

**BÖSIMI**

HI-tech POY Polyester

MD	✓			BKC	NA
CS	✓			DPY	NA
RO	✓			DIV	ND
TRA	✓			AC	✓
AGM	✓	✓		SHI	✓
YE	✓	✓	✓		

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# THE PRAG BOSIMI SYNTHETICS LIMITED

## ANNUAL REPORT 1996-97

## THE PRAG BOSIMI SYNTHETICS LIMITED

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### BOARD OF DIRECTORS

Shri A.K. Sachan, IAS  
Chairman  
(w.e.f. 9th June, 1997)

Shri B.K. Misra, IAS  
Chairman  
(upto 8th June, 1997)

Shri Hemant B. Vyas,  
Managing Director

### DIRECTORS

Shri B.H. Bachkaniwala

Shri Jishnu Barua, IAS  
(w.e.f. 27th August, 1997)

Shri M.K. Barooah, IAS  
(upto 26th August, 1997)

Shri Mahadeo Jalan  
(upto 7th December, 1996)

Dr. P. Bharali  
(upto 7th December, 1996)

Shri E.S. Jayaraman  
Nominee of IDBI  
(w.e.f. 6th March, 1997)

Shri S. Ganesh  
Nominee of IDBI  
(upto 5th March, 1997)

Shri H. Narayanan  
Nominee of LIC  
(w.e.f. 27th August, 1997)

Shri Y.P. Dandiwala

### SECRETARY

Shri R.N. Thorat

### BANKERS

State Bank of India

### AUDITORS

Khimji Kunverji & Co.  
Chartered Accountants,  
Mumbai.

H. Khaund & Co.  
Chartered Accountants,  
Guwahati.

### REGISTERED OFFICE

Near Christian Basti,  
G. S. Road,  
Guwahati 781 005.  
Assam.

### PROJECT SITE

Bijulibari Village,  
P. O. Khandajan,  
Via Sipajhar,  
Dist. Darrang 784 145.

### CORPORATE OFFICE

The Bombay Silk Mills Compound,  
Industrial Estate,  
Lalbaug,  
Mumbai 400 012.

### TRANSFER AGENTS

Akhilesh Mercantile Private Limited  
(Unit : The Prag Bosimi Synthetics Ltd.)  
Gala No. 138, 1st Floor,  
Gate No.2, A to Z Industrial Estate,  
Ganpatrao Kadam Marg,  
Lower Parel, Mumbai -400 013.

**NOTICE**

NOTICE is hereby given that the 10th Annual General Meeting of The Prag Bosimi Synthetics Limited will be held at 3.00 p.m. on Monday, the 29th September, 1997, at Hotel Brahmaputra Ashoka, Uzan Bazar, M.G. Road, Guwahati 781 003 to transact the following business :—

**ORDINARY BUSINESS**

- (1) To receive, consider and adopt the Directors' Report and Audited Profit & Loss Account for the year ended 31st March, 1997 and the Balance Sheet as at that date and the Auditors' Report thereon.
- (2) To appoint a Director in place of Shri B.H. Bachkaniwala, who retires by rotation and being eligible offers himself for re-appointment.
- (3) To appoint a Director in place of Shri Y.P. Dandiwal, who retires by rotation and being eligible offers himself for re-appointment.
- (4) To appoint Auditors and to fix their remuneration :

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

"RESOLVED THAT M/s. Khimji Kunverji & Co. and M/s. H. Khaund & Co. the retiring Auditors of the Company, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on a remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors, plus traveling, living and out of pocket expenses as may be actually incurred by the Auditors in connection with the audit work."

**SPECIAL BUSINESS**

- (5) REVISION IN THE TERMS OF APPOINTMENT OF THE MANAGING DIRECTOR :

To consider and, if thought fit, to pass with or without modification, the following resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT in partial modification of the Resolution No. 5 passed at the 7th Annual General Meeting of the Company held on 29th September, 1994 approving the terms of appointment of Shri Hemant B. Vyas as Managing Director of the Company for a period of 5 years with effect from 28.05.1994 as modified by resolution No.5 passed at the 8th Annual General Meeting of the Company held on 25th September, 1995, approval of the shareholders be and is hereby accorded to a further modification in the terms of appointment of the Managing Director as per the draft amendment agreement submitted to this meeting and signed by the Chairman for the purpose of identification, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to further vary the terms and conditions in the said agreement as the Board of Directors may consider necessary and as may be agreed to by Shri Hemant B. Vyas, Managing Director."

- (6) INCREASE IN BORROWING LIMIT :

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

"RESOLVED THAT in supersession of the Resolution passed by the Company at the Eighth Annual General Meeting of the Company held on 25th September, 1995, the consent of the Company be and is hereby granted and accorded to the Board of Directors pursuant to Section 293(1) (d) and other applicable provisions of the Companies Act, 1956, for borrowing monies in any manner and from time to time for the purposes of the business of the Company upto a limit not exceeding in the aggregate Rs.600 Crores (Rupees Six Hundred Crores), exclusive of interest, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid up capital of the company and its free reserves that is to say reserves not set apart for any specific purpose and that the Directors are hereby authorised to execute such deeds,

documents, papers, instruments or writings as they may think fit in this regard."

- (7) CREATION OF MORTGAGE/CHARGE

To consider and approve the creation of mortgage/charge favouring financial institutions/banks corporations/other bodies and to pass the following resolution with or without modifications as an ORDINARY RESOLUTION.

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1) (a) and other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situate, present and future, and the whole of the undertaking of the Company together with power to take over the management of the business affairs and concern of the Company in certain events to or in favour of all or any of the following :

- (a) Industrial Development Bank of India (IDBI)
- (b) Industrial Finance Corporation of India (IFCI)
- (c) Industrial Credit & Investment Corporation of India Ltd. (ICICI)
- (d) Life Insurance Corporation of India (LIC)
- (e) Unit Trust of India (UTI)
- (f) General Insurance Corporation of India (GIC) and its Subsidiaries
- (g) Any other Public Financial Institutions, Central, State or Regional
- (h) Foreign Financial Institutions/Bodies
- (i) Foreign Institutional Investors
- (j) Overseas Corporate Bodies
- (k) Nationalised Banks/Other Scheduled Banks/Co-operative Banks;

to secure term loans/guarantees/working capital and any other borrowings or credit facilities, including by way of debentures, bonds, notes and other debt/quasidebts instruments, obtained or to be obtained from the aforesaid Financing/lending Institutions/Banks/Bodies or their agents and Trustee/Trustees upto an aggregate sum of Rs.600 Crores together with commitment charges, premium on pre-payment, cost, charges, expenses and all other monies payable by the Company collectively to the above referred Financial Institutions/Banks/Bodies payable or that may become due and payable from time to time by the Company to all or any of the above Financing/lending Institutions/Banks/Bodies in terms of their respective Loan Agreements/Heads of Agreements/Hypothecation Agreements/Letters of Sanction/Memorandum of Terms and Conditions entered into/to be entered into by the Company in respect of the said term loans guarantees, working capital and borrowings or credit facilities, in such form and manner and with such ranking and at such time and on such terms as the Board may determine.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with any Financing/lending Institutions/Banks/Bodies the documents for creating the aforesaid mortgage and/or charge and to do all such acts and things as may be necessary or expedient for giving effect to the above resolution.

**NOTES :**

- (1) The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business set out under Item Nos. 5, 6 and 7 is annexed hereto.
- (2) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

By Order of the Board of Directors,

R.N. Thorat

Company Secretary

Sipajhar,

Dated : 27th August, 1997

Registered Office :

Near Christian Basti, G. S. Road,  
Guwahati-781 005,  
Assam.

## THE PRAG BOSIMI SYNTHETICS LIMITED

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956, FORMING PART OF THE NOTICE DATED 27TH AUGUST, 1997.

#### Item No. 5

As per the agreement dated 25th November, 1994 as modified by agreement dated 25th September, 1995, drafts of both of which had been approved by the shareholders by their resolutions passed at the 7th and 8th Annual General Meetings respectively, Shri Hemant B. Vyas, Managing Director has been drawing a salary of Rs.20,000/- per month with effect from 1st April, 1995. After due consideration of the efforts put in by him for completing the Company's project, the Board had thought it fit to increase Mr. Vyas's salary from Rs. 20,000/- to Rs. 30,000/- per month with effect from 1st June, 1997. Other terms and conditions in the aforesaid agreements remain unchanged. The resolution at Item No. 5 is proposed for this purpose and the Board commends the same for the approval of the shareholders. The Draft amendment agreement is open for inspection at the registered office of the Company during working hours.

No Director other than Shri Hemant B. Vyas, is concerned or interested in the said resolution at Items No.5.

This may also be treated as the abstract and memorandum of variation in the terms of contract with the Managing Director under Section 302 of the Companies Act, 1956.

#### Item No. 6

At the Eighth Annual General Meeting of the Company held on 25th September, 1995, the members have passed a resolution authorising the Board of Directors to borrow upto Rs. 400 Crores in accordance with the requirement of Section 293 (1) (d) of the Companies Act, 1956, which prescribes the limit of the aggregate of the paid up capital and free reserves of the Company for borrowing by the Board of Directors of the Company.

The present borrowings, including the term loans from financial institutions, overdue interest converted by financial institutions into Non-Convertible Debentures etc., stands a little over Rs. 315 Crores. The Financial Institutions are likely to convert further interest on term loans,

etc. accrued subsequently, into shares/non-convertible debentures. It would be necessary to have adequate borrowing power to accommodate the same. Further as per revised credit policy, a part of the working capital shall have to be availed by way of term loans. It is for this purpose that the borrowing limit is proposed to be increased to Rs. 600 Crores by the resolution at Item No. 6 of the notice and the Board commends the resolution for approval of shareholders.

None of the Directors is concerned or interested in the said resolution.

#### Item No. 7 :

The Company has passed a resolution on the 4th May, 1996 according to its consent for creation of mortgages/charges on all immovable properties, both present and future for securing the repayment, discharge and redemption of loans/other borrowings by the Company in favour of financial institutions and other bodies mentioned in the said resolution. The Company has now proposed to avail of loans/financial assistance upto Rs. 600 crores from Financial Institutions/Banks/Foreign Institutional Investors/Overseas Corporate Bodies/Other Bodies, etc. vide item 7 of this notice.

The resolution is hence proposed to facilitate such borrowing with security/charge/mortgage as may be required.

The Board commends the resolution for the approval of the shareholders.

None of the Directors is interested in the resolution.

By Order of the Board of Directors,

R.N. Thorat  
Company Secretary

Sipajhar,  
Dated : 27th August, 1997

Registered Office :  
Near Christian Basti, G. S. Road,  
Guwahati-781 005,  
Assam.

### IMPORTANT NOTES FOR SHAREHOLDERS :

#### PLEASE INFORM PIN CODE NUMBER :

Please check your address on the address slip on this Annual Report.

If that address does not show the Pin Code Number, please inform us the same immediately for inserting in your registered address. This will ensure delivery of our communications to you.

#### CORRESPONDENCE REGARDING SHARES, ETC. SHOULD BE SENT TO MUMBAI

#### SHARE TRANSFER AGENTS

The Company has appointed M/s. Akhilesh Mercantile Private Ltd., as Share Transfer Agents. Please send all your communications to them to the following address :

AKHILESH MERCANTILE PRIVATE LIMITED  
(Unit : The Prag Bosimi Synthetics Ltd.)  
Gala No. 138, 1st Floor, Gate No.2, A to Z Industrial Estate, Ganpatrao Kadam Marg,  
Lower Parel, Mumbai - 400 013.

## ANNUAL REPORT 1996-97

## DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

Your Directors submit the 10th Annual Report together with the audited statements of account for the year ended 31st March, 1997.

## CORPORATE RESULTS

	1996-97	1995-96
	Rs. in lacs	Rs. in lacs
Turnover	564.69	3950.64
Profit/(Loss) before Depreciation and Taxes	(490.47)	(173.65)
Depreciation	127.88	84.24
Profit/(Loss) before Tax	(618.35)	(257.89)
Less: Provision for Tax	—	—
Profit/(Loss) after Tax	(618.35)	(257.89)
Balance in Profit & Loss Account - brought forward	(101.36)	156.63
Profit/(Loss) carried forward	(719.71)	(101.36)

## PROJECT IMPLEMENTATION AND FINANCE

In the last Directors' Report, the members had been informed that the financial institutions had sanctioned additional financial assistance to the extent of Rs. 30.96 Crores for project completion.

Thanks to these funds received from Financial Institutions, the project is now almost completed and is likely to be commissioned during the last quarter of the year. Had all the sanctioned funds been received from them within reasonable time, the completion of the project could have been achieved faster. The representative of our Swiss collaborators EMS Inventa AG is at the project site monitoring the commissioning activities. Necessary raw material and other consumables have been arranged for the initial run and the trial runs are expected to commence shortly.

## PERFORMANCE AND PROSPECTS

The year 1996-97 also saw POY Industry in glut conditions as reported last year. Your Company's texturising plant and extruder spinning lines were operative only for a short period during the year due to erratic and costly power supply and lack of working capital. Consequently, the operations resulted in loss. The market conditions have started changing for the better during the current year with decline in the prices of raw material and increase in sale prices and also demand for yarn. The correction phenomenon seems to have set in and hence the future prospects are viewed to be bright and profitable.

Moreover, with the prospect of commissioning of the whole plant, both batch and continuous polymerisation, soon and availability of quality power and necessary working capital, the Company expects to produce POY, Texturised and Dyed yarn and other speciality yarns beginning from the last quarter of the current year as per the rated plant capacity.

## WORKING CAPITAL

The Company has so far been enjoying working capital facility only from State Bank of India since 1992. Other banks have been found to be reluctant to have exposure in the North Eastern Region in the past.

Of late, however, the Government of India have started giving serious importance and significance for the development of North Eastern Region.

Further, the recent credit policy has also helped to ease the money market conditions and the availability of funds from Banks and Financial Institutions has improved. Financial Institutions have also been permitted to participate in short-term and medium term market including working capital. Since the project is now almost completed, the Company is hopeful of obtaining necessary working capital from the banks and financial institutions.

Further, the Government has also set up North East Development Finance Corporation Ltd., to provide financial assistance to the industries in the North Eastern Region. Your Directors are hence hopeful to tie up the needed working capital in time.

## DIRECTORS

Two of your Directors, Shri B.H. Bachkanwala and Shri Y.P. Dandiwalla retire by rotation and have offered themselves for re-appointment.

Assam Industrial Development Corporation Ltd. (AIDC), has nominated Shri A.K. Sachan, IAS as their nominee Director and also the Chairman of the Board of Directors with effect from 9th June, 1997 in place of Shri B.K. Misra, IAS. AIDC has also nominated Shri Jishnu Barua, IAS as their nominee Director in place of Shri M.K. Barooah, IAS and he has been appointed as a Director of the Company from 27th August, 1997. AIDC has also withdrawn the nomination of Shri Mahadeo Jalan and Dr. P. Bharali as their nominee Directors. Consequently, they ceased to be the Directors of the Company from 7th December, 1996.

Industrial Development Bank of India (IDBI) has nominated Shri E.S. Jayaraman, as their nominee Director on the Board of the Company w.e.f. 6th March, 1997 in place of Shri S. Ganesh.

In terms of loan agreement executed by the Company with Life Insurance Corporation of India (LIC), they have nominated Shri H. Narayanan as their Nominee Director on the Board of the Company and he has been appointed as a Director of the Company from 27th August, 1997. Both the above Directors are not liable to retire by rotation.

## AUDITORS

M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai and M/s. H. Khaund & Co., Chartered Accountants, Guwahati, Auditors of the Company retire at the ensuing Annual General Meeting and offer themselves for re-appointment.

## FIXED DEPOSITS

The Company has not accepted any deposits from the Public.

## PERSONNEL

Particulars of employees required to be given as per Section 217 (2A) of the Companies Act, 1956 drawing remuneration of not less than Rs. 3 Lacs for the whole year or not less than Rs. 25,000/- per month for part of the year are as below:

Name	Designation	Age Yrs.	Gross Remuneration	Date of Commencement of Employment	Qualification	Experience	Previous Employment
Mr. Hemant B. Vyas	Managing Director	55	Rs. 3,60,000	29.05.1994	AICWA	35 years	The Bombay Silk Mills Ltd. Eng. Director