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ANNUAL REPORT 1997

TRIDENT ALCO-CHEM LTD.

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Letter to Shareholders

Dear Shareholder

Beginning with a small project of Rs 653.68 lacs in Varinder Agro Chemicals Ltd. (VACL) in 1985, my ambition was to turn it into an Organisation and convert that Organisation into an Institution. We are now on the path to create and strengthen this Institution called Trident and to move further ahead.

Growth is integral to Trident. And is brought about by adopting a two way strategy. Firstly through expansion and diversification. Secondly through consolidation by developing internal systems, improving performance and cost reduction.

To achieve growth at faster pace, we have introduced the concept of Mission. It involves detailing our annual targets, defining the means to achieve them and the allocation of responsibilities to action them. The Mission encourages each member of the Group to contribute by active participation, unbridled enthusiasm and the determination to realise defined goals. Each year on 2nd January, the Annual Day of the Group, we chart out the Mission for the year.

For the first step of the strategy, the expansion and diversification, we have set various projects in motion. Among which are the Rs 14400 lacs project of Yarn Processing and Terry Towels in Abhishek Spinfab Corporation Ltd., manufacturing of which has already commenced; Rs 9500 lacs project for the manufacture of Yarn in Abhishek Industries Ltd., commercial production of which will begin by first half of 1999; the Rs 5394 lacs project of Chemical Recovery and Co-generation of Power in VACL, commencing commercial production in mid 1998 and Rs 1628 lacs project of expansion of Acetic Acid, Acetic Anhydride and P-amino phenol in Trident Alco-Chem Ltd., likely to commence commercial production in mid 1998.

The second step is consolidation which has been successfully carried out with consistent training, motivation of human resources, injunctions for quality improvement, cost reduction, laying out and improvement of systems.

The success of the Mission has ensured expansion and diversification with no time and cost over runs and the development of definite systems for improvement. The turnover and gross profit of the Group has increased from Rs 8622.65 lacs and Rs 1312.68 lacs in 1993-94 and Rs 8295.30 lacs for 1998.

Growing every step of the way, Trident has evolved from an individual driven Organisation to a system driven one. It is reiterated in the fact that all manufacturing units of the Group have ISO-9002 certification. Abhishek Industries Ltd. as well as the Paper Division of VACL are on their way to be TQM Companies and will be followed by the other Companies of the Group.

Realising the need for improvement of Corporate Governance, we have decided to voluntarily follow the Desirable Corporate Governance Code as recommended by the CII. Further we feel that after a few years the R&D shall be the driving force and have taken the initiative to invest 2% of turnover towards the strengthening of our R&D infrastructure.

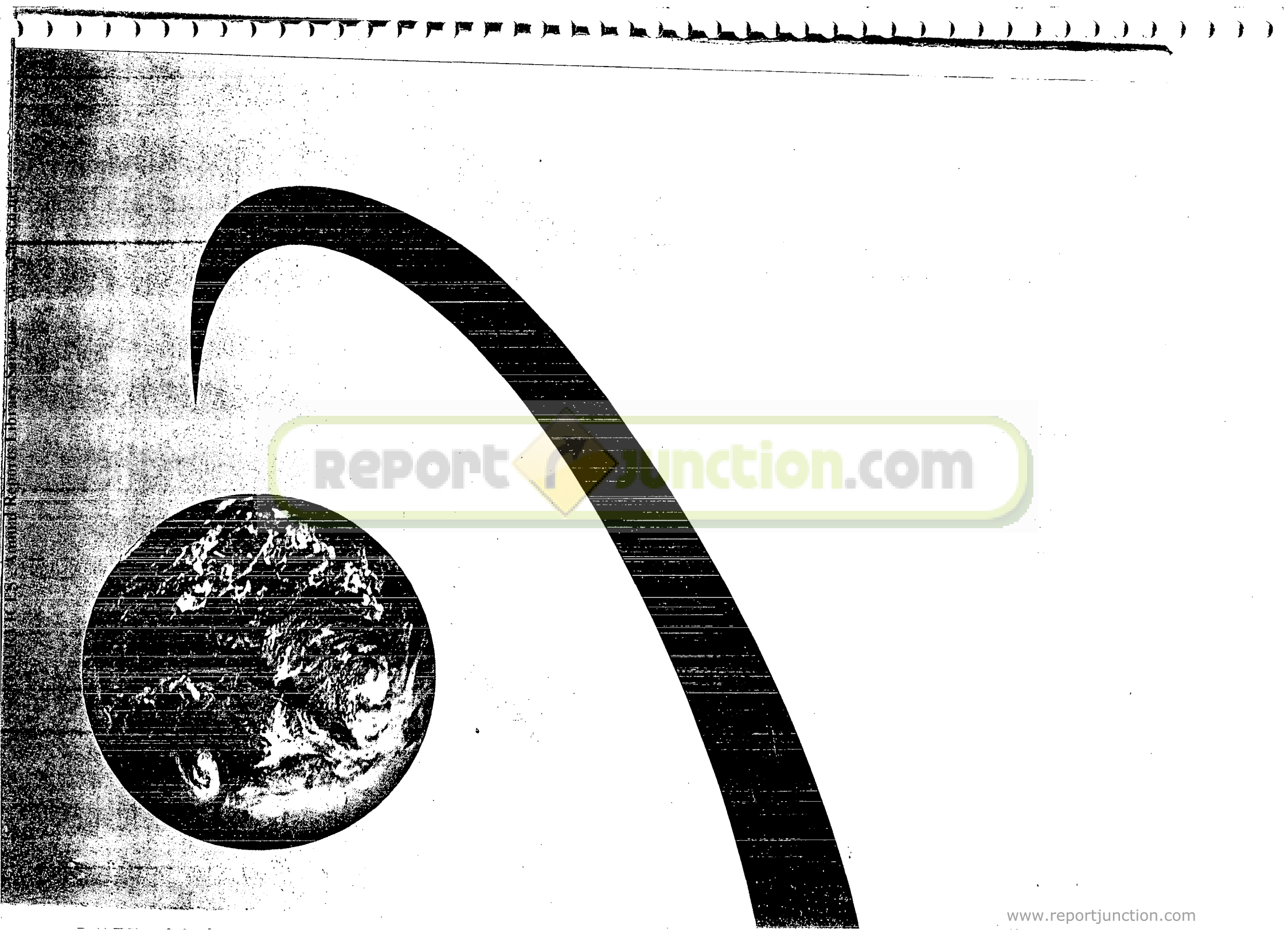
We are confident that with the able guidance of Directors, determination of members and the support of our esteemed shareholders and the Financial Institutions, we, as a team, shall make Trident a prosperous Institution for the prosperity of all of us.



Rajinder Gupta
Dated : 6th March, 1998



The fascinating vastness of the universe. Grouped in it lie brilliant suns, sparkling stars and revolving planets. Spreading across frontiers, existing over epochs of time. Trident, the Group, comprising of individual companies, each one contributing to its growth. Moulding to adapt, changing to evolve. Together, on the move.



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TRIDENT *Promoter Vision*

To make Trident a prosperous Institution for the prosperity of all concerned and the society at large.

TRIDENT *Philosophy*

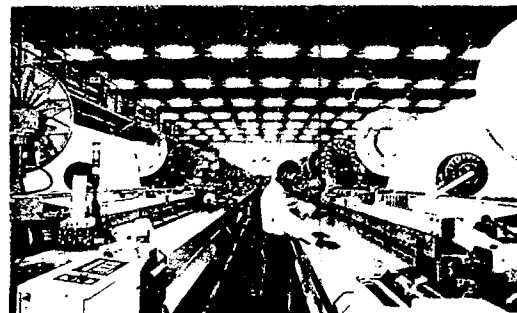
TO CONTINUE GROWTH
BY LEADING NATIONAL &
INTERNATIONAL STANDARDS,
ETHICAL MEANS IN HARMONY
WITH ENVIRONMENT;
ENSURING CUSTOMER DELIGHT,
STAKEHOLDERS' TRUST,
AND SOCIAL RESPONSIBILITY

TRIDENT *Growth Strategy*

To follow the philosophy of 'Continuous Growth', we have adopted a two way strategy - one is through Expansion/Diversification and the other is Consolidation. Further to make the growth faster we have introduced the concept of 'Mission' in the Group. The effect of our strategy is given below :

1. EXPANSION/DIVERSIFICATION

- Abhishek Spinfab Corporation Limited is setting up facilities for the processing of 4767 TPA of Yarn and the manufacture of 3032 TPA of Terry Towelling Products at a capital outlay of Rs 144 crores. The project has been fully implemented, trial production has started and the full commercial production shall commence in April, 1998. As per the appraisal of Industrial Development Bank of India, the turnover for the first year of full operations shall be Rs 111.59 crores.
- The expansion-cum-diversification project of Rs 16.28 crores of Trident Alco-Chem Limited i.e. expansion of Acetic Acid plant to 13500 MT and diversification for setting up production facilities of 4500 MT of Acetic Anhydride and 2100 MT of Para-Amino Phenol, is likely to be implemented by June, 1998. In the full year of operations the turnover and gross profit of the Company shall increase by Rs 681 lacs and Rs 156 lacs respectively on account of these projects.
- The implementation of the Project of 43,392 spindles as Unit II of Abhishek Industries Limited at a capital outlay of Rs 95.00 crores has been started. The Project has been divided into two parts and the commercial production of first part of 36,288 spindles shall start in January, 1999 and



that of second part of 7,104 spindles in May, 1999. The turnover of first year of full working of this project is envisaged to be Rs 88.85 crores with a gross profit of Rs 24.61 crores.

- Varinder Agro Chemicals Limited is implementing the project of Chemical Recovery and Co-generation of Power at a capital outlay of Rs 53.94 crores. The Chemical Recovery Project shall be completed by June, 1998 and Co-generation of Power by December, 1998. This project shall substantially improve the profitability of the Company.

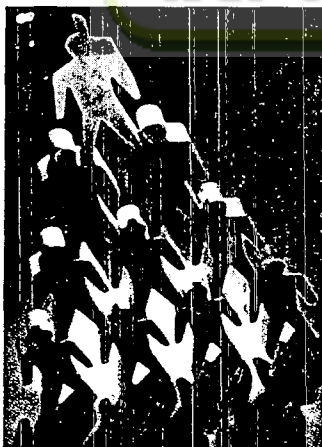


- Varinder Agro Chemicals Limited is also planning to set up a Kraft Paper Project of 23,760 TPA with a capital outlay of about Rs 30 crores.

2. CONSOLIDATION/SYSTEMS

Economies of scale, backward/forward integration, amalgamations, cost reduction, quality improvement, improvement of Research and Development facilities, development and improvement of systems, training and development of human resources etc. are the emphasis areas to achieve growth under this strategy. We have shifted the Sulphuric Acid Plant from Sanghera Complex to Dhaura Complex, steam generation for VACL and ASCL has been combined, Abhishek Industrial Corporation Limited is being amalgamated in Trident Infotech Corporation Limited, expansions are being done to achieve economies of scale and the systems are being strengthened to change Trident from human oriented to system oriented.

TRIDENT Mission



To achieve growth at a faster speed, we have introduced the concept of Mission on 2nd October, 1993. The major difference between Planning and Mission is that in the Mission, in addition to Planning there is determination, enthusiasm and a sense of happiness in the achievement of results. The Mission involves detailing our annual targets, defining the means to achieve them and the allocation of responsibilities to action them. The process starts with discussions and brainstorming at Department/Unit level before presenting to a group of about 300 Counsellors and Co-ordinators for discussion and approval. Each year on 2nd January, the Annual Day of the Group, we chart out the Mission for the year.

The Mission exercises have made two types of effect on the Group - visible and invisible. On the visible side there is substantial improvement of financial performance as well as start and implementation of new projects and on the invisible side is the creation of a culture that has inculcated amongst every member a high morale, competitive spirit, the habit of meticulous planning and constant cost-consciousness as well as the urge to learn more, give his best and to excel.

TRIDENT *Special Emphasis Areas* for 1998

1. IMPROVEMENT OF CORPORATE GOVERNANCE

With liberalization, increase in competition and entry of multinational companies, the Corporate Governance has assumed its own importance. Trident Group has decided to adopt the following ideal model on Corporate Governance

which is a synthesis of recommendations of the Cadbury Committee, Confederation of Indian Industry, Financial Institutions, proposed Statutory Amendments in the Companies Bill, 1997 and ICICI Internal Corporate Governance :

□ Composition, size and quality of Board should be such that non-executive Directors should have simple majority (preferably promoter Directors 25%, non-executive outside Directors 50% and Executive Directors 25%)

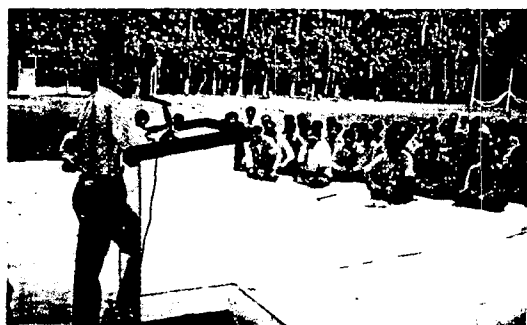
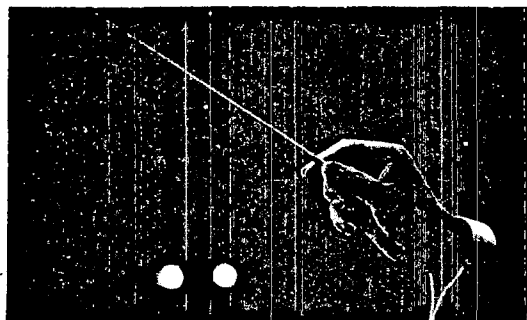
□ Chairman and Managing Director should be separate individuals □ Number of Directors should be proportionate to the size of Company ranging between 3 and 12, and all Directors should be competent to understand, participate, and take decisions on the affairs of the Company □ Interest of shareholders should be given due priority □ Minimum number of Board Meetings in a year should be six as compared to four under the Companies Act, 1956. □ Non-Executive Directors should play a very active role □ Non-Executive Directors should be paid commission □ In addition to legal items to be considered by the Board, all operations of the Company should be planned, reviewed and controlled by the Board □ Bigger size companies should delegate the functions to Committees of Directors □ Appointment/removal of Company Secretary should be by the Board and he should be accessible to all

Directors □ Audit Sub-Committee of Directors and Auditors should play a very active role in financial policies, review of transactions and auditing.

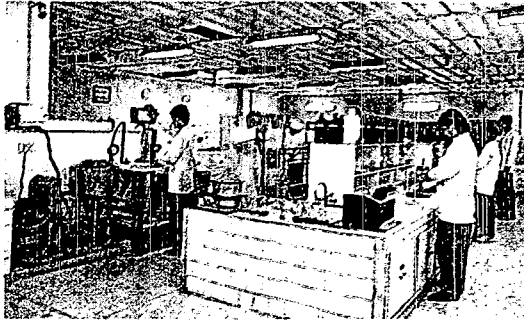
In addition to the emphasis to adopt the above ideal model on Corporate Governance, Trident Group has also adopted the following practice :

Counsellors Meetings : Once a month a meeting of all the senior members of the Group is held where operational policies, planning and performance are discussed and decisions taken.

Morning Review Meetings : At Trident, 9 to 10 a.m. is the period when seniors at Unit/Deptt./Location level meet daily to review the working of the previous day and plan the day's working.



Mission Guidelines : These are the rules of internal working and the beauty of things is that these Guidelines are a combination of very rigid and very flexible rules. These are so rigid that in normal working nobody can bypass these but in extraordinary situations anybody can do whatever the situation warrants and can get the action approved from the meeting of Counsellors.

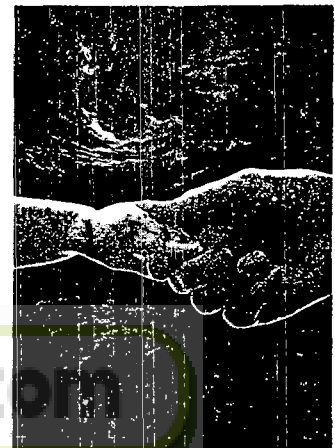


2. IMPROVEMENT OF RESEARCH AND DEVELOPMENT INFRASTRUCTURE.

We feel that after a few years, in India also, R&D shall be the driving force and we have taken the initiative to invest 2% of turnover towards the strengthening of our R&D infrastructure.

TRIDENT *Social Responsibility*

Trident Group, fully aware of its social responsibilities established Smt. Mayadevi Trust in October, 1995. The philosophy behind this Trust is the welfare of the Trident members, their families and the society at large. The Trust was made by the members and Companies of the Group and its functioning is democratic through a Board of 45 Trustees representing different interests. The welfare programmes and schemes of the Trust include education, training, development, health care, social security, cultural programmes, sports meets, house journals, blood donation/health care camps, giving scholarships to brilliant students and financial and other help to needy individuals of the society.



TRIDENT *Core Values*

- Strive for best quality at best prices so as to become globally competitive
- Achieve high standards of productivity and resource utilization
- All-round development and welfare of members
- Emphasis on trust and team building
- Create and imbibe Trident Culture
- Protection and preservation of environment
- Ethical and fair business practices



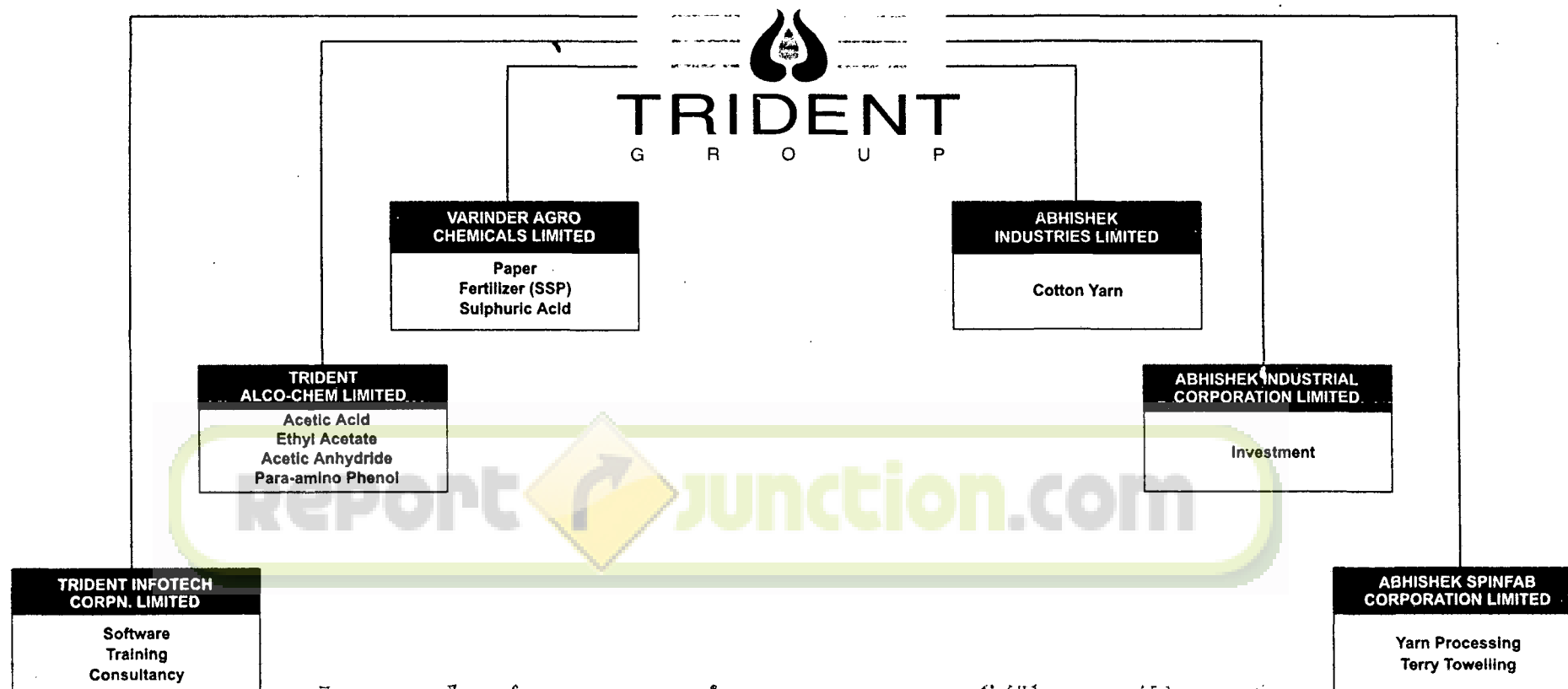
TRIDENT *Target*

1000 BY 2000

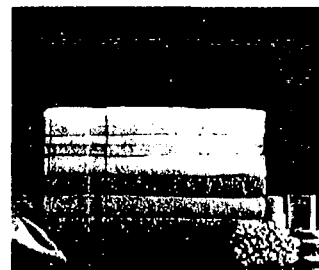
TRIDENT *Slogan*

NISCHAY KAR APNI JEET KARUN

TRIDENT *Product Portfolio*



Introducing premium range of Terry Towels



Year



Dec. 95
(Nine months)



Dec. 96



Dec. 97



Dec. 98
(Projections)

TRIDENT *Strength*

