

Thirtieth
ANNUAL REPORT
2008-2009



Prakash Woollen Mills Ltd.

Regd. Office :

288, Moripara, Meerut - 250 002

PRAKASH WOOLLEN MILLS LIMITED**BOARD OF DIRECTORS :**

SHRI NARESH CHAND AGARWAL	--	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 PRADEEP KUMAR GUPTA	--	Director
SHRI SATISH KUMAR GUPTA	--	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 AUDITORS :

M K KULSHRESTHA & ASSOCIATES
Cost Accountants

BOOK CLOSURE DATE :

20th September 2009 to 26th September 2009 (Both days inclusive)

ANNUAL GENERAL MEETING :

Date and Time : 26th September 2009, 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 Thirtieth Annual General Meeting of the Shareholders of Prakash Woollen Mills Limited will be held on Saturday, the 26th day of September, 2009 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 Audited Profit & Loss Account for the year ended 31st March 2009 and Balance Sheet as on that date, together with the report of the Board of Directors and Auditors thereon.

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 SATISH KUMAR GUPTA, who retires by rotation and being eligible offers himself for reappointment.

4. To appoint a Director in place of Shri VED PRAKASH GUPTA, 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.50,000/- (Rupees Fifty Thousands only) per month to Rs.62500/- (Rupees Sixty Two Thousands Five Hundred only) per month by way of salary with effect from i.e. 1st October 2009 as resolved by the Remuneration Committee 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.50,000/- (Rupees Fifty Thousands only) per month to Rs.62500/- (Rupees Sixty Two Thousands Five Hundred only) per month by way of salary with effect from i.e. 1st October 2009 as resolved by the Remuneration Committee 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.50,000/- (Rupees Fifty Thousands only) per month to Rs.62500/- (Rupees Sixty Two Thousands Five Hundred only) per month by way of salary with effect from i.e. 1st October 2009 as resolved by the Remuneration Committee 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.50,000/- (Rupees Fifty Thousands only) per month to Rs.62500/- (Rupees Sixty Two Thousands Five Hundreded only) per month by way of salary with effect from i.e. 1st October 2009 as resolved by the Remuneration Committee for a period of 3 years.”

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

“RESOLVED THAT pursuant to Section 146 and other applicable provisions, if any, of the Companies Act, 1956 the Registered Office of the Company situated at 288, Moripara, Meerut (U.P.) be shifted to 18th K.M. STONE, DELHI MORADABAD ROAD, NH-24, VILLAGE – AHMERA, DISTRICT – J.P.NAGAR (U.P.) with effect from 1.10.2009 (being the place outside local limits of the present Registered Office).

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do needful in compliance of the Companies Act, 1956 and other applicable provisions of the applicable enactments and to inform all concerned about the shifting of Registered Office. Further, the Statutory Books as well as Books of Accounts be shifted to the new registered office with effect from 01.10.2009”

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 2009 to 26th September 2009 (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 & 7 :

Mr. Daya Kishan Gupta is 59 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. 3 :

Mr. Satish Kumar Gupta is 68 years old. He is a retired IAS. He has rich experience of administration and management at various lines.

ITEM NO. 4 & 9 :

Mr. Ved Prakash Gupta is 67 years old. He joined the company as as a promoter director in 1979. He has rich experience in textile.

ITEM NO. 6 :

Mr. Vijay Kumar Gupta is 56 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. 8 :

Mr. Jai Kishan Gupta is 61 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.

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 October 2009. of Shri Ved Prakash Gupta, Shri Vijay Kumar Gupta, Shri Daya Kishan Gupta and Shri Jai Kishan Gupta from Rs.50000 per month to Rs 62500/- per month.

Since the Directors possess sufficient experience and know-how, 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. Increase in 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 29.06.2009 has increased their remuneration for a period of 3 (Three) Years with effect from 1st October 2009 and other perquisite as detailed below:

REMUNERATION:

Salary: Rs.62,500/- (Rupees Sixty Two Thousands Five Hundered 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 Synthetic 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 PrakashGupta	Whole Time Director	20-01-1942	Khandak Bazar, Meerut

2. Past Remuneration – **Sh. V.K.Gupta, D.K.Gupta, J.K.Gupta and V.P.Gupta each Rs. 50000/- 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 Their 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.62,500/- 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.2,50,000/- 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 has been installed in the previous year.

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

Approximately 5% to 25% profitability may increase due to 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 2008- 09.

No separate agreement is executed in this regard. Shri Vijay Kumar Gupta, Shri Daya Kishan Gupta, shri Jai Kishan Gupta and shri Ved Prakash Gupta Directors of the company are concerned or interested in the respective proposed resolution.

Your Directors recommend the Resolutions for your approval.

ITEM NO. 10 :

The Company proposes to shift its Registered office to its work place at 18 K.M. DELHI MORADABD ROAD, NH – 24, VILLAGE – AHMERA, DISTRICT – J.P. NAGAR (U.P.) w.e.f. 01/10/2009. It is difficult for administrative reason to continue the present office as registered office of the company. Therefore it is proposed to shift the same to the above address, where the factory office already exists. The same will result in reduced cost of working. Hence your Directors recommend this resolution for approval.

No. director is interested or concerned in this resolution.

By order of the Board of Directors

Place : Moradabad

Date : 29.06.2009

V.K. GUPTA
Whole Time
Director

D.K. GUPTA
Whole Time
Director

DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH 2009

To
The Members,

The Directors hereby present the Thirtieth Annual Report together with the audited statements of accounts of the company for the financial year ended 31st March 2009.

<u>FINANCIAL RESULTS</u>	<u>2008 – 2009</u>	<u>2007 – 2008</u>
	(Rs. in Lacs)	
Sales & other Income	3074.67	4248.03
Profit before interest tax and depreciation	424.49	384.68
Interest	207.07	159.52
Profit/loss before Tax & Depreciation	217.42	225.16
Depreciation	119.02	93.38
Profit before tax & after Interest and Depreciation	98.40	131.78
Taxation for the year		
Current tax	10.15	15.00
Deferred tax	35.46	38.32
Fringe Benefit Tax	4.11	2.23
Profit after tax	48.68	76.23

DIVIDEND

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

OPERATIONS

During the year, the production and sale decreased by 8.48% and 22.16% respectively in terms of quantity. However PBDIT increased to Rs. 424.49 lacs from Rs. 384.68 lacs in the previous year and net Profit was before tax down at Rs. 98.40 lacs.

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, Shri S. K. Gupta and Shri Ved Prakash 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 31.03.2009 and of the profit or loss of the Company for the year ended on 31.03.2009; (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 REPORT

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 using HSD for steam generation. To save cost and energy as well as foreign exchange, the company installed a Boiler to generate steam through consumption agriculture produce waste. Since the company has expanded into production of polyester blankets which required consumption of steam at larger scale, the newly installed boiler will save on consumption of energy and cost.

FORM A (See Rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy

	2008 – 2009 Current Year	2007 – 2008 Previous Year
<u>A. Power and fuel consumption</u>		
1. Electricity		
(a) Purchased		
Unit (KWH)	NIL	NIL
Total Amount (Rs. '000)	NIL	NIL
Rate/Unit (Rs/Unit)	NIL	NIL
(b) Own generation		
(i) Through diesel generator		
Unit (KWH)	9,93,630	9,79,530
Unit per-ltr. of diesel oil	3.40	3.85
Cost/ Unit	8.82	7.78

(ii) Through steam turbine/Generator

Unit	NIL	NIL
Unit per ltr. of fuel oil/gas	NIL	NIL
Cost/Unit	NIL	NIL

2. Coal(specify quality and where used)

Quantity (tonnes)	NIL	NIL
Total cost	NIL	NIL
Average rate	NIL	NIL

3. Furnace Oil

Quantity (K.ltrs.)	NIL	NIL
Total Amount	NIL	NIL
Average rate	NIL	NIL

4. Others/internal generation

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.	1.61	1.29
Furnace Oil	N.A.	NIL	NIL
Coal (Specify quality)	N.A.	NIL	NIL
Others (specify)	N.A.	NIL	NIL

ABSORPTION OF TECHNOLOGY

No R & D is carried out by the company. However imported foreign technology is being used in the production of acrylic mink blankets.

- a. Technology imported : No Technology has been imported
 b. Year of import : during the past 5 years.
 c. Has technology been fully absorbed :
 d. If not fully absorbed, areas where :
 this has not taken place, reasons
 therefor and future plans of action

FOREIGN EXCHANGE EARNINGS AND OUTGO

	2008 – 2009	2007 – 2008
	(Rs. in Lacs)	
1. During the year company used foreign Exchange: (Payment Basis)		
(a) on purchase of Raw Material & Stores & Spares	99.74	22.79
(b) on travelling	4.40	3.55
(c) on purchase of machinery	381.14	28.56
Total	485.28	54.90