

Twenty Ninth
ANNUAL REPORT
2007 - 2008



Prakash Woollen Mills Ltd.

Regd. Office :
288, Moripara, Meerut - 250 002

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
SHRI MAHENDRA KUMAR AGARWAL	--	Director

REGISTERED OFFICE :

288, Moripara, Meerut

BANKERS :

STATE BANK OF INDIA

AUDITORS :

AGARWAL PAWAN KUMAR & CO.,
Chartered Accountants

COST AUDITORRS :

M K KULSHRESTHA & ASSOCIATES
Cost Accountants

BOOK CLOSURE DATE :

20th September 2008 to 26th September 2008 (Both days inclusive)

ANNUAL GENERAL MEETING :

Date and Time : 26th September 2008, 11:00 A.M.
Venue : Chamber Bhawan, Bombay Bazar, Meerut Cantt.

SHARE TRANSFER AGENT :

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

PRAKASH WOOLLEN MILLS LIMITED

Regd. Office : 288, Moripara, Meerut

NOTICE

NOTICE is hereby given that Twenty Ninth Annual General Meeting of the Shareholders of Prakash Woollen Mills Limited will be held on Friday, the 26th day of September, 2008 at 11:00 A.M. at Chamber Bhawan, Bombay Bazar, Meerut Cantt. 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 2008.
2. To appoint a Director in place of Shri VIJAY KUMAR GUPTA, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri PRADEEP KUMAR GUPTA, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Dr. S. K. Raj, who retires by rotation and being eligible offers himself for reappointment.
5. 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 :

6. 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 provisions of section 198, 269, 309 and 310 and all other applicable provisions, if any, of the Companies Act, 1956 and Articles of Association of the Company, the consent of the Company be and is hereby accorded to increase the managerial remuneration of Mr. Vijay Kumar Gupta, Whole Time Director of the Company from Rs.40,000/- (Rupees Forty Thousands only) per month to Rs.50000/- (Rupees Fifty Thousands only) per month by way of salary with effect from the date of passing of resolution by Remuneration Committee i.e. 1st May 2008 for a period of 3 years."

7. 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 provisions of section 198, 269, 309 and 310 and all other applicable provisions, if any, of the Companies Act, 1956 and Articles of Association of the Company, the consent of the Company be and is hereby accorded to increase the managerial remuneration of Mr. Daya Kishan Gupta, Whole Time Director of the Company from Rs.40,000/- (Rupees Forty Thousands only) per month to Rs.50000/- (Rupees Fifty Thousands only) per month by way of salary with effect from the date of passing of resolution by Remuneration Committee i.e. 1st May 2008 for a period of 3 years."

8. 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 provisions of section 198, 269, 309 and 310 and all other applicable provisions, if any, of the Companies Act, 1956 and Articles of Association of the Company, the consent of the Company be and is hereby accorded to increase the managerial remuneration of Mr. Jai Kishan Gupta, Whole Time Director of the Company from Rs.40,000/- (Rupees Forty Thousands only) per month to Rs.50000/- (Rupees Fifty Thousands only) per month by way of salary with effect from the date of passing of resolution by Remuneration Committee i.e. 1st May 2008 for a period of 3 years."

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 provisions of section 198, 269, 309 and 310 and all other applicable provisions, if any, of the Companies Act, 1956 and Articles of Association of the Company, the consent of the Company be and is hereby accorded to increase the managerial remuneration of Mr. Ved Prakash Gupta, Whole Time Director of the Company from Rs.25,000/- (Rupees Twenty Five Thousands only) per month to Rs.50000/- (Rupees Fifty Thousands only) per month by way of salary with effect from the date of passing of resolution by Remuneration Committee i.e. 1st May 2008 for a period of 3 years."

10. 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 provisions of section 317 and all other applicable provisions, if any, of the Companies Act, 1956 and Articles of Association of the Company, the consent of the Company be and is hereby accorded for renewal of the term of Mr. Vijay Kumar Gupta as whole time director, which is being expired on 31st day of March 2009, for a further period of 5 years w.e.f. 1st April 2009."

11. 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 provisions of section 317 and all other applicable provisions, if any, of the Companies Act, 1956 and Articles of Association of the Company, the consent of the Company be and is hereby accorded for renewal of the term of Mr. Daya Kishan Gupta as whole time director, which is being expired on 31st day of March 2009, for a further period of 5 years w.e.f. 1st April 2009."

12. 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 provisions of section 317 and all other applicable provisions, if any, of the Companies Act, 1956 and Articles of Association of the Company, the consent of the Company be and is hereby accorded for renewal of the term of Mr. Jai Kishan Gupta as whole time director, which is being expired on 31st day of March 2009, for a further period of 5 years w.e.f. 1st April 2009."

13. 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 provisions of section 317 and all other applicable provisions, if any, of the Companies Act, 1956 and Articles of Association of the Company, the consent of the Company be and is hereby accorded for renewal of the term of Mr. Ved Prakash Gupta as whole time director, which is being expired on 31st day of March 2009, for a further period of 5 years w.e.f. 1st April 2009."

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

"RESOLVED THAT pursuant to provision of Section 314 of the Companies Act, 1956 and other applicable provisions, if any, the Remuneration of the following persons, who are the relatives of Directors of the Company be and is hereby increased from Rs.20000/- per month each to the pay scale of Rs.30,000 – 5,000 – 50,000 per month each.

- A SHRI ADEEP GUPTA
- B SHRI KAPIL GUPTA
- C SHRI ASHISH GUPTA

The aforesaid increase shall be effective from 1st May 2008 as per the Resolution passed by the Remuneration Committee."

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

“RESOLVED THAT Mr. Mahendra Kumar Agarwal be appointed as Director of the Company subject to retire by rotation.

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

“RESOLVED THAT the registered office of the company at presents situates in the State of Uttar Pradesh be removed and be situate in the National Capital Territory of Delhi subject to the approval of Company Law Board.”

RESOLVED THAT Subject to the approval of Company Law Board being obtained, the Memorandum of Association of the Company be altered by the substitution of the word 'National Capital Territory of Delhi' in the place of the words 'Uttar Pradesh' in clause II of the Memorandum & Articles of Association.

RESOLVED THAT on the aforesaid resolution becoming effective, the registered office of the company be shifted from the State of Uttar Pradesh to any place in the National Capital Territory of Delhi as may be determined by the Board of Directors of the company from time to time.

RESOLVED THAT the Board of Directors be and is hereby authorised to file Petition before Company Law Board and to sign all documents, deeds, affidavits and writings whatsoever required in this regard.

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

“RESOLVED THAT pursuant to the provision of Section 310 of the Companies Act, 1956, and as per the provisions of Article 133 of the Articles of Association of the Company, the consent of the company be and is hereby accorded to increase the sitting fee entitling each Director attending the Board Meeting or Meeting of Committee thereof upto Rs. 5000/- (Rupees Five Thousands Only) per meeting attended by him as determined by to Board from time to time.”

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 2008 to 26th September 2008 (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. Explanatory statements pursuant to section 173(2) is enclosed herewith as Annexure to this Notice.

ANNEXURE (as required under Listing Agreement):

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

ITEM NO. 2, 6 & 10 :

Mr. Vijay Kumar Gupta is 55 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 liaison and finance of the Company. He is director in Prahlad Flour Mills (P) Ltd. also.

ITEM NO. 3 :

Mr. Pradeep Kumar Gupta is 48 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 Buscuit (p) Ltd. and director in Prahlad Flour Mills (P) Ltd..

ITEM NO. 4 :

Dr. S. K. Raj is 63 years old. He is a qualified phyjician and has exposure to management also.

ITEM NO. 7 & 11 :

Mr. Daya Kishan Gupta is 58 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 textile industry. He is director in Prahlad Flour Mills (P) Ltd. also.

ITEM NO. 8 & 12 :

Mr. Jai Kishan Gupta is 60 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 textile industry and is incharge of production of the company. He is director in Prahlad Flour Mills (P) Ltd. also.

ITEM NO. 9 & 13 :

Mr. Ved Prakash Gupta is 66 years old. He joined the company as as a promoter director in 1979. He has rich experience in textile. He is director in Prahlad Flour Mills (P) Ltd. also.

ITEM NO. 15 :

Mr. Mahendra Kumar Agarwal is 68 years old. He has appointed additional Director in the company as an independent directors. He is a successful businessman and has gained rich experience in this field.

EXPLANATORY STATEMENT

Explanatory statement pursuant to section 173 (2) of the Companies Act 1956.

ITEM NO. 6 To 9 :

For increased executive participation at the Board level, the remuneration committee has recommended and passed necessary resolution for Increase in Remuneration on and w.e.f.1st May 2008. of Shri Ved Prakash Gupta from Rs.25000/- per month to Rs.50000 per month. and of Shri Vijay Kumar Gupta, Shri Daya Kishan Gupta and Shri Jai Kishan Gupta from Rs.40000 per month to Rs 50000/- per month.

Since the Directors possess sufficient experience and know-how and therefore the appointment proved to be in the best interest of the Company. The overall performance of the Company has shown tremendous growth. Under there able management, the Company has performed well on its financial front. Due to increasing day to day involvement in company matters of your directors, results in overwhelming response and faith of the company officers. Due to increased participation and devotion of time for the industry it was resolved to increase their remuneration accordingly. The Remuneration Committee in their meeting on 01.05.2008 has increased their remuneration for a period of 3 (Three) Years with immediate effect and other perquisite as detailed below:

REMUNERATION:

Salary: Rs.50,000/- (Rupees Fifty Thousands only) per month on CTC basis to each of the above four directors.

None of the Director except Shri Ved Prakash Gupta, Shri Jai Kishan Gupta, Shri Daya Kishan Gupta and Shri Vijay Kumar Gupta is concerned or interested in the resolution. Shri Jai Kishan Gupta, Shri Daya Kishan Gupta, Shri Vijay Kumar Gupta and Shri Ved Prakash Gupta are relatives to each other and may be deemed to be concerned or interested in the resolution to the extent of payment of remuneration to each of the Whole Time Director of the company.

STATEMENT FORMING PART OF THE NOTICE

As per the requirement of Section – II of Part – II of Schedule XIII of the Companies Act, 1956

I. GENERAL INFORMATION

1. Nature of the Industry: **Manufacturer of Acrylic Mink Blankets & Shoddy/ Woolen Blankets.**
2. Date of Commencement of Commercial Production: **Since 1979**
3. Financial Performance based on given indicators:
The Company is earning continuous profit during last three years.
4. Export Performance and net foreign exchange collaboration: **N.A**
5. Foreign Investment or collaborators, if any: **N.A**

II. INFORMATION ABOUT THE APPOINTEES

1. Background details –

Name	Designation	Date Of Birth	Address
Vijay Kumar Gupta	Whole Time Director	07-08-1953	Civil Lines, Kanth Road, Moradabad
Daya Kishan Gupta	Whole Time Director	06-06-1949	Civil Lines, Kanth Road, Moradabad
Jai Kishan Gupta	Whole Time Director	08-07-1947	Civil Lines, Kanth Road, Moradabad
Ved Prakash Gupta	Whole Time Director	20-01-1942	Khandak Bazar, Meerut

2. Past Remuneration – **Sh. V.K.Gupta, D.K.Gupta, J.K.Gupta Rs. 40000/- each and V.P.Gupta 25000/- per month**

3. Recognition or Awards – **N/A**

4. Job Profile & His Suitability –

Handling the managerial responsibility as whole time director in the Company since 1979 (year) and having 30 yrs of experience in the Industry. Under his able direction and control, the company has grown up to the present level. Their expertise towards the industry and market conditions analysis is the core factor, which make them most suitable for the position and proposed remuneration.

5. Remuneration Proposed – **Rs.50,000/- per month to each of them**

6. Comparative Remuneration Profile with respect to industry, size of the company, profile of the position and person: - **Rs.2,00,000/- p.m. is the remuneration which in present scenario, is not so high which require any comparison with other industry.**

7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any: **N/A**

III. OTHER INFORMATION

1. Reasons of loss or inadequate profits:

This is a seasonal industry and therefore require more funds towards working capital and maintaining of stock. Hence the turnover ratio is quite low and borrowings are on higher side. The interest burden results in inadequate profits alongwith other factors such as market conditions, demands and raw material cost.

2. Steps taken or proposed to be taken for improvement

New Plant for best capacity utilization and quality improvement is going to be installed in near future.

3. Expected increase in productivity and profits in measurable terms :

Approximately 5% to 10% profitability may increase due to proposed improvement in plant.

IV. DISCLOSURES

1. The shareholders of the company shall be informed of the remuneration package of the managerial person;

2. The following disclosures shall be mentioned in the Board of Directors report under the heading "Corporate Governance", if any, attached to the annual report

- All elements of remuneration package such as salary benefits, bonuses, stock options, pension etc. of all the director;
- Details of fixed component and performance linked incentives along with the performance criteria;
- Service contracts, notice period, severance fee;
- Stock options details, If any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

All the aforesaid disclosures as required by Section – II of Part – II of Schedule XIII of the Companies Act, 1956 has been disclosed in the report of Corporate Governance attached with the Director's Report in the Annual Report of the Company for the year 2007-08.

No separate agreement is executed in this regard. Each of the Directors is concerned or interested in the respective proposed resolution.

Your Directors recommend the Resolutions for your approval.

ITEM NO. 10 :

It is hereby proposed to re-appoint Mr. Vijay Kumar Gupta for a further term of five years as whole time director, which is being expired on 31st day of March 2009. Therefore, his term to the office as whole time director will be renewed w.e.f. 1st April 2009.

None of the Directors except Shri Vijay Kumar Gupta is concerned or interested in the resolution.

ITEM NO. 11 :

It is hereby proposed to re-appoint Mr. Daya Kishan Gupta for a further term of five years as whole time director, which is being expired on 31st day of March 2009. Therefore, his term to the office as whole time director will be renewed w.e.f. 1st April 2009.

None of the Directors except Shri Daya Kishan Gupta is concerned or interested in the resolution.

ITEM NO. 12 :

It is hereby proposed to re-appoint Mr. Jai Kishan Gupta for a further term of five years as whole time director, which is being expired on 31st day of March 2009. Therefore, his term to the office as whole time director will be renewed w.e.f. 1st April 2009.

None of the Directors except Shri Jai Kishan Gupta is concerned or interested in the resolution.

ITEM NO. 13 :

It is hereby proposed to re-appoint Mr. Ved Prakash Gupta for a further term of five years as whole time director, which is being expired on 31st day of March 2009. Therefore, his term to the office as whole time director will be renewed w.e.f. 1st April 2009.

None of the Directors except Shri Ved Prakash Gupta is concerned or interested in the resolution.

ITEM NO. 14 :

The remuneration Committee has approved increase in remuneration of the following persons, who are the relatives of Directors of the Company from Rs.20000/- each to the pay scale of Rs.30,000 – 5,000 – 50,000 per month each w.e.f. 1st May 2008.

- A SHRI ADEEP GUPTA
- B SHRI KAPIL GUPTA
- C SHRI ASHISH GUPTA

Since as per the provisions of Section 314 of the Act, it is required to obtain permission of the members in general meeting for the increase of aforesaid remuneration. Hence the resolution is proposed.

None of the Director except Shri Jai Kishan Gupta, Shri Daya Kishan Gupta and Shri Vijay Kumar Gupta is concerned or interested in the resolution. Shri Jai Kishan Gupta, Shri Daya Kishan Gupta and Shri Vijay Kumar Gupta are related to each other and may be deemed to be concerned or interested in the resolution to the extent of payment of remuneration to each of the appointee as detailed hereinabove.

ITEM NO. 15 :

Mr. Mahendra Kumar Agarwal was appointed as an additional Director on 30th June 2008, 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 members of the companies signifying has intention of proposing Mr. Mahendra Kumar Agarwal as candidate for the office of director Except Mr. Mahendra Kumar Agarwal, no other director of the company is concerned or interested in this resolution.

Your directors recommend th Ordinary Resolution for your approval.

ITEM NO. 16 :

The management of the company wishes to and planning for establishing the company's brand image and reputation of its products globally. For the purpose it is very much necessary to establish its head office and registered office at such a place where all kind of liasion work is easy and control over affairs of the company nation-wide is also manageable. Therefore it will be convenient to company to coordinate and follow up with various agencies if its registered office is transferred to Delhi from State of Uttar Pradesh.

The Board recommends the adoption of the Resolution.

None of the directors of the Company is concerned of interested in the Resolution

ITEM NO. 17 :

As per the Article 133 of the Article of Association of the company, the Directors attending the Board Meeting or Meeting of Committee thereof are entitled to receive a sum of Rs. 1000/- as sitting fees, now as the traveling and other cost incurred to attend the meeting has been increased, the Directors of the company proposed to increase the sitting fee payable to Directors attending the meeting in order to give more strength and power to the Board.

All the Directors except Whole Time Directors are interested in the above resolution.

By order of the Board of Directors

Place : Moradabad

Date : 30.06.2008

V.K. GUPTA
Whole Time
Director

D.K. GUPTA
Whole Time
Director

