



THE PRAG BOSIMI SYNTHETICS LIMITED

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**13TH ANNUAL REPORT
1999 - 2000**

THE PRAG BOSIMI SYNTHETICS LIMITED

BOARD OF DIRECTORS

Shri Jishnu Barua, IAS
Chairman

Shri Hemant B. Vyas,
Managing Director

Shri Devang H. Vyas,
Executive Director
(w.e.f. 3rd July, 2000)

DIRECTORS

Shri B. H. Bachkaniwala

Shri R. K. Kapoor
Nominee of IDBI

Shri M. K. Datta
Nominee of LIC

Shri K. Viswanathan

Dr. M. K. Sinha

Shri B. K. Dutta, ACS
(upto 3rd July, 2000)

Shri M. K. Das
(w.e.f. 3rd July, 2000)

SECRETARY

Shri Jagdish B. Mehta

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
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 13th Annual General Meeting of the The Prag Bosimi Synthetics Limited will be held at 4.00 p.m. on Friday, the 30th March, 2001 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 eighteen months period ended 30th September 2000 and Balance Sheet as at that date and Auditors' Report thereon.
2. To appoint a Director in place of Shri Jishnu Barua, IAS who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri B.H. Bachkaniwala, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri. M. K. Das- nominee of Assam Industrial Development Corporation. (AIDC), who was appointed as a Director of the Company by the Board of Directors with effect from 3rd July, 2000 in the casual vacancy caused due to withdrawal of nomination of Shri B.K. Dutta, by AIDC and who holds office under Section 262 of the Companies Act, 1956 (the Act) up to the date of the Annual General Meeting but who is eligible for re- appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director under the provision of Section 257 of the Act.
5. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Shri Devang H. Vyas who was appointed as an Additional Director of the Company with effect from 3rd July 2000 and who holds office upto the date of the Annual General Meeting be and is hereby appointed as a Director of the Company."
6. To appoint auditors and fix their remuneration: -
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 section 224A of the Companies Act, 1956 M/s. H. Khaund & Co. Chartered Accountants the retiring Auditors of the Company, 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 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 :-**7. REVISION OF THE REMUNERATION 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 subject to the provisions of sections 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 and subject to the provisions of Schedule XIII of the Companies Act, 1956 and subject to such approvals as may be necessary and on such terms and conditions as may be imposed by the authorities granting such approvals and in partial modification of the agreement entered into between the Company and Shri Hemant B. Vyas, Managing Director on 25th November, 1994, as modified by agreement dated 25th September, 1995, as modified by agreement dated 25th September, 1997, the salary of Shri. Hemant B. Vyas, Managing Director be increased from Rs.30,000/- per month to Rs. 75,000/- per month and House Rent Allowance be increased from 40% of salary to 60 % of salary with effect from 3rd July, 2000 for the remainder of his term."

"RESOLVED THAT other allowances and perquisites to which Shri Hemant B. Vyas Managing Director is entitled shall be calculated on the basis of revised salary."

8. APPOINTMENT OF THE EXECUTIVE DIRECTOR :

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

"RESOLVED THAT subject to the provisions of sections 198, 269,

309, 310, 311 and other applicable provisions of the Companies Act, 1956 and subject to the provisions of Schedule XIII of the Companies Act, 1956 and subject to such approvals as may be necessary and on such terms and conditions as may be imposed by the authorities granting such approvals Shri Devang H. Vyas, be and is appointed as an Executive Director of the Company for a period of three years with effect from 3rd July, 2000 upon the terms and conditions set out in the draft agreement submitted to this meeting and signed by the Chairman for the purpose of identification .

9. Amendment to the Articles of Association :

To consider and, if thought fit, to pass with or without modification, 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, the Articles of Association of the Company be altered as follows:

Insert the following Article as Article 21A after the present Article 21:

"Dematerialisation of Securities :

Definitions 21 A 1. For the purpose of this Article: -

'Beneficial Owner' means the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996;

'SEBI' means the Securities & Exchange Board of India; 'Bye - laws' means bye- laws made by a depository under Section 26 of the Depositories Act, 1996;

'Depositories Act' means the Depositories Act, 1996, and any statutory modification or re-enactment thereof for the time being in force;

'Depository' means a Company formed and registered under the Companies Act, 1956 ('the Act') and which has been granted a certificate of registration under sub section (1A) section 12 of the Securities & Exchange Board of India Act, 1992;

'Record' includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;

'Regulations' means regulations made by SEBI;

'Security' means such security as may be specified by the SEBI from time to time;

'Shareholder' or 'member' means the duly registered holder, from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and also every person holding Equity Shares of the Company as also one whose name is entered as a beneficial owner of the shares in the records of a depository;

Dematerialisation of Securities

2. Notwithstanding anything contained in these Articles of Association, the Company shall be entitled to dematerialize or rematerialize its shares, debentures and other securities (both existing and future) held by it with the Depository and to offer its shares, debentures and other securities for subscription in a dematerialized form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any;

THE PRAG BOSIMI SYNTHETICS LIMITED

Option for investors	3.	Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act and the Company shall in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities. If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.			Company accordingly. The Company shall within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.
			Transfer of securities	8	Nothing contained in the Act or these Articles regarding transfer of securities shall apply to any transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a Depository.
			Allotment of Securities dealt with in a Depository	9	Notwithstanding anything in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.
Securities in Depositories to be in fungible form	4.	All securities held by a Depository shall be dematerialized and shall be in a fungible form. Nothing contained in Section 153, 153A, 153B, 187A, 187B, 187C and 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.	Distinctive number of securities held in a Depository.	10	Nothing contained in the Act or these Articles regarding the necessity of having of distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.
Rights of Depositories and beneficial owners	5.(a)	Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.	Register and index of beneficial owners	11	The Register and Index of beneficial owners maintained by a Depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders as the case may be for the purpose of this Article.
	(b)	Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of securities held by it.	Stamp duty on securities held in dematerialized form	12	No stamp duty would be payable on shares and securities held in dematerialized form in any medium as may be permitted by law including any form of electronic medium.
	(c)	Every person holding securities of the Company and whose name is entered as beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities held by a Depository.	Applicability of the Depositories Act.	13	In case of transfer of shares, debentures and other marketable securities, where the Company has not issued any certificate and where such shares, debentures or securities are being held in an electronic and fungible form in a Depository, the provisions of the Depositories Act, 1996 shall apply.
Service of the documents	6	Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.	Company to recognize the rights of Registered holders as also the beneficial owners in the records of the Depository	14	Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial owner of the shares in records of the Depository as the absolute owner thereof as regards receipt of dividend or bonus or service of notices and all or any other matters connected with the Company, and accordingly, the company shall not, except as ordered by a Court of competent jurisdiction or as by law required, be bound to recognize any benami trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof."
Option to opt out in respect of any security	7	If a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the Depository accordingly. The Depository shall, on receipt of the intimation as above, make appropriate entries in its record and shall inform the			

NOTES:

1. The relative explanatory statement pursuant to section 173(2) of the Companies Act, 1956, in respect of Business set out under item No. 4 to 9 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.
3. The Register of Members and Transfer Books of the Company will be closed from Friday, 23rd March 2001 to Friday, 30th March 2001, both days inclusive.

By Order of the Board of Directors

Mumbai,
Date : 2nd March, 2001.

REGISTERED OFFICE:

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

Jagdish B. Mehta
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 March, 2001.

Item No-4

Shri M. K. Das was appointed as a Director of the Company on 3rd July 2000 to fill the casual vacancy caused due to withdrawal of nomination of Shri. B. K. Datta as a Director on the Board of Directors of your Company by Assam Industrial Development Corporation. Shri. M. K. Das holds office of Director up to the date of the forthcoming Annual General Meeting under Section 262 of the Companies Act, 1956. The Company has received a notice from a member as required under Section 257 of the Companies Act, 1956 proposing Shri M.K. Das as a candidate for the office of Director. The Board considers it desirable that the Company should continue to avail itself of Shri. M. K. Das's services as a Director and accordingly commends the Resolution for acceptance by the members.

Item No-5

Shri Devang H. Vyas was appointed as an Additional Director of the Company on 3rd July, 2000 under Section 260 of the Companies Act, 1956. Shri Devang H. Vyas holds office of Director upto the date of the forthcoming Annual General Meeting under Section 260 of the Companies Act, 1956. The Company has received a notice from a member as required under Section 257 of the Companies Act, 1956 proposing Shri Devang H. Vyas as a candidate for the office of Director.

The Board considers it desirable that the Company should continue to avail itself of Shri Devang H. Vyas's services as a Director and accordingly commends the Resolution for acceptance by the members.

Item No-6

Section 224A of the Act, provides for the appointment or reappointment at each Annual General Meeting of an auditor or auditors of a Company by a Special Resolution, if the Company is one in which not less than 25% of its subscribed share capital is held singly or in any combination thereof, by the Public Financial Institutions, Government Companies etc.

The holdings of the aforesaid companies and institutions in the Company exceed 25 per cent of its subscribed share capital and hence the re-appointment of Messrs H. Khaund & Co. retiring auditors of the Company is required to be made, by a Special Resolution. As required under Section 224 of the Act, certificate has been received from them to the effect that their appointments, if made, will be in accordance with the limits specified in Section 224(1 B) of the Act. The Shareholders' approval is also being sought to authorize the Board of Directors to determine the remuneration payable to the Auditors in consultation with them.

Item No-7

Shri Hemant B. Vyas was reappointed as Managing Director for five years w.e.f. 28th May 1999 on salary of Rs. 30,000/- per month together with allowances and perquisites which he was drawing since 1st June 1997. Shri Hemant B. Vyas, Managing Director had voluntarily accepted the low

remuneration as the plant was not commissioned, and the Company was in financial difficulties.

Due to untiring efforts of Shri Hemant B. Vyas, Managing Director the plant is nearing completion and the Company was sanctioned various reliefs and concessions by the Financial Institutions which will ensure long term viability of the plant.

Therefore, the Board at its meeting held on 31st January 2001 approved, subject to approval of members in general meeting, an increase in the basic salary of Managing Director from Rs. 30,000/- per month to Rs. 75,000/- per month and increase in House Rent allowance from 40 % of basic salary to 60% of basic salary. The proposed salary is in line with the salary paid to the Managing Directors of the companies of similar size in polyester industry.

Accordingly, the Resolution set out in the notice is placed for your approval. The Directors commend the Resolution for acceptance by the members.

None of the Directors other than Shri Hemant B. Vyas and Shri. Devang H. Vyas (son of Shri Hemant B. Vyas) is in any way concerned or interested in the resolution.

This may be treated as an abstract of variation in terms of appointment of Managing Director pursuant to Section 302(1)(b) of the Companies Act, 1956

Item No.8

The Financial Institutions have stipulated the appointment of a professionally qualified Chief Executive Officer while sanctioning financial assistance. Therefore the Board at its Meeting held on 3rd July, 2000 inducted Shri Devang H. Vyas as an Additional Director and appointed him as an Executive Director with effect from 3rd July, 2000 subject to the approval of the shareholders. Shri Devang H. Vyas is a Chemical Engineering Graduate from the University Department of Technology of Mumbai University and a Master of Business Administration from Stanford University, USA. He was associated with this Company as Deputy General Manager over seeing project implementation, administration, personnel and finance function from 1992 to 1998. He has to his credit experience as a consultant with a global management consultancy firm - M/s. McKinsey & Co. USA.

A committee was appointed to recommend suitable remuneration for Shri Devang H. Vyas, Executive Director of the Company. The recommendations of the committee were considered by the Board at the meeting held on 31st January 2001 and the terms and conditions and payment of remuneration as set out below were approved by the Board. The draft agreement proposed to be entered into between the Company and Shri Devang H. Vyas, Executive Director is available for inspection at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m.

THE PRAG BOSIMI SYNTHETICS LIMITED

on all working days till the date of the meeting.

1. Period of Employment : Three years from 3rd July, 2000 to 2nd July, 2003.
2. Basic Salary : Rs.70,000/- p.m.
In addition to salary, the Executive Director shall be entitled to following perquisites and allowances.
 - a) House Rent Allowance : 60% of Basic Salary
 - b) Reimbursement of : Upto 1 month's Basic Salary p.a. or 3 months salary in a block of 3 years.
Medical Expenses/Medical Insurance for Executive Director and his family
 - c) Leave Travel Allowance : Upto 1 month's Basic Salary p.a. for Executive Director and his family
 - d) Reimbursement of : For Company's guests at actuals.
Entertainment Expenses
3. Contribution to P.F. : 12% of Basic Salary
4. Gratuity : 15 days' salary for every completed year of service after completion of five years continuous service.
5. Earned Leave : 30 days' for every 11 months' Service Unavailed leave to be encashed.
6. The perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost to the Company.
7. Provision of Company's Car with Driver for official duties and telephone at residence shall not be included in computation of perquisites and allowances.
8. Where in any financial year, during the currency of the tenure of the Executive Director, the Company has no profits or its profits are inadequate, the Company will pay the above remuneration as minimum remuneration.
9. The terms and conditions of the said appointment and/or Agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit within the maximum amount payable to Shri Devang H. Vyas in accordance with Schedule XIII to the Act or any amendments made hereafter in this regard.
10. The Agreement may be terminated by either party giving the other party six months notice or the Company paying six months' remuneration in lieu of the notice.

11. If at any time he ceases to be Director of the Company for any cause whatsoever, he shall cease to be the Executive Director of the Company. If at any time Shri Devang Vyas ceases to be in the employment of the Company for any cause whatsoever, he shall cease to be Director of the Company.
12. Shri Devang Vyas is appointed by virtue of his employment in the Company and his appointment is subject to the provisions of Section 283(1)(l) of the Act, while at the same time the Executive Director is liable to retire by rotation.
13. Shri Devang Vyas shall not be entitled to supplement his earnings under this Agreement with any buying or selling commission. He shall not also become interested or otherwise concerned directly or through his wife and /or minor children in any selling agency of the Company, without the prior approval of the Central Government.
Accordingly, the Resolution set out in the notice is placed for your approval. The Directors commend the Resolution for your acceptance. None of the Directors, other than Shri. Devang H. Vyas and Shri Hemant B. Vyas (father of Shri Devang H.Vyas) is in any way concerned or interested in the resolution.
This may be treated as an abstract of the terms of appointment of Executive Director pursuant to Section 302(1)(a) of the Companies Act, 1956.

Item No-9

With the introduction of the Depositories Act, 1996 certain provisions of the Companies Act, 1956, (the Act) relating to the issue, holding, transfer, transmission and dealing in shares and other securities as also issue of relevant certificates thereof, have been amended to facilitate the implementation of the Depository System. The Depository System of holding securities in an electronic form is a far safer and more convenient method for holding and trading in the securities of a Company.

Your Company has already joined National Securities Depository Ltd. & Central Depository Services (India) Limited under the directive of the Securities & Exchange Board of India for compulsory dematerialization of your Company's equity shares. It is, therefore, proposed that the Company's Articles of Association be suitably altered, as set out at item No.9 of the notice, to enable dematerialization of the Company's securities and to spell out rights of the beneficial owner of the Securities in a depository system.

The Board commends the Resolution for acceptance by the members.

By Order of the Board of Directors

Mumbai,
Date : 2nd March, 2001.

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

Jagdish B. Mehta
Company Secretary

ANNUAL REPORT 1999 - 2000

DIRECTORS' REPORT TO THE MEMBERS

Much has changed since the Board submitted its last Annual report in December, 1999. After vigorous follow-up, the financial institutions finally disbursed the balance of the financial assistance sanctioned by them enabling your Company to commission the Batch Polymerisation plant in November 2000. The final portion of our project, viz., the Continuous polymerization plant will be commissioned shortly, for which final testing and pre commissioning tests are being carried out.

As you are aware, under special industrial policy for the North East announced by the Government of India, your Company is entitled to reimbursement of Central Excise duty for a period of ten years, which will boost its competitiveness. Other incentives under the Central policy and various State Government incentives are transport subsidy, refund of insurance premium, 3% rebate in interest on working capital, sales tax exemption, State and Central Government subsidy. All these concessions and reliefs have restored the viability of the project which had suffered due to time and cost over-run which in turn had taken place due to terrorism, inadequate and costly transport facilities, inadequate and uncertain power supply and other locational disadvantages. Your Company has already started availing the incentives under the above policy.

We are pleased to inform you that All India Financial Institutions, after intensive discussions and follow-up have kindly agreed to your Company's request and approved a package of relief and concessions to mitigate the hardships caused by time and cost over-run attributable to factors beyond the control of management. Industrial Development Bank of India (IDBI) and IFCI Ltd (IFCI) have already issued their sanction letters for the same, and sanction letters from the other institutions are expected shortly. We have accounted for relief and concessions from all institutions on the same basis as sanctioned by IDBI, since it is the lead institution. The relief and concessions sanctioned are as under:

- Waiver of total Compound and Penal interest/Liquidated Damages upto 30th September, 2000
- Reduction in interest rates on rupee loan and rupee tied foreign currency Loans/Non Convertible Debentures to 16% w.e.f. 1st April, 1998 and further reduction to 15% from 1st April, 2000.
- Reduction in dividend to 16% from 19.5% on Redeemable Cumulative Convertible Preference Shares w.e.f. 1st April, 1998 and further reduction to 15% from 1st April, 2000.
- Deferment of recovery of total simple interest/dividend accumulated upto 30th September, 2000 at 0% interest to 7th 8th and 9th year.
- Reschedulement of liabilities.

The above relief and concessions will translate into a reduction in the project cost of approximately Rs.140 Crores, which will be only partially reflected in the statement of account for 18 months ended 30th September, 2000 since the Company had not provided in previous years, the compound interest, penal interest and liquidated damages in anticipation of their waiver. Deferment of Simple Interest at 0% will greatly improve both the liquidity and profitability of the Company.

Your Company would like to place on record its gratitude to the Government of Assam, a co-promoter of your Company through Assam Industrial Development Corporation for its continued support and its efforts to secure the special industrial policy for the North East from the Central Government. Your Company is deeply thankful to the Government of India for its support to the North East and its commitment to promotion of industrial development of this region. The Board is grateful to All India Financial Institutions and State Bank of India for working out a rehabilitation package and package of relief and concessions for ensuring long term viability of the Company. The Board is grateful to Assam Industrial Development Corporation for espousing the cause of the Company for its rehabilitation.

Your Directors have great pleasure in presenting their thirteenth annual report together with audited statement of account of your Company for the 18 months' period ended on 30th September 2000.

CORPORATE RESULTS :-

	For 18 Months Period Ended On 30.09.2000 Rs. in lacs	For 12 Months Period Ended On 31.03.1999 Rs. in lacs
Turnover	170.96	286.99
Loss before Depreciation	463.66	547.48
Add-Depreciation	519.47	346.41
Loss for the Year.	983.13	893.89
Debit balance in P&L Account brought forward	2409.63	1515.74
Loss carried forward	3392.76	2409.63

The Company has achieved sales of Rs.170.96 lacs during the period of 18 months, compared to sales of Rs.286.99 lacs during the previous year. The net loss during the period of 18 months was Rs. 983.13 lacs as against loss of Rs.893.89 lacs during the previous year. The Directors regret their inability to declare any dividend for the period under review because of the loss incurred by the Company.

EXTENSION OF ACCOUNTING YEAR :-

The accounting year of the Company was changed with necessary approval to cover a period of 18 months from 1st April 1999 to 30th September 2000 to incorporate the effect of the relief and concessions granted by the term lending Financial Institutions on the statement of account.

OPERATIONS :-

The Company re-commenced the operation of its textile division and three extrusion lines in July, 2000 initially with the help of power generated by Diesel Generating sets and continues the operations with power from the Assam Electricity Board. The Assam Government has assured the Company that 132 KVA line will be activated and quality power will be supplied.

Notwithstanding the hardships peculiar to the project location your Directors feel that within a reasonable time your Company will achieve full capacity utilization and start earning profits.

WORKING CAPITAL :-

The State Bank of India has sanctioned the rehabilitation and restructuring proposal and has sanctioned 40% of working capital requirement of the Company. Bank of Baroda and North East Development Finance Corporation have indicated their willingness to join the consortium, balance portion of working capital requirement is under tie up with the help and cooperation of State Bank of India and the Industrial Development Bank of India who have supported the project by granting a package of relief and concessions for bolstering up long term viability of the Company.

DIRECTORS :-

The Board had inducted Shri Devang H.Vyas, as an additional director and appointed him as an Executive Director w. e. f. 3rd July 2000. Shri Devang H Vyas is a Chemical Engineering Graduate from University Department of Chemical Technology of Mumbai University and M.B.A from Stanford University. He has occupied the position of Deputy General Manager in your Company before he proceeded for further studies to U.S.A. He has also worked with McKinsey & Co., U.S.A., one of the foremost management consulting firms in the world. Shri Devang H. Vyas thus combines in him academic excellence and business experience. Since he holds office of additional director up to ensuing annual general meeting under Article 114 of the Articles of Association of your Company a resolution is proposed for his reappointment as a Director. A special resolution is proposed for his appointment as an Executive Director and payment of remuneration to him at the forthcoming annual general meeting. Assam Industrial Development Corporation has withdrawn the nomination of Shri B. K. Dutta and nominated Shri. M.K.Das on the Board. Accordingly, Shri. M.K.Das, was appointed to fill the casual vacancy arising due to the resignation of Shri B. K. Dutta. Shri.M.K.Das holds office upto the forthcoming annual general meeting, but being eligible offers himself for reappointment.

Shri M.K.Das is a Chemical Engineer and a management post graduate and is a General Manager of Assam Industrial Development Corporation. Two of your Directors, Shri Jishnu Barua, IAS and Shri B.H.Bachaniwala retire by rotation but being eligible offer themselves for reappointment.