



**ONLY GROWTH
IS CONSTANT !**

**34th
ANNUAL REPORT
2012 - 2013**

PRAKASH WOOLLEN MILLS LIMITED

PRAKASH WOOLLEN MILLS LIMITED

COMPANY INFORMATION

Board of Directors

Mr. N. C. Agarwal
Non-Executive Independent Director, (Chairman)

Mr. V. P. Gupta
Whole-Time Director

Mr. V. K. Gupta
Whole Time Director

Mr. D. K. Gupta
Whole-Time Director

Mr. J. K. Gupta
Whole-Time Director

Mr. P. K. Gupta
Non-Executive Director

Mr. M. K. Agrawal
Non-Executive Independent Director

Dr. S. K. Raj
Non-Executive Independent Director

Mr. P. K. Agarwal
Non-Executive Independent Director

Company Secretary

Mr. Arpit Suri

Bankers

State Bank of India
Commercial Branch
Moradabad, U. P.

Auditors

Agarwal Pawan Kumar & Co.
Chartered Accountants
Meerut, UP

Cost Auditors

KAG & Associates
Cost Accountants
Ghaziabad, UP

Registered Office

18th KM Stone, Delhi-Moradabad Road,
NH-24, Village Amhera, Distt. J. P. Nagar-244102
Phone No.: 0591-2223008-18
Fax: 0591-2223009

Email id: info@prakashwoollen.com

Registrar & Transfer Agent

Skyline Financial Services Pvt. Ltd.
D-153 A, 1st Floor, Okhla, Area, Phase-I
Industrial Area, New Delhi-110024
Phone No.: 011-26812682-83
Fax: 011-30857562

Email id: admin@skylinerta.com

Stock Exchanges Where Company's securities are listed

Bombay Stock Exchange
Delhi Stock Exchange

Website

www.prakashwoollen.com

CONTENTS	PAGE NO.
Notice	2
Management Discussion and Analysis	11
Directors' Report	13
Report on Corporate Governance	16
Auditors' Certificate on Corporate Governance	23
Auditors' Report	24
Balance Sheet	27
Statement of Profit and Loss Account	28
Cash Flow Statement	29
Attendance Slip and Proxy Form	40

PRAKASH WOOLLEN MILLS LIMITED

NOTICE

NOTICE is hereby given that the Thirty Fourth Annual General Meeting of the Members of Prakash Woollen Mills Limited will be held on Monday, the 5th day of August, 2013 at 11.30 a.m. at the registered office of the Company at 18th Km Stone, Delhi Moradabad Road, NH-24, Village Amhera, Distt. J. P. Nagar- 244102, to transact the following businesses:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors' and Auditor's thereon.
2. To appoint a Director in place of Dr. S. K. Raj, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. M. K. Agrawal, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. P. K. Gupta, who retires by rotation and has not offered himself for reappointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT the retiring auditors of the Company, M/s Agarwal Pawan Kumar & Co., Chartered Accountants, being eligible for re-appointment be and is hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be fixed by the Board of Directors."

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 Mr. P. K. Agarwal, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
7. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to the provisions of section 314 & 314(1B) of the Companies Act, 1956, consent of the company be and is hereby accorded to increase the salary of Mr. Ashish Gupta, son of Mr. Vijay Kumar Gupta, Whole-time Director of the company, who holds a place of Profit in the company to a maximum limit of Rs. 2,50,000/- per month including all perquisites with the usual allowances and benefits including bonus, retiring gratuity and provident fund benefits, w.e.f. 16.08.2013 as the Board may deem fit."
8. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to the provisions of section 314 & 314(1B) of the Companies Act, 1956, consent of the company be and is hereby accorded to increase the salary of Mr. Kapil Gupta, son of Mr. Daya Kishan Gupta, Whole-time Director of the company, who holds a place of Profit in the company to a maximum limit of Rs. 2,50,000/- per month including all perquisites with the usual allowances and benefits including bonus, retiring gratuity and provident fund benefits, w.e.f. 16.08.2013 as the Board may deem fit."
9. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to the provisions of section 314 & 314(1B) of the Companies Act, 1956, consent of the company be and is hereby accorded to increase the salary of Mr. Adeep Gupta, son of Mr. Jai Kishan Gupta, Whole-time Director of the company who holds a place of Profit in the company to a maximum limit of Rs. 2,50,000/- per month including all perquisites with the usual allowances and benefits including bonus, retiring gratuity and provident fund benefits, w.e.f. 16.08.2013 as the Board may deem fit."
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 provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, and the relevant provisions of the Memorandum and Articles of Association of the Company and in accordance with listing agreements entered into by the company with the Stock Exchanges where the shares of the Company are listed or proposed to be listed and subject to the approval of Securities and Exchange Board of India (hereinafter referred to as "SEBI"), Reserve Bank of India (hereinafter referred to as "RBI"), and all other appropriate authorities and departments, if and to the extent necessary and such other approvals, permissions and sanctions, as may be necessary, the consent be and is hereby accorded to offer 50,00,000 (Fifty Lac) equity shares of Rs. 10/- (Rupees Ten) each at a premium of Re. 1/- (Rupee One) and 15,00,000 (Fifteen Lac) Warrants at a price of Rs. 11/- (Rupees Eleven) per warrant carrying a right to subscribe to equal number of equity shares in the Company on Conversion within a period of 18 (Eighteen) months from the date of allotment (herein after referred as 'Warrants') both aggregating to Rs. 7,15,00,000/- (Rupees Seven Crore Fifteen Lac) which price is calculated in accordance with the Regulations

PRAKASH WOOLLEN MILLS LIMITED

for preferential issue, issued by SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, with 6th July, 2013 being the relevant date i.e. the date 30 days prior to the date of Annual General Meeting of the Company, where the proposed issue is to be considered and shall be payable on such terms as may be approved by the shareholders, on preferential basis, for an amount not exceeding Rs. 7,15,00,000/- (Rupees Seven Crore Fifteen Lac Only) in the aggregate to Promoters, Directors and Persons acting in concert, which includes Associates, Relatives and Friends of such Promoters and Directors and Outsiders as per details given below on terms and conditions as contained herein below:

Identity of the proposed Allottees	Present Holding	Proposed Allotment		Post Preferential holding	% of Post issued capital
		Equity shares	Warrants		
Promoter / Promoter Group					
Mrs. Himani Agarwal AELPA1608K	24900	254000	100000	378900	3.55
Mr. Vijay Kumar Gupta Karta of M/s. Vijay Kumar Gupta HUF PAN of HUF-AADHV7851D	27181	352600	NIL	379781	3.56
Mrs. Anita Gupta AARPG4507H	74110	218000	100000	392110	3.67
Mr. Ashish Gupta Karta of M/s. Ashish Gupta HUF PAN of HUF-AAHHA6142G	NIL	352500	100000	452500	4.24
Mr. Vijay Kumar Gupta AARPG4923F	253709	NIL	200000	453709	4.25
Mr. Jai Kishan Gupta AARPG3386J	154360	75000	100000	329360	3.09
Mr. Adeep Gupta AARPG4506G	98450	156000	100000	354450	3.32
Mrs. Reetika Gupta ACYPG5178R	49100	283000	100000	432100	4.05
Mr. Adeep Gupta Karta of M/s. Adeep Gupta HUF PAN of HUF-AAHA6583N	38000	280000	100000	418000	3.92
Mr. Jai Kishan Gupta Karta of M/s. Gupta Jai Kishan HUF PAN of HUF-AAAHG5411R	30590	358000	100000	488590	4.58
Mr. Daya Kishan Gupta Karta of M/s. Daya Kishan Gupta HUF PAN of HUF-AAHD6462M	25490	430000	NIL	455490	4.27
Mrs. Rajni Gupta ACYPG5179Q	68600	310000	125000	503600	4.72
Mrs. Shalini Gupta AGFPG4050K	33300	200000	187500	420800	3.94
Mr. Kapil Gupta Karta of M/s. Kapil Gupta HUF PAN of HUF-AAEHK4195E	33000	230900	187500	451400	4.23
Other Than Promoter Group					
Dr. Rajendra Kumar Gupta PAN-ADTPG0459K	NIL	250000	NIL	250000	2.34
Mrs. Neeru Gupta PAN-ADTPG9314M	5400	250000	NIL	255400	2.39
Mr. R. K. Gupta Karta of M/s. R.K. Gupta and Sons HUF PAN of HUF-AAHHR6191N	NIL	200000	NIL	200000	1.87
Mr. Navdeep Varshneya PAN-ADFPV9839A	NIL	200000	NIL	200000	1.87
Mrs. Divya Jain PAN-ADVPJ1774G	300	200000	NIL	200300	1.88
M/s. Bhageeradha Agritech Pvt. Ltd. PAN-AAFCB1447E	NIL	400000	NIL	400000	3.75
TOTAL		50,00,000	15,00,000		

The above Post preferential holding includes allotment of 50,00,000 Equity Shares and conversion of 15,00,000 warrants into 15,00,000 equity shares assuming that the right attached to the warrant will be exercised fully.

"RESOLVED FURTHER THAT the issue of equity shares /warrants as mentioned above shall be subject to the following terms and conditions:

- a) The issue and allotment of equity shares and / or warrants to promoter group and others is for consideration in cash (including by conversion of unsecured loans lying into the credit of Promoters Group/Directors with the Company).

PRAKASH WOOLLEN MILLS LIMITED

- b) That warrants so issued shall at the option of warrant holder be converted into equal no. of Equity Shares of nominal value of Rs. 10/- each at a premium of Re. 1/- each, computed in accordance with Chapter No. VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time, within a period of 18 months from the date of allotment of warrants.
- c) That on the date of the allotment of warrants, allottees shall pay a minimum amount equivalent to 25% of the total consideration of warrants and balance shall be payable on the date of conversion of warrants into equity shares of the Company as and when made in one or more tranches.
- d) That the shares which are issued to promoter's associates shall be locked in for a period of 3 years, and that which are issued to any other persons/body corporate(s) etc. shall be locked in for a period of 1 year or for such periods as provided in the SEBI Regulations.
- e) That the Equity Shares to be issued shall be subject to the Memorandum and Articles of Association of the Company and shall rank paripassu in all respects with the existing Equity Shares of the Company and carry the same rights as of the existing Equity Shares of the Company including dividend declared, if any, by the company in respect of the Financial Year in which the shares will be allotted.
- f) The issue and allotment of the Equity Shares/Warrants convertible into Equity Shares shall be subject to compliance of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as applicable from time to time.
- g) In terms of the said Regulations, the relevant date on the basis of which price of the equity shares calculated is 06.07.2013.
- "RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred by this resolution to any director or directors or any other officer or officers of the Company to give effect to the aforesaid resolutions including to execute any document on behalf of the Company and to represent the Company before any Governmental authorities and to appoint any professional advisor/ consultants/ Lawyers."
- "RESOLVED FURTHER THAT** subject to SEBI Regulations and other applicable laws, the Board be and is hereby authorised to decide and approve terms and conditions of the issue of above mentioned equity shares/ warrants and to vary, modify or alter any of the terms and conditions, including size of the issue, as it may deem expedient.
- "RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the company be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary or desirable, for such purpose, including without limitation to enter into arrangements/ agreements and to settle all questions, difficulties or doubts that may arise in regard to such issue as the Board, in its absolute discretion deem fit and take all steps which are incidental, consequential relevant or ancillary in this connection."
11. To consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:
- "RESOLVED THAT** pursuant to Section 31 of the Companies Act, 1956, the Articles of Association of the Company be altered in the manner following;
- The existing Article No. 185 of the Articles of Association of the Company be replaced with the following:
- '185. A Managing Director/ Whole-time Director shall while he continues to hold that office be subject to retirement by rotation and he shall be subject to the provisions as to resignation and removal as the other Directors of the Company and he shall "ipso facto" and immediately, cease to be a Managing Director/Whole-time Director if he ceases to be a Director for any cause'.
- RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper or expedient, to give effect to this resolution."

Place : Village Amhera (Amroha)
Date : 6th July, 2013

Registered Office:
18th KM Stone, Delhi-Moradabad Road,
NH-24, Village Amhera,
Distt. J. P. Nagar-244102

By Order of the Board of Directors
for Prakash Wollen Mills Limited

(Vijay Kumar Gupta)
Whole Time Director
DIN No.: 00335325

PRAKASH WOOLLEN MILLS LIMITED

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting ("the meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing proxy in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than forty-eight hours before commencement of the Meeting.
2. Corporate Members intending to send their authorized representative to attend the meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. A brief resume of the persons to be appointed and/ reappointed as Directors, pursuant to the requirement of Clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report.
4. Members attending the meeting are requested to bring with them the Attendance Slip attached to the Annual Report duly filled in and signed and handover the same at the entrance of place of the meeting. Proxy/representative of a member should mark on the Attendance Slip as "Proxy" or "Representative" as the case may be. Members holding shares in electronic form and desirous of attending the meeting are required to bring alongwith them Client ID and DP ID Numbers for easy identification.
5. Members who hold shares in dematerialized mode are requested to intimate any changes pertaining with their bank account details, ECS mandates, nominations, power of attorney, change of address/name etc. to their Depository Participant only and not to the Company's Registrar & Share Transfer Agent. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and its Registrar & Share Transfer Agent to provide efficient and better service to the members.
6. Members holding shares in physical form are requested to intimate all changes pertaining to their bank details, ECS mandates, nominations, power of attorney, change of address/name etc. to the Company's Registrar & Share Transfer Agent quoting their registered folio number.
7. Register of Members and Share Transfer Books of the Company will remain closed from Friday, 2nd August, 2013 to Monday, 5th of August, 2013 (Both days inclusive).
8. Members desirous of having any information regarding accounts are requested to address their queries to the Manager (Finance) at the registered office of the Company at least seven days before the date of the meeting, so that the requisite information is made available at the meeting.
9. As an austerity measure, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.
10. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 setting out all material facts relating to the special business is annexed hereto.

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

Item No. 6

Mr. P. K. Agarwal was appointed as an Additional Director w. e. f. 7th November, 2012 on the Board of the Company. Pursuant to provisions of Section 260 of the Companies Act, 1956, he holds office as Director up to the date of ensuing Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a Shareholder proposing the name of Mr. P. K. Agarwal as Director of the Company. A brief resume of Mr. P. K. Agarwal as required in terms of Clause 49 of the Listing Agreement is provided in the Corporate Governance Report. The Board recommends that he may be appointed as Director, liable to retire by rotation.

Your Directors recommend the resolution for approval of the Shareholders.

None of the Directors of the company is concerned or interested in the resolution except Mr. P. K. Agarwal himself.

Item No. 7

The Shareholders may recall that Mr. Ashish Gupta son of Mr. Vijay Kumar Gupta, Whole Time Director of the Company of the company was appointed as Accounts Manager of the Company, for which shareholders approval and confirmation were obtained in the Annual General Meeting held on 29.09.2010. Central Government also accorded its approval wide letter dated 06.06.2011. As per Rule 3 of Director's Relatives (Office or Place of Profit) Rules, 2011, now the payment upto a limit of Rs. 2,50,000 per month can be given without obtaining Central Government approval. Keeping in view of his experience the Board in its meeting held on 6.07.2013, has decided to increase the salary of Mr. Ashish Gupta, subject to the maximum overall limit of Rs.2,50,000/- per month, w. e. f. 16.08.2013, subject to your approval. The proposed remuneration is in line with the remuneration in the industry. Pursuant to the provisions of Section 314(1B) of the Companies Act, 1956, said increase in salary of Mr. Ashish Gupta is required to be approved by way of a special resolution by the Shareholders of the Company.

Mr. Vijay Kumar Gupta, Whole-time Director of the company are interested in the Resolution which pertains to the increase in salary payable to their relative.

PRAKASH WOOLLEN MILLS LIMITED

No other Director is concerned / interested in the Resolution.

Your Director recommends the resolution set out at Item no. 7 of the Notice for the approval of the members.

Item No. 8

The Shareholders may recall that Mr. Kapil Gupta son of Mr. Daya Kishan Gupta, Whole Time Director of the Company was appointed as Sales Manager of the Company, for which shareholders approval and confirmation were obtained in the Annual General Meeting, held on 29.09.2010. Central Government also accorded its approval wide letter dated 30.05.2011. As per Rule 3 of Director's Relatives (Office or Place of Profit) Rules, 2011, now the payment upto a limit of Rs. 2,50,000 per month can be given without obtaining Central Government approval. Keeping in view of his experience the Board in its meeting held on 6.07.2013, has decided to increase the salary of Mr. Kapil Gupta, subject to the maximum overall limit of Rs.2,50,000/- per month, w. e. f. 16.08.2013, subject to your approval. The proposed remuneration is in line with the remuneration in the industry. Pursuant to the provisions of Section 314(1B) of the Companies Act, 1956, said increase in salary of Mr. Kapil Gupta is required to be approved by way of a special resolution by the Shareholders of the Company.

Mr. Daya Kishan Gupta, Whole-time Director of the company are interested in the Resolution which pertains to the increase in salary payable to their relative.

No other Director is concerned / interested in the Resolution.

Your Director recommends the resolution set out at Item no. 8 of the Notice for the approval of the members.

Item No. 9

The Shareholders may recall that Mr. Adeep Gupta son of Mr. Jai Kishan Gupta, Whole Time Director of the Company of the company was appointed as Production Manager of the Company, for which shareholders approval and confirmation were obtained in the Annual General Meeting, held on 29.09.2010. Central Government also accorded its approval wide letter dated 30.05.2011. As per Rule 3 of Director's Relatives (Office or Place of Profit) Rules, 2011, now the payment upto a limit of Rs. 2,50,000 per month can be given without obtaining Central Government approval. Keeping in view of his experience the Board in its meeting held on 6.07.2013, has decided to increase the salary of Mr. Adeep Gupta, subject to the maximum overall limit of Rs.2,50,000/- per month, w. e. f. 16.08.2013, subject to your approval. The proposed remuneration is in line with the remuneration in the industry. Pursuant to the provisions of Section 314(1B) of the Companies Act, 1956, said increase in salary of Mr. Adeep Gupta is required to be approved by way of a special resolution by the Shareholders of the Company.

Mr. Jai Kishan Gupta, Whole-time Director of the company are interested in the Resolution which pertains to the increase in salary payable to their relative.

No other Director is concerned / interested in the Resolution.

Your Director recommends the resolution set out at Item no. 9 of the Notice for the approval of the members.

Item No. 10

In order to meet the requirements of the funds for enhanced working capital needs of the Company, to meet certain capital expenditure and to meet expenditure for general corporate purposes, it is proposed to issue 50,00,000 Equity Shares of Rs.10/- each at a premium of Re. 1/- per share and 15,00,000 warrants at a price of Rs. 11/- per warrant, Convertible into equal number of equity shares of the Company, aggregating to Rs. 7,15,00,000/- on preferential basis, as per the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for Preferential issue.

Disclosure in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009)
Material Facts relating to the Preferential Allotment:

In terms of Section 173 of the Companies Act, 1956, the following Explanatory Statement sets out all the material facts relating to the Item No. 10 of the accompanying Notice dated 6th July, 2013.

- i) As the Company is on a growth trajectory, there is need to augment funds to meet its investments/capital expenditure, enhance its long term resources and thereby strengthening the financial structure of the Company. The Company has been exploring various options for raising funds.
- ii) The Shares/warrant allotted to the investors shall rank paripassu with all other equity shares of the Company in respect of all rights including dividend.
- iii) Pursuant to provisions of Section 81 (1A) of Companies Act, 1956, any offer or issue of shares/warrant of the Company to persons other than the existing holders of the equity shares of a Company requires prior approval of the Shareholders in general meeting by a Special Resolution. The Listing Agreements executed by the Company with the Stock Exchanges also provide that the Company shall, in the first instance, offer all securities for subscription pro- rata to the Shareholders unless the Shareholders in a general meeting decide otherwise.
- iv) The pricing of the Equity Shares now to be allotted on preferential basis shall not be lower than the price determined in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

PRAKASH WOOLLEN MILLS LIMITED

However the price shall be recomputed in terms of the provision of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 if required.

Further, if the amount payable on account of the re-computation of price is not paid within the time stipulated in SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the securities proposed to be issued shall continue to be locked-in till the time such amount is paid by the proposed allottees.

The Board needs an authority to issue, offer and allot 50,00,000 equity shares and 15,00,000 Warrants to the Investor. It may be noted that in terms of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 it is necessary to disclose the details of investor and certain other terms to the shareholders while seeking their approval for issuing the equity shares/warrants on preferential basis. Hence, the requisite approval of the shareholders is being sought under terms of the provisions of the Companies Act, 1956, and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. The relevant disclosures/details of which are given below:

The Objects of the Preferential Issue:

The objects of the proposed allotment are:

- 1) To strengthen the equity base of the Company,
- 2) To arrange the funds required for meeting the enhanced working capital requirements of the company,
- 3) To meet certain capital expenditure and
- 4) To meet expenditure for general corporate purposes.

Type of security offered and the number of security offered:

The Company proposes to offer, issue and allot 50,00,000 equity shares of Re. 10/- each at a premium of Re. 1/- aggregating to Rs. 5,50,00,000 and 15,00,000 warrants of Rs. 11/- each to the Investor on the terms and conditions determined by the Board.

Important terms and conditions:

- The total subscription amount, payable by the Investor, shall be payable at the time of allotment of the equity shares/warrants (including by conversion of unsecured loans lying into the credit of Promoters Group/Directors with the Company).
- That on the date of the allotment of warrants, allottees shall pay a minimum amount equivalent to 25% of the total consideration of warrants and balance shall be payable on the date of conversion of warrants into equity shares of the Company as and when made in one or more tranches.
- The allotment of Issue Shares/Warrants are subject to the Investor not having sold any Equity Shares during the six months preceding the Relevant Date (defined below) and the Investor not acquiring or selling any equity shares Equity Shares until completion of the allotment of the equity shares and warrants under the proposed preferential issue;
- Under Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issue of equity shares on a preferential basis shall be made at a price not less than higher of:
 - (a) the average of the weekly high and low of the closing prices of the equity shares quoted on a recognized stock exchange during the six months preceding the Relevant Date;
 - (b) the average of the weekly high and low of the closing prices of the equity shares quoted on a recognized stock exchange during the two weeks preceding the Relevant Date;
- The "Relevant Date" for determining the issue price of the equity shares shall be July 6, 2013 being the date which is 30 days prior to the date of shareholders resolution i.e. August 5, 2013.
- Preferential issue shall be subscribed only through the allottee's own bank account. Further Company also declares the beneficial owner of the allotted shares. Allotments in preferential issues shall only be made in dematerialized form.
- Shares allotted in the preferential issue shall not be transferred till trading approval is granted for such shares by the stock exchanges. Further, the lock-in period shall commence on the date of such trading approval.
- Shareholding Pattern before and after the offer is given below:

The broad Shareholding Pattern of the Company before the issue of shares and warrants and after the allotment of shares and conversion of warrants into equity shares of the Company will be as follows:

Pre-Allotment Shareholding*

CATEGORY	No. of Shares	%
Promoter and PAC's	2930050	70.17
Mutual Funds and UTI	13400	0.32
Bank, Institution, Insurance Companies	120000	2.87
Corporate Bodies	110312	2.64
Indian Public, Trusts etc.	994638	23.83
NRI/FII	7500	0.18
TOTAL	41,75,900	100.00

*As at 30.06.2013

PRAKASH WOOLLEN MILLS LIMITED

Post Allotment Shareholding

CATEGORY	No. of Shares	%
Promoter and PAC's	7930050	74.28
Mutual Funds and UTI	13400	0.13
Bank, Institution, Insurance Companies	120000	1.12
Corporate Bodies	510312	4.78
Indian Public, Trusts etc.	2094638	19.62
NRI/FII	7500	0.07
TOTAL	1,06,75,900	100.00

The above Post preferential holding includes allotment of Rs. 50,00,000 Equity Shares and conversion of 15,00,000 warrants into 15,00,000 equity shares assuming that the right attached to the warrant will be exercised fully.

Intention of the promoters/directors/key management persons to subscribe to the offer:

The Promoters & PACs, have indicated their intention to subscribe to the proposed preferential issue as per details given below:

Identity of the proposed Allottees	Present Holding	Proposed Allotment		Post Preferential holding	% of Post issued capital
		Equity shares	Warrants		
Promoter / Promoter Group					
Mrs. Himani Agarwal AELPA1608K	24900	254000	100000	378900	3.55
Mr. Vijay Kumar Gupta Karta of M/s. Vijay Kumar Gupta HUF					
PAN of HUF-AADHV7851D	27181	352600	NIL	379781	3.56
Mrs. Anita Gupta AARPG4507H	74110	218000	100000	392110	3.67
Mr. Ashish Gupta Karta of M/s. Ashish Gupta HUF					
PAN of HUF-AAHHA6142G	NIL	352500	100000	452500	4.24
Mr. Vijay Kumar Gupta AARPG4923F	253709	NIL	200000	453709	4.25
Mr. Jai Kishan Gupta AARPG3386J	154360	75000	100000	329360	3.09
Mr. Adeep Gupta AARPG4506G	98450	156000	100000	354450	3.32
Mrs. Reetika Gupta ACYPG5178R	49100	283000	100000	432100	4.05
Mr. Adeep Gupta Karta of M/s. Adeep Gupta HUF					
PAN of HUF-AAAHA6583N	38000	280000	100000	418000	3.92
Mr. Jai Kishan Gupta Karta of M/s. Gupta Jai Kishan HUF					
PAN of HUF-AAAHG5411R	30590	358000	100000	488590	4.58
Mr. Daya Kishan Gupta Karta of M/s. Daya Kishan Gupta HUF					
PAN of HUF-AAAHD6462M	25490	430000	NIL	455490	4.27
Mrs. Rajni Gupta ACYPG5179Q	68600	310000	125000	503600	4.72
Mrs. Shalini Gupta AGFPG4050K	33300	200000	187500	420800	3.94
Mr. Kapil Gupta Karta of M/s. Kapil Gupta HUF					
PAN of HUF-AAEHK4195E	33000	230900	187500	451400	4.23
TOTAL		35,00,000	15,00,000		

No other director/Promoter/ Key management persons will subscribe to offer.

Proposed time within which the allotment shall be complete:

As required under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 the allotment of issue shares and warrants will be completed within 15 days from the date of the passing of the resolution. Provided that where the allotment is pending on account of pendency of any application for approval or permission by any regulatory authority, if applicable, the allotment would be completed within 15 days from date of such approval.

PRAKASH WOOLLEN MILLS LIMITED

Lock in:

The aforementioned allotment shall be subject to lock-in in terms of SEBI (Issue of Capital and Disclosure Requirements) Regulation, 2009, for the time being in force.

Change of Management

Due to above preferential allotment of Equity Shares, no change of management control is contemplated.

The identity of the proposed allottees and the percentage of the post issued capital that may be held by them:

Identity of the proposed Allottees	Present Holding	Proposed Allotment		Post Preferential holding	% of Post issued capital
		Equity shares	Warrants		
Promoter / Promoter Group					
Mrs. Himani Agarwal AELPA1608K	24900	254000	100000	378900	3.55
Mr. Vijay Kumar Gupta Karta of M/s. Vijay Kumar Gupta HUF					
PAN of HUF-AADHV7851D	27181	352600	NIL	379781	3.56
Mrs. Anita Gupta AARPG4507H	74110	218000	100000	392110	3.67
Mr. Ashish Gupta Karta of M/s. Ashish Gupta HUF					
PAN of HUF-AAHHA6142G	NIL	352500	100000	452500	4.24
Mr. Vijay Kumar Gupta AARPG4923F	253709	NIL	200000	453709	4.25
Mr. Jai Kishan Gupta AARPG3386J	154360	75000	100000	329360	3.09
Mr. Adeep Gupta AARPG4506G	98450	156000	100000	354450	3.32
Mrs. Reetika Gupta ACYPG5178R	49100	283000	100000	432100	4.05
Mr. Adeep Gupta Karta of M/s. Adeep Gupta HUF					
PAN of HUF-AAAH6583N	38000	280000	100000	418000	3.92
Mr. Jai Kishan Gupta Karta of M/s. Gupta Jai Kishan HUF					
PAN of HUF-AAAHG5411R	30590	358000	100000	488590	4.58
Mr. Daya Kishan Gupta Karta of M/s. Daya Kishan Gupta HUF					
PAN of HUF-AAAH6462M	25490	430000	NIL	455490	4.27
Mrs. Rajni Gupta ACYPG5179Q	68600	310000	125000	503600	4.72
Mrs. Shalini Gupta AGFPG4050K	33300	200000	187500	420800	3.94
Mr. Kapil Gupta Karta of M/s. Kapil Gupta HUF					
PAN of HUF-AAEHK4195E	33000	230900	187500	451400	4.23
Other Than Promoter Group					
Dr. Rajendra Kumar Gupta PAN-ADTPG0459K	NIL	250000	NIL	250000	2.34
Mrs. Neeru Gupta PAN-ADTPG9314M	5400	250000	NIL	255400	2.39
Mr. R. K. Gupta Karta of M/s. R.K. Gupta and Sons HUF PAN of HUF- AAHHR6191N	NIL	200000	NIL	200000	1.87
Mr. Navdeep Varshneya PAN-ADFPV9839A	NIL	200000	NIL	200000	1.87
Mrs. Divya Jain PAN-ADVPJ1774G	300	200000	NIL	200300	1.88
M/s. Bhageeradha Agritech Pvt. Ltd. PAN-AAFCB1447E	NIL	400000	NIL	400000	3.75
TOTAL		50,00,000	15,00,000		

The above Post Preferential holding includes allotment of 50,00,000 Equity Shares and conversion of 15,00,000 convertible warrants into 15,00,000 Equity Shares assuming that the right attached to the warrants will be exercised fully.

Auditor's Certificate:

The Company is in the process of obtaining a certificate from Agarwal Pawan Kumar & Co., Statutory Auditors of the Company, certifying that the issue of the Equity Shares/Warrants is being made in accordance with requirements of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. A copy of this certificate shall be placed before the shareholders at the Annual General