



PRAG BOSIMI SYNTHETICS LIMITED

21st Annual Report

2010 - 2012

BOARD OF DIRECTORS

Shri. H. K. Sharma, IAS
Chairman

Shri. Hemant B. Vyas
Managing Director

Shri. Devang H. Vyas
Director

Shri. Samir Kumar Saha
Whole Time cum Finance Director

Shri. M. K. Das

Shri. Girindra Mohan Das

Shri. N. G. Vedak

Shri. Rohit P. Doshi

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

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

COMPANY SECRETARY

Ms. Melvita Almeida

AUDITORS

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

M/s Bharat Shroff & Co.
Chartered Accountants
Mumbai

BANKERS

Dena Bank
IDBI Bank
IndusInd Bank

REGISTERED OFFICE

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

PLANT

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

CORPORATE OFFICE

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

REGISTRAR & SHARE TRANSFER AGENT

Sharex Dynamic (India) Private Limited
Unit- 1, Luthra Ind Premises,
Andheri Kurla Road, Safed Pool,
Andheri (East), Mumbai 400072.

SUBSIDIARIES

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

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

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

Prag Bosimi Synthetics Limited

NOTICE

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

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the period ended 31st March, 2012 and Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri. M. K. Das, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. N. G. Vedak, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of section 224A of the Companies Act, 1956 M/s. Bharat Shroff & Company, Chartered Accountants (Registration No.131026W) be re- appointed and M/s. AMD & Associates, Chartered Accountants (Registration No. 318191E) be appointed as the Auditors of the Company and they together to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors, plus traveling, living and out of pocket expenses actually incurred by the Auditors in connection with the audit work."

SPECIAL BUSINESS:

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

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

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

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

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

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

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

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

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

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

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

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

"RESOLVED FURTHER THAT:

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

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

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

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

By order of the Board of Directors

Place : Guwahati
Date : 01st September, 2012

Melvita Almeida
Company Secretary

Prag Bosimi Synthetics Limited

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE INSTRUMENT APPOINTING PROXY DULY COMPLETED AND STAMPED, MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE AFORESAID MEETING.
3. The relative Explanatory statement, pursuant to Section 173(2) of the Companies Act, 1956 relating to Item No. 4, 5, 6 and 7 of the notice is annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will be closed from 19th September, 2012 to 26th September, 2012 (both days inclusive).
5. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
6. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. In any correspondences with the Company, members are requested to quote their account/ folio numbers and in case their shares are held in the dematerialized form, they must quote their Client ID Number and their DP ID Number.
8. Members who hold shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail of the nomination facility by filing Form 2B. Members holding shares in the dematerialized form may contact their Depository Participant for recording nomination in respect of their shares.
9. Members/ Proxies attending the meeting are requested to bring their Attendance Slip, sent herewith, duly filled in.
10. As we had informed to our shareholders in the 20th Annual report of our Company that the Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green Initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holding with the Depository Participants or alternatively they may register by sending an e-mail at bosimigogreen@sharexindia.com. Members who hold shares in physical form are requested to register their e-mail addresses by sending an e-mail at bosimigogreen@sharexindia.com.

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

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

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

EXPLANATORY STATEMENT

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

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

Item No. 4:

Section 224A of the Companies Act 1956, provides for the appointment or reappointment at each Annual General Meeting of an auditor or auditors of a Company by a Special Resolution, if the Company is one in which not less than 25% of its subscribed share capital is held singly or in any combination thereof, by the Public Financial Institutions, Government Companies etc. The holdings of these aforesaid companies and institutions in the Company exceed 25 % of its subscribed share capital and hence the re-appointment of M/s Bharat Shroff & Co., Chartered Accountants and appointment of M/S AMD & Associates, Chartered Accountants in place of M/s H. Khaund & Co., together as Auditors of the Company is required to be made by a Special Resolution. The appointment of M/S AMD & Associates, Chartered Accountants in place of M/s H. Khaund & Co is due to the sudden sad demise of Mr. H. Khaund on 21st June, 2012. As required under Section 224 of the Act, certificate has been received from them to the effect that their appointment, if made, will be in accordance with the limits specified in Section 224(1B) of the Act. The Shareholders' approval is also being sought to authorise the Board of Directors to determine the remuneration payable to the Auditors in consultation with them.

Item No. 5:

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

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

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

Item No. 6:

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

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

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

Item No. 7:

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

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

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

By order of the Board of Directors

Place : Guwahati
Date : 01st September, 2012

Melvita Almeida
Company Secretary

Prag Bosimi Synthetics Limited

DIRECTORS' REPORT

To,

The Members,

Prag Bosimi Synthetics Limited (PBSL).

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

FINANCIAL RESULTS:

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

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

COURSE OF BUSINESS AND PERFORMANCE:

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

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

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

DIVIDEND:

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

DIRECTORS:

As per the provisions of the Companies Act, 1956 and the Articles of Association of the Company Shri. M. K. Das and Shri. N.G.Vedak, Directors of the Company would be retiring by rotation and being eligible, offers themselves for re-appointment at the ensuing Annual General Meeting (AGM). Pursuant to Clause 49 of the Listing Agreement, the detailed profile of the Directors retiring by rotation is provided in the Notice convening the Annual General Meeting.

Dr. M. K. Sinha has resigned from the Board w.e.f. 26th April, 2011 and Shri. B. P. Muktieh has resigned as the Director of the Company w.e.f. 29th September, 2010. The Board takes this opportunity to place on record its appreciation of the service rendered by them as the Director of the Company during his tenure.

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

PUBLIC DEPOSITS:

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

DEPRECIATION ON PLANT & MACHINERY:

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

(b) the Directors have in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial period viz., 31st March, 2012 and of the loss of the Company for the period ended on that date;

(c) the Directors have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

(d) the Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE:

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

MANAGEMENT DISCUSSION AND ANALYSIS:

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

PARTICULARS OF EMPLOYEES:

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

SUBSIDIARIES:

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

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

The information required under section 217 (1) (e) of the Companies Act 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology

absorption, and foreign exchange earnings and outgo is given in Annexure forming part of this report.

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

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

AUDITORS:

M/s Bharat Shroff & Company, Chartered Accountants, Mumbai; Auditors of the Company will retire at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-appointment. M/s. AMD & Associates, Chartered Accountants, Guwahati seek appointment as the Auditors of the Company in place of M/s H. Khaund & Co. at this Annual General Meeting and will retire at the forthcoming Annual General Meeting. The appointment of M/S AMD & Associates, Chartered Accountants in place of M/s H. Khaund & Co is due to the sudden sad demise of Mr. H. Khaund on 21st June, 2012. The Board takes this opportunity to place on record appreciation of the service rendered by Mr. H. Khaund as the Auditor of the Company during his tenure.

INDUSTRIAL RELATIONS/ HUMAN RESOURCES:

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

APPRECIATION:

Your Directors take this opportunity to offer their sincere thanks to the Government of India, State Government of Assam, AIDC, Dena Bank, IDBI, Standard Chartered Bank, IFCI Ltd, LIC, UTI, GIC & its subsidiaries, SBI, NEDFI, Allahabad Bank, Bank of Baroda, Central Bank of India, UCO Bank, Indusind Bank, North East Frontier Railways, Srei Infrastructure Finance Limited and our valued investors who through their continued support and co-operation, have helped in your Company's progress.

By order of the Board of Directors

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

Managing Director Whole Time cum

Finance Director

Place : Guwahati

Date : 01st September, 2012

Prag Bosimi Synthetics Limited

ANNEXURE TO THE DIRECTORS' REPORT

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

FORM A

(A) POWER AND FUEL CONSUMPTION

Particulars	Current Period	Previous Period
1. Electricity:		
Purchased:		
(a) No of Units	510817	N.A
(b) Total Amount (Rs.)	2400839	N.A
(c) Rate/Unit (Rs.)	4.70	N.A
Own Generation:		
Through Diesel generators		
(a) No. Of Units:	5520	N.A
(b) Unit per litre of Diesel	2.52	N.A
(c) Cost/Unit (Rs.)	16.8	N.A
Through steam turbine generation		
No. of Units:	N.A	N.A
Unit per litre of Fuel oil/Gas	N.A	N.A
Cost/Unit	N.A	N.A
2. Coal		
(specify quality and where used)	N.A	N.A
Quantity:	N.A	N.A
Total cost	N.A	N.A
Average Rate	N.A	N.A
3. Furnace Oil:		
Quantity (KL)	N.A	N.A
Total Amount (Rs.)	N.A	N.A
Average Rate (Rs)	N.A	N.A
4. Steam:		
Quantity in Tons:	N.A	N.A
Total Cost: (Rs.)	N.A	N.A
Rate per Ton (Rs)	N.A	N.A
Consumption per unit of production		
Electricity per K.G. Yarn in No of Units	1.50	N.A
Furnace Oil (Liter)	N.A	N.A
Coal	N.A	N.A
Steam in K.G. per K.G of Yarn	N.A	N.A

(B) FOREIGN EXCHANGE EARNINGS/OUTGO:

Particulars	Current Period	Previous Period
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	Nil	Nil
Capital Goods	Nil	Nil
Stores, spares and consumable	Nil	Nil
Others	Nil	Nil

By order of the Board of Directors

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

Management Discussion and Analysis

Economic Overview

Global Economy

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

Indian Economy

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

Indian Textile Industry

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

Polyester Filament Yarn

The Polyester fibre outlook seems to be extremely positive since an increase in demand is seen due to rising demand driven by higher GDP, easy availability of raw material, spiraling cotton prices due to tightness in global cotton availability, rising young population and richer middle class attributing to improved domestic markets. Polyester Staple Fibre (PSF) and Partially Oriented Yarn (POY) demand is expected to grow at 7.5 % compounded average growth Rate (CAGR) over next 2 years, due to rising consumption of blended and noncotton yarns. Demand is expected to grow to 8.5 % CAGR after 2012-13 due to limited availability

of cotton and higher substitution by polyester.

Opportunities

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

Prag Bosimi Synthetics Limited (PBSL) is the only Polyester yarn plant in the entire North East as well as West Bengal, Bihar, Orissa, UP and Punjab and thus it has a huge domestic market at its disposal. Being located in Assam, PBSL can explore the SAARC countries market like Bangladesh, Myanmar, Nepal, Bhutan, etc. Being located in North East, PBSL enjoys various incentives given to the industries under North East Industrial Policy. This would help your company to achieve higher capacity utilization and contain manufacturing costs.

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

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

Challenges, Risk and Concerns

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

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

Prag Bosimi Synthetics Limited

impact of global economic slowdown on India's consumption is a rising threat to our industry. The Company is focused on overcoming the threats and challenges and take advantage of the opportunities it has.

Future Outlook

The Indian economy is a growing economy with large domestic market, the outlook in near term as well as long term remains positive. The various measures taken by the Government to promote textile and textile related industry.

Internal Control Systems and Their Adequacy

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

Report on Corporate Governance :

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

Company's Philosophy on Corporate Governance:

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

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

Board of Directors:

(a) Composition of the Board

As on March 31, 2012 the Company's Board comprises of 8 directors. The Board has two Executive Directors, of which the Managing Director is the Promoter Director. In addition, the Board has six Non-Executive Directors, consisting of five Independent Directors out of which three are Nominees of various financial institutions. The details of the Directors during the period ended 31st March, 2012 are given below:

Sr. No.	Name of Director	Category	Board meetings attended during the period	Whether attended last AGM	Directorships field in other Public companies incorporated in India.*
1	Shri. H.K. Sharma	Chairman, Nominee of AIDC, Non Executive, Independent Director	4	No	4
2	Shri. Hemant B. Vyas	Managing Director, Promoter Director	15	No	1
3	Shri. Devang H. Vyas**	Non Executive Director	11	No	1
4	Shri. Samir Kumar Saha	Whole time cum Finance Director	15	No	0
5	Shri. M. K. Das	Nominee of AIDC, Non Executive, Independent Director	4	No	3
6	Shri. G.M. Das	Nominee of Assam State Electricity Board, Non Executive, Independent Director	4	Yes	0
7	Shri. N. G. Vedak	Non- Executive and Independent Director	11	No	0
8	Shri. Rohit P. Doshi	Non- Executive and Independent Director	4	No	2

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

Note:

** Shri. Hemant B. Vyas and Shri. Devang H. Vyas are related to each other, no other Director is related to each other. Shri. Samir Kumar Saha is re-appointed as Whole time cum Finance Director for a further period of 3 years w.e.f 01st July, 2012 by the Board of Directors at their meeting held on 28th June, 2012.

Shri. Rohit P. Doshi was appointed as Additional Director and designated as Non- Executive Independent Director at the meeting held on 04th August, 2011.

Directors who ceased during the period

Name of Director	Category	Board Meetings Attended during the period	Whether attended Last AGM	Directorships held in Public companies incorporated in India.
Dr. M. K. Sinha (upto 26.04.2011)	Non Executive & Independent Director	0	No	2
Shri. B. P. Muktieh (upto 29.09.2010)	Non Executive & Independent Director	0	No	5

(b) Number of Board Meetings

The Corporate Governance policy requires the Board to meet at least 4 times in a year with a maximum gap of 120 days between any two meetings. The Board of Directors met 15 times during the period under review. The details of Board Meetings held during the period are as under:

Sr No.	Date of Board Meeting	Board Strength	No. of Directors present
1	02 nd November, 2010	9	5
2	19 th November, 2010	9	5
3	14 th December, 2010	9	4
4	25 th January, 2011	9	4
5	15 th February, 2011	9	4
6	22 nd February, 2011	9	4
7	23 rd March, 2011	9	4
8	26 th April, 2011	8	4
9	16 th May, 2011	8	4
10	31 st May, 2011	8	5
11	04 th August, 2011	8	5
12	14 th August, 2011	8	5
13	20 th September, 2011	8	5
14	10 th November, 2011	8	5
15	14 th February, 2012	8	5

Board's Process

It has always been the Company's policy and practice that apart from matters requiring the Board's approval

by statute, all major decisions including quarterly results of the Company as a whole and debt restructuring, capital expenditure, collaborations, material investment proposals, sale and acquisition of assets of material nature, mortgages, guarantees and donations are placed before the Board. This is in addition to information with regard to actual operations, major litigation feedback reports and minutes of Committee Meetings.

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

(c) Code of conduct

The Company has adopted Code of Conduct for all the Directors and Senior Management of the Company. All the Directors and the Senior Management have affirmed compliance with respective code of conduct. The Code of conduct for Directors and Senior management personnel are posted on the Company's website.

Committees of the Board:

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

Prag Bosimi Synthetics Limited

operation and membership details is given below.

(A) Audit Committee

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

1. Dr. M. K. Sinha (Resigned on 26.04.2011)
2. Shri. M. K. Das
3. Shri. Girindra. M. Das
4. Shri. N. G. Vedak (Inducted in the Committee w.e.f 26.04.2011)
5. Shri. Rohit P. Doshi (Inducted in the Committee w.e.f 04.08.2011)

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

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

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

The Committee has powers similar to those stated in the listing agreements and exercises most of the functions in line with the requirements of the code of Corporate Governance. The details of the Audit Committee meeting held during the period ended on 31st March, 2012 are as under:

Audit Committee Meetings

Sr. No	Date of Audit Committee Meeting	Committee Strength	No. of Members Present
1	01 st November, 2010	3	2
2	19 th November, 2010	3	2
3	14 th December, 2010	3	2
4	15 th February, 2011	3	2
5	16 th May, 2011	3	2
6	31 st May, 2011	3	2
7	14 th August, 2011	4	2
8	10 th November, 2011	4	2
9	14 th February, 2012	4	2

Audit Committee Attendance.

Sr. No	Directors	No. of Meetings attended
1	Dr. M. K. Sinha (Resigned on 26.04.2011)	0
2	Shri. M. K. Das	6
3	Shri. Girindra. M. Das	6
4	Shri. N. G. Vedak	3
5	Shri. Rohit P. Doshi	3

B. Share Transfer Committee

The Company has a Committee of Directors designated 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, Non Executive Director and Shri. S. K. Saha, Whole time cum Finance Director.

C. Shareholders/ Investors Grievance Committee:

A Shareholders / Investors Grievance Committee has been constituted by the Board of Directors to monitor the redressal of the shareholders / investors grievances. The Board of Directors of the Company has constituted a Shareholder/ Investors Grievance Committee, comprising of the following Directors/ Secretary:-

- 1) Shri. Hemant. B. Vyas
- 2) Shri. Devang H. Vyas
- 3) Dr. M. K. Sinha (Resigned on 26.04.2011)
- 4) Shri. Rohit P. Doshi (Inducted in the Committee w.e.f 04.08.2011)
- 5) Ms Melvita Almeida (Company Secretary) (Inducted w.e.f. 16.05.2011)

Company Secretary also acts as a Secretary to the Committee.

D. Remuneration Committee

The Company has a Remuneration Committee to review and recommend payment of annual salaries, commission, service agreements and other employment conditions of the Executive Directors comprising Managing Director and Whole-time Directors. The Committee periodically reviews and recommends suitable revision in the remuneration package of Executive Directors to the Board.

Details of Remuneration paid/ accrued/credited to the Directors during the period ended 31st March, 2012

Sr. No.	Name of the Director	Salary	Perquisites & other benefits*	Performance Bonus/Commission	Sitting Fee	Total
1.	Shri. H.K. Sharma, IAS	-	-	-	-	-
2.	Shri. Hemant B. Vyas	5,62,500	5,11,614	-	-	10,74,114
3.	Shri. Devang H. Vyas	-	-	-	-	-
4.	Shri. Samir Kumar Saha	24,07,500	73,500	-	-	24,81,000
5.	Shri. B. P. Muktiel (Resigned on 29.09.2010)	-	-	-	-	-
6.	Shri. M. K. Das	-	-	-	-	-
7.	Dr.M. K. Sinha (Resigned on 26.04.2011)	-	-	-	-	-
8.	Shri. Girindra Mohan Das	-	-	-	-	-
9.	Shri. N. G. Vedak	-	-	-	-	-
10.	Shri. Rohit P. Doshi	-	-	-	-	-

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

General Body Meetings

The last three General body meetings of the Members of the Company were held as per the following details: -

Year	Location	Date	Time
2009-2010	Hotel Landmark, Dr. R. B. Barooah Road, Ulubari, Guwahati 781 007	28 th June, 2011	4:30 p.m
2008-2009	Hotel Landmark, Dr. R. B. Barooah Road, Ulubari, Guwahati 781 007	16 th December, 2010	4:00 p.m
2006-2008	Hotel Landmark, Dr. R. B. Barooah Road, Ulubari, Guwahati 781 007	15 th September, 2009	5:00 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.
- 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.
- The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement and the Company has not adopted any non- mandatory requirements of Clause 49 of the Listing Agreement.

Means of communication

The financial results and the Annual Reports are displayed on the Company's website (i.e www.pragbosimi.in)

Prag Bosimi Synthetics Limited

Shareholders Information

1. Annual General Meeting:-

Date : 26th September, 2012
 Time : 04:30 p.m.
 Venue : House No.4, Nilgiri Path, R.G.Barua Road,
 Near Doordarshan, Guwahati- 781 024

2. Book Closure Date :

From 19th September, 2012 to 26th September, 2012
 (both days inclusive)

3. Share Transfer Agent:

SHAREX DYNAMIC (INDIA) PRIVATE LIMITED
 UNIT- 1, LUTHRA IND PREMISES,
 ANDHERI KURLA ROAD, SAFED POOL,
 ANDHERI (EAST), MUMBAI 400072.

4. Investors Correspondence

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

Registrar and Share Transfer Agents:

Sharex Dynamic (India) Private Limited
 Unit- 1, Luthra Ind Premises,
 Andheri Kurla Road, Safed Pool,
 Andheri (East), Mumbai 400072.

Corporate Office:

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

Registered Office:

Prag Bosimi Synthetics Ltd.
 House No.4, Niligiri Path,
 R. G. Barua Road, Near Doordarshan,
 Guwahati 781024 Assam.

5. Listing on Stock Exchanges:

The Company's Equity shares are listed at the following Stock Exchanges:

Stock Exchange	Code
The Bombay Stock Exchange	500192
The Guwahati Stock Exchange	L/725
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, 2012

Category	No. of Shares held	% of Share
A PROMOTER'S HOLDING:		
Indian promoters, relatives and associates	33873737	45.54
B NON- PROMOTERS HOLDING		
a) Mutual Funds	98900	0.13
b) Banks, Financial Institutions, insurance Companies, Central/ State Govt. Institutions/ Non - government Institutions (including Foreign Financial Institutions)	1000	0.00
C FIIS		
	Nil	Nil
D Others		
Corporates bodies	9614297	12.93
Indian Public	28311885	38.06
NRI	2437535	3.28
Clearing Members	45606	0.06
TOTAL	74382960	100.00

7. Distribution of Share holding as on 31st March, 2012

Range	Shareholders		Shares	
	No. of Shares	Number	% to total holders	Number
Upto 100	75499	80.48	7529598	10.12
101-200	6795	7.24	1355339	1.82
200-500	7040	7.50	2925552	3.93
501-1000	2405	2.56	2054424	2.76
1001 - 5000	1579	1.68	3615162	4.86
5001 - 10000	192	0.20	1477609	1.99
10001 -10000	235	0.25	7272339	9.78
10001 - and above	61	0.07	48152937	64.74
Total	93806	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 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	29127799	39.16 %
No. of shares in Physical form	45255161	60.84%

10. Market Price Data

(Rs.)

Month	Bombay Stock Exchange		Volume on BSE
	High	Low	
October-10	9.68	5.33	14,00,455
November-10	11.00	7.65	15,20,638
December-10	9.00	6.45	2,34,026
January-11	8.28	6.19	3,05,333
February-11	7.00	5.02	3,91,024
March-11	9.56	6.17	4,34,624
April-11	9.17	6.39	2,15,092
May-11	7.10	5.75	1,30,924
June-11	8.66	5.75	3,25,221
July-11	10.39	7.50	21,33,869
August-11	9.79	7.57	3,83,012
September-11	8.95	7.85	1,32,171
October-11	8.45	7.65	1,36,596
November-11	9.40	6.33	2,03,775
December-11	7.80	5.11	4,07,282
January-12	7.99	5.46	79,201
February-12	9.00	6.98	2,29,718
March-12	9.29	7.30	67,28,059

11. Plant Location of the Company:

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

Place : Guwahati
Date : 01st September, 2012

12. Bank Details of the Shareholders:

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, A Wing, 4th & 5th Floor,
Kamla Mills Compound,
Lower Parel, Mumbai 400013
Telephone: (022) 24994200
Fax: (022) 24976351
E-mail: info@nsdl.co.in
Website: www.nsdl.co.in
- Central Depository Services (India) Ltd.**
17th floor, P J Towers,
Dalal Street, Fort, Mumbai 400001
Telephone: (022) 2723333
Fax: (022) 22723199
E-mail : investors@cdslindia.com
Website: www.cdslindia.com

14. Nomination Facility

Members who hold shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail of the nomination facility by filing Form 2B. Members holding shares in the dematerialized form may contact their Depository Participant for recording nomination in respect of their shares.

By order of the Board of Directors

(Hemant B. Vyas)
Managing Director

(S.K. Saha)
Whole Time cum
Finance Director

Prag Bosimi Synthetics Limited

Declaration On Compliance Of The Company's Code of Conduct

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the Code of Conduct, framed pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, in so far as it is applicable to them and there is no non-compliance thereof during the period ended 31st March, 2012.

For Prag Bosimi Synthetics Limited

Date: 01st September, 2012

Place: Guwahati

S.K.Saha

Whole Time cum Finance Director

Auditors' Certificate on Corporate Governance

TO,

The Members of Prag Bosimi Synthetics Limited.

We have examined the compliance of conditions of corporate governance by Prag Bosimi Synthetics Ltd. for the period from 01st October, 2010 to 31st March, 2012 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.

For Bharat Shroff & Co.

Date: 01/09/2012

Bharat B. Shroff
Proprietor
Chartered Accountants
(Firm Regn No.131026W)
M.No.014822

Auditors' Report to the Members

To

The Members of Prag Bosimi Synthetics Limited

- 1 We have audited the attached Balance sheet of Prag Bosimi Synthetics Limited as at 31st March, 2012; statement of Profit and Loss Account for the eighteen months ended on that date and also Cash Flow Statement for the eighteen 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. The Financial Statements have been prepared in accordance with the fundamental accounting assumption that the company is a going concern,
 - ii. Sundry debit/credit balances are subject to confirmation pending reconciliation as referred to in Note No.11 of Schedule 18;
5. *The Company has not provided for depreciation on major part of its plant & machinery on the ground of non user. Such depreciation, not so provided, is computed to be Rs. 21,86,85,089/-. If the Company had provided full depreciation on its entire plant and machinery the net loss of the Company would be increased by the said amount.*
The Company has written back depreciation on its plant and machinery on the ground of non user. Such depreciation written back is computed to be Rs. 2,49,000/- for the accounting period 01.04.2008 to 30.09.2009 and Rs. 11,62,80,208/- in the accounting period 01.10.2009 to 30.09.2010. If the Company had not written back depreciation on its Plant & Machinery, the net loss of the company would be increased by the said amount.

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, subject to matter stated in paragraph 5 above 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.

Prag Bosimi Synthetics Limited

- e. On the basis of written representations received from directors as on 31st March, 2012 and taken on record by the Board of Directors, wherever applicable, we report that none of the directors is disqualified as on 31st March, 2012 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 Note 1 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, 2012;
 - ii. In the case of the statement of Profit and Loss Account, of the Loss of the Company for the period ended on that date; and
 - iii. In the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

For Bharat Shroff & Co.

Bharat B. Shroff
Proprietor
Chartered Accountants
(Firm Regn No.131026W)
M.No.014822

Date: 01/09/2012

Annexure referred to in paragraph 3 of Auditors' Report of even date on the financial statements for the period ended 31st March, 2012 of 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 programmed 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 period,
c) No substantial part of the fixed assets has been disposed off during the period.
- 2 a) The inventory has been physically verified by the management at reasonable intervals during the period. 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. 7,25,50,000.00 from Managing Director and other related party during the period. The rate of interest and terms of the loan repayment are not prima facie 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 it's 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 that 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.

Prag Bosimi Synthetics Limited

- 9 The Company has following undisputed amounts outstanding towards statutory dues for more than 6 months as on 31st March, 2012

The Act applicable	Details of outstanding Amount	Amount Rupees in Lacs
The Assam Professions, Trades, Callings and Employments Taxation Act, 1947	Professional Tax	9.08
The Income Tax Act 1961	Tax Deducted at Source	5.25

- 10 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.
- 11 The Company is not a dealer or trader in shares, securities, debentures and other investments.
- 12 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.
- 13 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.
- 14 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.
- 15 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.
- 16 The Company has created securities in respect of debentures issued in the past.
- 17 The Company has not raised any money by way of public issue during the period.
- 18 During the period no fraud on or by the Company has been noticed or reported during the course of our audit.

For Bharat Shroff & Co.

Bharat B. Shroff
Proprietor
Chartered Accountants
(Firm Regn No.131026W)
M.No.014822

Date: 01/09/2012

Balance Sheet as at 31 March, 2012

Particulars	Note No.	As at 31 March, 2012 ₹	As at 30 September 2010 ₹
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	1,558,454,600	1,558,454,600
(b) Reserves and surplus	4	(331,672,745)	(210,818,961)
		<u>1,226,781,855</u>	<u>1,347,635,639</u>
2 Share application money pending allotment			
		-	-
3 Non-current liabilities			
(a) Long-term borrowings	5	738,432,455	761,758,395
(b) Other long-term liabilities	6	122,596,551	25,372,304
(c) Long-term provisions	7	11,978,633	21,332,215
		<u>873,007,639</u>	<u>808,462,913</u>
4 Current liabilities			
(a) Short-term borrowings	8	430,111,700	326,861,589
(b) Trade payables	9	19,790,806	6,179,561
(c) Other current liabilities	10	55,006,164	13,841,945
(d) Short-term provisions	11	9,966,321	4,119,763
		<u>514,874,991</u>	<u>351,002,859</u>
TOTAL		<u><u>2,614,664,485</u></u>	<u><u>2,507,101,411</u></u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	2,247,057,527	2,143,099,561
(ii) Capital work-in-progress	12.A	3,659,087	-
		<u>2,250,716,614</u>	<u>2,143,099,561</u>
(b) Non-current investments	13	1,200,000	-
(c) Long-term loans and advances	14	185,832,293	184,874,309
(d) Other non-current assets	15	7,075,855	7,075,952
		<u>194,108,148</u>	<u>191,950,262</u>
2 Current assets			
(a) Inventories	17	112,591,756	52,843,870
(b) Trade receivables	18	546,406	-
(c) Cash and cash equivalents	19	4,351,680	80,881,497
(d) Short-term loans and advances	20	52,349,882	38,326,221
		<u>169,839,724</u>	<u>172,051,588</u>
TOTAL		<u><u>2,614,664,485</u></u>	<u><u>2,507,101,411</u></u>

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Bharat Shroff & Co
Chartered Accountants
(Firm Regn.No.131026W)

Bharat B. Shroff
Proprietor
(M.No. 014822)
Date : 01.09.2012

For and on behalf of the Board of Directors

H.K.Sharma Chairman
Hemant B. Vyas Managing Director
S.K.Saha Finance Director
M.K.Das Director
Girindra Mohan Das Director

Melvita Almeida Company Secretary
Place : Guwahati
Date : 01.09.2012

Prag Bosimi Synthetics Limited

Statement of Profit and Loss for the period ended 31 March, 2012

Particulars	Note No.	For the eighteen months period ended 31 March, 2012 ₹	For the twelve months period ended 30 September, 2010 ₹
A CONTINUING OPERATIONS			
1 Revenue from operations (net)	22	5,578,963	266,379
2 Other income	23	7,412,457	(1,031,709)
3 Total revenue (1+ 2)		12,991,420	(765,330)
4 Expenses			
(a) Cost of materials consumed	24.a	30,000,505	-
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	24.c	(44,591,017)	-
(c) Employee benefits expense	25	38,769,772	17,822,163
(d) Finance costs	26	137,299,576	9,999,062
(e) Depreciation and amortisation expense	12.B	35,362,095	134,228,121
(f) Other expenses	27	53,582,536	114,366,109
Total expenses		250,423,468	276,415,455
5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(237,432,048)	(277,180,785)
6 Exceptional items	28.a	(116,529,208)	-
7 Profit / (Loss) before extraordinary items and tax (5 + 6)		(120,902,840)	(277,180,785)
8 Extraordinary items	28.b	-	-
9 Profit / (Loss) before tax (7 + 8)		(120,902,840)	(277,180,785)
10 Tax expense		-	-
11 Earnings per share (of Rs.10/- each):			
(a) Basic and Diluted		(1.63)	(3.73)

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Bharat Shroff & Co
Chartered Accountants
(Firm Regn.No.131026W)

Bharat B. Shroff
Proprietor
(M.No.014822)
Date : 01.09.2012

For and on behalf of the Board of Directors

H.K.Sharma Chairman
Hemant B. Vyas Managing Director
S.K.Saha Finance Director
M.K.Das Director
Girindra Mohan Das Director

Melvita Almeida Company Secretary
Place : Guwahati
Date : 01.09.2012

Notes forming part of the Financial Statements

Particulars	As at 31 March, 2012		As at 30 September 2010	
	Number of shares	₹	Number of shares	₹
Note 3 Share capital				
(a) Authorised				
Equity shares of Rs.10/- each with voting rights	120,000,000	1,200,000,000	120,000,000	1,200,000,000
Equity shares (Unclassified) of Rs.10/- each with voting rights	30,000,000	300,000,000	30,000,000	300,000,000
Optionally convertible preference shares of Rs.100/- each	1,000,000	100,000,000	1,000,000	100,000,000
Redeemable preference shares of Rs.100/- each	9,000,000	900,000,000	9,000,000	900,000,000
(b) Issued, Subscribed & Called - Up				
Equity shares of Rs.10/- each with voting rights	74,382,960	743,829,600	74,382,960	743,829,600
Optionally convertible preference shares of Rs.100/- each	1,000,000	100,000,000	1,000,000	100,000,000
Redeemable preference shares of Rs.100/- each	7,146,250	714,625,000	7,146,250	714,625,000
Total	82,529,210	1,558,454,600	82,529,210	1,558,454,600

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Other changes (Calls in Arrears)	Closing Balance
Equity shares with voting rights			
Period ended 31st March, 2012			
- Number of shares	7,43,82,960		7,43,82,960
- Amount (in Rs.)	74,38,29,600	31,26,300	74,38,29,600
Year ended 30th September, 2010			
- Number of shares	7,43,82,960		7,43,82,960
- Amount (in Rs.)	74,38,29,600	31,26,300	74,38,29,600
Cumulative Convertible Preference Shares			
Period ended 31 March, 2012			
- Number of shares	10,00,000		10,00,000
- Amount (in Rs.)	10,00,00,000		10,00,00,000
Year ended 30th September, 2010			
- Number of shares	10,00,000		10,00,000
- Amount (in Rs.)	10,00,00,000		10,00,00,000
Redeemable Cumulative Convertible Preference Shares			
Period ended 31 March, 2012			
- Number of shares	71,46,250		71,46,250
- Amount (in Rs.)	71,46,25,000		71,46,25,000
Year ended 30th September, 2010			
- Number of shares	71,46,250		71,46,250
- Amount (in Rs.)	71,46,25,000		71,46,25,000

Prag Bosimi Synthetics Limited

Notes forming part of the financial statements

Note 3 Share capital (contd.)

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31st March, 2012		As at 30th September, 2010	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Assam Industrial Development Corporation Limited	18,377,980	24.707	18,377,980	24.707
Akhilesh Mercantile Private Limited	6,423,909	8.636	-	-
Devsai Investments and Finances Private Limited	4,250,000	5.714	4,250,000	5.714
Devila H Vyas	-	-	5,599,590	7.528

Particulars	As at 31 March, 2012	As at 30 September, 2010
	₹	₹

Note 4 Reserves and surplus

(a) Capital reserve		
Opening balance	1,700,000	1,700,000
Add: Additions during the period	-	-
Closing balance	1,700,000	1,700,000
(b) Other reserves - Subsidy		
Opening balance*	762,314,394	762,314,394
Add: Additions / transfers during the period	49,056	-
Closing balance	762,363,450	762,314,394
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(974,833,355)	(697,652,570)
Add: Profit / (Loss) for the period	(120,902,840)	(277,180,785)
Closing balance	(1,095,736,195)	(974,833,355)
Total	(331,672,745)	(210,818,961)

* Notes : During the period, Capital Subsidy is bifurcated under the head Other Reserve Subsidy of ₹ 1,50,00,000/-

Note 5 Long-term borrowings

(a) Bonds / debentures		
Secured		
Non Convertible Debentures	-	48,800,000
Optionally Cumulative Convertible Debentures (OCCD)	575,217,500	-
	575,217,500	48,800,000
(b) Term loans		
Secured		
Working Capital Term Loan	35,000,000	55,400,000
Unsecured	55,664,955	60,014,955
	90,664,955	115,414,955
(c) Loans and advances from related parties		
Unsecured	72,550,000	106,795,300
	72,550,000	106,795,300
(d) Other loans and advances (specify nature)		
Secured		
Loan from Financial institutions	-	490,748,140
	-	490,748,140
Total	738,432,455	761,758,395

Notes forming part of the financial statements

Note 5 Long-term borrowings (contd.)

Particulars	Terms and Conditions	Particulars			
		As at 31st March, 2012		As at 30th September, 2010	
		Secured	Unsecured	Secured	Unsecured
8% Optionally Cumulative Convertible Debentures of Rs. 100/- each	Second charge on whole of the movable property of the Company including its plant and machinery, machinery spares, tools and accessories, vehicle, furniture, fixture and other movable both present and future and immovable properties of the Company comprised in lands and all those pieces and parcels of leasehold land situated at leasehold land admeasuring 299 Bighas and 1 Lessa in Dag No. 701 of K P Patta No. 34 of Village Bhotodal, Mouza- Lakrai within Sipajhar Circle, District Darrang in the State of Assam. Rate of Interest - 8% Cumulative Date of Redemption - 24 months Convertibility - Optionally convertible at the end of 24 months (along with accrued interest) in case of default as per SEBI guidelines	575,217,500	NIL	NIL	NIL
Total Optionally Cumulative Convertible Debentures		575,217,500	NIL	NIL	NIL

(ii) Details of security provided in respect of borrowings:

Particulars	Terms of Repayment and Security	As at 31st March, 2012		As at 30th September, 2010	
		Secured	Unsecured	Secured	Unsecured
Loans from banks:	First Charge on the Current Assets and Second Charge on the Fixed Assets of the Company for sanctioning of various Credit facilities.	300,000,000	NIL		NIL
Term loans from other parties:					
Financial Institution	First Charge on the Fixed Assets of the Company	35,000,000	NIL		NIL
Financial Institution	First Charge on the Immovable properties of the Company comprised in lands and all those pieces and parcels of leasehold land situated at leasehold land admeasuring 299 Bighas and 1 Lessa in Dag No. 701 of K P Patta No. 34 of Village Bhotodal, Mouza- Lakrai within Sipajhar Circle, District Darrang in the State of Assam. Rate of Interest - 16.50% p.a Terms of repayment- Interest to be paid on 15th of every month.	370,000,000	NIL		NIL

Prag Bosimi Synthetics Limited

Notes forming part of the financial statements

Particulars	As at 31 March, 2012 ₹	As at 30 September, 2010 ₹
Note 6 Other long-term liabilities		
(a) Trade Payables:		
(i) Creditors & Others Creditors	121,524,693	22,948,820
(b) Others:		
(i) Advances from customers	908,656	807,385
(ii) Others - Duties & Taxes	163,202	1,816,099
Total	<u>122,596,551</u>	<u>25,372,304</u>
Note 7 Long-term provisions		
(a) Provision for employee benefits:		
(i) Provision for Salary	4,239,344	1,907,082
(ii) Provision for gratuity	5,683,494	4,991,250
(iii) Provision for employee benefits	993,204	-
(iv) Provision for other benefit plans	164,024	164,024
	<u>11,080,066</u>	<u>7,062,356</u>
(b) Provision - Others:		
(i) Provision for Profession Tax	797,617	673,987
(ii) Provision	100,950	13,595,872
	<u>898,567</u>	<u>14,269,859</u>
Total	<u>11,978,633</u>	<u>21,332,215</u>
Note 8 Short-term borrowings		
From other parties		
Secured		
Cash Credit Banks	59,524,203	88,409,000
Loan from Financial Institution	370,000,000	23,8452,589
Loans and advances from related parties		
Unsecured, considered good	587,497	-
Total	<u>430,111,700</u>	<u>326,861,589</u>
Note 9 Trade payables		
Trade payables:		
Bills Payables	19,298,185	-
Creditors	492,621	6,179,561
Total	<u>19,790,806</u>	<u>6,179,561</u>

Notes forming part of the financial statements

Particulars	As at 31 March, 2012	As at 30 September, 2010
	₹	₹

Note 10 Other current liabilities

(a) Interest accrued but not due on borrowings		
(i) Interest Accrued on WCTL	3,728,219	-
(ii) Interest Accrued on 8% Optionally Cumulative Convertible Debentures	47,133,776	-
(b) Interest accrued and due on borrowings	2,538,082	-
(c) Statutory remittances	1,537,589	13,773,448
(d) Others Liabilities	68,498	68,498
Total	55,006,164	13,841,945

Note 11 Short-term provisions

(a) Provision for employee benefits:		
(i) Provision for Salary & others	5,247,914	2,330,878
(ii) Provision for gratuity	1,132,444	1,022,304
(iii) Provision for LTA	503,107	-
(iv) Provision for Leave Encashment	2,805,932	-
	9,689,397	3,353,182
(b) Provision - Others:		
(i) Provision for Profession Tax	121,924	51,115
(ii) Provision	1,55,000	715,466
	2,76,924	766,581
Total	9,966,321	4,119,763

Note 12 Fixed Assets

A. Tangible assets	Gross block				Accumulated depreciation and impairment			Net block	
	Balance as at 1.10.2010	During the 18 month period ended 31.03.2012		Balance as at 31.03.2012	Balance as at 1.10.2010	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31.03.2012	Balance as at 31.03.2012
		Additions	Disposals						
₹	₹	₹	₹	₹	₹	₹	₹	₹	
(a) Land									
Freehold	578,617			578,617					578,617
Leasehold	599,678			599,678	259,992	29,988		289,980	309,698
(b) Buildings									
Owned	518,628,613			5,18,628,613	13,565,1256	25,824,873		161,476,129	357,152,483
(c) Plant and Equipment									
Owned	2,232,939,316	3,320,0214	56,213,314	22,09,926,217	4,80,377,656	8,330,284	1,61,279,846	327,428,095	1,882,498,123
(d) Furniture and Fixtures									
Owned	15,172,270	304,936		15,477,206	10,606,769	762,717		11,369,486	4,107,720
(e) Vehicles									
Owned	2,765,037			2,765,037	1,226,728	244,728		1,471,456	1,293,581
(f) Office equipment									
Owned	3,880,443	775,842	729,330	3,926,955	3,342,011	169,505	701,867	2,809,649	1,117,306
Total	27,74,563,974	34,280,992	56,942,644	27,51,902,322	6,31,464,413	35,362,095	161,981,713	504,844,795	2,247,057,527
Previous year	27,54,907,808	20,156,887	500,721	27,74,563,974	4,97,526,385	134,228,121	290,093	631,464,413	2,143,099,561

Prag Bosimi Synthetics Limited

Notes forming part of the financial statements

Note 12 Fixed assets (contd.)

B. Depreciation and amortisation relating to continuing operations:

Particulars	As At	As At
	31 March, 2012	30 September 2010
	₹	₹
Depreciation and amortisation for the period on tangible assets as per Note 12	35,362,095	134,228,121
Total	35,362,095	134,228,121

Note 12 - A. Capital Work-in-Progress

Capital Work-in-progress		
(a) Buildings & Civil work under Construction	1,926,523	-
(b) Plant & Machinery	1,732,564	-
Total	3,659,087	-

Note 13 Non-current investments

Particulars	As At		As At	
	31 March, 2012		30 September 2010	
	Unquoted	Total	Unquoted	Total
	₹	₹	₹	₹
Investments (At cost):				
A. Unquoted				
(a) Investments in Equity				
(i) Investments of subsidiaries				
Prag Bosimi Packaging Pvt. Ltd. 10000 shares of Rs.10 each fully paid up	100,000	100,000	-	-
Prag Bosimi Texturising Pvt. Ltd. 10000 shares of Rs.10 each fully paid up	100,000	100,000	-	-
Prag Jyoti Textile Park Pvt. Ltd. 100000 shares of Rs.10 each fully paid up	1,000,000	1,000,000	-	-
Total	1,200,000	1,200,000	-	-

Particulars	As At	As At
	31 March, 2012	30 September 2010
	₹	₹
Note 14 Long-term loans and advances		
(a) Advance Receivable in Cash In Kind		
Unsecured, considered good	184,863,417	184,874,309
(b) Balances with government authorities		
Unsecured, considered good	824,000	-
(i) CENVAT credit receivable	144,876	-
(ii) Service Tax credit receivable	185,832,293	184,874,309
Total	185,832,293	184,874,309

Note 15 Other non-current assets

(a) Long-term trade receivables		
Unsecured, considered good	3,949,555	3,949,652
(b) Others		
Calls in Arrears	3,126,300	3,126,300
Total	7,075,855	7,075,952

Notes forming part of the financial statement

Particulars	As At 31 March, 2012 ₹	As At 30 September 2010 ₹
Note 17 Inventories (At lower of cost and net realisable value)		
(a) Raw materials	17,245,267	4,681,879
Goods-in-transit	4,476,423	-
	<u>21,721,690</u>	<u>4,681,879</u>
(b) Work-in-progress	9,355,779	-
(c) Finished goods (other than those acquired for trading)	37,408,287	6,441,009
(d) Stores and spares	44,106,000	41,720,982
Total	<u><u>112,591,756</u></u>	<u><u>52,843,870</u></u>
Note 18 Trade receivables		
Trade receivables outstanding for a period less than six months from the date they were due for payment		
Unsecured, considered good	546,406	-
Total	<u><u>546,406</u></u>	<u><u>-</u></u>
Note 19 Cash and cash equivalents		
(a) Cash on hand	113,894	75,879
(b) Balances with banks		
(i) In current accounts	2,933,827	79,501,659
(ii) In deposit accounts	1,303,959	1,303,959
Total	<u><u>4,351,680</u></u>	<u><u>80,881,497</u></u>
Note 20 Short-term loans and advances		
(a) Loans and advances to related parties		
Unsecured, considered good	506,866	-
(b) Security deposits		
Advance for Statutory License	93,000	-
Unsecured, considered good	43,431,120	38,000,362
	<u>43,524,120</u>	<u>38,000,362</u>
(c) Loans and advances to employees		
Unsecured, considered good	645,599	46,720
(d) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit	5,327,038	137,933
(ii) VAT credit	16,982	-
(iii) Service Tax credit	1,343,344	-
(iv) Entry Tax	376,000	-
(v) Tax deducted at source (TDS)	609,933	141,206
	<u>7,673,297</u>	<u>279,139</u>
Total	<u><u>52,349,882</u></u>	<u><u>38,326,221</u></u>

Prag Bosimi Synthetics Limited

Notes forming part of the financial statements

Particulars	For the eighteen months period ended 31 March, 2012 ₹	For the twelve months period ended 30 September, 2010 ₹
Note 22 Revenue from operations		
(a) Sale of products (net)	911,008	-
(b) Other operating revenues	2,855,508	266,379
Total	3,766,516	266,379
(a) Other operating revenues comprise:		
Sale of scrap	1,812,447	-
Total - Other operating revenues	5,578,963	266,379
Note 23 Other income		
(i) Interest income comprises:		
Interest on loans and advances	4,719,870	-
Other balances	24,376	141,206
Total - Interest income	4,744,246	141,206
Rental income	5,000	-
Miscellaneous income [net of expenses directly attributable (Period ended 31 March, 2012)]	122,453	-
Sundry Creditors written off	11,603	-
Total - Other non-operating income	139,056	-
(ii) Details of Prior period items (net)		
Prior period income (given details)		
Settlement of Statutory Dues	257,083	-
Provision witten off	1,500,185	-
Settlement of Dues	9,387,410	35,794
Prior period expenses (given details)		
Vendors Claim	7,439,893	-
TDS interest	367,400	901,856
Service Tax Claim	695,654	306,853
Short Provision of Employee	112,576	-
	2,529,155	(1,172,915)
Total	7,412,457	(1,031,709)

Notes forming part of the financial statements

Particulars	For the eighteen months period ended 31 March, 2012 ₹	For the twelve months period ended 30 September, 2010 ₹
Note 24.a Cost of materials consumed		
Opening stock	4,681,879	4,681,879
Add: Purchases	42,911,812	-
Add: Transfer from Finish Goods	4,267,960	-
	<u>51,861,651</u>	<u>4,681,879</u>
Less: Closing stock	21,721,690	4,681,879
Cost of material consumed	<u><u>30,139,961</u></u>	<u><u>-</u></u>
Material consumed comprises:		
CHIPS	30,139,961	-
Less : Abnormal Loss in Production	139,456	-
Total	<u><u>30,000,505</u></u>	<u><u>-</u></u>
Note 24.c Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Inventories at the end of the year:		
Finished goods	37,408,287	6,441,009
Work-in-progress	9,355,779	-
	<u>46,764,066</u>	<u>6,441,009</u>
Inventories at the beginning of the year:		
Finished goods	6,441,009	6,441,009
Less : Transfer to Raw Material	(4,267,960)	-
	<u>2,173,049</u>	<u>6,441,009</u>
Net (increase) / decrease	<u><u>(44,591,017)</u></u>	<u><u>-</u></u>
Note 25 Employee benefits expense		
Salaries and wages	35,743,696	15,500,403
Contributions to provident and other funds	1,394,468	1,643,236
Staff welfare expenses	1,631,608	678,524
Total	<u><u>38,769,772</u></u>	<u><u>17,822,163</u></u>
Note 26 Finance costs		
Interest paid on borrowing	<u><u>137,299,576</u></u>	<u><u>9,999,062</u></u>

Prag Bosimi Synthetics Limited

Notes forming part of the financial statements

Particulars	For the eighteen months period ended 31 March, 2012 ₹	For the twelve months period ended 30 September, 2010 ₹
Note 27 Other expenses		
Consumption of stores and spare parts	315,851	-
Power and fuel	2,400,839	-
Rent including lease rentals	6,134,926	6,240,628
Repairs and maintenance - Buildings	47,450	-
Repairs and maintenance - Machinery	221,267	-
Repairs and maintenance - Others	858,993	1,380,528
Insurance	1,481,164	441,244
Rates and taxes	26,017	2,292,091
Communication	2,381,904	553,630
Travelling and conveyance	2,350,680	1,038,476
Printing and stationery	859,350	256,064
Freight and forwarding	2,573,591	977,544
Business promotion	336,397	-
Donations and contributions	20,200	-
Legal and professional	5,022,440	2,676,170
Payments to auditors (Refer (i) below)	155,000	150,000
Loss on sale of fixed assets	10,220,944	93,866,527
Abnormal Loss on Production	139,456	-
Trial Run Expenses	2,883,000	-
Miscellaneous expenses	15,153,067	4,493,207
Total	53,582,536	114,366,109
(i) Payments to the auditors comprises		
As auditors - statutory audit	105,000	100,000
For taxation matters	25,000	50,000
For other services	25,000	-
Total	155,000	150,000
Note 28.a Exceptional items		
Write back of Provision for Depreciation	116,529,208	-
Total	116,529,208	-

NOTES FORMING PART OF ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2012
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 recognizes Income and expenditure on accrual basis.

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

(2) SIGNIFICANT ACCOUNTING POLICIES:

(1) Fixed Assets:

Fixed Assets are stated at cost of acquisition or construction and includes amounts added/reduced on revaluation less accumulated depreciation. Impairment losses have been accounted as per the mandatory Accounting Standards issued by The Institute of Chartered Accountants of India as applicable and the relevant provisions of The Companies Act, 1956.

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 capitalized proportionately as part of the asset cost in respect of machineries put to use.

(2) 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 01.10.2003, 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.

- (d) The Company has not provided any depreciation on major part of its Plant & Machinery which is not used during the accounting period under review for practical difficulties. Such depreciation not provided is computed to be Rs. 21,86,52,089/-

Similarly, on the same reasoning, the Company has written back and credited to profit & Loss Account an amount of Rs.11,62,80,208/-by way of depreciation provided in the accounting period 01.10.2009 to 30.09.2010 and Rs.2,49,000/-provided in the accounting period 01.04.2008 to 30.09.2009.

(3) 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.

(4) Investments:

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

(5) 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.

(6) 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 towards these

Prag Bosimi Synthetics Limited

defined contribution plan amounting to Rs.1,394,468/- 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.28,05,932/- is accordingly made for leave encashment during the current year. This is done on the same basis as in the last accounting period.

(7) 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.

(8) Government Grants:

- Revenue grants are recognized in the Profit & Loss account.
- Capital Grants relating to specific fixed assets are shown under capital reserve.

(9) Taxes on Income:

No provision for taxation is made as the profits and gains of units set up in North Eastern State are tax free under the Income Tax Act 1961 and the company has also incurred losses during the year.

No provision for deferred taxation is made in accounts as the company has been incurring losses year after year and Company's business income is also exempt u/s 80IC of Income Tax Act of 1961.

(10) Provisions:

A provision is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

- There were no such events occurring after the Balance Sheet date which are reportable.

(12) Revenue Recognition:

- Sales are recognized on dispatch to customers and are net of returns, discounts and sales tax.
- Other Income and Expenditure are recognized and accounted on accrual basis.

II Notes to Accounts

(1) Contingent liabilities not provided for:

Sr. No.	Particulars	As At 31 st March, 2012 ₹	As At 30th September, 2010 ₹
i.	Counter Guarantees for Sales tax	5,000	5,000
ii.	Dividend payable on Cumulative Convertible Preference Shares (Refer Note 2 below)	—	—
iii.	Claims against the company not acknowledged as debts	61,400,000	34,242,000
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

- The Cumulative Convertible Preference Shares (CCPS) and Redeemable Convertible Cumulative Preference Shares (RCCPS) have also been part of approved Corporate Debt Restructuring Scheme. In terms of Corporate Debt

Restructuring Scheme, these CCPS and RCCPS have to be cancelled from the books of accounts. However such cancellation has the effect of reduction in capital as per the provisions of The Companies Act, 1956 which requires prior approval of High Court after this proposal has formally been approved by the shareholders. CCPS & RCCPS therefore will remain in the books of accounts till the cancellation thereof is approved by High Court. However, in accordance with Corporate Debt Restructuring Scheme, dividend liability in respect of the preference shares has been shown as nil in the current year in Note 1(ii) above.

- (3) As per the approved Corporate Debt Restructuring Scheme, the Company has issued 8% Optionally Cumulative Convertible Debentures against the balance amount payable to the Financial Institutions, Banks and Insurance Companies.
- (4) The board is contemplating taking steps 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. The Board therefore considers it prudent not to provide for the interest on calls-in-arrears.
- (5) Estimated amount of contracts remaining to be executed on capital account net of advances is Rs. Nil (Previous Year Rs. Nil/-)
- (6) Loans and Advances include Rs.38,327,274/- (Previous Year Rs.38,476,664/-) 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.
- (7) There is no amount overdue and remaining unpaid to small scale/or ancillary Industrial Suppliers on principal and/or interest as at the close of the period
- (8) Previous Period's figures have been regrouped / reclassified / rearranged wherever necessary.
- (9) 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.
- (10) Balance of Sundry Debtors, Sundry Creditors, Loans

& Advance and Deposits are subject to confirmation.

- (11) Profit and Loss Account of the current period includes following remuneration paid/credited/accrued to managerial personnel.

	Current Period ₹	Previous Period ₹
Salary	2,970,000	840,000
House Rent Allowance	337,500	225,000
Employer's contribution to Provident fund	-	-
Other Allowances	247,614	172,111
Total	3,555,114	1,237,111

- (12) The AS-17 "Segment Reporting" is not applicable as the Company has operated only in one segment i.e. manufacturing of Yarn.

- (13) 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 and Shri S. K. Saha - Wholtime cum Finance Director.

Loans from Related Parties:

Particulars	Relationship	Amount
Hemant B Vyas	Promoter	42,550,000/-
Nandraj Developers Pvt. Ltd.	Shareholder	30,000,000/-
Prag Jyoti Textile Park Pvt. Ltd.	Wholly owned Subsidiary	8,25,072/-

Advances to Related Parties

Particulars	Relationship	Amount
Prag Bosimi Texturising Pvt. Ltd.	Wholly owned Subsidiary	24,928/-
Prag Bosimi Packaging Pvt. Ltd.	Wholly owned Subsidiary	4,81,638/-

- (14) 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.

- (15) Additional information pursuant to part IV of the Schedule VI of the Companies Act, 1956 is as per annexure II.

Prag Bosimi Synthetics Limited

(16) Cash flow Statement is annexed to this Schedule as Annexure III.

(17) Earnings per Share	31.03.2012	30.09.2010
Earnings per Share		
Net profit /(loss) as per P/L Account (₹)	(120,902,840)	(277,180,785)
Weighted average number of equity shares outstanding (Nos)	74,382,960	74,382,960
Basic and diluted earnings per share (Face value ₹ 10/-per Share)	(1.63)	(3.73)

In terms of our report attached.

For Bharat Shroff & Co
Chartered Accountants
(Firm Regn.No.131026W)

Bharat B. Shroff
Proprietor
(M. No.014822)
Date : 01.09.2012

For and on behalf of the Board of Directors

H.K.Sharma	Chairman
Hemant B. Vyas	Managing Director
S.K.Saha	Finance Director
M.K.Das	Director
Girindra Mohan Das	Director

Melvita Almeida	Company Secretary
Place : Guwahati	
Date : 01.09.2012	

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

	Unit	For the 18 months period ended 31.03.2012		For the 12 months period ended 30.09.2010	
		Quantity	Amount ₹	Quantity	Amount ₹
a. Opening Stock					
Yarn	MT	38.69	2,173,049	38.69	2,173,049
Polyester chips	MT	106.70	4,267,960	106.70	4,267,960
Others			-		-
b. Purchases					
Polyester chips					
Yarn	MT	-	-	-	-
Others					
c. Actual Production/Processed					
Yarn (net of captive consumption)	MT	341.95			
Polyester chips	MT				
d. Sales					
Yarn	MT	28.35	911,008		
Others			6,489,846		
Transfer to Raw Material	MT	106.70	4,267,960		
e. Closing Stock					
Yarn	MT	352.29	37,404,287	38.69	2,173,049
Polyester chips	MT			106.70	4,267,960
Others					
B. (i) Details of Raw Materials Consumed					
Polyester chips	MT	430.74	30,000,505		
Total		430.74	30,000,505		

(ii) Details of value of imported and indigenous Raw Material, Components consumed and percentage of each to the total consumption

	For the 18 months period ended 31.03.2012		For the 12 months period ended 30.09.2010	
	%	Amount ₹	%	Amount ₹
Raw Materials				
-imported	-	-	-	-
-indigenous	100	30,000,505	-	-
	100	30,000,505		
Stores, spares and consumables				
-imported	-	-	-	-
-indigenous	100	2,669,556	-	-
	100	2,669,556		

Prag Bosimi Synthetics Limited

ANNEXURE-I Contd.

	For the 18 months period ended 31.03.2012 Amount ₹	For the 12 months period ended 30.09.2010 Amount ₹
C. Auditors' remuneration includes:		100,000
Audit Fees	115,000	
Certification Fees	25,000	
Fees for Taxation matter	15,000	50,000
Total	155,000	150,000
D. Licenced & installed Capacity (as certified by the Management)		As at 31/03/2012 Installed Capacity 36,000
	Units	Licenced Capacity
Polyester Filament Yarn	TPA	25,000
Draw Texturising Machines	Nos	4
Draw Twisting Machines	Nos	4
Two for One Twister	Nos	12
Cone Winding Machine	Nos	6
Dyeing Machine	Nos	1
	For the 18 months period ended 31.03.2012 Amount(₹)	For the 12 months period ended 30.09.2010 Amount(₹)
E. Expenditure in Foreign Currency (On actual payment basis)	-	-
i) Technical Services	-	-
ii) Other matters	-	-

ANNEXURE-II**BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE**

i. Registration Details

Registration No	2758	State Code	02
Balance Sheet Date	31-Mar-12		

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	2,614,664,485	Total assets	2,614,664,485
Sources of funds			
Paid up Capital	1,558,454,600	Reserves & Surplus	(331,672,745)
Non-current liabilities	873,007,639	Current liabilities	514,874,991
Application of Funds:			
Net Fixed Assets&CWIP	2,250,716,614		
Non-current assets	194,108,148	Current assets	169,839,724

iv. Performance of Company
(Amount in rupees thousands)

Turnover (including other income)	12,991,420	Total Expenditure	133,894,260
Profit/(Loss) Before Tax	(120,902,840)	Profit/(Loss)After Tax	(120,902,840)
		Earning Per Share	(1.63)

v. Generic Name of the Principal Products of the Company

Item Code No.(ITC Code)	5402.42
Product Description	Polyester Filament Yarn (PFY)

Prag Bosimi Synthetics Limited

ANNEXURE III

CASHFLOW STATEMENT FOR THE EIGHTEEN MONTHS PERIOD ENDED 31.03.2012 AS PER LISTING AGREEMENT

PARTICULARS	For the 18 months period ended 31.03.2012 ₹	For the 12 months period ended 30.09.2010 ₹
A. Net Profit/(Loss) before tax and Extraordinary items	(120,902,840)	(277,180,785)
Adjustments for :	35,332,107	134,208,129
Depreciation	29,988	19,992
Amortisation of Leasehold Land	137,299,576	9,999,062
Interest (Net)	51,758,831	(132,953,602)
Operating Profit/(Loss) before capital changes		
Adjustments for :	(59,747,886)	-
Inventories	(3,165)	338,562
Trade Receivable	49,542,610	(21,369,459)
Trade and other payables	41,550,391	(153,984,499)
Cash generated from operations	(137,299,576)	(9,999,062)
Less : Interest Paid	-	-
Interest Received	(95,749,185)	(163,983,561)
Net cash from operating activities		
B. Cash flow from investing activities	(142,979,148)	82,514,854
Purchase/Sale of fixed assets including CWIP (Net)	-	-
Sales/(Purchase) of investments	-	-
Provision for diminution in the value of investments	-	-
Preliminary expenses	(16,137,292)	(28,575,388)
Loans and advances and other current assets		
Long term bank deposits/margins	(159,116,440)	53,939,466
Net cash used in investing activities		
C. Cash flow from financing activities	-	-
Proceeds from issue of shares	-	-
Share application money	49,056	-
Appropriation of Term Loan	178,286,751	188,784,151
Proceeds from long-term borrowings (Net)	178,335,808	188,784,151
Net cash from financing activities	(76,529,818)	78,740,056
Net increase in cash and cash equivalents (A+B+C)	80,881,498	2,141,442
Cash/cash equivalents (Opening)	4,351,680	80,881,498
Cash/cash equivalents (Closing)	(76,529,818)	78,740,056

In terms of our report attached.

For Bharat Shroff & Co
Chartered Accountants
(Firm Regn.No.131026W)

Bharat B. Shroff
Proprietor
(M. No. 014822)
Date : 01.09.2012

For and on behalf of the Board of Directors

H.K.Sharma Chairman
Hemant B. Vyas Managing Director
S.K.Saha Finance Director
M.K.Das Director
Girindra Mohan Das Director

Melvita Almeida Company Secretary
Place : Guwahati
Date : 01.09.2012

Auditors' Report

To

The Board of Directors of Prag Bosimi Synthetics Limited and its subsidiary companies,

- 1 We have audited the attached Consolidated Balance sheet of Prag Bosimi Synthetics Limited and its subsidiaries as at 31st March, 2012; the consolidated statement of Profit and Loss Account for the eighteen 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 We audit the financial statement of the Subsidiary Companies, whose financial statement reflect the Group's share of total assets of Rs. 2,614,767,635/- as at March 31, 2012, the total revenue of Rs. 12,979,817/- for the year ended on that date as considered in the consolidated financial statements.
- 4 We report that the consolidated financial statements have been prepared by the management of Prag Bosimi Synthetics Ltd. in accordance with the requirement of Accounting Standard 21 "Consolidated Financial Statments" issued under Companies (Accounting Standards) Rules, 2006.

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. The Consolidated Balance Sheet and Consolidated Statement of Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- c. 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 Note 1 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 Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - ii. In the case of the Consolidated Statement of Profit and Loss, of the Loss of the Company for the period ended on that date.

For Bharat Shroff & Co.

Date: 01/09/2012

Bharat B. Shroff
 Proprietor
 Chartered Accountants
 (Firm Regn No.131026W)
 M.No.014822

Prag Bosimi Synthetics Limited

Consolidated Balance Sheet as at 31 March, 2012

Particulars	Note No.	As at	As at
		31 March, 2012	30 September 2010
		₹	₹
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	1,558,454,600	-
(b) Reserves and surplus	4	(332,148,120)	-
		<u>1,226,306,480</u>	-
2 Share application money pending allotment		-	-
3 Non-current liabilities			
(a) Long-term borrowings	5	738,432,455	-
(b) Other long-term liabilities	6	122,596,551	-
(c) Long-term provisions	7	11,978,633	-
		<u>873,007,639</u>	-
4 Current liabilities			
(a) Short-term borrowings	8	430,111,700	-
(b) Trade payables	9	19,790,806	-
(c) Other current liabilities	10	55,006,164	-
(d) Short-term provisions	11	10,544,846	-
		<u>515,453,516</u>	-
TOTAL		<u>2,614,767,635</u>	-
B ASSETS			
1 Non-current assets			
(a) Fixed assets		2,247,057,527	-
(i) Tangible assets	12	3,659,087	-
(ii) Capital work-in-progress	12.A	2,250,716,614	-
(b) Non-current investments	13	-	-
(c) Long-term loans and advances	14	185,832,293	-
(d) Other non-current assets	15	7,479,367	-
		<u>193,311,660</u>	-
2 Current assets			
(a) Inventories	17	112,659,339	-
(b) Trade receivables	18	546,406	-
(c) Cash and cash equivalents	19	4,395,809	-
(d) Short-term loans and advances	20	53,137,808	-
		<u>170,739,362</u>	-
TOTAL		<u>2,614,767,635</u>	-

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Bharat Shroff & Co
Chartered Accountants
(Firm Regn.No.131026W)

Bharat B. Shroff
Proprietor
(M. No.014822)
Date : 01.09.2012

For and on behalf of the Board of Directors

H.K.Sharma Chairman
Hemant B. Vyas Managing Director
S.K.Saha Finance Director
M.K.Das Director
Girindra Mohan Das Director

Melvita Almeida Company Secretary
Place : Guwahati
Date : 01.09.2012

Consolidated Statement of Profit and Loss for the period ended 31 March, 2012

Particulars	Note No.	For the eighteen months period ended 31 March, 2012 ₹	For the twelve months period ended 30 September, 2010 ₹	
A CONTINUING OPERATIONS				
1	Revenue from operations (net)	22	5,578,963	-
2	Other income	23	7,412,457	-
3	Total revenue (1+2)		<u>12,991,420</u>	<u>-</u>
4	Expenses			
	(a) Cost of materials consumed	24.a	30,000,505	-
	(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	24.c	(44,591,017)	-
	(c) Employee benefits expense	25	39,207,581	-
	(d) Finance costs	26	137,299,576	-
	(e) Depreciation and amortisation expense	12.B	35,362,095	-
	(f) Other expenses	27	53,620,102	-
	Total expenses		<u>250,898,843</u>	<u>-</u>
5	Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)		(237,907,423)	-
6	Exceptional items	28.a	(116,529,208)	-
7	Profit / (Loss) before extraordinary items and tax (5 + 6)		(121,378,215)	-
8	Extraordinary items	28.b	-	-
9	Profit / (Loss) before tax (7 + 8)		(121,378,215)	-
10	Tax expense		-	-
11	Earnings per share (of Rs.10/- each):			
	(a) Basic and Diluted		(1.63)	-

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Bharat Shroff & Co
Chartered Accountants
(Firm Regn.No.131026W)

Bharat B. Shroff
Proprietor
(M. No.014822)
Date : 01.09.2012

For and on behalf of the Board of Directors

H.K.Sharma	Chairman
Hemant B. Vyas	Managing Director
S.K.Saha	Finance Director
M.K.Das	Director
Girindra Mohan Das	Director

Melvita Almeida Company Secretary
Place : Guwahati
Date : 01.09.2012

Prag Bosimi Synthetics Limited

Notes forming part of the Consolidated Financial Statements

Particulars	As at 31 March, 2012		As at 30 September 2010	
	Number of shares	₹	Number of shares	₹
Note 3 Share capital				
(a) Authorised				
Equity shares of Rs.10/- each with voting rights	120,000,000	1,200,000,000	-	-
Equity shares (Unclassified) of Rs.10/- each with voting rights	30,000,000	300,000,000	-	-
Optionally convertible preference shares of Rs.100/- each	1,000,000	100,000,000	-	-
Redeemable preference shares of Rs.100/- each	9,000,000	900,000,000	-	-
(b) Issued, Subscribed & Called - Up				
Equity shares of Rs.10/- each with voting rights	74,382,960	743,829,600	-	-
Optionally convertible preference shares of Rs.100/- each	1,000,000	100,000,000	-	-
Redeemable preference shares of Rs.100/- each	7,146,250	714,625,000	-	-
Total	82,529,210	1,558,454,600		

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Other changes (Calls in Arrears)	Closing Balance
Equity shares with voting rights			
Period ended 31st March, 2012			7,43,82,960
- Number of shares	7,43,82,960		
- Amount (in Rs.)	74,38,29,600	31,26,300	74,38,29,600
Year ended 30th September, 2010			7,43,82,960
- Number of shares	7,43,82,960		
- Amount (in Rs.)	74,38,29,600	31,26,300	74,38,29,600
Cumulative Convertible Preference Shares			
Period ended 31 March, 2012			10,00,000
- Number of shares	10,00,000		
- Amount (in Rs.)	10,00,00,000		10,00,00,000
Year ended 30th September, 2010			10,00,000
- Number of shares	10,00,000		
- Amount (in Rs.)	10,00,00,000		10,00,00,000
Redeemable Cumulative Convertible Preference Shares			
Period ended 31 March, 2012			71,46,250
- Number of shares	71,46,250		
- Amount (in Rs.)	71,46,25,000		71,46,25,000
Year ended 30th September, 2010			71,46,250
- Number of shares	71,46,250		
- Amount (in Rs.)	71,46,25,000		71,46,25,000

Notes forming part of the Consolidated Financial Statements**Note 3 Share capital (contd.)**

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31st March, 2012		As at 30th September, 2010	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Assam Industrial Development Corporation Limited	18,377,980	24.707	-	-
Akhilesh Mercantile Private Limited	6,423,909	8.636	-	-
Devsai Investments and Finances Private Limited	4,250,000	5.714	-	-

Particulars	As at 31 March, 2012	As at 30 September, 2010
	₹	₹

Note 4 Reserves and surplus

(a) Capital reserve		
Opening balance	1,700,000	-
Add: Additions during the period	-	-
Closing balance	1,700,000	-
(b) Other reserves - Subsidy		
Opening balance*	762,314,394	-
Add: Additions / transfers during the period	49,056	-
Closing balance	762,363,450	-
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(974,833,355)	-
Add: Profit / (Loss) for the period	(121,378,215)	-
Closing balance	(1,096,211,570)	-
Total	(332,148,120)	-

* Notes : During the period, Capital Subsidy is bifurcated under the head Other Reserve Subsidy of ₹ 1,50,00,000/-

Note 5 Long-term borrowings

(a) Bonds / debentures		
Secured		
Non Convertible Debentures	-	-
Optionally Cumulative Convertible Debentures (OCCD)	575,217,500	-
	575,217,500	-
(b) Term loans		
Secured		
Working Capital Term Loan	35,000,000	-
Unsecured	55,664,955	-
	90,664,955	-
(c) Loans and advances from related parties		
Unsecured	72,550,000	-
(d) Other loans and advances (specify nature)		
Secured		
Loan from Financial institutions	-	-
	-	-
Total	738,432,455	-

Prag Bosimi Synthetics Limited

Notes forming part of the Consolidated Financial Statements

Note 5 Long-term borrowings (contd.)

Particulars	Terms and Conditions	Particulars			
		As at 31st March, 2012		As at 30th September, 2010	
		Secured	Unsecured	Secured	Unsecured
8% Optionally Cumulative Convertible Debentures of Rs. 100/- each	Second charge on whole of the movable property of the Company including its plant and machinery, machinery spares, tools and accessories, vehicle, furniture, fixture and other movable both present and future and immovable properties of the Company comprised in lands and all those pieces and parcels of leasehold land situated at leasehold land admeasuring 299 Bighas and 1 Lessa in Dag No. 701 of K P Patta No. 34 of Village Bhotodal, Mouza- Lakrai within Sipajhar Circle, District Darrang in the State of Assam. Rate of Interest - 8% Cumulative Date of Redemption - 24 months Convertibility - Optionally convertible at the end of 24 months (along with accrued interest) in case of default as per SEBI guidelines	575,217,500	NIL	NIL	NIL
Total Optionally Cumulative Convertible Debentures		575,217,500	NIL	NIL	NIL

(ii) Details of security provided in respect of borrowings:

Particulars	Terms of Repayment and Security	As at 31st March, 2012		As at 30th September, 2010	
		Secured	Unsecured	Secured	Unsecured
Loans from banks:	First Charge on the Current Assets and Second Charge on the Fixed Assets of the Company for sanctioning of various Credit facilities.	300,000,000	NIL		NIL
Term loans from other parties:					
Financial Institution	First Charge on the Fixed Assets of the Company	35,000,000	NIL		NIL
Financial Institution	First Charge on the Immovable properties of the Company comprised in lands and all those pieces and parcels of leasehold land situated at leasehold land admeasuring 299 Bighas and 1 Lessa in Dag No. 701 of K P Patta No. 34 of Village Bhotodal, Mouza- Lakrai within Sipajhar Circle, District Darrang in the State of Assam. Rate of Interest - 16.50% p.a Terms of repayment- Interest to be paid on 15th of every month.	370,000,000	NIL		NIL

Notes forming part of the Consolidated Financial Statements

Particulars	As at 31 March, 2012 ₹	As at 30 September, 2010 ₹
Note 6 Other long-term liabilities		
(a) Trade Payables:		
(i) Creditors & Others Creditors	121,524,693	-
(b) Others:		
(i) Advances from customers	908,656	-
(ii) Others - Duties & Taxes	163,202	-
Total	<u>122,596,551</u>	<u>-</u>
Note 7 Long-term provisions		
(a) Provision for employee benefits:		
(i) Provision for Salary	4,239,344	-
(ii) Provision for gratuity	5,683,494	-
(iii) Provision for employee benefits	993,204	-
(iv) Provision for other benefit plans	164,024	-
	<u>11,080,066</u>	<u>-</u>
(b) Provision - Others:		
(i) Provision for Profession Tax	797,617	-
(ii) Provision	100,950	-
	<u>898,567</u>	<u>-</u>
Total	<u>11,978,633</u>	<u>-</u>
Note 8 Short-term borrowings		
From other parties		
Secured		
Cash Credit Banks	59,524,203	-
Loan from Financial Institution	370,000,000	-
Loans and advances from related parties		
Unsecured, considered good	587,497	-
Total	<u>430,111,700</u>	<u>-</u>
Note 9 Trade payables		
Trade payables:		
Bills Payables	19,298,185	-
Creditors	492,621	-
Total	<u>19,790,806</u>	<u>-</u>

Prag Bosimi Synthetics Limited

Notes forming part of the Consolidate Financial Statements

Particulars As at 31 March, 2012 As at 30 September, 2010
₹ ₹

Note 10 Other current liabilities

(a) Interest accrued but not due on borrowings	3,728,219	-
(i) Interest Accrued on WCTL	47,133,776	-
(ii) Interest Accrued on 8% Optionally Cumulative Convertible Debentures	2,538,082	-
(b) Interest accrued and due on borrowings	1,537,589	-
(c) Statutory remittances	68,498	-
(d) Others Liabilities	<u>55,006,164</u>	<u>-</u>

Total

Note 11 Short-term provisions

(a) Provision for employee benefits:	5,247,914	-
(i) Provision for Salary & others	1,132,444	-
(ii) Provision for gratuity	503,107	-
(iii) Provision for LTA	2,805,932	-
(iv) Provision for Leave Encashment	<u>9,689,397</u>	<u>-</u>
(b) Provision - Others:	121,924	-
(i) Provision for Profession Tax	733,525	-
(ii) Provision	<u>855,449</u>	<u>-</u>
Total	<u><u>10,544,846</u></u>	<u><u>-</u></u>

Total

Note 12 Fixed Assets

A. Tangible assets	Gross block			Accumulated depreciation and impairment				Net block	
	Balance as at 1.10.2010	During the 18 month period ended 31.03.2012		Balance as at 31.03.2012	Balance as at 1.10.2010	Depreciation/ amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31.03.2012	Balance as at 31.03.2012
		Additions	Disposals						
	₹	₹	₹	₹	₹	₹		₹	₹
(a) Land				578,617					578,617
Freehold	578,617			599,678	259,992	29,988		289,980	309,698
Leasehold	599,678								
(b) Buildings				5,18,628,613	13,565,1256	25,824,873		161,476,129	357,152,483
Owned	518,628,613								
(c) Plant and Equipment				22,09,926,217	4,80,377,856	8,330,284	1,61,279,846	327,428,095	1,882,498,123
Owned	2,232,939,316	3,320,0214	56,213,314						
(d) Furniture and Fixtures				15,477,206	10,606,769	762,717		11,369,486	4,107,720
Owned	15,172,270	304,936							
(e) Vehicles				2,765,037	1,226,728	244,728		1,471,456	1,293,581
Owned	2,765,037								
(f) Office equipment				3,926,955	3,342,011	169,505	701,867	2,809,649	1,117,306
Owned	3,880,443	775,842	729,330						
Total	27,74,563,974	34,280,992	56,942,644	27,51,902,322	6,31,464,413	35,362,095	161,981,713	504,844,795	2,247,057,527
Previous year	27,54,907,808	20,156,887	500,721	27,74,563,974	4,97,526,385	134,228,121	290,093	631,464,413	2,143,099,561

Notes forming part of the Consolidated Financial Statements

Note 12 Fixed assets (contd.)

B. Depreciation and amortisation relating to continuing operations:

Particulars	As At	As At
	31 March, 2012	30 September 2010
	₹	₹
Depreciation and amortisation for the period on tangible assets as per Note 12	35,362,095	-
Total	35,362,095	-

Note 12 - A Capital Work-in-progress**Capital Work-in-progress**

(a) Buildings & Civil work under Construction	1,926,523	-
(b) Plant & Machinery	1,732,564	-
Total	3,659,087	-

Note 14 Long-term loans and advances

(a) Advance Receivable in Cash In Kind Unsecured, considered good	184,863,417	-
(b) Balances with government authorities Unsecured, considered good		
(i) CENVAT credit receivable	824,000	-
(ii) Service Tax credit receivable	144,876	-
Total	185,832,293	-

Note 15 Other non-current assets

(a) Long-term trade receivables Unsecured, considered good	3,947,183	-
(b) Others Calls in Arrears	3,126,300	-
(c) Unamortised expenses Pre incorporation expenses	378,884	-
Total	7,479,367	-

Note 17 Inventories (At lower of cost and net realisable value)

(a) Raw materials	17,245,267	-
Goods-in-transit	4,476,423	-
	21,721,690	-
(b) Work-in-progress	9,355,779	-
(c) Finished goods (other than those acquired for trading)	37,475,870	-
(d) Stores and spares	44,106,000	-
Total	112,659,339	-

block
balance
as at
3.2012
₹
678,617
909,698
152,483
498,123
1,107,720
293,581
117,306
7,057,527
3,099,561

Prag Bosimi Synthetics Limited

Notes forming part of the Consolidated Financial Statement

Particulars	As At 31 March, 2012 ₹	As At 30 September 2010 ₹
-------------	------------------------------	---------------------------------

Note 18 Trade receivables

Trade receivables outstanding for a period less than six months from the date they were due for payment

Unsecured, considered good

Total

546,406

546,406

-

-

Note 19 Cash and cash equivalents

(a) Cash on hand

(b) Balances with banks

(i) In current accounts

(ii) In deposit accounts

Total

116,796

2,975,054

1,303,959

4,395,809

-

-

-

-

Note 20 Short-term loans and advances

(a) Loans and advances to related parties
Service render

(b) Security deposits

Advance for Statutory License

Unsecured, considered good

(c) Loans and advances to employees
Unsecured, considered good

(d) Balances with government authorities
Unsecured, considered good

(i) CENVAT credit

(ii) VAT credit

(iii) Service Tax credit

(iv) Entry Tax

(v) Tax deducted at source (TDS)

Total

1,294,792

93,000

43,431,120

43,524,120

645,599

5,327,038

16,982

1,343,344

376,000

609,933

7,673,297

53,137,808

-

-

-

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-

-

-

-

-

-

Note 22 Revenue from operations

(a) Sale of products (net)

(b) Other operating revenues

Total

(a) Other operating revenues comprise:

Sale of scrap

Total - Other operating revenues

911,008

2,855,508

3,766,516

1,812,447

5,578,963

-

-

-

-

-

Notes forming part of the Consolidated Financial Statements

Particulars	For the eighteen months period ended 31 March, 2012 ₹	For the twelve months period ended 30 September, 2010 ₹
Note 23 Other income		
(i) Interest income comprises:		
Interest on loans and advances	4,719,870	-
Other balances	24,376	-
Total - Interest income	<u>4,744,246</u>	-
Rental income	5,000	-
Miscellaneous income [net of expenses directly attributable (Period ended 31 March, 2012)]	122,453	-
Sundry Creditors written off	11,603	-
Total - Other non-operating income	<u>139,056</u>	-
(ii) Details of Prior period items (net)		
Prior period income (given details)		
Settlement of Statutory Dues	257,083	-
Provision written off	1,500,185	-
Settlement of Dues	9,387,410	-
Prior period expenses (given details)		
Vendors Claim	7,439,893	-
TDS interest	367,400	-
Service Tax Claim	695,654	-
Short Provision of Employee	112,576	-
	<u>2,529,155</u>	-
Total	<u>7,412,457</u>	-
Note 24.a Cost of materials consumed		
Opening stock	4,681,879	-
Add: Purchases	42,911,812	-
Add: Transfer from Finish Goods	4,267,960	-
	<u>51,861,651</u>	-
Less: Closing stock	21,721,690	-
Cost of material consumed	<u>30,139,961</u>	-
Material consumed comprises:		
CHIPS	30,139,961	-
Less : Abnormal Loss in Production	139,456	-
Total	<u>30,000,505</u>	-
Note 24.c Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Inventories at the end of the year:		
Finished goods	37,408,287	-
Work-in-progress	9,355,779	-
	<u>46,764,066</u>	-
Inventories at the beginning of the year:		
Finished goods	6,441,009	-
Less : Transfer to Raw Material	(4,267,960)	-
	<u>2,173,049</u>	-
Net (increase) / decrease	<u>(44,591,017)</u>	-

Prag Bosimi Synthetics Limited

Notes forming part of the Consolidated Financial Statements

Particulars	For the eighteen months period ended 31 March, 2012 ₹	For the twelve months period ended 30 September, 2010 ₹
Note 25 Employee benefits expense	36,181,505	-
Salaries and wages	1,394,468	-
Contributions to provident and other funds	1,631,608	-
Staff welfare expenses	<u>39,207,581</u>	-
Total		<u>-</u>
Note 26 Finance costs	137,299,576	-
(a) Interest paid on borrowing	<u>137,299,576</u>	-
Note 27 Other expenses	337,274	-
Consumption of stores and spare parts	2,400,839	-
Power and fuel	6,134,926	-
Rent including lease rentals	47,450	-
Repairs and maintenance - Buildings	221,267	-
Repairs and maintenance - Machinery	858,993	-
Repairs and maintenance - Others	1,481,164	-
Insurance	26,017	-
Rates and taxes	2,381,904	-
Communication	2,350,680	-
Travelling and conveyance	860,399	-
Printing and stationery	2,578,322	-
Freight and forwarding	336,397	-
Business promotion	20,200	-
Donations and contributions	5,031,643	-
Legal and professional	155,000	-
Payments to auditors (Refer (i) below)	10,220,944	-
Loss on sale of fixed asset	139,456	-
Abnormal Loss on Production	2,883,000	-
Trial Run Expenses	15,154,227	-
Miscellaneous expenses	<u>53,620,102</u>	-
Total		<u>-</u>
(i) Payments to the auditors comprises	105,000	-
As auditors - statutory audit	25,000	-
For taxation matters	25,000	-
For other services	<u>155,000</u>	-
Total		<u>-</u>
Note 28.a Exceptional items	116,529,208	-
Write back of Provision for Depreciation	<u>116,529,208</u>	-
Total		<u>-</u>

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31st MARCH, 2012

1) Basis of preparation:

The Company is presenting its first consolidated Financial Statements therefore previous year's figures are not applicable.

The Consolidated Financial Statements (CFS) relates to parent company Prag Bosimi Synthetics Limited (PBSL) and its subsidiary companies (collectively referred to as the "Group").

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.

Principles of Consolidation:

The CFS are prepared, as far as possible using uniform significant accounting policies for the transactions and other events in similar circumstances and are presented in the same manner as PBSL's separate financial statements. The Financial statements of PBSL and its subsidiaries have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, the intra group balance and intra group transactions and unrealized profits or losses resulting from intra group transactions are fully eliminated.

Companies included in Consolidation:

The CFS comprises the audited financial statements (except as mentioned otherwise) of PBSL and its subsidiaries for the period ended 31st March, 2012, which are as under:

Name of the Company	Country of Incorporation	PBSL's Ownership Interest	
		31.03.2012	30.09.2010
Prag Jyoti Textile Park Pvt. Ltd.	India	100%	NA
Prag Bosimi Texturising Pvt. Ltd.	India	100%	NA
Prag Bosimi Packaging Pvt. Ltd.	India	100%	NA

2) Significant Accounting Policies:

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

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

(1) Fixed Assets:

Fixed Assets are stated at cost of acquisition or construction and includes amounts added/reduced on revaluation less accumulated depreciation. Impairment losses have been accounted as per the mandatory Accounting Standards issued by The Institute of Chartered Accountants of India as applicable and the relevant provisions of The Companies Act, 1956.

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 capitalized proportionately as part of the asset cost in respect of machineries put to use.

(2) 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.

(3) 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.

(4) Investments:

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

(5) 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.

Prag Bosimi Synthetics Limited

- (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.
- (6) 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 towards these defined contribution plans 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. This is done on the same basis as in the last accounting period.
- (7) 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.
- (8) 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.

(9) Taxes on Income:

No provision for taxation is made as the profits and gains of units set up in North Eastern State are tax free under the Income Tax Act 1961 and the company has also incurred losses during the year.

No provision for deferred taxation is made in accounts as the company has been incurring losses year after year and Company's business income is also exempt u/s 80IC of Income Tax Act of 1961.

(10) Provisions:

A provision is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

(11) There were no such events occurring after the Balance Sheet date which are reportable.

(12) Revenue Recognition:

(a) Sales are recognized on dispatch to customers and are net of returns, discounts and sales tax.

(b) Other Income and Expenditure are recognized and accounted on accrual basis.

II Notes to Accounts

(1) Contingent liabilities not provided for:

Sr. No.	Particulars	As At	As At
		31/03/2012	30/09/2010
		₹	₹
i.	Counter Guarantees for Sales tax	5,000	—
ii.	Dividend payable on Cumulative Convertible Preference Shares (Refer Note 2 below)	—	—
iii.	Claims against the Group not acknowledged as debts	61,400,000	—
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	—
v.	Letters of credit and Bank Guarantees given by bankers on behalf of the Company.	5,250,000	—

Contingent liabilities are considered only when converted into demands.

- (2) The Cumulative Convertible Preference Shares (CCPS) and Redeemable Convertible Cumulative Preference Shares (RCCPS) have also been part of approved Corporate Debt Restructuring Scheme. In terms of Corporate Debt Restructuring Scheme, these CCPS and RCCPS have to be cancelled from the books of accounts. However such cancellation has the effect of reduction in capital as per the provisions of The Companies Act, 1956 which requires prior approval of High Court after this proposal has formally been approved by the shareholders. CCPS & RCCPS therefore will remain in the books of accounts till the cancellation thereof is approved by High Court. However, in accordance with Corporate Debt Restructuring Scheme, dividend liability in respect of the preference shares has been shown as nil in the current year in Note 1(ii) above.
- (3) As per the approved Corporate Debt Restructuring Scheme, the Company has issued 8% Optionally Cumulative Convertible Debentures against the balance amount payable to the Financial Institutions, Banks and Insurance Companies.
- (4) The board is contemplating taking steps 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. The Board therefore considers it prudent not to provide for the interest on calls-in-arrears.
- (5) Estimated amount of contracts remaining to be executed on capital account net of advances is Rs. Nil (Previous Year Rs. Nil)
- (6) Loans and Advances include Rs.38,327,274/- (Previous Year Rs.38,476,664/-) 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.
- (7) There is no amount overdue and remaining unpaid to small scale/or ancillary Industrial Suppliers on principal and/or interest as at the close of the period.
- (8) Previous Period's figures have been regrouped / reclassified / rearranged wherever necessary.

- (9) 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.
- (10) Balance of Sundry Debtors, Sundry Creditors, Loans & Advance and Deposits are subject to confirmation.
- (11) Profit and Loss Account of the current year includes following remuneration paid/credited/accrued to managerial personnel.

	Current Period ₹	Previous Period ₹
Salary	2970000	-
House Rent Allowance	337500	-
Employer's contribution to Provident fund	-	-
Other Allowances	247614	-
Total: -	3555114	-

- (12) The AS-17 "Segment Reporting" is not applicable as the Company has operated only in one segment i.e. manufacturing of Yarn.
- (13) 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 and Shri S. K. Saha - Wholetime cum Finance Director.

Loans from Related Parties:

Particulars	Relationship	Amount
Hemant B Vyas	Promoter	42,550,000/-
Nandraj Developers Pvt. Ltd.	Shareholder	30,000,000/-
Prag Jyoti Textile Park Pvt. Ltd.	Wholly owned Subsidiary	8,25,072/-

Advances to Related Parties

Particulars	Relationship	Amount
Prag Bosimi Texturising Pvt. Ltd.	Wholly owned Subsidiary	24,928/-
Prag Bosimi Packaging Pvt. Ltd	Wholly owned Subsidiary	4,81,648/-

Prag Bosimi Synthetics Limited

(14) 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.

(15) Additional information pursuant to part IV of the Schedule VI of the Companies Act, 1956 is as per Annexure II.

(16) It is first year of Company presenting its Consolidated Financial Statement therefore Consolidated Cash Flow Statement is not prepared.

(17) Earnings per Share

	31.03.2012	30.09.2010
Earnings per Share		
Net profit /(loss) as per P/L Account (₹)	(121,378,215)	-
Weighted average number of equity shares outstanding (Nos)	74,382,960	-
Basic and diluted earnings per share (Face value ₹ 10/-per Share)	(1.63)	-

In terms of our report attached.

For Bharat Shroff & Co
Chartered Accountants
(Firm Regn.No.131026W)

Bharat B. Shroff
Proprietor
(M. No.014822)
Date : 01.09.2012

For and on behalf of the Board of Directors

H.K.Sharma Chairman
Hemant B. Vyas Managing Director
S.K.Saha Finance Director
M.K.Das Director
Girindra Mohan Das Director

Melvita Almeida Company Secretary
Place : Guwahati
Date : 01.09.2012

Prag Bosimi Synthetics Limited

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

ATTENDANCE SLIP

Name and Address of the Member / Proxy

Regd. Folio No. _____

Client ID No. _____

D.P. I.D. No. _____

No. of Shares held _____

I hereby record my presence at the Twenty First Annual General Meeting of the Company to be held on Wednesday the 26th day of September 2012, at 4.30 p.m. at House No.4, Nilgiri Path, R.G. Barua Road, Near Doordarshan, Guwahati 781024.

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.

Prag Bosimi Synthetics Limited

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

PROXY FORM

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

I/We _____ of _____ being a member/members of 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 Twenty First Annual General Meeting of the Company to be held on Wednesday the 26th day of September 2012, at 4.30 p.m. at House No.4, Nilgiri Path, R.G. Barua Road, Near Doordarshan, Guwahati 781 024.

Signed this _____ day on _____ 2012.

Signature _____

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.

Affix
Rs. 1/-
Revenue
Stamp

BOOK POST

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.

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