

**TWENTY FOURTH
ANNUAL REPORT
2002-2003**



PRAKASH WOOLLEN MILLS LIMITED

**Regd. Office : Prakash Lane, Civil Lines
Kanth Road, Moradabad-244 001**

PRAKASH WOOLLEN MILLS LIMITED

BOARD OF DIRECTORS :

SHRI PRADEEP KUMAR GUPTA	--	Chairman
SHRI VED PRAKASH GUPTA	--	Whole Time Director
SHRI JAI KISHAN GUPTA	--	Whole Time Director
SHRI DAYA KISHAN GUPTA	--	Whole Time Director
SHRI VIJAY KUMAR GUPTA	--	Whole Time Director
SHRI SATISH KUMAR GUPTA	--	Director
SHRI NARESH CHAND AGARWAL	--	Director
DR. SATISH KUMAR RAJ	--	Director

REGISTERED OFFICE :

Prakash Lane, Civil Lines, Kanth Road, Moradabad

BANKERS :

STATE BANK OF INDIA

AUDITORS :

AGARWAL PAWAN KUMAR & CO.,
Chartered Accountants

BOOK CLOSURE DATE :

20th September 2003 to 27th September 2003 (Both days inclusive)

ANNUAL GENERAL MEETING :

Date and Time : 29th September 2003, 11:30 A.M.

Venue : **Regd. Office** : Prakash Lane, Civil Lines, Kanth Road, Moradabad

SHARE TRANSFER AGENT :

Skyline Financial Service (P) Limited
123, Vinoba Puri,
Lajpat Nagar - II,
New Delhi - 110 024

PRAKASH WOOLLEN MILLS LIMITED
Regd. Office : Prakash Lane, Civil Lines, Kanth Road, Moradabad

NOTICE

NOTICE is hereby given that Twenty Fourth Annual General Meeting of the Shareholders of Prakash Woollen Mills Limited will be held on Monday, the 29th day of September, 2003 at 11:30 A.M. at Regd. Office: Prakash Lane, Civil Lines, Kanth Road, Moradabad to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Directors Report, Auditors Report, Audited Balance Sheet and Profit & Loss Account for the year ended 31st March 2003.
2. To appoint a Director in place of Shri DAYA KISHAN GUPTA, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri VIJAY KUMAR GUPTA, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration. M/s Agarwal Pawan Kumar & Co., Chartered Accountants, Meerut the retiring auditors being eligible, for re-appointment, offer themselves for reappointment.

SPECIAL BUSINESS :

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

"RESOLVED THAT Mr. Pradeep Kumar Gupta be appointed as Director of the Company, subject to retire by rotation"

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

"RESOLVED THAT Mr. Naresh Chandra Agarwal be appointed as Director of the Company, subject to retire by rotation"

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

"RESOLVED THAT Mr. Satish Kumar Gupta be appointed as Director of the Company, subject to retire by rotation"

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

"RESOLVED THAT Dr. Satish Kumar Raj be appointed as Director of the Company, subject to retire by rotation"

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

"RESOLVED THAT pursuant to the provision of section 198, 269, 309 and 311 read with Schedule XIII and other applicable provision, if any, of the Companies Act 1956, and subject to such other approvals as may be necessary, consent of the company be and is hereby accorded to the appointment of Mr. Ved Prakash Gupta to the office of Whole Time Director of the company for a period upto 31st December 2004 with effect from 2nd May 2003 on the terms and conditions as under:

A. Salary @ Rs. 18,000.00 (Rupees Eighteen Thousand Only) per month.

B. Perquisites : Provision of car for use on company's business and telephones at residence. These will not be considered as perquisites. However personal long distance calls and use of the car for private purposes shall be billed by the company to the Whole Time Director.

The terms and conditions of the said appointment may be varied/enhanced from time to time by the Board of Directors as it may in its discretion deem fit, subject to the maximum amount payable to Whole Time Director as per Schedule XIII to the Companies Act 1956 or any amendments made hereafter in this regard.

10. To consider and if thought fit to pass the following resolution with or without modification as a Special Resolution :-

"RESOLVED THAT approval of the members be and is hereby accorded subject to the approvals as may be necessary in this regard, to have the Equity Shares of the company delisted from The Delhi Stock Exchange Association Ltd., The Stock Exchange Ahmedabad, The U.P. Stock Exchange Assn. Ltd., and The Jaipur Stock Exchange Ltd."

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy so appointed need not be a member of the Company. Proxies, in order to be effective, must be received at the registered office of the Company not less than 48 hours before the time for holding the meeting.

2. Members desiring any information about the accounts and operations of the Company are requested to send their queries atleast ten days before the date of the Annual General Meeting so that information can be made available at the meeting.

3. The Register of Members and Share Transfer Books of the company will remain closed from 20th September 2003 to 27th September 2003 (both days inclusive) for the purpose of Annual General Meeting.

4. Members are requested to bring their copy of Annual Report and Attendance slip (duly completed) alongwith them at the Meeting.

5. Members are requested to quote their folio number in all correspondence with Company.

6. The relative explanatory statments pursuant to section 173 of the companies Act 1956, in respect of the business under item nos. 5 to 9 is annexed hereto.

By order of the Board of Directors

Place : Moradabad
Date : 30.06.2003

(PRADEEP KUMAR GUPTA)
Chairman

ANNEXURE TO THE NOTICE :

Notes on directors seeking appointment/reappointment as required under clause 49 of the Listing Agreement, entered into with the Stock Exchanges.

ITEM NO. 2 :

Mr. Daya Kishan Gupta is 54 years old. He has done graduation. He joined the company since its incorporation as a promoter director in 1979. He has gained rich experience in various fields including manufacturing and marketing experience in textiles with his family concerns. He is director in Prahlad Flour Mills Ltd. also.

ITEM NO. 3 :

Mr. Vijay Kumar Gupta is 50 years old. He has done graduation. He joined the company since its incorporation as a promoter director in 1979. He has gained rich experience in various fields he has been the incharge of liason and finance of the company. He is director in Prahlad Flour Mills Ltd. also.

ITEM NO. 5 :

Mr. Pradeep Kumar Gupta is 43 years old. He is graduate. He has gained rich experience in various fields including manufacturing and marketing of food items. He is managing director of Swastik Biscuit (P) Ltd. and director in Prahlad Flour Mills Ltd.

ITEM NO. 6 :

Mr. Naresh Chandra Agarwal is 57 years old. He is graduate. He owns business of automobiles and lubricants and have rich experience in marketing of the products.

ITEM NO. 7 :

Mr. Satish Kumar Gupta is 61 years old. He is a retired I.A.S. He has rich experience of administration and management at various levels.

ITEM NO. 8 :

Dr. S. K. Raj is 58 years old. He is a qualified Physician and has exposure to management also.

ITEM NO. 9 :

Mr. Ved Prakash Gupta is 61 years old. He joined the company as promoter director in 1979. He has rich experience in textiles. He is director in Prahlad Flour Mills Ltd.,

EXPLANATORY STATEMENTS :

As required by section 173 of the Companies Act 1956, the following explanatory statements set out all material facts relating to the Special Business mentioned in the accompanying Notice dated 30th June 2003.

ITEM NO. 5 :

Mr. Pradeep Kumar Gupta was appointed as a additional director on 2nd May 2003, pursuant to the provision of Section 260 of the Companies Act 1956. He holds office upto the date of the forthcoming Annual General Meeting.

Notice in writing u/s 257 of the Companies Act 1956, along with a deposit of Rs. 500 has been received from a member of the company signifying his intention of proposing Mr. Pradeep Kumar Gupta as candidate for the office of director. Except Mr. Pradeep Kumar Gupta, no other director of the company is concerned or interested in this resolution.

Your directors recommend the Ordinary Resolution for your approval.

ITEM NO. 6,7 & 8 :

Mr. Naresh Chandra Agarwal, Mr. Satish Kumar Gupta and Dr. Satish Kumar Raj were appointed as additional directors on 31st March 2003, pursuant to the provision of Section 260 of the Companies Act 1956. They hold office upto the date of the forthcoming Annual General Meeting.

Notices in writing u/s 257 of the Companies Act 1956, alongwith a deposits of Rs. 500 each have been received from a member of the company signifying his intention of proposing Mr. Naresh Chandra Agarwal, Mr. Satish Kumar Gupta and Dr. Satish Kumar Raj as candidates for the office of director. Except Mr. Naresh Chandra Agarwal, Mr. Satish Kumar Gupta and Dr. Satish Kumar Raj respectively, no other director of the company is concerned or interested in these resolutions.

Your directors recommend the Ordinary Resolutions for your approval.

ITEM NO. 9 :

It is hereby proposed to appoint Mr. Ved Prakash Gupta as Whole Time Director for a period upto 31st December 2004 on a salary as envisaged in the resolution itself. The Salary is at par with the other Whole Time Directors of the company and is within the limit of maximum salary that can be paid under the amended Schedule XIII of the Companies Act 1956.

None of the Director except Shri Ved Prakash Gupta is concerned or interested in the resolution. Shri J. K. Gupta, Shri D.K. Gupta and Shri V. K. Gupta being related to Shri Ved Prakash Gupta may be deemed to be concerned or interested in the resolution to the extent of payment of remuneration to Shri Ved Prakash Gupta, Whole Time Director of the company.

ITEM NO. 10 :

The Board of Directors at its meeting held on 30.06.2003 decided to delist the Equity Shares of the company from The Delhi Stock Exchange Association Ltd., The Stock Exchange Ahmedabad, The U.P. Stock Exchange Assn. Ltd., and The Jaipur Stock Exchange Ltd. subject to the approval of members in AGM by a Special Resolution. This decision was taken by the Board as the records show that the shares have never been traded in these exchanges for the last 5 years. Such delisting, excepting from the Regional Stock Exchange, which in the case of your company is Stock Exchange, Kanpur is permissible only if the prior approval of members by Special Resolution is obtained and other conditions stipulated are completed. As the listing of Shares in the Exchanges referred to above is not providing reasonable benefit to the members, the Board has taken the decision.

As per the recent guidelines issued by SEBI in this regards, formalities have been simplified as the shares of the company are listed and will continues to be listed with the Stock Exchange, Mumbai which has a national reach and not offer for purchase is required to be given by the management as the shares can be sold through the Stock Exchange, Mumbai nationally.

By order of the Board of Directors

Place : Moradabad
Date : 30.06.2003

(PRADEEP KUMAR GUPTA)
Chairman

DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH 2003

To
The Members,

The Directors hereby present the Twenty Fourth Annual Report together with the audited statements of accounts of the company for the financial year ended 31st March 2003.

<u>FINANCIAL RESULTS</u>	<u>2002 – 2003</u>	<u>2001 – 2002</u>
	(Rs. in Lacs)	
Sales & other Income	1916.05	1997.21
Profit before interest tax and depreciation	235.31	254.54
Interest	107.16	116.22
	-----	-----
Profit/loss before Tax & Depreciation	128.15	138.32
Depreciation	111.33	111.01
	-----	-----
Profit before tax & after Interest and Depreciation	16.82	27.31
Taxation for the year		
Current tax	1.32	2.09
Deferred tax	4.49	8.48
	-----	-----
Profit after tax	11.01	16.74

DIVIDEND

Your Directors do not recommend any dividend for the year under review.

OPERATIONS

The current year ended on 31-03-2003 was competitive. The Company's sale was lower than that of previous year in volume as well as value. In terms of acrylic blankets sale in volume net of excise was down by 4.52% and in value by 6.58% Your directors are hopeful of higher turnover achievement in the next year.

DELISTING OF SHARES

Presently the share of your company are listed on UPSE, JSE, ASE, DSE and BSE and transactions in your company's shares are negligible. Since the trading in company's shares can take place on Mumbai Stock Exchange through its nation wide electronic network and there will be no effect on liquidity of shares of the company, the directors propose to get the shares delisted on other exchanges i.e. UPSE, JSE, ASE & DSE to reduce expenses.

LABOUR RELATIONS

Relations between the workers and the Management during the year have been cordial. Management has considered the demands of workers sympathically from time to time.

FIXED ASSETS

Fixed assets of the company have been kept in proper state of repairs and all assets have been insured adequately.

DIRECTORS

As per the provisions of Section 256 of the Companies Act, 1956 Shri Daya Kishan Gupta and Shri Vijay Kumar Gupta, Directors of the Company are due for retirement by rotation at the forthcoming Annual General Meeting and are being eligible offer themselves for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of section 217 (2AA) of the Companies Act, 1956 as amended by Companies (Amendment) Act, 2000, your Directors state: (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures; (b) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31.03.2003 and of the profit or loss of the Company for the year ended on 31.03.2003; (c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; (d) that the directors have prepared annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

Particulars of employees as required under section 217(2-A) of the Companies Act, 1956 are nil.

AUDITORS

M/s Agarwal Pawan Kumar & Co., Chartered Accountants, Meerut the retiring Auditors are being eligible for re-appointment offer themselves for re-appointment.

AUDITORS REPORTS

The Notes on accounts, referred to in the Auditors Reports are self explanatory and therefore do not call for any further comments under 217(3) of the Companies Act 1956.

CORPORATE GOVERNANCE

(a) Certificate of the auditors of your company regarding compliance of the conditions of Corporate Governance as stipulated in clause 49 of the listing agreement with stock exchanges is enclosed. Details in Annexure 'A'

(b) Management Discussion and Analysis Report in Annexure 'B'

CONSERVATION OF ENERGY

The company has been continuously making efforts, through its dedicated team, to achieve high productivity and on stream efficiency. This has enabled the company to not only reduce energy consumption, but also increase production.

FORM A
(See Rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy

<u>A. Power and fuel consumption</u>	<u>2002 – 2003 Current Year</u>	<u>2001 – 2002 Previous Year</u>
1. Electricity		
(a) Purchased		
Unit (KWH)	1,21,794	1,93,584
Total Amount (Rs. '000)	1028	1023
Rate/Unit (Rs/Unit)	8.44	5.29
(b) Own generation		
(i) Through diesel generator		
Unit (KWH)	3,67,294	3,25,850
Unit per-ltr.of diesel oil	3.34	3.45
Cost/ Unit	5.57	5.35
(ii) Through steam turbine/Generator		
Unit	NIL	NIL
Unit per ltr.of fuel oil/gas	NIL	NIL
Cost/Unit	NIL	NIL
<u>2. Coal(specify quality and where used)</u>		
Quantity (tonnes)	NIL	NIL
Total cost	NIL	NIL
Average rate	NIL	NIL
<u>3. Furnace Oil</u>		
Quantity (K.ltrs.)	NIL	NIL
Total Amount	NIL	NIL
Average rate	NIL	NIL
<u>4. Others/internal generation</u>		
Quantity (Qlts)	NIL	NIL
Total Cost(Rs. '000)	NIL	NIL
Rate/Unit	NIL	NIL

B. Consumption per unit of production

	Standards (if any)	Current Yr.	Previous Yr.
Products (with details unit)		1	2

ACRYLIC BLANKETS (PCS)

Electricity KWH	N.A.	1.90	1.85
Furnace Oil	N.A.	NIL	NIL
Coal (Specify quality)	N.A.	NIL	NIL
Others (specify)	N.A.	NIL	NIL