

Trident Limited • 22nd Annual Report 2011-12

Building tomorrow!



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Yesterday is experience. Today is action. Tomorrow is an opportunity.

At Trident, we believe in leveraging our rich experience, addressing the realities of the day and building on the opportunities for tomorrow.

We adopt a proactive approach to ascertain sustainable & profitable growth and to capitalize on potential future opportunities.

Understanding the need of laying the foundation today for **"Building Tomorrow"**, we have been constantly expanding our capacities, upgrading our capabilities through business excellence and ensuring that projects and activities add value for the stakeholders.





Trident capacities

| | | | | |
|--|---|-----------------------------------|---|---|
| Yarn 365,904 spindles, 3,584 rotors, 90,000 TPA cotton & blended yarns and 6,825 TPA processed yarns | Home textiles 388 Looms 175 million pieces/annum towels | Paper 175,000 TPA paper | Chemicals 100,000 TPA sulphuric acid | Power 50 MW power generation |
|--|---|-----------------------------------|---|---|

About Trident

Trident's positioning

- One of the world's largest terry towel manufacturers
- One of India's largest exporters of terry towels
- One of the world's largest wheat straw-based paper manufacturers
- One of India's leading yarn manufacturers

Trident Vision

Inspired by challenge, we will add value to life and together prosper globally

Trident Values

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

Trident Philosophy

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

Trident Quality Endorsements

- Certified by FLO for Fair Trade Cotton
- GOTS certification by CUC for Organic Cotton
- Certified by Oekotex (Switzerland) for safe dyes and chemicals use
- Compliant with AATCC, ASTM and CTPAT standards
- ISO 9001, ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 quality certifications
- BIS quality certification

Trident Recognitions

- Star Trading House recognised by Government of India
- Forest Stewardship Council's (FSC) Chain of Custody (CoC) certificate for responsible sourcing of pulpwood fibre
- Licensed to use the Supima and Egyptian Cotton logos
- Licensed to use the Cotton USA logo

Trident Awards

- Golden Peacock Environment Management Award
- Four-time winner of the Wal*Mart Supplier of the Year
- Three-time winner of the JC Penney Award (Best Supplier, Innovation & Quality)

- Two-time winner of the IKEA Award (Quality & Sustainability)
- Three-time winner of the Corporate Governance Awards & Recognitions
- Rajiv Gandhi National Quality Award (textiles) by the Bureau of Indian Standards
- Texprocil's Silver trophy (Top Exporters – Terry Towels) & Bronze trophy (Highest Global Exports)
- 2011 Spotlight Bronze Award to Annual Report by "League of American Communications Professionals"
- Ranked 45th in GPTW Survey among 471 participants

Trident strengths

Size and integration

Among the world's largest integrated home textile and wheat straw-based paper manufacturers, which yields economies-of-scale, optimised cost structures and value-addition

Clientele

Customers include leading MNCs in 75 countries across the globe. The Company's clientele includes nine of the top-ten retailers in the US, six leading retailers in Europe and five of the top-seven retailers in ANZ

Technology

Embraced the latest technology and automation from global best technology partners at all stages of manufacturing and investing in progressive modernization to counter technological obsolescence

Project management

Proven project implementation track, and project management and monitoring teams possess a wide experience of executing various projects worth Rs. 27,000 million over the past five years

Human capital

Team comprises a mix of youth, experience and professionals with a cumulative organisational strength of about 10,000 employees

Quality

Quality teams keep a strict vigilance at all stages of production and ensure international quality standards through stringent quality control labs as per AATCC and ISO standards

Managing Director's message



At Trident, challenges have always inspired us to uncover the hidden opportunities behind them and utilize them to lay the foundation for “Building Tomorrow”



Dear shareholders,

It's my pleasure to take over as the Managing Director of Trident Limited and I thank the shareholders for bestowing their trust on me for this responsibility.

At Trident, challenges have always inspired us to uncover the hidden opportunities behind them and utilize them to lay the foundation for “Building Tomorrow”

While the last financial year presented its challenges in terms of fluctuating prices of raw material and currency exchange rates, we will continue to build on our capacities & capabilities to ensure relevance across all market cycles. The year has been a learning phase which has helped us chart a blueprint for a brighter future and has further fueled our momentum to bring Trident to a position of industry leadership.

Due to the commitment and dedication of the members, Company successfully completed its first phase of yarn expansion plans within record time

and cost. The timely commissioning and stabilization of expansion projects could also be attributed to organization's focus on Kaizen, six sigma, quality maintenance, education and training.

We are also continuously adopting the best management practices, across business segments, to enhance our overall profitability, plant efficiency and customer satisfaction.

Looking forward to the next financial year, we would further adopt management processes that safeguard the interest of our stakeholders, build brand and create value.

I seek the support and trust you have reposed on us always.

With my best regards,

Abhishek Gupta
Managing Director

Financial highlights

(Rs. million)

| Year ended | March 2008 | March 2009 | March 2010 | March 2011 | March 2012 |
|-----------------------------|------------|------------|------------|------------|------------|
| Gross turnover* | 12,062 | 15,456 | 19,737 | 28,296 | 30,984 |
| Net sales | 10,487 | 13,981 | 18,034 | 25,207 | 27,323 |
| Exports | 5,193 | 6,862 | 8,395 | 12,095 | 14,414 |
| Gross profit (PBITD) | 1,818 | 2,605 | 3,560 | 4,140 | 3,202 |
| Net profit/(loss) after tax | 400 | (530) | 565 | 671 | (437) |
| Networth | 4,452 | 4,463 | 5,028 | 5,315 | 6,506 |
| Fixed assets (gross block) | 13,273 | 21,032 | 23,388 | 25,827 | 33,323 |

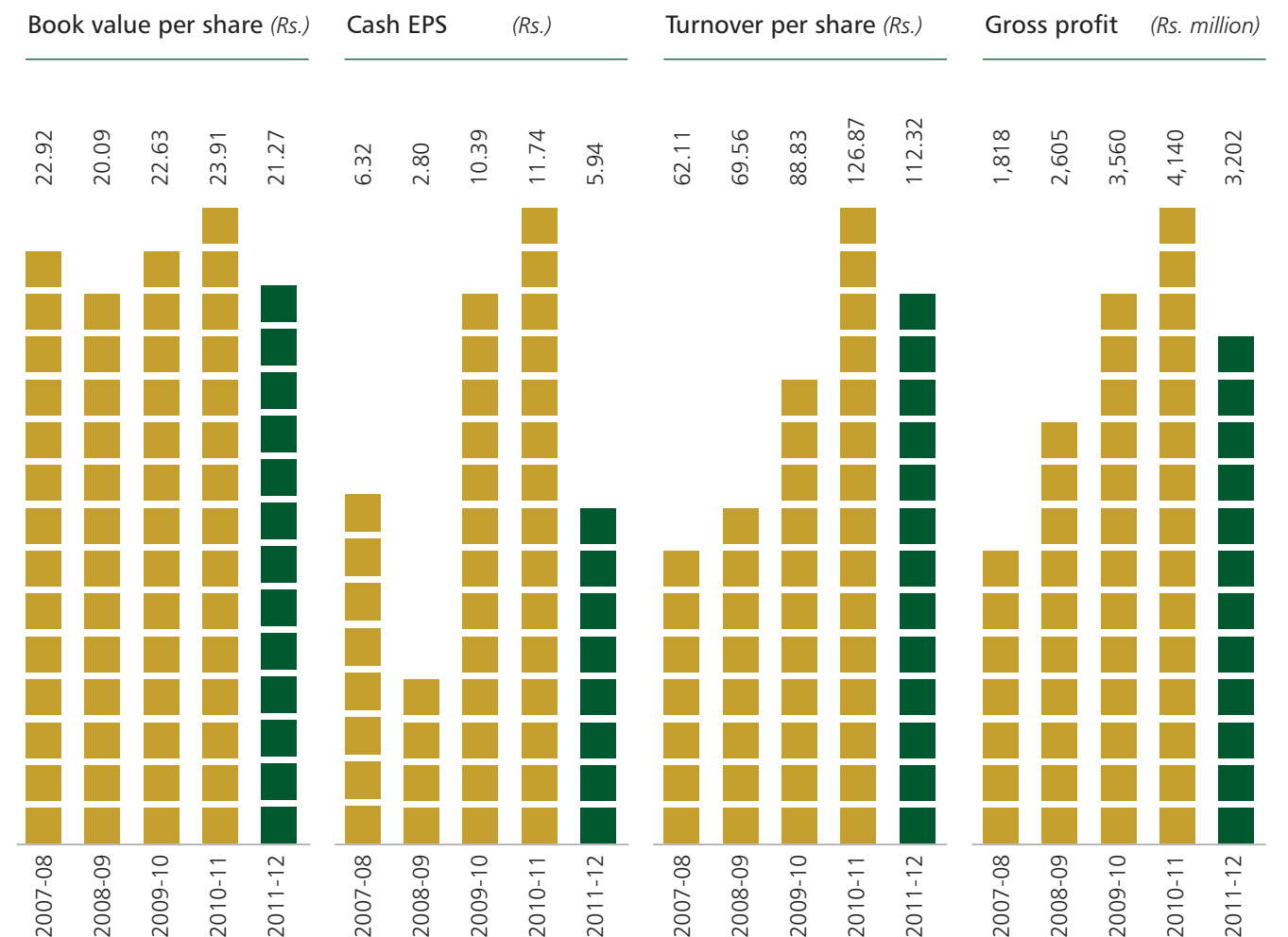
* Includes inter-segment sales

Financial graphs



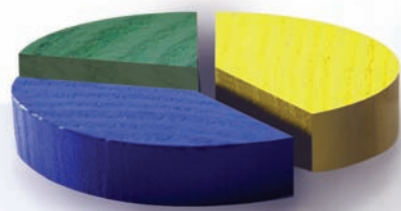
Financial indicators

| Year ended | March 2008 | March 2009 | March 2010 | March 2011 | March 2012 |
|----------------------------|------------|------------|------------|------------|------------|
| Gross profit margin (%) | 17 | 19 | 20 | 16 | 12 |
| Export sales/net sales (%) | 50 | 49 | 47 | 48 | 53 |
| Debt-equity ratio | 2.88 | 3.49 | 3.40 | 3.61 | 3.51 |
| CEPS (Rs.) | 6.32 | 2.80 | 10.39 | 11.74 | 5.94 |
| EPS (Rs.) | 2.06 | (2.64) | 2.54 | 3.02 | (1.59) |
| Book value per share (Rs.) | 22.92 | 20.09 | 22.63 | 23.91 | 21.27 |
| Turnover per share (Rs.) | 62.11 | 69.56 | 88.83 | 126.87 | 112.32 |



Building tomorrow

Through growing scale



Contribution to revenue

| | |
|---------------------------|-------|
| Home textiles | 41.1% |
| Yarn | 37.8% |
| Paper, chemicals & energy | 21.1% |

At Trident, the concept of standing still does not exist. We must keep running even when the others are walking; we must walk when others are standing still.

We do so with the perspective that a progressive investment in capacity translates into superior economies of scale, strengthening the Company’s competitiveness.

- At Trident, we commissioned an expansion in our yarn capacity at Sanghera (65,280 spindles and 1,664 rotors) and Budni (76,176 spindles)
- The second phase of our yarn expansion project involving the setting up of 134,448 spindles and 2,040 rotors is under progress
- The Company manufactures a wide range of yarn products in various finishes, catering to the mid and high-end markets; it achieved an average capacity utilisation of 94.48% in 2011-12
- The Company invested Rs. 170 million in enhancing efficiencies by modernising existing yarn facilities



The Company achieved higher revenues of Rs 30,984 mn (9.5% growth) and export revenues of Rs 14,414 mn (19.2% growth) during 2011-12.

Building tomorrow

Through business excellence

At Trident, the focus is always on achieving excellence through a system of continuous growth and development. We must imbibe best management practices in the culture of our organisation which not only enhances efficiency and quality but also augments shareholder value and customer satisfaction.

We do so with the perspective that Business Excellence practices will enable us to improve quality, productivity, and customer satisfaction to identify our strengths and strategies for sustainable growth.

- Trident formulated its TPM policy with the objective to achieve zero accidents, zero defects and zero breakdowns
- Trident adopted the concept of 5S and Kaizen across the entire organisation, focusing on continuous improvement of processes in manufacturing and business management
- Trident adopted Kobetzu Kaizen which focuses on performance efficiency by eliminating 16 types of losses
- Trident implemented CLRI (Cleaning, Lubricating, Re-tightening, Inspection) across the organisation, wherein instead of specialised maintenance teams, CLRI is taken care of by operators to enhance ownership.



Contribution to Exports

| | |
|---------------------------|-------|
| Home textiles | 74.0% |
| Yarn | 20.9% |
| Paper, chemicals & energy | 5.1% |



Supplying quality products by adopting global best management practices by the Company, strengthens its relationships with world’s renowned customers in 75 countries.

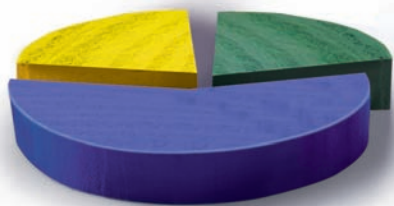
Building tomorrow

Through value-addition

At Trident, the focus is always to create a better product. Cater niche market segments. Innovations in absorption, touch, lightness, brightness and design of textile and paper products.

We do so with the perspective that our value-added products will push the envelope in terms of the industry’s latest products, strengthen our profitability, mobilize adequate surpluses for reinvestment and accelerate the virtuous cycle.

- Entered new product segments comprising hard core filament yarn, blended yarn and high-end segments using imported cotton
- Developed eco-friendly and blended yarns for high end towels, yarn dyed Air Rich™ towels, embellished beach towel, luxurious velour towels, among others
- Introduced value-added paper varieties like Trident Eco Green Copier (ISO 92 brightness), Trident DigiPrint Copier, Platinum Line Maplitho (ISO 92 brightness), Stiffener Paper and FSC (Forest Stewardship Council) certified Maplitho paper



Capital employed

| | |
|---------------------------|-------|
| Home textiles | 21.5% |
| Yarn | 56.7% |
| Paper, chemicals & energy | 21.8% |



The share of value-added textile products increased by 27% and branded copier paper by 38% in 2011-12.



Home textiles

| | |
|-----------------------------|---|
| Revenue, 2011-12 | Rs. 12,735.6 million |
| Proportion of total revenue | 41.1% |
| Production | 30,734 tonnes of terry towel 3,488 tonnes of greigh towel |
| Location-wise sales | 83.8% exports 16.2% domestic |
| Product brands | <ul style="list-style-type: none"> ● Home Essential ● Classic ● Kids & Mom ● Floral ● Colors ● Indulgence |

Overview

With 388 looms and 175 million pieces of annual towel manufacturing capacity, Trident is among the world's largest terry towel manufacturers. It possesses state-of-the-art manufacturing technology sourced from globally-renowned suppliers to manufacture world-class towels that are exported to 75 countries through reputed retail chains. The division won the 'Best Quality for Home' award and the 'Innovation Award' from JC Penney for its superior product quality and Rajiv Gandhi National Quality Award by the Bureau of Indian Standards.



Product portfolio

Finishes

- *100% cotton basic towel range
- *100% combed cotton premium towel range
- *100% cotton with polyester border anti-microbial piece-dyed towel range
- *Yarn-dyed dobby towels
- *Yarn-dyed jacquards
- *Piece-dyed dobby range
- *Single and double jacquards
- *Uni-dyed jacquards
- *Yarn-dyed stripes
- * Weft inserts and checks
- *Terry and velour finishes

Types

- *Bath towels
- *Beach towels
- *Spa and hotel collection towels
- *Celebration/special occasion towels
- *Bathrobes
- *Hand towels
- *Face cloth/fringes
- *Bath mats

Highlights, 2011-12

- Revenues grew 17% from Rs. 10,908.5 million in 2010-11 to Rs. 12,735.6 million in 2011-12
- Profit before tax grew 51% from Rs. 854.2 million in 2010-11 to Rs. 1,291.4 million in 2011-12
- Achieved capacity utilisation of 76.46% and yield of 89.25%
- Patented technology for manufacturing superior quality Air Rich™ towels
- Share of value-added products increased by 27% in 2011-12.

Segment strengths

- **Strong research team:** Strong product engineering and development teams constantly engage in market surveys to study new fibre trends and technology to focus on product innovation. The team is working on enhancing towel surface finishes for better functionality and aesthetics
- **Integration:** Possesses state-of-the-art spinning, wide-width air jet and jacquard weaving, soft-flow dyeing and fully-automated cutting and sewing facilities. Almost 50% of cotton yarn is procured from in-house manufacture
- **Product quality:** Possesses a sophisticated laboratory that complies with AATCC and ISO standards. Quality control teams ensure strict conformance with stringent quality control parameters
- **Vendor relationships:** Enjoys longstanding relationships with major raw material suppliers, enabling it to enter into medium-term contracts with a lead time of six to eight weeks

Operations

- Invested Rs. 51.7 million to enhance capacity of the effluent treatment plant (ETP) from 10,000 kilo litres (kl)/day 12,500 kl/day to cater to effluent loads from processing units
- Implemented TPM (total productive maintenance) and TOC (theory of constraints). TPM ensures optimum utilisation of physical assets and human resources to enhance efficiency, productivity, quality and performance. TOC enables de-bottlenecking production to reduce throughput time and costs through better resource utilisation

Marketing

- Marketed products to 75 countries across the US, Europe, New Zealand, Australia, Japan, the Middle East and South Africa
- Strengthened marketing in the US and Europe through a strong focus on customer service
- Entered markets of Brazil, Chile, the Netherlands and Finland
- Successfully marketed Air Rich™ towels in the US and Asia

Outlook

- Invest Rs. 200 million for the automation of cut, stitch and pack sections to enhance plant efficiency and reduce labour dependence
- Strengthen relationships with customers by offering innovative products, world-class services and reliable supply to mitigate volatility