

Corporate governance report

Company's philosophy on corporate governance

Corporate governance at Abhishek Industries cares for the overall well-being and welfare of all constituent of the system and takes into account the stakeholders interest in every business decision. The Company has laid a strong foundation for making corporate governance a way of life by constituting a Board with a balanced mix of experts of eminence and integrity, forming a core group of top level executives, inducting competent professionals across the organisation and putting in place best system, process and technology.

The Company is committed to pursue growth by adhering to the highest national and international standards of corporate governance. The Company's philosophy on corporate governance is based on the following principles:

- Lay solid foundations for management.
- Structure the Board to add value.
- Promote ethical and responsible decision-making.
- Safeguard integrity in financial reporting.
- Make timely and balanced disclosures.
- Recognise and manage business risks.
- Respect the right of the shareholders.
- Encourage enhanced performance.
- Remunerate fairly and responsibly.
- Recognise the legitimate interest of the stakeholders.
- Legal and statutory compliances in its true spirit.

The Board of the Company has adopted 'Combined code of corporate governance and conduct' based on the principles of good corporate governance and best management practices being followed globally besides complying with the needs of the law of the land. The combined code of corporate governance and conduct is available on the official website of the Company – www.tridentindia.com.

The Company has a firm belief that an organisation's governance system depends upon a commitment to its values.

During the year, the Company launched a major organisation-wide initiative to evolve shared values that are reflection of the most deeply held beliefs and values of all members of the organisation. As part of this initiative, inputs were sought from all members by conducting a series of LSIP (Large Scale Interactive Process) workshops. This exercise culminated in the identification and adoption of a set of four core organisational values: Customer satisfaction, teamwork, honesty and integrity, and continuous growth and development. These values supplement the governance philosophy of the Company.

The governance practices and financial reporting principles of the Company have been recognised by reputed institutions having expertise in these areas. The Company has figured amongst the top 25 companies of India adopting good governance practices in 'ICSI National Award for Excellence in Corporate governance' for two consecutive years - 2004 and 2005. Further, the Annual report and accounts of the Company for the period 2004-5 received a commendation award in 'ICAI Awards for Excellence in Financial Reporting'.

Board of directors

The Board comprises seven directors, of which more than 85 per cent are Non-executive directors and 71 per cent are Independent directors. The Company has a Non-executive and independent Chairman. Moreover, the Board has a representation of 43 per cent woman directors. None of Directors on the Board is a member of more than five Board level committees as required under the code except Mr S K Tuteja. However, he is not a member of more than ten Board level committees as required under Clause 49 of the Listing Agreement.

Board's definition of Independent director

Independent director shall mean Non-executive director of the Company who:

- a) apart from receiving the Director's remuneration, does not have any material or pecuniary relationships or transactions with the Company, its promoters, its senior management or

its holding Company, its subsidiaries and associated companies;

b) is not related to promoters, Chairman, Managing director, Whole time director, Secretary, CEO or CFO and of any person in the management at one level below the board;

c) has not been an executive of the Company in the immediately preceding three financial years;

d) is not a partner or an executive of the statutory audit firm or the internal audit firm that is associated with the Company, and has not been a partner or an executive of any such firm for the last three years. This will also apply to legal firm(s) and consulting firm(s) that have a material association with the entity.

e) is not a supplier, service provider or customer of the Company. This should include lessor-lessee type relationships also; and

f) is not a substantial shareholder of the Company, i.e. owning two per cent or more of the block of voting shares.

The Board of the Company has also decided that materiality of relationship with directors shall be ascertained on the following basis:

- The concept of materiality is relevant from the recipient's point of view and not from that of Company;
- The term 'material' needs to be defined in percentage. Ten per cent (10 per cent) or more of recipient's gross revenue / receipt for the preceding year should form a material condition affecting independence.

Based on the above test of independence, Mr S K Tuteja, Ms Pallavi Shroff, Ms Ramni Nirula, Mr Rajiv Dewan and Mr Ajay Relan are categorised as Independent directors.

Other details relating to the Board are as follows:

Name	Designation	Category	Shareholding in Company (No. of shares)	No. of directorships held in all public companies #	No. of Board committees memberships held in all public companies @	No. of Board committees Chairmanships held in all public companies @
Mr S K Tuteja	Chairman	Non-executive, Independent	–	4	8	5
Mr Rajinder Gupta	Managing director	Executive	588,266	6	1	–
Ms Pallavi Shroff	Director	Non-executive, Independent	–	4	3	–
Ms Ramni Nirula	Director	Non-executive, Independent	–	5	1	–
Ms Ravneet Kaur	Director	Non-executive	–	7	–	–
Mr Rajiv Dewan	Director	Non-executive, Independent	–	4	5	–
Mr Ajay Relan*	Additional director	Non-executive, Independent	–	10	4	–

including Abhishek Industries Limited and excluding private and foreign companies

@Board committee for this purpose includes Audit Committee and Shareholders'/Investors' Grievance Committee (including Board committees of Abhishek Industries Limited)

* Appointed as Additional director w.e.f. 25.01.2006

Number of Board meetings

Four Board meetings were held from April 1, 2005 till March 31, 2006 and there was a maximum time gap of not more

than 97 days between two consecutive Board meetings. The information as required under Clause 49 of the Listing Agreement and combined code of corporate governance and conduct were made available to the members of the Board.

Attendance of each director at the Board meetings and the last AGM

Name of the director	BOARD MEETINGS				AGM
	May 14, 2005	July 22, 2005	October 27, 2005	January 25, 2006	July 9, 2005
Mr S K Tuteja	●	●	●	●	●
Mr Rajinder Gupta	●	●	●	●	●
Mr Chandra Mohan*	●	●	●	NA	●
Ms Pallavi Shroff	●	●	●	●	●
Ms Ramni Nirula	●	●	●	●	●
Mr Satish Ajmera**	●	NA	NA	NA	NA
Ms Ravneet Kaur	●	●	●	●	●
Mr Rajiv Dewan***	NA	●	●	●	●
Mr Ajay Relan****	NA	NA	NA	NA	NA

● Attended the meeting

● Leave of absence

NA Not applicable, as was not director on the date of meeting.

* Ceased to be director w.e.f 27.10.2005

** Ceased to be director w.e.f 14.05.2005

*** Appointed as Additional director w.e.f. 14.05.2005

**** Appointed as Additional director w.e.f. 25.01.2006

Board agenda and minutes

The Company holds at least four Board meetings in a year, one in each quarter to review the financial results and other items of the agenda and the gap between the two Board meetings does not exceed four calendar months. Apart from the four scheduled Board meetings, additional Board meetings are also convened to address the specific requirements of the Company. Urgent matters are also approved by the Board by passing resolutions through circulation. Every director on the Board is free to suggest any item for inclusion in the agenda for the consideration of the Board.

All the departments in the Company communicate to the Company Secretary well in advance with regard to matters requiring approval of the Board / committees of the Board to enable him to include the same in the agenda for the Board /

committee meeting(s).

Agenda papers are generally circulated to the Board members well in advance before the meeting of the Board. All material information is incorporated in the agenda papers for facilitating meaningful and focused discussions at the meeting. The information regularly supplied to the Board inter-alia includes the following:

- Annual operating plans and budgets and any updates thereon.
- Capital budgets and updates, if any.
- Quarterly results for the Company and its operating divisions or business segments.
- Minutes of meetings of Audit Committee and other committees of the Board.

- Legal compliances report and certificate.
- Accounts relating to the subsidiary companies.
- Information on recruitment, resignation and remuneration of senior officers.
- Show cause, demand, prosecution notices and penalty notices issued against the Company having material impact.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any.
- Any material default in financial obligations to and by the Company, or substantial non-recoveries against sale, if any.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company, if any.
- Details of any joint venture or collaboration agreement, if any.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property, if any.
- Significant labour problems and their proposed solutions. Any significant development in human resources / industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme etc, if any.
- Sale of material nature, investments, subsidiaries, assets, which is not in normal course of business, if any.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as delay in share transfer etc.

The Company Secretary while preparing the agenda and minutes of the Board meeting is required to ensure adherence to the applicable provisions of the law including the Companies Act, 1956. The applicable secretarial standards issued by the Institute of Company Secretaries of India (ICSI)

are also being complied by the Company. The draft minutes of the proceedings of each Board meeting duly initiated by the Chairman of the meeting are circulated to the members of the Board for their comments and thereafter, confirmed by the Board in its next meeting. The Board also takes note of the minutes of the committee meetings duly approved by their respective Chairman.

Remuneration policy of directors

Executive director

The remuneration paid to the Executive director is recommended by the Remuneration Committee and approved by the Board of directors subject to the approval by the shareholders in the general meeting and such authorities, as the case may be. The synopsis of approvals for the remuneration paid to Mr Rajinder Gupta, Managing director for the year ended March 31, 2006 is given hereunder:

Sr	Approving authority	Date of approval
1	Remuneration Committee	24.04.2003
2	Board of directors	25.04.2003
3	Shareholders in extraordinary general meeting	07.07.2003

Non-executive director

Non-executive directors are paid by way of sitting fee for the meeting of Board and committee, if any, attended by them. The remuneration paid to the Non executive directors is approved by the Board of directors, subject to the approval by the shareholders in the general meeting. The synopsis of the approvals for sitting fees paid to Non executive directors for the year ended March 31, 2006 is given hereunder:

Sr	Approving authority	Date of approval
1	Board of directors	24.10.2003
2	Shareholders in extraordinary general meeting	12.12.2003

During the period 2005-6, the Company did not advance any loan to any of its directors. As of now, the Company does not have any Employee Stock Option Plan (ESOP).

The details of the remuneration paid to the Directors along with their relationships and business interests are detailed below:

Relationships of directors, their business interests and remuneration

Name of the directors	Relationship with other directors	Business relationship with the Company, if any	Remuneration paid/payable during the year ended March 31, 2006			
			Sitting fee	Salary and perks	Commission	Total
Mr S K Tuteja	None	None	3,20,000	–	–	3,20,000
Mr Rajinder Gupta	None	None	–	1,20,00,000	74,17,831	1,94,17,831
Mr Chandra Mohan**	None	None	80,000	–	–	80,000
Ms Pallavi Shroff	None	Partner Amarchand & Mangaldas & Suresh A Shroff & Co., Solicitors to the Company	80,000	–	–	80,000
Ms Ramni Nirula	None	Nominee of ICICI, a lender to the Company	1,20,000*	–	–	1,20,000*
Mr Satish Ajmera***	None	Nominee of IDBI, a lender to the Company	40,000	–	–	40,000
Ms Ravneet Kaur	None	Nominee of PSIDC, an equity investor of the Company	60,000*	–	–	60,000*
Mr Rajiv Dewan	None	None	2,00,000	–	–	2,00,000
Mr Ajay Relan	None	None	–	–	–	–

* The sitting fee has been paid to the respective nominating institutions.

*** Ceased to be a Director w.e.f. 14.05.2005

**Ceased to be a Director w.e.f 27.10.2005

The Company has also taken director's and officer's (D&O) liability insurance to protect its directors' personal liability for financial losses that may arise out of their unintentional wrongful acts.

Pecuniary relationship or transaction of Non-executive directors vis-à-vis the Company

The Company does not have any direct pecuniary relationship / transaction with any of its Non-executive directors. However, a sum of Rs 75,000/- is being paid to M/s Amarchand & Mangaldas & Suresh A Shroff & Co., solicitor to the Company on monthly basis towards retainer fees. Ms Pallavi Shroff,

a Non-executive director of the Company is partner of M/s Amarchand & Mangaldas & Suresh A Shroff & Co. However, the above payment does not affect independence of Ms Pallavi Shroff as the same is not material as per criteria fixed by the Board.

Criteria for payment of commission

In addition to the monthly remuneration, the Managing director is also entitled to receive commission at the rate of one per cent of the net profits of the Company as computed under Section 349 of the Companies Act, 1956, as per the terms of his appointment recommended by the Remuneration

Committee in its meeting held on April 24, 2003 and approved by the Board in its meeting held on April 25, 2003 and the shareholders in their Extraordinary General Meeting held on July 7, 2003.

Termination of agreement with Managing director and severance fees

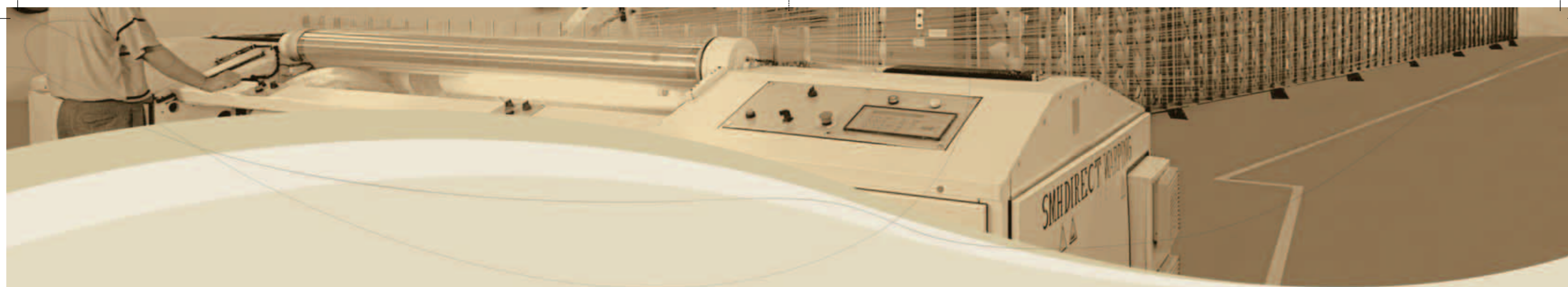
The employment of the Managing director shall terminate automatically in the event of his ceasing to be a director of the Company in the general meeting and / or in the event of his

resignation as a director of the Company and subsequent acceptance of the resignation by the Board.

Holding of directorships in other companies

The directors of the Company also hold positions as directors, committee members, trustees, partners and shareholders in other reputed companies, trusts, associations and firms. The committee memberships / Chairmanships held by the directors in other corporates are in compliance with the Clause 49 of the Listing Agreement. Details of the same are as follows:

Mr S K Tuteja		
Chairman	– Central Warehousing Cold Chain (P) Limited	
	CWC Coal Chains (P) Limited	
Director	– Punjab Tractors Limited	
	Swaraj Engines Limited	
	Swaraj Mazda Limited	
Chairman	– Audit Committee	- Punjab Tractors Limited
	Audit Committee	- Swaraj Engines Limited
	Investors' Grievance Committee	- Swaraj Mazda Limited
Member	– Audit Committee	- Swaraj Mazda Limited
	Investors' Grievance Committee	- Swaraj Engines Limited
	Investors' Grievance Committee	- Punjab Tractors Limited
Mr Rajinder Gupta		
Chairman	– Abhishek Energy Corporation Limited	
	Himalayan Ayurvedic & Agro Research Centre Limited	
	Madhuraj Foundation Limited	
	Trident Spinfab Corporation Limited	
Director	– Madhuraj Agrotech Limited	
	Abhishek Industries, Inc.	
	Trident Infotech, Inc.	
Shareholding >2 per cent	– Madhuraj Foundation Limited	
	Abhishek Energy Corporation Limited	
	Trident Infotech Corporation Limited	
	Trident Towels Limited	
	Trident Cotton Limited	



Ms Pallavi Shroff

Director	– Maruti Udyog Limited	
	Kotak Mahindra Old Mutual Life Insurance Limited	
	BAG Films Limited	
	Juniper Hotels (P) Limited	
Partner	– M/s Amarchand & Mangaldas & Suresh A Shroff & Co.	
Member	– Audit Committee	– Maruti Udyog Limited
	Audit Committee	– Kotak Mahindra Life Insurance Limited
	Audit Committee	– BAG Films Limited
	Audit Committee	– Juniper Hotels (P) Limited

Ms Ramni Nirula

Director	– Ballarpur Industries Limited	
	ICICI Web Trade Limited	
	ICICI Comm Trade Limited	
	Haldia Petro Chemicals Limited	
	Welham Girls High School	

Ms Ravneet Kaur

Chairperson	– Indian Acrylics Limited	
	Punjab Venture Investors Trust Limited	
Vice chairperson and Managing director	– Punjab Communications Limited	
Managing director	– Punjab State Industrial Development Corporation Limited	
Director	– Punjab Alkalies & Chemicals Limited	
	Electronic Systems Punjab Limited	

Mr Rajiv Dewan

Director	– Malwa Industries Limited	
	Punjab Communications Limited	
	Malwa Millenium Designs Limited	
Member	– Audit Committee	– Malwa Industries Limited
	Audit Committee	– Punjab Communications Limited
	Investors' Grievance Committee	– Punjab Communications Limited

Mr Ajay Relan

Director	– Citicorp Finance (India) Limited	
	Orbi Tech Limited	
	Micro Abrasives Limited	
	Monnet Ispat Limited	
	Suzlon Energy Limited	
	Jubilant Organosys Limited	
	HT Media Limited	
	International Tractors Limited	
	International Cars & Motors Limited	
Member	– Audit Committee	– H T Media Limited
	Audit Committee	– Suzlon Energy Limited
	Audit Committee	– Monnet Ispat Limited
	Audit Committee	– Jubilant Organosys Limited
	Remuneration Committee	– Suzlon Energy Limited

A brief profile of the directors is given elsewhere in this Annual Report, which forms part of the corporate governance report.

Board level committees

The Board has constituted various committees for smooth and efficient operation of the activities and is responsible for constituting, assigning, co-opting and fixing the terms of reference in line with the laws of land. The draft minutes of the proceedings of each committee meeting duly initialled by the Chairman of the respective committee meeting are circulated to the members of that committee for their comments and thereafter, confirmed in its next meeting. The Board also takes note of the minutes of the meetings of the committees duly approved by their respective chairman and the material recommendations / decisions of the committees are placed before the Board for approval. The Chairman, quorum and the terms of reference of each committee has been approved by the Board.

Audit Committee

Terms of reference:

The terms of reference of Audit Committee are as per Listing Agreement and Companies Act, 1956. The broad terms of reference of Audit Committee as adopted by the Board are as under:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment of any other services.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - Any change in the accounting policies and practices.
 - Major accounting entries based on exercise of judgement by management.
 - Qualification on draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Any related party transactions i.e. transaction of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc that may

have potential conflict with the interest of the Company at large.

- d) Reviewing with management, external and internal auditor, adequacy of internal control systems.
- e) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- f) Discussion with internal auditors any significant findings and follow up thereon.
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- h) Discussion with external auditors before the audit commences on the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- i) Reviewing the Company's financial and risk management policies.
- j) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payments of declared dividends) and creditors.
- k) To approve unaudited quarterly financial results and publish the same as required in the Listing Agreement.

Apart from above, the committee also reviews other matters as

required under Clause 49 of the Listing Agreement and other laws, rules and regulations.

Composition

The Audit Committee of the Company comprises three directors, all being Non-executive and independent. All members of Audit Committee are financially literate and majority of them are having accounting or related financial management expertise.

Mr S K Tuteja	Independent director (Chairman of the committee)
Ms Ramni Nirula	Independent director
Mr Rajiv Dewan	Independent director

The Company Secretary acts as secretary to the committee. The meetings of the Audit Committee are also attended by statutory auditors, internal auditors, management and cost auditors and other senior personnel of the Company. The recommendations of Audit Committee are accepted and implemented by the Board.

Meetings details

Five Audit Committee meetings were held from April 1, 2005 till March 31, 2006 and there was a maximum time gap of not more than 91 days between two consecutive Audit Committee meetings. The required information as stipulated under Clause 49 of the Listing Agreement and combined code of corporate governance and conduct were made available to the members of the Audit Committee.

Attendance of each member at the Audit Committee meetings

Name of the member	May 14, 2005	July 22, 2005	August 8, 2005	October 26, 2005	January 25, 2006
Mr S K Tuteja	●	●	●	●	●
Mr Satish Ajmera#	●	NA	NA	NA	NA
Ms Ramni Nirula	●	●	●	●	●
Mr Rajiv Dewan*	NA	NA	●	●	●

● Attended the meeting

● Leave of absence

N.A. Not Applicable, as was not member on the date of meeting.

Ceased to be member w.e.f 14.05.2005

* Appointed as member w.e.f. 22.07.2005

The last Annual General meeting of the Company was held on July 9, 2005 at its registered office and was attended by Mr S K Tuteja, Chairman of the Audit Committee and Investors' Grievances and Share Transfer Committee of the Company.

Remuneration Committee

Terms of reference:

The broad terms of reference of Remuneration Committee of the Company are as follows:

'To determine the remuneration packages of Executive directors / Chief executive officer including remuneration policy, pension rights and any compensation payments and / or stock options.'

The remuneration policy of the Company is aimed at rewarding performance, based on review of achievements on a regular basis.

Composition:

The Remuneration Committee of the Company consists of three directors. All members of Remuneration Committee are Non-executive and Independent directors.

Mr S K Tuteja	Independent director (Chairman of committee)
Ms Pallavi Shroff	Independent director
Ms Ramni Nirula	Independent director

Meeting details:

During the period from April 1, 2005 to March 31, 2006, one Remuneration Committee meeting was held to consider payment of remuneration to Mr Rajinder Gupta, Managing director w.e.f. April 1, 2006.

Attendance of each member at the Remuneration Committee meeting

Name of the member	January 25, 2006
Mr S K Tuteja	●
Ms Pallavi Shroff	●
Ms Ramni Nirula	●

● Attended the meeting

Investors' Grievance and Share Transfer Committee

Since the routine share transfer related works have been delegated to Registrar and share transfer agent, the Board had decided to merge Shareholders' / Investors' Grievance

Committee and Share Transfer Committee of the Company. Accordingly, a new committee in the name of "Investors' Grievance and Share Transfer Committee" was formed.

Terms of reference

The functioning and broad terms of reference of the Investors' Grievance and Share Transfer Committee as adopted by the Board is as under:

a) To monitor work related to

- transfer and / or transmission of equity / preference shares of the Company;
- dematerialisation / rematerialisation of the shares of the Company;
- subdivision, consolidation and / or replacement of any share certificate(s) of the Company;

b) Approval of issue of duplicate share certificates against the original share certificates

c) Conversion of shares of erstwhile Abhishek Spinfab Corporation Limited and Varinder Agro Chemicals Limited, into equity shares of the Company.

d) To look into the redressing of shareholders and investors complaints like transfer of shares, non-receipt of Balance sheet, non-receipt of declared dividend, review of dematerialisation, rematerialisation, shareholding pattern, distribution schedules etc.

e) To provide for safe custody of the common seal of the Company and authorise affixation of common seal on the share certificates

f) To do all other acts or deeds as may be necessary or incidental thereto.

The main object of the Investors' Grievance and Share Transfer Committee is to strengthen investor relations.

The Company Secretary, being the Compliance Officer, is entrusted with the responsibility, to specifically, look into the redressal of the shareholders and investors complaints and report the same to the Investors' Grievance and Share Transfer Committee.

Composition:

The Investors' Grievance and Share Transfer Committee of the Company comprises three directors, two of whom are Non-executive and Independent directors and one is Executive director.

Mr S K Tuteja	Independent director (Chairman of Committee)
Mr Rajinder Gupta	Managing director
Mr Rajiv Dewan	Independent director

Meeting details:

Four meetings of Investors' Grievance and Share Transfer Committee were held during April 1, 2005 to March 31, 2006.

Attendance of each member at the Investors' Grievance and Share Transfer Committee

Name of the member	October 27, 2005	December 3, 2005	January 19, 2006	March 4, 2006
Mr S K Tuteja	●	●	●	●
Mr Rajinder Gupta	●	●	●	●
Mr Rajiv Dewan	●	●	●	●

● Attended the meeting

Prior to formation of Investors' Grievance and Share Transfer Committee, the erstwhile Share Transfer Committee met 29 times during the year to consider the matters relating to transfer, transmission and transposition of shares, sub division and consolidation of shares, replacement of lost / stolen / mutilated share certificates and review of dematerialisation and rematerialisation of shares.

Other committees constituted by the Board

Apart from the above committees, the Board has constituted the following committees of the Directors for efficient and quick decision-making on the affairs of the Company.

Strategy Committee

Terms of reference:

The broad terms of reference of the Strategy Committee as adopted by the Board are as follows:

- To formulate long-term and strategic planning as well as resource management including human resource management of the Company.
- Formulation of corporate strategy, building of brand equity, planning, entering into external contracts, providing guidance to management and achievement of business plans.
- Formulations of annual business plans and devising means to achieve them, introduction of new technology, new

initiatives and promote innovations through in-house research and development and functions.

- To transform the Company into a world-class, next-generation organisation that provides world-class products to corporations across the world, by use of state-of-the-art technology.
- To perform all the functions / activities as may be assigned by the Board, from time to time.
- Supervise and monitor the implementation of the expansion projects.
- Appointment of architect(s), contractor(s) and consultant(s) etc for the implementation of the expansion project
- Selection, finalisation and purchase of plant and machinery etc.
- Review of the following matters:
 - Creation of shareholders' wealth**
 - Maintenance of 50 per cent CAGR

- Review of corporate balance score card
- EPS and EBITDA
- Brand equity

B. Performance of business assets

- Economic Value Added (EVA)
- Market Value Added (MVA)
- Global benchmarking

C. Human resources

- Leadership development
- Talent retention and team building
- Talent pipeline

Composition:

The Strategy Committee of the Board of the Company comprises Executive and Non-executive directors with the majority of Non-executive Independent directors.

Mr S K Tuteja	Independent director (Chairman of Committee)
Mr Rajinder Gupta	Managing director
Ms Pallavi Shroff	Independent director

Meeting details:

Four meetings of Strategy Committee were held during April 1, 2005 to March 31, 2006.

Attendance of each member at the Strategy Committee meeting

Name of the member	May 14, 2005	October 7, 2005	November 11, 2005	January 25, 2006
Mr S K Tuteja#	NA	●	●	●
Mr Rajinder Gupta	●	●	●	●
Mr Chandra Mohan##	●	●	NA	NA
Ms Ramni Nirula*	●	NA	NA	NA
Ms Pallavi Shroff**	NA	NA	●	●

● Attended the meeting

● Leave of absence

NA Not applicable, as was not member on the date of meeting.

Appointed as member w.e.f. 22.07.2005

Ceased to be member w.e.f 27.10.2005

* Ceased to be member w.e.f 22.07.2005

** Appointed as member w.e.f. 27.10.2005

Screening committee

Terms of reference:

The broad terms of reference of the Screening Committee as adopted by the Board are as follows:

- To determine the appropriate characteristics, skills and experience for the Board as a whole as well as its individual members.
- Screening and selection process involved in selecting the new directors and senior management personnel.
- To make recommendations to the Board and the shareholders on the induction of any new director and / or any senior management personnel.

Composition:

The Screening Committee of the Board of the Company comprises Executive and Non-executive directors with the majority Non-executive directors and one non board member having expertise in HR related activities.

Mr S K Tuteja	Independent director (Chairman of Committee)
Mr Rajinder Gupta	Managing director
Ms Pallavi Shroff	Independent director
Dr M A Zahir	HR expert (Independent person)

Meeting details:

Two meetings of Screening Committee were held during April 1, 2005 to March 31, 2006.

Attendance of each member at the Screening Committee meeting

Name of the member	May 14, 2005	October 27, 2005
Mr S K Tuteja	●	●
Mr Rajinder Gupta	●	●
Ms Pallavi Shroff	●	●
Dr M A Zahir	●	●

- Attended the meeting
● Leave of absence

Management

The management's discussion and analysis report is given elsewhere in this Annual Report, which forms a part of this Corporate governance report.

Shareholders

a) Disclosures regarding appointment / re-appointment of directors

Pursuant to the Articles of Association of the Company, all the directors for the time being except Managing director shall retire and, if eligible, offer themselves for re-election at the ensuing Annual General Meeting. Accordingly, Mr S K Tuteja, Ms Pallavi Shroff, Ms Ramni Nirula, Ms Ravneet Kaur and Mr Rajiv Dewan retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Screening Committee and the Board have recommended the re-election of all these Directors.

Mr Ajay Relan was appointed as additional director by the Board on January 25, 2006 and holds office till the ensuing Annual General Meeting. The Company has received a notice from a shareholder under Section 257 of the Companies Act,

1956 proposing his name for appointment as director of the Company. The Screening Committee and the Board have recommended the appointment of Mr Ajay Relan as director.

The brief profile of the Directors being appointed / re-appointed and other relevant Information is given elsewhere in this Annual Report, which forms part of the corporate governance report.

b) Means of communication

The quarterly, half yearly and annual financial results and quarterly shareholding pattern are posted on the Company's official website, www.tridentindia.com. As per the requirements of the Listing Agreement, the Company also provides information to the stock exchanges and update its website on a regular basis to include new developments in the Company. The quarterly, half yearly and annual results and quarterly shareholding pattern are also uploaded on the EDIFAR website of SEBI www.sebi.gov.in. The Company Secretary being the Compliance Officer ensures the correctness and authenticity of the information posted on the said website.

All material information about the Company is promptly sent through facsimile to the stock exchanges where the shares of the Company are listed.

Full version of the Annual Report including the notice of Annual General Meeting, management's discussion and analysis, corporate governance report, balance sheet, profit and loss account, cash flow statement along with the schedules and notes thereon, directors report and auditors report are sent to the shareholders within the stipulated time and are also uploaded on Company's official website www.tridentindia.com.

The Company generally publishes its financial results in the Economic Times, Business Standard and Punjabi Tribune / Desh Sewak. During the period under review, the Company published its financial results in the following newspapers:

Financial results	Newspapers	Date of publication
Unaudited financial results for the quarter ended June 30, 2005	■ Business Standard	23.07.2005
	■ Punjabi Tribune	23.07.2005
	■ The Economic Times	25.07.2005
	■ Nav Bharat Times	25.07.2005
Unaudited financial results for the quarter ended September 30, 2005	■ Business Standard	28.10.2005
	■ The Economic Times	28.10.2005
	■ Punjabi Tribune	28.10.2005
	■ Nav Bharat Times	29.10.2005
Unaudited financial results for the quarter ended December 31, 2005	■ Business Standard	26.01.2006
	■ Desh Sewak	26.01.2006
	■ The Economic Times	26.01.2006
Audited financial results for the quarter and year ended March 31, 2006	■ Business Standard	25.05.2006
	■ Desh Sewak	25.05.2006
	■ The Economic Times	25.05.2006
	■ The Business Line	26.05.2006

c) Compliance officer

Mr Pawan Jain, Company Secretary is the Compliance officer appointed by Board and can be contacted for any investor-related matter relating to the Company. His contact nos. are +91-161-5039999, 2304000; Fax no. is +91-161-5039900, 5038800 and e-mail ID is pawanjain@tridentindia.com.

d) Annual General Body Meetings of the Company

Details of last three Annual General Meetings of the Company is given hereunder:

AGM	Day	Date	Time	Venue	Special resolutions passed
15th	Saturday	July 9, 2005	9.00 AM	Trident Complex, Raikot Road, Barnala	Two
14th	Thursday	April 15, 2004	10.00 AM	Trident Complex, Raikot Road, Barnala	None
13th	Monday	April 14, 2003	10.00 AM	Trident Complex, Raikot Road, Barnala	None

No special resolution was passed by way of postal ballot during the year 2005-6.

Disclosures

a) Related party transactions

- There was no materially significant related party transactions, pecuniary transactions or relationships between the Company and its directors, promoters or the management that may have potential conflict with the interests of the Company at large except the details of transactions annexed to the Balance Sheet disclosed as per Accounting Standard 18 of the Institute of Chartered Accountants of India
- All details relating to financial and commercial transactions, where directors may have a potential interest, are provided to the Board and the interested Directors neither participate in the discussion, nor do they vote on such matters. The Audit Committee of the Company also reviews related party transactions on periodical basis

b) Compliances made by the Company

- The Company has continued to comply with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital market during the last three years
- A penalty of Rs 60,000/- had been imposed on the Company by SEBI during the year 2004-5 for violation in terms of Regulations 6(3) and 8(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. The Company has paid the aforesaid penalty under protest and has filed an appeal with Securities Appellate Tribunal on the plea that disclosures under Reg 6(3) and 8(2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 have been made by erstwhile Varinder Agro Chemicals Limited on its own behalf and on behalf of person acting in concert. Accordingly, no separate disclosure under Reg 6 (3) and 8 (2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 are required to be made by person acting in concert as its shareholding does not exceed the prescribed limits. No other penalties or strictures have been imposed by stock

exchange or any other statutory authority on any matter related to capital markets during the year under review.

Corporate ethics

a) Code of conduct for prevention of insider trading

The Company has a comprehensive code of conduct for its management, staff and directors for prevention of insider trading. The code lays down guidelines and procedures to be followed and disclosures to be made while dealing with the shares of the Company and cautioning them on the consequences of non-compliances. The Company Secretary has been appointed as Compliance Officer and is responsible for adherence to 'Code for Prevention of Insider Trading', a copy of the same has been posted at Company's official website www.tridentindia.com

b) Code of corporate disclosure

The Company has adopted the 'Code of corporate disclosure practices for prevention of insider trading'. The purpose of this code is to guide Company's transaction with research analysts, fund managers, media and to ensure timely and adequate disclosure of price sensitive information to the stock exchanges and disseminated promptly on a continuous basis. The Company Secretary has been appointed as Compliance Officer and is responsible for ensuring that the Company complies with the continuous disclosure requirements and adhere to 'Code of Corporate Disclosure'. A copy of this code has been posted at Company's official website www.tridentindia.com

c) Whistle blower policy

The whistle blower policy of the Company provides opportunity to employees to access in good faith the Audit Committee in case they observe unethical and improper practices or any other alleged wrongful conduct in the Company and to prohibit managerial personnel from taking any adverse personal action against those employees. An employee who observes any unethical and improper practices or alleged wrongful conduct in the Company can also report the same to Audit Committee through e-mail addressed to whistleblower@tridentindia.com. A copy of this policy has

been posted at Company's official website www.tridentindia.com

d) Combined code of corporate governance and conduct

To be in sync with international standards of corporate governance and to be in line with the needs of the dynamic market, the Company has adopted combined code of corporate governance and conduct, which is being used as a tool to exceed and excel through better corporate governance and fair and transparent practices. A copy of the same has been posted at Company's official website www.tridentindia.com

e) SHE policy

The Company has adopted safety, health and environment (SHE) policy with a commitment to provide a safe and healthy working environment, preservation of the environment of the territory in which the organisation operates, preventing the wasteful use of natural resources and minimise any hazardous impact of the development, production, use and disposal of any of the organisations products and services on the ecological environment, maintain highest standards of environmental management and ensure for all its members, consultants, contractors and customers a safe and healthy environment free from injury and disease. A copy of the same has been posted at Company's official website www.tridentindia.com

f) Values framework

The Company enjoys shared values (collectively decided by the employees of the Company), which is – "To provide customer satisfaction, through teamwork, based on honesty and integrity, for continuous growth and development." The spirit and clarity of values of the Company and expected ethical behaviour of employees have been spread down the line with help of LSIP (Large Scale Interactive Process) across the Company. Four Locational Value Champions and one Chief Value Champion have been designated and are responsible to counsel employees on ethical issues and resolve their

dilemmas. To enable us stay true to our values, a booklet containing values of the Company and a message from the Managing director has been circulated to customers, suppliers and other business associates and they are requested to give their feedback in case we are digressing from our path. The suppliers, customers and other associates may contact Chief Value Champion for any value related issue on their interaction and/or dealing with the Company.

Company has also framed a Value Violation and Dilemma Resolution mechanism, under which employees are encouraged to report violation of ethical standards or any dilemma thereon. The decisions of Chief Value Champion on violation cases are publicised and circulated across the Company. Company has also a system for recognising and rewarding individuals who have upheld values of the Company in true spirit.

g) Risk management procedure

The Company has a comprehensive and integrated risk management framework to effectively deal with uncertainty and associated risks and enhance the organisation's capacity to build value. The Risk Management framework of the Company has been designed with an objective to develop a risk culture that encourages employees to identify risks and respond to them with appropriate actions. A detailed report on risk management is published elsewhere in this Annual Report.

h) Compliance assurance audit

The Company has voluntarily appointed M/s Corporate Professional (P) Ltd to conduct audit of the compliances made by the Company during the year 2005-6. M/s Corporate Professional (P) Ltd has submitted its report on compliances of provisions of Companies Act and other capital market related laws, rules and regulations. The Compliance Assurance Report is published elsewhere in this Annual Report.

Compliance status with mandatory and non-mandatory requirements of Clause 49 of Listing Agreement

Mandatory requirements

The Company has complied with all the mandatory requirements of Clause 49 of Listing Agreement entered into

with stock exchanges. Details of these compliances are given below: (For detailed compliance with each requirement (mandatory) of Clause 49 please refer to 'Annexure A' – Clause 49 – Compliance Mapping'.)

Particulars	Clause of Listing Agreement	Compliance status
I. Board of directors	49 (I)	
(A) Composition of Board	49 (IA)	Complied
(B) Non-executive directors' compensation and disclosure	49 (IB)	Complied
(C) Other provisions as to Board and committees	49 (IC)	Complied
(D) Code of Conduct	49 (ID)	Complied
II. Audit Committee	49 (II)	
(A) Qualified and independent Audit Committee	49 (IIA)	Complied
(B) Meeting of Audit Committee	49 (IIB)	Complied
(C) Powers of Audit Committee	49 (IIC)	Complied
(D) Role of Audit Committee	49 (IID)	Complied
(E) Review of information by Audit Committee	49 (IIE)	Complied
III. Subsidiary companies	49 (III)	Complied
IV. Disclosures	49 (IV)	
(A) Basis of related party transaction	49 (IVA)	Complied
(B) Disclosure of accounting treatment	49(IVB)	Complied
(C) Board disclosures	49 (IVC)	Complied
(D) Proceeds from public issues, right issues, preferential issues etc.	49 (IVD)	Complied
(E) Remuneration of directors	49 (IVE)	Complied
(F) Management	49 (IVF)	Complied
(G) Shareholders	49 (IVG)	Complied
V. CEO/CFO certification	49 (V)	Complied
VI. Report on corporate governance	49 (VI)	Complied
VII. Compliance	49 (VII)	Complied

Non-mandatory requirements

Compliance status with non-mandatory requirements are given below:

- a) Chairman of the Company is entitled to seek any advice and consultancy in relation to the performance of his duties and is also entitled to claim reimbursement of the expenses incurred in this regard.

Independent directors of the Company do not have a term exceeding a period of nine years in aggregate on the Board of Company.

- b) Company has set up a Remuneration Committee comprising

three Independent directors. Details of the Committee are given in this report under the head Board Level Committees'.

- c) Presently, half yearly financial performance is not being sent to each household of shareholders.
- d) The performance evaluation of all directors (Executive and Non-executive) is done by the Screening Committee, which comprises two Independent directors, one Executive director and one independent person having expertise in human resources. Terms of reference and other details of Screening Committee are given in this report under the head 'Other committees constituted by the Board.'

- e) The Company has adopted 'Whistle blower policy'. Details of the policy are given under 'Corporate Ethics' section of this report. No personnel have been denied access to the Audit Committee.

General shareholders information

The following information would be useful to our shareholders:

a) Annual General Meeting

Date	September 27, 2006
Day	Wednesday
Time	10.00 A M
Venue	Trident Complex, Raikot Road, Barnala -148001

b) Dividend for the year 2005-6

The Board of directors of the Company has recommended a dividend of Re. 1/- (10 per cent) per equity share for the year ended March 31, 2006. Dividend when declared at the Annual General Meeting will be paid in the following manner:

In case of physical holding: Members whose names appear on the register of members on September 27, 2006.

In respect of shares held in electronic form: Members whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the end of business hours on September 15, 2006.

c) Electronic clearing services (ECS) facility

ECS facility provides members an option to receive dividend amount directly in their bank accounts. For availing this facility, members holding shares in physical form may send their duly filled ECS mandate form to the Company's Registrar and Share Transfer Agent (RTA). The ECS mandate form is enclosed in the Annual Report. Members holding shares in dematerialised form may send their ECS mandate to the concerned Depository Participants (DP) in the format prescribed by the DP.

d) Bank details for the purpose of dividend

Members are requested to provide or update, as the case may be, their bank account number, bank account type along with

name and addresses of bank branches to RTA in case of physical holding and to depository participants in case of electronic holding. As per circular issued by the SEBI in 2001, it is mandatory to print the bank account details on the dividend warrants.

e) Trading window

In accordance with the Code of Conduct for prevention of insider trading, Company closes trading window for designated employees from time to time. As per policy, trading window is closed from the day immediately succeeding the last day of quarter for which financial results are prepared and opened after passing of 48 hours of conclusion of Board meeting in which the financial results are approved. The trading window is also closed during and after occurrence of price sensitive events as per the Code of Conduct for prevention of insider trading.

f) Financial calendar

Next financial year April 1, 2006 to March 31, 2007

g) The financial results will be adopted as per the following tentative schedule:

For the quarter ended June 30, 2006	July 2006 (3rd week)
For the quarter ended September 30, 2006	October 2006 (3rd week)
For the quarter ended December 31, 2006	January 2007 (3rd week)
For the quarter ended March 31, 2007	May 2007 (2nd week)

h) Date of book closure for the purpose of dividend and Annual General Meeting:

From Saturday, September 16, 2006 to Wednesday, September 27, 2006 (both days inclusive)

i) Listing on stock exchanges

As on March 31, 2006, the equity shares of the Company are listed on the following exchanges:

1. Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
25th Floor, Dalal Street, Mumbai – 400 001

2. National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1 G Block,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051

j) Listing fees

Listing fees for the year 2006-7 has been paid to the stock exchanges where the equity shares of the Company are listed in April, 2006 i.e. within the stipulated time.

k) Stock code

The Company's code at the stock exchanges and news agencies are:

Sr.	Name of Stock Exchanges	Stock code	Reuters code	Bloomberg
1.	Bombay Stock Exchange Limited	521064	ABHP.BO	ABIN IN
2.	National Stock Exchange of India Limited	ABSHEKINDS	ABHP.NS	NABIN IN

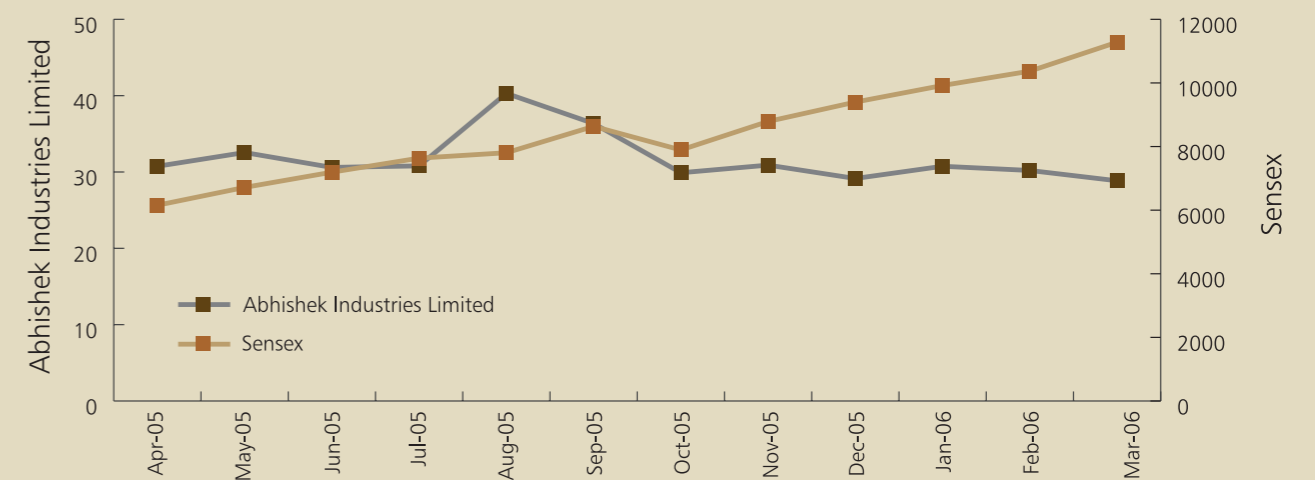
l) Market price data

Monthly high and low prices of equity shares of Abhishek Industries at the Bombay Stock Exchange Limited (BSE) and at the National Stock Exchange of India Limited (NSE) during the year under review in comparison to BSE (Sensex) and NSE (Nifty) are given hereunder:

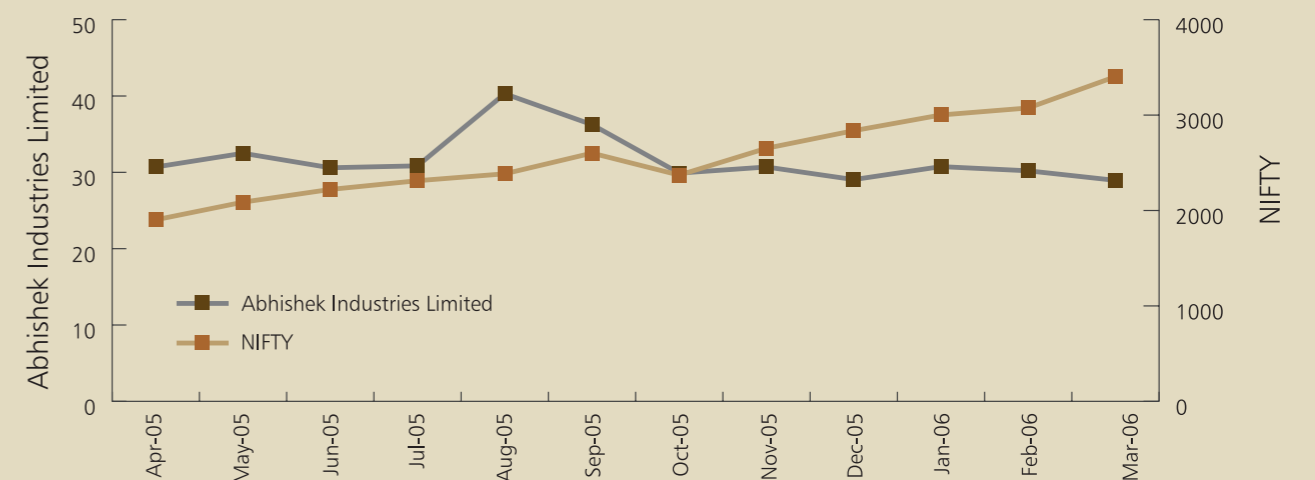
Month	BSE			NSE						
	Share prices		Volume	Sensex		Share prices		Volume	Nifty	
2005	High	Low		High	Low	High	Low		High	Low
April	36.00	30.30	1369868	6649.42	6118.42	36.10	30.50	3395987	2084.90	1896.30
May	35.50	30.05	2672804	6772.74	6141.37	35.60	30.00	6518588	2099.35	1898.15
June	34.50	30.00	2391314	7228.21	6647.36	34.40	30.00	5023865	2226.15	2061.35
July	36.00	30.00	2967200	7708.59	7123.11	35.00	29.95	6500643	2332.55	2171.25
August	42.70	29.50	16243361	7921.39	7537.50	42.50	29.90	39540748	2426.65	2294.25
September	43.80	35.05	10639144	8722.17	7818.90	43.70	34.90	24143378	2633.90	2382.90
October	38.90	29.00	2069718	8821.84	7656.14	38.45	28.90	4857818	2669.20	2307.45
November	34.25	29.75	1504438	9033.99	7891.23	35.90	29.55	4106039	2727.05	2366.80
December	31.80	28.55	1639122	9442.98	8769.56	31.70	28.55	3981020	2857.00	2641.95
2006										
January	33.00	28.80	2842611	9945.19	9158.44	32.85	28.05	6405239	3005.10	2783.85
February	33.50	29.50	6397581	10422.65	9713.51	33.00	29.55	6000329	3090.30	2928.10
March	32.75	26.20	3204884	11356.95	10344.26	30.85	26.00	5654247	3433.85	3064.00

Source: Reuters

Sensitivity at BSE



Sensitivity at NSE



m) Registrar and Share Transfer Agent

M/s Alankit Assignments Limited, New Delhi has been appointed as the Registrar and Share Transfer Agent of the Company for handling the share transfer work both in physical and electronic form. All correspondence relating to share transfer, transmission, dematerialisation, rematerialisation etc can be made at the following address:

M/s Alankit Assignments Limited

(Unit: Abhishek Industries Limited)
2E/21 Jhandewalan Extension
New Delhi – 110 055
Tel : +91-11-23541234, 23531234
Fax : +91-11-51540064
E-Mail : rta@alankit.com



n) Share transfer system

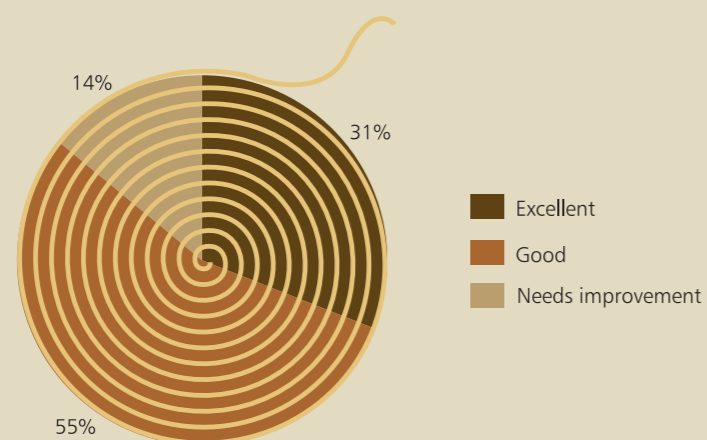
All physical share transfers, dematerialisation etc are handled by M/s Alankit Assignments Limited, Registrar and Share Transfer Agent of the Company at 2E/21 Jhandewalan Extension, New Delhi – 110 055. Share transfers are registered and returned within a period of seven days from the date of receipt.

o) Shareholders' satisfaction survey

During the year under review, the Company has conducted a survey to assess the shareholder's satisfaction level on investors' services being rendered by the Company. The survey questionnaire asking feedback on ten spectrums of services were sent to each household of shareholders and they were requested to rate these services on three parameters- excellent, good and needs improvement. The result of the survey is given below:

S. No.	Parameters	Responses received	Percentage of total responses received		
			Excellent	Good	Needs Improvement
A	Overall rating of our investor service	587	31	55	14
B	Response to queries / concern by the Company	503	27	59	14
C	Response to queries / concern by the RTA	416	22	62	16
D	Content and quality of our Annual Report 2004-5	563	39	50	11
E	Timely receipt of Annual Report	532	39	47	14
F	Service related to conversion of equity shares	413	37	53	10
G	Behaviour of Company's personnel while interaction	390	30	61	9
H	Behaviour of RTA personnel while interaction	374	30	61	9
I	Arrangements made at the general meeting	160	38	47	15
J	Information on Company's website	291	34	57	9

Overall rating of our investor service



p) Distribution of shareholding

As on March 31, 2006 the distribution of shareholding was as follows:

Shareholding of nominal value in Rs	Shareholders		Shareholding	
	Number	Percentage	Shares	Percentage
Upto 5000	70,763	80.17	1,45,13,220	7.47
5001 to 10000	10,752	12.18	82,08,198	4.23
10001 to 20000	4,241	4.80	61,83,019	3.18
20001 to 30000	1,072	1.21	27,53,299	1.42
30001 to 40000	364	0.41	13,04,693	0.67
40001 to 50000	384	0.44	18,24,354	0.94
50001 to 100000	407	0.46	30,19,037	1.56
100001 and above	289	0.33	15,63,88,855	80.53
Total	88,272	100.00	19,41,94,675	100.00

q) Category wise shareholding as on March 31, 2006

Category	No. of shares held	Percentage of shareholding
Promoters		
Indian promoters	12,33,43,373	63.52
Institutional investors		
– Mutual funds	44,223	0.02
– Banks, financial institutions	17,58,901	0.91
– FIs	2,26,31,934	11.65
Others		
– Corporate bodies	58,08,951	2.99
– Indian public	3,77,66,172	19.45
– NRIs/OCBs	25,39,594	1.31
– Shares in transit	3,01,527	0.15
Grand total	19,41,94,675	100.0

r) Details of shares held more than 1 per cent as on March 31, 2006

Name of shareholder	No. of shares held	Percentage of shareholding
Madhuraj Foundation	7,95,38,423	40.96
ANG Securities Limited	2,79,22,861	14.38
Citicorp Banking Corporation	1,35,95,152	7.00
Lotus Global Investments Limited	85,60,000	4.41
Punjab State Industrial Development Corporation Limited	77,15,596	3.97
Smt Mayadevi Trust	38,79,480	2.00
Sundaram Capfin Private Limited	24,24,900	1.25

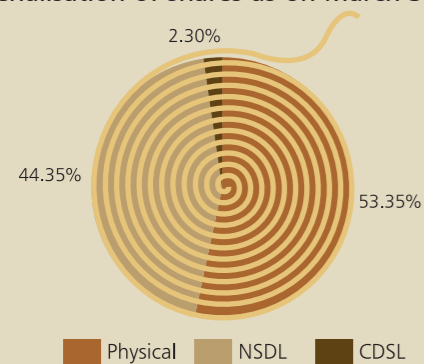
s) Dematerialisation of shares

The equity shares of the Company are compulsorily traded and settled only in the dematerialised form under ISIN No. INE 064C01014.

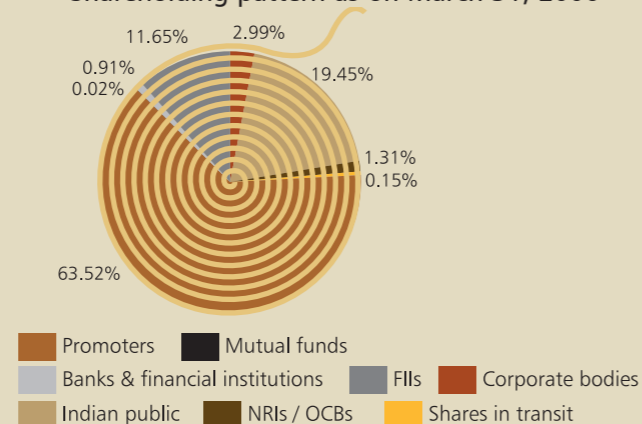
The details of the equity shares of the Company dematerialised as on March 31, 2006 is given hereunder:

Particulars	As on March 31, 2006		As on March 31, 2005	
	No of shares	Percentage	No of shares	Percentage
No of shares dematerialised	9,05,95,986	46.65	88,074,530	43.35
– NSDL	8,61,32,029	44.35	8,41,77,638	43.34
– CDSL	44,63,957	2.30	38,96,892	2.00
No of shares in physical form	10,35,98,689	53.35	106,120,145	54.65
Total	19,41,94,675	100.00	194,194,675	100.00

Dematerialisation of shares as on March 31, 2006



Shareholding pattern as on March 31, 2006



t) Liquidity

The equity shares of the Company are liquid and frequently traded. Average daily turnover of number of shares traded as well as value during the year 2005-6 is given below:

	NSE	BSE
No. of shares (in '000)	460.83	200.16
Value (in Rs '000)	16357.56	7533.52

u) Correspondence received / resolved

Nature	Number of letters (April 2005 – March 2006)		
	Received	Attended	Pending
Transfer of shares	35	35	Nil
Split	1	1	Nil
Dividend	24	24	Nil
Loss of shares / duplicate shares	29	29	Nil
SEBI / stock exchange	32	32	Nil
Change of address	707	707	Nil
Others	1141	1141	Nil
Total	1969	1969	Nil

v) Share transfer / demat requests in process

As on March 31, 2006, 12 cases of transfer comprising 2719 equity shares were in process for transfer and 42 demat request forms comprising 14,385 equity shares were in process for dematerialisation.

w) Outstanding warrants

As on March 31, 2005, two crore (2,00,00,000) warrants of face value of Rs 10/- each were outstanding. These warrants were issued at a premium of Rs 23/- pursuant to the approval of shareholders in their last Annual General Meeting held on July 9, 2005. The allottee of warrants has an option to get these warrants converted into equity shares of the Company within 18 months from the date of allotment (i.e. July 22,

2005). Post conversion, the paid-up share capital of the Company shall be increased to Rs 214,19,46,750.

The Company has no other outstanding convertible instrument.

x) Exchange of shares of erstwhile Varinder Agro Chemicals Limited with Abhishek Industries Limited

After merger of Varinder Agro Chemicals Limited (VACL) with Abhishek Industries Limited (AIL), the Company has allotted 70 fully paid equity shares of AIL for every 24 fully paid equity shares of VACL. The Company sent individual letters to all the shareholders of VACL to exchange their share certificates of VACL for share certificates of AIL.



The shareholders who are still holding shares of erstwhile VACL are requested to surrender their share certificates of VACL at the corporate office of the Company at E - 212 Kitchlu Nagar, Ludhiana – 141001 to get the share certificates of AIL.

y) **Unclaimed dividend**

Dividends declared for the year 1996, which were unclaimed for a period of seven years, has been transferred to the Investor Education and Protection Fund administered by the central government. As such, no claim henceforth shall lie in respect thereof.

z) **Nomination**

Shareholders holding shares in physical form and desirous of making nomination in respect of their shareholding in the Company are requested to submit their request to Company in Form B.

Address of subsidiaries

US subsidiary

Abhishek Industries Inc.
444 NE Ravenna Blvd
Ste 402, Seattle WA 98115, USA

Europe subsidiary

Abhishek Europe SA
Place Pury 3
C/o Cabinet Béguin d'expertise fiscale CBEF SA
2001 Neuchâtel, Switzerland

Plant locations

The Company's manufacturing facilities are located at the following locations:

Yarn Division:

Trident Complex,
Raikot Road, Barnala,
Distt- Sangrur, Punjab- 148 101

Terry Towel Division:

Trident Complex,
Mansa Road, Dhaula, Barnala,
Distt- Sangrur, Punjab- 148 101

Paper and Chemicals Division:

Trident Complex,
Mansa Road, Dhaula, Barnala,
Distt- Sangrur, Punjab- 148 101

Address for correspondence

Abhishek Industries Limited
E- 212, Kitchlu Nagar
Ludhiana 141 001, Punjab, India
Phone Nos. 91-161-5039999, 2304000
Fax No. 91-161-5039900,5038800
e-mail ID: investor@tridentindia.com
website: www.tridentindia.com.

Annexure A

Clause 49 -
Compliance mapping

1

Board of Directors

Clause 49 (1A)

Composition of Board

Standard

The Board of the Company should have optimum combination of executive and non-executive directors. However, not less than 50 per cent of the board of directors should comprise Non-executive directors.

If the Chairman of the Board is a non-executive director, at least one-third of the Board should comprise Independent directors.

Our practice

■ The total strength of the Board of the Company is 7 directors.

■ **Composition:**

Executive director : 1 (14%)
Non-executive Independent directors : 6 (86%)
Independent directors : 5 (71%)

■ The Chairman is Non-executive Independent director.

■ Out of the total 7 directors on the Board, 5 (71%) are Independent directors.

■ Directors, prior to their appointment on the Board as well as annually affirm their independence by way of a certificate to the Board. They are also required to disclose any transaction, which may filch their independent status.

Clause 49 (1B)

Non-executive directors' compensation and disclosures

Standard

All fees/compensation paid to Non-executive directors shall be fixed by the Board of directors and shall require previous approval of shareholders in general meeting. Further, the shareholders' resolution shall specify the limits for the maximum number of stock options that can be granted to non-executive directors in any financial year and in aggregate.

Our practice

- The remuneration being paid to Non-executive directors (i.e. sitting fees) has been approved by the Board of directors and shareholders even before the amendment in Clause 49.
- As of now, the Company does not have any stock options plan.

Clause 49 (1C)

Other provisions as to Board and Committees

Standard

There shall be at least four board meetings in a year with a maximum time gap of not more than four months between any two meetings. Information given in Annexure - I A of Clause 49 should be made available to the Board. The Board shall also review compliance report of all laws applicable to the Company.

A director shall not be a member in more than 10 committees or act as Chairman of more than five committees across all companies in which he is a director. The directors should annually inform the Company about the committees' positions held by them in other companies.

Our practice

- During the year under review, the Board of the Company met four times and there was a maximum time gap of not more than 97 days between two consecutive Board meetings.
- The information regularly supplied to the Board inter-alia includes the information given under Annexure - IA, wherever applicable.
- A Compliance Report, with respect to applicable laws, signed by the Managing director/Compliance officer is placed before the Board on quarterly basis.
- None of the directors of the Company is member of more than 10 committees or Chairman of more than five committees. An assurance in this regard is given by the directors by way of certification to the Board.
- Company receives an annual certification by directors about the committee positions he occupies in other companies. The directors are also expected to notify changes when they take place.

Clause 49 (1D)

Code of conduct

Standard

The Board shall lay down a Code of Conduct for all Board members and senior management of the Company and the same shall be posted on the website of the Company. All Board members and senior management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the Company shall contain a declaration to this effect signed by the CEO.

Our practice

- The Board has adopted a code of conduct for directors and senior management personnel and this Code has been made an integral part of the Combined Code of Corporate governance & conduct.
- The Code is available on the official website of the Company www.tridentindia.com.
- All directors and senior management personnel affirm compliance with the code of conduct of the Company on annual basis. The same is also placed before the Board for its information.
- A declaration in this regard duly signed by Managing director & Company secretary is published elsewhere in this Annual Report.

Audit Committee

Clause 49 (II A)

Qualified and Independent Audit Committee

Standard

The Company shall have an audit committee comprising not less than three members. All members of the committee shall be financially literate and two third members shall be Independent directors.

The Chairman of committee shall be an Independent director and should be present in AGM of the Company. At least one member of the committee shall have accounting or related financial management expertise.

The committee may invite such executives, as it considers appropriate (particularly head of finance) to be present in meeting. The Company secretary should act as secretary to the committee.

Our practice

- Company has a qualified and independent audit committee, which comprises 3 members. All members of audit committee are Non-executive and Independent.
- All members of Audit Committee are financially literate and a majority of them have accounting/ financial management expertise.
- The background of members of Audit Committee:
 - **Mr S K Tuteja:** Mr Tuteja is a retired IAS officer. He has served several government companies in the capacity of CEO. He is M.Com and a Fellow member of Institute of

Clause 49 (II B)

Meeting of Audit Committee

Standard

There should be at least four meetings of audit committee in a year and not more than four months shall elapse between two meetings. Two members or one third of the members of the committee whichever is greater shall constitute quorum for the meeting, but there should be a minimum of two independent members present.

Our practice

- During the year under review, the Audit Committee met four times and there was a maximum time gap of not more than 91 days between two consecutive Audit Committee meetings.
- Requirement as to quorum had been complied with at every Audit Committee meeting.

Clause 49 (II C)

Powers of Audit Committee

Standard

The audit committee shall have powers, which should include investigation of any matter within its terms of reference, to seek information from employees, obtain outside legal/professional advice and to secure the attendance of outsiders, if necessary, in audit committee meeting.

Our practice

- The powers of audit committee are in accordance with Clause 49 and have been duly approved by the Board of the Company.

Clause 49 (II D)

Role of Audit Committee

Standard

A comprehensive list of role of audit committee is provided under Clause 49 which inter-alia includes oversight and review of Company's financial reports and reporting process, recommendation of appointment/re-appointment of statutory auditors and fees to be paid to them, review of quarterly and annual financial statements, performance of auditors, adequacy of internal control, functioning of whistle blower mechanism, etc.

Our practice

- The role of the Audit committee is in accordance with Clause 49 and has been duly approved by the Board of the Company.

Clause 49 (II E)

Review of information by Audit Committee

Standard

The audit committee shall mandatory review management discussion and analysis of financial condition and results of operations, significant related parties transactions, management letters/ letters of internal control weaknesses issued by the statutory auditors, internal audit reports relating to internal control weaknesses and appointment, removal and terms of remuneration of the Chief Internal Auditor.

Our practice

- The audit committee reviews all information provided under Clause 49.
- The Company has not appointed any Chief Internal Auditor as of date. Any proposal for appointment, if any, shall be placed before the Audit Committee.

Subsidiary Companies

Clause 49 (III)

Subsidiaries Companies

Standard

This sub clause requires representation of Company's director on the Board of its material non-listed Indian Subsidiary. It also prescribes for the review of financial statements of unlisted subsidiary by the audit committee.

The minutes of the Board meetings and a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company is also required to be placed at the Board meeting of the listed holding company.

Disclosures

Clause 49 (IV A)

Our practice

- The Company does not have any Indian Subsidiary Company.
- Financial statements of subsidiaries viz. Abhishek Industries Inc, USA and Abhishek Europe SA, Neuchatel are reviewed by the Audit Committee.
- Minutes of Abhishek Industries Inc, USA are placed before the Board of the Company on regular basis.
- As Abhishek Europe SA, a subsidiary in Neuchatel, has sole director on its Board, no board meeting is required to be held.
- Significant transactions, if any, of the overseas subsidiaries are also placed before the Board of the Company.

Basis of related party transactions

Standard

Summary of transaction with related parties in ordinary course of business, material individual transactions with related parties which are not in the normal course of business and material individual transactions with related parties or others, which are not on an arm's length basis shall be placed before the audit committee on periodical basis.

Our practice

- The related party transactions are placed before the Audit Committee on a periodical basis.

Clause 49 (IV B)

Disclosure of Accounting Treatment

Standard

If in the preparation of financial statements, a treatment different from that prescribed in an Accounting Standard has been followed, the fact shall be disclosed in the financial statements, together with proper management's justification.

Our practice

- In preparation of financial statements for the year under review, treatment as prescribed in Accounting Standards have been followed, hence, no separate disclosure in this respect is required.

Clause 49 (IV C)

Board Disclosures - Risk management

Standard

The Company shall lay down procedures to inform Board members about the risk assessment and minimisation procedures. These procedures shall be periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

Our practice

- The Company has framed a risk management procedure, which contains the procedure as to assessment of risks and their minimisation. This is published under Risk management report forming part of this Annual Report. The Board reviews risk management and minimisation procedures on periodical basis.

Clause 49 (IV D)

Proceeds from public issues, rights issues, preferential issues etc.

Standard

When money is raised through an issue, it shall be disclosed to the Audit Committee, the uses / applications of funds by major category (capital expenditure, sales and marketing, working capital, etc), on a quarterly basis.

Our practice

- During the year under review, a proceed of Rs 66 million was received by the Company on account of 10 per cent money of total warrants proceeds issued on preferential basis.
- The purpose of issue of warrants was to part finance the modernisation cum expansion programme of paper division of the Company; and the proceed of this preferential allotment of warrants has been utilised towards capital expenditure of above said modernisation cum expansion programme.
- The same has been disclosed to Audit Committee.

Clause 49 (IV E)

Remuneration of Directors

Standard

All pecuniary relationships or transactions of the non-executive directors vis-à-vis the Company shall be disclosed in the Annual Report. Annual Report should also contain all details of remuneration of directors including stock option, notice period, severance fees, etc.

Criteria for making payment to non-executive directors and number of shares and other convertible instruments held by them should be disclosed in Annual Report. Non-executive directors are required to disclose their shareholding in the listed company in which they are proposed to be appointed as directors, prior to their appointment.

Clause 49 (IV F)

Our practice

- All pecuniary relationships or transactions of the Non-executive directors vis-à-vis the Company have been disclosed in this Corporate governance report.
- Details of remuneration and other terms of directors have been disclosed in this Corporate governance report.
- Directors give disclosure of their holding (own as well as on beneficial basis) in the Company prior to their appointment and also as on the last date of financial year.
- Their holding is also disclosed in the Notice convening the Annual General Meeting as well as the Corporate governance report.

Management

Standard

A Management discussion and analysis report should form part of Annual Report of the Company.

Senior management of the Company shall make disclosures to the board relating to all material financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company at large.

Our practice

- A separate report on 'Management's discussion and analysis' is published in this Annual Report.
- During the year under review, there was no incident involving any conflict of interests between the senior management and the Company.

Clause 49 (IV G)

Shareholders

Standard

In case of the appointment of a new director or re-appointment of a director the shareholders must be provided with brief details of the appointee.

Quarterly results and presentations made by the Company to analysts shall be put on company's web-site.

A Shareholders' / Investor's Grievance Committee should be formed under chairmanship of a Non-executive director.

To expedite the process, power of share transfer may be delegated and the delegated authority shall attend to share transfer formalities at least once in a fortnight.

Our practice

- A brief profile of directors has been provided in this Annual Report.
- Quarterly results are uploaded on website of the Company within 24 hours of approval by the Board. Presentation to analysts, if any, is uploaded on the website of the Company.
- Company has formed a committee named 'Investor Grievance & Share Transfer Committee' under the Chairmanship of Mr S K Tuteja, a Non-executive & Independent director.
- The work of share transfer has been delegated to Registrar & Share Transfer Agent of the Company. The agent attends to share transfer formalities once in a week.

CEO/CFO certification

Clause 49 (V)

CEO/CFO certification

Standard

The CEO, i.e. the Managing director and the CFO i.e. person heading the finance function shall inter-alia certify to the Board accuracy of financial statements and adequacy of internal controls for the financial reporting purpose.

Our practice

- Managing director and Chief financial officer certify requirements of this clause to the Board.
- The certificate is also published in this Annual Report.

Report on Corporate governance

Clause 49 (VI)

Report on Corporate governance

Standard

There shall be a separate section on Corporate governance in the Annual Reports of Company.

The companies shall submit a quarterly compliance report to the stock exchanges within 15 days from the close of each quarter.

Our practice

- The Corporate governance report published in Annual Report fulfills requirements of this section.
- Quarterly Compliance Certificate duly signed by Compliance officer as to the compliance of Clause 49 requirements is being sent to the National Stock Exchange and Bombay Stock Exchange well within prescribed time limit.

Compliance

Clause 49 (VII)

Compliance

Standard

The Company shall obtain a certificate from either the auditors or practising company secretaries regarding compliance of conditions of corporate governance as stipulated in this clause and annex the certificate with the directors' report.

The disclosures of the compliance with mandatory requirements and adoption (and compliance) / non-adoption of the non-mandatory requirements shall be made in the section on corporate governance of the Annual Report.

Our practice

- A certificate obtained from the Auditors regarding the compliance of the conditions of Corporate governance is published in this Annual Report.
- Compliance with non-mandatory requirements of Clause 49 has been highlighted elsewhere in the Corporate governance report.

Certificate on Corporate governance

To the members of Abhishek Industries Limited

We have examined the compliance of conditions of Corporate governance by Abhishek Industries Limited for the year ended March 31, 2006, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of the Corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and the explanations given to us, we certify that the Company has complied with the conditions of Corporate governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Deloitte Haskins & Sells
Chartered Accountants

Kaushal Kishore
Partner
Membership No. 90075

Place : New Delhi
Date : May 24, 2006

Managing director & Chief financial officer certification

We have reviewed financial statement and cash flow statement for the year April 1, 2005 to March 31, 2006 and to the best of our knowledge and belief:

- i) These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
- ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- iii) No transaction entered into by the Company during the above said period which are fraudulent, illegal or violative of the Company's code of conduct.

Further, we accept that it is our responsibility to establish and maintain internal controls for financial reporting. Accordingly, we have evaluated the effectiveness of internal control systems of the Company pertaining to financial statements and have disclosed to the auditors and Audit Committee, wherever applicable:

- a) deficiencies in the design or operation of internal controls, if any, which came to our notice and steps have been taken/proposed to be taken to rectify these deficiencies;
- b) Significant changes in internal controls over financial reporting during the year;
- c) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
- d) Instances of significant fraud of which we became aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : New Delhi
Date : May 24, 2006

Arun Goyal
Chief Financial Officer

Rajinder Gupta
Managing Director

Compliance assurance report

To the Board of directors of
Abhishek Industries Limited

This Compliance Assurance Report has been prepared after due verification of compliances done by the Abhishek Industries Limited (hereinafter referred as 'Company') during the financial year 2005-2006. The objective of this report is to give our opinion on whether the Company has complied with the applicable statutory and legal provisions during the year under review and to provide suggestions on systems and processes, if any, to enable the Company in complying with applicable laws in true spirit.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for review and the information and explanations given to us by the Compliance task force of the Company.

Following **general & regular compliances** are verified for the purpose of this report:

- a. Compliances under the Companies Act, 1956
- b. Compliances under the Listing Agreement entered with National Stock Exchange Limited (NSE) and Bombay Stock Exchange Limited (BSE).
- c. Compliances under SEBI (Substantial Acquisition of Shares & Takeover) Regulations 1997.
- d. Compliances under SEBI (Prohibition of Insider Trading) Regulations 1992.
- e. Compliances under SEBI (Depositories & Participants) Regulations 1996.

Following **event based compliances** are verified for the purpose of this report:

- f. Compliances under Chapter XIII of SEBI (Disclosure & Investor Protection) Guidelines, 2000, specifying guidelines for preferential issues.
- g. Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

The Report is based on the information, documents and statements submitted, furnished and produced to us by the Company and other information provided to us by the

Company's management during the course of our due diligence process.

Our observations based on our review are as under:

1. Memorandum & Articles of Association of the Company

- 1.1 The memorandum & articles of association of the Company are in conformity with the provisions of the Companies Act, 1956 & Listing Agreement
- 1.2 During the period under review the Company has altered its Articles of Association after compliance of the applicable provisions.

2. Capital structure & shareholding

- 2.1 Shares of the Company are listed at National Stock Exchange Limited & Bombay Stock Exchange Limited and the Company is generally complying with the provisions of the Listing Agreement.
- 2.2 Capital structure of the Company has remained unchanged during the period under review.
- 2.3 Company has maintained Minimum Public shareholding as per the requirements of the Listing Agreement.
- 2.4 Company has issued warrants convertible into equity shares on preferential allotment basis after compliance with the provisions of the Companies Act, 1956 & SEBI Guidelines

3. Management

- 3.1 The Board of Directors of the Company is duly constituted as per the requirements of Companies Act 1956 read with Listing Agreement and Articles of Association of the Company.
- 3.2 The Company has reappointed Mr Rajinder Gupta as Managing director for a period of three years w.e.f. April 1, 2006, after complying with the provisions of the Act.
- 3.3 The Company has constituted the requisite number of committees in compliance with the Corporate governance norms.
- 3.4 Remuneration paid to all Executive and Non-executive directors are in conformity with the law and proper

disclosure in this regard has been made to the respective authorities.

4. Meetings & Proceedings

- 4.1 The Company has properly conducted meetings of the shareholders, The Board of directors & committees thereof and in respect of these meetings, proper notices along with agenda papers were given and the proceedings were properly recorded in the Minutes book maintained for this purpose.
- 4.2 During the period under review the Company has passed certain resolutions through postal ballot at two instances, which is in conformity with the provisions of the act and the rules specified for postal ballot.

5. Financial indebttness & investment

- 5.1 During the period under review the Company has created, modified and satisfied charges over its moveable and immovable properties within the limits prescribed and approved by the shareholders from time to time.
- 5.2 Company has made investments with proper authorisations and approval from the respective authorities.

6. Financial & cost audits

- 6.1 Financial & cost audits of the accounts of the Company were conducted in time and in compliance with the

provisions of the law. Financial & Cost Auditors have not given any qualification or adverse remarks on the workings of the Company for the period ending 31st March 2005.

- 6.2 During the period under review the Company has appointed Deloitte Haskins & Sells as its statutory auditor in place of S C Vasudeva & Co, Chartered Accountants and necessary compliance in this regard has been made.

7. Registers, records & returns

- 7.1 The Company has kept and maintained all registers, records, books and papers as per the provisions of the Act and the rules made thereunder, Listing Agreement and regulations and guidelines made by SEBI and all entries therein have been duly recorded.
- 7.2 The Company has duly filed the forms, returns, disclosures & intimations in the format prescribed as per the provisions of the act, the rules made thereunder, Listing Agreement, regulations & Guidelines made by SEBI with the Registrar of Companies & Stock Exchanges.

For Corporate Professionals (India) Private Limited

Sushil Mehta

Date: May 24, 2006 Business Manager - Corporate Advisory

Compliance with Code of Conduct

The Company has adopted "Combined Code of Corporate governance & conduct". This code deals with the 'Governance Practices' which the Company is expected to follow and 'Code of Conduct' for Board members and Senior Management of the Company.

It is hereby affirmed that during the year 2005-6, all the Directors and Senior Managerial personnel have complied with the Code of Conduct and have given a confirmation in this regard.

Place: New Delhi
Date : May 24, 2006

Pawan Jain
Company Secretary

Rajinder Gupta
Managing Director