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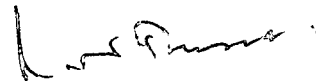
BÖSIMI

THE PRAG BOSIMI SYNTHETICS LIMITED

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For the year ended 31st March 1998.



R. N. Thomas
Company Secretary

**11TH ANNUAL REPORT
1997 - 98**

THE PRAG BOSIMI SYNTHETICS LIMITED

BOARD OF DIRECTORS

Shri Jishnu Barua, IAS
Chairman
(w.e.f. 20th May, 1998)

Shri A. K. Sachan, IAS
Chairman
(upto 19th May, 1998)

Shri Hemant B. Vyas,
Managing Director

DIRECTORS

Shri B. H. Bachkaniwala

Shri E. S. Jayaraman
Nominee of IDBI

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

Shri Y. P. Dandiwala
(upto 12th March, 1998)

Shri K. Viswanathan
(w.e.f. 29th March, 1998)

Dr. M. K. Sinha
(w.e.f. 29th March, 1998)

Shri B. K. Dutta, ACS
(w.e.f. 19th May, 1998)

SECRETARY

Shri R. N. Thorat

BANKERS

State Bank of India

AUDITORS

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.

SHARE 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 11th Annual General Meeting of The Prag Bosimi Synthetics Limited will be held at 11.00 a.m. on Saturday, the 26th December, 1998 at Hotel Brahmputra 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, 1998 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. Jishnu Barua, IAS, 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

- i) M/s. H.Khaund & Co. the retiring Auditors of the Company, be and they are hereby re-appointed Auditors of the Company ; and
- ii) M/s. Khimji Kunverji & Co., Chartered Accountants, be and they are hereby appointed joint 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. To appoint a Director in place of Shri. K. Viswanathan who holds office only up to this Annual General Meeting and in respect of whom a notice has been received by the Company from a member signifying his intention to propose Shri K. Viswanathan as a candidate for the office of a Director.
6. To appoint a Director in place of Dr. M.K. Sinha who holds office only up to this Annual General Meeting and in respect of whom a notice has been received by the Company from a member signifying his intention to propose Dr. M.K. Sinha as a candidate for the office of a Director.
7. To appoint a Director in place of Shri. B.K. Dutta, ACS, who holds office only up to this Annual General Meeting and in respect of whom a notice has been received by the Company from a member signifying his intention to propose Shri B.K. Dutta as a candidate for the office of a Director.

8. 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 No.6 passed at the Tenth Annual General Meeting of the Company held on 29th September, 1997, consent of the Company be and is hereby granted and accorded to the Board of Directors (which also includes a Committee of Directors appointed by the Board of Directors for that purpose), 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. 800 Crores (Rupees Eight 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."

9. CREATION OF MORTGAGE/CHARGE :

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

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) & other applicable provisions, if any, of the Companies Act, 1956 for mortgaging and/or charging by the Board of Directors of the Company (which also includes a Committee of Directors appointed by the Board of Directors for that purpose), 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 Limited (IFCI)
- (c) Industrial Credit and Investment Corporation of India Limited (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
- (l) Central and/or State Governments and/or any corporations/bodies set up by the said Governments;

to secure assistance in any manner as may be granted by Central or any State Government and/or any Corporation set up by the said Governments, by way of rehabilitation package, Special Package of financial and/or other assistance, and/or term loans/guarantees/ working capital and any other borrowings or credit facilities, including by way of debentures of any kind, bonds, notes and other debt/quasi debts instruments, obtained or to be obtained from the aforesaid Governments/Corporations, Financing/Lending Institutions/ Banks/Bodies or their agents or Trustee/trustees upto an aggregate sum of Rs. 800 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 Governments/Corporations, Financial Institutions/Banks/ Bodies, or that may become due and payable from time to time by the Company to all or any of the above Governments/ 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 packages/ assistance, 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 aforesaid resolution be and do hold equally valid to secure any grant of one time capital subsidy, other assistance from the Central and/or any State Government and/or any Central/State Government corporation/bodies making such grant etc. as aforesaid and the Board is equally empowered to create charge or mortgage on the Company's property as aforesaid in favour of any or all of the bodies aforesaid who may sanction the assistance to the Company and would need providing a guarantee and/or security as aforesaid to secure the same for availing the said assistance."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with any Financing/Lending Institutions/Banks, Central and/or State Governments and/or any corporations/bodies set up by the said Governments/Bodies, the documents for creating the aforesaid mortgage and/or charge/any other security and to do all such acts and things as may be necessary or expedient for giving effect to the above resolution.

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

"RESOLVED THAT subject to the approval of such authorities as may be required or stipulated, the Board of Directors of the Company be and is hereby authorised to accept the Rehabilitation Package/Special Package including direct or indirect financial assistance through all or any of the All India Public Financial Institutions or Corporations set up by the Government, subsidy, grant, concessions or exemption or waiver of interest or waiver of other liability like term loans, inclusive of redemption and/or cancellation of Redeemable Cumulative Convertible Preference Shares(RCCPS) and/or Nonconvertible Debentures(NCDs) allotted on private placement basis to financial institutions namely Industrial Development Bank of India(IDBI), Industrial Finance Corporation of India Ltd.(IFCI), Industrial Credit and Investment Corporation of India Ltd.(ICICI), Life Insurance Corporation of India(LIC) and General Insurance Corporation(GIC) & its subsidiaries by way of conversion of all the interest including overdu interest, compound interest and penal interest, that may be sanctioned by the Government of India and/or the Government of Assam directly or through any of their corporations or through or directly by IDBI, IFCI, ICICI, LIC and GIC & its subsidiaries, subject to relevant provisions of any statutes, SEBI's guidelines, approval of Stock Exchanges, financial institutions and that the Board of Directors be and is hereby authorised to accept the terms and conditions of the said assistance/loan etc. as aforesaid, to create any security, execute any guarantee and/or surety or other document as may be necessary in order to avail of all the benefits of the said sanctions/other assistance and to take all the necessary actions and

THE PRAG BOSIMI SYNTHETICS LIMITED

execute necessary writings for that purpose as may be required by all or any of the aforesaid authorities".

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

"RESOLVED THAT subject to the provisions of Securities Contracts(Regulation) Act, 1956, SEBI guidelines, approval of Stock Exchanges, financial institutions and such other authorities as may be required, consent of the Company be and is hereby accorded to voluntarily delist the equity shares of the Company presently listed on the Ahmedabad, Delhi and Calcutta Stock Exchanges and the Board of Directors be and is hereby authorised to take all the necessary action and execute all the necessary documents for that purpose."

NOTES :

- (1) The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No.4 and Special Business set out under item Nos. 5 to 11 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

Guwahati,
Date: 21st November, 1998

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

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 FORMING PART OF THE NOTICE DATED 21ST NOVEMBER, 1998.

Item No.4 :

At the 10th Annual General Meeting of the Company held on 29th September, 1997, the Company had reappointed M/s.Khimji Kunverji & Co., Chartered Accountants, Mumbai and M/s.H.Khaund & Co., Chartered Accountants, Guwahati as Auditors of the Company. During the course of the year M/s.Khimji Kunverji & Co. resigned as Auditors of the Company; but have reoffered themselves for appointment as auditors for the year ending on 31st March, 1999.

Therefore, it is proposed to appoint them as Auditors of the Company along with M/s.H.Khaund & Co. The Directors commend the resolution for approval of the shareholders.

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

Item No. 5, 6 and 7

Shri. K. Viswanathan and Dr. M.K. Sinha were appointed Additional Directors by the Board on 29th March, 1998. Shri. B.K. Dutta, ACS, Nominee Director of Assam Industrial Development Corporation Ltd. was appointed as Additional Director on 19.5.1998. They hold Office upto the date of the ensuing Annual General Meeting. Shri K.Viswanathan is former member of the Central Board of Excise and Customs and Dr.M.K.Sinha is former Chairman & Managing Director of the State Bank of India. Shri B.K. Dutta, ACS, is Joint Commissioner of Industries, Government of Assam. Their appointments as Directors would bring to the Company the benefit of their rich business and administrative experience. The Board, therefore, commends the resolutions for the approval of shareholders.

These three Directors may be deemed concerned or interested in the respective resolutions of their appointments as the same concern themselves. None of the other Directors are concerned or interested in the said resolutions.

Item No. 8

The Company has passed a resolution on the 29th September, 1997 authorising the Board of Directors to borrow upto Rs. 600 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 above Rs.280 Crores. As the complete plant of the Company is expected to be ready for operation soon, the requirements of borrowed funds are likely to increase substantially. It would be necessary to have adequate borrowing power to accommodate these borrowings. Further, as per revised Government 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. 800 Crores by the resolution at Item No. 8 of the Notice and the Board commends the resolution for the approval of shareholders.

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

Item No. 9

The Company has passed a resolution on the 29th September, 1997 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, upto an aggregate amount of Rs.600 Crores. The Company anticipates to receive assistance from Central and/or State Governments etc. as may be available from them under any rehabilitation/Special Package; and/or loan/financial assistance from bodies mentioned in the resolution vide Item No.9 of this Notice. The resolution is, hence, proposed to facilitate creation of security/charge/ mortgage/guarantee as may be required, for availing such assistance/borrowing. The Board commends the resolution for the approval of the shareholders.

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

Item No.10

It is envisaged that the Government of India and the Government of Assam, all India financial institutions and Banks will sanction a Rehabilitation/Special package of financial/other assistance/incentives to the Company/ industries in North Eastern Region, when sanctioned, it will make available to the Company the required funds for its capital expenditure and working capital and it will relieve itself of its immediate financial difficulties. This resolution is proposed to be passed as an enabling resolution, thereby authorising the Board of Directors to accept the package without delay by accepting the terms and conditions stipulated therein. The Board commends the resolution for the approval of shareholders.

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

Item No. 11

The equity shares of the Company are presently listed on the Guwahati, Mumbai, Ahmedabad, Calcutta and Delhi Stock Exchanges in terms of Prospectus dated 24th January, 1992. The said shares are either not traded for a long time/or are infrequently traded with insignificant volumes on the Stock Exchanges at Ahmedabad, Calcutta & Delhi, which are Company's non regional Stock Exchanges. Therefore, the Company intends to voluntarily delist its shares from these Stock Exchanges after fulfilling necessary requirements as stipulated in SEBI guidelines dated 29th April, 1998 permitting such voluntary delisting.

One of the SEBI requirements for delisting of securities is; that the Company should obtain a specific prior approval of the holders of the securities which are to be delisted, by a specific special resolution passed at a General Meeting. This resolution is proposed in order to comply with the said requirement.

The equity shares of the Company will continue to be listed on Guwahati Stock Exchange which is the Regional Stock Exchange of the Company and on Mumbai Stock Exchange which is connected with 186 cities under their BOLT system and are also traded on National Stock Exchange which is connected with 227 cities in the Country. Thus, the interest of the shareholders is not likely to be affected by the proposed delisting. The Board commends the resolution for the approval of the shareholders.

The Directors may be deemed concerned or interested in the resolution to the extent they are holding shares in the Company.

By Order of the Board of Directors,
R.N.Thorat
Company Secretary

Guwahati,
Date : 21st November, 1998

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

DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

Your Directors submit the 11th Annual Report together with the audited statements of account for the year ended 31st March, 1998.

CORPORATE RESULTS

	1997-98	1996-97
	Rs. in lacs	Rs. in lacs
Turnover	547.57	564.69
Profit/(Loss) before Depreciation and Taxes	(449.56)	(490.47)
Depreciation	346.47	127.88
Profit/(Loss) before Tax	(796.03)	(618.35)
Less: Provision for Tax	—	—
Profit/(Loss) after Tax	(796.03)	(618.35)
Balance in Profit & Loss Account brought forward	(719.71)	(101.36)
Profit/(Loss) carried forward	(1515.74)	(719.71)

PROJECT IMPLEMENTATION AND FINANCE

In the last Directors' Report, the members had been informed that to the extent of the availability of funds till then from the financial institutions, the project had almost attained mechanical completion.

Unfortunately, however, out of the total financial assistance of Rs. 3096 Lakhs, the Company received disbursement of financial assistance of Rs. 2706 Lakhs only, since one of the financial institutions did not pay its share and another one withheld a part of the sanctioned amount.

This shortage of funds came in the way of (i) putting the batch-poly into trial run, (ii) clearing, erecting and commissioning the balance 2 Nos. of 2270 KVA DG sets lying at Calcutta Port; and (iii) due taking up of conti-poly facilities for completion. These unfinished tasks had since been remaining un-attended to.

Per force, the Company had to re-approach the financial institutions through IDBI to make available the funds needed to fill up the gap in project finance. After extra-special efforts, the financial institutions have agreed in principle to freshly provide an amount of Rs. 1955 Lakhs to the company by way of subscription to 16% Non-Convertible Debentures (NCDs). IDBI has promptly disbursed its share of Rs. 570 Lakhs and the project completion work has been resumed.

The disbursement of the remaining Rs. 1385 Lakhs from other financial institutions is being pursued closely. Subject to the availability of these funds, the project is expected to be completed by the end of the current financial year.

WORKING CAPITAL

The State Bank of India had earlier extended facility of working capital. Due to delay in implementation of the Project and accrued losses, the account with the Bank has become irregular. However, the Company has been negotiating with the Bank to regularise the account and new working capital facilities are expected to be sanctioned in the light of above developments.

No other bank having come forward to form a consortium, the position of the Company with regard to its total requirement of working capital has been causing concern. The Company is doing its best to resolve the matter with the help of all concerned, the Central and State Governments and IDBI.

OPERATIONS

Over and above the non availability of working capital, there is the non availability of quality power from Assam State Electricity Board. If the plant is operated under the present environments, it would be highly loss making. As such, for the time being, most of the operating staff has been laid off in order to conserve the resources of the Company as final completion of the plant is being done solely with the loan funds from the financial institutions.

Upon full completion of the project, the viability would improve through economy of scale. By then, the problems of working capital and power supply are also expected to be resolved.

PROSPECTS

Thanks to the most favourable patronage extended by the Governments of India and Assam, the Company is seeing bright prospects in the times to come, particularly aided by the package of incentives announced by the Central Government for developing the industries in the North Eastern Region. When it materialises, the Company will be enabled to withstand completion.

DIRECTORS

Two of your Directors, Shri Jishnu Barua, IAS and Shri B.H. Bachkaniwala retire by rotation and have offered themselves for re-appointment.

The Assam Industrial Development Corporation Ltd. (AIDC), has nominated Shri Jishnu Barua, IAS, Managing Director, AIDC, as the Chairman of the Board of Directors with effect from 20th May, 1998, in place of Shri A.K. Sachan, IAS. AIDC has also nominated Shri B.K. Dutta, ACS, as their nominee Director of the Company from 19th May, 1998. Shri Y.P. Dandiwalla resigned with effect from 12th March, 1998. Shri K. Viswanathan and Dr. M.K. Sinha were appointed additional Directors of the Company on 29th March, 1998.

The Board places on record its appreciation of the services rendered by Shri A.K. Sachan, IAS and Shri Y.P. Dandiwalla.

Shri B.K. Dutta, ACS, Shri K. Viswanathan and Dr. M.K. Sinha hold office upto the 11th Annual General Meeting. Resolutions are proposed in the notice of the 11th Annual General Meeting for their election as Directors.

AUDITORS

M/s. Khimji Kunverji & Co., Chartered Accountants, Mumbai, one of the Joint Auditors, resigned as Auditors of the Company with effect from 11th August, 1998 owing to preoccupation. Hence, the accounts for the year 1997-98 have been audited by the remaining Joint auditors, M/s. H. Khaund & Co. However, M/s. Khimji Kunverji & Co., have re-offered for appointment as Auditors for the year 1998-99 and a resolution is included in the notice of the 11th Annual General Meeting proposing their appointment.

M/s. H. Khaund & Co., Chartered Accountants, Guwahati, the remaining joint Auditors of the Company retire at the ensuing Annual General Meeting and offer themselves for reappointment.

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	57	Rs. 5,13,600/-	28.05.1994	B. Com.	39 years	The Bombay Silk Mills Ltd. Mg. Director