

# A fresh perspective



**TRIDENT LIMITED**  
23<sup>rd</sup> Annual Report 2012-13

# A fresh perspective



## Contents

### Corporate Overview

A fresh perspective	01
Financial Highlights	08
About Trident	10
Chairman's Message	12
Directors' Profile	14

### Management Reports

Management Discussion & Analysis	16
Directors' Report	30
Corporate Governance Report	38

### Financial Statements

Auditors' Report (Standalone)	56
Standalone Financial Statements	60
Auditors' Report (Consolidated)	87
Consolidated Financial Statements	88
Notice	115



A new perspective is always critical to an organisation's existence. It enables it to drive growth and profitability by providing fresh approach to developing and maintaining business relationships with its multiple stakeholders. At Trident, our mission is to constantly enhance our shareholders' prosperity through new learning and acumen.

The year gone by has been a year of fresh perspective, wherein the realization to build a customer-friendly and shareholder focused organization has come out strong. This new perspective is enabling us to produce tangible outcomes that will lead us to a positive and improved business climate as well as enhance communication and collaboration between the organization and its various stakeholders.





## Expanding product mix & market footprints

“By entrenching in newer geographies, Trident would broaden its business horizon and also explore opportunities that would establish it as a global leader.”

Increase in client base and demand for products has given impetus to our expansion plans. By entrenching in newer geographies, Trident would broaden its business horizon and also explore opportunities that would establish it as a global leader. Courtesy new and enhanced product offerings and pricing strategies, the Company plans to spread its global presence.

To create momentum and maintain the leadership position in the industry, the Company is devising customer-

friendly strategies, of which enhanced product mix forms the core. The Company's customer-centered product strategy is designed to enable volume growth through both upgrades and new launches.

The Company is focused to stay relevant for its customer by continuously offering new and innovative products resulting in long lasting relationship with existing customers and inviting new customers across geographies. Launch of 'Trident Royal Touch', a premium range of eco-friendly paper, in the copier paper segment is one such endeavor.

The product basket of the Company is continuously being re-invented to predict market dynamics and consumer behaviors.



## Attainment of business excellence

“The best management practices have been imbibed in the culture of our organisation which not only enhances efficiency and quality but also augments shareholders' value and customer satisfaction.”



At Trident, business excellence leads to value creation for all its stakeholders viz. customers, shareholders and employees among others. The best management practices have been imbibed in the culture of our organisation which not only enhances efficiency and quality but also augments shareholders' value and customer satisfaction. It is also a tool used for measuring and benchmarking the business results. During the year, we took various measures to strengthen our existing systems, enhance our plant efficiency, asset life and productivity and also to further explore opportunities for future improvements. The initiatives include:

- Implementation of TPM Policy with an objective to achieve zero accidents, zero defects and zero breakdowns.

- Adoption and activation of all the eight pillars of TPM.
- High level of involvement by manufacturing as well as support functions to make improvements in their operations.
- Regular CLRI (Cleaning, Lubricating, Re-tightening, Inspection) across the organization wherein instead of specialized maintenance teams, CLRI is taken care of by the operators in order to enhance the ownership
- 'Takshashila' the dedicated training centre of the Company committed to strengthen the knowledge base and improve skill level of the employees.



## Focusing brand Trident

“Trident introduced various new and value-added products in paper and textile divisions and have been received well in the market.”

A solid brand identity can tell an important story, setting expectations, gaining attention and fostering relationships. Since brand valuation can help transform an intangible idea into a concrete asset, Trident is working diligently and meticulously to cultivate a new brand identity for itself — an identity that will set Trident apart from its peers and establish us as world leader in our respective business domains. The aim is to first become the most trusted national brand and to realize this; Trident has collaborated with best consultants and innovators from the field of media. Charting of media plan for achieving marketing campaign objectives, investing in research operations to study the demand in the domestic market and develop products and strengthen the manufacturing capabilities; we are inching towards our goal at a much faster pace.

At the product level, the Company is taking equal measures to improve its quality and introduce products which meet benchmarking standards in innovation, looks, and quality. During the year, Trident introduced various new and value-added products in paper and textile divisions and have been received well in the market. The recognitions and awards received during the year have further boosted our brand perspective and standing in the market. For the path breaking achievements undertaken to strive towards formulating innovative HR policies, Trident was conferred with the prestigious 'CITI Birla Award for Human Resource Management in Textile Mills'.

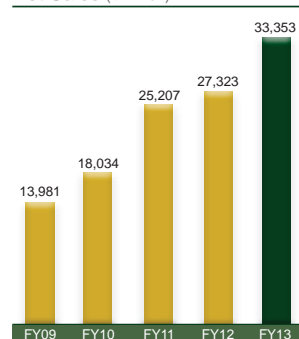


# Financial Highlights

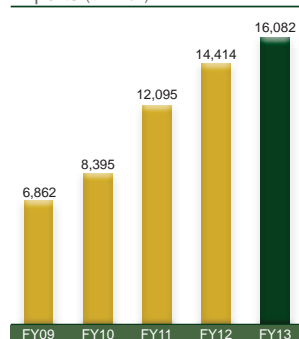
	Unit	Mar-13	Mar-12	Mar-11	Mar-10
No. of Months	(No.)	12	12	12	12
Gross Turnover	(₹ Million)	36,846	30,984	28,296	19,737
Net Sales	(₹ Million)	33,353	27,323	25,207	18,034
Exports	(₹ Million)	16,082	14,414	12,095	8,395
EBITDA	(₹ Million)	5,778	3,202	4,140	3,560
PAT	(₹ Million)	493	(437)	671	565
Networth	(₹ Million)	7,063	6,505	5,315	5,028
Fixed Assets (Gross Block)	(₹ Million)	34,056	33,323	25,827	23,388
Total Debt	(₹ Million)	22,398	22,837	19,181	17,111
Long Term Debt	(₹ Million)	9,492	12,726	11,125	11,859
Enterprise Value (EV)	(₹ Million)	24,385	25,912	22,270	19,980
EBITDA Margin	(%)	17	12	16	20
EV/EBITDA	(Times)	4.23	8.09	5.38	5.61
Debt Equity Ratio	(Times)	3.17	3.51	3.61	3.40
EPS	(₹)	1.60	(1.59)	3.02	2.54
Cash EPS	(₹)	10.09	5.94	11.74	10.39
Net Debt to EBITDA	(Times)	3.81	7.06	4.62	4.73
Book Value/share	(₹)	22.72	21.27	23.91	22.63
RoCE	(%)	19	6	13	11

Mar-09	Mar-08	Mar-07	Mar-06	Mar-05	Dec-03
12	12	12	12	15	12
15,242	12,232	9,924	8,810	8,090	8,449
13,981	10,487	8,166	7,436	7,056	4,638
6,862	5,193	4,352	4,190	3,300	2,076
2,605	1,818	1,794	1,588	1,464	1,064
(530)	400	409	568	426	359
4,463	4,452	3,995	3,585	3,150	2,701
21,032	13,273	12,101	10,074	8,218	4,951
15,569	12,856	9,899	6,895	4,664	1,941
11,528	10,272	7,614	5,032	3,502	1,267
16,930	15,643	13,270	12,031	10,659	6,100
19	17	22	21	21	23
6.50	8.60	7.40	7.58	7.28	5.73
3.49	2.88	2.48	1.92	1.47	0.70
(2.64)	2.06	2.11	2.93	2.19	1.84
2.80	6.32	6.46	6.35	6.16	4.35
5.90	6.85	5.22	4.04	2.99	1.69
20.09	22.92	20.57	18.12	16.22	13.91
9	6	9	11	13	17

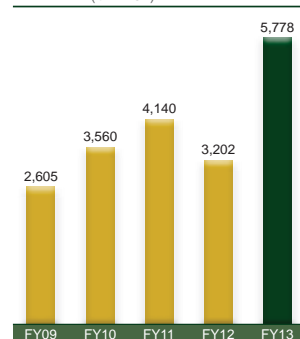
Net Sales (₹ Million)



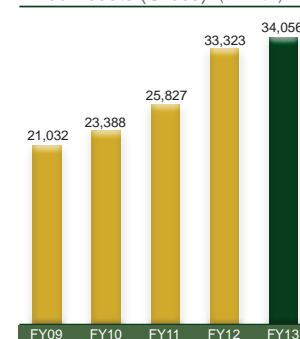
Exports (₹ Million)



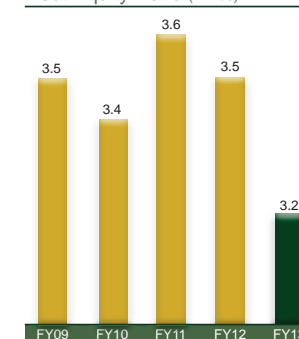
EBITDA (₹ Million)



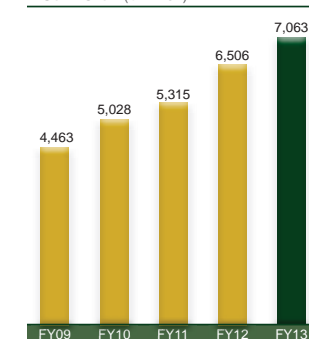
Fixed Assets (Gross) (₹ Million)



Debt Equity Ratio (Times)



Net Worth (₹ Million)



# About Trident

- One of the world's largest terry towel manufacturers
- One of the India's largest exporters of terry towels
- One of the world's largest wheat-straw based paper manufacturers
- One of India's leading yarn spinners
- Embraced globally best technology at all stages of manufacturing
- Customer base across 70 countries across the globe
- Offers Employment to about 10,000 families across its business verticals

## Our capacities

Yarn	Home Textiles	Paper	Chemicals	Power
365,904 spindles, 3,584 rotors, 8,400 MT cotton & blended yarns per month and 6,825 TPA of processed yarn	388 looms that produce 14.5 million pieces of towels per month	450 MT per day	100,000 TPA sulphuric acid	50 MW captive power generation

## Vision

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

## Values

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

## 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.

## Our strengths

- Large scale and integrated operations
- Strong clientele comprising of MNCs in 70 countries across the globe which comprises 9 of the top 10 retailers in U.S., 6 leading retailers in Europe and 5 of the top 7 in Australia and New Zealand (ANZ)
- Best-in-class technology
- Proven track record in project management
- A diverse mix of human capital and the cumulative employee strength of around 10,000
- High quality standards which meet AATCC & ISO norms

## Our presence

Dhaura, Punjab, India	Sanghera, Punjab, India
a. 3 Home Textile, 2 Paper, 3 Energy & 1 Chemical Unit(s)	a. 5 Yarn Units
b. Takshashila (Center of Excellence)	b. Ananda (Leadership Workshop)
c. Workers Colony	c. Workers Colony
	d. Girls Hostel
Budni, Madhya Pradesh, India	Corporate Offices
a. 3 Yarn Units	a. India: Ludhiana, Chandigarh, Bhopal and Gurgaon
b. Girls Hostel	b. U.S.: New York
c. Proposed Yarn and Home Textiles Units	





# Chairman's Message



“We adopted an agile and highly responsive approach during the year to recognize opportunities in a challenging environment and further strengthen our position across each of our business verticals.”

Dear Shareholders,

Taking a fresh perspective is part of our journey to achieve progress, deliver growth and create value in a sustained manner. We adopted an agile and highly responsive approach during the year to recognize opportunities in a challenging environment and further strengthen our position across each of our business verticals.

We today are a best-in-class player with real economies of scale in our key business verticals of Yarn, Terry Towel and Wheat-Straw based Paper. Our efforts over the last several years towards improving efficiencies, de-bottlenecking capacities, modernization of facilities, expanding global markets, enhancing product mix, optimizing costs, making judicious investments and strengthening the brand is reflected in the marked improvement of our operational and financial performance during the year.

With our emphasis on quality and innovation combined with improving productivity through various initiatives viz. Total Productivity Management (TPM), 5S Kaizen and Kobatsu Kaizen, we have further strengthened our engagement proposition to our customers offering them advantages of economies of scale, consistently high quality products at competitive pricing.

While the general economic mood is cautiously optimistic, we enter the next year with confidence of maintaining the growth momentum enabled by larger capacities, better utilization and improved product offerings. We have combined our operational focus with prudent financial management that will help us strengthen our financials, create room to drive growth and deliver enhanced value on a sustained basis.

I would like to take this opportunity to express my gratitude to all our stakeholders for their continued confidence in us and their endorsement of our growth journey. I would also like to state that our accomplishments and actions authenticate our commitment to our customers and all our business associates. Further, I thank all our shareholders for their support and motivation and their faith in our even exciting journey going forward.

With warmest regards,



**Rajinder Gupta**  
Chairman



# Board of Directors' Profile

## Mr Rajinder Gupta (DIN 00009037)

Mr Rajinder Gupta, aged 54 years, is the founder of Trident Limited and Non-executive Chairman of the Board. He has done advanced Management Programme from Harvard Business School, USA. Mr Rajinder Gupta had been serving the Company as Managing Director since 1992 till 2012. Mr Gupta is a first generation entrepreneur having rich & varied exposure of promoting industrial ventures over the last two decades. He is the person behind the stupendous growth of the Trident Group. He holds directorship of various companies and is also actively associated with several philanthropic ventures.

Mr Rajinder Gupta has been awarded with the prestigious "Padmashree" award in 2007 by Hon'ble President of India in recognition of his distinguished services in the field of trade and industry.

Mr Rajinder Gupta was also conferred with the "Udyog Ratna" award for the year 2005 by PHD Chamber of Commerce and Industry and "PHD Chamber of Commerce Distinguished Entrepreneurship Award, 2005" by The President of India.

## Ms Pallavi Shroff (DIN 00013580)

Ms Pallavi Shroff, aged 57 years, is MMS, Bachelor of law and is a lawyer by profession. She has a vast experience of over 30 years as a leading litigation practitioner in the area of Corporate laws and Banking. She has been recognized by international publications for her leading practice in arbitration and dispute resolution. As a member of several high powered committees, appointed by the Government of India, she has been closely associated with the formulation of several important commercial statutes. She was named Best Woman Lawyer of India at the Legal Era Law Awards 2012.

Ms Pallavi Shroff is currently a partner of M/s Amarchand & Mangaldas & Suresh A Shroff & Co., leading legal firm of India. She is regularly called upon by the Government departments and ministries to advice them on various issues. Ms Pallavi Shroff's area of expertise inter alia include corporate and commercial laws, anti dumping, arbitration and dispute resolution, competition and anti-trust, intellectual property rights, etc.

## Dr M A Zahir (DIN 00002973)

Dr. M A Zahir, aged 70 years, is PhD by qualification. He is a well known management guru and former Professor of Management & Dean (Retd.) Punjab Agricultural University, Ludhiana. He is the founder of Syntec Business School (SBS) a B-School at Ludhiana. He has vast experience in the field of providing Consultancy and imparting training to the Corporate Houses.

His rich experience in the sphere of management is very well utilized by top corporate houses of Northern India. Presently, he is occupying the position of Chairman of Syntec Business School and holds Directorship in various companies.

## Mr Rajiv Dewan (DIN 00007988)

Mr Rajiv Dewan, aged 51 years, is a Fellow member of the Institute of Chartered Accountants of India and is a practicing Chartered Accountant. Mr Dewan possesses a rich and varied experience in tax planning, management consultancy, business restructuring, capital market operations, SEBI

related matters and other corporate laws. Prior to starting his own practice, Mr Dewan worked in senior positions in renowned textile companies of north India.

## Mr Sanjay Jain (DIN 00613752)

Mr Sanjay Jain, aged 51 years, holds Post Graduate Diploma in Risk Management (PGDRM) and has over 25 years rich and varied experience in Corporate Strategy, Financial Management, Merger & Acquisitions and Project planning

& implementation. Mr Sanjay Jain is founder director of TFS Business Advisors India Private Limited and holds directorships in various companies.

## Mr Vikas Pratap (DIN 01129385)

Mr Vikas Pratap, aged 44 years, is B.E. (Electronics & Electrical Communication) by qualification and is an IAS officer currently occupying the position of Secretary cum Director of Industries, Government of Punjab with additional charge of the post of Managing Director of PSIDC. He joined Indian Administrative Services in the year 1994 and since then he has been diligently serving the Government at higher posts.

He holds the positions of Chairperson, Managing Director and Director in various Companies. Apart from holding the above stated corporate positions, he has also worked as Managing Director of PUNSUP, MILKFED, PRTC, Deputy Commissioner- Fatehgarh Sahib, Deputy Commissioner- Ferozepur and Commissioner- Municipal Corporation, Ludhiana.

## Mr Deepak Nanda (DIN 00403335)

Mr Deepak Nanda, aged 53 years, is B.Sc. (Hons) and M.Sc. (Hons) by qualification and has done his Master of Science and Advance Training in Computer Software and Management. He possesses more than two and half decades of experience and specializes in business development, client relationship, contract negotiations, project implementation and delivery, improving the efficiency & effectiveness of client's business.

Mr. Nanda had over a decade's experience of working very closely with different State Governments, PSUs, Boards & Corporations, Educational Institutions in North-West India and helping them to develop their e-governance strategies, IT Roadmaps, deploying key solutions and facilitating the change management. He is also alumni of Indian Institute of Management, Ahmedabad.

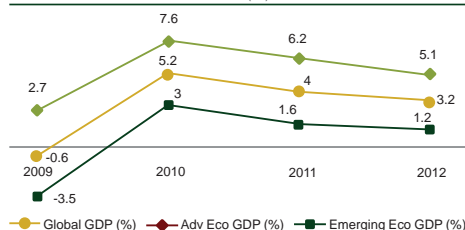
# Management Discussion & Analysis



## Economic Overview

The global economic growth remained slow for the second consecutive year in 2012 recording 3.2% growth against 4% in 2011 as per International Monetary Fund estimates. While Euro Area countries posted a negative -0.6% growth in 2012 owing to continued sovereign debt crisis, the U.S. at 2.2% and Japan at 2% brought back some momentum. Emerging & Developing economies remained at the forefront with 5.1% growth although it was their lowest in last three years. Major challenges during 2012 for advanced economies were higher unemployment whereas developing and emerging economies faced higher inflation and lack of fresh capital inflows amidst weak global growth.

Global Economic Growth (%)

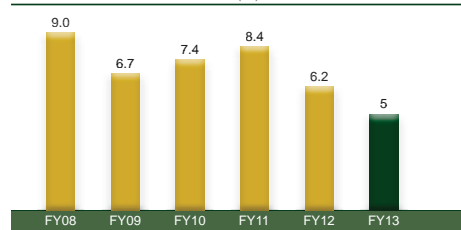


Source: IMF (World Economic Outlook, April 2013)

The growth of Indian economy was slow for the second successive year in FY13 at 5%, which was also its lowest in last ten years. Major challenges for the Indian economy were high inflation; lack of fresh capital inflows; near stagnation in existing projects' completion across industries; and higher current account deficit due to lower exports.

The Government of India stepped in with a host of fiscal and regulatory measures to restore growth and investment sentiments. Foreign Direct Investment (FDI) norms, were relaxed in multiple sectors like Aviation, Multi/Single Brand Retail, Broadcasting Services, Insurance and Pension among others. Divestment of Public Sector Undertakings (PSUs) was

India GDP Growth Rate (%)



Source: CSO

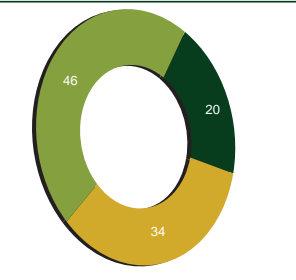
resumed during FY13 to raise around ₹24,000 crores. These measures helped the government checking its Fiscal Deficit at 5.2% of the GDP in FY13 against the 5.9% in FY12. The Reserve Bank of India (RBI), also intervened in second half of FY13 with substantial monetary measures to check inflation and to induce economic growth. RBI announced reduction in Repo Rate from 7.5% to 6.5%, Reverse Repo Rate from 8.5% to 7.5% and Cash Reserve Ratio (CRR) from 4.75% to 4% to infuse liquidity in the banking system.

## Corporate Overview

Trident Limited is the flagship company of Punjab headquartered Trident Group, a well diversified business conglomerate having consolidated turnover of ₹33,577 million. Trident Limited's business spans across, Yarn (cotton & blended), Home Textiles (terry towels and bathrobes) Paper, Chemicals and Energy. Trident is an established player with leadership position in areas of its businesses interest and has its customer base spread across 70 countries across the globe besides strong domestic presence. Trident derives 48% of its revenues from exports. Trident is a Govt. recognized Star Trading House with Exports of ₹16,082 million during FY 13.



Trident - Segment-wise Revenue Contribution - FY13 (%)



Home Textiles Yarn Paper and Chemicals