



raymond

ANNUAL REPORT
2015-16

A photograph of leather goods arranged on a wooden chair and deck. A dark brown leather briefcase with a handle and a strap is perched on the seat of a wooden chair. A matching messenger bag with a strap is hanging from the chair's frame. In the foreground, a pair of dark green leather oxford shoes with light brown laces and soles are placed on a wooden deck. The background is a blurred, warm-toned outdoor setting.

ANNUAL REPORT 2015 - 16

CHAIRMAN EMERITUS : DR. VIJAYPAT SINGHANIA

BOARD OF DIRECTORS

DR. VIJAYPAT SINGHANIA, Chairman Emeritus
GAUTAM HARI SINGHANIA, Chairman and Managing Director
SMT. NAWAZ GAUTAM SINGHANIA, Non-Executive Director
I.D.AGARWAL, Independent Director
NABANKUR GUPTA, Independent Director
PRADEEP GUHA, Independent Director
BOMAN IRANI, Independent Director
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
K.A. NARAYAN, President - HR
S.L. POKHARNA, President - Commercial
SUDHANSHU POKHRIYAL, President – Suiting, Textiles
SANJAY BAHL, Group CFO
GAURAV Y. MAHAJAN, President - Apparel Business

CHIEF FINANCIAL OFFICER

SANJAY BAHL

DIRECTOR – SECRETARIAL & COMPANY SECRETARY

THOMAS FERNANDES

BANKERS

BANK OF INDIA
BANK OF MAHARASHTRA
CENTRAL BANK OF INDIA
HDFC BANK LIMITED
IDBI BANK LIMITED
STATE BANK OF INDIA
STANDARD CHARTERED BANK
SYNDICATE BANK
AXIS BANK LIMITED

DEBENTURE TRUSTEE

AXIS TRUSTEE SERVICES LIMITED

AUDITORS

DALAL & SHAH LLP
Chartered Accountants

COST AUDITORS

Nanabhoy & Co.

SECRETARIAL AUDITOR

Ashish Bhatt & Associates

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

WEBSITE

www.raymond.in

CORPORATE IDENTIFICATION NUMBER (CIN)

L17117MH1925PLC001208

CONTENTS:

Pages

Directors' Report & Management Discussion and Analysis	2-27
Corporate Governance Report	28-41
Standalone Financial Statements	
Auditor's Report	42-45
Balance Sheet	46
Statement of Profit and Loss	47
Cash Flow Statement	48
Notes	49-78
Statement of Significant Accounting Policies and Practices	79-81
Consolidated Financial Statements	82-117
Details of Subsidiary/Associate/ Joint Venture Companies	118
Ten-Year Highlights	119

ANNUAL GENERAL MEETING

Date : June 7, 2016 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 Ninety-First Annual Report on the business and operation of the Company together with the Audited Financial Statements for the year ended March 31, 2016. The Management Discussion and Analysis is also included in this Report.

1. CORPORATE OVERVIEW

Raymond Limited ("Your Company") is a leading Indian Lifestyle, Textile and Branded Apparel Company, with interest in the Engineering (Files, Power Tools, Auto-Components) and FMCG sectors. The Group has its corporate headquarters at Mumbai.

2. OVERVIEW OF THE ECONOMY

The Global economy disappointed in terms of growth, with deceleration of activity in key emerging and developing economies like China, Brazil, Russia overshadowing a modest recovery in major high income countries. The deceleration was accompanied by declines in commodity prices, subdued global trade, bouts of financial market volatility and weakening capital flows. India was a notable exception, growing at 7.6% as per Central Statistical Office (CSO) estimates, despite declines in exports. Inflation has come down, however industrial activity and consumption has not been buoyant.

Three key transitions will influence the global outlook for growth – pace of rebalancing in China, commodity prices and monetary policy actions in the US and other major economies. For India, though the long term prospects for continued growth remain undiminished, actual pace will depend on revival in private investment and rural consumption, strengthening of bank balance sheets and continued implementation of economic reforms.

3. FINANCIAL RESULTS

Particulars	Standalone		Consolidated	
	₹ in Crore		₹ in Crore	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Gross Revenue	2793.60	2645.47	5632.48	5374.54
Profit before tax (after exceptional Item)	128.21	109.64	161.91	159.75
Tax Expenses (Including Deferred Tax)	46.12	9.64	72.13	43.89
Minority Interest and Share in Profit of Associates	-	-	2.27	3.05
Profit after Tax	82.09	100.00	92.05	112.81

4. FINANCIAL PERFORMANCE

Your Company reported a marginal top-line growth of 5.60% over the Previous Year. At Standalone level, the Gross Revenue from operations stood at ₹ 2793.60 crore compared

with ₹ 2645.47 crore in the Previous Year. The Operating Profit before tax stood at ₹ 128.21 crore as against ₹ 109.64 crore in the Previous Year. The Net Profit for the year stood at ₹ 82.09 crore against ₹ 100 crore reported in the Previous Year.

The Consolidated Gross Revenue from operations for FY 2016 was at ₹ 5632.48 crore (Previous Year: ₹ 5374.54 crore), registering a growth of 4.80%. The Consolidated Operating Profit stood at ₹ 161.91 crore (Previous Year: ₹ 159.75 crore). The Consolidated Profit after tax stood at ₹ 92.05 crore (Previous Year: ₹ 112.81 crore).

There are no material changes or commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this Report.

5. DIVIDEND AND RESERVES

Your Directors are pleased to recommend a dividend of 30% i.e. ₹ 3 per equity share of face value of ₹ 10 each aggregating to ₹ 18.41 crore (Previous Year: ₹ 18.41 crore). During the year under review, your Company transferred a sum of ₹ 21 crore to the Debenture Redemption Reserve (Previous Year: ₹ 43.75 crore).

During the year under review, no amount from profit was transferred to General Reserve.

6. SHARE CAPITAL

The paid up Equity Share Capital as at March 31, 2016 stood at ₹ 61.38 crore. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2016, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

7. ANALYSIS AND REVIEW

Textile and Apparel Industry Conditions

The Indian Textile Industry is one of the leading textile industries in the world. It is one of the key sectors of India's manufacturing segment as it contributes significantly to the economy in terms of employment generation and foreign exchange revenue.

Indian Textile and Apparel industry contributes about 14% to industrial production, 5% to GDP and 17% to country's export earnings.

The domestic textile and apparel industry in India is estimated to reach US\$ 223 billion by 2021 from US\$ 108 billion in 2015. The fundamental strength of this industry flows from its strong production base of wide range of fibres and yarns ranging from natural fibres to man-made fibres.

Opportunities and Challenges

The future for the Indian textile industry looks promising, buoyed by strong domestic consumption. The Government has introduced the Amended Technology Upgradation Fund Scheme (ATUFS) to give a further boost for technology investment in the textile industry. The ATUFS targets employment generation, exports, conversion of existing

looms to better-quality technology looms and improved quality of processing industry. The ATUFS is expected to act as a catalyst to the Government's 'Make in India' campaign for the textile sector. Approval has also been given for 24 new textile parks which will further create employment opportunities and investments. The long awaited National Textile policy to be announced shortly will further accelerate growth in this sector.

However, there are several challenges ahead for the Textile industry for enhancing its competitive strength and global positioning in terms of inflexible labour laws, poor infrastructure, competition from low cost neighbouring countries which will have to be addressed to sustain the growth momentum of the industry.

Performance Highlights

During FY 2016, despite challenging business environment your Company's total Textile sales registered a growth of 5.82%; Net Revenue being ₹ 2683.21 crore in FY 2016 as against ₹ 2535.59 crore in FY 2015. The increase in sales was led by growth in B2C shirting business.

Raw Material

Textile fibre prices remained mostly stable for first 3 quarters of FY 2016 but eventually declined in the last quarter. The sharp fall of crude oil prices followed by a spectacular rally raised the level of volatility on commodity markets, with textile fibres not escaping the price variations. Cotton prices dropped whereas polyester and viscose surged. The prices of wool steadily increased whereas nylon and acrylic remained stable. Multiple raw material cost saving initiatives have also helped in keeping costs in control.

Retail network presence

Your Company was judicious in its Retail expansion plans. The Retail network now covers a large number of Tier 4 and 5 cities. As on March 31, 2016 your Company had 1051 (Previous Year 1003) retail stores (including 47 overseas stores) across all formats. This includes TRS (The Raymond Shop), EBO (The Exclusive Brand Outlet) and Made-to-Measure (MTM).

8. FINANCE AND ACCOUNTS

During the year under review, your Company had issued and allotted following 2 series of Debentures on private placement basis:

- 9.75% - 1000 Unsecured Redeemable Non-Convertible Debentures (NCD) Series H of ₹ 10,00,000/- each for cash at par aggregating to ₹ 100 crore.
- 9.52% - 1000 Unsecured Redeemable Non-Convertible Debentures (NCD) Series I of ₹ 10,00,000/- each for cash at par aggregating to ₹ 100 crore.

The aforesaid Series of NCD's are listed on Wholesale Debt Market (WDM) of National Stock Exchange of India Limited.

During the year under review, 1000 Unsecured Redeemable Non-Convertible Debentures (NCD) Series A of ₹ 10,00,000/- each aggregating to ₹ 100 crore and 300 Unsecured

Redeemable Non-Convertible Debentures (NCD) Series D of ₹ 10,00,000/- aggregating to ₹ 30 crore were redeemed on attaining maturity.

During the year under review, the Rating agency CARE upgraded the Company's long term borrowings to "AA" from "AA-" for long term borrowings. CRISIL and CARE maintained the A1+ rating for the Company's short term borrowings.

Your Company prepares its financial statements in compliance with the requirements of the Companies Act, 2013 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 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, 2016.

9. PERFORMANCE OF SUBSIDIARY COMPANIES

Domestic subsidiaries

Raymond Apparel Limited

Raymond Apparel Limited brings to the customers the best of fabrics and styling through some of India's most prestigious brands – Raymond Premium Apparel, Park Avenue and Parx. The Gross Revenue of the company for FY 2016 stood at ₹ 840.23 crore (Previous Year: ₹ 702.31 crore). Profit after tax for the year stood at ₹ 21.51 crore (Previous Year: ₹ 15.49 crore).

The growth is driven by strong performance across all three Brands. Multiple strategic initiatives undertaken have helped to reduce input costs and improve design and quality, thus resulting in higher efficiency and effective supply chain management.

Colorplus Fashions Limited

This company operates as the ready-to-wear premium casual lifestyle brand for men under the 'Colorplus' brand. The company's Gross Revenue for FY 2016 stood at ₹ 272.60 crore (Previous Year: ₹ 245.47 crore). The company made a loss of ₹ 6.42 crore (Previous Year: ₹ 12.70 crore).

Silver Spark Apparel Limited

The company has a quality overseas clientele, and the strong export order book led to a strong sales growth performance. The Gross Revenue of the company for FY 2016 stood at ₹ 423.40 crore (Previous Year: ₹ 392.78 crore). The company had a profit after tax of ₹ 13.30 crore (Previous Year: ₹ 16.24 crore).

Dress Master Apparel Private Limited

Silver Spark Apparel Limited, had on September 10, 2015 completed the acquisition of Dress Master Apparel Private Limited (formerly known as Robot Systems Private Limited) a company engaged in garment manufacturing located in Bangalore. The company registered a loss of ₹ (0.97) crore during the year under review.

Celebrations Apparel Limited

This company has a state-of-the art manufacturing facility for formal shirts. The Gross Revenue of the company for FY 2016 stood at ₹ 77.23 crore (Previous Year: ₹ 59.20 crore). The company incurred a loss of ₹ 0.72 crore (Previous Year: ₹ 0.88 crore).

Everblue Apparel Limited

This company has a state-of-the art denim-wear facility offering seamless denim garmenting solutions. The Gross Revenue of the company for FY 2016 stood at ₹ 55.41 crore (Previous Year: ₹ 51.83 crore). The company earned a Profit after tax of ₹ 0.71 crore (Previous Year: ₹ 0.72 crore).

Raymond Woollen Outerwear Limited

The Gross Revenue of the company for FY 2016 stood at ₹ 3.24 crore (Previous Year: ₹ 4.09 crore). During the year, the company had a loss of ₹ 0.23 crore (Previous Year: Profit ₹ 0.06 crore).

JK Files (India) Limited

This company is the largest manufacturer of steel files in the world with a sizeable global market share in the files business. The company reported a Gross Revenue of ₹ 403.83 crore for the FY 2016 (Previous Year: ₹ 449.98 crore) with a loss of ₹ 5.51 crore (Previous Year: ₹ 2.49 crore). The loss was due to the adverse impact of low volume off-take in both domestic and export markets caused by weak economic conditions in the company's main markets, hence impacting the operating margins.

JK Talabot Limited

This company manufactures files and rasps at its plant at Chiplun in Ratnagiri District, in the State of Maharashtra. During FY 2016, the Gross Revenue of the company stood at ₹ 24.39 crore (Previous Year: ₹ 27.07 crore). The company reported a profit after tax of ₹ 1.38 crore during FY 2016 (Previous Year: ₹ 0.93 crore).

Scissors Engineering Products Limited

The company registered a loss of ₹ 0.02 crore during the year under review (Previous Year: ₹ 0.01 crore).

Ring Plus Aqua Limited

This company manufactures high quality automotive components and supplies to the domestic markets as well as to Europe, North America and Latin America. The Gross Revenue of the company stood at ₹ 173.83 crore (Previous Year: ₹ 231.90 crore). During the year under review, the company made loss of ₹ 39.51 crore (Previous Year: ₹ 12.29 crore). The above loss for FY 2016, includes the loss of ₹ 34.94 crore arising out of restructuring the forging business.

Pashmina Holdings Limited

The company made a profit after tax of ₹ 0.04 crore in FY 2016 (Previous Year: ₹ 0.57 crore).

Raymond Luxury Cottons Limited

This company caters to niche high-value Luxury Cotton shirting customers. The erstwhile Joint Venture partner Cotonificio Honegger S.p.A. was declared bankrupt by an Italian Court. The bankruptcy proceedings are in progress. The Company's claim for a sum aggregating to ₹ 11 crore towards Export receivables has been admitted by the Italian Court Receiver. The Company has appointed an Italian Lawyer to protect its interest and attend to the legal proceedings in Italy.

During the year under review, Raymond Limited subscribed to the rights issue by the said Subsidiary Company and subscribed ₹ 61.68 crore of the Equity Share capital to help finance the expansion program of this subsidiary.

The Gross Revenue for the FY 2016 stood at ₹ 467.14 crore (Previous Year: ₹ 393.32 crore). The Net profit after tax stood at ₹ 12.25 crore (Previous Year: ₹ 18.14 crore).

Overseas subsidiaries

Jaykayorg AG

This Company recorded a Profit of CHF 1,11,147 (equivalent to ₹ 0.73 crore) for the year ended December 31, 2015 (Previous Year: Loss CHF 13,26,008 (equivalent to ₹ 8.41 crore)).

Raymond (Europe) Limited

The Company recorded a profit of GBP 1,50,388 (equivalent to ₹ 1.49 crore) for the year ended December 31, 2015 (Previous Year: Profit GBP 48,197 (equivalent to ₹ 0.48 crore)).

R & A Logistics INC, USA

This Company is the subsidiary of Ring Plus Aqua Limited set up in USA to provide better service to US based customers and made a profit of USD 11,281 (equivalent to ₹ 0.12 crore) for the year ended March 31, 2016 (Previous Year: loss USD 20,635 (equivalent to ₹ 0.09 crore)).

Silver Spark Middle East (FZE)

This company is the wholly owned subsidiary of Silver Spark Apparel Limited incorporated in Sharjah Airport Free Zone (SAIFZONE), Sharjah, UAE. This company was incorporated on September 10, 2015 and will engage in Garmenting, Trading of Apparel and related products for the Middle East and African markets. This entity is yet to commence its business operations.

Raymond Lifestyle International DMCC

This company is the wholly owned subsidiary of Raymond Limited and is incorporated in the Dubai Multi Commodities Centre (DMCC), Dubai. This company was incorporated on March 24, 2016 and will engage in Trading of Textile, Apparel and related products for the Middle East and African markets. This company is yet to commence business operations.

10. PERFORMANCE OF JOINT VENTURE

Raymond UCO Denim Private Limited

This company is engaged in the business of manufacturing and marketing of denim fabrics and garments. In FY 2016,

revenue from Indian operations was ₹ 840.77 crore (Previous Year: ₹ 870.67 crore).

The company earned a profit after tax of ₹ 39.07 crore (Previous Year: ₹ 34.62 crore). This Company has successfully maintained its price leadership position. The company was able to sustain profitability through introduction of high margin value added products.

11. QUALITY & ACCOLADES

Your Company continues to win awards year-after-year, thus reiterating its credible market position. Some awards during FY 2016 are:

1. Raymond Ltd was ranked as the #1 Textile Company by the Businessworld magazine and ranked #23 amongst the most respected companies in India (January 11, 2016, edition);
2. The Vapi Textile Unit bagged the following awards:
 - The Quality Mark Award, 2015 for Pioneer Industries under Textile category in the state of Gujarat for the second consecutive year in a row;
 - First position in SteamTech 2016 - 9th National Conference on Boiler and Steam Systems under the category of 'Best Boiler User Industry (Process)';
3. The Chhindwara Textile Unit bagged the following awards:
 - Quality Mark Award at a glittering function which was held at Indore;
 - CII - Best Contributor Award for most entries in majority of the streams during the 8th National Cluster Summit;
4. Raymond Apparel Limited's RTW (Ready to Wear) Indiranagar Store won the award for "Innovative Retail Concept of the Year" by Asia Retail Congress;
5. Raymond Luxury Cottons Limited won the Annual Greentech Safety Management Award 2015 in Gold Category as an outstanding achiever in the area of Safety in the Textile Sector;
6. Silver Spark Apparel Limited won the award for "Best Companies to Work For 2015" Award by the Economic Times and the Great Place to Work for the second consecutive year in a row; and
7. Raymond UCO Denim Pvt. Ltd., Yavatmal, bagged the following awards:
 - Golden Peacock Environment Management Award 2015;
 - CII National Energy Management Award 2015;
 - Annual Greentech Environment Award 2015;
 - Earth Care Award 2015.

12. CONSOLIDATED FINANCIAL STATEMENTS

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 an integral part of this Report.

Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of Subsidiaries/Associate Companies/Joint Ventures is given in Form AOC-1 and forms an integral part of this Report.

13. CORPORATE GOVERNANCE

As per Regulation 34 (3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on corporate governance practices followed by the Company, together with a certificate from the Company's Auditors confirming compliance forms an integral part of this Report.

14. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9, as required under Section 92 of the Companies Act, 2013, is annexed as Annexure - A and forms an integral part of this Report.

15. DIRECTORS

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Smt. Nawaz Gautam Singhania, Director, retires by rotation at the forthcoming Annual General Meeting and, being eligible offers herself for re-appointment. The Board recommends her re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, there is no change in the Board of Directors of the Company.

16. NUMBER OF MEETINGS OF THE BOARD

The details of the number of meetings of the Board held during the Financial Year 2015 -16 forms part of the Corporate Governance Report.

17. KEY MANAGERIAL PERSONNEL

The following are the Key Managerial Personnel of the Company:

1. Shri Gautam Hari Singhania	: Chairman and Managing Director
2. Shri H. Sunder	: Whole-time Director
3. Shri Sanjay Bahl	: Chief Financial Officer (w.e.f. January 21, 2016)
4. Shri Thomas Fernandes	: Company Secretary

During the year, Shri M. Shivkumar resigned as Chief Financial Officer (CFO) of the Company w.e.f. December 31, 2015. The Directors place on record their appreciation for the contribution made by him during his tenure. The Board at its Meeting held on January 21, 2016 has appointed Shri Sanjay Bahl as Key Managerial Personnel (Group –Chief Financial Officer).

18. COMMITTEES OF THE BOARD

The Board of Directors has the following Committees:

1. Audit Committee
2. Remuneration and Nomination Committee
3. Committee of Directors (Stakeholders' Relationship Committee)
4. Corporate Social Responsibility Committee.

The details of the Committees along with their composition, number of meetings and attendance at the meetings are provided in the Corporate Governance Report.

19. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a structured questionnaire was prepared after taking into consideration the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Independent Directors was completed. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

20. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to Financial Statements.

21. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has a Whistle Blower Policy to report genuine concerns or grievances. The Whistle Blower Policy has been posted on the website of the Company (www.raymond.in).

22. REMUNERATION AND NOMINATION POLICY

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the

Company. This policy also lays down criteria for selection and appointment of Board Members. The details of this policy are explained in the Corporate Governance Report.

23. RELATED PARTY TRANSACTIONS

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business and that the provisions of Section 188 of the Companies Act, 2013 and the Rules made thereunder are not attracted. Thus, disclosure in form AOC-2 in terms of Section 134 of the Companies Act, 2013 is not required. Further, there are no material related party transactions during the year under review with the Promoters, Directors or Key Managerial Personnel. The Company has developed a framework through Standard Operating Procedures for the purpose of identification and monitoring of such Related Party Transactions.

All Related Party Transactions are placed before the Audit Committee as also to the Board for approval. Omnibus approval was obtained on a quarterly basis for transactions which are of repetitive nature. Transactions entered into pursuant to omnibus approval are audited by the Risk Assurance Department and a statement giving details of all Related Party Transactions are placed before the Audit Committee and the Board for review and approval on a quarterly basis.

The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company. The web-link of the same has been provided in the Corporate Governance Report. None of the Directors has any pecuniary relationship or transactions vis-à-vis the Company.

24. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators/Courts that would impact the going concern status of the Company and its future operations.

25. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3)(c) of the Companies Act, 2013:

- (i) that in the preparation of the Annual Accounts for the year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) the annual accounts have been prepared on a going concern basis;
- (v) that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

26. AUDITORS

(a) STATUTORY AUDITOR

Messrs Dalal & Shah LLP, Chartered Accountants, (Registration Number : 102021W/W100110) who are Statutory Auditors of the Company hold office up to the forthcoming Annual General Meeting and are recommended for re-appointment for the financial year 2016-17. As required under the provisions of Section 139 of the Companies Act, 2013, the Company has obtained written confirmation from Messrs Dalal & Shah LLP that their appointment, if made, would be in conformity with the limits specified in the said Section.

There is no Audit qualification for the year under review.

(b) COST AUDITOR

As per the requirement of Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying out audit of cost records relating to Textile Divisions every year.

The Board of Directors, on the recommendation of Audit Committee, has appointed Messrs R. Nanabhoy & Co., Cost Accountants, (Firm Registration Number 7464) as Cost Auditor to audit the cost accounts of the Company for the financial year 2016-17. As required under the Companies Act, 2013, a resolution seeking member's approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting for their ratification.

(c) SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company has appointed Messrs Ashish Bhatt & Associates, a firm of Company Secretaries in Practice (C.P.No.2956) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as Annexure - B and forms an integral part of this Report.

There is no secretarial audit qualification for the year under review.

27. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has an effective internal control and risk-mitigation system, which are constantly assessed and strengthened with new/revised standard operating procedures. The Company's internal control system is commensurate with its size, scale and complexities of its

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

The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements to strengthen the same. 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. Significant audit observations and corrective actions taken by the management are presented to the Audit Committee of the Board. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee.

28. RISK MANAGEMENT

Risk management is embedded in your Company's operating framework. Your Company believes that managing risks helps in maximizing returns. The Company's approach to addressing business risks is comprehensive and includes periodic review of such risks and a framework for mitigating controls and reporting mechanism of such risks. The risk management framework is reviewed periodically by the Board and the Audit Committee. Some of the risks that the Company is exposed to are:

Financial 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. 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 and proactive vendor development practices. The Company's reputation for quality, product differentiation and service, coupled with existence of powerful brand image with robust marketing network mitigates the impact of price risk on finished goods.

Regulatory 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.

Human Resources Risks

Retaining the existing talent pool and attracting new talent are major risks. The Company has initiated various measures including rolling out strategic talent management system, training and integration of learning and development 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.

Strategic Risks

Emerging businesses, capital expenditure for capacity expansion, etc., are normal strategic risks faced by the Company. However, the Company has well-defined processes and procedures for obtaining approvals for investments in new businesses and capacity expansion etc.

29. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As a part of its initiative under the "Corporate Social Responsibility" (CSR) drive, the Company has undertaken projects in the area of rural development, promoting health care and education. These projects are in accordance with Schedule VII of the Companies Act, 2013 and the Company's CSR policy. The Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as Annexure - C and forms an integral part of this Report. Apart from the CSR activities under the Companies Act, 2013, the Company continues to voluntarily support the following social initiatives:

- (i) Smt. Sulochanadevi Singhanian School at Thane, Maharashtra run by Smt. Sulochanadevi Singhanian School Trust ("the School Trust"), a public charitable education trust;
- (ii) Kailashpat Singhanian High School in Chhindwara, Madhya Pradesh, run by an education society,
Both the aforesaid schools have an overall strength of about 8,000 student;
- (iii) Dr. Vijaypat Singhanian School at Vapi, Gujarat run by the School Trust provides quality education to the children of the local populace;
- (iv) Raymond Rehabilitation Centre set-up for the welfare of under-privileged youth at Jekegram, Thane. This initiative enables less fortunate youth to be self-sufficient in life. This 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 and plumbing activities; and
- (v) A Tailoring Trust named 'STIR' (Skilled Tailoring Institute by Raymond) set up as a social initiative that provides tailoring skills to the underprivileged, school drop-outs, women and youth and helps them to improve their income generating capability and also retain the art of tailoring. Under the aegis of this Trust, Raymond Tailoring Centers have come up at Patna, Jaipur, Jodhpur and Lucknow.

30. 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 of environmental regulations and preservation of natural resources.

As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has formulated and implemented a policy on prevention of sexual harassment at workplace with a mechanism of lodging complaints. Its Redressal is placed on the intranet for the benefit of its employees. During the year under review, no complaints were reported to the Board.

31. 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 & Organizational Development. This is a part of Corporate HR function and is a critical pillar to support the organization's growth and its sustainability in the long run.

32. STATUTORY INFORMATION

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed as Annexure - D and forms an integral part of this Report.

The Disclosure required under Section 197(12) of the Companies Act, 2013 read with the Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as Annexure - E and forms an integral part of this Report.

The Company had 7197 employees as at March 31, 2016. 23 persons employed throughout the year, were in receipt of remuneration of ₹ 60 lac per annum or more amounting to ₹ 26.44 crore and 21 employees employed for the part of the FY 2016 were in receipt of remuneration of ₹ 5 lac per month or more amounting to ₹ 13.15 crore. Details of such employees are annexed as Annexure - F and forms an integral part of this Report.

The above Annexure is not being sent along with this Annual Report to the Members of the Company in line with the provision of Section 136 of the Companies Act, 2013. 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