BÖSIMI

THE PRAG BOSIMI SYNTHETICS LIMITED

20th Annual Report

2009 - 2010

BOARD OF DIRECTORS

Shri H.K. Sharma, IAS
Chairman

Shri Hemant B. Vyas
Managing Director

Shri Devang H. Vyas
Director

Shri Samir Kumar Saha
Whole Time cum Finance Director

Shri B.P. Muktieh
Nominee, IDBI

Shri M.K. Das

Shri Girindra Mohan Das

Shri N. G. Vedak

Dr. M.K. Sinha
(Upto 26/04/2011)

COMPANY SECRETARY

Ms. Melvita Almeida

AUDITORS

M/s H. Khaund & Co.
Chartered Accountants
Guwahati

M/s Bharat Shroff & Co.
Chartered Accountants
Mumbai

BANKERS

Bank of Baroda

Indusind Bank Limited

IDBI Bank Limited

REGISTERED OFFICE

House No.4, Nilgiri Path,
R.G. Barua Road,
Near Doordarshan,
Guwahati- 781 024
Assam.

PLANT

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

CORPORATE OFFICE

R-79/83, Laxmi Insurance Building,
5th Floor, Sir P.M. Road,
Mumbai- 400001

REGISTRAR & SHARE TRANSFER AGENT

Sharex Dynamic (India) Private Limited
Unit - 1, Luthra Ind. Premises
Andheri Kurla Road, Safed Pool,
Andheri (East),
Mumbai- 400 072

NOTICE

Notice is hereby given that the 20th Annual General Meeting of The Prag Bosimi Synthetics Limited will be held at 04:30 p.m. on Tuesday the 28th June, 2011 at Hotel Landmark, Dr. R. B. Barooah Road, Ulubari, Guwahati 781007 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 30th September, 2010 and Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Girindra Mohan Das, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri. Devang H. Vyas, who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), 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 (Registration No.307031E) and M/s. Bharat Shroff & Company, Chartered Accountants (Registration No.131026W) be and are hereby 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 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."

By order of the Board of Directors

PLACE: Guwahati — **Melvita Almeida**

DATE: 31st May, 2011 — Company Secretary

I. NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. A proxy form duly completed and stamped, must reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
3. The relative Explanatory statement, pursuant to Section 173(2) of the Companies Act, 1956 relating to Item No. 4 of the notice is annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will be closed from 21st June, 2011 to 28th June, 2011 (both days inclusive).
5. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

7. In any correspondences with the Company, members are requested to quote their account/ folio numbers and in case their shares are held in the dematerialized form, they must quote their Client ID Number and their DP ID Number.
8. Members who hold shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail of the nomination facility by filing Form 2B. Members holding shares in the dematerialized form may contact their Depository Participant for recording nomination in respect of their shares.
9. Members/ Proxies attending the meeting are requested to bring their Attendance Slip, sent herewith, duly filled in and also their copy of the Annual Report.
10. Members are informed that in accordance with Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by Ministry of Corporate Affairs, Government of India, henceforth, the Company is proposing to send documents like Notice of General meeting, Audited Financial Statements, Directors Report, Auditors Report and other documents/ communications to the members in electronic form by E-mail.

    Members holding shares in dematerialized form are requested to register their e-mail addresses with the Depository Participants or alternatively they may register their E-mail Addresses by sending an E-mail at **bosimigogreen@sharexindia.com**.

    Members holding shares in physical form are also requested to register their E-mail addresses by sending an E- mail at **bosimigogreen@sharexindia.com**.

II. Details of Directors seeking appointment or reappointment in the Annual General Meeting fixed on Tuesday, 28th June, 2011.

(In pursuance to Clause 49 to the Listing Agreement)

Name of the Director	Shri Girindra Mohan Das	Shri. Devang H. Vyas
Date of Birth	01st January, 1947	12th May, 1969
Date of appointment	20th November, 2004	03rd July, 2000
Qualification	B. E. Electrical	Chemical Engineer M.B.A. Finance
Expertise in specific functional area	Engineering	Management, Administration and Finance
List of Outside Directorships held*	Nil	6
Chairman or members of the Committee of the Board of Directors of other Companies*	Nil	Nil

***Note:** Excludes Chairmanship/ Membership in Committees of Private Limited Companies, Foreign Companies, Companies under Section 25 of the Companies Act, 1956 and Excludes Committees other than Audit Committee and Shareholders' Grievance Committee.

EXPLANATORY STATEMENT

(Pursuant to the provision of section 173 (2) of the Companies Act, 1956)

The following Explanatory Statements set out all the material facts relating to the business mentioned in the notice: -

Item No. 4:

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 these aforesaid companies and institutions in the Company exceed 25 % of its subscribed share capital and hence the re-appointment of M/s H. Khaund & Co., Chartered Accountants and M/s Bharat Shroff & Co., Chartered Accountants, as 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(1B) 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.

By order of the Board of Directors

PLACE: Guwahati **Melvita Almeida**

DATE: 31st May, 2011 Company Secretary

DIRECTORS' REPORT

To,
The Members,
The Prag Bosimi Synthetics Limited (PBSL).

The Directors have pleasure in presenting the 20th Annual Report and Accounts for the 12 months year ended on 30th September, 2010. The performance of the company is summarized below:

(₹ in Crores)

Particulars	12 months ended 30th September, 2010	18 months ended 30th September, 2009
Gross Turnover	**0.00**	*0.01*
Turnover net of Excise duty	**0.00**	*0.01*
Profit / (Loss) before Depreciation, Interest and Taxation	**(13.18)**	*(5.79)*
(Add)/Less: Interest	**(1.00)**	*(0.12)*
(Add)/Less: Depreciation	**(13.42)**	*(5.39)*
Profit/(Loss) after Depreciation, Interest and Taxation	**(27.60)**	*(11.31)*
Add/(Less): Income/ Expenses of prior years	**(0.12)**	*52.74*
Profit (Loss) for the period	**(27.72)**	*41.43*
Add/ (Less) Loss Brought forward from the Previous year	**(69.76)**	*(111.19)*
Total Loss carried forward to next year	**(97.48)**	*(69.76)*

Your directors report that your company has completed the Corporate Debt Restructuring (CDR) Settlement by allotment of 8% Optionally Cumulative Convertible Debentures (OCCDs) for ₹ 57,52,17,500/- to various Financial Institutions, Banks and Insurance companies.

As the CDR process is now completed, your directors have initiated to move to the Honorable High Court for cancellation of Cumulative Convertible Preference Shares (CCP), Redeemable Cumulative Convertible Preference Shares (RCCP). Such cancellation will result in Capital Redemption Reserve of ₹ 81,46,25,000/- which will be used to adjust the carry forward loss; subject to approval of High Court.

Your plant is now ready to restart production subject to availability of working capital. We are confident that need based working capital will be available shortly from the banking system and thereafter your company will restart production. Your directors expect that your company will achieve full capacity utilisation shortly after it restarts production.

To ensure smooth functioning in future, the company has taken necessary steps for the purpose of expansion of capacity/modernisation/refurbishing. The company has taken following major steps for revival and smooth functioning/expansion:

i. Company has appointed various technical consultants for refurbishing of entire plant. Entire refurbishment work has been completed satisfactorily.

ii Restoration of 132 KVA dedicated High Tension Power supply by ASEB at site with required transformers.

iii. Installation of new UPS System with Battery bank for uninterrupted power supply.

iv. The company is also in process of de-bottlenecking and installation of new spinning line.

v. The company is in the process of installing new Ultra Modern High Speed Texturising Machines of reputed manufacturers.

vi. The company is also in the process of installing :-

   a. One number of EMS Inventa Line with 16 positions of 8 ends each (Total 128 ends)

   b. One number Micro Spinning Line with 24 positions of 6 ends each (Total 144 ends)

vii. Expansion and modernisation of its auxillary units viz. injection moulding and corrugated box unit.

viii. Installation of necessary additional utility supports system, Cooling Tower, Water Treatment Plant, Chillers, etc.

ix. Recruitment of senior personnel and other necessary manpower.

x. Revival of Agents/Dealers Network for sale of products manufactured.

Your company has undertaken total capital outlay of ₹ 45-50 crores approx. for achieving modernisation/expansion/ revival process. The company has committed for spending necessary amount for the said purpose.

Your company has formed a wholly owned subsidiary company for implementing the Textile Park Project. The Company approached Assam Industrial Development Corporation Limited to set up a Textile Park on the surplus land available with the company and has now received a formal approval to set up a Textile Park. Total cost of the project will be ₹ 50 crores to be financed by way of grant of ₹ 40 crores from Government of India. Prag Bosimi's contribution to the tune of ₹ 10 crores will be in form of land. Thus, your company will not have any financial burden on this account. When the Textile Park will be in operation, it will be in a position to absorb substantial production of PBSL. Eventually, this will reduce Prag Bosimi's Marketing, Selling & Transportation costs. Detailed Project Report (DPR) for the Textile Park has been submitted to Textile Ministry, Government of India. We are in constant touch with the Ministry and your company expects approval shortly.

All the above measures will go a long way to improve your company's financial viability independent of North East Industrial Policy.

As required under Corporate Governance, the Management's Discussion and Analysis Report which is forming a part of this report is a reflection of the current state of business. It also deals with opportunities and threats faced by your Company and the future outlook.

DIVIDEND:

Due to financial loss your directors have not recommended any dividend for the said year.

DIRECTORS:

Shri. Girindra Mohan Das and Shri. Devang H. Vyas, Directors of the Company, retire by rotation and being eligible, offers themselves for re-appointment at the ensuing Annual General Meeting (AGM). Pursuant to Clause 49 of the Listing Agreement, the detailed profile of the Directors retiring by rotation is provided in the Notice convening the Annual General Meeting.

Dr. M. K. Sinha has resigned from the Board w.e.f. 26th April, 2011. The Board takes this opportunity to place on record its appreciation of the service rendered by him as a Director of the Company during his tenure.

PUBLIC DEPOSITS:

The Company has not accepted any Public Deposits under section 58A of the Companies Act, 1956 during the period under review.

DIRECTORS' RESPONSIBILTY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

(a) In the preparation of statement of accounts, the applicable accounting standards have been followed and that there are no material departures;

(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 of the loss of the Company for the year;

(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.

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.

SUBSIDIARIES:

The Company has wholly owned subsidiary companies; the Consolidated accounts of these Subsidiary Companies have not been attached to this Annual Report as the Incorporation of the Subsidiary Companies is after the year ended 30th September, 2010.

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.

APPOINTMENT OF COMPANY SECRETARY:

Pursuant to the requirement under Section 383A of the Companies Act, 1956 with respect to the appointment of Company Secretary, the Company has appointed Ms. Melvita Almeida an Associate Member of The Institute of Company Secretaries of India (ICSI) as a Company Secretary of the Company with effect from 14th April, 2011.

IMPLEMENTATION OF CIRCULAR ISSUED BY MINISTRY OF CORPORATE AFFAIRS ON "GREEN INTIATIVES IN CORPORATE GOVERNANCE":

The Company has implemented the "Green Initiative" as per Circular No.17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs to enable electronic delivery of notices/ documents and annual reports to the shareholders.

AUDITORS:

M/s. H. Khaund & Company, Chartered Accountants, Guwahati and M/s Bharat Shroff & Company, Chartered Accountants, Mumbai; Auditors of the Company will retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment. The Company has received a certificate from both the Audit firms 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, Standard Chartered Bank, IFCI Ltd, LIC, UTI, GIC & its subsidiaries, SBI, NEDFI, Allahabad Bank, Bank of Baroda, Central Bank of India, UCO Bank, Indusind Bank, North East Frontier Railways, Srei Infrastructure Finance Limited and our valued investors for their unstinted support and assistance and look forward to their continuing support and encouragement in enabling Company to realise it's vision of brighter tomorrow and ushering in of rapid economic development of Assam and the Northeast 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.

By order of the Board of Directors

PLACE: Guwahati	**(Hemant B. Vyas)**	**(S.K. Saha)**
DATE: 31st May, 2011	Managing Director	Whole Time cum Finance Director

ANNEXURE TO THE DIRECTORS' REPORT

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS/ OUT GO:

FORM A

(A) POWER AND FUEL CONSUMPTION

Particulars	**CURRENT PERIOD**	*PREVIOUS* PERIOD
1. Electricity:		
Purchased:		
(a) No of Units	**N.A**	*N.A*
(b) Total Amount (₹)	**N.A**	*N.A*
(c) Rate/Unit (₹)	**N.A**	*N.A*
Own Generation:		
Through Diesel generators		
(a) No. Of Units:	**N.A**	*N.A*
(b Unit per litre of Diesel	**N.A**	*N.A*
(c) Cost/Unit (₹)	**N.A**	*N.A*
Through steam turbine generation		
No. of Units:	**N.A**	*N.A*
Unit per litre of Fuel oil/Gas	**N.A**	*N.A*
Cost/Unit	**N.A**	*N.A*
2. Coal (specify quality and where used)	**N.A**	*N.A*
Quantity:	**N.A**	*N.A*
Total cost	**N.A**	*N.A*
Average Rate	**N.A**	*N.A*
3. Furnace Oil:		
Quantity (KL)	**N.A**	*N.A*
Total Amount (₹)	**N.A**	*N.A*
Average Rate (₹)	**N.A**	*N.A*
4. Steam:		
Quantity in Tons:	**N.A**	*N.A*
Total Cost: (₹)	**N.A**	*N.A*
Rate per Ton (₹)	**N.A**	*N.A*
Consumption per unit of production		
Electricity per K.G. Yarn in No of Units	**N.A**	*N.A*
Furnace Oil (Litre)	**N.A**	*N.A*
Coal	**N.A**	*N.A*
Steam in K.G. per K.G of Yarn	**N.A**	*N.A*

B. FOREIGN EXCHANGE EARNINGS/OUTGO:

Particulars	**(₹)**	*(₹)*
Foreign Exchange Earnings	**Nil**	*Nil*
Foreign Exchange Outgo	**Nil**	*Nil*
Capital Goods	**Nil**	*Nil*
Stores, spares and consumable	**Nil**	*Nil*
Others	**Nil**	*Nil*

By order of the Board of Directors

	(Hemant B. Vyas)	**(S.K. Saha)**
PLACE: Guwahati	Managing	Whole Time
DATE: 31st May, 2011	Director	cum Finance Director

Management Discussion and Analysis

Overview

The global economies are well on their way to recovery after seeing the recession in past couple of years. The India Polyester Segment is maintaining a Compounded Annual Growth Rate (CAGR) of more than 10% for the past two years, inspite of the recession in global economy and it is capable of exceeding its growth after recovering from recession. It is expected that the demand for polyester products will increase substantially due to rise in price of cotton.

Polyester Sector Outlook

The demand of Polyester in 2009-10 has gone up due to growing domestic demand and polyester price competitiveness as compared to cotton. The recovery in economy improved the overall textile sentiments. Polyester fibre has made further inroads into garments and textile industries due to higher cotton prices. The polyester sector has also scope for progress in non-woven and technical textile applications.

Polyester Filament Yarn

The Polyester fibre outlook seems to be extremely positive since an increase in demand is seen due to rising demand driven by higher GDP, easy availability of raw material, spiraling cotton prices due to tightness in global cotton availability, rising young population and richer middle class attributing to improved domestic markets.

Opportunities

The Prag Bosimi Synthetics Limited (PBSL) is the only Polyester yarn plant in the entire North east as well as West Bengal, Bihar, Orissa, UP and Punjab and thus it has a huge domestic market at its disposal. Being located in Assam, PBSL can explore the SAARC countries market like Bangladesh, Myanmar, Nepal, Bhutan, etc. Countries like Bangladesh and Sri Lanka have huge demand for POY. Further, SAFTA agreement makes the member countries extremely viable option for Exports and PBSL is expected to derive benefit from them due to its location in Assam.

Being located in North East, PBSL enjoys various incentives given to the industries under North East Industrial Policy. PBSL has also received a formal approval from Assam Industrial Development Corporation Limited to set up a Textile Park. The implementation of Textile park project is progressing satisfactorily.

Challenges, Risk and Concerns

The yarn produced by PBSL is an intermediary product, and is dependent on other segments of industry in value chain. The other threats to the segment in which the Company operates are pricing of raw materials. The Company is focused on overcoming the threats and challenges and take advantage of the opportunities it has.

Future Outlook

According to Goldman Sachs, India is expected to become the world third largest economy by 2035. The various measures taken by the Government, huge domestic markets, opportunities of exports to SAARC countries are the key growth factors for PBSL. The long term outlook of the company remains positive. All set to restart its plant, PBSL is expected to start production and also earn profits in near future besides increasing its capacity and introducing value added products.

REPORT ON CORPORATE GOVERNANCE:

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 corporate vision is to act as a nucleus for development of textile related industries in this region. PBSL is committed to catalyzing industrial growth in Assam by providing impetus and foundation for downstream, ancillary and related industries, which will boost employment and entrepreneurship. Corporate 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:

Board of Directors:

Composition of the Board

The Company's Board of Directors is broad based, and meets the composition criteria. As on 30.09.2010, the PBSL Board consisted of Nine Directors, two of whom, including Managing Director are Whole-Time Directors. The remaining seven Directors are Non- Executive Directors. The composition of the Board of Directors during the year ended 30th September, 2010 was as under: -

Sr. No.	Name of Director	Category	Board meetings attended during the period	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	6	No	16
2	Shri. Hemant B. Vyas	Managing Director & Promoter of the Company	10	Yes	17
3	Shri. Devang H. Vyas*	Non Executive Director	4	No	6
4	Shri. Samir Kumar Saha	Whole Time cum Finance Director	7	Yes	2
5	Shri. B. P. Muktieh	IDBI Bank Nominee. Non Executive and Independent Director	0	No	–
6	Shri. M. K. Das	Nominee-AIDC-promoter of the Company.	6	Yes	2
7	Shri. Girindra Mohan Das	Nominee- Assam State Electricity Board- Non Executive and Independent Director	7	No	–
8	Shri. N. G. Vedak	Non- Executive and Independent Director	1	No	–
9	Dr. M. K. Sinha	Non- Executive and Independent Director	0	No	2

During the year, 10 meetings of directors were held.

Independent Director means a Director who, apart from receiving Director's remuneration, does not have any other material pecuniary relationship or transactions with the Company, its promoters, its management,