



THE PRAG BOSIMI SYNTHETICS LIMITED

18th Annual Report

2006 - 2008

BOARD OF DIRECTORS

Shri Niraj Verma, IAS
Chairman
(upto 16.07.2007)

Shri H.K.Sharma, IAS
Chairman
(w.e.f. 16.07.2007)

Shri Hemant B.Vyas
Managing Director

Shri Devang H.Vyas
Executive Director
(upto 31.01.2008)
Director
(w.e.f. 01.02.2008)

Shri Samir Kumar Saha
Director, Finance

Shri B.H.Bachkaniwala

Shri Pritipal Singh
Nominee, IDBI
(Upto 15-09-2008)

Shri B.P.Muktieh
Nominee, IDBI
(w.e.f. 15.09.2008)

Shri M.K.Datta
Nominee, LIC
(upto 02.09.2008)

Shri Deepak Ghosh
Nominee, IFCI
(upto 09.07.2007)

Shri A.K.Choudhary
Nominee, IFCI
(w.e.f. 09.07.2007)

Dr. M.K.Sinha

Shri M.K.Das

Shri Girindra Mohan Das

BANKERS

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

AUDITORS

H.Khaund & Co.
Chartered Accountants
Guwahati.

REGISTERED OFFICE

House No.4,
Nilgiri Path,
R.G.Barua Road,
Near Doordarshan,
Guwahati 781 005 Assam.

PLANT

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

HEAD OFFICE

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

**REGISTRARS & SHARE
TRANSFER AGENTS**

Sharex Dynamic (India) Private Limited
17/B Dena Bank Building,
2nd Floor, Horniman Circle,
Fort, Mumbai 400001.

NOTICE

Notice is hereby given that the 18th Annual General Meeting of The Prag Bosimi Synthetics Limited will be held at 5.00 p.m. on Tuesday the 15th day of September 2009 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 & Loss Account for the eighteen months period ended 31st March 2008 and Balance Sheet as at that date and the Report of Directors and Auditors thereon.
- (2) To appoint a Director in place of Shri Devang H. Vyas who retires by rotation and being eligible offers himself for re-appointment.
- (3) To appoint a Director in place of Shri Girindra M. Das 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, 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."

By Order of the Board,

Place : Guwahati
Date: 19.08.2009

Hemant B.Vyas
Managing Director

Notes:

1. The Register of Members and share transfer books of the Company will remain closed from 5th September 2009 to 15th September 2009 (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/HERSELF 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 TIME APPOINTED FOR MEETING.
3. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to Item No. 4 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 19th AUGUST 2009.

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 the aforesaid companies and institutions in the Company exceed 25 % 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(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.

Details of the Directors seeking appointment/reappointment at the Annual General Meeting to be held on 15th September 2009.

Name of the Director	Shri Devang H.Vyas	Shri Girindra Mohan Das
Date of Birth	12.05.1969	01.01.1947
Date of Appointment	03.07.2000	20.11.2004
Expertise in specific functional area	Management, Administration and Finance	Engineering
Qualification	Chemical Engineer, MBA Finance	B.E. Electrical
Experience in No. of Years	17	41
List of outside directorship held	1. Rhea Utilities & Facilities Management Pvt. Ltd. 2. Akhilles Mercantile Pvt. Ltd. 3. Devsai Investment & Finance Pvt. Ltd. 4. Dev Amrit Investment & Finance Pvt. Ltd. 5. Bosimi Export (India) Ltd.	Nil
Chairman/ Member of the committee of the Board of Directors of the Company	Nil	Nil
Chairman/Member of the Committee of Directors of other Companies.	Nil	Nil

DIRECTOR'S REPORT 2006-08

Your Directors hereby present their Eighteenth Annual Report together with Audited Statement of Accounts of your Company for the 18-months period ended on 31st March 2008. The performance of the Company is summarized below:

	18 months ended 31st March 2008	(Rupees in Crores) 18 months ended 30th September 2006
Gross Turnover	0.06	74.44
Turnover net of Excise duty	0.04	65.46
Profit (Loss) before Depreciation, Interest and Taxation	(16.84)	(23.85)
(Add)/Less: Interest	(8.80)	(7.99)
(Add)/Less: Depreciation	(5.47)	(5.49)
Profit/(Loss) after Depreciation, Interest and Taxation	(31.11)	(37.33)
Add/(Less) Expenses of prior years	(1.25)	(0.88)
(Loss) for the period	(32.36)	(38.21)
Add (Less) Loss Brought forward from the Previous year	(78.83)	(40.62)
Total Loss carried forward to next year	(111.19)	(78.83)

Your Directors regrettably report that since September 2006 when we presented the report for the year 2005-2006, the Company has been unable to restart the production as your Company has unpaid liability both principal and interest. As per RBI Guidelines our account has been treated as Non performing asset by the Financial Institutions/Banks. The petroleum prices continue to remain high during the year under review, which has adversely affected the viability of the Company. Non-availability of adequate working capital, reduction in Excise duty as announced in the Union Budget 2005-2006, 2006-2007 has aggravated the Company's problems.

The Company has in order to arrest the losses convinced the Senior Officers of the Company to take pay cut and also permitted the employees to function from home. Employees who wanted to resign from the services of the Company on their own have been allowed to resign from the services of the Company. However, the resigning employees have committed to rejoin the Company as and when the company restarts the production. The Company at present is running with skeleton staff strength. The Managing Director and Finance Director have also voluntarily consented to reduce their salaries in order to reduce the financial burden on the Company. They have not been paid even the reduced salaries. The Company has accepted the resignation of the Executive Director. However, the Executive Director continues to be a Member of the Board. This will entail saving to the extent of

salary payment to the Executive Director.

Members are aware that the Company has CDR approval for restructuring its Debts. The details of the restructuring have already been reported in the last Balance sheet. The restructuring package approved earlier could not be adhered to due to reduction in the Excise duty announced in the Union Budget as mentioned earlier. The Company's profitability/repayment capacity to the Financial Institutions and Banks was adversely affected as a result of such reduction in Excise duty. After a series of meeting, the Lenders have agreed that the Company should consent to a One Time Settlement (OTS). Accordingly the Company has submitted OTS proposal, which is given below:

25% of principal amount outstanding to be paid upfront for all financial institutions	Balance 75% principal and total accrued interest to be waived fully
20% of the amount outstanding as on 31.12.05 to be paid upfront for all working capital bankers	Balance 80% to be waived

The Company simultaneously was looking for a Strategic Investor/Lender who could finance the required amount for OTS. Accordingly the company signed a MOU with WL Ross Inc., one of the biggest investor from USA for financing the OTS amount and also substantial expansion of the Company so that the Company can become viable without any fiscal incentive.

Based on the MOU, WL Ross had undertaken due diligence of our plant and they had incurred a cost of Rs. 1.45 Crores from their own resources. Unfortunately when the deal was to be finalized, sub prime crisis in U.S.A. came to surface and unfortunately the deal failed. However, the Management did not lose heart and continuously pursued its efforts and was able to locate Standard Chartered Bank to come forward to revive the Company. Now Standard Chartered Bank Alternate Investment Group has committed to provide the need based funds for payment of OTS and also for expenses for restarting the plant. Standard Chartered Bank at the initial stage does not want to take large exposure in the Company. Accordingly they have suggested modification of the OTS proposal already submitted to the Banks/Institutions. Both the OTS proposals submitted earlier and modified one are given below.

Earlier Proposal

25% of principal outstanding to be paid upfront for all financial institutions.

Balance 75% principal and total accrued interest to be waived fully.

Modified Proposal

25% of the earlier settled amount i.e. 6.25% immediate upfront payment.

Balance 18.75% of earlier settled amount to be paid by way of optionally convertible debentures payable after 24 months.

Balance 75% principal and total accrued interest to be waived fully.

Earlier Proposal

20% of principal amount outstanding as on 31.12.05 to be

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paid upfront for all working capital bankers.

Balance 80% principal and total accrued interest to be waived fully.

Modified Proposal

25% of the earlier settled amount i.e. 5% immediate upfront payment.

Balance 15% of earlier settlement amount to be paid by way of optionally convertible debentures payable after 24 months.

Balance 80% principal and total accrued interest to be waived fully.

After the matter was approved in principle by the lenders, the same was taken to CDR and CDR Forum also approved the proposal and gave direction to all lenders to expedite implementation of the modified proposal. We are pleased to inform the latest status of approval of our modified proposal with various Financial institutions/Banks as under:

Name of Lender	Status of Modified Sanction Letter
IDBI	Received on 25.11.2008
IFCI	Received on 17.02.2009
SCB	Received on 23.04.2009
LIC	Received on 28.07.2009
UIC	Received on 15.07.2009
OIC	Received on 22.05.2009
NIC	Received on 20.03.2009
Allahabad Bank	Received on 08.01.2009
UCO Bank	Received on 31.03.2009
NEDFI	Received on 30.09.2008
SBI	Under sanction
CBI	Under sanction
BOB	Under sanction
NAIC	Under sanction
UTI	Under sanction
GIC	Under sanction

Once the total sanction is received, we will have to take up with Standard Chartered Bank who will be making the payment directly to existing lenders, get the first charge released, create first charge in their favour and restart the plant. The Company has already initiated discussions with few bankers and some have confirmed that once the OTS payment is completed, they will provide the necessary working capital to the Company. Now we have received sanctions of more than 80% lenders and we do not see any difficulty in getting balance sanctions. The management hopes that it will be in a position to restart the plant within a reasonable time period.

In the meantime, management is also pursuing with various other lenders who are looking into Company's requirement of funds vis-à-vis security available. Company has completed valuation of its assets through M/s. R. B. Shah Associates, who are approved valuer with major Indian/Foreign Banks, Financial Institutions and other Government Agencies. The Company also engaged M/s. Textile Intelligence to undertake the market viability report. Both these reports are encouraging. On completion of OTS process and recommissioning of the plant, the Company can start generating reasonable profits within a short span of time.

The Company in the meantime is also requesting extended co-operation and help from Government of Assam for allowing re-connection of 132 KV power supply to the plant. Company

has also approached Government of Assam, Hon'ble Industries Minister for grant of various concessions such as Sales Tax, CST, Entry Tax, VAT etc., as this is one of the pre-conditions of the new proposed investor. We are hopeful that Government of Assam will continue to support us in this matter in order to enable the Company to restart the plant with fresh infusion of funds.

We are glad to inform the shareholders that in general the Polyester industry in the Country is doing very well. The raw material prices have come down to almost 2004 levels and finished product prices have gone up since the Government has imposed anti dumping duty on imported goods. Due to anti dumping measures initiated by Government of India, it will not be viable to import polyester yarn into the Country thereby pushing up demand for indigenous goods. All the existing units have either expanded their capacities or in the process of expansion. Now with SAFTA in place, Company has one more benefit while selling goods to neighbouring countries. Company also intends to install additional machineries for value added goods, which will enhance the financial viability of the Company. Company's product POY needs to be texturised and there are no texturising units in North East, Bihar, Bengal and Orissa and at the moment POY is sold in western part of the Country which results in huge transportation costs. Hence Company has decided to put up texturising machines to convert the in-house POY into texturised yarn and sell it, which will help Company realize higher value and also enable the Company to sell the product as texturised yarn to nearby consuming markets entailing huge transportation savings to the Company since the Company will not have to go to western part of the country to sell its products. This will improve the profitability of the Company. We only hope the OTS proposal of the Company gets cleared as soon as possible.

We are happy to report that the Company has decided to have Textile Park at the Company's site and therefore approached Assam Industrial Development Corporation (AIDC) for necessary approval. The Company has received approval for setting up a Textile Park. In order to take this forward a Special Purpose Vehicle (SPV) has to be floated jointly by the Company and other stake holders as per the Integrated Textile Park Scheme. The funds required for the purpose of Textile Park to the extent of 90% will be provided by the Central Government as grant under its Integrated Textile Park Scheme. Your Company's contribution of balance 10% will be provided in the form of land. This Textile Park will contribute to the profitability of the Company.

AUDITORS' REPORT

Your directors give full explanations for various qualifications set out in Auditors' Report in Annexure A, Which follows the said Report.

CAPITALIZATION OF PROJECT COST

Auditors of the Company in their Audit Report on the accounts for the period ended 31st March 2008 have inter alia commented upon continued non provision of depreciation on certain plant and machinery and on non-capitalization of interest on loans and related preoperative expenses.

In this connection, the Company has been advised that such continued 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

provisions of section 205 of the Companies Act, 1956 since the Company has not proposed declaration or payment of any dividend to its shareholders.

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 installments, including One Time Settlement of all its dues, the quantum of such interest and resultant final loan liability continues to be unascertainable justifying its non provision in these accounts.

Similarly, the Company is also advised that capitalization of pre-operative Capital Work-in-Progress amount should also wait till full stabilization of its plants and amicable resolutions of its negotiations with the lending institutions and crystallization of final amount of interest and principal payable to them. Subject to above, otherwise the other Audit qualifications are self explanatory.

As stated in the earlier part of this report, the Company has almost succeeded in obtaining substantial relief, contingent upon Company's compliance of certain conditions, in respect of part waiver of principal as well as reduction in rate of interest from various agencies consequent upon the deliberations before CDR Forum for One Time Settlement, full effect of which the Company is advised to give in its accounts for the subsequent period beginning with 1st April 2008.

On the same consideration the Company has not carried out any exercise to ascertain whether there has been any impairment of assets as required by accounting standard AS (28).

DIRECTORS

LIC has withdrawn the nomination of Shri M.K.Datta as Nominee Director of the Company. The Board has placed on record the appreciation of invaluable services rendered to the Company by Shri M.K.Datta during his tenure.

In accordance with the Articles of Association of your Company, Shri.Devang Vyas & Shri. Girindra Mohan Das retire by rotation but being eligible offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors hereby confirm that:

- In the preparation of statement of accounts, the applicable accounting standards have been followed, unless otherwise stated.
- 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 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.
- 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, Standard Chartered Bank, Ifci Ltd, LIC, UTI, GIC and its subsidiaries, SBI, NEDFi, Allahabad Bank, Bank of Baroda, Central Bank of India, Uco Bank, Indusind Bank, North East Frontier Railways and our valued investors for their unstinted support and assistance and look forward to their continuing support and encouragement in enabling Company to realise its 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.

On behalf of the Board

Guwahati
Date : 19th August 2009

Hemant B. Vyas
Managing Director

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ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE-'A'

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.	11055197
(b) Total Amount (Rs.)	N.A.	44791303
(c) Rate/Unit (Rs.)	N.A.	4.05
Own Generation: Through Diesel generators		
(a) No. Of Units:	N.A.	117962
(b) Unit per litre of Diesel	N.A.	2.83
(c) Cost/Unit (Rs.)	N.A.	7.13
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.	2021.349
Total Amount (Rs.)	N.A.	40139362
Average Rate (Rs)	N.A.	19857.71
4. Steam:		
Quantity in Tons:	N.A.	20213.49
Total Cost: (Rs.)	N.A.	40139342
Rate per Ton (Rs.)	N.A.	1985.77
Consumption per unit of production		
Electricity per kg. Yarn in No. of Units	N.A.	1.60
Furnace Oil (Litre)	N.A.	0.29
Coal	N.A.	N.A.
Steam in K.G. per K.G of Yarn	N.A.	2.89

B. FOREIGN EARNINGS/OUTGO:

Particulars	Current Period (Rupees)	Previous Period (Rupees)
Foreign Exchange Earnings	Nil	Nil
Foreign exchange Outgo		
Capital Goods	Nil	Nil
Stores, spares and consumable	Nil	4588288
Others	71201	197977

For and on behalf of the Board

Guwahati
Date :19th August 2009

Hemant B. Vyas
Managing Director

ANNEXURE "B" TO DIRECTORS' REPORT

EXPLANATIONS AND INFORMATION ON QUALIFICATIONS IN AUDITORS' REPORT

Para No. Explanations

- 4 (i) Please refer to Directors' Report para "capitalization of project cost."
- 4 (ii) The Company is in constant touch with financial institutions, and is in settlement negotiation.
- 4 (iv) Reconciliation of accounts is an on going process with the suppliers and customers.
- Annexure: The Company was not in operation, it could not pay statutory dues in time. The Company has however; cleared some amount of statutory dues and the balance will be cleared at the earliest opportunity.

For and on behalf of the Board

Guwahati

Date :19th August 2009

Hemant B. Vyas
Managing Director

MANAGEMENT DISCUSSIONS AND ANALYSIS

Your Company is operating in an Industry, which has been experiencing a massive growth for the last many years. We are hopeful that in the years to come the same trend will be maintained. The Polyester is now being used in various fields such as Automobiles, Engineering and other Industries. The location of your Company which was a matter of concern earlier has now turned out to be positive due to SAFTA being in place where a big market like Bangladesh, Burma, Nepal etc. will be opened up for the Company when it goes into production with value added products.

With the Textile Park your Company will be in a position to sell substantial product at plant site, which will obviously improve the profitability by way of reducing selling cost. The revenue generated from the Textile Park will enhance the profitability of the Company.

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 31.03.2008, the PBSL Board consists of eleven Directors, two of whom, including Managing Director are Whole-time Directors. The remaining nine Directors are Non- Executive Directors, out of nine Non Executive Directors seven are nominee Directors and two of them are independent Directors. The composition of the Board of Directors during the year ended 31st March 2008 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	0	No	12
2	Shri Niraj Verma, IAS, (a)	Chairman, Nominee of AIDC- the Promoter, Non Executive & Independent Director	0	No	16
3	Shri. Hemant B. Vyas. *	Managing Director & whole time Director- Promoter of the Company	6	No	16
4	Shri Devang H. Vyas, *	Non Executive Director	6	No	5
5	Shri Samir Kumar Saha	Whole time Director	6	Yes	2
6	Shri B. H. Bachkaniwala	Non Executive Director & Independent Director	0	No	5
7	Shri Pritipal Singh	IDBI Nominee Non Executive Director & Independent Director	3	No	-
8	Shri Deepak Ghosh	IFCI Nominee Non Executive Director & Independent Director	0	No	2
9	Shri A. K. Choudhary	IFCI Nominee, Non Executive Director and independent Director	0	No	4
10	Shri B. P. Muktieh	IDBI Bank Nominee. Non Executive Director and Independent Director	0	No	-
11	Shri. M. K. Das	Nominee-AIDC-promoter of the Company.	2	Yes	2
12	Dr. M. K. Sinha	Non Executive Director & Independent Director	3	No	2
13	Shri. M. K. Datta	LIC Nominee. Non Executive Director and Independent Director	1	No	-
14	Shri Girindra Mohan Das	Nominee- Assam State Electricity Board- Non Executive & Independent Director	0	No	-

During the year, 6 meetings of directors were held.

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 five 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 H.K.Sharma IAS was appointed as a Director on 16th July 2007 in place of Shri. Niraj Verma, IAS
- Shri A.K.Choudhary was appointed as a Director on 9th July 2007 in place of Shri. Deepak Ghosh
- Shri. B.P.Muktieh was appointed as a Director on 15th September 2008 in place of Shri. Pritipal Singh

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Directors who ceased during the year

Name of Director	Category	Board meetings attended during the period	Board meetings attended during the period	Whether attended last AGM	Directorships held in other Public companies incorporated in India.
Shri Niraj Verma (a)	AIDC Nominee, Non Executive Director & Independent Director	6	0	No	16
Shri M.K.Datta (b)	LIC Nominee Non Executive Director & Independent Director	6	1	No	-
Shri Deepak Ghosh (c)	IFCI Nominee Non Executive Director & Independent Director	6	0	No	2
Shri Pritipal Singh (d)	IDBI Nominee Non Executive Director & Independent Director	6	3	No	-

(a) AIDC withdrew the nomination w.e.f. 16.07.2007

(b) LIC withdrew the nomination w.e.f. 02.09.2008

(c) IFCI withdrew the nomination w.e.f.09.07.2007

(d) IDBI withdrew the nomination w.e.f. 15.09.2008

Board Meetings and Attendance

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 details of Board Meetings held during the year are as under -

Sr. No.	Date of Board Meeting	Board Strength	No. of Directors present
1	29th December 2006	11	4
2	27th February 2007	11	7
3	27th April 2007	11	4
4	30th July 2007	11	5
5	30th October 2007	11	4
6	29th January 2008	11	3

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, donations, information on recruitment and remuneration of senior officers of the level of Deputy General Managers and above are placed before the Board. This is in addition to information with regard to actual operations, major litigation feed back reports and minutes of Committee Meetings.

The Board of PBSL is regularly presented with all information under the above heads, whenever 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.

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 on ad hoc basis. The functions of various committees their mode of operation and membership details are given below.

A. Audit Committee

The Company has an Audit Committee of the Board comprising following Directors

1. Dr. M.K. Sinha Independent Director.
2. Shri M.K. Das Nominee of AIDC/ Independent Director.
3. Shri M.K. Datta Nominee of LIC/ Independent Director upto 02.09.2008.
4. Shri Pritipal Singh, Nominee of IDBI / Independent Director upto 15.09.2008.

Shri S.K. Saha, Director, Finance 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 Corporate

Governance. The details of the Audit Committee meeting held during the year 2006-2008 are as under: -

Audit Committee Meetings

Sr. No	Date of Audit Committee Meeting	Committee Strength.	No. of Members Present
1	27th February 2007	4	4
2	30th July 2007	4	2
3	30th October 2007	2	2
4	29th January 2008	2	-

Audit Committee Attendance

Sr. No	Directors	No. of Meetings
1	Shri M. K. Das	2
2	Shri M. K. Datta	1
3	Dr. M.K. Sinha	3
4	Shri Pritipal Singh	2

B. Share Transfer Committee

The Company has a Committee of Directors titled as "Share Transfer Committee" to look into various matters pertaining to share transfer, issue of duplicate share certificates. The members of this committee are : Shri Hemant B. Vyas,

Managing Director, Shri Devang H. Vyas, Director and Shri B.H.Bachkaniwala, Director, No transfers were pending on 31st March 2008. During the year 2006 - 2008, Share Transfer Committee held 35 meetings, which were attended by Shri Hemant B. Vyas, Managing Director and Shri Devang H.Vyas, Director.

C. Shareholders' Grievance Committee:

The Board of Directors of the Company has constituted a Shareholder/ Investors Grievance Committee, comprising of the following Directors. The Committee met on 29th December, 2006, 27th February, 2007, 27th April, 2007, 30th July, 2007, 30th October, 2007 and 29th January, 2008. Company Secretary acts as Secretary to the Committee.

Composition	Designation	No. of meetings
Shri Hemant. B.Vyas	Chairman	6
Shri Devang H.Vyas	Member	6
Dr. M.K.Sinha	Member	6

During the year under report, the Company received 103 complaints and all of them were resolved. There were no pending or unresolved complaints as on 31st March 2008.

Details of Remuneration paid/ accrued/credited to the Directors during the Financial Year Ended 31st March 2008

(Rs. in '000)

Sr.No.	Name of the Director	Salary	Perquisites & other benefits	Performance Bonus/Commission	Sitting Fee	Total
1	Shri Niraj Verma, IAS (a)	-	-	-	-	-
2	H.K. Sharma, IAS, (b)	-	-	-	-	-
3	Shri. Hemant B. Vyas, *	562500	548520.63	-	-	1111020.63
4	Shri Devang H. Vyas, * (c)	1600000	2510010.6	-	-	4110010.62
5	Shri Samir Kumar Saha	1052100	22500	-	-	1074600
6	Shri B.H. Bachkaniwala	-	-	-	-	-
7	Shri Prilipal Singh (d)	-	-	-	3000	3000
8	Shri Deepak Ghosh (e)	-	-	-	-	-
9	Shri.A.K.Choudhary (f)	-	-	-	-	-
10	Shri.B.P.Mukhtieh (g)	-	-	-	-	-
11	Shri. M.K. Das	-	-	-	-	-
12	Dr. M.K. Sinha	-	-	-	6000	6000
13	Shri M. K. Datta (h)	-	-	-	2000	2000
14	Shri Girindra Mohan Das	-	-	-	-	-

(a) Ceased to be a Director w.e.f 16th July 2007

(b) Appointed as a Director w.e.f 16th July 2007

(c) Ceased to be a Executive Director w.e.f 31st January 2008

(d) Ceased to be a Director w.e.f 15th September 2008

(e) Ceased to be a Director w.e.f 9th July 2008

(f) Appointed as a Director w.e.f. 9th July 2008

(g) Appointed as a Director w.e.f. 15th September 2008

(h) Ceased to be a Director w.e.f. 2nd September 2008

* Perquisites comprise of H.R.A, Reimbursement of medical expenses and Leave Travel Assistance.

THE PRAG BOSIMI SYNTHETICS LIMITED

Service conditions of Whole time Directors

1. At present there are two Whole time Directors employed on contract for three years from the date of appointment. Shri. Devang Vyas, Executive Director resigned w.e.f. 31st January 2008.
2. Service of Managing Director is terminable by 6 months' notice on either side or salary in lieu thereof.
3. Service of Director, Finance is terminable by 3 months' notice on either side or salary in lieu thereof..

Means of Communication

Annual Reports are sent to shareholders in the time prescribed under the Companies Act 1956. The quarterly results of the Company are published in English/ Regional News Papers as per the listing agreements with the Stock Exchanges. The interested members are supplied requested information promptly. The Unaudited quarterly financial results, shareholding pattern and Annual Report are placed on the web site www.sebi.gov.in in pursuant to the direction given by SEBI.

Details of last three Annual General Meetings: -

Year	Location	Date	Time
2005-2006	Hotel Landmark, Dr.R.B.Barooah Road, Ulubari, Guwahati 781 007	30th March, 2007	4.00p.m.
2003-2005	Hotel Brahmaputra Ashoka, Uzan Bazar.M.G Road, Guwahati 781 003	28th September, 2005	4.00p.m.
2002-2003	Hotel Brahmaputra Ashoka, Uzan Bazar.M.G Road, Guwahati 781 003	29th March, 2004	4.00 p.m.

Disclosures

- There has been no non-compliance penalties/strictures imposed on the Company by stock exchange (s) or SEBI, on any matter related to capital markets, during the last three years, except for suspension of trading of company's shares for a short period from the Bombay Stock Exchange due to delay in payment of Annual Listing fees for the year 2006-2007.
- There are no materially significant related party transactions, which may have potential conflict with interests of the Company at large.
- There are no pecuniary relationships or transactions with the non - executive independent directors.

Shareholders Information

1. Annual General Meeting:

Date : 15th September 2009

Time : 5.00 p.m.

Venue : Hotel Landmark, Dr. B. Barooah Road,
Ulubari, Guwahati 781 007.

2. Book Closure Date:

From Saturday 5th September 2009 to Tuesday, 15th September, 2009 (both days inclusive)

3. Share Transfer Agent:

SHAREX INDIA PRIVATE LIMITED
17/B.DENA BANK BUILDING, 2nd Floor,
HORNIMAN CIRCLE, FORT, MUMBAI 400023.

4. Investors Correspondence

All queries of investors regarding the Company's shares in Physical/ D'mat form may be sent to Share Transfer Agent of the Company or at Company's corporate office at the following address or at the Registered Office of the Company.

Corporate Office:

The Prag Bosimi Synthetics Ltd.
R-79/83, Lakshmi Insurance Bldg.,
Fifth Floor, Sir P.M. Road, Mumbai 400001.

Registered Office:

The Prag Bosimi Synthetics Ltd.
House No.4, Nilgiri Path, R.G.Barua Road,
Near Doordarshan, Guwahati 781005, Assam

5. Listing on Stock Exchanges: -

Name of the Stock Exchanges in which the shares of the Companies are currently listed for trading with stock codes:

Stock Exchange	Code
The Guwahati Stock Exchange Ltd.	L / 725
The Stock Exchange, Mumbai	500192
The Calcutta Stock Exchange Association Limited	10026150
The Delhi Stock Exchange Association Limited	16025
The Stock Exchange Ahmedabad.	PRAG BOSM
ISIN No.	INE962801Q11

6. Shareholding Pattern of the Company as on 31st March, 2008

Category	No. of Shares held	% age of Share
A PROMOTER'S HOLDING: Indian promoters, relatives and associates	19393688	26.07
B NON- PROMOTERS HOLDING		
a) Mutual Funds	101700	0.14
b) Banks, Financial Institutions, insurance Companies, Central/ State Govt. Institutions/ Non-government Institutions (including Foreign Financial Institutions)	8379460	11.27
C FIIS	Nil	Nil
D Others:- Corporates bodies	9287594	12.49
Indian Public	342283545	46.09
NRI	2827343	3.80
Clearing Members	109630	0.14
TOTAL	74382960	100.00

7 Distribution of Share holding as on 31st March 2008.

Range No. Of Shares	Shareholders		Shares	
	Number	% to total holders	Numbers	% to total Capital
Upto 100	78532	79.47	7841585	10.54
101-200	7293	7.38	1455776	1.96
201-500	7749	7.84	3222581	4.33
501-1000	2774	2.81	2377599	3.20
1001-5000	1914	1.94	4545129	6.11
5001-10000	231	0.23	1765548	2.37
10001-100000	263	0.27	8672575	11.66
100001-and above	63	0.06	44502167	59.83
Total	98819	100.00	74382960	100.00

8 Share Transfer System

Share transfer in physical form are registered by the Share Transfer Agent and returned to the respective transferee within a period ranging from fifteen days to one month, provided the documents lodged with the Share Transfer Agent/ Company are clear in all respects.

9 Dematerialisation of shares

As per notification issued by the Securities and Exchange Board of India (SEBI), the trading in Company's shares is permitted only in dematerialized form w.e.f September, 2000. In order to enable the shareholders to hold their shares in electronic form and to facilitate scripless trading, the company has enlisted its shares with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).

No. of shares Dematerialised	26996099	36.29%
No. of shareholders in D'mat form	18278	18.50%

10. Market Price Data (Rs.)

Month	Bombay Stock Exchange		Volume on BSE
	High	Low	
October-06	5.16	2.66	753413
November-06	5	3.58	584659
December-06	5.58	3.5	526115
January-07	7.81	5.01	1002820
February-07	6.66	4.57	496402
March-07	5.2	3.85	404208
April-07	6.04	4.35	650431
May-07	6.02	4.76	816106
June-07	7.3	5.05	1236583
July-07	6.4	5.01	944321
August-07	7.25	5.21	921362
September-07	7.07	5.96	925280
October-07	7	5.15	734433
November-07	6.2	5.05	647149
December-07	10.71	5.55	2030882
January-08	14.35	6.38	4029052
February-08	7.79	5.82	675926
March-08	7.05	4.06	612871
April-08	6.15	4.61	548890
May-08	6.5	4.7	444476

Month	Bombay Stock Exchange		Volume on BSE
	High	Low	
June-08	4.96	3.52	563398
July-08	4.14	3.21	279535
August-08	3.89	3.15	241665
September-08	5.57	3.11	1126688
October-08	4.1	2.11	277016
November-08	3.1	2.2	101413
December-08	2.9	2.2	354357
January-09	2.75	2.18	108874
February-09	3.41	2.25	349549
March-09	3.75	2.27	196119
April-09	3.87	2.84	180982
May-09	3.43	2.37	167453
June-09	4.52	3.08	286439
July-09	3.64	2.7	62008

11. Plant Location of the Company

Bijulibari Village, P.O.Khandajan, Via Sipajhar, Dist. Darrang784 145

12. Bank Details

Shareholders holding shares in physical form are requested to notify/send the following to the Company to facilitate better service:-

- any change in their address/bank details, and
- particulars of their bank account, in case the same have not been sent earlier.

13. Depository Services

For guidance on depository services, Shareholders may write to the Company or to the respective Depositories:

National Securities Depository Ltd.

Trade World, 4th Floor, Kamla Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400013
Telephone: 0091-022-24972964 - 70

Facsimile: 0091-022-24976351

E-mail: info@nsdl.co.in

Website: www.nsdl.co.in

Central Depository Services (India) Ltd.

Phiroze Jeejeebhoy Towers, 28th Floor, Dalai Street, Mumbai 400023

Telephone: 0091-022-2723333

Facsimile :0091-022-22723199

E-mail: inf@centraldepository.com

Website: www.centraldepository.com

14. Nomination Facility

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109 A of the Companies Act, 1956, are requested to submit to the Company the prescribed Form 2B for this purpose.

For on behalf of the Board

Guwahati
Date 19th August 2009

Hemant B. Vyas
Managing Director

THE PRAG BOSIMI SYNTHETICS LIMITED

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of The Prag Bosimi Synthetics Limited We have examined the compliance of conditions of corporate governance by The Prag Bosimi Synthetics Ltd. for the period ended 31st March 2008 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges. The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In our opinion

and to the best of our information and accordingly the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement. We state that no investor grievance is pending for period exceeding one month against the Company as per the records maintained by the R & T Agents/ Company. We further state that such compliance is neither an assurance as to future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

H.Khaund & Co.
Chartered Accountants

Place: Guwahati
Date : 21st August, 2009

H.Khaund & Co.
Proprietor

AUDITORS' REPORT TO THE MEMBERS

To

The Members of The Prag Bosimi Synthetics Limited

- 1 We have audited the attached Balance sheet of the Prag Bosimi Synthetics Limited as at 31st March 2008, the Profit and Loss Account for the 18 months ended on that date and also Cash Flow Statement for the 18 months ended on that date annexed thereto. These financial statements are responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (hereinafter referred to as the "Act"), we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order, to the extent applicable.
- 4 Further to our comments in the Annexure referred to in paragraph 3 above and subject to the following,
 - i. Non-capitalization of interest on loans, related pre-operative expenses on commencement of commercial production of Textile Division and three Extruder Spinning Lines and the consequent non-provision of depreciation thereon, the amounts whereof are not ascertained and non-charging of interest on loans and certain other expenses to the Profit & Loss Account in respect of the aforesaid machineries after commencement of commercial production which are instead carried forward in capital work-in-progress, the impact whereof is not ascertained Consequently the Company has not carried out any exercise to ascertain whether there has been any impairment of assets as required by accounting standard (AS) 28.
 - ii. Non-confirmation/non-reconciliation of dues of Financial Institutions as referred to in Note No.8 of Schedule 18;
 - iii. The Financial Statements have been prepared in accordance with the fundamental accounting assumption that the company is a going concern,
 - iv. Sundry debit/credit balances are subject to confirmation

pending reconciliation as referred to in Note No.19 of Schedule 18;

we report that: -

- a. We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our Audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those Books.
- c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting Standards referred to in sub section (3C) of Section 211 of the Act, to the extent applicable.
- e. On the basis of written representations received from directors as on 31st March 2008, and taken on record by the Board of Directors, wherever applicable, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Act.
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with 'significant accounting policies and notes to accounts' in schedule 18 and other notes appearing elsewhere in the accounts, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2008;
 - ii. In the case of the Profit and Loss Account of the loss of the Company for the period ended on that date; and
 - iii. the case of the Cash Flow Statement, of the cash flows for the Period ended on that date.

H.Khaund & Co.
Chartered Accountants

Place : Guwahati
Date : 21st August, 2009

H.Khaund
Proprietor

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31st MARCH 2008 OF THE PRAG BOSIMI SYNTHETICS LIMITED.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we state that:

- 1 a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The assets have been physically verified by the management in accordance with the phased programme of verification adopted by the Company. In our opinion, the frequency of the verification is reasonable having regard to the size of the Company and nature of fixed assets. No material discrepancies have been noticed in respect of the assets physically verified during the year.
- c) No substantial part of the fixed assets has been disposed off during the year.
- 2 a) The inventory has been physically verified by the management at reasonable intervals during the year. Inventory lying with the third parties and in transit have been verified by the management with reference to the confirmation received from them and/or subsequent receipt of goods.
- b) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and book records were not material.
- 3 a) The Company has not granted any loans, secured or unsecured to companies, firms or parties covered in the register maintained under section 301 of the Act.
- b) The Company has taken interest free unsecured loan of Rs.3,07,63,538 from a relative of Managing Director during the period. The terms of repayment are not prejudicial to the interest of the Company.
- c) The Company has not taken any loans, secured or unsecured, except as stated in 3b. above. from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- 4 In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotation, there are adequate internal control systems commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- 5 a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- b) According to the information and explanation given to us, no transactions were made with parties whose names are entered in the register maintained under section 301 of the Act.
- 6 No deposits within the meaning of Section 58A or any other relevant provision of the Act and Rules framed there under have been accepted by the Company.
- 7 In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- 8 We have broadly reviewed the cost records maintained by the Company pursuant to the Order of the Central Government under section 209(1)(d) of the Act and are of the opinion, prima facie, the prescribed records have been made and maintained. We are, however not required to make detailed examination of the records with a view to determine whether they are accurate or complete.
- 9 Due to suspension of production from February, 2006 Company could not make full payment of statutory dues. The Company

has following undisputed amounts outstanding towards statutory dues for more than 6 months as on 31st March 2008

The Act applicable	Details of outstanding Amount	Amount Rupees in Lacs
Employees Provident Funds and Miscellaneous Provisions Act 1952	Contribution to Provident Fund	74.85
The Assam Sales Tax Act.	Assam Sales Tax	4.87
The Assam Professions, Trades, Callings and Employments Taxation Act 1947	Professional Tax	8.60
The Income Tax Act 1961	Tax Deducted at Source	62.27
The Income Tax Act 1961	Fringe Benefits Tax	9.44

Of the above, the Company has paid contribution to Professional Tax Rs.0.20 and Tax Deducted at source Rs. 15.72 Lacs as on the date of this report.

- 10 The Company has accumulated losses of Rs.111.19 Crores as against a Net worth of Rs. 157.20 as on 31st March 2008. As reported last year the Company's Net Worth as on 30th September 2006 was eroded by more than 50% and hence as required by the provisions of Sick Industrial Companies (Special Provisions) Act, 1985, such erosion of Net worth was referred to the Board of Industrial and Financial Reconstruction (BIFR).
- 11 The Company has been granted relief and concessions by the financial institutions and banks in the past and company's case is still in CDR Cell. Hence there are no defaults to report at the end of the period.
- 12 During the period, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- 13 The Company is not a dealer or trader in shares, securities, debentures and other investments.
- 14 In our opinion and according to information and explanations given to us, the Company has not given guarantee for loans taken by others from Banks or financial institutions.
- 15 According to the information and explanation given to us, in our opinion, the term loans were applied for the purpose for which they were raised.
- 16 According to the information and explanations given to us, in our opinion, funds raised on short term basis have not been used for long term basis or vice versa.
- 17 During the period the Company has not made any preferential allotment of shares to the parties and companies covered and recorded in the Register maintained under Section 301 of the Act
- 18 The Company has created securities in respect of debentures issued in the past.
- 19 The Company has not raised any money by way of public issue during the period.
- 20 During the period no fraud on or by the Company has been noticed or reported during the course of our audit.

H.Khaund & Co
Chartered Accountants

Place : Guwahati
Date : 21st August, 2009

H.Khaund
Proprietor

THE PRAG BOSIMI SYNTHETICS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2008

PARTICULARS	SCHEDULE	AS AT 31st March 2008 Rupees	AS AT 30th September 2006 Rupees
SOURCES OF FUNDS			
SHAREHOLDER'S FUNDS			
Share Capital	1	1,555,328,300	1,555,328,300
Reserve and Surplus	2	16,700,000	16,700,000
LOAN FUNDS	3		
Secured Loans		7,704,844,908	7,466,353,675
Unsecured Loans		60,970,738	111,085,197
TOTAL		9,337,843,946	9,149,467,172
APPLICATION OF FUNDS			
FIXED ASSETS	4		
Gross Block		809,930,719	811,445,343
Less: Depreciation		462,765,389	374,718,301
Net Block		347,165,330	436,727,042
CAPITAL WORK-IN-PROGRESS	5	7,681,927,385	7,506,351,339
TOTAL FIXED ASSETS		8,029,092,715	7,943,078,381
INVESTMENTS	6	600	600
CURRENT ASSETS, LOANS & ADVANCES	7		
Inventories		55,325,951	81,603,867
Sundry Debtors		4,716,821	46,059,458
Cash & Bank Balances		1,563,086	15,015,832
Other Current Assets		8,694,993	16,757,278
Loans & Advances		293,207,385	307,385,326
		363,508,236	466,821,761
LESS: CURRENT LIABILITIES AND PROVISIONS	8	166,688,927	82,874,753
NET CURRENT ASSETS		196,819,309	383,947,008
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	9	-	34,088,930
Profit & Loss Account		1,111,931,323	788,352,254
TOTAL		9,337,843,946	9,149,467,172

As per our Report of even date

For H. KHAUND & CO.
Chartered Accountants

H. KHAUND
Proprietor

Guwahati
Date : 21st August, 2009

For & on behalf of the Board

H. K. Sharma Chairman
Hemant B. Vyas Managing Director
S. K. Saha Finance Director

M. K. Das Directors
Girindra Mohan Das

Guwahati
Date : 19th August, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

PARTICULARS	SCHEDULE	For the eighteen months	For the eighteen months
		period ended 31st March 2008 Rupees	period ended 30th September 2006 Rupees
INCOME			
Sales		564,883	744,422,535
Other Income	10	26,803,524	140,485,442
ncrease/(Decrease) in stock	11	(8,192,497)	(198,296,756)
TOTAL		<u>19,175,910</u>	<u>686,611,221</u>
EXPENDITURE			
Cost of Materials	12	1,354,529	466,219,829
Manufacturing Expenses	13	-	108,855,205
Extraordinary non recurring Expenses		16,202,526	-
Salaries,Wages&Other Employee Benefits	14	39,048,465	75,294,304
Selling & Distribution Expenses	15	-	106,940,054
Other Expenses	16	130,799,039	77,975,840
Excise Duty		174,547	89,853,692
Interest	17	87,961,105	79,978,218
TOTAL		<u>275,540,211</u>	<u>1,005,117,142</u>
PROFIT / (LOSS)			
Profit/(Loss) Before Depreciation & Tax		(256,364,301)	(318,505,921)
Depreciation		54,683,017	54,847,437
Net Profit/(Loss)		(311,047,318)	(373,353,358)
Provision for Taxation		-	-
Profit/(Loss) After Tax & Depreciation		(311,047,318)	(373,353,358)
Prior Period Net Expenses		(12,531,751)	(8,780,090)
Profit/(Loss) After Tax & Adjustments		(323,579,069)	(382,133,448)
Balance Brought from Earlier Year		(788,352,254)	(406,218,805)
Surplus/(Deficit) Carried to Balance Sheet		(1,111,931,323)	(788,352,254)
Basic and Diluted Earning per Share of the face value of Rs.10/- each (in rupees)			
Ref note no 25 on Schedule 18			

**NOTES TO ACCOUNTS &
SIGNIFICANT ACCOUNTING POLICIES**

18

As per our Report of even date

For H. KHAUND & CO.
Chartered AccountantsH. KHAUND
ProprietorGuwahati
Date : 21st August, 2009

For & on behalf of the Board

H. K. Sharma Chairman
Hemant B. Vyas Managing Director
S. K. Saha Finance DirectorM. K. Das Directors
Girindra Mohan DasGuwahati
Date : 19th August, 2009

THE PRAG BOSIMI SYNTHETICS LIMITED

SCHEDULES TO ACCOUNTS ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

PARTICULARS	AS AT 31st March 2008 Rupees	AS AT 30th September 2006 Rupees
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED CAPITAL		
12,00,00,000 Equity Shares of Rs.10/- each	1,200,000,000	1,200,000,000
10,00,000 Cumulative Preference Shares of Rs.100/-each	100,000,000	100,000,000
9,00,000 Redeemable Cumulative Convertible Preference Shares of Rs.100/- each	900,000,000	900,000,000
3,00,000 Unclassified Shares of Rs.100/-each	300,000,000	300,000,000
	<u>2,500,000,000</u>	<u>2,500,000,000</u>
ISSUED, SUBSCRIBED & PAID UP		
74,382,960 (Previous Year 74,382,960) Equity shares of Rs. 10/- each, fully paid-up	743,829,600	743,829,600
Less: Calls in Arrears - Others	3,126,300	3,126,300
	(A) <u>740,703,300</u>	<u>740,703,300</u>
10,00,000 (Previous year 10,00,000) Cumulative Convertible Preference Shares of Rs. 100/-each fully paid-up [Refer Note No.15] [Schedule 18]	(B) 100,000,000	100,000,000
71,46,250 (Previous Year 71,46,250) Redeemable Cumulative convertible Preference Shares of Rs.100/-each, fully paid-up (Of the above shares 4,276,250 shares (Previous year 4,276,250) are allotted as fully paid-up pursuant to a contract without payments being received in cash.) [Refer Notes to Accounts No.3] [Schedule 18]	(C) 714,625,000	714,625,000
TOTAL [A + B + C]	<u>1,555,328,300</u>	<u>1,555,328,300</u>
SCHEDULE - 2		
RESERVES AND SURPLUS		
Capital Subsidy	16,700,000	16,700,000
TOTAL	<u>16,700,000</u>	<u>16,700,000</u>
SCHEDULE - 3		
LOAN FUNDS		
SECURED LOAN		
NON CONVERTIBLE DEBENTURES [Refer note No.14] [Schedule 18]	725,798,000	725,798,000
TERM LOANS		
Rupee Loan from Financial institutions [Refer note No.7 and Note No.14] [Schedule 18]	2,129,410,621	2,129,410,621
DEFERRED INTEREST	3,970,937,247	3,803,070,535
FROM BANKS		
Working Capital Term Loan	178,264,909	158,500,000
Funded Interest Term Loan	171,157,526	171,157,526
Cash Credit Banks	384,824,992	333,936,193
L/C Liability of Banks	144,322,055	144,322,055
FROM OTHERS		
Hire Purchase Loan	129,558	158,745
TOTAL	<u>7,704,844,908</u>	<u>7,466,353,675</u>

SCHEDULE - 3 Contd.

PARTICULARS	AS AT 31st March 2008 Rupees	AS AT 30th September 2006 Rupees
UNSECURED LOAN		
From AIDC Ltd.(Refer Note No.(15)[Schedule 18]	28,000,000	28,000,000
From IDBI	2,207,200	2,207,200
From Others	30,763,538	80,877,997
TOTAL	60,970,738	111,085,197

NOTES:

- A. SECURED DEBENTURES: The debentures are secured by First legal mortgage in favour of the trustees of all the company's immovable and moveable properties present and future, ranking pari-passu with the mortgages and charges created and/or to be created in favour of Financial Institutions, and floating charge on all the assets of the company subject to prior charges created/to be created in favour of Company's Bankers on the Company's stock of raw material, semi-finished and finished goods, consumable stores and such other moveables as may be agreed by the trustees for securing the borrowing for working capital requirement in the ordinary course of business and also secured by a guarantee from the Bombay Silk Mills Limited.
- B. TERM LOANS: The Term Loans are secured by a first mortgage of all immoveable properties, both present and future, and first charge by way of hypothecation of all movables (save and except debts) including movable machinery, spares, tools & accessories, present and future, ranking pari-passu with the mortgages and charges created and/or to be created in favour of Financial Institutions/debenture trustees, subject to prior charges created and/or to be created in favour of Bankers on stocks, stores and such other movables for working capital requirements and also secured by a guarantee from The Bombay Silk Mills Limited.
- C. WORKING CAPITAL: Working Capital demand loans and Cash Credit are secured by a mortgage on second charge basis by deposit of title deeds in respect of Company's immovable properties, both present and future, and by hypothecation of whole present and future, stock in process, finished goods, consumables, spares, book debts etc. & other materials and stores whether raw or in process of manufacture and all articles manufactured therefrom whether stored at or be in or about the Company's godowns or premises at sipajhar, District Darrang, Assam or wherever else or in transit and Company's present and future book debts, outstanding money receivables, claims, bills, contracts, engagements, securities, investments, and assets, and also personal guarantee of the Managing Director.
- D. OTHERS: Hire purchase loans are secured by hypothecation of vehicles purchased their against.

SCHEDULE - 4 FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 30-Sep-06	DURING THE 18 MTH PERIOD ENDED 31.03.2008		AS AT 31-Mar-08	UPTO 30-Sep-06	FOR THE 18 MTH PERIOD ENDED 31.03.2008		UPTO 31-Mar-08	AS AT 31-Mar-08	AS AT 30-Sep-06
		ADDITION	DELETION			PROVIDED	WRITTEN BACK			
LAND FREE HOLD	578617			578,617					578617	578617
LAND LEASE HOLD *	599678			599,678	120000	60000		180,000	419,678	479678
BUILDING	273735957			273,735,957	91216697	13591758		104808455	168927502	182519260
PLANT & MACHINERY	513368332	229527		513,138,805	270427903	73385231	40221	343772913	169365892	242940429
COMPUTER	3550174		70940	3,479,234	2891026	277735	25942	3142819	336415	659148
VEHICLE	4428882	635600	1664124	3,400,358	1890452	438429	675246	1653635	1746723	2538430
FURNITUR & FIXTURE	15183703		185633	14,998,070	8172223	1093786	58442	9207567	5790503	7011480
TOTAL	811445343	635600	2150224	809930719	374718301	88846939	799851	462765389	347165330	436727041
PREVIOUS YEAR	808299607	4753918	1608182	811,445,343	320885709	54907437	1074845	374718301	436727041	
CAPITAL WORK IN PROGRESS									7681927385	7506351339
TOTAL FIXED ASSETS									8029092715	7943078380

* Amortisation of leasehold Land Rs.60000/-

THE PRAG BOSIMI SYNTHETICS LIMITED

PARTICULARS	INCURRED DURING THE	AS AT	AS AT
	EIGHTEEN MONTH PERIOD	30th September 2006	31st March 2008
	Rupees	Rupees	Rupees
SCHEDULE - 5			
CAPITAL WORK-IN-PROGRESS			
A) WORK-IN-PROGRESS			
Land & Site Development	-	47,747,620	47,747,620
Buildings & Civil work under Construction	-	327,842,131	327,842,131
Plant & Machinery	2,712,617	1,849,608,715	1,852,321,332
Payment to Collaborator for Technical	-	146,100,715	146,100,715
Engineering Consultancy Fees	-	18,164,548	18,164,548
Less: Capitalised during the year	-	(769,720,708)	(769,720,708)
TOTAL (A)	2,712,617	1,619,743,021	1,622,455,638
B) ADVANCES/DEPOSITS FOR FIXED ASSETS	192,243	102,373,348	102,565,591
C) PRE-OPERATIVE EXPENSES PENDING ALLOCATION			
(i) PAYMENT TO EMPLOYEES			
Salary, Wages & Bonus	-	121,931,320	121,931,320
Staff Welfare Expenses	-	28,305,371	28,305,371
Contribution to Provident Fund & Other Funds	-	8,329,644	8,329,644
Managerial Remuneration	-	9,781,909	9,781,909
	-	168,348,244	168,348,244
(ii) ADMINISTRATIVE EXPENSES			
Rent	-	23,003,632	23,003,632
Rates & Taxes	-	728,319	728,319
Power & Fuel	-	86,090,480	86,090,480
Legal & Professional Fees	-	39,080,099	39,080,099
Repairs & Maintenance :			
- Building	-	8,828,822	8,828,822
- Plant & Machinery	-	12,862,289	12,862,289
- Others	-	22,227,996	22,227,996
Travelling & Conveyance	-	51,354,227	51,354,227
Insurance	-	62,586,736	62,586,736
Postage, Telephone & Telex	-	30,961,355	30,961,355
Vehicle Maintenance	-	31,705,093	31,705,093
Auditor's Remuneration	-	1,055,543	1,055,543
Director's Sitting Fees	-	117,057	117,057
Miscellaneous Expenses	4,804,471	62,742,537	67,547,008
Depreciation	-	18,115,315	18,115,315
Stores, Spare & Consumables	-	11,328,206	11,328,206
	4,804,471	462,787,706	467,592,177
Raw Material Consumption :-	-	261,180,975	261,180,975
	4,804,471	723,968,681	728,773,152
Less:			
1) Transfer of Stock produced during Trial Run to textile division	-	(239,690,886)	(239,690,886)
2) Sale of Wastages during trial run	-	(419,786)	(419,786)
	4,804,471	483,858,009	488,662,480

SCHEDULE - 5 Contd.

PARTICULARS	INCURRED DURING THE EIGHTEEN MONTH PERIOD Rupees	AS AT 30th September 2006 Rupees	AS AT 31st March 2008 Rupees
(iii) FINANCE CHARGES			
Commitment Charges	-	21,220,924	21,220,924
Bank Charges & Financial Institution Charges	-	41,368,560	41,368,560
Interest on Debentures	19,505,300	263,788,118	283,293,418
Interest on Fixed Loan	212,936,414	4,435,249,398	4,648,185,812
Interest to Others(RCCP)	(64,575,000)	454,356,616	389,781,616
Foreign Exchange Rate Fluctuation	-	25,056,413	25,056,413
	167,866,714	5,241,040,029	5,408,906,743
(iv) LOSS ON SALE OF INVESTMENTS (NET)	-	8,543,252	8,543,252
	-	8,543,252	8,543,252
(v) LOSS ON SALE OF ASSETS	-	813,058	813,058
	-	813,058	813,058
Less: Interest Recd From Banks & Others (TDS Rs.Nil Previous Year Rs.Nil)	-	(113,186,995)	(113,186,995)
Interest on Securities	-	(3,348,675)	(3,348,675)
Dividend on Shares	-	(75,035)	(75,035)
TOTAL (iii + iv + v)	167,866,714	5,133,785,634	5,301,652,348
TOTAL (i + ii + iii + iv + v)	172,671,185	5,785,991,887	5,958,663,072
Less: Other Income	-	(1,756,917)	(1,756,917)
TOTAL (C)	172,671,185	5,784,234,970	5,956,906,155
TOTAL (A + B + C)	175,576,045	7,506,351,339	7,681,927,385

PARTICULARS	AS AT 31st March 2008 Rupees	AS AT 30th September 2006 Rupees

SCHEDULE - 6**INVESTMENT (AT COST)****LONG TERM INVESTMENTS****UNQUOTED**

20 Shares of Rs.30 each of Bombay Merchantile Co-op Bank Ltd.

600

600

TOTAL

600

600

SCHEDULE - 7**CURRENT ASSETS, LOANS & ADVANCES****A. Inventories (As taken, valued, verified and certified by the management)**

At lower of Cost or Net Realisable Value:

Finished Goods

6,441,009

11,258,138

Other Stocks (At Cost) :-

Raw Materials

4,785,370

6,139,399

Stores, Spares and Chemicals

44,099,572

60,830,462

Materials in Process

-

3,375,868

55,325,951

81,603,867

THE PRAG BOSIMI SYNTHETICS LIMITED

SCHEDULE - 7 (Contd.)

PARTICULARS	AS AT 31st March 2008 Rupees	AS AT 30th September 2006 Rupees
B. Sundry Debtors		
Unsecured & Considered Good		
More than six months	40,287,176	79,206,090
Others		
Less: Provision for Doubtful Debts	(35,570,355)	(33,146,631)
	<u>4,716,821</u>	<u>46,059,458</u>
C. Cash and Bank Balances		
Cash in hand	1,176,747	641,968
Bank Balance - Current Accounts	25,820	19,801
Fixed Deposits	360,519	14,354,064
	<u>1,563,086</u>	<u>15,015,832</u>
D. OTHER CURRENT ASSETS	8,694,993	16,757,278
E. LOANS & ADVANCES		
Bills of Exchange Rs. 24226893	-	24,226,893
Provision for doubtful debt Rs.(24226893)		
Advances recoverable in cash or in kind or for value to be received	292,423,687	281,598,723
Balance with Customs & Central Excise	137,933	137,933
Advance Payment of Taxes	645,765	1,421,777
	<u>293,207,385</u>	<u>307,385,326</u>
TOTAL	<u>363,508,236</u>	<u>466,821,761</u>

SCHEDULE - 8

CURRENT LIABILITIES & PROVISIONS

A. LIABILITIES

Sundry Creditors	70,433,815	7,048,342
Advance Received from Customers	1,560,000	1,560,000
Other Liabilities	87,676,673	68,023,522
Total (A)	<u>159,670,488</u>	<u>76,631,864</u>

B. PROVISIONS

For Gratuity	7,018,439	6,242,889
Total (B)	<u>7,018,439</u>	<u>6,242,889</u>
Total (A) + (B)	<u>166,688,927</u>	<u>82,874,753</u>

SCHEDULE - 9

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Preliminary Expenses	-	5,503,250
Share Issue Expenses	-	39,948,657
	-	45,451,907
Less: Preliminary Exp Written off	-	1,375,813
Less: Share Issue Exp Written off	-	9,987,164
TOTAL	<u>-</u>	<u>34,088,930</u>

SCHEDULES TO ACCOUNTS ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT

PARTICULARS	For the Eighteen months period ended 31st March 2008 Rupees	For the Eighteen months period ended 30th September 2006 Rupees
SCHEDULE - 10		
OTHER INCOME		
Excise duty refund	—	22,429,678
Others	26,803,524	118,055,764
TOTAL	<u>26,803,524</u>	<u>140,485,442</u>
SCHEDULE - 11		
INCREASE/(DECREASE) IN STOCK		
(A) OPENING STOCK		
Materials in Process	3,375,368	38,956,000
Finished Goods	11,258,138	173,974,262
	<u>14,633,506</u>	<u>212,930,262</u>
(B) CLOSING STOCK		
Materials in Process	—	3,375,368
Finished Goods	6,441,009	11,258,138
	<u>6,441,009</u>	<u>14,633,506</u>
INCREASE/(DECREASE) IN STOCK (B-A)	<u>(8,192,497)</u>	<u>(198,296,756)</u>
SCHEDULE - 12		
COST OF MATERIALS		
Opening Stock	6,139,899	74,703,894
Add: Purchases		
Raw Material	—	397,398,514
Trading Material	—	257,319
	<u>6,139,899</u>	<u>472,359,727</u>
Less: Closing Stock	<u>4,785,370</u>	<u>6,139,899</u>
TOTAL	<u>1,354,529</u>	<u>466,219,829</u>
SCHEDULE - 13		
MANUFACTURING EXPENSES		
Consumption of Stores, Dyes & Chemicals	—	17,530,942
Power & Fuel	—	91,324,263
Extra ordinary non recurring Expenses	16,202,526	—
TOTAL	<u>16,202,526</u>	<u>108,855,205</u>

THE PRAG BOSIMI SYNTHETICS LIMITED

	For the Eighteen months period ended 31st March 2008 Rupees	For the Eighteen months period ended 30th September 2006 Rupees
SCHEDULE - 14		
SALARIES, WAGES & OTHER EMPLOYEE BENEFITS		
Salaries, Wages & Bonus	27,634,876	59,467,868
Managerial Remuneration	6,295,631	6,587,397
Contribution to PF & FPF	3,956,180	3,191,945
Staff Welfare Expenses	1,161,778	6,047,094
TOTAL	39,048,465	75,294,304
SCHEDULE - 15		
SELLING & DISTRIBUTION EXPENSES		
Brokerage, Cash Discount & Commission	-	57,596,568
Clearing, Forwarding & Packing Charges	-	22,436,055
Carriage Outward	-	26,907,432
TOTAL	-	106,940,054
SCHEDULE - 16		
OTHER EXPENSES		
Rent, Rates & Taxes	2,867,464	5,649,702
Repair & Maintenance - Others	2,538,154	3,125,592
Travelling & Conveyance	1,458,094	5,488,291
Vehicle Expenses	2,030,480	5,121,380
Printing & Stationery	241,058	845,920
Postage, Telegram, Telephone, Telex	1,177,140	2,648,936
Legal & Professional Fees	1,180,961	3,914,441
Insurance	4,606,665	12,125,385
Other Expenses	53,399,895	7,291,613
Loss on Sale of Assets	387,081	-
Auditors' remuneration	112,500	112,500
Amortisation of Preliminary/Shares Issue Exp	34,088,930	6,817,786
Amortisation of Leasehold Land	60,000	60,000
Provision for Doubtful Debts	26,650,617	24,774,295
TOTAL	130,799,039	77,975,840
SCHEDULE - 17		
INTEREST		
INTEREST & FINANCIAL CHARGES	87,961,105	80,178,559
Less: Interest Received (TDS Rs. NIL/- Previous year Rs. 101255/-)	-	200,341
TOTAL	87,961,105	79,978,218

SCHEDULE ATTACHED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE – 18

SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF ACCOUNTS

I Significant Accounting Policies:

(1) Basis of preparation of Financial Statements:

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956.

The Company follows the accrual system of accounting and recognises Income and expenditure on accrual basis.

Accounting policies not referred to otherwise are consistent with the Generally Accepted Accounting Principles.

(2) Fixed Assets:

Fixed Assets are stated at cost of acquisition or construction, net of CENVAT/VAT and include amounts added/reduced on revaluation less accumulated depreciation and impairment loss if any.

These assets are stated at cost except for the fixed assets if any, which have been revalued.

Borrowing costs for acquisition or construction of a qualifying asset and revenue expenses incurred (including expenses on test runs and experimental production) for the period prior to the commencement of commercial production are capitalised proportionately as part of the asset cost in respect of machineries put to use.

(3) Depreciation:

(a) Depreciation on fixed assets other than lease-hold land is provided on straight-line method at the rates and in the manner specified in schedule XIV to the Companies Act, 1956.

(b) Depreciation on additions/deductions during the year has been provided on pro-rata basis with reference to the month of addition/deduction.

(c) Effective from the year 1.10.2003 to 31.3.2005, the Leasehold land is amortized over the balance period of unexpired lease period in equal installments. The leasehold land was acquired on 1.8.1989 for 30 years period at a premium of Rs. 599,678/-. Accordingly, the premium paid for acquiring the lease hold rights on the said leasehold land are being written off over the balance unexpired life of the lease of 15 years @ Rs. 40,000 per annum. This does not result in any change during the current period and hence there is no effect on Loss for the period.

(d) Pursuant to the observation of the auditors in earlier periods, Rs. 33,894,157/- have been provided by way of depreciation on three extruder lines which have been shown under prior period adjustments in the Profit and Loss Account for the period.

As a result of the above provision for depreciation, the fixed assets are lower by Rs. 33,894,157/- and loss after Tax and Adjustments is higher by the amount.

(4) Expenditure during construction period:

As per the consistent accounting policy all expenditure

related to the project construction/implementation and income arising out of project activities and funds related to the project are capitalized and allocated to the respective fixed assets.

(5) Investments:

Long-term investments are valued at cost subject to reduction made for diminution in value that is other than temporary in nature.

(6) Inventories:

In accordance with the revised Accounting Standard (AS-2), Inventories are valued at lower of cost or net realizable value after providing for obsolescence, if any.

(a) Raw materials, stores, spares, consumables and construction materials: At lower of cost or net realizable value

(b) Materials in process: At lower of cost or net realizable value

(c) Finished Goods: At lower of cost or net realizable value.

(7) Retirement Benefits:

Defined Contribution Plan

The Company's liability towards Employee's Provident Fund scheme administered by the Employees Provident Fund Scheme, Govt. of India is considered as Defined Contribution Plan. The Company's contributions paid/payable towards these defined contribution plan is recognized as expense in the Profit and Loss Account during the period in which the employees rendered the related service.

Defined Benefit Plan

Company's liabilities towards gratuity and leave encashment if any are considered as Defined Benefit Plans. The present value of the obligations towards gratuity is determined based on actuarial valuation using the projected unit credit method. As regards the Leave encashment, it is calculated on the actual balance leave of each employee on the year-end. Provision of Rs.720,414 is accordingly made for leave encashment during the current period. This is done on the same basis as in the last accounting period.

(8) Transactions of foreign currency items:

Transactions in foreign currency are recorded at the rate of exchange in force at the date of transaction. Foreign currency assets and other liabilities other than for financing fixed assets are stated at the rate of exchange prevailing at the year-end and resultant gains/losses are recognized in the capital work in progress. Foreign currency loans for financing fixed assets (other than those where the company is protected against exchange fluctuations) are accounted for at the rate of exchange prevailing at the year end and the resultant exchange difference is adjusted to the cost of assets.

(9) Government Grants:

(a) Revenue grants are recognized in the Profit & Loss account.

(b) Capital Grants relating to specific fixed assets are shown under capital reserve.

(10) Preliminary and Share issue expenses:

Till last accounting period ended 30th September 2006, the preliminary and share issue expenses were being

written off in 10 equal installments. However, during the current period the entire balance amount standing under the preliminary and share issue expenses aggregating to Rs. 34,088,930/- has been fully written off by debit to Profit & Loss account.

As a result, the loss for the year is higher by Rs. 27,271,144/- and the Miscellaneous Expenses (asset) is lower by the same amount.

(11) Provision for taxation:

No provision for taxation is made since profits and gains of units set up in Assam are tax free under the Income Tax Act 1961 and the company has incurred losses during the period,

(12) Events occurring after the Balance Sheet Date:

In accordance with the Accounting Standard 4, effect in accounts has not been given to the CDR (Corporate Debt Restructuring) Package approved in principle on 17/03/2009 by CDR Empowered Group. The main feature of this scheme consists of writing off 75% of the principal amount of Term Loans provided by the financial Institution and Banks and 100% write off of interest thereon.

In respect of Working Capital, the Bankers have agreed to waive 80% of the outstanding amount as on 31.12.2005.

II Notes to Accounts

(1) Contingent liabilities not provided for:

Sr. No.	Particulars	As At 31/03/2008 Rs.	As At 30/09/2006 Rs.
i.	Counter Guarantees for Sales tax	5,000	5,000
ii.	Dividend payable on Cumulative Convertible Preference Shares (Refer Note 3 below)	153,330,963	153,272,913
iii.	Claims against the company not acknowledged as debts	18,323,801	18,323,801
iv.	Letter of undertaking executed in favour of Joint Director General of foreign trade under Duty Exemption Entitlement Scheme (Advance License Scheme) for custom duty	13,040,682	13,040,682
v.	Letters of credit and Bank Guarantees given by bankers on behalf of the Company.	5,250,000	5,250,000

(2) No provision for deferred taxation is made in accounts as the company has been incurring losses year after year and there is uncertainty of making profits in near future. More over Company's business income is exempt u/s 80IC of Income Tax Act of 1961.

(3) Coupon rate on Redeemable Cumulative Convertible Preference Shares (RCCPS) of Rs.28.70 crores and Cumulative Convertible Preference Shares (CCPs) of Rs.10.00 crores is reduced to 0.01 % per annum and they will be redeemed after repayment of term loans. Redemption schedule is not fixed yet. Term lenders have option to convert the preference shares into equity shares of the Company at a later date RCCPS of Rs.42.76 crores issued on conversion of arrears of dividend will carry 0% dividend. Due to inadequacy of profit no dividend could be declared on CCPs and

RCCPS carrying dividend. However dividend liability in respect such shares has been shown as contingent liability.

(4) Interest on loans, related preoperative expenses, excise duty on capital goods, etc. relating to the machineries and related equipments in respect of Textile Division and of Extruder spinning line have been kept under CWIP pending finalization of cost of the project. However, the terms of the CDR package are being finalized and interest is likely to be completely waived off by the financial institutions. As a result, no additional cost will be attributable to the Fixed Assets. On the contrary, Fixed Assets Value will come down as a result of the CDR Package. The management is fairly confident of substantial relief in the CDR package in view of the typical financial conditions of your company.

(5) The board is contemplating taking steps like sending reminders and notices for recovering the calls-in-arrears from defaulting applicants, including forfeiture of the shares as a last resort after exhausting all other avenues for recovery in a spirit of maintaining shareholder friendly environment.

However, under the present circumstances, the board considers it prudent not to provide for the interest on calls-in-arrears since the amounts are outstanding for past few years and the fact that the prices of equity shares of the company are quoting below par.

(6) Estimated amount of contracts remaining to be executed on capital account net of advances is Rs. 26,685,369/- (Previous Year Rs. 26,685,369/-)

(7) Since foreign currency loans have been paid by the financial institutions, liability crystallized in rupees and hence converted under rupee loans.

(8) The dues of Financial Institutions are not confirmed or reconciled since sanction letters for relief's and concessions/approval of CDR package are pending from some of the Financial Institutions, though the CDR package has been approved by CDR Empowered Group. The Company has submitted the statement of accounts to various Financial Institutions.

(9) During the current period, full provision has been made for doubtful overdue bills of exchange of Rs.24,226,893/- (Previous year Rs. 24,226,893/-) because the major drawee of Bills of exchange is under liquidation. Though the balance outstanding amount of Rs.24,226,893/- is considered fully doubtful of recovery, since the Company has obtained order from the Special Court appointed under the Special Court (Trial of Offences relating to Transactions & Securities) Act, 1992 the board considers it prudent not to write off the same as already explained last year. Writing off the Bills receivables from the books could be considered by appropriate authority as a unilateral waiver by the company of it's claim thus negating the recovery suit filed by your company against the major drawee in liquidation.

(10) Loans and Advances include Rs. 1,13,369,041/- (Previous Year Rs.123,459,958/-) overdue from various parties on account of accommodation deposits, security deposits, advances given to suppliers, ex-employees, etc. Compensation for delayed payment, if any, will be accounted in the books of account, if and when realized. No provision is made since the Company has recovered part of the amount and is hopeful of recovering the

balance amount.

- (11) The excise duty of Rs. 174,547/- on finished goods not cleared has been debited in accounts and also taken into consideration while arriving at the cost of the finished goods lying unclear with the company as on 31st March, 2008. (Previous Year Rs. 194,502/-). Till last year, the company did not make any such booking based on its past practice. As result the Cost of Materials for the period is higher by Rs. 174, 547/- and correspondingly the closing stock of Finished Goods is also higher by that amount. Therefore this has no effect on the loss of the Company for the period.
- (12) During the period provision has been made in accounts for custom duty payable amounting to Rs.4,804,471/- (Previous Year Rs.12,453,475/-) on imported capital equipments/goods received but not cleared from the customs. This has no impact on the loss for the period. Interest accrued thereon till March 31, 2008 is Rs. 2,712,617/-
- (13) The amount overdue and remaining unpaid to small scale/or ancillary Industrial Suppliers on principal and/or interest as at the close of the year could not be ascertained, since the suppliers/ service providers covered under Micro, Small Medium Enterprises Act, 2006 have not furnished the information regarding filing necessary memorandum with the appropriate authority. In absence of the said information, the Company is unable to identify units as well as furnish details required under the Act.
- (14) Secured Loans:
The Revised Corporate Debt Restructuring Package is under final stage and approval letters are expected shortly. This will result in revision in the principal amount of Loans as well as interest accrued thereon.
- (15) Unsecured Loans:
According to CDR package Unsecured Loan of AIDC is likely to be converted into equity shares of the Company. This position may alter in view of company's negotiation with foreign lenders.
- (16) Debenture Redemption Reserve will be created as and when the Company earns sufficient profits.
- (17) Previous Year's figures have been regrouped / reclassified / rearranged wherever necessary.
- (18) In the opinion of the Board of Directors, in the ordinary course of business the value on realization of current assets, loans and advances, including security Deposits are at least equal to the amount at which they are stated in the Balance Sheet.
- (19) Balance of Sundry Debtors, Sundry Creditors, Loans & Advance and Deposits are subject to confirmation.
- (20) Profit and Loss Account of the current period includes following remuneration paid/credited/accrued to

managerial personnel approved by the members and Central Government.

	Current Period Rs.	Previous Period Rs.
Salary	3214600	4035000
House Rent Allowance	1297500	1698750
Employer's contribution to Provident fund	192000	253800
Other Allowances	1591531	599847
Total: -	6295631	6587397

Note:

- i) Salary of Mr. H.B.Vyas, Managing Director, has been reduced from 01.09.2005. Previous Period's figures are re-stated accordingly.
- ii) Salary of Mr. S. K. Saha, Finance Director, has been reduced from 01.04.2007. Previous Period's figures are re-stated accordingly.
- (21) The AS-17 "Segment Reporting" is not applicable as the Company has operated only in one segment i.e. Manufacturing of Yarn.
- (22) AS-18 Related Party Information:
Pursuant to AS-18 information on remuneration paid to Key Management Personnel is given in the report on Corporate Governance under the heading "Remuneration to Directors" for Shri Hemant B.Vyas - Managing Director, Shri Devang H.Vyas - Executive Director, and Shri S. K. Saha - Finance Director.
There are no other related parties.
- (23) Additional information as far as applicable pursuant to the provision of paragraph 3, 4C, 4D of part II of the Schedule VI of the Companies Act, 1956 is as per Annexure I.
- (24) Additional information pursuant to part IV of the Schedule VI of the Companies Act, 1956 is as per Annexure II.
- (25) Cash flow Statement is annexed to this Schedule as Annexure III.

	31.3.2008	30.09.2006
Earning per share		
Net profit as per P/L Account (RS)	(323579070)	(382133448)
Weighted average number of equity shares outstanding (Nos)	74382960	74382960
Basic and diluted earning per share (Face value RS.10/-per Share)	(-) 4.35	(-) 5.13

As per our Report of even date

For H. KHAUND & CO.
Chartered Accountants

H. KHAUND
Proprietor

Guwahati
Date : 21st August, 2009

For & on behalf of the Board

H. K. Sharma Chairman
Hemant B. Vyas Managing Director
S. K. Saha Finance Director

M. K. Das Directors
Girindra Mohan Das

Guwahati
Date : 19th August, 2009

THE PRAG BOSIMI SYNTHETICS LIMITED

ANNEXURE-I

A. DETAILS OF OPENING STOCK, PURCHASES, SALES & CLOSING STOCK OF FINISHED GOODS ARE AS UNDER

	Unit	For the eighteen months period ended 31.03.2008		For the eighteen months period ended 30.09.2006	
		Quantity	Amount (Rs.)	Quantity	Amount (Rs.)
a. Opening Stock					
Yarn	MT	61.29	6,272,031	1,803.54	151,395,262
Polyester chips	MT	106.70	7,362,231	337.00	22,579,000
Others			-		-
b. Purchases					
Polyester chips					
Yarn	MT	-	-	-	-
Others					
c. Actual Production/Processed					
Yarn (net of captive consumption)	MT	-	-	6,982.79	-
Polyester chips	MT				
d. Sales					
Yarn	MT	22.60	564,883.00	8725.04	744,422,535
Others					
e. Closing Stock					
Yarn	MT	38.69	2,173,049	61.29	6,272,031
Polyester chips	MT	106.70	4,267,960	106.70	7,362,231
Others					
B. (i) Details of Raw Materials Consumed					
Polyester chips	MT				
Purified Terephthalic Acid	MT	-	-	5,935.37	243,692,874
Mono Ethylene Glycol	MT	-	-	2,443.98	107,515,595
Yarn	MT				
Purified Terephthalic Acid (Waste)	MT	-	-	1,911.00	78,464,909
Mono Ethylene Glycol (Waste)	MT	-	-	825.00	36,289,133
Others			-		257,319
Total			-		466,219,829
(ii) Details of value of imported and indigenous Raw Material, Components consumed and percentage of each to the total consumption					

	For the eighteen months period ended 31.03.2008		For the eighteen months period ended 30.09.2006	
	%	Amount (Rs.)	%	Amount (Rs.)
Raw Materials				
-imported	-	-	-	-
-indigenous	-	-	100	465,962,510
			100	465,962,510
Stores, spares and consumables				
-imported			36	6,266,669
-indigenous			64	11,264,273
			100	17,530,942
C. Auditors' remuneration includes:				
Audit Fees		75,000		75,000
Certification Fees				
Fees for Taxation matter		37,500		37,500
Management Consultancy Fees				
Other Matters				
		112,500		112,500

D. Licenced & installed Capacity (as certified by the Management)

	Units	Licenced Capacity	As at 31/03/2008 Installed Capacity	As at 30/09/2006 Installed Capacity
Polyester Filament Yarn	TPA	25,000	36,000	36,000
Draw Texturising Machines	Nos	4	4	4
Draw Twisting Machines	Nos	4	2	2
Two for One Twister	Nos	12	6	6
Cone Winding Machine	Nos	6	4	4
Dyeing Machine	Nos	1	1	1
		For the eighteen months period ended 31.03.2008 Amount(Rs.)	For the eighteen months period ended 30.09.2006 Amount(Rs.)	

E. CIF Value of Imports

Raw Materials	-	-
Stores,spares and consumables	-	4,588,288
Capital Goods		

F. Expenditure in Foreign Currency (On actual payment basis)

i) Technical Services		
ii) Other matters	71,201	197,977

G. Earnings in foreign exchange

FOB value of Exported Goods	-	-
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ANNEXURE-II

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

i. Registration Details			
Registration No	2758	State Code	02
Balance Sheet Date	31-Mar-08		
ii. Capital raised during the year (Amount in rupees thousands)			
Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
iii. Position of Mobilisation and Deployment of Funds (Amount in rupees thousands)			
Total liabilities	9,337,844	Total Assets	9,337,844
Sources of funds			
Paidup Capital	1,555,328	Reserves & Surplus	16,700
Secured Loans	7,704,845	Unsecured Loans	60,971
Application of Funds:			
Net Fixed Assets & CWIP	8,029,093	Investments	0.60
Net Current Assets	196,819	Misc. Expenditure	-
Profit & Loss A/c.(Dr.Bal.)	1,111,931		
iv. Performance of Company (Amount in rupees thousands)			
Turnover (including other income)	27,368	Total Expenditure	350,947
Profit/(Loss) Before Tax	(323,579)	Profit/(Loss) After Tax	(323,579)
v. Generic Name of the Principal Products of the Company		Earning Per Share	(4.35)
Item Code No. (ITC Code)	5402.42		
Product Description	Polyester Filament Yarn (PFY)		

THE PRAG BOSIMI SYNTHETICS LIMITED

ANNEXURE III

CASHFLOW STATEMENT FOR THE SIX MONTHS PERIOD ENDED 31.03.2008 AS PER LISTING AGREEMENT

PARTICULARS	For the eighteen months period ended 31.03.2008 (Rupees)	For the eighteen months period ended 30.09.2006 (Rupees)
A. Net Profit/(Loss) before tax and Extraordinary items	(323,579,069)	(382,133,448)
Adjustments for :		
Depreciation	54,683,017	54,847,437
Amortisation of Preliminary/Shares Issue Exp	34,088,930	6,817,786
Amortisation of Leasehold Land	60,000	60,000
Interest (Net)	87,961,105	79,978,218
Operating Profit/(Loss) before capital changes	(146,786,017)	(240,430,007)
Adjustments for :		
Inventories	26,277,916	262,691,289
Trade Receivable	41,342,637	62,310,070
Trade and other payables	83,814,174	(1,310,244)
Cash generated from operations	4,648,710	83,261,108
Less : Interest Paid	(87,961,105)	(80,178,559)
Interest Received	-	200,341
Net cash from operating activities	(83,312,395)	3,282,890
B. Cash flow from investing activities		
Sales of fixed assets		
Purchase of fixed assets	(140,757,351)	(162,196,945)
Sales/(Purchase) of investments		
Provision for diminution in the value of investments		
Preliminary expenses		
Loans and advances and other current assets	22,240,226	(87,159,250)
Long term bank deposits/margins		
Net cash used in investing activities	(118,517,125)	(249,356,195)
C. Cash flow from financing activities		
Proceeds from issue of shares		
Share application money		303,000
Capital Reserve (Subsidies)		
Proceeds from long-term borrowings (Net)	188,376,774	244,894,148
Net cash from financing activities	188,376,774	245,197,148
Net increase in cash and cash equivalents (A+B+C)	(13,452,746)	(876,158)
Cash/cash equivalents (Opening)	15,015,832	15,891,990
Cash/cash equivalents (Closing)	1,563,086	15,015,832
	(13,452,746)	(876,158)

As per our Report of even date

For H. KHAUND & CO.
Chartered Accountants

H. KHAUND
Proprietor

Guwahati
Date : 21st August, 2009

For & on behalf of the Board

H. K. Sharma Chairman
Hemant B. Vyas Managing Director
S. K. Saha Finance Director

M. K. Das Directors
Girindra Mohan Das

Guwahati
Date : 19th August, 2009

The Prag Bosimi Synthetics Limited

Regd. Office : House No.4, Nilgiri Path, R.G.Barua Road, Near Doordarshan, Guwahati 781 005 Assam.

ATTENDANCE SLIP

Name and Address of the Member and/or Proxy

Regd. Folio No. _____

Client ID No. _____

D.P. I.D. No. _____

No. of Shares held _____

I hereby record my presence at the Eighteenth Annual General Meeting of the Company to be held on Tuesday the 15th day of September 2009, at 5.00 p.m. at Hotel Landmark, Dr.R.B. Barooah Road, Ulubari, Guwahati 781007.

Member's/Proxy's Signature _____

Please fill in the attendance Slip and hand it over at the entrance of the meeting hall. Joint Shareholders may obtain additional Attendance Slip on request. Please bring your copy of the Annual Report for reference at the Meeting.

The Prag Bosimi Synthetics Limited

Regd. Office : House No.4, Nilgiri Path, R.G.Barua Road, Near Doordarshan, Guwahati 781 005 Assam.

PROXY FORM

Regd. Folio No. _____ No. of Shares held _____

I/We _____ of _____ being a member/members of The Prag Bosimi Synthetics Limited hereby appoint _____ of _____ or failing him/her _____ of _____

as my/our proxy to vote for me/us on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held on Tuesday the 15th day of September 2009, at 5.00 p.m. at Hotel Landmark, Dr.R.B.Barooah Road, Ulubari, Guwahati 781007.

Signed this _____ day on _____ 2009.

Signature _____

Affix
Rs. 1/-
Revenue
Stamp

Note : This form duly completed and signed must be deposited at the Registered or Corporate Office of the Company not less than 48 hours before the meeting.

If undelivered, please return to :-

The Prag Bosimi Synthetics Limited

R-79/83, Laxmi Insurance Building,

5th Floor, Sir P. M. Road,

Mumbai 400 001.