



**PRAG BOSIMI SYNTHETICS LIMITED**

**21st Annual Report**

**2010 - 2012**

## 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. M. K. Das**

**Shri. Girindra Mohan Das**

**Shri. N. G. Vedak**

**Shri. Rohit P. Doshi**

**Dr. M. K. Sinha**  
(upto 26/04/2011)

**Shri. B. P. Muktieh**  
(upto 29/09/2010)

## COMPANY SECRETARY

Ms. Melvita Almeida

## AUDITORS

M/s H. Khaund & Co.  
(Shri. H. Khaund, Proprietor expired on 21<sup>st</sup> June, 2012)  
Chartered Accountants  
Guwahati

M/s Bharat Shroff & Co.  
Chartered Accountants  
Mumbai

## BANKERS

Dena Bank  
IDBI Bank  
IndusInd Bank

## 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 400072.

## SUBSIDIARIES

**Prag Bosimi Texurising Private Limited**  
R.G.Barua Road,  
House No.4, Nilgiri Path,  
Near Doordarshan,  
Guwahati- 781 024 Assam.

**Prag Bosimi Packaging Private Limited**  
R.G.Barua Road,  
House No.4, Nilgiri Path,  
Near Doordarshan,  
Guwahati- 781 024 Assam.

**Prag Jyoti Textile Park Private Limited**  
R.G.Barua Road,  
House No.4, Nilgiri Path,  
Near Doordarshan,  
Guwahati- 781 024 Assam.

**NOTICE**

Notice is hereby given that the 21<sup>st</sup> Annual General Meeting of Prag Bosimi Synthetics Limited will be held at 04:30 p.m. on Wednesday, 26<sup>th</sup> September, 2012 at House No.4, Nilgiri Path, R.G.Barua Road, Near Doordarshan, Guwahati- 781024 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit and Loss Account for the period ended 31<sup>st</sup> March, 2012 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. M. K. Das, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. N. G. Vedak, 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. Bharat Shroff & Company, Chartered Accountants (Registration No.131026W) be re- appointed and M/s. AMD & Associates, Chartered Accountants (Registration No. 318191E) be appointed as the Auditors of the Company and they together 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."

**SPECIAL BUSINESS:**

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Ordinary Resolution:**

**"RESOLVED THAT** Shri. Rohit P. Doshi, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 read with Article 114 of the Articles of Association of the Company, but being eligible, offers himself for re-appointment, be and is hereby appointed as a Director of the Company and whose term of office shall be liable to determination by retirement of the Directors by rotation."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

**"RESOLVED THAT** pursuant to Sections 198,269,309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary, approval of the Company be and is hereby accorded for appointment of Shri. Samir Kumar Saha as Whole Time Cum Finance Director effective from 01<sup>st</sup> July, 2012 on the terms and conditions set out below:

- |                         |  |
|-------------------------|--|
| 1. Period of Employment | 01 <sup>st</sup> July, 2012 to 30 <sup>th</sup> June, 2015.          |
| 2. Salary               | Rs.1,33,750/- per month  |
| 3. Medical Allowance    | Rs. 1,250/- per month  |
| 4. Gratuity             | As per The Payment of Gratuity Act, 1972.                            |
| 5. Earned Leave         | 30 days for every 11 months' service unavailed leave to be encashed. |
| 6. Company's car        | With Driver, fuel and car related expenses for official use only.    |

**"RESOLVED FURTHER THAT** in the event of any loss or inadequacy of profits in any financial year during the aforesaid period, the above terms of remuneration and perquisites will be admissible as the minimum remuneration payable to Shri. Samir Kumar Saha, Whole Time Cum Finance Director subject to compliance with the provisions of Schedule XIII of the Companies Act, 1956.

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do and perform all such acts, matters, deeds and things as may be necessary to give effect to the aforesaid resolution."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

**"RESOLVED THAT** pursuant to Sections 81, 81(1A) and other applicable provisions of the Companies Act, 1956 and subject to such approvals, permissions, consents and sanctions as may be necessary from the Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI) and/or any other competent authorities and enabling provisions of the Memorandum and Articles of Associations of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and in accordance with the guidelines issued by the GOI, RBI,

SEBI and/or any other competent authorities and clarifications thereon, issued from time to time, and subject to all such other approvals, permissions, consents and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions, consents and sanctions, which may be agreed to by the Board of Directors of the Company, (which term shall include any committee constituted / to be constituted by the Board for exercising the powers conferred on the Board by this resolution), consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot, in one or more tranches, whether within India or outside India, with or without premium, whether rupee denominated or denominated in any foreign currency, such number of equity/preference shares and/or Foreign Currency Convertible Bonds (FCCBs) and/or Fully/Partially Convertible Bonds/Debentures/Loans and/or Depository Shares/Receipts and/or any other instruments/securities in the nature of Shares/Debentures/Bonds and/or warrants, naked or otherwise, convertible into shares or otherwise, either in registered or bearer forms, and/or any such securities convertible into equity shares of Rs. 10/- each or otherwise (hereinafter referred to as "Securities") or any combination of the Securities in the International/Domestic market, up to an amount of Rs. 100 Crores exclusive of premium to Indian or Foreign Investors (whether institutions, incorporated bodies, mutual funds and / or individuals, or otherwise and whether or not such investors are members of the Company) through Public Issue(s), Private Placement(s), Qualified Institutional Placement (QIP), Private Equity Fund or a combination thereof at such time or times, at such price or prices, at a discount or premium to market price or prices or in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009 in such manner and on such terms and conditions including differential rights as to dividend, voting or otherwise, security, rate of interest, conditions in relation to payment of interest, additional interest, premia on redemption, prepayment and any other debt service payments whatsoever, and all such matters as are provided in offering of a similar nature including terms for issue of Securities or variation of the conversion price of the Securities during the tenure of the Securities etc. as may be decided and deemed appropriate by the Board at the time of such issue or allotment considering the prevailing market conditions and other relevant factors, wherever necessary in consultation with the lead managers, to the extent and in the manner as may be decided by the Board in this behalf and the Board be

also authorised to seek and obtain listing of such Securities on one or more stock exchanges."

**"RESOLVED FURTHER THAT** the Company and/or any agency authorized by the Company may issue Global Depository Receipts in registered or bearer form with all such features and attributes as are prevalent in the capital market for instruments of this nature and to provide for the tradability or free transferability thereof as per the prevailing practices and regulations in the capital markets and the Board or the Committee of Directors of the Company appointed by the Board is hereby authorised in its absolute discretion in such a manner as it may deem fit, to dispose of such of the Securities as are not subscribed."

**"RESOLVED FURTHER THAT:**

- (i) The Securities to be so offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company;
- (ii) The underlying shares shall rank pari passu with the existing equity shares of the Company;

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any Securities as may be necessary in accordance with the terms of the offer aforesaid, subject to the provisions of the Company's Articles of Association and all such shares to rank pari passu with the existing equity shares of the Company in all respects"

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and resolve any doubts or question that may arise in the issue and allotment of the Securities and/or fresh shares, to the effect any modification to the foregoing in the best interest of the Company and its shareholders and to execute all such writings and instrument as the Board may in its absolute discretion deem necessary or desirable."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers to any Committee of Directors of the Company to give effect to the aforesaid resolutions."

**By order of the Board of Directors**

Place : Guwahati  
Date : 01<sup>st</sup> September, 2012

**Melvita Almeida**  
Company Secretary

## Prag Bosimi Synthetics Limited

### 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. THE INSTRUMENT APPOINTING PROXY 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, 5, 6 and 7 of the notice is annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will be closed from 19<sup>th</sup> September, 2012 to 26<sup>th</sup> September, 2012 (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.
10. As we had informed to our shareholders in the 20<sup>th</sup> Annual report of our Company that the Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green Initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holding with the Depository Participants or alternatively they may register by sending an e-mail at [bosimigogreen@sharexindia.com](mailto:bosimigogreen@sharexindia.com). Members who hold shares in physical form are requested to register their e-mail addresses by sending an e-mail at [bosimigogreen@sharexindia.com](mailto:bosimigogreen@sharexindia.com).

I. Details of Directors seeking appointment or reappointment in the Annual General Meeting fixed on Wednesday, 26<sup>th</sup> September, 2012. (In pursuance to Clause 49 to the Listing Agreement)

Name of the Director	Shri. M. K. Das	Shri. N. G.Vedak	Shri. Rohit P. Doshi	Shri. S.K.Saha
Date of Birth	10 <sup>th</sup> September, 1946	04 <sup>th</sup> December, 1944	08 <sup>th</sup> April, 1955	02 <sup>nd</sup> February, 1950
Date of appointment	03 <sup>rd</sup> July, 2000	15 <sup>th</sup> July, 2010	04 <sup>th</sup> August, 2011	20 <sup>th</sup> September, 2003
Qualification	B. Tech, M.B.A	Civil Engineer	B.com, Chartered Accountant	Chartered Accountant, LL.B
Expertise in specific functional area	Management	Construction business	Finance Consultant	Accounts, Banking and Finance
List of Outside Directorships held	3	0	2	0
Chairman or members of the Committee of the Board of Directors of other Companies*	Nil	Nil	Nil	Nil

\*Note: Excludes Chairmanship/ Directorship in Private Limited Companies, Foreign Companies, Companies under Section 25 of the Companies Act, 1956 and excludes Committees formed by such companies.

## 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 Bharat Shroff & Co., Chartered Accountants and appointment of M/S AMD & Associates, Chartered Accountants in place of M/s H. Khaund & Co., together as Auditors of the Company is required to be made by a Special Resolution. The appointment of M/S AMD & Associates, Chartered Accountants in place of M/s H. Khaund & Co is due to the sudden sad demise of Mr. H. Khaund on 21<sup>st</sup> June, 2012. 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.

### Item No. 5:

Shri. Rohit P. Doshi was appointed as an Additional Director on the Board at the meeting of the Board of Directors held on 04<sup>th</sup> August, 2011. He hold office as director upto the date of the ensuing Annual General Meeting. The Company has received a notice from a member alongwith the requisite deposit proposing his candidature for the appointment as Director of the Company.

Shri. Rohit P. Doshi, aged 57, holds a bachelors degree in commerce from Mumbai University. He has studied Chartered Accountancy and has been practicing as an independent finance consultant for more than 30 years. He is also a Director on the Board of Paramount Printpackaging Limited, Trim Plastics Limited and Akhilesh Mercantile Private Limited. Therefore your Directors recommend appointment of Shri. Rohit P. Doshi as Director of the Company.

None of the Directors of the Company is in any way concerned or interested in this resolution except Shri. Rohit P. Doshi to the extent of his appointment.

### Item No. 6:

Shri. Samir Kumar Saha has been re-appointed as Whole time cum Finance Director for a period of 3 years with effect from 01<sup>st</sup> July, 2012 by the Board of Directors at their meeting held on 28<sup>th</sup> June, 2012.

Shri. Samir Kumar Saha, a Chartered Accountant and Law Graduate possessing 36 years experience in the field of accounts, banking and finance. The remuneration which is proposed is within the limits prescribed in Section 198 and 309 of the Companies Act, 1956 read with Schedule XIII of the Act. In the event of any loss or inadequacy of profits in any financial year during the aforesaid period, the above terms of remuneration and perquisites will be admissible as the minimum remuneration payable to Shri. Samir Kumar Saha, subject to compliance with the provisions of Schedule XIII of the Companies Act, 1956.

None of the Directors of the Company is in any way concerned or interested in this resolution except Shri. Samir Kumar Saha to the extent of his re- appointment.

### Item No. 7:

In terms of the provisions of Section 81, 81(1A) and other applicable provisions of the Companies Act, 1956 read with the Listing Agreement entered into by the Company and taking into consideration all the applicable provisions for making the offer, issue and allotment of equity/preference shares and/or Foreign Currency Convertible Bonds (FCCBs) and/or Fully/Partially Convertible Bonds/ Debentures/Loans and/or Depository Shares/Receipts and/or any other instruments/securities in the nature of Shares/ Debentures/Bonds and/or warrants through Public Issue(s), Private Placement(s), Qualified Institutional Placement(QIP), Private Equity Fund or a combination thereof offer a special resolution to be passed. The Company proposes to increase its capital base as long term financial resources for the Company to the selective groups of the promoters, directors, their relatives and associates and any other person/ public, whether they are the existing members of the Company or not.

In view of the requirement of section 81(1A) of the Companies Act, 1956 and the above said rules made hereunder, the Company has to seek approval of members at the General Meeting by way of Special Resolution which will be valid for a period of 12 months from the date of passing thereof.

Your Directors recommend passing of this resolution. None of the Directors of the company is in any way concerned or interested in this resolution except as shareholders of the company.

**By order of the Board of Directors**

Place : Guwahati  
Date : 01<sup>st</sup> September, 2012

**Melvita Almeida**  
Company Secretary

# Prag Bosimi Synthetics Limited

## DIRECTORS' REPORT

To,

The Members,

**Prag Bosimi Synthetics Limited (PBSL).**

Your Directors have pleasure in presenting the 21<sup>st</sup> Annual Report together with audited accounts of the Company for the 18 months period ended on 31<sup>st</sup> March, 2012.

### FINANCIAL RESULTS:

The financial results of your Company for the period under review are summarized below:

Particulars	(Rupees in Crores)	
	18 months ended 31 <sup>st</sup> March, 2012	12 months ended 30 <sup>th</sup> September, 2010
Gross Turnover	0.09	0.00
Turnover net of Excise duty	0.09	0.00
Profit / (Loss) before Depreciation, Interest and Taxation	(6.53)	(13.30)
(Add)/Less: Interest	(13.73)	(1.00)
(Add)/Less: Depreciation	(3.53)	(13.42)
(Add)/Less: Write back Depreciation	11.65	0.00
Profit (Loss) for the period	(12.14)	(27.72)
Add/ (Less) Loss Brought forward from the Previous period/year	(97.48)	(69.76)
Total Loss carried forward to next period/year	(109.62)	(97.48)

### COURSE OF BUSINESS AND PERFORMANCE:

Your Company has gone into production from the month February, 2012 which had been in standstill due to various unavoidable reasons from a long period of time. Your Company has also started producing various value added yarn like Draw Texturised Yarn (DTY) and Dope Dyed Partially Oriented Yarn (POY) with different denier and filaments. Also the manufacturing of Micro POY is in process to add further comfort and softer feel to the high end fabric. Apart from the above value added products, the company is in the process of making Texturised Dyed Yarns through in-house dyeing facilities. Your Company's products have been well accepted in markets in India. Your Company has also started exporting its products.

Your Directors report to you that in order to start claiming the various incentives available to the Company under North East Industrial Investment Promotion Policy, 2007, your Company requires an additional investment of Rs. 18 crores approx to be made. Company has already committed an investment approximately of Rs. 16 crores and the balance of Rs. 2 crores to meet the eligibility will be invested shortly.

In last Annual Report we had informed about the formation of three wholly owned subsidiaries namely Prag Bosimi Packaging Private Limited, Prag Bosimi Texurising Private Limited and Prag Jyoti Textile Park Private Limited. Out of these three, Prag Bosimi Packaging Private Limited has already started functioning and looking for expansion and introduction of new range of products. Prag Bosimi Texurising Private Limited has not yet started commercial production. So far as Prag Jyoti Textile Park Private Limited is concerned the matter is under active consideration by the Government of India for final clearance.

### DIVIDEND:

Due to inadequate profits your directors have not recommended any dividend for the said period.

### DIRECTORS:

As per the provisions of the Companies Act, 1956 and the Articles of Association of the Company Shri. M. K. Das and Shri. N.G.Vedak, Directors of the Company would be retiring 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. 26<sup>th</sup> April, 2011 and Shri. B. P. Muktieh has resigned as the Director of the Company w.e.f 29th September, 2010. The Board takes this opportunity to place on record its appreciation of the service rendered by them as the Director of the Company during his tenure.

Shri. Rohit P. Doshi was appointed on the Board as an Additional Director with effect from 04<sup>th</sup> August, 2011. He shall hold office until the ensuing Annual General Meeting. The Company has received notice from member pursuant to Section 257 of the Companies Act, 1956 signifying their intention to propose the candidature of Shri. Rohit P. Doshi as Director of the Company.

### PUBLIC DEPOSITS:

The Company has not accepted any Public Deposits during the period under review.

### DEPRECIATION ON PLANT & MACHINERY:

The Company has been advised that its decision not to provide any depreciation on that part of its Plant because of non user of the same is not violative of any provisions of the Companies Act, 1956. Similarly, the Company has also been advised that its decision to write back depreciation on its Plant & Machinery because on non user is not violative of any provisions of the Companies Act, 1956. Accordingly, the qualification in the auditors' report on this aspect stands clarified.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors of your Company 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 in the selection of the accounting policies, consulted the Statutory Auditors and have 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 period viz., 31<sup>st</sup> March, 2012 and of the loss of the Company for the period ended on that date;

(c) the Directors have taken proper and sufficient care, to the best of their knowledge and ability, 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 annual accounts on a going concern basis.

**CORPORATE GOVERNANCE:**

Your Company affirms its commitment to Corporate Governance and is fully compliant with the conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreement with Stock Exchanges. A separate section on compliance of Corporate Governance and a Certificate from the Auditor's firm dated 01<sup>st</sup> September, 2012 in this regard is annexed hereto and forms a part of the Report.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

A detailed report on Management Discussion and Analysis is set out in a separate statement attached hereto and forming part of the report.

**PARTICULARS OF EMPLOYEES:**

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 3 wholly owned subsidiary companies; the Consolidated accounts of these Subsidiary Companies are annexed to this report along with the statement pursuant to Section 212 of the Companies Act, 1956.

**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.

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

With effect from this period 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 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. M/s. AMD & Associates, Chartered Accountants, Guwahati seek appointment as the Auditors of the Company in place of M/s H. Khaund & Co. at this Annual General Meeting and will retire at the forthcoming Annual General Meeting. The appointment of M/S AMD & Associates, Chartered Accountants in place of M/s H. Khaund & Co is due to the sudden sad demise of Mr. H. Khaund on 21<sup>st</sup> June, 2012. The Board takes this opportunity to place on record appreciation of the service rendered by Mr. H. Khaund as the Auditor of the Company during his tenure.

**INDUSTRIAL RELATIONS/ HUMAN RESOURCES:**

Your Company maintained healthy, cordial and harmonious industrial relations at all levels during the period under review. Your Company firmly believes that a dedicated workforce constitute the primary source of sustainable competitive advantage. Accordingly, human resource development continues to receive focused attention. Your Directors wish to place on record their appreciation for the dedicated and commendable services rendered by the staff and workforce of your Company.

**APPRECIATION:**

Your Directors take this opportunity to offer their sincere thanks to the Government of India, State Government of Assam, AIDC, Dena Bank, 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 who through their continued support and co-operation, have helped in your Company's progress.

By order of the Board of Directors

(Hemant B. Vyas) (S.K. Saha)

Managing Director Whole Time cum

Finance Director

Place : Guwahati

Date : 01<sup>st</sup> September, 2012



**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	510817	N.A
(b) Total Amount (Rs.)	2400839	N.A
(c) Rate/Unit (Rs.)	4.70	N.A
Own Generation:		
Through Diesel generators		
(a) No. Of Units:	5520	N.A
(b) Unit per litre of Diesel	2.52	N.A
(c) Cost/Unit (Rs.)	16.8	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 (Rs.)	N.A	N.A
Average Rate (Rs)	N.A	N.A
4. Steam:		
Quantity in Tons:	N.A	N.A
Total Cost: (Rs.)	N.A	N.A
Rate per Ton (Rs)	N.A	N.A
Consumption per unit of production		
Electricity per K.G. Yarn in No of Units	1.50	N.A
Furnace Oil (Liter)	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	Current Period	Previous Period
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**

	<b>(Hemant B. Vyas)</b>	<b>(S.K. Saha)</b>
Place : Guwahati	Managing Director	Whole Time cum
Date : 01 <sup>st</sup> September, 2012		Finance Director

## Management Discussion and Analysis

### Economic Overview

#### Global Economy

The period 2010-2012 witnessed near-stagnant growth in developed and emerging economies. The growth rate of advanced economies is expected to be 1.9% and that of emerging and developing economies around 6.1% in this period. The US is witnessing the first hint of growth after prolonged stagnation and euro-zone economies expect a near-term revival. The inflation worries are less acute and central banks are safeguarding their economies against a momentum slowdown.

#### Indian Economy

At the beginning of 2010, the Indian economy commenced its journey with considerable confidence and a stable currency. However, as the period progressed, an unfortunate combination of high inflation fuelled by spiralling commodity-fuel prices, declining industrial output, high interest rates, weakening rupee and policy gridlock choked the growth momentum. However, the long-term prospects of the country continue to be optimistic. The fundamentals are strong in the medium-term, driven by positive growth prospect with increasing consumer spending.

#### Indian Textile Industry

Indian textiles and apparel sector has an overwhelming presence in the economic life of the country. It plays a pivotal role in contribution to industrial output, export earnings and employment generation. One of India's leading sectors, the textile industry contributes 4% to the country GDP, provides direct employment to 35 million people, accounts for 14% of the industrial production, 12% of the total exports and 17% of exports earnings. The emergence of strong modern trade and rapidly growing demand for the product is expected to help upgradation of the market and also aid growth of organized sector players.

#### 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. Polyester Staple Fibre (PSF) and Partially Oriented Yarn (POY) demand is expected to grow at 7.5 % compounded average growth Rate (CAGR) over next 2 years, due to rising consumption of blended and noncotton yarns. Demand is expected to grow to 8.5 % CAGR after 2012-13 due to limited availability

of cotton and higher substitution by polyester.

#### Opportunities

The opportunity for Polyester yarn is driven by its low prices as compared to cotton and other substitutes fibres, natural or manmade. With continuously rising demand for textile products in general, both in apparel and non-apparel or technical textile segments, demand for Polyester yarn is expected to grow steadily over a long term.

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. Being located in North East, PBSL enjoys various incentives given to the industries under North East Industrial Policy. This would help your company to achieve higher capacity utilization and contain manufacturing costs.

India is a growing economy with rising income of urban and rural population, fast changes in fashion design, growing exports of textile & garments and good growth in automobile industry will provide good demand for Polyester POY.

As you are aware that your company has restarted its production, Company has recruited adequate manpower, Company has paid substantial part of its old dues and there has been crucial replacement of its machineries besides making new investment. Now the Company will be in a position to fully explore the opportunities available to it.

#### Challenges, Risk and Concerns

- Volatile and high raw materials prices due to middle-east crisis and high crude oil prices may affect profit margins.
- The high furnace oil and gas prices are resulting in high energy cost and consequently pressure on profit margins.
- Lack of modernization in the weaving sector and shortage of skilled weavers are major restraining factors to the growth of textile industry.

The Consumer demand could get impacted due to severe inflationary pressure as our products is an intermediary product and forms part of other segments of industry, the dependency level of our Company is considerable on such other segments. However if the cotton prices were to remain at an unattractively low level, close to Polyester Yarn prices, the industry would face severe cost pressure thereby eroding the margin significantly. The effect of government policies like duties on Polyester yarn may cause an effect on the demand of the product. Also the