

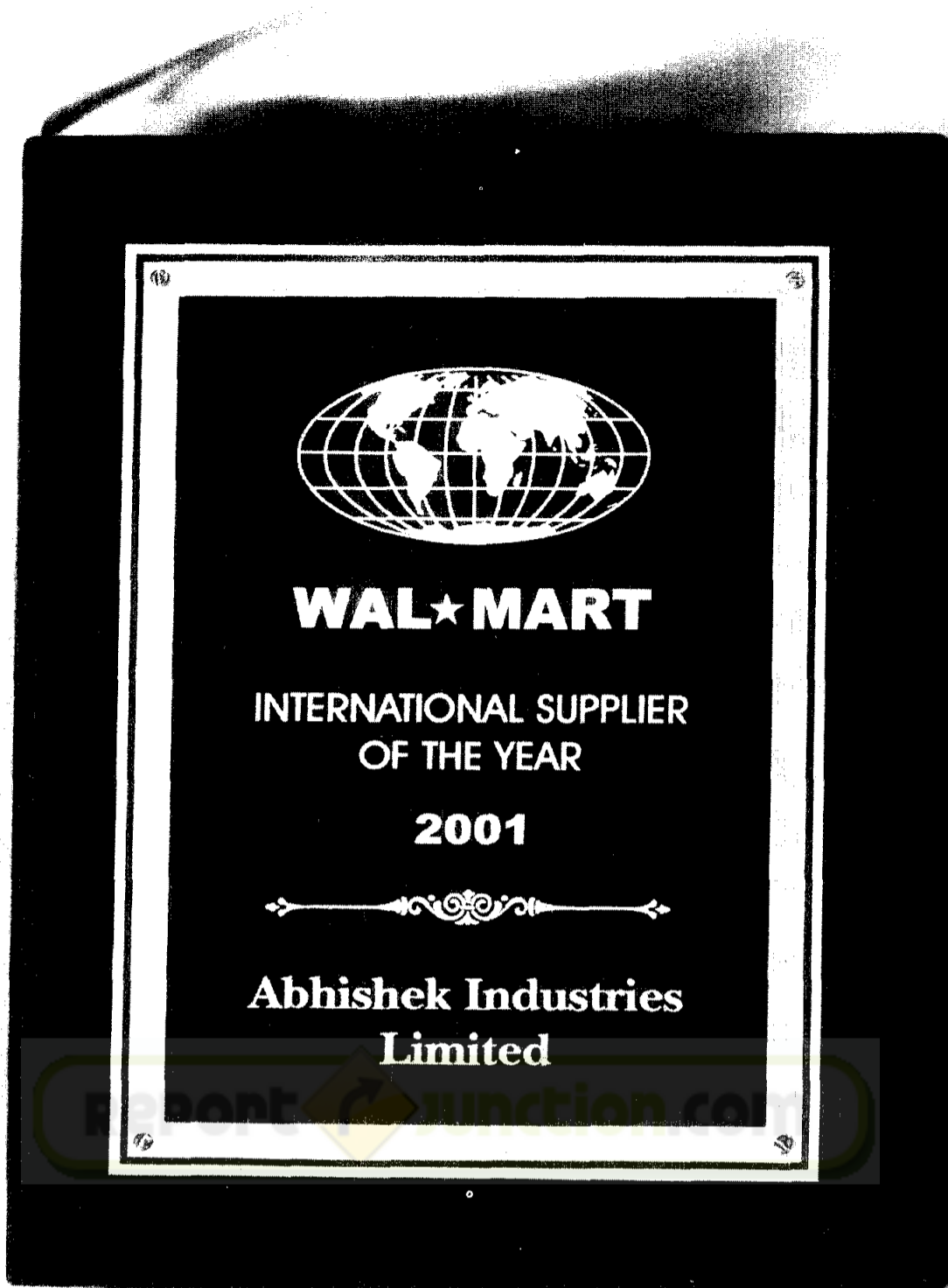


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Abhishek Industries Ltd. Annual Report 2001-2002





Trident wins the 'International Supplier of the year' award
from Wal Mart, the World's No.1 Corporation.
Because at Trident, being different means being the best.

Dear Shareholder

The global economy has passed through some turbulent times, but we at Trident, have kept our faith in the belief that determination leads to success. We've always believed one should never loose sight of the target till it is fully accomplished and so have continued to set targets rather than be satisfied with what we have achieved in the past.



Today we are no less competitive than any other global player, which is reflected in our achievement of the prestigious "Wal Mart International Supplier of the year - 2001 Award". This shows our commitment towards total customer satisfaction whereby we strive to provide Quality and World-class products on time.

Also of importance, is the merger of Varinder Agro Chemicals Limited and Abhishek Industries Limited. The merger enabled us to integrate our supply chain backward and forward; and also has helped us provide customer centric products, centralize our support operations, have uniform practices in all units, and generate additional savings.

This year, we have taken a number of new initiatives like Balanced Scorecard for performance management and strategy deployment, Customer Relationship Management (CRM) to plan, build, retain and enhance profitable customer relationships; and Supply Chain Management (SCM) to improve efficiencies and reduce costs.

With our growth and customer oriented philosophy, today we have reached a stage where we are more confident about the future than ever before. In the imminent future, we plan to expand and optimize our existing capacities in all our operational areas, with an aim to improve the global positioning and brand equity of Trident.

More importantly, the revival of the economy, coupled with our operational excellence, is sure to bring commendable results to the fore of our shareholder members in the days to come.

Warm regards,

A handwritten signature in black ink, appearing to be 'Rajinder Gupta'.

Rajinder Gupta



Board of Directors

Shri Viswajeet Khanna, IAS <i>Chairman</i>	<i>PSIDC Nominee</i>
Shri S K Tuteja, IAS	
Shri Vivek Pratap Singh, IAS	<i>PSIDC Nominee</i>
Shri R K Bhandari	<i>PSIDC Nominee</i>
Shri V S Pandey	<i>IFCI Nominee</i>
Dr V K Bhalla	<i>IDBI Nominee</i>
Shri S C Bhatia	<i>ICICI Nominee</i>
Dr M A Zahir	
Mrs Pallavi Shroff	
Mrs Madhu Gupta <i>Joint Managing Director</i>	
Shri P K Markanday <i>Joint Managing Director</i>	
Shri Rajinder Gupta <i>Managing Director</i>	

Company Secretary

Shri Pawan Jain

Statutory Auditors

M/s S C Vasudeva & Co.
Chartered Accountants
New Delhi

Management Auditors

M/s A F Ferguson & Co.
Chartered Accountants
New Delhi

Solicitors

M/s Amarchand & Mangaldas & Suresh A. Shroff & Co.
Advocates & Solicitors
New Delhi

Bankers

State Bank of India
Punjab National Bank
State Bank of Patiala
Canara Bank
ICICI Bank

Registered Office

Trident Complex
Raikot Road, Barnala-148 101
District Sangrur, Punjab
Phone : 91-167-3944700-07
Fax : 91-167-3944708
e-mail : tridentbni@tridentindia.com

Works

Yarn Division

Trident Complex
Raikot Road, Barnala-148 101
District Sangrur, Punjab
Phone : 91-167-3944700-07
Fax : 91-167-3944708
e-mail : tridentbni@tridentindia.com

Terry Towel Division

Village Dhaura, Mansa Road
Dhaura, Barnala-148 101
District Sangrur, Punjab
Phone : 91-167-3985251-61
Fax : 91-167-3985262
e-mail : tridentdhl@tridentindia.com

Paper & Chemicals Division

Village Dhaura, Mansa Road
Dhaura, Barnala-148 101
District Sangrur, Punjab
Phone : 91-167-3985251-61
Fax : 91-167-3985262
e-mail : tridentdhl@tridentindia.com

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ABHISHEK INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the 12th Annual General Meeting of the Members of ABHISHEK INDUSTRIES LIMITED will be held on Saturday, the 27th day of July, 2002 at 10.00 A.M. at the Registered Office of the Company at Trident Complex, Raikot Road, Barnala, District Sangrur, Punjab to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2002 and Profit and Loss Account for the 15 months period ended on that date along with the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mrs Madhu Gupta, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Dr M A Zahir, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sh R K Bhandari, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Sh S C Bhatia, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint M/s S C Vasudeva & Co., Chartered Accountants, New Delhi, the retiring Auditors as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

7. Appointment of Director

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that Sh V S Pandey, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company."

8. Appointment of Director

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that Sh S K Tuteja, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting be and is hereby

appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company."

9. Appointment of Director

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that Mrs Pallavi Shroff, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company."

10. Appointment of Director

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that Sh Viswajeet Khanna, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company."

11. Appointment of Director

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that Sh Vivek Pratap Singh, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company."

12. Increase in remuneration of Joint Managing Director

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that in partial modification of the resolution passed by the shareholders in the Annual General Meeting held on May 5, 2001 and pursuant to the provisions of Sections 198, 268, 269, 309, 310, 314, 316 and all other applicable provisions of the Companies Act, 1956, subject to the approval of the Central Government, if so required, the basic salary of Sh P K Markanday, Joint Managing Director be and is hereby increased to Rs 1,50,000/- per month with proportionate increase in other allowances as under with effect from April 1, 2002 for the remaining period of his tenure i.e. upto March 31, 2006."

ABHISHEK INDUSTRIES LIMITED



1. Basic Salary: Rs. 1,50,000/- (Rupees one lac fifty thousand only) per month
2. Perquisites and Allowances: Perquisites and allowances in addition to salary are as follows:

Description	% age of salary
a) House Rent Allowance	40%
b) Conveyance Allowance	15%
c) Telephone Allowance	10%
d) Leave Travel Allowance	8.33%
e) Newspaper & Periodicals Allowance	5%
f) Uniform Allowance	5%
g) Provident Fund Contribution	12%
h) Bonus	10%
i) Gratuity	4.17%
j) Superannuation Allowance	5%
k) Medical Allowance	8.33%
l) Medical CL/GIS	4.17%
m) Children Education Allowance	5%
n) Sports & Cultural Allowance	8%
o) Training & Development Allowance	10%

3. Other Terms:

- a) The Joint Managing Director shall also be entitled to the benefits under other benefits, schemes, privileges and amenities, amended salary structure as are granted to the senior executives of the Company, in accordance with the Company's practice and Rules and Regulations in force from time to time.
- b) Notwithstanding anything to the contrary herein contained, where in any financial year, the Company has no profits or its profits are inadequate, the Company will pay the above remuneration as minimum remuneration to the Joint Managing Director as prescribed under Schedule XIII of the Companies Act, 1956 as amended from time to time.
- c) The Board of Directors may increase the remuneration and perquisites of Sh P K Markanday, Joint Managing Director from time to time within Schedule XIII of the Companies Act, 1956 and such other guidelines or ceiling fixed by the Government from time to time.

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or expedient for giving effect to the above resolution."

13. Creation of Charges for Term Loans

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED that subject to the approval of Financial Institutions/Banks, the consent of the Company be and is

hereby accorded under the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging and/or hypothecating by the Board of Directors of the Company of all the immoveable and moveable properties of the Company wheresoever situate, present and future, and the whole or substantially the whole of the undertaking of the Company and conferring power to enter upon and take possession of the assets of the Company in certain events, to or in favour of the following Institutions/Banks to secure:

A.

1. Rupee Term Loan not exceeding Rs. 970 lacs (Rupees nine hundred and seventy lacs only) lent and advanced/agreed to be lent and advanced by Punjab National Bank to the Company;
2. Rupee Term Loan not exceeding Rs. 1200 lacs (Rupees one thousand two hundred lacs only) lent and advanced/agreed to be lent and advanced by State Bank of Patiala to the Company;
3. Rupee Term Loan not exceeding Rs. 500 lacs (Rupees five hundred lacs only) lent and advanced/agreed to be lent and advanced by ICICI Limited to the Company;
4. Rupee Term Loan not exceeding Rs. 600 lacs (Rupees six hundred lacs only) lent and advanced/agreed to be lent and advanced by Central Bank of India to the erstwhile Varinder Agro Chemicals Limited (now merged into the Company);

B. The interest at the respective agreed rates, compound/ additional interest, commitment charges, premium on prepayment or on redemption, costs, charges, expenses and all other monies payable by the Company in terms of respective Loan Agreements/ heads of Agreements/ Letters of Sanction/ Memorandum of terms and conditions/Trust Deed or any other Agreements as may be entered into/to be entered into by the Company, in respect of Term Loans."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to increase/ decrease the amount of loan in respect of any/or all Institutions/Banks or otherwise and/or change the Rupee Term Loan into Foreign Currency Loan and vice-versa and to do all ancillary and consequential matters thereto."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to mortgage and/or create charge(s) and/or hypothecation/create second/third charge in such manner and in such form upon moveable and immoveable assets of the Company, both present and future and the whole or substantially the whole of the undertaking of the Company together with power to takeover the management of the business and concern of the Company in certain events, in favour of any Bank/

ABHISHEK INDUSTRIES LIMITED

Financial Institution/ any other financial or promotional agency to secure term loan, working capital limits, enhancement of term loan or working capital limits or any other kind of financial assistance as may be deemed necessary, desirable and in the best interest of the Company from time to time and to do all such acts, deeds, matters and things as may be necessary or expedient for giving effect to the resolution."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise the documents and such other agreements for creation of charge as aforesaid and to do all such acts, deeds, matters and things as may be necessary or expedient for giving effect to the above resolution."

14. Creation of Charge for Working Capital Limits

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that, subject to the approval of Financial Institutions/ Banks, the consent of the Company be and is hereby accorded under the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to the creation of second charge by the Board of Directors of the Company on all the immoveable and moveable properties of the Company wheresoever situate, present and future, and the whole or substantially the whole of the undertaking of the Company, the first charge in respect of which is held/to be held by all India Financial Institutions and/or Banks led by IFCI, IDBI, ICICI, LIC, UTI, IIBI, SBI, PNB, Central Bank of India as well as SBOP in respect of term loans granted/to be granted by them to the Company together with power to takeover the management of the business and concern of the Company in certain events, to or in favour of State Bank of India severally or jointly with Canara Bank and/or Punjab National Bank and/or ICICI Bank Limited and/or State Bank of Patiala and/or any other bank to secure the following working capital limits lent and advanced/agreed to be lent and advanced to the Company:

A.	(Rs. in crores)
FUND BASED	
C/C Hypothecation of Stocks & Goods	32.84
Export Packing Credit (Within C/C limit)	(17.56)
Hypothecation of Book Debts (Rs. 4.61 crore within C/C limit)	11.15
Bills Purchased/ Discounting	
– Inland	0.75
– Export	22.63
NON FUND BASED	
Import/Inland L/C	12.50
Bank Guarantee	3.00
B. The interest at the respective agreed rates, compound/ additional interest, commitment charges, premium on prepayment or on redemption, costs, charges,	

expenses and all other monies payable by the Company in terms of respective Loan Agreements/ heads of Agreements/Letters of Sanction/ Memorandum of terms and conditions/Trust Deed or any other Agreements as may be entered into/to be entered into by the Company, in respect of Working Capital Limits."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to increase/ decrease the amount of working capital limits in respect of any/or all banks or otherwise and to do all ancillary and consequential matters thereto."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to mortgage and/or create charge(s) and/or hypothecation/create second/ third charge in such manner and in such form upon assets, moveable and immoveable of the Company, both present and future and the whole or substantially the whole of the undertaking of the Company together with power to takeover the management of the business and concern of the Company in certain events, in favour of any Bank/ Financial Institution/ any other financial or promotional agency to secure term loan, working capital limits, enhancement of term loan or working capital limits or any other kind of financial assistance as may be deemed necessary, desirable and in the best interest of the Company from time to time and to do all such acts, deeds, matters and things as may be necessary or expedient for giving effect to the resolution."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to finalise the documents and such other agreements for creation of second charge as aforesaid and to do all such acts, deeds, matters and things as may be necessary or expedient for giving effect to the above resolution."

15. Delisting of Shares from Ahmedabad and Delhi Stock Exchanges

To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that the approval of the Company be and is hereby accorded for the delisting of equity shares of the Company from the Stock Exchange, Ahmedabad and the Delhi Stock Exchange Association Limited."

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient for giving effect to the above resolution and to do all other ancillary and consequential matters thereto."

By order of the Board
For ABHISHEK INDUSTRIES LIMITED

Place : Ludhiana
Dated : June 3, 2002

PAWAN JAIN
Company Secretary

ABHISHEK INDUSTRIES LIMITED



**NOTES:**

- i. **A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll instead of himself/herself and the proxy need not be a member. Proxy form in order to be effective must be received by the Company not less than 48 hours before the commencement of the Meeting. A proxy so appointed shall not have any right to speak at the meeting. The blank proxy form is enclosed.**
- ii. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Nos. 7 to 15 is annexed hereto and forms part of this Notice.
- iii. Members are informed that Share Transfer and related activities are being carried out by the Company in-house at the following address:

Abhishek Industries Limited
85, Industrial Area 'A'
Ludhiana - 141 003
Tel : 91-161-661616-18, 663625-26
Fax: 91-161-663629, 608620
- iv. Members are requested to send their communications on e-mail ID **investorabil@tridentindia.com** for prompt response to their queries and send their e-mail ID for Company's record.
- v. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 17th day of July, 2002 to Saturday, the 27th day of July, 2002 (both days inclusive).
- vi. Documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except holidays, between 11.00 A.M. to 1.00 P.M. upto the date of the Annual General Meeting.
- vii. Members desiring any information on Accounts or other items of Agenda are requested to write to the Company at its Registered Office at least ten days before the date of Annual General Meeting so as to enable the Management to keep the information ready.
- viii. Members are requested to notify the change in their address, if any, to the Company immediately and always quote their folio number or DP ID/Client ID in all correspondence with the Company.
- ix. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year 1996, which remains unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year 1996 are requested to make their claim to the Company. It

may also be noted that once the unclaimed dividend is transferred to the Central Government as above, no claim shall lie in respect thereof.

- x. Persons attending the Meeting are requested to bring their copy of Annual Report with them at the Meeting.
- xi. Members/Proxies attending the Meeting are requested to bring the enclosed attendance slip duly filled in and deliver the same at the entrance of the meeting hall.
- xii. Members who have submitted requests to have shares of Abhishek Industries Limited in electronic form, issued pursuant to amalgamation and those who were holding shares of erstwhile Varinder Agro Chemicals Limited in dematerialised form shall be given credit in their demat accounts through NSDL/CDSL. They may confirm the same with their DPs.

Members who have surrendered the share certificates of erstwhile Varinder Agro Chemicals Limited shall be issued share certificates of Abhishek Industries Limited, pursuant to the scheme of amalgamation as approved by the Hon'ble High Court for the states of Punjab and Haryana.

- xiii. **Members who are still holding shares of erstwhile Varinder Agro Chemicals Limited are requested to surrender the relative share certificates to the Company for issue of share certificates of Abhishek Industries Limited as Varinder Agro Chemicals Limited has been amalgamated with Abhishek Industries Limited.**

- xiv. Re-appointment of Directors

At the ensuing Annual General Meeting, Mrs Madhu Gupta, Dr M A Zahir, Sh R K Bhandari and Sh S C Bhatia, Directors retire by rotation and being eligible, offer themselves for re-appointment. As per Clause 49 of the Listing Agreement on Corporate Governance, the Company is required to provide a brief resume, expertise and names of companies in which the proposed Director holds the Directorship and membership of the Committees of the Board. Accordingly the information is given below:

- a) Mrs Madhu Gupta, aged 39 years is Joint Managing Director of your Company. She is the Promoter Director of your Company since its incorporation in 1990. She is also Director of ANG Securities Limited, Trident Spinfab Corporation Limited and Trident Caplease Private Limited. She is member of the Shareholders'/ Investors' Grievance Committee of the Board.
- b) Dr M A Zahir, aged 59 years is Director of your Company since 2000. He is an educationist having a vast experience in the field of management. He is also Director of Hero Cycles Limited, Highway Cycle Industries Limited, Metro Tyres Limited, Rockman Cycle Industries Limited, Ralson India Limited, Sohrab Spinning Limited, LSE Securities Limited, Ludhiana Stock Exchange Association Limited, Trident Alco-Chem

ABHISHEK INDUSTRIES LIMITED

Limited, Trident Infotech Corporation Limited and Hero Honda Finance Limited. He is also Chairman of the Audit Committee and Shareholders'/Investors' Grievance Committee and member of the Remuneration Committee of the Board.

- c) Sh R K Bhandari, aged 51 years is PSIDC Nominee Director of your Company since 1996. He is Senior General Manager (IDD) in the Punjab State Industrial Development Corporation Limited. He is also Director of Poddar Tyres Limited, Maharaja Engg. & Investments (Pb) Limited, Contour Automotive Products Limited, Jay Cee Coach Builders Limited, A M Coirs Limited, Ranbro Brakes India Limited, Punjab Venture Capital Limited and Vishal Papertech (India) Limited.
- d) Sh S C Bhatia, aged 47 years is ICICI Nominee Director of your Company since 2000. He is Deputy General Manager of ICICI Limited. He is also Director of Mohan Breweries & Distilleries Limited and Supreme Petrochem Limited. He is also member of the Audit Committee of the Board.

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 7

Sh V S Pandey was nominated by the IFCI Limited and appointed as an Additional Director on the Board w.e.f. July 25, 2001 in terms of Article 161 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, he holds office upto the date of this Annual General Meeting and is eligible for appointment as Director. 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. Sh V S Pandey is General Manager of IFCI Limited. He is also Chairman of Himachal Consultancy Organisation Limited and Director of Majestic Hotels Limited and Milk Specialities Limited. He is also member of the Audit Committee of the Board. The Directors consider that the Company would be benefited by the advice of Sh V S Pandey and recommend the acceptance of the resolution.

None of the Directors is interested in the resolution except Sh V S Pandey, the proposed appointee.

Item No. 8

Sh S K Tuteja, IAS was appointed as an Additional Director on the Board w.e.f. January 25, 2002 in terms of Article 161 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, he holds office upto the date of this Annual General Meeting and is eligible for appointment as Director. 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. Sh S K Tuteja is a senior member of the Indian Administrative Services. He is also Director of Small Industries

Development Bank of India, India Trade Promotion Organisation, National Scheduled Castes Finance and Development Corporation, National Handicapped Finance & Development Corporation, Punjab State Industrial Development Corporation Limited, Punjab Tractors Limited, Swaraj Engines Limited and Swaraj Mazda Limited. The Directors consider that the Company would be benefited by the mature advice of Sh S K Tuteja and recommend the acceptance of the resolution.

None of the Directors is interested in the resolution except Sh S K Tuteja, the proposed appointee.

Item No. 9

Mrs Pallavi Shroff was appointed as an Additional Director on the Board w.e.f. March 28, 2002 in terms of Article 161 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, she holds office upto the date of this Annual General Meeting and is eligible for appointment as Director. The Company has received a notice from a shareholder under Section 257 of the Companies Act, 1956 proposing her name for appointment as Director of the Company. Mrs Pallavi Shroff is B.A. (Economics Hons.), MMS and LLB with expertise in Corporate Laws and is having about 21 years experience as an advocate in the Supreme Court. She is Director of Om Kotak Mahindra Life Insurance Co. Limited, Unisons Hotels, Seajuli Property & Viniyog Private Limited and Partner of M/s Amarchand & Mangaldas & Suresh A Shroff & Co. and Council Member of The Institute of Company Secretaries of India. She is also Chairman of the Remuneration Committee and member of the Audit Committee of the Board. The Directors consider that the Company would be benefited by the expert advice of Mrs Pallavi Shroff and recommend the acceptance of the resolution.

None of the Directors is interested in the resolution except Mrs Pallavi Shroff, the proposed appointee.

Item No. 10

Sh Viswajeet Khanna, IAS was nominated by the PSIDC Limited and appointed as an Additional Director on the Board w.e.f. June 3, 2002 in terms of Article 161 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, he holds office upto the date of this Annual General Meeting and is eligible for appointment as Director. 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. Sh Viswajeet Khanna is Managing Director of PSIDC Limited. He is also Chairman of Indian Acrylics Limited, Surya Medicare Limited, Nahar Industrial Infrastructure Corporation Limited and Ind Swift Laboratories Limited and Director of Punjab Tractors Limited, Punjab Alkalies & Chemicals Limited and Electronic Systems Punjab Limited. The Directors consider that the Company would be benefited by the advice of Sh Viswajeet Khanna and recommend the acceptance of the resolution.

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None of the Directors is interested in the resolution except Sh Viswa esht Khanna, the proposed appointee.

Item No. 11

Sh Vivek Pratap Singh, IAS was nominated by the PSIDC Limited and appointed as an Additional Director on the Board w.e.f. June 3, 2002 in terms of Article 161 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956, he holds office upto the date of this Annual General Meeting and is eligible for appointment as Director. 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. Sh Vivek Pratap Singh is Additional Managing Director of PSIDC Limited and Managing Director of Electronic Systems Pb. Limited. He is also the Chairman of Fazilka Cotton & Synthetics Limited, S R Industries Limited, Capsugel India Limited, Supreme Yarns Limited, Cheema Spintex Limited, Karan Cotsyn Limited, Shyam Indospin Limited, Usha Yarn Limited, Satia Synthetics Limited, Abhinav Cotsyn Limited and Datt Steels Limited. The Directors consider that the Company would be benefited by the advice of Sh Vivek Pratap Singh and recommend the acceptance of the resolution.

None of the Directors is interested in the resolution except Sh Vivek Pratap Singh, the proposed appointee.

Item No.12

Sh P K Markanday was appointed as Joint Managing Director of the Company with effect from April 1, 2001 for a period of 5 years. Now, after the amalgamation of Varinder Agro Chemicals Limited with the Company, the responsibilities of Sh P K Markanday, Joint Managing Director have increased. Therefore, the Board of Directors in their meeting held on June 3, 2002 have altered the terms of appointment of Sh P K Markanday, Joint Managing Director by increasing the salary as mentioned in the resolution w.e.f. April 1, 2002 for the remaining period of his tenure i.e. upto March 31, 2006.

Sh P K Markanday is Master of Business Administration having varied rich experience of 24 years. He is working with the Company since March 1996. Initially, he was looking after marketing of yarn and thereafter, for last three years, he has been responsible for total market operations of textile business. He has been involved in the spinning expansion and implementation of terry towel projects of the Company since inception and has played a very important role in establishing the presence of the company in overseas market including USA & Europe. The break through performance of the Company in last two years proves his credentials and the Board recommends the resolution for your approval.

The above may also be treated as an abstract of the terms of contract/agreement between the Company and Sh P K Markanday, Joint Managing Director pursuant to Section 302 of the Companies Act, 1956.

ABHISHEK INDUSTRIES LIMITED

None of the Directors is interested in the resolution except Sh P K Markanday himself.

Item No. 13

The Company has been sanctioned Rupee Term Loan of Rs. 970 lacs by Punjab National Bank, Rs. 1200 lacs by State Bank of Patiala, Rs. 500 lacs by ICICI Limited and Rs. 600 lacs by Central Bank of India.

One of the terms for grant of loans is creation of mortgage and charge on the moveable and immoveable properties of the Company. Under Section 293(1)(a) of the Companies Act, 1956 for creation of mortgage and charge, approval of shareholders is required. Hence, the Board recommends the resolution for your approval.

None of the Directors is personally interested in the resolution.

Item No. 14

At present the Company is availing the Working Capital Limits from a consortium of Banks namely State Bank of India (SBI), Canara Bank (CB), Punjab National Bank (PNB), ICICI Bank Limited (ICICI) and State Bank of Patiala (SBOP) with SBI as the Lead Bank. One of the terms for grant of Working Capital Limits is creation of second charge/mortgage on the moveable and immoveable properties of the Company. Under Section 293(1)(a) of the Companies Act, 1956 for creation of charge/mortgage, approval of shareholders is required. Hence, the Board recommends the resolution for your approval.

None of the Directors is personally interested in the resolution.

Item No. 15

It has been observed that trading in shares of the Company at the Stock Exchange, Ahmedabad and the Delhi Stock Exchange Association Limited is negligible for the last few years. Moreover, the shares of the Company are now listed at the National Stock Exchange of India Limited in addition to the Stock Exchange, Mumbai and the Ludhiana Stock Exchange Association Limited which provides wider access to the investors nationwide. The Board of Directors in its meeting held on June 3, 2002 have approved to delist the shares of the Company from the Stock Exchange, Ahmedabad and the Delhi Stock Exchange Association Limited. The approval of the shareholders is required for delisting of shares from any of the Stock Exchanges. Hence, the Board recommends the resolution for your approval.

None of the Directors is interested in the resolution.

By order of the Board
For ABHISHEK INDUSTRIES LIMITED

Place : Ludhiana
Dated : June 3, 2002

PAWAN JAIN
Company Secretary