



Building momentum...

Abhishek Industries Limited
17th Annual Report 2006-7

Contents

Building momentum	1
Managing director's message	2
About Abhishek	4
Corporate Information	5
Financial highlights	6
Divisional overview	16
Awards and accolades	22
Directors' profile	24
Directors' report	26
Annexures to Directors' report	31
Managements discussion and analysis	40
Risk management report	52
Corporate social responsibility	58
Corporate governance report	62
Auditors' report	86
Stand alone financial statements	90
Consolidated financial statements	111
Information on subsidiaries	128
Notice	129

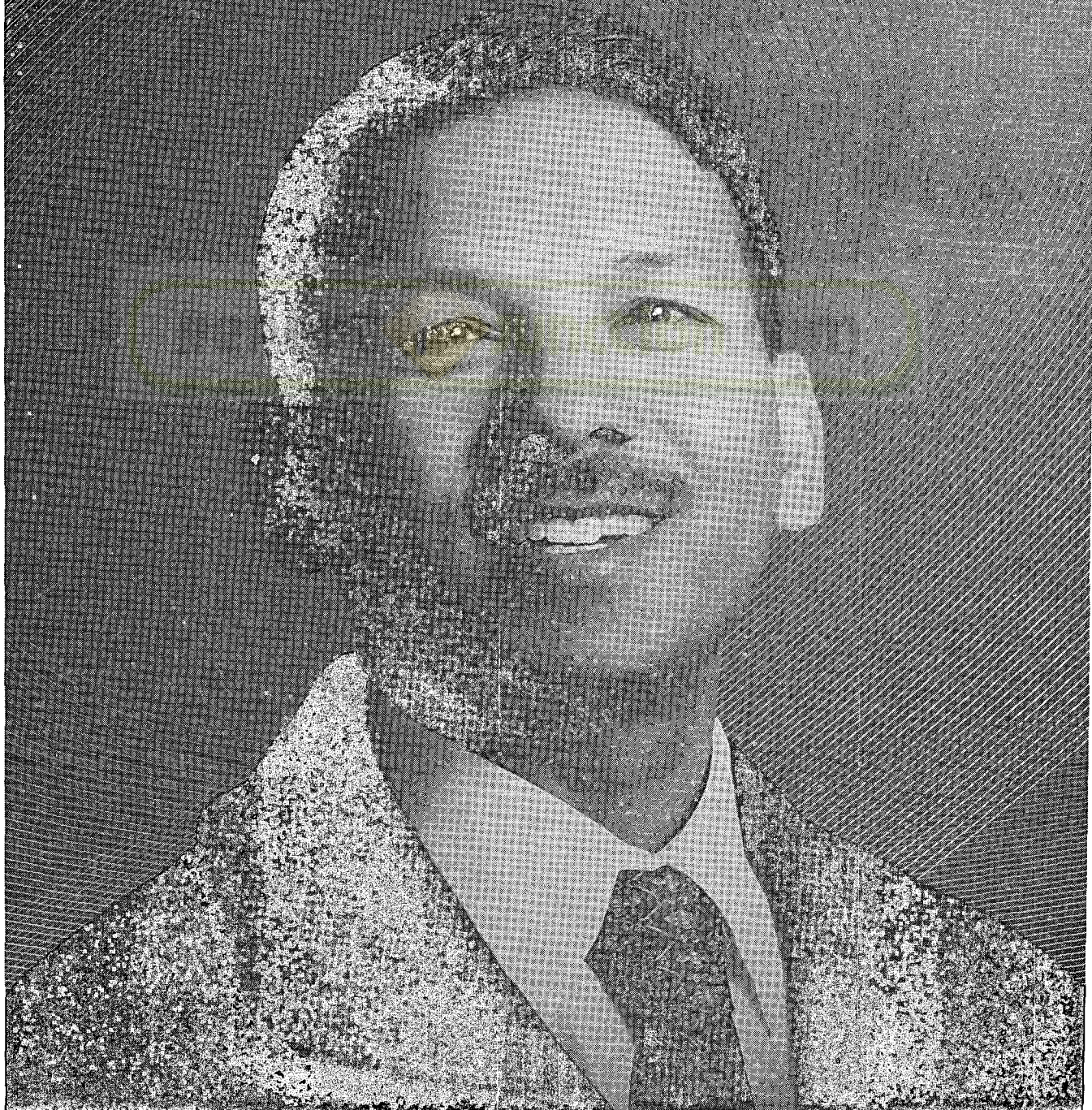
This Annual report is printed on eco-friendly wood free paper, a product of Abhishek Industries Limited.

Building momentum...

At Abhishek, building momentum implies the creation of opportunities that will impel rapid growth enabling us to emerge as a benchmark of excellence. Sound governance is helping us to set up platforms for unparalleled performance with trust and transparency. Technological innovation is opening up new vistas for us to drive growth. Expansion, both in terms of capacities and products are steering us to reach larger markets. Active engagement with all our stakeholders is stimulating our enthusiasm to excel. Banking on strong values and business ethics, we are rising to the demands of the future to generate sustainable value, as we go on building momentum...

Managing director's message

"Banking on strong fundamentals and excellent goodwill, we are poised for a new phase of dynamic growth."



Dear Shareholders

The key to success in today's competitive and dynamic world is continuous evolution. And, at your Company it is a firm belief that success is the outcome of continuous improvement, perpetual edification and sustained reinvention.

Every organisation needs to gear up to move higher, forward and faster by utilizing its strengths, minimizing its weaknesses and building and sustaining the momentum.

At your Company, sound business model and world-class infrastructure provide the intrinsic strength, supported by dependable outsourcing alliances and best-in-class products. We are continuously upgrading our core products to deepen our hold in the market by keeping up with the increasing demands. To this end, the capacities of our core products have been increased twofold in the last three years.

We have conscientiously focused on and undertaken various resource-building initiatives like Capacity Expansion and Modernization, Corporate Governance, Stakeholder Engagement and a well-researched shift towards Technological Excellence.

Efficiency enhancing initiatives like Six Sigma and Lean Management have helped

streamline the processes to attain better efficiency.

The members of your Company have increased by almost a third in this financial year, providing it the strength to take on the challenges of the future with greater energy and pace.

Our strong foundation has enabled us to maintain a revenue-generating business and high growth potential. Our unwavering focus on value-added textiles enables us to address large potential markets.

Today, your Company is looked at as a recognized player, respected for its achievements, professional ethics, governance and innovative concepts. Banking on strong fundamentals and excellent goodwill, we are poised for a new phase of dynamic growth. We are confident that our vision to constantly set challenging roles for ourselves, while we expand and diversify, will bring us recognition as a progressive Company playing a dynamic role in the economic development of India.

With warm regards,



Rajinder Gupta

About Abhishek

Our business

Textiles and paper – the most exciting business spaces to be in

Our visiting card

Flagship Company of the Trident Group

Headquartered in Ludhiana

Manufacturing facilities in Barnala

Listed on the Bombay Stock Exchange

(BSE) and the National Stock Exchange

(NSE)

Company Identification Number (CIN):

L99999PB1990PLC010307

Our ranking

One of the world's largest terry towel manufacturers

One of the world's largest wheat-husk based paper manufacturers

One of the India's largest yarn spinners

Recognised by the ICSI as best Indian Company for adopting corporate governance practices

Our vision

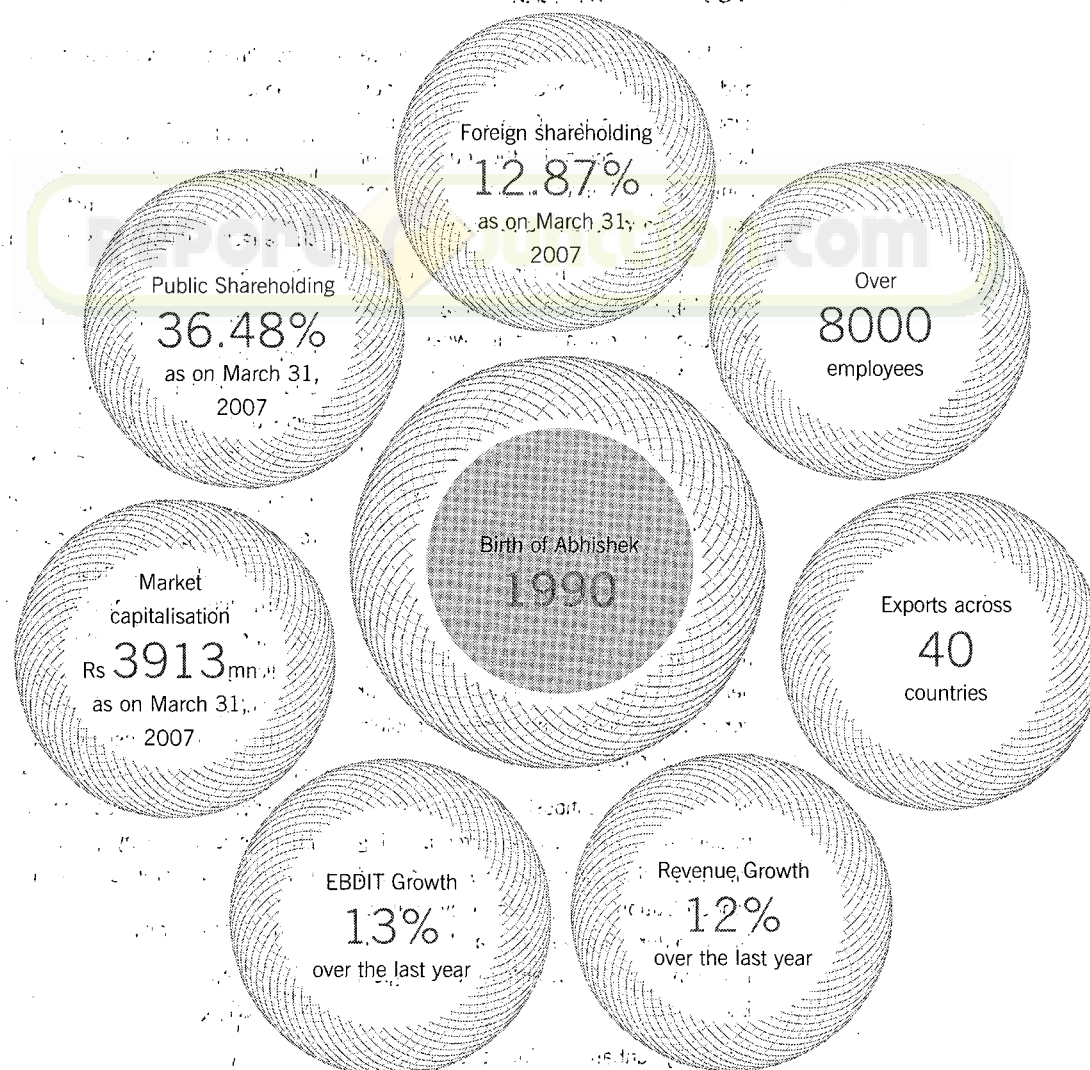
Driven by the spirit of challenge, we will add value to life, and together prosper globally

Our Values

To provide customer satisfaction, through teamwork, based on honesty and integrity, for continuous growth and development

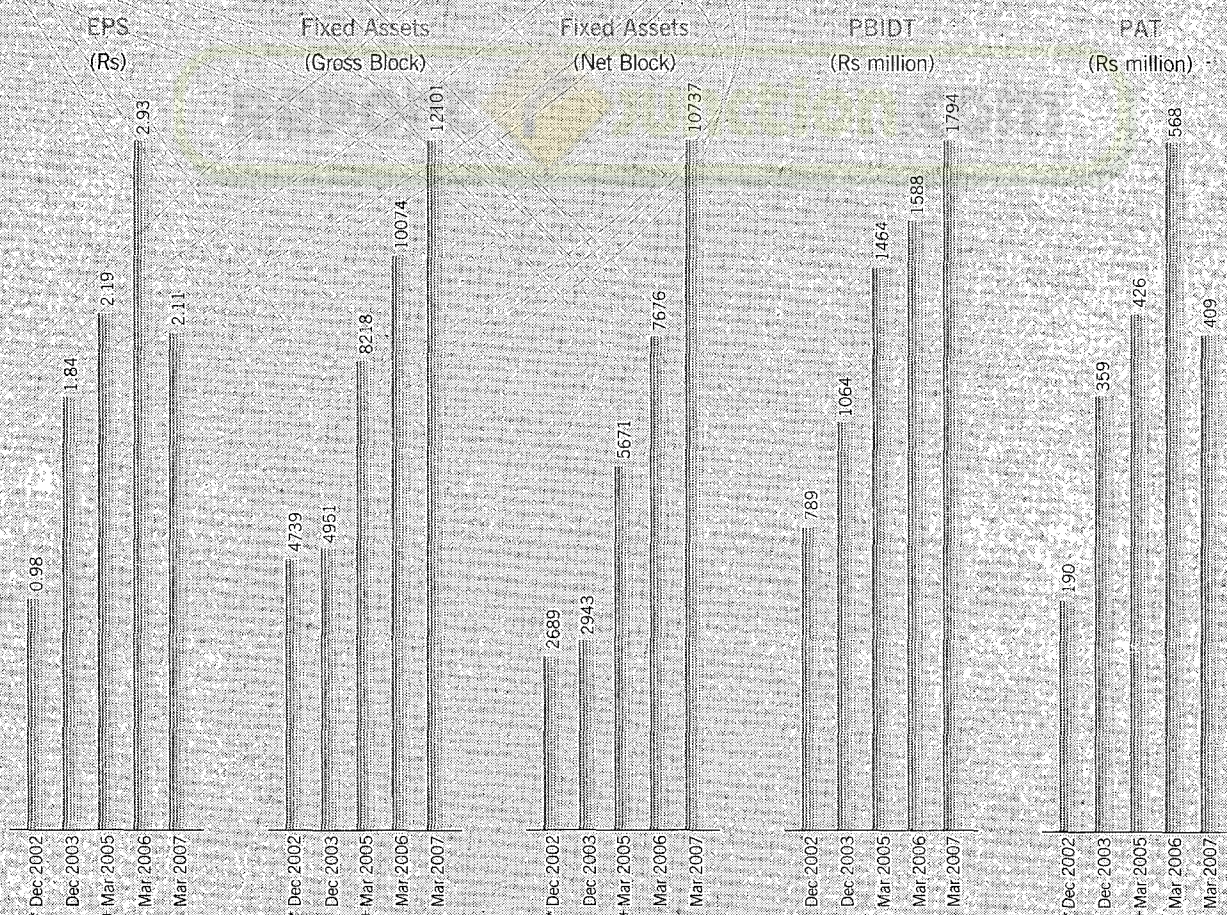
Our corporate philosophy

To continue growth by leading national and international standards and ethical means, in harmony with the environment, ensuring customer delight, stakeholders' trust and social responsibility.



Key financial indicators

Period ended	Dec 2002	Dec 2003	Mar 2005	Mar 2006	Mar 2007
No. of months	9	12	15	12	12
Gross profit margin (%)	26	23	21	21	22
Net profit margin (%)	6	8	6	8	5
Return on net worth (%)	8	13	14	16	10
Export sales/net sales (%)	48	45	47	56	53
Debt/equity	0.67	0.70	1.47	1.92	2
CEPS (Rs)	3.18	4.35	6.16	6.35	6.46
EPS (Rs)	0.98	1.84	2.19	2.93	2.11
Book value/share (Rs)	11.94	13.91	16.22	18.12	20.57



* Financial year - 9 months + Financial year - 15 months

Building platforms for engagement

Ownership. At Abhishek, this is one of the prime forces that binds people – and the organisation – together.

We realise the importance of engagement of all the stakeholders in the organisation. Engagement facilitates communication, fosters ownership, gives way to a transparent system and eases co-ordination.

We are proud that at the heart of our value-enhancement lies an equal respect for all our stakeholders – a prerequisite for active engagement. At Abhishek, we address the needs of stakeholders by answering the simple and all-inclusive question – "How best can we serve their interest?"

We do so with the following objectives:

Customers

- Proactive response to customer needs
- Launch of pioneering products and services
- Customise solutions to suit customer requirements
- Exceed expectations through superior product and service delivery

Shareholders and investors

- Sustainable increase in shareholders' wealth
- Facilitating responsible investor decision making through complete and transparent information

Employees

- Attracting, developing and retaining multi-skilled high performers

- Creating a learning organisation
- Developing and nurturing leaders
- Promoting teamwork and collaboration
- Building a diverse workforce
- Entrenching meritocracy

Society

- Minimising the environmental impact arising out of our activities
- Investing in eco-friendly measures that protect the environment
- Respecting the values of the communities in which we operate
- Contributing towards community building

Suppliers

- Building mutually beneficial relationships
- Conducting business around transparency and fair competition

Building expanded bases

Growth. At Abhishek, this makes it possible for us to meet the demanding expectations of all our varied stakeholders.