

**Thirty Third
ANNUAL REPORT
2011-2012**



Prakash Woollen Mills Ltd.

Regd. Office :

**Village Amhera, 18th Km. Stone, Delhi Road
P.O. Chaudherpur, Distt. J.P. Nagar, U.P.**

PRAKASH WOOLLEN MILLS LIMITED

BOARD OF DIRECTORS:

Shri Naresh Chandra 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
Dr Satish Kumar Raj	--	Director
Shri Mahendra Kumar Agarwal	--	Director

REGISTERED OFFICE:

18th K.M. Stone, Delhi Moradabad Road, Village Amhera, Distt. J.P. Nagar (U.P.)-244102

BANKERS:

STATE BANK OF INDIA

AUDITORS:

Agarwal Pawan Kumar & co.
Chartered Accountants

COST AUDITORS:

M K Kulshrestha & Associates
Cost Accountants

BOOK CLOSURE DATE:

22nd September 2012 to 29th September 2012 (Both days inclusive)

ANNUAL GENERAL MEETING:

Date and Time : 29th September 2012, 11:00 A.M.
Venue : Regd. Office : 18th K.M. Stone, Delhi Moradabad Road,
Village Amhera, Distt. J.P. Nagar (U.P.)-244102

SHARE TRANSFER AGENT:

Skyline Financial Service (P) Ltd.
D-153 A, 1st Floor, Okhla,
Industrial Area, Phase – I,
New Delhi - 110 020

PRAKASH WOOLLEN MILLS LIMITED

Regd. Office: 18th K.M. Stone, Delhi Moradabad Road, NH-24, Village Amhera, District J.P.Nagar
(U.P.)-244102

NOTICE

NOTICE is hereby given that Thirty Third Annual General Meeting of the Shareholders of **Prakash Woollen Mills Limited** will be held on Saturday, the 29th day of September, 2012 at 11:00 A.M. at its registered office at 18th KM Stone, Delhi Moradabad Road, NH-24, Village Amhera, District J.P. Nagar (U.P.) 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 2012.
2. To appoint a director in place of Shri Daya Kishan Gupta, who retires by rotation and being eligible offers himself for re appointment.
3. To appoint a director in place of Shri Ved Prakash Gupta, who retires by rotation and being eligible offers himself for re appointment.
4. To appoint a director in place of Shri Jai Kishan Gupta, who retires by rotation and being eligible offers himself for re appointment.
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 **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Clause 'C' of Part 1 of Schedule XIII and other applicable provisions of the Companies Act, 1956 and subject to the provisions content in Articles of Association of the Company, the consent of the Company be and is hereby accorded to continue appointment of Mr. Ved Prakash Gupta as Whole Time Director of the Company after attaining the age of 70 years till his remaining period of appointment i.e.31st March' 2014."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269 & 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the provisions content in Articles of Association of the Company, the consent of the Company be and is hereby accorded to pay managerial remuneration upto Rs. 2,50,000/- (Rupees Two Lacs Fifty thousand Only) per month to Mr. Vijay Kumar Gupta, Whole time Director by way of basic salary and other perquisite and entitlements as per terms and conditions summarized in Explanatory Statement for a period starting from 1st day of October, 2012 till his remaining period of appointment i.e.31st March' 2014 as decided by the remuneration committee from time to time."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269 & 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject

to the provisions content in Articles of Association of the Company, the consent of the Company be and is hereby accorded to pay managerial remuneration upto Rs. 2,50,000/- (Rupees Two Lacs Fifty thousand Only) per month to Mr. Daya Kishan Gupta , Whole time Director by way of basic salary and other perquisite and entitlements as per terms and conditions summarized in Explanatory Statement for a period starting from 1st day of October, 2012 till his remaining period of appointment i.e.31st March' 2014 as decided by the remuneration committee from time to time."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269 & 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the provisions content in Articles of Association of the Company, the consent of the Company be and is hereby accorded to pay managerial remuneration upto Rs. 2,50,000/- (Rupees Two Lacs Fifty thousand Only) per month to Mr. Jai Kishan Gupta , Whole time Director by way of basic salary and other perquisite and entitlements as per terms and conditions summarized in Explanatory Statement for a period starting from 1st day of October, 2012 till his remaining period of appointment i.e.31st March' 2014 as decided by the remuneration committee from time to time."

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

"RESOLVED THAT in accordance with the provisions of Section 198, 269 & 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 and subject to the provisions content in Articles of Association of the Company, the consent of the Company be and is hereby accorded to pay managerial remuneration upto Rs. 2,50,000/- (Rupees Two Lacs Fifty thousand Only) per month to Mr. Ved Prakash Gupta , Whole time Director by way of basic salary and other perquisite and entitlements as per terms and conditions summarized in Explanatory Statement for a period starting from from 1st day of October, 2012 till his remaining period of appointment i.e.31st March' 2014 as decided by the remuneration committee 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 22nd September 2012 to 29th September 2012 (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. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business mentioned above is annexed hereto
6. Members are requested to quote their folio number in all correspondence with Company.

By order of the Board of Directors

Place : Moradabad
Date : 30.05.2012

V.K. GUPTA
Whole Time
Director

D.K. GUPTA
Whole Time
Director

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:

Mr. Daya Kishan Gupta is 63 years old. He is a graduate and 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. His continuing appointment seems to be beneficial for the Company.

ITEM NO. 3:

Mr. Ved Prakash Gupta is 70 years old. He joined the company as a promoter director in 1979. Under his able guidance the Company is now running 33 years of its existence with sustainable growth.

ITEM NO. 4:

Mr. Jai Kishan Gupta is 65 years old. He has done graduation. He joined the company since its incorporation as promoter director in 1979. He has gained rich experience in textile industry and is incharge of production of the company. He is also director in Prahlad Flour Mills (P) Ltd.

EXPLANATORY STATEMENT

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

ITEM NO. 6:

Mr. Ved Prakash Gupta, Whole Time Director of the Company has attained age of 70 years on 20/01/2012 and as per the provisions of Clause 'c' of Part 1 of Schedule XIII of the Companies Act, 1956 it is the maximum age ceiling for appointment/continue to be appointed as whole time director or managing director as the case may be. As per the proviso of above clause the director may be appointed or continue as whole time director after age of 70 years if so approved by the shareholders by way of Special Resolution. Hence the resolution in Item No.6 in accompanied notice.

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

ITEM NO. 7 To 10:

The Changes are taken place globally. It's the era of maintenance and presentation. Your directors possess sufficient experience and know-how, therefore the appointment proved to be in the best interest of the company. The directors are being paid remuneration far below as per industry and standards. The remuneration committee has recommended and passed necessary resolution for increase in remuneration of Shri Ved Prakash Gupta, Shri Vijay Kumar Gupta, Shri Daya Kishan Gupta and Shri Jai Kishan Gupta with effect from 1st October 2012 till their remaining period of appointment i.e. 31st March 2014. It is proposed to pay monthly remuneration with the maximum ceiling of Rs.2,50,000/- per month to each of the aforesaid directors subject to passing of resolution and recommendation of Remuneration Committee. The proposed remuneration and other perquisite are detailed below:

REMUNERATION:

Salary: Upto the ceiling of Rs.2,50,000/- (Rupees Two Lacs Fifty Thousand only) per month on CTC basis to each of the above four directors.

In addition to the Salary, the Directors are entitled to the following benefits:

- (i) **Furnished Accommodation:** The directors, since required dedicated separate space for the Company's Business commitments and also to maintain high degree of standards as per the profile, he is entitled for furnished residential accommodation.
- (ii) **Bonus:** The directors are entitled to bonus as per rules of the company.

- (iii) **Commission:** Commission as agreed from time to time subject to the provisions under the Companies Act, 1956 and other applicable provisions of any other enactment provided that the maximum commission in any financial year should not exceeds Rs.500,000/-.
- (iv) **Perquisites:**
Medical Reimbursement: Reimbursement of Medical Expenses incurred for self and family subject to a ceiling of Rs.250000/- per annum in a year or Rs.750000/- over a period of three years. It also includes reimbursement of Medclaim policy taken by the directors.
Insurance: The life and personal accident insurance cover shall be as per the policy of the company.
Leave Travel Concession: Leave Travel Concession for self and family, once in a year incurred in accordance with the Rules of the Company, not exceeding Rs.50000/- per annum.
Club Fees: Fees of clubs subject to a maximum of two clubs. It also includes admission and life membership fees paid.
- (v) **Car & Telephone:** for use on Company's business and telephone and/or cellular phone will not be considered as perquisites. Personal long distance calls on phone and use of car for private purposes shall be billed by the Company.

The aggregate of the salary and all perquisites as enumerated above, shall at no time exceed the limits as may be prescribed from time to time under the provisions of the Companies Act, 1956, schedules thereto and rules there under, as well as any other statutory provisions as may be applicable. Payment and entitlement of Gratuity and other superannuation benefits shall remain as per the policy of the Company.

The directors shall not be eligible for any sitting fees for the Company's Board Meetings. The above details may please be treated as an abstract of the Terms & Conditions of appointment under section 302 of the Companies Act, 1956.

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 and 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 and V.P.Gupta each Rs.1,00,000/- per month.**

3. Recognition or Awards – **N/A**

4. Job Profile & Suitability –

Handling the managerial responsibility as whole time director in the Company since 1979 (year) and having 33 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.2,50,000/- 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.2,50,000/- 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 2011-2012.

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.

Place : Moradabad
Date : 30.05.2012

By order of the Board of Directors

V.K. GUPTA
Whole Time
Director

D.K. GUPTA
Whole Time
Director

DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH 2012

To
The Members,

The directors hereby present the Thirty Third Annual Report together with the audited statements of accounts of the company for the financial year ended 31st March 2012.

FINANCIAL RESULTS

	<u>2011 – 2012</u>	<u>2010 – 2011</u>
	(Rs. in Lacs)	
Sales and other Income	5373.54	5269.78
Profit before interest tax and depreciation	705.84	664.45
Interest	281.70	258.32
Profit/loss before Tax & Depreciation	424.14	406.13
Depreciation	208.13	204.60
Profit before tax & after Interest and Depreciation	216.01	201.53
Taxation for the year		
Current tax	(75.30)	(47.25)
Deferred tax	11.37	11.87
Profit after tax	152.08	166.51

DIVIDEND

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

OPERATIONS

During the year, the production increased by 7.11% in terms of quantity and gross sales increased by 7.40%. Therefore, PBDIT increased to Rs. 705.84 lacs from Rs. 664.45 lacs in the previous year and net profit before tax was up at Rs. 216.01 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 Jai Kishan Gupta and Shri Ved Prakash Gupta, directors of the Company are due for retirement by rotation at the forthcoming Annual General Meeting and 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 31.03.2012 and of the profit or loss of the Company for the year ended on 31.03.2012; (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 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.

COST AUDITORS

The Central Government has approved the appointment of the following cost auditors for conducting Cost Audit for the financial year 2011- 2012.

M/s M.K. Kulsherestha & Associates
S-1. 314, Gyan Khand – I,
Indirapuram,
Ghaziabad– 201017.

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 makes endeavour to preserve natural resources and reduce energy consumption. The company has installed generators of latest technology which are fuel efficient as well as least pollution emitting. To save on energy the company has taken power connection during the year. The company regularly checks ways to reduce fuel consumption in boiler and the same is upgraded if there is any need to adopt to new technology and fuel.