



THE PRAG BOSIMI SYNTHETICS LIMITED

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**15TH ANNUAL REPORT
2002 – 2003**

THE PRAG BOSIMI SYNTHETICS LIMITED

BOARD OF DIRECTORS

Shri H. K. Sharma, IAS
Chairman

Shri Hemant B. Vyas
Managing Director

Shri Devang H. Vyas
Executive Director

Shri Samir Kumar Saha
Director, Finance. w.e.f 20.09.2003

DIRECTORS

Shri B. H. Bachkaniwala

Shri K. B. Bachkaniwala
Alternate Director to Shri B. H. Bachkaniwala
(Upto 23.06.2003)

Shri Pritipal Singh
Nominee IDBI
(w.e.f. 20.10.2003)

Shri A. A. Sarma
Nominee IDBI
(upto 20.10.2003)

Shri M. K. Datta
Nominee LIC

Shri Ganga Charan
Nominee IFCI
(w.e.f. 27.12.2002)

Shri A. K. Das
Nominee IFCI
(upto 27.12.2002)

Shri Deviinder Gupta
(Nominee ICICI Bank Ltd.
(w.e.f. 13.11.2003)

Shri Satish Kumar
Nominee ICICI Bank Ltd
(Upto 13.11.2003)

Dr. M. K. Sinha

Shri M. K. Das

SECRETARY

Shri Jagdish B. Mehta

BANKERS

State Bank of India
Allahabad Bank
Bank of Baroda
Central Bank of India
UCO Bank

AUDITORS

H. Khaund & Co.
Chartered Accountants,
Guwahati.

REGISTERED OFFICE

Rangpur,
R. G. Barua Road,
Guwahati 781 005.
Assam.

PLANT

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

HEAD OFFICE

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

REGISTRAR & SHARE TRANSFER AGENTS

Sharex (India) Private Limited
17/B, Dena Bank Building,
2nd Floor, Horniman Circle,
Fort, Mumbai 400 001.

NOTICE:

Notice is hereby given that the 15th Annual General Meeting of The Prag Bosimi Synthetics Limited will be held at 4.00 p. m on Monday, the 29th March 2004 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 Audited Profit & Loss Account for the eighteen months period ended 30th September 2003 and Balance Sheet as at that date and the Report of Auditors and Directors 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 consider and if thought fit, to pass with or without modification, the following resolution as a Special resolution:
RESOLVED THAT pursuant to the provisions of section 224A of the Companies Act, 1956 M/s. H. Khaund & Company, Chartered Accountants, the retiring auditors of the Company be and they are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting 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 actually incurred by the Auditors in connection with the audit work.

SPECIAL BUSINESS:

- (4) To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary resolution:
RESOLVED THAT Shri H.K. Sharma, IAS, who was appointed in the casual vacancy caused by withdrawal of nomination of Shri Jishnu Barua by the Assam Industrial Development Corporation Limited (AIDC) with effect from 29th June 2001 and who holds office upto the date of this annual general meeting be and is hereby appointed as a Director of the Company.
- (5) To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary resolution:
RESOLVED THAT Shri Samir Kumar Saha who was appointed as an Additional Director of the Company with effect from 20th September 2003 and who holds office upto the date of this annual general meeting be and is hereby appointed as a Director of the Company.
- (6) To consider and if thought fit, to pass with or without modification, the following resolution as a Special resolution:
RESOLVED THAT pursuant to the provision of section 269, read with schedule XIII and other applicable provisions if any of the Companies Act 1956 and subject to such approvals as may be necessary, Shri Devang H. Vyas be and is reappointed as Executive Director effective from 3rd July 2003 on the following terms and conditions:

- a. Period of Employment : 3rd July, 2003 to 2nd July, 2006
- b. Basic Salary : Rs.1,00,000/-p.m.
In addition to salary, the Executive Director will be entitled to following perquisites and allowances, which will be subject to a maximum of 125% of his annual salary.
- c. Free Furnished Accommodation or House Rent Allowance in lieu thereof : At cost not exceeding 60% of the basic salary
- d. Reimbursement of electricity charges, gas bills : Not exceeding 10% of the basic salary

- e. Reimbursement of Medical Expenses/ Medical Insurance for Executive Director and his family : Upto 1 month's basic salary p.a. or three months salary in a period of three years.
- f. Leave Travel Allowance : Upto 1 month's basic salary p.a. for Executive Director and his family
- g. Children's Education Allowance : Rs.2,400/- p.a.
- h. Accident Insurance Premium : Premium upto Rs.5000/-
- i. Club fees : Annual subscription for upto two clubs. Life membership fees excluded.
- j. Entertainment Expenses : For Company's guests
For the purpose of calculating the above ceiling, 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.
Provision of Company's Car with Driver for official duties and telephone at residence shall not be included in computation of perquisites and allowances for the purpose of calculating the above ceiling.
- k. Contribution to P.F. : 12% of basic salary
- l. Gratuity : 15 days' salary for every completed year of service after completion of five years' continuous service.
- m. Earned Leave : 30 days for every 11 months' service. Unavailed leave to be encashed

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. The above remuneration is in accordance with the ceiling provided under Schedule XIII of the Companies Act, 1956.

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 Mr. Devang H. Vyas in accordance with Schedule XIII to the Act or any amendments made hereafter in this regard.

The contract for appointment of Executive Director will be effective from the 3rd July, 2003 after the same is signed by the Company and the Executive Director, and remuneration will be payable with retrospective effect.

- (7) To consider and if thought fit, to pass with or without modification, the following resolution as a Special resolution:
"RESOLVED THAT pursuant to the provision of section 269, read with schedule XIII and other applicable provisions if any of the Companies Act 1956 and subject to such approvals as may be necessary, Shri Hemant B. Vyas be and is reappointed as Managing Director effective from 28th May 2004 on the terms and conditions set out below:
- a. Period of Employment : 28.05.2004 to 27.05.2007
- b. Basic Salary : Rs.1,25,000/-p.m.
In addition to salary, the Managing Director will be entitled to following perquisites and allowances.

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- c. Provision of Housing : Cost not exceeding 60% Accommodation or of basic salary House Rent Allowance in lieu thereof
- d. Reimbursement of : 10% of the basic salary. electricity charges, gas bills
- e. Reimbursement of : Upto 1 month's basic salary Medical Expenses/ p.a. or three months salary Medical Insurance for in a period of three years. Managing Director and his family
- f. Leave Travel Allowance: Upto 1 month's basic salary for Managing Director p.a. and his family
- g. Accident Insurance : Premium upto Rs.5000/- Premium
- h. Club fees : Annual subscription for upto two clubs. Life membership fees excluded.
- i. Entertainment : For Company's guests Expenses

For the purpose of calculating the above ceiling, 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.

Provision of Company's Car with Driver for official duties and telephone at residence shall not be included in computation of perquisites and allowances for the purpose of calculating the above ceiling.

- j. Gratuity : 15 days' salary for every completed year of service after completion of five years' continuous service.
- k. Earned Leave : 30 days for every 11 months' service. Unavailed leave to be encashed

Where in any financial year, during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay the above remuneration as minimum remuneration. The above remuneration is in accordance with the ceiling provided under Schedule XIII of the Companies Act, 1956.

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 Mr. Hemant B. Vyas in accordance with Schedule XIII to the Act or any amendments made hereafter in this regard.

RESOLVED Further that above remuneration will be effective from 3rd July 2003 and will be payable retrospectively from 3rd July 2003 for the unexpired current term.

- (8) To consider and if thought fit, to pass with or without modification, the following resolution as a Special resolution:
RESOLVED THAT pursuant to the provision of section 269, read with schedule XIII and other applicable provisions if any of the

Companies Act 1956 and subject to such approvals as may be necessary, Shri Samir Kumar Saha, be and is appointed as Director, Finance effective from 20th September 2003 on the terms and conditions set out below:

1. Period of Employment : 20th September 2003 to 19th September, 2006.
2. Salary : Rs.35000/ per month
3. Contribution to Provident Fund : 12% of basic salary.
4. Provision of free unfurnished accommodation or House Rent Allowance not exceeding Rs.6500/ per month.
5. Provision of Company's car with Driver for office use only.
6. Leave travel Assistance for the Director, Finance, his wife and dependent children not exceeding one month's basic salary
7. Reimbursement of Medical expenses not exceeding Rs.15000/
8. Professional Books/Magazines Reimbursement not exceeding Rs.1600/ per annum.
9. Gratuity 15 days' salary for every completed year of service after completion of five years' continuous service.
10. Earned Leave: 30 days for every 11 months' service Unavailed leave to be encashed

Where in any financial year, during the currency of the tenure of the Director, Finance, the Company has no profits or its profits are inadequate, the Company will pay the above remuneration as minimum remuneration. The above remuneration is in accordance with the ceiling provided under Schedule XIII of the Companies Act, 1956.

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 in accordance with Schedule XIII to the Act or any amendments made hereafter in this regard.

The contract for appointment of Director, Finance will be effective from the 20th September 2003 after the same is signed by the Company and the Director, Finance, and remuneration will be payable with retrospective effect.

- (9) To consider and if thought fit, to pass with or without modification, the following resolution as a Special resolution:
RESOLVED THAT approval of members be and is hereby accorded to get the equity shares of the Company delisted from Delhi Stock Exchange Association Limited; The Stock Exchange, Ahmedabad; Calcutta Stock Exchange Association Limited; and The Gauhati Stock Exchange Limited
RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient for giving effect to the above resolution without being required to seek any further approval of the members to give effect to this resolution and to do all other matters, ancillary and consequential thereto.

By Order of the Board,

Guwahati
Date: 20th February, 2004

(Jagdish B.Mehta)
Company Secretary

Notes:

1. The Register of Members and share transfer books of the Company will remain closed from 22nd March 2004 to 29th March 2004 (both days inclusive).
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE (ON A POLL) INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Item No. 3 to 9 of the notice is annexed hereto.
4. Details under clause 49 of the Listing Agreement with Stock Exchanges in respect of Directors seeking appointment/re-appointment at the Annual General Meeting are separately annexed hereto.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956 FORMING PART OF THE NOTICE DATED 20th FEBRUARY 2004.**Item No. 3**

Section 224A of the Companies Act 1956, 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 appointment, 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 authorise the Board of Directors to determine the remuneration payable to the Auditors in consultation with them.

Item No. 4

Shri H.K. Sharma, IAS, was nominated as a Director and Chairman of the Board of Directors of the Company by Assam Industrial Development Corporation Limited (AIDC) in place of Shri Jishnu Barua, IAS. Shri H.K. Sharma, IAS, was appointed as a Director with effect from 29th June 2001 in the casual vacancy caused by the withdrawal of the nomination of Shri Jishnu Barua, IAS by AIDC. Since the term of Shri Jishnu Barua, IAS as a Director was due to expire at the 15th Annual General Meeting of the Company the term of Shri H.K. Sharma, IAS will also expire at the 15th Annual General Meeting of the Company. Shri H.K. Sharma, IAS holds office of Director up to 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 H.K. Sharma, IAS as a candidate for the office of Director, liable to retirement by rotation.

The Board considers it desirable that the Company should continue to avail itself of the services of Shri H.K. Sharma, IAS as a Director and accordingly commends the Resolution for approval by the members.

Item No. 5

Shri Samir Kumar Saha was appointed as an Additional Director of the Company on 20th September 2003 under Article 114 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956.

Shri Samir Kumar Saha holds office of Director upto the date of the forthcoming Annual General Meeting under Article 114 of the Articles of Association of the Company read with 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 Samir Kumar Saha as a candidate for the office of Director, liable to retirement by rotation.

The Board considers it desirable that the Company should continue to avail itself of the services of Shri Samir Kumar Saha as a Director and accordingly commends the Resolution for approval by the members. (For details of Shri Samir Kumar Saha, please see note below, item no. 8)

Item No. 6

Shri Devang H.Vyas was appointed as an Executive Director w.e.f 3rd July 2000 for a period of three years, His term of employment expired on 2nd July 2003. Since the Board considered that it is in the interest of the Company to renew his appointment, the Board of Directors constituted a committee of Directors at the board meeting held on 23rd June 2003 to consider remuneration for Shri Devang H. Vyas. The committee comprised the following Directors. Dr M.K.

Sinha, Shri M.K. Das, Shri M.K. Datta. The committee recommended the remuneration as set out in the body of the resolution, which the Board has agreed to offer, vide Board Resolution Dated 2nd July 2003. The proposed remuneration is very much lower than the maximum permissible to a managerial person under Schedule XIII for Company with effective capital of over Rs 100crores. The said remuneration is also much less than what is paid in the industry to the persons of comparable background.

Shri Devang Vyas is an academically brilliant Chemical Engineer from Mumbai University's Department of Chemical Technology. (UDCT) He ranked third in the Bachelor of Engineering Examination of the UDCT of Mumbai University. He qualified as M.B.A. from Stanford University of U.S.A. He has to his credit experience as a consultant with a global consultancy firm, M/s McKinsey & Co, USA. He started as Deputy General Manager in this Company and rose to the position of Executive Director. He looks after Finance, Personnel, and Systems Management in the Company.

During his tenure he has contributed significantly in obtaining sanction for rehabilitation package from financial institutions and getting the working capital limits sanctioned. He completed computerization of accounts department, revamped management information system and administration. He has also been leading the Company's debt restructuring which is underway.

Since the Company intends to expand its production capacity Shri Devang H. Vyas will be required to shoulder higher responsibilities. Shri Devang H. Vyas by virtue of being a Chemical Engineer and an M.B.A is an ideal professional techno commercial man most suited to the position of Executive Director in a petrochemical Company. Accordingly the resolution set out in the notice is placed for your consideration. None of the Directors other than Shri Devang H. Vyas and Shri Hemant B. Vyas, Managing Director (Father of Shri Devang H. Vyas) is in any way concerned or interested in the resolution. The Directors commend the resolution for your approval.

This explanation together with the notice is and should be treated as an abstract under section 302 of the Companies Act, 1956

Item No. 7

Shri Hemant B. Vyas was reappointed, as a Managing Director of the Company for five years w.e.f 28th May 1999. His term is due to expire on 27th May 2004. Since the Board is of the view that it is in the interest of the Company to renew the contract with Shri Hemant B. Vyas the Board constituted a committee to recommend remuneration for Shri Hemant B. Vyas. The Remuneration Committee comprised the following Directors. Dr M.K. Sinha, Shri M.K. Das, Shri M.K. Datta. The Committee recommended the remuneration as set out in the body of the resolution which the Board has agreed to offer, vide Board Resolution Dated 23rd October 2003. The proposed remuneration is very much lower than the maximum permissible to a managerial person under Schedule XIII for a Company with effective capital of over Rs 100crores. The said remuneration is also much less than what is paid in the industry to the persons shouldering similar responsibilities.

Shri Hemant B. Vyas is a B.Com of Mumbai University. He possesses 44 years experience in textile industry. Shri Hemant B. Vyas is a promoter of the Company.

Shri Hemant B. Vyas has rendered invaluable services for completing the project of the Company amidst a lot of difficulties and uncertainties including adverse law and order situation of the State of Assam and has taken various steps to contain and balance the cost and the time overrun through his personal efforts and representations with State and Central Governments and other authorities. His services were of utmost importance to maintain morale at the project site and thus for successful completion of the project. The services of Shri Hemant B. Vyas were not only helpful but also indispensable for completing the project.

Thanks to the vision and persistent and untiring efforts of Shri Hemant B. Vyas that the project of the size and complexity of PBSL is completed and made operational in a very backward area of Assam when the insurgency and terrorist activities were at its peak in the

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State. Shri Hemant B. Vyas zealously organized funds to finance the time and cost overrun from the financial institutions. Shri Hemant B. Vyas continued partial operations of the plant with finance from customers till the banks sanctioned working capital. Shri Hemant B. Vyas got the working capital sanctioned from the bankers who were not ready to touch the project in the North East by seeking the co-operation of the Chief Minister, the Prime Minister's office, Finance Ministry etc.

Shri Hemant B. Vyas, Managing Director is now planning and implementing the balancing of the plant to expand the production capacity at negligible capital cost by carrying out technical innovations. Shri Hemant B. Vyas is simultaneously working on the debt restructuring to align the liabilities of the Company with the Company's earning capacity for long term survival of the Company. Shri Hemant B. Vyas voluntarily did not draw any remuneration when the project was under implementation. After the textile division was commissioned Shri Hemant B. Vyas started drawing a nominal remuneration. Since the Company has started production in all its divisions remuneration as set out in the body of the resolution is recommended. In view of above, your Directors recommend the Resolution for your approval.

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

This explanation together with the notice is and should be treated as an abstract under section 302 of the Companies Act, 1956

Item No. 8

Financial institutions have stipulated that the Company should appoint professionally qualified person as a Director-Finance and the Director, Finance should be member of the Board of Directors. The Company has identified Shri Samir Kumar Saha, a Chartered Accountant possessing 26 years experience to head the Finance function. Shri. Samir Kumar Saha joined the Company as Financial Controller effective from 16th April 2003. Shri Samir Kumar Saha was appointed as an Additional Director from 20th September 2003. A committee comprising Dr. M.K. Sinha, Shri M.K. Das and Shri M.K. Datta was constituted by the Board on 20th September 2003 to recommend suitable pay package for Shri Samir Kumar Saha. The Remuneration Committee submitted its Report to the Board and the Board at its meeting held on 23rd October 2003 approved the remuneration as set out in the body of the resolution. The proposed remuneration is much less than the maximum permissible to a managerial person under Schedule XIII for a Company with effective capital of over Rs.100crores. The said remuneration is also very much lower than what is paid in the industry to the persons shouldering similar responsibilities.

Shri Samir Kumar Saha is a Chartered Accountant and Law graduate and was with Unit Trust of India as its Chief General Manager (Investments) prior to joining this Company. Prior to his employment with Unit Trust of India Shri. Samir. Kumar Saha had occupied a responsible management position in Punjab National Bank. Shri. Samir Kumar Saha has attended International Seminars on 'US MONEY & Capital Markets' & Portfolio Management held at New York during 1994 and 2000, organized by New York Institute of Finance, New York. Shri. Samir Kumar Saha attended international seminar in Asian Debt Market organized by Asian Development Bank at Sri Lanka. Shri. Samir Kumar Saha visited Australia to negotiate with AMP Insurance, a leading Insurance Company of Australia to finalise a Joint Venture Company for financing infrastructure projects in India. Shri. Samir Kumar Saha acted as nominee director in many companies in India. Shri. Samir Kumar Saha also acted as a Director in an Asset Management Company in Cairo, Egypt.

With this kind of exposure and vast experience Shri. Samir Kumar Saha is eminently suitable for the position of Director, Finance. In his capacity as Director, Finance Shri Samir Kumar Saha looks after Accounts, Audit, Costing, Working Capital Management, Capital Restructuring, Taxation and Corporate Law.

In view of above, your Directors recommend the Resolution for your approval.

None of the Directors other than Shri Samir Kumar Saha is in any way concerned or interested in the resolution.

This explanation together with the notice is and should be treated as an abstract under section 302 of the Companies Act, 1956

Item No.9:

Presently equity shares of the Company are listed on The Stock Exchange Mumbai; Delhi Stock Exchange Association Limited; The Stock Exchange, Ahmedabad; Calcutta; Stock Exchange Association Limited; and The Gauhati Stock Exchange Limited.

As trading in the shares of the Company at stock exchanges other than Mumbai Stock exchange is negligible, it is proposed to get the shares de-listed from Delhi Stock Exchange Association Limited, The Stock Exchange, Ahmedabad, Calcutta Stock Exchange Association Limited and The Gauhati Stock Exchange Limited. Your approval is sought to the proposal by a Special resolution as required by SEBI (Delisting of Securities) Guidelines 2003. The proposed delisting of shares from these stock exchanges is not prejudicial to the interest of investors as the Company's shares will remain listed on Mumbai Stock Exchange which has trading terminals in various cities allowing the investors convenient access to trade and deal in Company's shares through out the country. The Company's shares are mandated by SEBI for compulsory trading in demat form by all investors

Details of the Directors seeking reappointment in Annual General Meeting fixed on 29th March 2004.

Name of the Director	Shri B.H.Bachaniwala	Shri H. .K. Sharma
Date of Birth	28th March 1935	23rd January 1956
Date of Appointment	21st March 1990.	29th June 2001
Expertise in specific functional area.	Textile	Management and Administration
Qualification	Graduate in Textile Engineering (M.S. University, Baroda)	B. Engg. (Elec.), M. Engg. (Industrial Engg. and Management), I.A.S
Exp. in no. of Years	43	25
List of outside directorship held	<ol style="list-style-type: none"> 1. Himson Fadis Machinery Pvt. Ltd. 2. Himson Textile Engineering. Inds.Pvt. Ltd. 3. Himson Twisting & Texturing Inds.Pvt. Ltd. 4. P.B. Textiles Limited 5. Himson Industrial Ceramic Pvt. Ltd. 6. Himson Techno Services Pvt. Ltd. 7. Himson International Pvt. Ltd. 8. Swayambhu Petrochemicals Ltd. 9. Rieter Himson Limited 10. Himson Texmac Limited 11. Himson Industries Limited 12. Mackie Himson Machinery Pvt. Limited. 13. Galaxy Wires Private Ltd. 	<ol style="list-style-type: none"> 1. Assam Industrial Dev. Corpn.Ltd. (AIDC) (Managing Director) 2. Assam Syntex Limited 3. Feritchem Ltd 4. Assam Petrochemicals Ltd. 5. Cachar Sugar Mills Limited. 6. Industrial Paper (Assam) Ltd 7. Assam Ashok Hotel Corpn.Ltd 8. Ashok Paper Mills Limited 9. Assam State Fertilisers & Chemicals Ltd. 10. Assam State Wvg. & Mfg. Company Ltd. 11. NEITCO 12. Assam Powerloom Dev. Corpn. Ltd.

Chairman/member of the Committee of Board of Directors of the Company

Share Transfer Committee - member

Chairman/member of the Committee of Directors of other Companies

In AIDC members of following committees:

1. Default review Committee,
2. Departmental Promotion cum Personnel Affairs Committee,
3. Executive Committee,
4. Tender Committee for award of contract over Rs.1 crore.

DIRECTORS' REPORT

Your Directors have great pleasure in presenting their fifteenth annual report together with audited statement of account of your Company for the 18 months period ended on 30th September 2003. Your Company was successful in achieving higher production from February 2003 after consortium of banks led by State Bank Of India released the working capital sanctioned by them. The performance of your Company is summarized below

	(Rupees in Crores)	
	30th Sept 2003	31st Mar 2002
Gross Turnover	144.38	42.92
Turnover net of Excise Duty	108.69	30.98
Profit before Depreciation		
Interest and Taxation	14.64	1.86
Less: Interest	7.58	3.77
Less: Depreciation	5.24	5.20
Profit (Loss) after Depreciation, interest and taxation	1.82	(7.11)
Loss Brought forward from the Previous year	41.03	33.92
Total Loss carried Forward to next year	39.21	41.03

OPERATIONS

Your Directors are pleased to report that performance during the period under review has improved considerably compared to performance during the comparable period last year, as sales were Rs. 144.38 crores compared to sales of Rs. 42.92 crores during the previous period. The Company made a profit of Rs. 1.82 crores during the period under review compared to loss of Rs. 7.11 crores during the previous period. In view of the brought forward losses, your Directors regret their inability to declare any dividend for the period under review.

PROSPECTS

The prospects for the current year are even better considering that the full production during the year under review was achieved despite usual teething problems and was limited to a period of 8 months after release of working capital by banks.

The Company produces yarn of high quality and markets the same predominantly in the textile hubs of Gujarat and Maharashtra. It has also started marketing its products throughout India including North East. These emerging markets will fetch larger revenues to the Company.

The Company is also balancing its equipment to make full use of its capacity in the polymerization section, which will further increase the capacity of the plant. The Company expects to perform much better in the current year with increased production

POWER

Your Directors are pleased to report that 132 kV transmission line will be completed soon with the help of Assam Industrial Development Corporation Limited (AIDC) who has sanctioned Rs. 150 lakhs from fund received from Government Of India under Assistance to States for Infrastructure Development for Exports Scheme. The Company's dependence on power from D.G. sets will reduce and it will be able to take benefit of the new power policy to reduce power cost. The Company will be able to produce yarn of high quality for export owing to better quality of power supply.

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 2002 to 30th September 2003.

FINANCE

Your polyester project is the first Joint sector initiative of its kind in Assam. The project was conceived when the interest rates were very high. The completion of the project was delayed due to many factors all beyond the control of the management like insurgency in the region, lack of infrastructure, outbreak of plague in Surat and delays in disbursement of sanctioned funds. The commencement of production was also delayed due to reluctance of banks to lend to projects in the North East. When the project was conceived in 1987 the economic size of the polyester plant was 15000 TPA. The same

was revised to 25000 TPA.

Due to delay in implementation, project cost has risen manifold mainly due to burden of interest and pre operative expenses during pre-production period. Since this cost is totally out of sync with its production capacity, Company has approached the financial institutions for debt restructuring.

Your Company is also exploring the possibility of raising lower cost ECBs to repay the dues of financial institutions and reduce the interest burden.

WORKING CAPITAL

The Banks have released the sanctioned working capital in February 2003 enabling the Company to start production.

AUDITORS' REPORT

Your Directors give full explanation for various qualifications set out in Auditors' Report in Annexure B which follows the said Report.

CAPITALIZATION OF PROJECT COST

Auditors of the Company in their Audit Report on accounts for the year under review have inter alia commented upon non provision of depreciation on certain plant and machinery and on non capitalization of interest and related preoperative expenses.

In this connection, the Company has sought expert opinion and it has been advised that such non provision of depreciation and non capitalization of interest on loans and related pre operative expenses is well within the legal position in this behalf, including the provision of section 205 of the Companies Act, 1956 since the Company has not proposed declaration of payment of any dividend.

The Board has been advised that in view of Company's efforts to renegotiate with various Financial Term Lending institutions, the rate of interest and rescheduling of its outstanding loans including waiver, reliefs, deferment of repayment of installments, the quantum of such interest and resultant final loan liability are not ascertainable at present justifying its non provision in these accounts.

Similarly the Company is also advised that capitalization of Preoperative Capital Work-In-Progress Amount should also wait till full stabilisation of its Plants and completion of its negotiations with the lending Institutions and crystallization of final amount of interest and principal payable to them. Subject to above, otherwise the Audit qualifications are self explanatory.

DIRECTORS

Shri H.K. Sharma, IAS was appointed w.e.f. 29th June 2001 to fill the casual vacancy arising on withdrawal of nomination of Shri Jishnu Barua, IAS by AIDC. Shri Samir Kumar Saha was appointed as an Additional Director w.e.f. 20th September 2003. Shri H.K. Sharma, IAS and Shri Samir Kumar Saha hold office upto the forthcoming annual general meeting and are proposed to be appointed as Directors pursuant Section 257 of the Companies Act, 1956.

In accordance with the Articles of Association of your Company, Shri B.H. Bachkaniwala retires by rotation but being eligible offers himself for re-election.

The IFCI Limited has nominated Shri Ganga Charan as its Nominee Director in place of Shri A.K. Das w.e.f. 27th December 2002.

The Industrial Development Bank of India has nominated Shri Pritpal Singh, as Nominee Director in place of Shri A. A. Sarma, w.e.f. 20th October 2003.

ICICI Bank had nominated Shri Satish Kumar as its Nominee Director w.e.f. 30th September 2002. Shri Deviinder Gupta was nominated in place of Shri Satish Kumar w.e.f. 13th November 2003.

The Board has placed on record its deep appreciation of the services rendered by Shri A. K. Das, Shri Satish Kumar and Shri A. A. Sarma as Directors of the Company during their respective tenure.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors hereby confirm that:

- (a) in the preparation of statement of accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departure;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and profit or loss of the Company for the period.

THE PRAG BOSIMI SYNTHETICS LIMITED

- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- (d) the Directors have prepared the accounts on a going concern basis.

CORPORATE GOVERNANCE

The Company has taken steps to comply with the mandatory provisions of clause 49 of the Listing Agreement and a separate report on Corporate Governance is enclosed.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis forming part of this report is given separately.

FIXED DEPOSITS

The Company has not accepted/ invited any deposits from public.

PERSONNEL

None of the employees of the Company was in receipt of remuneration exceeding the limits prescribed under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

The information required under section 217(1)(e) of the Companies Act 1956 read with the Companies (Disclosure of particulars in the

Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, and foreign exchange earnings and outgo is given in Annexure forming part of this report.

AUDITORS

M/s. H. Khaund & Company, Chartered Accountants, Auditors of the Company will retire at the forthcoming Annual General Meeting, and being eligible, offer them for re-appointment. The Company has received a certificate from Auditors to the effect that their re-appointment, if made, would be in accordance with Section 224(1B) of the Companies Act, 1956. The Board recommends their re-appointment.

APPRECIATION

Your Directors take this opportunity to offer their sincere thanks to the Government of India, Government of Assam, AIDC, IDBI, ICICI Bank Ltd, IFCI Ltd, LIC, UTI, GIC and its subsidiaries, SBI, NEDFI, Allahabad Bank, Bank of Baroda, Central Bank of India, Uco Bank, N.F. Railways, ASEB and our valued investors for their unstinted support and assistance and look forward to their continuing support and encouragement for a brighter tomorrow and a ushering in of rapid economic development of our State and the region.

Your Directors, also wish to place on record deep appreciation of the dedicated and sincere efforts put in by the employees of the Company at all levels.

On behalf of the Board.

Guwahati
Date: 16th February, 2004

H.K.Sharma, IAS
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE - 'A' CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS/OUTGO:

FORM A

(A) POWER AND FUEL CONSUMPTION

Particulars	CURRENT PERIOD	PREVIOUS PERIOD
1. Electricity :		
<i>Purchased:</i>		
(a) No of Units	13,106,940	7,675,440
(b) Total Amount (Rs.)	51,435,954	27,167,243
(c) Rate/Unit (Rs.)	3.92	3.54
<i>Own Generation: Through Diesel generators</i>		
(a) No. Of Units:	14,729,086	5,337,153
(b) Unit per litre of Diesel	3.31	3.61
(c) Cost/Unit (Rs.)	5.11	3.96
2. Furnace Oil:		
Quantity (KL)	2,946.377	1,483.64
Total Amount (Rs.)	46,419,947	15,929,095
Average Rate (Rs)	15,754.92	10,736.50
3. Steam:		
Quantity in Tons:	44,848.49	17,274.329
Total Cost: (Rs.)	58,447,299	15,929,095
Rate per Ton (Rs)	1,303.22	922.12
Consumption per unit of production		
Electricity per K.G. Yarn in No of Units	1.56	2.20
Furnace Oil (Litres)	00.17	00.25
Steam in K.G. per K.G of Yarn	2.50	2.91

STEPS TAKEN FOR ENERGY CONSERVATION

- Reduction in air conditioning load by utilizing return air and duct modification.
- Installed economizer for reducing fuel consumption in boiler.
- Steps are being taken to increase the efficiency of chillers, boilers.
- To reduce energy losses through steam leakages an innovative online sealing technique has been adopted.

B. TECHNOLOGY ABSORPTION:

The technology in respect of already commissioned divisions i.e. extruder spinning of POY, batch polycondensation chips production and textile division i.e. texturising, twisting and dying of yarn is fully absorbed.

C. RESEARCH & DEVELOPMENT

A full-fledged laboratory having state of the art instruments and equipment has been established for effective product development, technology up-gradation etc.

D. FOREIGN EARNINGS/OUTGO

Particulars	Current Period	Previous Period
Foreign Exchange Earnings		
Foreign Exchange Outgo		
Capital Goods	Rs 36,77,922	—
Raw Materials	Rs 1,14,42,224	—
Others	Rs. 30,95,314	Rs. 2,76,424

Guwahati
Date: 16th February, 2004

On behalf of the Board.
H.K.Sharma, IAS
Chairman

ANNEXURE - 'B' TO DIRECTORS' REPORT EXPLANATION AND INFORMATION ON QUALIFICATIONS IN AUDITORS' REPORT

Para No. Explanation

- The depreciation was not provided for three extruder spinning lines for the period of intermittent running as in this period there were negligible operations.
- Please refer to Directors' Report para capitalization of project cost.
- As a measure of conservative accounting policy interest on calls in arrears is accounted on receipt basis.
- The Company has submitted statement of interest calculation to all major financial institutions. The reconciliation is in progress.
- The Company has recovered in the previous year Rs.1, 84,84,621 against bills of Exchange considered doubtful for many years. The Company is hopeful of further recovery.
- Out of the total dues of Rs.14, 63,86,864/ from Fair Growth Financial Services Limited the Company has recovered Rs.3,99,63,964/ during last two years pursuant to the order of Special Court. Since Fair Growth Financial Services Limited is a notified party, the recovery is time consuming due to procedural delays. The party is solvent as appears from its statement of Assets and Liabilities..
- Since the Company is in touch with the suppliers and customers the year end confirmation letters are not sent.
- The reconciliation of balances of Excise records as per PLA Register and RG 23 is expected to be completed soon.

MANAGEMENT DISCUSSION AND ANALYSIS

Among the man made fibres polyester accounts for 75% of consumption. The preference for polyester is on account of its versatility, durability, and cost competitiveness. There is tremendous scope for growth of polyester industry in our country because our per capita consumption is 1.4 Kg against world average of about 3 Kg. Polyester staple Fibre and Polyester Filament yarn are expected to grow by 6-8 % in the near future. The polyester consumption is expected to rise to 2 million tones by 2005-06 from present level of 1.4 million tons. PBSL is located in Assam where predominantly handloom and to a certain extent power loom trade flourishes. The proximity of Assam to Bangladesh, Bhutan and Nepal will allow PBSL to reap full advantage of the SAARC treaties on trade. The Company has started tapping the large and emerging production centers in UP, Bihar, West Bengal, Haryana and Punjab as well as Assam which is traditionally a weaving society. Access to these market is more beneficial in terms of cost as well as price realization than marketing in traditional markets of Maharashtra and Gujarat. Most significantly, polyester is making inroads into new application areas such as knitting, upholstery and other non-apparel products as the fibre of choice. With the revival of the US economy, a steady improvement in textile exports from India is expected.

All the above factors along with incentives the Company receives from the Central Government and State Government bode a bright future for the Company.

Internal control systems and their adequacy:

Over a period of years the Company has developed its own internal controls to meet the needs of the growing organization. Qualified professionals in the technical, financial, marketing and commercial functions at plant and corporate offices ensure that best practices and methods are regularly reviewed adapted and followed. As the need may arise with the rapid growth of production, the Company is open to the idea of taking assistance of outside professionals for meeting its requirements.

On behalf of the Board

Guwahati:
Date: 16th February, 2004

H K Sharma, IAS
Chairman

REPORT ON CORPORATE GOVERNANCE

1. Management Philosophy

Your Company's vision is far reaching befitting its status as a joint sector undertaking promoted for rapid industrial development of the state by the Government of Assam through Assam Industrial Development Corporation. PBSL is a pioneering unit of its type in the North East and our vision is to act as a nucleus for development of textile related industries in this region. We are committed to catalyzing industrial growth in Assam by providing impetus and foundation for downstream, ancillary and related industries, which will boost employment and entrepreneurship. Our actions will optimize the interest of all stakeholders - shareholders, customers, employees, suppliers and society at large. The Company has

complied with stipulations laid down in clause 49 of the Listing Agreement as stated below.

2. Board of Directors:

Composition of the Board

The Company's Board of Directors is broad based, and meets the composition criteria. As on September 30, 2003, the PBSL Board consist of eleven Directors, three of whom, including Managing Director are whole-time Executive Directors. The remaining eight are non- executive Directors, with six of them being Nominee Directors. Seven directors out of the eight non executive Directors are independent Directors. The composition of the Board during the year ended 30th September 2003 was as under:-

Sr. No.	Name of Director	Category	Board meetings held during the year	Board meetings attended during the year	Whether attended last AGM	Directorships held in other Public companies incorporated in India.
1	Shri H.K. Sharma, IAS	Chairman, Nominee of AIDC- the Promoter, Non Executive & Independent Director	7	6	No	12
2	Shri. Hemant B. Vyas, *	Managing Director & Whole time Director- Promoter of the Company	7	7	Yes	-
3	Shri Devang H. Vyas, *	Whole time Director	7	4	Yes	-
4	Shri Samir Kumar Saha (a)	Whole time Director	7	1	N.A.	-
5	Shri B.H. Bachkaniwala #	Non Executive Director & Promoter of the Company	7	1	No	5
6	Shri K.B. Bachkaniwala #	Alternate Director to Shri B.H. Bachkaniwala	7	0	No	2
7	Shri A. A. Sarma	IDBI Nominee Non Executive Director & Independent Director	7	4	No	2
8	Shri Ganga Charan (b)	IFCI Nominee Non Executive Director & Independent Director	7	4	N.A.	2
9	Shri A. K. Das	IFCI Nominee Non Executive Director & Independent Director	7	0	No	2
10	Shri. M.K. Das	Nominee-AIDC-promoter of the Company.	7	5	Yes	2
11	Dr. M.K. Sinha	Non Executive Director & Independent Director	7	2	No	2
12	Shri M. K. Datta	LIC Nominee. Non Executive Director and Independent Director	7	4	No	-
13	Shri Satish Kumar (c)	ICICI Bank Nominee. Non Executive Director and Independent Director	7	0	No	-

Independent Director means a Director who, apart from receiving a Director's remuneration, does not have any other material pecuniary relationship or transactions with the Company, its promoters, its management, or its subsidiaries, which in the judgment of the Board may affect the independence of the judgment of the Director.

None of the Directors is a member of more than 10 Board-level committees, or a Chairman of more than 5 such committees, as required under Clause 49 of the listing agreement.

* Shri. Hemant B. Vyas and Shri Devang H. Vyas are related to each other as father and son respectively.

Shri. B. H. Bachkaniwala and Shri. K. B. Bachkaniwala are related to each other as father and son respectively.

(a) Shri Samir Kumar Saha was appointed as a Director w.e.f. 20th September 2003

(b) Shri Ganga Charan was appointed as a Director w.e.f. 27th December 2002

(c) Shri Satish Kumar was appointed as a Director w.e.f. 30th September 2002.