



**Raymond**

# ANNUAL REPORT 2013-14



Raymond

**CHAIRMAN EMERITUS :** DR. VIJAYPAT SINGHANIA

## BOARD OF DIRECTORS

DR. VIJAYPAT SINGHANIA, Chairman Emeritus  
GAUTAM HARI SINGHANIA, Chairman and Managing Director  
SMT. NAWAZ GAUTAM SINGHANIA (w.e.f. 30.4.2014)  
I. D. AGARWAL  
NABANKUR GUPTA  
SHAILESH V. HARIBHAKTI  
PRADEEP GUHA  
BOMAN IRANI  
H. SUNDER, Whole-time Director

## MANAGEMENT EXECUTIVES

GAUTAM HARI SINGHANIA, Chairman and Managing Director  
H. SUNDER, President - Corporate Affairs, Whole-time Director  
SANJAY BEHL, Chief Executive Officer - Lifestyle Business  
ANIRUDDHA DESHMUKH, President - Textiles  
HARSHAL JAYAVANT, President - Engineering Business  
K. A. NARAYAN, President - HR  
ROBERT LOBO, President - Group Apparel  
S. L. POKHARNA, President - Commercial

## CHIEF FINANCIAL OFFICER

M. SHIVKUMAR

## 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  
SYNDICATE BANK

## DEBENTURE TRUSTEE

AXIS TRUSTEE SERVICES 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

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

## CONTENTS:

	Pages
Directors' Report & Management Discussion and Analysis	2-7
Corporate Governance Report	8-17
<b>Standalone Financial Statements</b>	
Auditors Report	18-19
Balance Sheet	20
Statement of Profit and Loss	21
Cash Flow Statement	22
Notes	23-52
Statement of Significant Accounting Policies and Practices	53-54
<b>Consolidated Financial Statements</b>	55-78
Details of Subsidiary Companies	79
Ten-Year Highlights	80

## ANNUAL GENERAL MEETING

Date : June 10, 2014 at 11.00 a.m.  
Venue: At the Registered Office



## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

### Dear Members,

Your Directors are pleased to present the Eighty Ninth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2014. The Management Discussion and Analysis is also incorporated into this Report.

### 1. CORPORATE OVERVIEW

Raymond Limited ("Your Company") is India's leading Textile and Branded Apparel Company, with interests in Engineering (Files, Power Tools, Auto Components) and FMCG having its corporate headquarters in Mumbai.

### 2. OVERVIEW OF THE ECONOMY

According to the latest estimate, Indian economy grew by 4.7% in FY 2014. Despite a good monsoon, the manufacturing indices had declined, commodity prices stayed at high levels and food inflation reached an all-time high, which resulted in sustained CPI inflation of over 10% in the last financial year. The Rupee depreciated significantly before retracting in the latter half of the year. Consumer sentiments remained subdued for most part of FY 2014.

However, the slow GDP growth appears to have bottomed out and post elections, economic activity is expected to pick up from the second quarter of FY 2015.

### 3. FINANCIAL PERFORMANCE

During FY 2014, against the backdrop of a challenging business environment, your Company reported a top-line growth of 7.4% over the previous year. At Standalone level, the Gross Revenue from operations stood at ₹ 2185.91 crore as compared with ₹ 2034.51 crore in the previous year. The Operating Profit before tax stood at ₹ 64.61 crore as against Operating Loss of ₹ 6.82 crore in the previous year. The Net Profit for the year stood at ₹ 88.12 crore against a loss of ₹ 47.84 crore reported in the previous year.

During FY 2014, your Company completed the restructuring exercise of its Suit Manufacturing Plant at Bangalore by transferring it as a going-concern on a slump sale basis to its wholly-owned subsidiary, Silver Spark Apparels Limited, effective October 1, 2013. This restructuring exercise has resulted in the consolidation of the suit manufacturing business in Silver Spark Apparels Limited. In view of this exercise the standalone performance of the Company for FY 2014 is strictly not comparable with that of the previous year.

The Consolidated Gross Revenue from operations for FY 2014 was placed at ₹ 4593.74 crore (Previous Year: ₹ 4140.42 crore), registering a growth of 11.9%. The Consolidated Operating Profit stood at ₹ 160.00 crore (Previous Year: ₹ 65.64 crore). The Consolidated Profit after tax stood at ₹ 107.63 crore as against a Profit after tax of ₹ 28.73 crore in the previous year.

#### Appropriation

Your Directors recommend a dividend of 20% aggregating to ₹ 12.28 crore (Previous Year: ₹ 6.14 crore). The dividend distribution tax on the recommended dividend amounts to ₹ 2.09 crore (Previous Year: ₹ 1.00 crore). During the year under review, your Company transferred a sum of ₹ 45.00 crore to the Debenture Redemption Reserve (Previous Year: NIL).

An amount of ₹ 8.81 crore (Previous Year: NIL) is transferred to General Reserves and the surplus of ₹ 34.31 crore is being

carried to the Balance Sheet.

### 4. ANALYSIS AND REVIEW

#### Textile and Apparel Industry Conditions

Indian Textiles industry is one of the leading sectors of the Indian economy and contributes significantly to the country's industrial output (14%). It employs 35 million people in direct employment and another 20 million in indirect employment, and earns much needed foreign currency with 17% of India's exports coming from Textiles and Garments. Overall, it contributes 4% to India's GDP.

#### Opportunities and Challenges

Textile industry is one of the largest employers in India and has strong linkages with the rural economy. The growing young middle-class population is a source of great potential and provides immense opportunities to spur growth in the industry going forward.

The major challenge that the textile and apparel industry is facing is rising production costs, arising out of rising wages, power and interest costs.

#### Performance Highlights

During FY 2014, your Company's total textile sales registered a growth of 7.4%; Net Revenue being ₹ 2014.16 crore as against ₹ 1873.85 crore in FY 2013.

#### Raw Material

Wool prices remained high mainly due to the strong Australian Dollar during the first half of the financial year, which had made imports costlier. The prices of other major raw materials, namely Polyester Staple Fibre, Viscose Staple Fibre and Polyester Tow, were steady.

#### Retail network presence

Your Company moderated its Retail expansion roll-out. The Retail network now covers a large number of class 4 and 5 cities. As on March 31, 2014 your Company had 946 retail stores (including 43 overseas stores) across all formats. This includes TRS (The Raymond Shop), EBO (The Exclusive Brand Outlet) and Made-to-Measure (MTM).

### 5. FINANCE AND ACCOUNTS

In FY 2014, your Company had issued and allotted 10.55% - 1000 Unsecured Redeemable Non-Convertible Debentures (NCD) Series C of ₹ 10,00,000/- each for cash at par aggregating to ₹ 100 crore, 11.25% - 300 Unsecured Redeemable Non-Convertible Debentures (NCD) Series D of ₹ 10,00,000/- each for cash at par aggregating to ₹ 30 crore, Zero Coupon - 1350 Unsecured Redeemable Non-Convertible Debentures (NCD) Series E & F of ₹ 10,00,000/- each for cash aggregating to ₹ 135 crore on private placement basis. All the aforesaid NCDs Series are listed on Wholesale Debt Market (WDM) of National Stock Exchange of India Limited.

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. 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 the Company's state of affairs, profits and cash flows for the year ended March 31, 2014.

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.

## 6. PERFORMANCE OF SUBSIDIARY COMPANIES

### Domestic subsidiaries

#### Raymond Apparel Limited

Raymond Apparel Limited brings to the customers the best of fabric and styling through some of the country's most prestigious brands – Raymond Premium Apparel, Park Avenue and Parx.

The Gross Revenue of the company stood at ₹ 599.17 crore (Previous Year: ₹ 599.83 crore). Profit after tax for the year stood at ₹ 8.19 crore as against a Loss of ₹ 13.41 crore in the previous year.

Margins in the Apparel business were impacted due to lower off-take, inventory overhang and high retail expenses of new stores. Various initiatives were taken in the last one year with a plan to reduce the overheads and improve the operations through supply chain efficiencies, back-office consolidation and complete outsourcing of manufacturing activities. These are expected to improve the performance of the company.

#### Colorplus Fashions Limited

This company is in the business of premium casual-wear apparel under the 'Colorplus' brand.

The company's Gross Revenue for FY 2014 stood at ₹ 210.44 crore (Previous Year: ₹ 189.78 crore). The loss was placed at ₹ 6.01 crore (Previous year profit: ₹ 2.46 crore). The slowdown in the economy and the weak consumer sentiment impacted the performance of the company.

#### Silver Spark Apparel Limited

The company has a good overseas clientele base. Growth in Sales was led by a strong export order book and the appreciating Dollar.

The Gross Revenue of the company for FY 2014 stood at ₹ 313.91 crore as against ₹ 225.53 crore in the previous year. The company had a profit after tax of ₹ 22.33 crore (Previous Year: ₹ 16.55 crore).

#### Celebrations Apparel Limited

This company has a state-of-the art manufacturing facility for formal shirts. The Gross Revenue of the company for FY 2014 was placed at ₹ 28.10 crore (Previous Year: ₹ 22.10 crore). The company incurred a loss of ₹ 0.46 crore (Previous Year loss: ₹ 0.85 crore).

#### Everblue Apparel Limited

This company has a state-of-the art denim-wear facility offering seamless denim garmenting solutions. The company earned a Profit after tax of ₹ 0.73 crore (Previous Year: ₹ 0.92 crore).

#### Raymond Woollen Outerwear Limited

The Gross Revenue of the company for FY 2014 stood at ₹ 5.39 crore (Previous Year: ₹ 2.58 crore). During the year, the company had a loss of ₹ 0.27 crore as against a loss of ₹ 0.61 crore in the previous year).

#### JK Files (India) Limited

This company is the largest manufacturer of steel files in the world with a global market share of over 30% in the files business. The company reported a Gross Revenue of ₹ 457.55 crore for the year under review (Previous Year:

₹ 414.58 crore). The profit after tax was ₹ 4.42 crore (Previous Year: ₹ 13.98 crore). The performance of this company was adversely impacted by the downturn in the Indian manufacturing sector.

#### JK Talabot Limited

This company manufactures files and rasps at its plant at Chiplun in Ratnagiri District, in the State of Maharashtra. During FY 2014, the Gross Revenue of the company stood at ₹ 27.59 crore (Previous Year: ₹ 26.11 crore). The company recorded a profit after tax of ₹ 2.89 crore during FY 2014 (Previous Year: ₹ 1.37 crore).

#### Scissors Engineering Products Limited

The company registered a loss of ₹ 0.004 crore during the year under review (Previous Year: Loss of ₹ 0.004 crore)

#### Ring Plus Aqua Limited (Holding Company of Trinity India Limited)

This company manufactures high quality automotive components and supplies to the domestic markets as well as to the markets in Europe, North America and Latin America. The company has factories at two separate locations at Sinnar near Nasik, Maharashtra.

The Gross Revenue of the company stood at ₹ 165.20 crore (Previous Year: ₹ 138.97 crore). The net profit after tax was placed at ₹ 10.34 crore (Previous Year: ₹ 4.98 crore). In FY2014, in spite of challenging business environment in the Auto sector, the company has performed better compared to the previous year.

#### Trinity India Limited

This company is a subsidiary of Ring Plus Aqua Limited and supplies forgings mainly to the auto sector. During the year the Gross Revenue of the company was placed at ₹ 75.57 crore (Previous Year: ₹ 91.88 crore). The company recorded a loss of ₹ 9.54 crore as against a profit of ₹ 2.35 crore in the previous year. The company's performance was adversely impacted by the downturn in the auto sector and the unanticipated stoppage of business by one major customer.

In order to consolidate the auto component businesses into a single legal entity, to leverage the synergies between the two auto component companies, and to rationalize and optimally utilize resources, infrastructure, marketing as well as manufacturing, Trinity India Limited has sought the approval of the High Court, Bombay under Section 391-394 of the Companies Act, 1956 for its amalgamation with its holding company. The appointed date of this amalgamation is April 1, 2013. The legal process for the said amalgamation is expected to complete shortly. Trinity India Limited shall stand dissolved without winding up, upon completion of the amalgamation. In view of the Petitions pending before the High Court, the financial statements of Ring Plus Aqua Limited and this company have been prepared and audited for the purpose of enabling your Company to prepare its consolidated financial statements for the FY 2014.

#### Pashmina Holdings Limited

The company made a profit after tax of ₹ 0.03 crore in FY 2014 as compared with ₹ 0.42 crore in the previous year.

#### Raymond Zambaiti Limited

This company caters to high-value Luxury Cotton shirting customers. In view of defaults committed by M/s. Cotonificio Honegger S.p.A. (CH), the erstwhile Joint Venture Partner in

this company, your Company terminated the Joint Venture Agreement. Your Company subscribed to the rights issue of Raymond Zambaiti Limited and consequently, Raymond Zambaiti Limited has become a subsidiary of the Company.

The Gross Revenue for the year stood at ₹ 336.95 crore (Previous Year: ₹ 296.91 crore). The Net profit after tax stood at ₹ 7.10 crore as against ₹ 3.50 crore in the previous year.

#### Overseas subsidiaries

**Jaykayorg SA** recorded a profit of CHF 1681 (equivalent to ₹ 0.01 crore) for the year ended December 31, 2013 (Previous Year Profit: CHF 170544 (equivalent to ₹ 0.99 crore)).

**Raymond (Europe) Limited** recorded a profit of GBP 34664 (equivalent to ₹ 0.53 crore) for the year ended December 31, 2013 (Previous Year Profit: GBP 47095 (equivalent to ₹ 0.41 crore)).

**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\$ 15003 (equivalent to ₹ 0.09 crore) for the year ended March 31, 2014 (Previous Year Profit US\$ 12037 (equivalent to ₹ 0.10 crore)).

## 7. PERFORMANCE OF OTHER COMPANIES

### Raymond UCO Denim Private Limited

This company is engaged in the business of manufacturing and marketing of denim fabrics. In FY 2014, revenue from Indian operations, net of returns and discounts recorded a 9% growth at ₹ 842.90 crore vis-à-vis ₹ 772.36 crore in the previous year.

The company recorded a profit after tax of ₹ 27.84 crore as against ₹ 35.55 crore in the previous year. This company has successfully maintained its price leadership position. However, margins were under pressure due to rise in cotton prices and over-capacity situation in the industry. Introduction of high margin value added products and thrust on exports have sustained positive results for the company.

## 8. QUALITY & ACCOLADES

Your Company continues to win awards year-on-year. Some awards during FY 2014 are:

- (i) The Vapi Textile Unit of the Company was awarded the 2nd Prize in National Energy Conservation Award 2013 presented by Hon'ble President of India, Shri Pranab Mukherjee.
- (ii) The Chhindwara Textile Unit of the Company bagged the following awards:
  - Second prize in National Productivity Competition organized by Indian Institution of Industrial Engineering (IIIE).
  - Winner of Gold Award by Parivartan Quality Circle in Quality Progress Convention 2014 at Institute of Engineers (India), Nagpur.
- (iii) The Jalgaon Textile Unit of the Company bagged the following awards:
  - Greentech Safety Award 2013 in Gold category.
  - District Disaster Management Awards for sustainable Growth in Safety Management by District Authority for the year 2013.

- 8th State Level Energy Conservation Award 2013 in Gold category from Maharashtra Government.

- (iv) Park Avenue has won the Images Fashion Awards for "Best Innovative Fashion Concept" in the Menswear category
- (v) Raymond Zambaiti Limited has bagged the National award – 1st under the category of Private Manufacturing Organisation – Medium, conferred by The Institute of Cost Accountants of India.
- (vi) Silver Spark Apparel Limited has won the AEPC Export Award for 2012-2013 in the category of Highest Unit Value Exporter.
- (vii) JK Files (India) Limited has been awarded Star Performer Award for the exports in the year 2012-13 in the product group of "Hand Tools" – Large Enterprise Category

## 9. CONSOLIDATED ACCOUNTS

The Consolidated Financial Statements of the Company are prepared in accordance with relevant Accounting Standards viz. AS-21, AS-23 and AS-27 issued by the Institute of Chartered Accountants of India and forms a part of this Annual Report.

## 10. CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on corporate governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance, is set out in the Annexure forming part of this Report.

## 11. DIRECTORS

Smt. Nawaz Gautam Singhania was appointed as an Additional Director of the Company with effect from April 30, 2014. In terms of Section 161 of the Companies Act, 2013, Smt. Nawaz Singhania holds office only upto the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing her name for the office of Director.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Shri H. Sunder and Shri Boman Irani, Directors retire by rotation at the forthcoming Annual General Meeting and, being eligible offer themselves for re-appointment.

Shri P. K. Bhandari resigned as a Director of the Company w.e.f. April 23, 2014. The Board places on record its appreciation for the services rendered by Shri P.K. Bhandari during his tenure as Director.

## 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 statement 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, 2014, 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, 2014 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 2014-15. As required under the provisions of Section 139 of the Companies Act, 2013 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 said Section.

As per the requirement of Central Government and pursuant to Section 233B of the Companies Act, 1956, your Company has been carrying out an audit of cost records relating to Textile Division every year.

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 2014-15.

The cost audit report for the Financial Year 2012-13 was filed with the Ministry of Corporate Affairs on August 29, 2013.

### 14. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has an effective internal control and risk-mitigation system, which is constantly assessed and strengthened with new/revised standard operating procedures.

The Company has entrusted the internal & operational audit to Messrs. Mahajan & Aibara, a reputed firm of Chartered Accountants. The main thrust of the internal audit process is test and review of controls, independent appraisal of risks, business processes and benchmarking internal controls with best practices.

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen 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. Audit plays a key role in providing assurance to the Board of Directors.

### 15. RISK MANAGEMENT

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

#### Foreign Exchange Risks

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

#### Interest Rate Risks

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

#### Commodity Price Risks

The Company is exposed to the risk of price fluctuation of raw materials as well as finished goods. The Company proactively manages these risks through forward booking, inventory management, proactive vendor development practices. The Company's strong reputation for quality, product differentiation and service, the existence of a powerful brand image coupled with 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, the businesses are exposed to various risks, which are managed through periodic monitoring and timely corrective actions.

#### Compliance Risks

The Company is exposed to risks attached to various statutes and regulations including the Competition Act. The Company is mitigating these risks through regular review of legal compliances carried out 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 a "Raymond Leadership Academy", which helps to identify, nurture and groom managerial talent within the Raymond Group to prepare them for future business leadership.

### 16. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company continues to support the following CSR initiatives:

- i) Smt. Sulochanadevi Singhanian School at Thane, Maharashtra run by Smt. Sulochanadevi Singhanian School Trust ("the School Trust"), a public charitable education trust and Kailashpat Singhanian High School in Chhindwara, M.P., run by an education society, having overall strength of about 8000 students, provide quality education not only to the Raymond employees' children, but also to the children of the local populace.

The School Trust has set up Dr. Vijaypat Singhanian School at Vapi, Gujarat which is expected to commence its session from June 2014 and will also follow the ICSE Curriculum.

- ii) J. K. Trust Gram Vikas Yojana (JKTGVY) launched in 1997 helps transfer of the technical expertise in Cattle Breeding sector 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". As on March 31, 2014, this initiative touches the lives of 3 Million rural poor in about 30,000 villages through a network of 3944 Integrated Livestock Development Centre in 122 districts of Andhra Pradesh, Bihar, Chhattisgarh, Gujarat, Haryana, Madhya Pradesh, Odisha and Punjab.



J. K. Trust Gram Vikas Yojana has become the largest NGO in animal husbandry sector in India.

- iii) 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.;
- iv) A Tailoring Trust named 'STIR' (Skilled Tailoring Institute by Raymond) has been set up, as a social initiative that provides tailoring skills to the underprivileged, school drop-outs, women and youth and helps improve their income generating capacity and also retain the art of tailoring. Under the aegis of this Trust, four Raymond Tailoring Centers have come up at Patna, Jaipur, Jodhpur and Lucknow. This year six such Raymond Tailoring Centers are proposed to be set up in the States of Uttar Pradesh and West Bengal.

## 17. ENVIRONMENT AND SAFETY

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner, so as to ensure safety of all concerned, compliances environmental regulations and preservation of natural resources.

## 18. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business.

The Company has a structured induction process at all locations and management development programs to upgrade skills of managers. Objective appraisal systems based on Key Result Areas (KRAs) are in place for senior management staff.

The Company is committed to nurturing, enhancing and retaining top talent through superior Learning & Organization Development interventions. Corporate Learning & Organization Development is a part of Corporate HR function. It is a critical pillar to support the organization growth and its sustainability over the long run.

## 19. 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.

21 persons employed throughout the year, were in receipt of remuneration of ₹ 60 lac per annum or more amounting to ₹ 22.11 crore and 9 employees employed for part of the FY 2014 were in receipt of remuneration of ₹ 5 lac per month or more amounting to ₹ 4.50 crore. During FY 2014, the Company had 7324 employees.

The information required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2014 is given in a separate Annexure to this Report.

The above Annexure is not being sent along with 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. The aforesaid Annexure is also available for inspection by Members at the Registered Office of the Company, 21 days before the 89th Annual General Meeting and up to the date of the ensuing Annual General Meeting during the business hours on working days.

None of the employees listed in the said Annexure is a relative of any Director of the Company. None of the employees hold (by himself or along with his spouse and dependent children) more than two percent of the equity shares of the Company.

In view of the general exemption granted by the Ministry of Corporate Affairs, the report and accounts of subsidiary companies are not required to be attached to your Company's Accounts. Accordingly, your Company has presented in this Report, the consolidated financial statements of the holding company and all its subsidiaries, duly audited by the Statutory Auditors.

The Company has disclosed in the Consolidated Balance Sheet the information required to be provided as per General Circular No. 2/2011 dated February 8, 2011 of Ministry of Corporate Affairs. Shareholders desirous of obtaining the report and accounts of your Company's subsidiaries may obtain the same upon request. The report and accounts of the subsidiary companies will also be kept for inspection at your Company's registered office. Further, the report and accounts of the subsidiary companies will also be available on your Company's website [www.raymond.in](http://www.raymond.in), in a downloadable format.

The Company has not accepted any deposits, within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 made thereunder.

The Business Responsibility Reporting as required by Clause 55 of the Listing Agreement with the Stock Exchanges is not applicable to your Company for the financial year ending March 31, 2014.

## 20. CAUTIONARY STATEMENT

Statements in this Directors' Report & 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.

## 21. APPRECIATION

Your Directors wish to place on record their appreciation for the contribution made by the employees at all levels but for whose hard work, and support, your Company's achievements would not have been possible. Your Directors also wish to thank its customers, dealers, agents, suppliers, investors and bankers for their continued support and faith reposed in the Company.

For and on behalf of the Board

**Gautam Hari Singhania**  
Chairman and Managing Director

Mumbai, April 30, 2014



## ANNEXURE - 1 TO THE DIRECTORS' REPORT

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

### A. Conservation of Energy:

Energy conservation continued to have high prominence as in previous years. Some of the initiatives taken in FY 2014 were as follows:

#### In Textiles Division

##### At Chhindwara Unit

- 1) Installation of Variable Frequency Drive (VFD) on Ring Frames, Thibeau Card & TFO
- 2) Installation of Pressure reducing Valve on Compressed Air Line
- 3) Replacement of inefficient motor with efficient motors

##### At Jalgaon Unit

- 1) Installation of Inverter in Air washer tower
- 2) Replacement of old motor with high efficiency motor
- 3) Installation of EFFIMAX system on coal fired Boiler

##### At Vapi Unit

- 1) Rearrangement or micro filters in compressor room
- 2) Reuse of machine cooling water in process of finishing and dyeing

### B. Technology Absorption:

#### (a) Research & Development (R&D)

The R & D Department of the Textile division continues to develop new products for both domestic and export market. The major developments during the year are as under:

**Kapok**, the lightest Cellulosic natural fibre in the world - Six times lighter than the cotton with inherent property of Thermo Regulation.

A unique fusion of superior fiber, technology and expertise in innovation with excellent design and colors makes it a world class product.

**Pluto Next**, An all wool collection with advantage of being machine washable is offered to create demand for pure wool fabrics.

**True Star**, a fabric which is especially engineered to provide wooly finish to create demand in poly wool.

**Ethnics**, readymade and ready to stitch ethnic wear collection. Range includes Sherwani, Bandhgala, Indo-western, Short kurta, Long kurta and Bundi in various designs.

The detail of expenditure on Research & development is given in this Report. The company has incurred an expenditure of ₹ 0.32 crore towards Research & development which is 0.015 per cent of the total turnover of the Company for the year under review.

#### (b) Technology Absorption, adaption and Innovation:

##### Vapi

- (i) Replacement of 2 x 36 watt ceiling luminaries with 2 x 28 watt luminaries.
- (ii) Automation in Harish stenter machine to increase productivity and improve quality.

##### Chhindwara

- (i) Conversion of DC to AC drive on Prashant Warping Machine.
- (ii) Replacement of 36 W T8 Tube light by 17 W LED Tube light.
- (iii) Installation of Light Pipe.

#### C. Foreign Exchange Earnings and Outgo:

During the year under review foreign exchange earnings were ₹ 126.02 crore (Previous Year: ₹ 157.07 crore) excluding deemed exports and foreign exchange outgo was ₹ 354 crore (Previous Year: ₹ 345.61 crore).

### 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
<b>1. Electricity</b>				
a) Total units (KWH in thousands)				
Textiles	80574	65761	65284	75761
b) Total Amount (₹ in lac)				
Textiles	4663	4433	3464	4671
c) Units/per Liter of Diesel Oil				
Textiles	-	-	2.47	3.46
d) Units/per Kg. of Coal				
Textiles	-	-	0.01	0.01
e) Units/per Cubic mtr of Gas				
Textiles			2.86	2.63
f) Cost per unit (₹)				
Textiles	5.79	6.74	5.31	6.16
	Total Quantity		Total Cost ₹ Lacs	Average Rate per Unit ₹
<b>2. Coal (M.T.)</b>				
Current Year		90497	3049	3369
Previous Year		93222	2950	3164
<b>3. Furnace Oil (Lac Liters)</b>				
Current Year		1.16	56	48.13
Previous Year		5.52	243	44.08
<b>4. Diesel Oil (Lac Liters)</b>				
Current Year		0.75	40	52.73
Previous Year		2.72	128	47.29
<b>5. LPG (Kgs.)</b>				
Current Year		35394	31	87.64
Previous Year		45541	34	74.26
<b>6. Natural Gas (Lacs Cubic Mtr.)</b>				
Current Year		106	4507	42.63
Previous Year		75	2588	34.43

### B. CONSUMPTION PER UNIT OF PRODUCTION

	Unit	Standard (if any)	Current Year	Previous Year
<b>Electricity</b>				
Fabrics	KWH/Metre	-	4.46	4.06

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY

Raymond's ("The Company") Governance philosophy is based on trusteeship, transparency, accountability and ethical corporate citizenship. As a responsible corporate citizen, our business fosters a culture of ethical behavior and disclosures aimed at building trust of our stakeholders. The Company's Code of Business Conduct and Ethics, Raymond Code of Conduct for Prevention of Insider Trading and the Charter-Business for Peace are an extension of our values and reflect our commitment to ethical business practices, integrity and regulatory compliances.

The Company's governance framework is based on the following principles:

- Appropriate composition and size of the Board, with each member bringing in expertise in their respective domains;
- Availability of information to the members of the Board and Board Committees to enable them discharge their fiduciary duties;
- Timely disclosure of material, operational and financial information to the stakeholders;
- Systems and processes in place for internal control; and
- Proper business conduct by the Board, Senior Management and Employees.

The Company continues to focus its resources, strengths and strategies to achieve the vision of becoming a global leader in Textiles, Apparel, Garmenting and Lifestyle Brands while upholding the Core values of Quality, Trust, Leadership and Excellence.

### GOVERNANCE STRUCTURE

The Corporate Governance structure at Raymond is as follows:

1. **Board of Directors:** The Board is entrusted with the ultimate responsibility of the management, directions and performance of the Company. As its primary role is fiduciary in nature, the Board provides leadership, strategic guidance, objective and independent view to the Company's management while discharging its responsibilities, thus ensuring that the management adheres to ethics, transparency and disclosure.
2. **Committees of the Board:** The Board has constituted the following Committees viz, Audit Committee, Remuneration and Nomination Committee and the Committee of Directors (which also act as the Shareholders' Grievance Committee). Each of the said Committee has been mandated to operate within a given framework.

### THE BOARD OF DIRECTORS

#### Size and Composition of the Board

The Board is broad-based and consists of eminent individuals from industry, management, technical, financial and marketing. As on March 31, 2014 the Board of Raymond had 9 Directors, comprising (i) two Executive, including the Chairman (ii) one Non-Executive and (iii) six Non-Executive Independent Directors as defined under the Listing Agreement with Indian Stock Exchanges. The Company is managed by the Board of Directors in coordination with the Senior Management team. The Board periodically evaluates the need for change in its composition and size.

The details of each member of the Board along with the number of Directorships/Committee Membership and date of joining the Board are provided in this report.

#### Composition and Directorship/Committee Membership as on March 31, 2014:

Name	DIN	Date of Joining the Board	Directorships in other Indian Public Limited Companies	No. of Board Committees in which Chairman/ Member		Relationship inter-se Directors
				Chairman	Member	
<b>Chairman Emeritus</b> Dr. Vijaypat Singhania	00020063	29/06/1971	6	1	Nil	Related to Shri Gautam Hari Singhania
<b>Chairman and Managing Director</b> Shri Gautam Hari Singhania	00020088	01/04/1990	11	Nil	1	Related to Dr. Vijaypat Singhania
<b>Independent Directors</b>						
Shri Nabankur Gupta	00020125	15/01/2001	9	1	4	-
Shri P.K. Bhandari*	00021923	24/04/2003	10	Nil	3	-
Shri I.D. Agarwal	00293784	23/06/2006	1	Nil	1	-
Shri Shailesh V. Haribhakti	00007347	15/06/2009	13	5	5	-
Shri Pradeep Guha	00180427	15/06/2009	3	Nil	2	-
Shri Boman R. Irani	00057453	21/04/2011	Nil	Nil	Nil	-
<b>Whole-time Director</b>						
Shri H. Sunder	00020583	29/07/2011	9	Nil	6	-

(Chairmanship/Membership of Committee only includes Audit Committee and Shareholders' Grievances Committee in Indian Public Limited Companies other than Raymond. Directorships exclude Alternate Directorship.)

\* Shri P.K. Bhandari has resigned from the Board on April 23, 2014.

In compliance with the Listing Agreement, members of the Raymond Board do not have Directorships in more than fifteen Companies or membership of more than ten Board-level Committees or Chairman of more than five such Committees.

#### Additional Director

At the meeting of the Board of Directors held on April 30, 2014, the Board on the recommendation of the Nomination and Remuneration Committee appointed Smt. Nawaz Gautam Singhania as Director.

#### Brief Profile of Smt. Nawaz Gautam Singhania

Smt. Nawaz Gautam Singhania holds a Graduate degree in Arts and a Post Graduate degree in Law from the University of Mumbai. As soon as she completed her graduation, Smt. Singhania made a successful foray in the fitness industry by establishing premium fitness centres in Mumbai. Smt. Singhania is an acclaimed entrepreneur of repute and has immense creative skills, an eye for detail having demonstrated her works through her solo art shows held in Mumbai and Delhi. Her recent collaboration along with Jewellery Designer Poonam Soni for S2 offers an exquisite range