



PRAG BOSIMI SYNTHETICS LIMITED

22nd Annual Report

2012 - 2013

Prag Bosimi Synthetics Limited

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

COMPANY SECRETARY

Mrs Melvita Almeida

AUDITORS

M/s Bharat Shroff & Co.
Chartered Accountants
Mumbai

M/s AMD & Associates
Chartered Accountants
Guwahati

BANKERS

Dena Bank
IndusInd Bank
IDBI 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 22nd Annual General Meeting of Prag Bosimi Synthetics Limited will be held at 04:30 p.m. on Thursday, 09th January, 2014 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 30th September, 2013 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 appoint Auditors and authorize the Board to fix their remuneration.

By order of the Board of Directors

Place: Guwahati
Date: 09th December, 2013

Hemant B. Vyas
Managing Director

S.K.Saha
Whole Time Cum Finance Director

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 Register of Members and the Share Transfer Books of the Company will be closed from 2nd January, 2014 to 9th January, 2014 (both days inclusive).
4. 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.
5. 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.
6. 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.

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7. 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.
8. Members/ Proxies attending the meeting are requested to bring their Attendance Slip, sent herewith, duly filled in.
9. As we had informed to our shareholders in the 21st 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. Members who hold shares in physical form are requested to register their e-mail addresses by sending an e-mail at bosimigogreen@sharexindia.com.

- I. Details of Directors seeking appointment or reappointment in the Annual General Meeting fixed on Thursday, 9th January, 2014. **(In pursuance to Clause 49 to the Listing Agreement)**

Name of the Director	Shri. Girindra Mohan Das	Shri. Devang H. Vyas
Date of Birth	1st January, 1947	12th May, 1969
Date of appointment	20th November, 2004	3rd 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	3
Chairman or members of the Committee of the Board of Directors of other Companies*	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.

By order of the Board of Directors

Place: Guwahati
Date: 09th December, 2013

Hemant B. Vyas
Managing Director

S.K.Saha
Whole Time Cum Finance Director

DIRECTORS' REPORT

To,
The Members,

Prag Bosimi Synthetics Limited (PBSL).

Your Directors have pleasure in presenting the 22nd Annual Report together with audited accounts of the Company for the 18 months period ended on 30th September, 2013.

FINANCIAL RESULTS:

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

Particulars	(Rupees in Crores)	
	18 months ended 30 th September, 2013	18 months ended 31 st March, 2012
Gross Turnover	99.75	0.09
Turnover net of Excise duty	99.75	0.09
Profit / (Loss) before Depreciation, Interest and Taxation	(0.02)	(6.48)
(Add)/Less: Interest	(18.76)	(13.73)
(Add)/Less: Depreciation	(7.94)	(3.53)
(Add)/Less: Write back Depreciation	Nil	11.65
Profit (Loss) for the period	(26.72)	(12.09)
Add/ (Less) Loss Brought forward from the Previous period/year	(109.57)	(97.48)
Total Loss carried forward to next period/year	(136.29)	(109.57)

COURSE OF BUSINESS AND OUTLOOK:

During the current period your company has installed one more texturising machine which will add value to the final product. Further, your company has also made capital commitments towards installation of new spinning line which will increase the capacity by approximately 6000 MT p.a. The installation work is in progress and it is expected that the installation will be completed this year.

Further, we would like to inform you that during the current period Assam State Electricity Board (ASEB) had raised some bills for the period when the company was not in operation. The Company has disputed this claim of ASEB and has represented to ASEB to waive such erroneous claim. However, ASEB has arbitrarily, without giving us an opportunity of being heard, disconnected the power supply. As such, the company has suspended its operations.

However, your company has taken up the issue with Assam Industrial Development Corporation (AIDC), our Joint Sector Partner & with Assam Government. We hope that the matter will be resolved shortly and plant will resume production.

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. Girindra Mohan Das and Shri Devang H. Vyas, 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.

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. Accordingly, the Company has charged depreciation on that part which was put to use during the period.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- in the preparation of statement of accounts, the applicable accounting standards have been followed and that there are no material departures;
- 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., 30th September, 2013 and of the loss of the Company for the period ended on that date;
- the Directors have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in

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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 9th December, 2013 in this regard is annexed hereto and forms a part of the Report.

MANAGEMENT DISCUSSION AND ANALYSIS:

The Management's Discussion and Analysis Report, as required under Corporate Governance, is forming a part of this report and gives a reflection of the current state of business. It also deals with opportunities, challenges and the outlook of the Company.

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; and M/s. A M D & Associates, Chartered Accountants, Guwahati Auditors of the Company will retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment seek appointment as the Auditors of the Company.

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

Place: Guwahati
Date: 09th December, 2013

Hemant B. Vyas
Managing Director

S.K.Saha
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	3334973	510817
(b) Total Amount (₹)	19342843	2400839
(c) Rate/Unit (₹)	5.8	4.70
Own Generation:		
Through Diesel generators		
(a) No. Of Units:	53928	5520
(b) Unit per litre of Diesel	2.52	2.52
(c) Cost/Unit (₹)	20.51	16.8
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	2.5	1.50
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	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

Place : Guwahati	Hemant B. Vyas	S.K. Saha
Date : 9th December, 2013	Managing Director	Whole Time cum Finance Director

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Management Discussion and Analysis

DISCLAIMER STATEMENT

Certain statements in this report on Management Discussion and Analysis may be forward looking statements and have been issued in terms of the applicable laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however differ materially from those expressed in the statements or implied due to the influence of external and internal factors, which are beyond the control of the Company. The Company assumes no responsibility in respect of forward-looking statements, which may be amended or modified in future on the basis of subsequent developments, information or events.

INDUSTRY OUTLOOK

The Company produces Polyester POY which comes under the category of Man-made Fibre. Globally, Man Made Fibre (MMF) is the most dominantly consumed textile fibre with a share of about 65 per cent. The per capita MMF consumption in India is estimated at 1.7 kg per annum in FY13 against the global average of 10 kg per annum. Weavers and textile processors are looking forward to an increase in consumption of MMF in the domestic market at a compounded annual growth rate of 5.2 per cent till 2015-16.

A recent industry research report says that factors like rise in disposable income, growing consumer class, rising urbanization, increasing retail penetration and limited supply of cotton is set to increase the share of MMFs like polyester and viscose in the market in the next four years.

The long term growth and development of this industry is fairly secured because of low base per capita consumption of textile fabric in India as compared to developed countries. In a growing economy with high population, it gets additional support.

THREATS

Raw material prices and availability play a crucial role in the MMF industry. However, the cost of raw material in the overall cost structure varies across fibres. The key raw

materials used are Purified Terephthalic Acid (PTA), Mono - Ethylene Glycol (MEG). It accounts for about 80% to 85% of the total manufacturing cost. The prices of these products are affected by the crude oil prices and move in tandem with the global prices.

In the short term, volatility in crude oil prices may impact the growth of the industry.

Substantial import duty concessions, under FTAs signed by the Government of India with ASEAN member countries has become the bane of the industry and emerged as a major threat for the Synthetic Fibre Industry.

OPPORTUNITIES

- i. Rapid urbanization, rising working population, an increase in disposable incomes and increasing affordability vehicles are driving demand in downstream industry
- ii. Emerging non-apparel application of fibre
- iii. Price competitiveness of PFY vis-à-vis cotton yarns
- iv. Per capita consumption of Polyester in India is exceedingly low by world standards so there is a great scope for local demand.
- v. Rural market will play important role in the economy which offers a major opportunity growth in the Polyester industry.
- vi. Substantial gap in Demand & Supply
- vii. Fast changes in fashion design, growing exports of textiles

Internal Control Systems and Their Adequacy

Internal Control Systems and Procedures in the Company are commensurate with nature and size of its business and are regularly reviewed and updated by incorporating changes in regulatory provisions to ensure that not only the assets of the Company are safeguarded and protected against any loss, but all the transactions are properly accounted and that they meet the test of legal compliance.

REPORT ON CORPORATE GOVERNANCE:

The detailed report on Corporate Governance as per Clause 49 of the Listing Agreement is set out as below:

Company's Philosophy on Corporate Governance:

Corporate Governance is an integral part of PBSL's value system, management ethics and business practices. PBSL is committed to creating long term value for all its shareholders, employees, customers, associates and the wider community. The Company is committed to and continues to practice good Corporate Governance. The Corporate Governance Code incorporates several practices aimed at a level of business ethics, effective supervision and enhancement of value for all stakeholders. PBSL conforms to all regulatory and legal requirements. The basic philosophy behind and endeavor towards better corporate governance is to enrich the value of stake holders by achieving business excellence.

The company has complied with all the requirements of Corporate Governance as prescribed in clause 49 of the Listing agreement.

Board of Directors:**(a) Composition of the Board**

As on September 30, 2013 the Company's Board comprises of 8 directors. The Board has two Executive Directors, of which the Managing Director is the Promoter Director. In addition, the Board has six Non-Executive Directors, consisting of five Independent Directors out of which three are Nominees of various financial institutions. The details of the Directors during the period ended September 30, 2013 are given below:

Sr. No.	Name of Director	Category	Board meetings attended during the period	Whether attended last AGM	Directorships field in other Public companies incorporated in India.*
1	Shri. H.K. Sharma	Chairman, Nominee of AIDC, Non Executive, Independent Director	1	No	3
2	Shri. Hemant B. Vyas	Managing Director, Promoter Director	10	No	3
3	Shri. Devang H. Vyas**	Non Executive Director	9	No	3
4	Shri. Samir Kumar Saha	Whole time cum Finance Director	10	Yes	1
5	Shri. M. K. Das	Nominee of AIDC, Non Executive, Independent Director	1	Yes	0
6	Shri. G.M. Das	Nominee of Assam State Electricity Board, Non Executive, Independent Director	1	Yes	0
7	Shri. N. G. Vedak	Non- Executive and Independent Director	9	No	0
8	Shri. Rohit P. Doshi	Non- Executive and Independent Director	9	No	1

* The number of directorship excluded directorship of private companies, foreign companies, Companies incorporated under Section 25 of the Companies Act, 1956 and alternate directorship.

Note:

**Shri. Hemant B. Vyas and Shri. Devang H. Vyas are related to each other, no other Director is related to each other.

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(b) Number of Board Meetings

The Corporate Governance policy requires the Board to meet at least 4 times in a year with a maximum gap of 120 days between any two meetings. The Board of Directors met 10 times during the period under review. The details of Board Meetings held during the period are as under:

Sr No.	Date of Board Meeting	Board Strength	No. of Directors present
1	15th May, 2012	8	5
2	30th May, 2012	8	5
3	28th June, 2012	8	5
4	14th August, 2012	8	5
5	1st September, 2012	8	5
6	12th November, 2012	8	5
7	14th February, 2013	8	5
8	15th April, 2013	8	5
9	15th May, 2013	8	5
10	14th August, 2013	8	5

Board's Process

It has always been the Company's policy and practice that apart from matters requiring the Board's approval by statute, all major decisions including quarterly results of the Company as a whole and debt restructuring, capital expenditure, collaborations, material investment proposals, sale and acquisition of assets of material nature, mortgages, guarantees and donations are placed before the Board. This is in addition to information with regard to actual operations, major litigation feedback reports and minutes of Committee Meetings.

The Board of PBSL is regularly presented with all information under the above heads, whenever/ wherever applicable. These are submitted either as part of the agenda papers in advance of the Board meetings or are tabled in the course of the Board meetings.

(c) Code of conduct

The Company has adopted Code of Conduct for all the Directors and Senior Management of the Company. All the Directors and the Senior Management have

affirmed compliance with respective code of conduct. The Code of conduct for Directors and Senior management personnel are posted on the Company's website.

Committees of the Board:

The Board of Directors has constituted three permanent committees of the Board - the Audit Committee, the Share Transfer Committee and the Shareholders/Investors Grievance Committee. The Board also constituted Remuneration Committee as and when required when any matter relating to the remuneration of any Personnel has arisen. The functions of various committees their mode of operation and membership details is given below.

(a) Audit Committee

The Board of Directors has constituted an Audit Committee of Directors to exercise powers and discharge functions as stipulated in section 292A of the Companies Act, 1956, Clause 49 of the Listing Agreements with Stock Exchanges and other relevant statutory / regulatory provisions. The Committee, in addition to other business reviews the quarterly (unaudited) financial results, annual accounts and cost audit reports before submitting to the Board of Directors. The existing Audit Committee consists of the following Directors:

1. Shri. M. K. Das
2. Shri. Girindra. M. Das
3. Shri. N. G. Vedak
4. Shri. Rohit P. Doshi

Shri S.K. Saha, Whole time cum Finance Director is a permanent invitee to Audit Committee meetings.

The Audit Committee of the Company, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures: -

- a) Efficiency and effectiveness of operations.
- b) Safeguarding of assets and adequacy of provisions for all liabilities,
- c) Reliability of all financial and other management information and adequacy of disclosures
- d) Compliance with all relevant statutes.

The Committee has powers similar to those stated in the listing agreements and exercises most of the functions in line with the requirements of the code of