutive years – presented by TEXPROCIL (Textile Export Promotion Council of India);
  - 2) Excellence in WCA (Workplace Conditions Assessment) by ITS Global Inspection & Audit Agency (Intertek) – awarded to EVERBLUE Factory; and
  - 3) Third prize for Energy Conservation – Textile Sector, Maharashtra – constituted by MEDA (Maharashtra Energy Development Agency).
- Silver Spark Apparel Limited has won the following awards this year:
  - 1) Highest unit value exporter for FY 2008-09 & FY 2009-10; and
  - 2) Highest exports in woollen garments for FY 2008-09 & FY 2009-10.

## 9. 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 (including the Joint Ventures) is annexed to this Report.



## 10. CORPORATE GOVERNANCE

Your Company continues to be committed to good Corporate Governance aligned with good practices. Your Company is in compliance with the standards set out by Clause 49 of the Listing Agreement with the Stock Exchanges.

A separate Report on Corporate Governance along with the Auditors' Certificate on compliance with the Corporate Governance as stipulated in Clause 49 is set out in this Annual Report and forms part of this Report.

## 11. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri P. K. Bhandari, Shri I. D. Agarwal and Shri Pradeep Guha, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

The Board at its meeting held on July 29, 2011, appointed Shri H. Sunder as an Additional Director who will hold office as Director up to the date of the forthcoming Annual General Meeting. A notice in writing has been received from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose Shri H. Sunder as a candidate for the office of Director of the Company.

In the said Board Meeting held on July 29, 2011, the Board had, subject to the approval of shareholders in the forthcoming General Meeting, appointed Shri H. Sunder, as Whole-time Director of the Company for a term of five years effective from July 29, 2011 to July 28, 2016. On the recommendations of the Nomination and Remuneration Committee the Board has fixed the remuneration of Shri H. Sunder for a period of three years. Your Directors commend the resolutions for the appointment and payment of remuneration of Shri Sunder for your approval.

## 12. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 217 (2AA) of the Companies Act, 1956:

- (i) that in the preparation of the Annual Accounts for the year ended March 31, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the year ended on that date;
- (iii) that the Directors have 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; and
- (iv) the annual accounts have been prepared on a going concern basis.

## 13. AUDIT

Messrs. Dalal & Shah, Chartered Accountants, who are Statutory Auditors of the Company hold office up to the forthcoming Annual General Meeting and are recommended for re-appointment to audit the accounts of the Company for the Financial Year 2012-13. As required under the provisions of the Section 224 (1B) of the Companies Act, 1956, the Company has obtained written confirmation from Messrs. Dalal & Shah that their appointment if made would be in conformity with the limits specified in the Section.

As per the requirement of Central Government and pursuant to Section 233B of the Companies Act, 1956, your Company carries out an audit of cost records relating to Textile Division every year. Subject to the approval of the Central Government, the Company has appointed Messrs. R. Nanabhoy & Co., Cost Accountants, as Cost Auditors to audit the cost accounts of the Company for the Financial Year 2012-13.

The cost audit report for the Financial Year 2010-11 which was due to be filed with the Ministry of Corporate Affairs on September 30, 2011 was filed on August 16, 2011.

## 14. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company believes in formulating adequate and effective internal control systems and implementing the same to ensure that assets and interests of the Company are safeguarded and reliability of accounting data and accuracy are ensured with proper checks and balances. The Internal control system is improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control system and suggests improvements for strengthening them. The Company has a robust Management Information System which is an integral part of the control mechanism.

The Audit Committee of the Board of Directors, Statutory Auditors and the Business Heads are periodically apprised of the internal audit findings and corrective actions taken.

## 15. RISK MANAGEMENT

The Company is exposed to risks from market fluctuations of foreign exchange, interest rates, commodity prices, business risk, compliance risks and people risks.

### Foreign Exchange Risk

The Company's policy is to actively manage its long term foreign exchange risk within the framework laid down by the Company's forex policy approved by the Board.

### Interest Rate Risk

Given the interest rate fluctuations, the Company has adopted a prudent and conservative risk mitigating strategy to minimise the interest costs.

### Commodity Price Risk

The Company is exposed to the risk of price fluctuation on raw materials as well as finished goods in all of its products. The Company proactively manages these risks in inputs through forward booking, inventory management, proactive management of vendor development and relationships. The Company's strong reputation for quality, product differentiation and service, the existence of a powerful brand image and a robust marketing network mitigates the impact of price risk on finished goods.

### Risk Element in Individual Businesses

Apart from the risks on account of interest rate, foreign exchange and regulatory changes, various businesses of the Company are exposed to certain operating business risks, which are managed by regular monitoring and corrective actions.

### Compliance Risks

The Company is exposed to risks attached to various statutes and regulations including the Competition Act, 2002. The Company is mitigating these risks through regular reviews of legal compliances, through internal as well as external compliance audits.

### People Risks

Retaining the existing talent pool and attracting new manpower are major risks. The Company has initiated various measures such as rollout of strategic talent management system, training and integration of learning activities. The Company has also established 'Raymond Leadership Academy' which helps to identify, nurture and groom managerial talent within the Raymond Group to prepare them as future business leaders.

## 16. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has an innate desire and zeal to contribute towards the welfare and social upliftment of the community. The Company continues to support the following CSR initiatives:

- Smt. Sulochanadevi Singhania School at Thane, Maharashtra and Kailashpat Singhania High School in Chhindwara, M.P., having overall strength of around 7700 students, run by the Company, provide quality education not only to the Raymond employees' children, but also to the children of the local populace;
- Raymond Embryo Research Centre for cattle is a centre set up at Gopalnagar, Bilaspur in Chhattisgarh and its ceaseless efforts and endeavours have made several significant achievements in Embryo Transfer. Raymond was the first organisation in India to introduce Embryo Transfer in Sheep;
- J. K. Trust Gram Vikas Yojana (JKTGVY) launched in 1997 helps transfer of the technical expertise gained over three decades to the grass-root level. The mission of this initiative is to significantly improve the quality of life in India's rural areas through a "Cattle Breed Improvement Programme". This initiative operates in a network of 4549 Integrated Livestock Development Centre in, Bihar, Gujarat, Punjab, Haryana, Maharashtra, Chhattisgarh, Madhya Pradesh, and Andhra Pradesh. J. K. Trust Gram Vikas Yojana has become the largest NGO in animal husbandry sector in India.
- Raymond Rehabilitation Centre has been set-up for the welfare of under-privileged youth at Jekegram, Thane. This initiative enables less fortunate youth to be self-sufficient in life. The Centre provides free vocational training workshops to young boys over the age of 16. The three-month vocational courses comprise of basic training in electrical, air-conditioning & refrigeration, plumbing, etc.
- Raymond Tailoring Academy will provide world class tailoring skills to tailors and help them to improve their income generating capacity. It will also attract the youth to take up this profession.

## 17. ENVIRONMENT AND SAFETY

Your Company is conscious of the importance of environmentally clean and safe operations. Your Company's policy requires the conduct of all operations in such manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.