



THE PRAG BOSIMI SYNTHETICS LIMITED



**12TH ANNUAL REPORT
1998 - 99**

THE PRAG BOSIMI SYNTHETICS LIMITED**BOARD OF DIRECTORS**

Shri Jishnu Barua, IAS
Chairman

Shri Hemant B. Vyas,
Managing Director

DIRECTORS

Shri B. H. Bachkaniwala

Shri E. S. Jayaraman
Nominee of IDBI
(upto 13th May, 1999)

Shri R. K. Kapoor
Nominee of IDBI
(w.e.f 14th May, 1999)

Shri H. Narayanan
Nominee of LIC
(upto 25th May, 1999)

Shri M. K. Datta
Nominee of LIC
(w.e.f. 26th May, 1999)

Shri K. Viswanathan

Dr. M. K. Sinha

Shri B. K. Dutta, ACS

SECRETARY

Shri S. Chakraborty

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,
Lalbagh,
Mumbai 400 012.

SHARE TRANSFER AGENTS

Akhilesh Mercantile Private Limited
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 12th Annual General Meeting of The Prag Bosimi Synthetics Limited will be held at 10.00 a.m. on Thursday, the 30th December, 1999 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, 1999 and the Balance Sheet as at that date and the Auditors' Report thereon.
2. To appoint a Director in place of Shri K. Viswanathan, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Dr. M. K. Sinha, 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. Khimji Kunverji & Co., Chartered Accountants the retiring Auditors of the Company, be and they are hereby re-appointed as Auditors of the Company ; and
- ii) M/s. H.Khaund & Co., be and they are hereby re - appointed 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 of the Company, on a remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors, plus travelling, living and out of pocket expenses as may be actually incurred by the Auditors in connection with the audit work."

SPECIAL BUSINESS

- 5) To consider and, if thought fit, to pass with or without modification the following resolution as a **Special Resolution**.

"RESOLVED that pursuant to provisions of Sections 269, 310, 311 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to the limits specified in Schedule XIII to the said Act, the approval of the Company be and is hereby accorded to the reappointment of Shri Hemant B. Vyas as Managing Director for further period of 5 (five) yrs. with effect from 28th May, 1999, upon the same terms and conditions including remuneration as are set out in the Agreement dated 25th November, 1994, which stands modified by agreement dated 25th September, 1995, and which further stands modified by agreement dated 29th September, 1997."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary to give effect to this Resolution.

- 6) To consider and, if thought fit, to pass, with or without modifications the following resolution as a **Special Resolution**.

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act 1956, (including any statutory modification thereto or any re-enactment thereof for the time being in force) the Articles of Association of the Company be and are hereby altered in the following manner:

"The following new Articles 60(a), 60(b), 60(c) be inserted after the present Article 60.

NOMINATION OF SHARES AND/OR DEBENTURES

- 60(a) (1) Every holder of shares in or debentures of the Company may at any time nominate, in the manner prescribed under the Act, a person to whom his shares in or debentures of the Company

shall vest in the event of his death.

- (2) Where the shares in or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the manner prescribed under the Act, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of all the joint holders.
- (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of the shares or debentures where a nomination made in the manner prescribed under the Act, purports to confer on any person the right to vest the shares in or debentures of the Company, the nominee shall on the death of the shareholder or the debenture holder concerned, or on the death of the joint holders become entitled to all the rights in relation to such shares or debentures to the exclusion of all other persons, unless the nomination is varied or canceled in the prescribed manner under the Act.
- (4) Where the nominee is a minor, the holder of the shares or debentures concerned, can make the nomination to appoint in the prescribed manner under the Act, any person to become entitled to the shares or debentures concerned in the event of his death during the minority.

TRANSMISSION IN CASE OF NOMINATION

- 60(b) (1) Notwithstanding anything contained in Articles 59, 60, 62 and 63, any person who becomes a nominee by virtue of the provisions of Section 109A, upon the production of such evidence as may be required by the Board and subject as hereinafter provided elect either -

(a) to be registered himself as holder of the share or debenture as the case may be; or

(b) to make such transfer of the share or debenture as the case may be as the deceased shareholder or debenture holder as the case may be could have made.

- (2) If the person being a nominee, so entitled, elects to be registered as holder of the share or debenture himself as the case may be, he shall deliver or send to the Company a notice in writing duly signed by him stating that the nominee concerned so elects and such notice shall be accompanied with the death certificate of the deceased shareholder/ debenture holder as the case may be.
- (3) All the limitations, restrictions and provisions of the Act relating to the right to transfer and the registration of transfer of shares or debentures shall be applicable to any such notice or transfer as afore-said as if the death of the member had not occurred and the notice or transfer were signed by that shareholder or debenture holder, as the case may be.
- (4) A person being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture except that he shall not, before being registered a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Board may, at any time give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days the Board may thereafter withhold payments of all dividends, bonuses, or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with.

THE PRAG BOSIMI SYNTHETICS LIMITED**NOMINATION FOR FIXED DEPOSITS**

- 60(c) A depositor may, at any time, make a nomination and the provisions of sections 109A and 109B shall, as far as may be, apply to the nominations made pursuant to the provisions of section 58A(11) of the Act."

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 and 6 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,

Guwahati,
Date : 2nd December, 1999
REGISTERED OFFICE :
Near Christian Basti,
G.S. Road, Guwahati 781 005, Assam.

S.Chakraborty
Company Secretary

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 FORMING PART OF THE NOTICE DATED 2ND DECEMBER 1999.****Item No.5**

The tenure of appointment of Shri Hemant B. Vyas, Managing Director expired on 27.05.99.

Keeping in view the provision of Joint Sector Agreement and Articles of Association, the Board of Directors vide a resolution dated 2nd December, 1999 approved the re-appointment of Shri Hemant B. Vyas as Managing Director for a further period of 5 years from 28.05.1999 to 27.05.2004 on the same terms and conditions as per the Agreement dated 25th November, 1994, which stands

modified by the Agreement dated 25th September, 1995, and which further stands modified by the Agreement dated 29th September, 1997, and the terms of the same had been approved by the shareholders by way of Resolution passed at the 7th, 8th and 10th Annual General Meeting respectively.

Members' approval is now sought for the re-appointment of Shri Hemant B. Vyas as Managing Director of your Company, for further period of five years commencing from 28th May, 1999 upto 27.05.2004.

None of the Directors other than Shri Hemant B. Vyas, is in any way concerned or interested in the resolution.

Item No.6

As per the provisions of Sections 109A, 109B & 58A of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 1999, every holder of shares in, or holder of debentures or deposits of, the Company, may at any time nominate in the prescribed manner, a person to whom his shares in or debentures or deposits of, the Company, shall vest in the event of his death.

It is therefore, proposed to insert new Articles 60(a),(b),(c) in the Articles of Association of the Company to give effect to the said provisions as detailed in the Special Resolution set out at Item No.6 of the accompanying Notice.

Pursuant to the provisions of the Companies Act, 1956 a Company may by a Special Resolution alter its Articles of Association. Accordingly your Directors recommend the Special Resolution for approval by the Shareholders.

None of the Directors of the Company is in any way concerned or interested in the Resolution.

By Order of the Board of Directors,

Guwahati,
Date : 2nd December, 1999
REGISTERED OFFICE :
Near Christian Basti,
G.S. Road, Guwahati 781 005, Assam.

S.Chakraborty
Company Secretary

IMPORTANT NOTES FOR SHAREHOLDERS :

1. PLEASE INFORM PIN CODE immediately, if it is not included in your address slip pasted on this report.
2. CORRESPONDENCE REGARDING SHARES, ETC. SHOULD BE SENT TO MUMBAI, TO SHARE TRANSFER AGENTS :
AKHILESH MERCANTILE PRIVATE LIMITED
Gala No. 138, 1st floor, Gate No.2, A to Z, Industrial Estate,
Ganpatrao Kadam Marg, Lower Parel,
MUMBAI 400 013

DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

Your Directors submit the 12th Annual Report together with the audited statements of account for the year ended 31st March, 1999.

CORPORATE RESULTS

	1998-99 Rs. in lacs	1997-98 Rs. in lacs
Turnover	286.99	547.57
Profit/(Loss) before Depreciation and Taxes	(547.48)	(449.56)
Depreciation	346.41	346.47
Profit/(Loss) before Tax	(893.89)	(796.03)
Less: Provision for Tax	—	—
Profit/(Loss) after Tax	(893.89)	(796.03)
Balance in Profit & Loss Account brought forward	(1515.74)	(719.71)
Profit/(Loss) carried forward	(2409.63)	(1515.74)

PROJECT IMPLEMENTATION AND FINANCE

In the last Directors' Report, the members had been informed that the Company had re-approached the Financial institutions through IDBI to make available the funds needed to fill up the gap in project finance. Financial institutions had agreed in principle to freshly provide an amount of Rs.1955 Lakhs by way of subscription to 16% Non Convertible Debentures (NCDs).

Unfortunately, out of the total financial assistance of Rs.1955 lacs, the Company received disbursement of financial assistance of Rs.570 lacs from IDBI on 9.10.1998 and Rs.196 lacs from UTI on 27.10.1999. Except IDBI and UTI no other participating financial institutions have yet disbursed their respective shares.

The disbursement of the remaining Rs.1189 Lakhs from other financial institutions is being pursued vigorously. Subject to the availability of these funds, the project is expected to be completed by the end of the current financial year and will go in commercial production as soon as the project is fully completed.

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 had become irregular and even Bank had initiated legal action against the Company. However, the Company has been negotiating with the Bank to regularise the account and requested for new working capital facilities. The State Bank of India has in principle agreed to examine the rehabilitation/restructuring proposal of the Company including sanctioning of need based working capital favourably. The officials of SBI had undertaken a visit to our factory in Assam to assess the readiness of the Plant. We are in constant touch with SBI on the preparation of the rehabilitation/ restructuring proposal and working out the requirement of working capital facility to the Company.

No other bank having so far 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 Government and IDBI.

We are hopeful that the SBI shall provide the need based working capital to the Company.

OPERATIONS

Over and above the non availability of working capital, there is non availability of quality power from Assam State Electricity Board. If the plant is operated under these circumstances, it would be highly loss making and as such the textile division and three extruder spinning lines which had been commissioned, remain closed, since August, 1998. Most of the operating staff have been laid off in order to minimise the financial burden to the Company. The 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. The problems of working capital and power supply are also expected to be resolved by that time.

PROSPECTS

Thanks to the most favourable patronage extended by the Government 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. The Government of India came out with the issuance of various Notifications in the matter of the earlier announced package of incentives for industrial development of the North East. The matter is being dealt with the following :

- (1) Central Excise Reimbursement
- (2) Central Comprehensive Insurance Refund
- (3) 3% Reduction in Interest Rate on Working Capital
- (4) Extension of Ongoing Transport Subsidy
- (5) Income tax and Central Sales Tax Exemptions.

(All for 10 years)

The Company will be enabled to withstand competition with the help of above stated reliefs and incentives.