

**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. 1<sup>st</sup> 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. 1<sup>st</sup> 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. 1<sup>st</sup> 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. 1<sup>st</sup> 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 31<sup>st</sup> day of March 2009, for a further period of 5 years w.e.f. 1<sup>st</sup> 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 31<sup>st</sup> day of March 2009, for a further period of 5 years w.e.f. 1<sup>st</sup> 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 31<sup>st</sup> day of March 2009, for a further period of 5 years w.e.f. 1<sup>st</sup> 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 31<sup>st</sup> day of March 2009, for a further period of 5 years w.e.f. 1<sup>st</sup> 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 1<sup>st</sup> May 2008 as per the Resolution passed by the Remuneration Committee."

15. To consider and thought fit to pass with or without modicication(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 modicication(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 modicication(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 Associaton 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.1<sup>st</sup> 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 –

<b>Name</b>	<b>Designation</b>	<b>Date Of Birth</b>	<b>Address</b>
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 &amp; 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 31<sup>st</sup> day of March 2009. Therefore, his term to the office as whole time director will be renewed w.e.f. 1<sup>st</sup> 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 31<sup>st</sup> day of March 2009. Therefore, his term to the office as whole time director will be renewed w.e.f. 1<sup>st</sup> 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 31<sup>st</sup> day of March 2009. Therefore, his term to the office as whole time director will be renewed w.e.f. 1<sup>st</sup> 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 31<sup>st</sup> day of March 2009. Therefore, his term to the office as whole time director will be renewed w.e.f. 1<sup>st</sup> 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. 1<sup>st</sup> 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 30<sup>th</sup> 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

## DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH 2008

To  
The Members,

The Directors hereby present the Twenty Ninth Annual Report together with the audited statements of accounts of the company for the financial year ended 31st March 2008.

<b><u>FINANCIAL RESULTS</u></b>	<b><u>2007 – 2008</u></b>	<b><u>2006 – 2007</u></b>
	<b>(Rs. in Lacs)</b>	
Sales & other Income	4248.03	3287.22
Profit before interest tax and depreciation	384.68	293.24
Interest	159.52	116.30
	-----	-----
Profit/loss before Tax & Depreciation	225.16	176.94
Depreciation	93.38	79.76
	-----	-----
Profit before tax & after Interest and Depreciation	131.78	97.18
Taxation for the year		
Current tax	15.00	10.90
Deferred tax	38.32	32.86
Fringe Benefit Tax	2.23	2.92
	-----	-----
Profit after tax	76.23	50.50
	-----	-----

### **DIVIDEND**

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

### **OPERATIONS**

During the year, the production and sale increased by 23.87% and 39.77% respectively in terms of quantity. Therefore PBDIT increased to Rs. 384.68 lacs from Rs. 293.24 lacs in the previous year and net Profit was up at Rs. 131.78 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 Vijay Kumar Gupta, Shri Pradeep Kumar Gupta and Dr. S. K. Raj, 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 31.03.2008 and of the profit or loss of the Company for the year ended on 31.03.2008; (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**

In order to make effective use of energy, the company looks for alternative measures time to time. The company uses HSD for captive power generation and consumes LPG for steam generation. To save cost on energy as well as foreign exchange, the company proposes to switch some of its activities to alternate energy consumption. Therefore, the company proposes to install another boiler to generate energy/ steam through agriculture produce waste. Thus the company's focus remain on maximum efficiency at lower consumption of energy.

### **FORM A** (See Rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy

	2007 – 2008 Current Year	2006 – 2007 Previous Year
<b><u>A. Power and fuel consumption</u></b>		
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)	9,79,530	7,23,050
Unit per-ltr. of diesel oil	3.85	3.80
Cost/ Unit	7.78	7.82

(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
<b><u>ACRYLIC BLANKETS (PCS)</u></b>			
Electricity KWH	N.A.	1.29	1.32
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 abosorbed, areas where :  
this has not taken place, reasons  
therefor and future plans of action

## **FOREIGN EXCHANGE EARNINGS AND OUTGO**

	2007 – 2008	2006 – 2007
	(Rs. in Lacs)	
1. During the year company used foreign Exchange: (Payment Basis)		
(a) on purchase of Raw Material & Stores & Spares	22.79	8.94
(b) on travelling	3.55	4.76
(c) on purchase of machinery	28.56	85.97
Total	54.90	99.67

2. During the year company earned Foreign Exchange

NIL

NIL

## **APPRECIATIONS**

Your Directors like to record their sincere appreciation for the support which the company received from its Employees, Clients, Bankers, Central/ State Governments, Financial Institutions and their various agencies and other organisation during the year .

FOR AND ON BEHALF OF THE BOARD

Place : Moradabad

Date : 30.06.2008

V.K. GUPTA  
Whole Time  
Director

D.K. GUPTA  
Whole Time  
Director

## **ANNEXURE 'A'**

### **REPORT ON CORPORATE GOVERNANCE**

Your Company is complying with conditions of Corporate Governance as per listing agreement.

### **COMPOSITION OF BOARD OF DIRECTORS AS ON 31.03.2008**

Promoter & Executive Director	4	50%
Non-Executive/Independent Director	4	50%

### **BOARD OF DIRECTORS AND BOARD MEETING**

The Board of the company consists of eight members as on 31st March 2008. Board Meetings were held during the financial year 2007-2008. The dates on which the said meetings were held are as follows :

9th Apr 2007, 9th July 2007, 27th July 2007, 31st Oct 2007, 31st Jan 2008.

Details of attendance of each Director at the Board Meeting, the last AGM and other Indian Companies directorship and committee membership held by them are as follows:

Name of Directors	Category of Directorship	No. of Board Meetings Attended	Attendance at the last AGM	No. of other Indian Companies in which Directors	No. of Committees (Other than Prakash Woollen Mills Ltd.) in which a member
Mr. Pradeep Kr Gupta	Non Executive	—	No	2	Nil
Mr. V. P. Gupta	Whole Time Director	2	Yes	—	Nil
Mr. J. K. Gupta	Whole Time Director	5	Yes	1	Nil
Mr. D. K. Gupta	Whole Time Director	5	Yes	1	Nil
Mr. V. K. Gupta	Whole Time Director	5	Yes	1	Nil
Mr. N. C. Agarwal	Non Executive - Independent	5	No	1	Nil
Mr. S. K. Gupta	Non Executive - Independent	—	No	—	Nil
Mr. S. K. Raj	Non Executive - Independent	5	No	—	Nil

### **AUDIT COMMITTEE**

The terms of reference of the Audit Committee are wide enough to cover the matters specified for Audit Committee under the Listing Agreements as well as under the provisions of the Companies Act 1956.

The audit committee presently comprises of Mr. Naresh Chandra Agarwal Chairman of the committee, and Dr. S. K. Raj and Mr. P. K. Gupta as members.

There is no change in the constitution of the committee during the year.

During the financial year 2007-2008, meeting of Audit Committee were held on 09.04.2007, 30.06.2007, 26.07.2007 30.10.2007, 29.01.2008

### **REMUNERATION COMMITTEE**

The company's remuneration committee is vested with all the necessary powers and authority to ensure appropriate disclosure on the remuneration of Whole Time Directors and to deal with all elements of remuneration package of all such directors.

The committee consists of three Non-executive and independent directors viz. Mr. Naresh Chandra Agarwal, Chairman, Dr. S. K. Raj and Mr. S. K. Gupta

Remuneration paid or payable to Directors during the year 2007-2008.

Name of Directors	Sitting fees	Commission on profits	Salary	Perquisites	Total
Mr. J.K. Gupta	--	Nil	480000	--	480000
Mr. D.K. Gupta	--	Nil	480000	--	480000
Mr. V.K. Gupta	--	Nil	480000	--	480000
Mr. V.P. Gupta	--	Nil	300000	--	300000

### **INVESTORS/SHAREHOLDERS GRIEVANCE COMMITTEE**

The company's Investors / Shareholders Grievance Committee is presently formed under the chairmanship of Mr. Naresh Chand Agarwal. The other members of the committee are Mr. Ved Prakash Gupta and Mr. Vijay Kumar Gupta. The company had no pending complaints and transfers at the close of the financial year 2007-2008.

### **GENERAL BODY MEETINGS**

The last three Annual General Meetings of the Company were held on 29th September 2005, 29th September 2006 and 28<sup>th</sup> September 2007 at Regd. Office: Prakash Lane, Civil Lines, Kanth Road, Moradabad in 2005 and in 2006 and 2007 at Chamber Bhawan, Bombay Bazar, Meerut Cantt. respectively. All the resolutions set out in the respective notices were passed by the shareholders. No resolution requiring postal ballot as recommended by Clause 49 of the Listing Agreements were placed for shareholders approval at the meetings.

### **DISCLOSURES**

There is no materially significant related party transaction i.e. transactions of the company of material nature with its directors or the management, their subsidiaries or relatives etc that may have potential conflict with the interests of the company at large.

There were no penalties, strictures imposed on the company, by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

### **MEANS OF COMMUNICATION**

#### **1. Half Yearly Report :**

Half-yearly report sent to each household of shareholders - No, The results of the Company are published in the Newspapers.

## **2. Quarterly Result :**

Which newspapers normally published in

- (i) The Pioneer, Delhi
- (ii) Dainik Jagran, Moradabad

## **3. Website :**

Any Website where displayed Nil

## **4. Whether it also displays the official news releases; and the presentations made to institutional Investors and Analysts :**

No

## **5. Whether MD&A is a part of annual report or not :**

Yes

## **GENERAL SHAREHOLDERS' INFORMATION**

### **1. AGM : Date, Time & Venue :**

Friday 26th September 2008 at 11:00 A.M. at Chamber Bhawan, Bombay Bazar, Meerut Cantt.

### **2. Financial Calendar :**

(i) First Quarter Results	--	July 2008
(ii) Half-Yearly Results	--	October 2008
(iii) Third Quarter Results	--	January 2009
(iv) Result for the year ending 31st March 2009	--	June 2009

### **3. Dates of Book Closure**

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

### **4. Dividend Payment date :**

N.A.

### **5. Listing on Stock Exchange :**

- (i) The Delhi Stock Exchange
- (ii) Jaipur Stock Exchange
- (iii) Ahmedabad Stock Exchange
- (iv) Mumbai Stock Exchange
- (v) Kanpur Stock Exchange

### **6. Stock Code - Physical :**

BSE 531437 ASE 45511 JSE 725

### **7. ISIN No. For NSDL / CDSL :**

INE523I01016

### **8. Distribution of shareholding as on 31st March 2008 :**

Category	No. of Shares held	Percentage of Shareholding
<b>A. Promoters' holding</b>		
1. Promoters'		
- Indian Promoters	2696742	64.58
- Foreign Promoters	NIL	NIL
2. Persons acting in Concert	NIL	NIL
<b>Sub - Total</b>	<b>2696742</b>	<b>64.58</b>



**B. Non-Promoters Holding**

3. Institutional Investors		
a. Mutual Funds and UTI	13400	0.32
b. Banks, Financial Institutions Insurance Companies (Central / State Gov. Institutions / Non- Government Institutions)	280000	6.71
c. FIIs	--	--
<b>Sub - Total</b>	293400	7.03
4. Others		
a. Private Corporate Bodies	126300	3.02
b. Indian Public	959458	22.98
c. NRIs/OCBs	100000	2.39
d. Any Other (please specify)	--	--
<b>Sub - Total</b>	1185758	28.39
<b>GRAND TOTAL</b>	4175900	100.00

**9. Market price data : High, Low during each month in the last financial year :**

No Trading

**10. Performance in comparison to BSE sensx, (Broad based index) :**

N.A.

**11. Registrars and Transfer Agent :**

Skyline Financial Service (P) Ltd  
123, Vinoba Puri,  
Lajpat Nagar II  
New Delhi - 110024

**12. Share Transfer System :**

All the transfers are processed by Skyline Financial Service (P) Ltd. and approved by the Share Transfer Committee of Directors.

**13. Dematerialisation of shares and liquidity :** Dematerialisation through Registrars and Transfer Agent**14. Outstanding GDRs/ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity :**

Not Issued

**15. Plant Locations :**

Vill. Amhera, P.O. Chaudherpur, Distt. J.P. Nager. (U.P)

**16. Address for correspondence :**

Shareholders correspondence should either be addressed to Skyline Financial Service (P) Ltd. at their above address or to the Company.

## **ANNEXURE 'B'**

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

#### **INDUSTRY**

The company manufactures and deals in Blankets. Initially, the company manufactured Shoddy Blankets and shifted to Acrylic Mink Blankets in mid nineties when new technology was introduced.

#### **OPPORTUNITIES & OUTLOOK**

The market of Acrylic Mink Blankets is constantly increasing. Almost entire market of Shoddy and Woollen Blankets has been replaced and taken over by synthetic blankets. Last year, the company had increased its capacity by about 57% Now the company has sufficient capacity to manufacture acrylic mink blankets according to the need in peak season.

#### **THREATS**

Of late, polyster blankets have been introduced in the international market by China. Polyester Yarn being cheaper than the acrylic yarn the cost of polyster blankets also remain cheap. Polyester blankets had earned enough market share of blankets. Seeing the new trend, the company also proposes to install capacity for manufacturing polyster blankets.

#### **APPLICABILITY OF SEGMENTAL RESULTS**

Since the company sells all its goods in the domestic markets at uniform policy and the only product is blankets, there is no other segment.

#### **INTERNAL CONTROL**

The company's internal control systems are adequate and are routinely tested and certified by our statutory auditors. Moreover the company continuously upgrades the systems in line with the necessity.

#### **PERFORMANCE**

The company has done reasonably well during the year under consideration after increasing the installed capacity. Further the company intends to adopt new trends by commissioning plant to manufacture polyester blankets. Thus, the company will be manufacturing acrylic as well as polyester blankets and keeping its market share intact.

#### **HUMAN RESOURCES / INDUSTRIAL RELATIONS**

Your company employs about 135 persons including managerial personnels and staff. Relations among management and workmen remained cordial through out the year.

#### **RISK & COVERS**

The company's managment does not foresee any serious risk. Foreign currency transactions are well covered. The increase in prodction is certainly bound to increase the protitability of the company.

Statements in this report particulary those which relate to Management Discussion and Analysis describing the company's objectives projections, estimates and expectations may constitute forward looking statements within the meaning of applicable laws and regulations. Actual results might materially from those either expressed or implied.

To,  
The Members of  
Prakash Woollen Mills Limited,  
Meerut

We have examined the compliance of conditions of Corporate Governance by Prakash Woollen Mills Limited (the Company) for the year ended on 31st March, 2008, as stipulated in clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the record maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Agarwal Pawan Kumar & Co.  
Chartered Accountants

Place : Moradabad  
Date : 30.06.2008

(PAWAN KUMAR)  
(Prop.)

To,  
The Members of  
Prakash Woollen Mills Limited,  
Meerut

1. We have audited the attached Balance Sheet of Prakash Woollen Mills Limited as at 31st March, 2008 and also the Profit and Loss Account for the year ended on that date annexed thereto, and the Cash Flow statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order 2004 (together the Order) issued by the Central Government of India in terms of sub-section (4a) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;

(iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards (AS) referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

(v) On the basis of the written representations received from the directors, as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause(g) of sub-section (1) of section 274 of the Companies Act, 1956;

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with the other notes in schedule 14 give the information required by the Companies Act, 1956, in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:

- a) In the case of Balance Sheet, of the state of affairs of the company as at 31st March 2008;
- b) In the case of the Profit and Loss Account of the PROFIT for the year ended on that date; and
- c) In the case of Cash Flow statement, of the cash flows for the year ended on that date.

For Agarwal Pawan Kumar & Co.  
Chartered Accountants

Place : Moradabad  
Date : 30.06.2008

(PAWAN KUMAR)  
(Prop.)

## **ANNEXURE TO THE AUDITORS' REPORT**

**(Referred to in paragraph(3) thereof)**

(1) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) These fixed assets have been physically verified by the management at reasonable intervals; and no material discrepancies were noticed on such verification.

(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by this company during the year.

(2) (a) As per information given to us, the physical verification of inventory has been conducted at reasonable intervals by the management.

(b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) On the basis of our examination of the inventory records, in our opinion the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

(3) (a) The company has not granted any unsecured loan to companies, firms or other parties covered in the register maintained under section 301 of the Act.

Consequently clause (3)(b), (3)(c), and (3)(d) are not applicable

(e) The company has taken unsecured loans, from one firm covered in the register maintained under section 301 of the Act. Balance outstanding was on Balance Sheet date was Rs. 25.81 lacs.

(f) In our opinion the rate of interest and other terms and conditions of loans given or taken by the company, secured or unsecured, are prima facie not prejudicial to the interest of the company.

(g) The payment of the principal amount and interest are also regular.

(4) In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Corrective measures are taken to remove weaknesses in internal control system as and when noticed.

(5) (a) In our opinion and according to the information and explanations given to us, particulars of contracts or arrangements that need to be entered into a register in pursuance of section 301 of the Act have been entered.

(b) In our opinion transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(6) The company has not accepted deposits from the public. In our opinion and according to the information and explanation given to us, the company has complied with the provisions of section 58A and 58AA of the Companies Act'1956 and Companies acceptance of Deposits Rules 1975 with regard to the deposits accepted through private circulation.

(7) In our opinion, the company has an internal audit system commensurate with its size and nature of its business.

(8) Pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, in respect of the Company's products to which the said rules are made applicable and we are of the opinion that prima-facie the prescribed records have been made and maintained. We have not, however, made a detailed examination of the said records.

(9) (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing undisputed statutory dues including provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited on account of any dispute except the following:

The company has received a show cause notice from the Excise Department demanding Rs. 58.03 lacs as excise duty payable by the company. The company has deposited Rs. 44.61 lacs with the department under protest. The case is pending before settlement commission.

(10) The company has been registered for a period more than five years, and it has not incurred cash losses in such financial year and in the immediately preceding financial year.

(11) According to the records of the Company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.

(12) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(13) The provisions of any special statute applicable to chit fund are not applicable to the company.

(14) The company is not dealing or trading in shares, securities, debentures and other investments.

(15) In our opinion and according to the information given, the company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.

(16) In our opinion and according to the information and explanations given to us on overall basis the term loans have been applied for the purposes for which they were obtained.

(17) On the basis of overall examination of the balance sheet of the company, in our opinion, and according to the information and explanations given to us, there are no funds raised on a short term basis which have been used for long term investment.

(18) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.

(19) No debentures were issued.

(20) No money were raised by public issues during the year.

(21) No fraud on or by the company has been noticed or reported during the year.

For Agarwal Pawan Kumar & Co.  
Chartered Accountants

Place : Moradabad  
Date : 30.06.2008

(PAWAN KUMAR)  
(Prop.)

**PRAKASH WOOLLEN MILLS LIMITED**  
**BALANCE SHEET AS ON 31ST MARCH 2008**

SCHEDULE		2007 – 2008 (Rs. in lakhs)		2006 – 2007 (Rs. in lakhs)	
<b><u>I.FUNDS EMPLOYED</u></b>					
<b><u>1.SHARE HOLDERS'FUNDS</u></b>					
a. Share Capital	1	417.59		417.59	
b. Reserve & Surplus	2	716.98	1134.57	637.37	1054.96
<b><u>2.BORROWINGS</u></b>					
a. Secured Loans	3	1660.50		1354.30	
b. Unsecured Loans	4	328.54	1989.04	263.06	1617.36
<b><u>3.DEFERRED TAX LIABILITY</u></b>			205.94		167.62
<b>TOTAL :</b>			3329.55		2839.94
<b><u>II.APPLICATION OF FUNDS</u></b>					
<b><u>1. FIXED ASSETS</u></b>					
	5				
a. Gross Block		2144.51		1767.50	
b. Less : Depreciation		771.95	1372.56	683.61	1083.89
c. Capital Work in Progress			7.52		162.78
<b><u>2. CURRENTS ASSETS LOANS &amp; ADVANCES</u></b>					
<b><u>a. CURRENT ASSETS</u></b>					
	6				
Inventories		445.91		469.72	
Sundry Debtors		1557.42		1148.46	
Cash and Bank Balances		55.44		55.46	
Other Current Assets		2.86		2.81	
<b><u>b. LOANS &amp; ADVANCES</u></b>		7	105.69	89.68	
			2167.32	1766.13	
<b>Less:1. CURRENT LIABILITIES &amp; PROVISIONS</b>					
	8	(217.85)	1949.47	(172.86)	1593.27
			3329.55		2839.94

**Auditor's Reports**

In Terms of our separate report of even date annexed

For PRAKASH WOOLLEN MILLS LTD.

For Agarwal Pawan Kumar & Co.  
Chartered Accountants

V. K. GUPTA  
Whole Time  
Director

D. K. GUPTA  
Whole Time  
Director

Place : Moradabad  
Date : 30.06.2008

(Pawan Kumar)  
(Prop.)

Archana Bansal  
Company Secretary

**PRAKASH WOOLLEN MILLS LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008**

	SCHEDULE	2007 – 2008 (Rs. in lakhs)	2006 – 2007 (Rs. in lakhs)
<b><u>INCOME</u></b>			
Sales		4247.85	3287.22
Other Income	9	0.18 4248.03	0.07 3287.29
<b><u>EXPENDITURE</u></b>			
(Increase)/Decrease in stock	10	( 68.57)	( 74.47)
Cost of Material	11	2909.93	2200.20
Manufacturing Exp.	12	760.43	653.83
Selling and Other Exp.	13	261.56	214.49
Interest		159.52 4022.87	116.30 3110.35
Profit/loss before Depreciation & taxes		225.16	176.94
Depreciation		( 93.38)	( 79.76)
Profit/loss before tax		131.78	97.18
Less : Taxation for the year			
Current tax		( 15.00)	( 10.90)
Deferred tax		( 38.32)	( 32.86)
Fringe Benefit Tax		( 2.23)	( 2.92)
Profit After tax		76.23	50.50
<b><u>APROPRIATIONS</u></b>			
Balance brought forward from Previous year		63.17	47.85
Adjustment of Previous Year Income Tax		( 0.86)	( 0.46)
Adjustment of Prior Period Items		4.24	(34.72)
Balance Carried Forward to Next Year		142.78	63.17

**Auditor's Reports**

In Terms of our separate report of even date annexed

For PRAKASH WOOLLEN MILLS LTD.

For Agarwal Pawan Kumar & Co.  
Chartered Accountants

V. K. GUPTA  
Whole Time  
Director

D. K. GUPTA  
Whole Time  
Director

Place : Moradabad  
Date : 30.06.2008

(Pawan Kumar)  
(Prop.)

Archana Bansal  
Company Secretary



**PRAKASH WOOLLEN MILLS LIMITED**  
**SCHEDULE FORMING PART OF THE BALANCE SHEET**

**SCHEDULE - 1 : SHARE CAPITAL**

	2007 – 2008 (Rs. in lakhs)	2006 – 2007 (Rs. in lakhs)
<b><u>AUTHORISED CAPITAL</u></b>		
60,00,000 Equity Shares of Rs. 10/- each	600.00	600.00
<b><u>ISSUED, SUBSCRIBED AND PAIDUP CAPITAL</u></b>		
41,75,900 Equity Shares of Rs. 10/- each fully paid up ( out of above 11,040 Equity Shares of Rs. 10/- each has been issued as fully paid up pursuant to a contract without payment being received in Cash and 7 lacs Equity Shares have been allotted as bonus shares capitalizing free reserves.)	417.59	417.59
	----- 417.59 -----	----- 417.59 -----

**SCHEDULE - 2 : RESERVE AND SURPLUS**

i) Revaluation Reserve	132.69	132.69
ii) Investment Allowance Reserve	0.17	0.17
iii) General Reserve	4.00	4.00
iv) Capital Subsidy	10.00	10.00
v) Share Premium	285.18	285.18
vi) Share Forfeited	142.16	142.16
vii) Profit & Loss	142.78	63.17
	----- 716.98 -----	----- 637.37 -----

**SCHEDULE - 3 : SECURED LOANS**

1) State Bank of India Cash Credit a/c (against hypo. of entire current assets)	99.85	346.83
2) State Bank of India FCNRB(DL) under C/c A/c	1096.35	613.72
3) State Bank of India SLC	--	61.15
4) State Bank of India Corporate Loan (against hypo. of mach.& building)	--	55.54
5) State Bank of India Term Loan (against hypo. of Mach.)	38.43	59.97
6) State Bank of India Term Loan II (Against Hypo. of machine)	216.49	150.77
7) State Bank of India Corp. Loan II (Against Hypo. of entire assets of Co.)	29.51	54.79
8) State Bank of India Corp. Loan III (Against Hypo. of entire assets of Co.)	149.25	--
9) I C I Bank Ltd. (Against Hypo. of Car)	21.70	6.36
10) Interest Accrued and Due	8.92	5.17
	----- 1660.50 -----	----- 1354.30 -----

**SCHEDULE - 4 : UNSECURED LOANS**

From Others	48.11	104.97
From Agents	40.42	34.42
Deferred payments credits	240.01	123.67
	----- 328.54 -----	----- 263.06 -----

**PRAKASH WOOLLEN MILLS LIMITED**  
**DEPRECIATION SCHEDULE AS ON 31ST MARCH 2008**

**SCHEDULE - 5**

AMOUNT IN LAKHS

PARTICULARS	TOTAL COST ASSET REVALUED AS ON 01.04.2007	ADDITION DURING THE YEAR	SALE DURING THE YEAR	REVAL- ATION WRITTEN BACK	ORIG- NAL COST W/BACK	TOTAL COST UPTO 31.03.2008	TOTAL DEPREC- IATION UPTO 31.3.2007	DEP. DURING THE YEAR	DEP WRITTEN BACK	TOTAL DEPRN. UPTO 31.3.2008	NET BLOCK AS ON 31.3.2008
LAND	92.22	--	--	--	--	92.22	--	--	--	--	92.22
BUILDING	473.99	135.13	--	--	--	609.12	160.06	17.73	--	177.79	431.33
PLANT & MACHINERY	1130.47	217.52	4.74	--	--	1343.25	488.11	67.75	3.01	552.85	790.40
FURNITURE & FIXTURE	12.81	4.07	--	--	--	16.88	8.09	0.95	--	9.04	7.84
COMPUTERS	6.91	0.85	--	--	--	7.76	6.56	0.81	--	7.37	0.39
OFFICE EQUIPMENTS	4.22	--	--	--	--	4.22	1.77	0.20	--	1.97	2.25
MOTOR VEHICLES	46.88	30.92	6.74	--	--	71.06	19.02	5.94	2.03	22.93	48.13
	1767.50	388.49	11.48	--	--	2144.51	683.61	93.38	5.04	771.95	1372.56
Previous Year	1688.16	86.49	7.15	--	--	1767.50	607.97	79.76	4.12	683.61	1083.89

**SCHEDULE - 6 : CURRENT ASSETS**

2007 – 2008  
(Rs. in lakhs)

2006– 2007  
(Rs. in lakhs)

**I) INVENTORIES**

(As taken, valued & certified by the management)

**a) Consumable**

Dyes, Chemicals, Fuel, Designing, Mobil  
& Packing Material

78.48

59.89

**b) Stock in trade**

Raw Material  
Finished Goods  
Semi-Finished Goods

41.48

152.45

123.30

63.39

202.65 445.91

193.99 469.72

**II) SUNDRY DEBTORS**

(Unsecured considered goods)

More Than Six Month  
Less Than Six Month

606.78

725.73

950.64 1557.42

422.73 1148.46

# PRAKASH WOOLLEN MILLS LIMITED

	2007 – 2008 (Rs. in lakhs)	2006 – 2007 (Rs. in lakhs)
<b><u>III) CASH AND BANK BALANCE</u></b>		
a. Cash Balance on Hand	5.71	8.62
b. Bank Balance With -		
<b>Schedule Banks</b>		
Deposit Account	35.68	20.58
Current Account	13.92	26.26
Accrued Interest	0.13	--
	55.44	55.46
<b><u>IV) OTHER CURRENT ASSETS</u></b>		
Securities	2.86	2.81
<b>TOTAL CURRENT ASSETS</b>	2061.63	1676.45
<b><u>SCHEDULE - 7 : LOANS AND ADVANCES</u></b>		
a) Advance for Goods	25.32	2.36
b) Advance Excise/Custom Duty	56.25	56.25
c) Other Advances	24.12	31.07
	105.69	89.68
<b><u>SCHEDULE - 8 : CURRENT LIABILITIES &amp; PROVISIONS</u></b>		
Sundry Creditors for goods-		
- Micro, Small & medium Enterprises	--	--
- Others	20.80	21.55
Sundry Creditors for Exp.	138.99	100.82
Advances from Customers and others	56.72	49.25
Provision for Income Tax (Net of Advance Tax)	1.34	1.24
	217.85	172.86
<b><u>SCHEDULES FORMING PART OF PROFIT &amp; LOSS A/C</u></b>		
<b><u>SCHEDULE :- 9 : OTHER INCOME</u></b>		
i) Interest on FDR/BONDS	0.18	0.07
	0.18	0.07

# PRAKASH WOOLLEN MILLS LIMITED

2007 – 2008  
(Rs. in lakhs)

2006 – 2007  
(Rs. in lakhs)

## **SCHEDULE :- 10 : (INCREASE)/DECREASE IN STOCKS**

### **OPENING STOCK**

Finished Goods	63.39	64.19
Stock in Process	193.99	118.72
	257.38	182.91

### **Less:- CLOSING STOCK**

Finished Goods	123.30	63.39
Stock in Process	202.65	193.99
	325.95	257.38

### **(INCREASE) / DECREASE**

(68.57)	(74.47)
---------	---------

## **SCHEDULE :-11 : COST OF MATERIALS**

Raw Material Consumption	2343.65	2153.46
Purchase of Blankets/Cloth	566.28	46.74
	2909.93	2200.20

## **SCHEDULE :-12 : MANUFACTURING EXPENSES**

(i) Dyes & Chemical	87.22	79.68
(ii) Designing	7.19	7.49
(iii) Wages	42.43	27.60
(iv) Mobil Oil & Fuel	194.67	178.12
(v) Electricity & Power	4.08	3.28
(vi) Packing Exp.	424.84	357.66
	760.43	653.83

## **SCHEDULE :-13 : ADMINISTRATIVE & SELLING EXPENSES**

### **A. EMPLOYEES REMUNERATION & BENEFITS**

Salaries to employees	28.65	19.71
Bonus	5.25	3.81
Labour & Staff welfare	0.54	0.67
Leave with wages	0.19	0.03
Provident Fund	6.28	4.35
Medical expenses	0.31	0.10
Gratuity & contribution	7.54	6.74
	48.76	35.41

# PRAKASH WOOLLEN MILLS LIMITED

	2007 – 2008 (Rs. in lakhs)		2006 – 2007 (Rs. in lakhs)	
<b><u>B. ADMINISTRATIVE &amp; SELLING &amp; GENERAL EXPENSES</u></b>				
Travelling expenses	5.96		6.23	
Printing & Stationery	1.45		1.24	
Vehicle exp.	8.87		8.40	
Insurance	5.29		5.35	
Advertisement	1.40		1.91	
Sales Promotion	0.09		0.26	
Sample expenses	0.31		0.20	
Discount & Commission to Dealer/Agent	66.20		67.56	
Postage & Telegram	1.27		0.93	
Bank Charges	16.81		10.35	
Fee & Taxes	6.08		2.72	
Legal Expenses	4.96		4.14	
Local Conveyance	0.72		0.76	
Sundry Expenses	1.88		1.11	
Generator Expenses	3.70		3.62	
Machinery & Repairs	16.06		12.14	
Telephone Expenses	4.31		4.47	
Donation & Subscription	1.54		0.78	
Books & Periodicals	0.10		0.05	
Freight & Cartage	6.02		1.33	
Cost Audit Fee	0.20		0.20	
Auditors Remuneration	0.28		0.28	
Auditors Exps.	0.05		--	
Directors Fee	0.08		0.08	
Repairs & Maintenance	0.41		0.25	
Corporate Expenses	0.52		0.88	
Amortisation of Misc. Exp.	--		0.44	
Loss on sale/discarded of assets	2.65		0.03	
Conference Expenses	0.69		12.28	
Exchange Difference	31.20		12.54	
Rent	0.07		--	
Commercial Tax	6.23		--	
Exhibition Expenses	--	195.40	1.15	161.68
	-----		-----	
<b><u>C. MANAGERIAL REMUNERATION</u></b>				
Directors Remuneration	17.40	17.40	17.40	17.40
	-----	-----	-----	-----
		261.56		214.49

## **SCHEDULE:- 14**

### **NOTES & ACCOUNTING POLICIES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

1. Letter of Credit opened and outstanding as on 31st March 2008 on behalf of the company by bank for purchase of Raw Material / Machinery amounts to Rs. 370 Lacs.
2. Balances of Sundry Debtors, Sundry Creditors and Advance from Customers etc. are subject to confirmation as on 31.3.2008.
3. A change in the accounting policy regarding provision for liability for gratuity has been made during the year to comply with the changed AS 15. The company has purchased LIC Group Gratuity Scheme for the retirement Benefits of the employees of the company. Premium for past services of the employees is paid in 5 annual instalments.

4. Break up of Interest on Borrowing is as under.

	2007-2008 (Rs.In Lakhs)	2006-2007 (Rs.In Lakhs)
i) Interest to State Bank of India on term loan & working Capital	151.51	102.60
ii) ICICI Bank	1.70	--
iii) Others	6.31	13.69
	<u>159.52</u>	<u>116.29</u>

5. The company has not received information from vendors regarding their status under the Micro, Small And Medium Enterprises Development Act' 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this Act hence not been given.

6. In the opinion of the management and to the best of their knowledge and belief, the value of loans, advances and other Current Assets in the ordinary course of business will not be less than the amount at which they will be stated in Balance Sheet.

7. Pursuant to notification no. 30/2004 dated 09.07.2004, the company availed exemption of excise duty w.e.f. 01.09.2004, Therefor no excise duty is applicable and payable on blankets there after.

8. The figures relating to Previous year have been rearranged / regrouped wherever necessary .

9. Prior period items include :-

(i) Writing back of Gratuity provisions for past services amounting to Rs. 4.24 lacs.

10. The management of the company has assessed the assets of the company on the Balance Sheet date in compliance of AS 28 and they are of the opinion that there are no indication that the assets of the company may be impaired. Therefore, no estimate has been made of the recoverable amount of the assets.

11. In accordance with the Accounting Standard 22 on Accounting for Taxes on Income, the Company has made adjustments in its accounts for deferred tax liabilities/assets. The tax effects of significant temporary differences that resulted in deferred tax liabilities are

	As on 31.03.2008 (Rs in Lacs)	As on 31.03.2007
Depereciation on Fixed Assets	<u>205.94</u>	<u>167.62</u>
Deferred Tax Liability	<u>205.94</u>	<u>167.62</u>

**12. REMUNERATION TO MANAGING DIRECTOR/ WHOLE TIME DIRECTORS**

	2007-2008 (Amount in Rs.)	2006-2007
a) Salary	17,40,000	17,40,000
b) Perquisites	NIL	NIL

**13. PAYMENT TO AUDITOR'S**

a) Audit Fee	20,000	20,000
b) In other Capicity	5,000	5,000

**14. Additional Information requirement to be given in pursuance of Paragraph 3 and 4c of Part 4 of schedule VI of the Companies Act, 1956.**

	2007 – 2008	2006 – 2007
<b>A. Detail of Product Manufactured</b>		
i. Licenced Capacity (As No Licence is applicable)	N/A	N/A
ii. Installed Capacity (Acrylic blankets)	8.47 lacs pcs. (Double Bed) p.a.	5.39 lacs pcs. (Double Bed) p.a.

<b>B. Detail of Sales</b>	unit	qty.	value	unit	qty.	value
	(Rs. in lakhs)			(Rs. in lakhs)		
<b>Class of goods</b>						
<b>Blankets</b>						
Acrylic	Pcs.	731752	4209.79	Pcs.	478802	2997.61
Shoddy woollen	Pcs.	12125	16.18	Pcs.	7124	11.11
Cloth	Mtr.	--	--	Mtr.	--	--
Towel	Pcs.	325	0.25	Pcs.	--	--
Others			21.63			7.98

<b>C. Actual Production and Stock</b>	2007-2008				2006-2007			
	unit	opening	prod	closing	unit	opening	prod	closing
<b>Blankets (incl.semi Finished)</b>								
Acrylic	Pcs.	50855	673423	78430	Pcs.	30752	543637	50855
(Value in Rs.in Lacs)		256.62		323.93		167.35		256.62

**D. Details of Raw Material Consumed and Purchase**

	Qty in Qtls.	Rs. in Lacs	Qty in Qtls.	Rs. in Lacs
Yarn	17713.870	2343.65	16481.557	2153.46
Blanket (Pcs.) (Acr.)	85904	549.57	3628	33.72
Blanket (Pcs.)(Other)	12834	16.25	11295	13.02
Towel	1046	0.46		
Cloth (Mtr.)	--	--	--	--
		2909.93		2200.20

**E. Trading Stock**

	Unit	O.B.	Purchase	Sale	C.B.	Unit	O.B.	Purchase	Sale	C.B.
<b>CLOTH</b>	Mtr.	--	--	--	--	Mtr	55015	--	55015	--
(Value Rs. in lacs)		--			--		15.22			--
<b>SHODDY BLANKETS</b>	Pcs.	661	12834	12125	1370	Pcs	201	11295	10835	661
(Value Rs. in lacs)		0.76	16.25	16.18	1.57		0.34			0.76
Towel	Pcs.	--	1046	325	721		--			--
(Value Rs. in lacs)		--	0.46	0.25	0.32		--			--

**15. INFORMATION PURSUANT TO PARAGRAPH 4D PART II OF SCHEDULE VI OF THE COMPANIES ACT 1956.**

CURRENT YEAR		PREVIOUS YEAR	
<-----Rs. in Lacs----->			
A. Imports calculated on CIF basis in respect of			
1) Raw Material	--	--	
2) Components & Spare	22.79	15.21	
3) Capital Goods (Plant & Machinery)	28.56	96.92	
B. Expenditure In Foreign Currency During the Fiancial Year			
1) Foreign Travelling Exp.	3.55	4.76	
C. Consumption of			
1) Raw Material		%	%
i) Value of Imported Goods	--	--	--
ii) Value of Indigenous Good	2343.65	100.00	2153.46 100.00
	2343.65	100.00	2153.46 100.00
2) Component			
i) Value of Imported Goods	16.90	3.30	19.12 4.37
ii) Value of Indigenous Good	495.16	96.70	418.22 95.63
	512.06	100.00	437.34 100.00
3) Stores & Spares			
i) Value of Imported Goods	--	--	--
ii) Value of Indigenous Good	19.20	100.00	13.37 100.00
	19.20	100.00	13.37 100.00
D. Remittance in foreign currency on Account of Dividend to Non Resident Shareholders.			
	NIL		NIL
E. Earning in Foreign Exchange			
	NIL		NIL
16. The number of employees were in receipt or were entitled to receive emoluments Amounting in the Aggregate Rs.100000/- or more per month			
	NIL		NIL

17. The company carries on the business of textiles. Under which blankets of different qualities & sizes are produced. Further the sale is made in domestic markets at the same terms and conditions. Therefore, no different business or geographical segments are recognisable and reportable.

18. Related party disclosures as required by AS-18. Related party disclosures are given below :-

**I. Relations Ships :-**

(i) Enterprises over which significant influence exists:

Prahlad Industries, Prahlad Flour Mills Ltd., P. S. Overseas & Sons, Design Unlimited, Swastik Biscuit (P) Ltd.

(ii) Directors & Key Management Personnel:

Shri Ved Prakash Gupta, Shri Jai Kishan Gupta, Shri Daya Kishan Gupta, Shri Vijay Kumar Gupta, Shri Pradeep Kumar Gupta, Dr. S. K. Raj, Shri S. K. Gupta, Shri N. C. Agarwal, Shri Sanjay Kumar Agarwal, Shri Adeep Gupta, Shri Kapil Gupta and Shri Ashish Gupta.



II. (i) Summary of the transaction with the above related parties at 1(i) is as follows:

Rs. in lacs

Nature of Transaction	Transaction for the year ended	
	31.03.2008	31.03.2007
Interest Paid	4.16	7.96
Interest Received	0.37	0.07
Goods Purchased	--	33.72
Deposits Paid (Net)	53.40	23.10
Advance Given	--	3.00
Closing Balance :-		
Deposits Received	25.81	75.48
Advance Given	--	3.06

(ii) Details relating to persons referred in item I(ii) above :

Rs. in lacs

Remuneration

27.80

In addition, the company contributes in Group Gratuity Scheme that Covers Mr. S.K. Agarwal, Adeep Gupta, Kapil Gupta and Ashish Gupta Also.

**19. BALANCE SHEET (ABSTRACT AND COMPANY GENERAL BUSINESS PROFILE):**

I. Registration Details

Registration No.

4 8 0 4

State Code

2 0

Balance Sheet

3 1 0 3 0 8  
d d m m y y

II. Capital Raised during the Year (Amount in Thousand)

Public Issue

-

Right Issue

-

Bonus Issue

-

Private Placement

-

III. Position of Mobilisation and Deployment of Fund  
(Amount in Rs. Thousand)

Total Liabilities

3 3 2 9 5 5

Total Assets

3 3 2 9 5 5

**SOURCES OF FUNDS :**

Paid up capital

4 1 7 5 9

Reserves & Surplus

7 1 6 9 8

Secured Loans

1 6 6 0 5 0

Unsecured Loans

3 2 8 5 4

Deferred Tax Liability

2 0 5 9 4

**APPLICATION OF FUNDS :**

Net Fixed Assets

1 3 8 0 0 8

Investments

-

Net Current Assets

1 9 4 9 4 7

Misc. Expenditure

-

Accumulated Losses

-

#### IV. Performance of Company (Amount in Thousand)

Turnover & other Income  
Total Expenditure  
Profit/Loss Before Tax  
Profit/Loss After Tax  
Earning Per Share in Rs.  
Dividend

4	2	4	8	0	3
4	1	1	6	2	5
	1	3	1	7	8
		7	6	2	3
		1	.	8	3
					-

#### V. Generic Names of Principal Products/ Services of Company (as per monetary terms)

Item Code No. (ITC Code)  
Product Description

6	3	0	1	4	0	0	9
---	---	---	---	---	---	---	---

Blankets of Synthetic Fibres others

Item Code No. (ITC Code)  
Product Description

6	3	0	1	2	0	0	9
---	---	---	---	---	---	---	---

Blankets of Synthetic Fibres others

## 20. SIGNIFICANT ACCOUNTING POLICIES

### I. Basic of Presentation

The financial statements are prepared under the historical cost convention modified by revaluation of fixed assets and in accordance with application Accounting Standards and relevant presentation requirements of the Companies Act, for recognition of income and expenses, Mercantile system of Accounting is followed.

### II. Fixed Assets

Fixed Assets are stated at cost of Revaluation net of accumulated depreciation. Cost comprises the purchase price and any directly attributable costs of bringing the assets to working condition for its intended use when fixed assets are revalued surplus on revaluation is credited to Revaluation Reserve Account.

### III. Investments

Investments are stated at cost of acquisition. Market value of quoted Investments at the date of the Balance Sheet is disclosed. Adjustment for increase / decrease in the value of investment, if any, accounted for on realisation of the investment.

### IV. Inventories

Inventories are valued at lower of cost or net realisable value. Cost for raw materials, store, packing material and consumables is generally determined on FIFO basis. Cost for own manufactured goods comprise of materials and other attributable expenses and overheads (including interest).

### V. Depreciation

Depreciation on fixed assets has been provided on straight line method basis. Depreciation on some Plant and Machinery has been provided for as continuous process plant in accordance with and at the rates prescribed in Schedule XIV to the Companies Act 1956. In respect of certain assets whose residual useful life is determined to be less than the residual life as per books, depreciation is provided at the adjusted higher rates so that the value thereof is written off over the useful life determined.

### VI. Retirement Benefits

Gratuity liability in respect of gratuity to employees is covered under the Group Gratuity Scheme with the Life Insurance Corporation of India. Contribution towards gratuity liability is charged to the Profit and Loss Account each year.

### VII. Foreign Currency Transactions

Outstanding foreign currency assets and liabilities are translated at the exchange rate prevailing as on Balance Sheet date or forward cover rate (as stretched over the period of contract), as the case may be. Gains or losses on these assets and liabilities including those on cancellation of forward exchange contracts, relating to the acquisition of fixed assets are adjusted to the cost of such fixed assets and those relating to other accounts are recognised in the Profit and Loss Account under res-

pective heads of accounts. The difference between the forward rate and the exchange rate at the date of transaction is recognised as income or expencese over the life of contract.

#### **VIII. Taxes on Income**

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Defered tax is recognised, subject to the consideration of prudence, on timing differences, being the differeces between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognised unless there is actual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

#### **Auditor's Reports**

In Terms of our separate report of even date annexed

For PRAKASH WOOLLEN MILLS LTD.

For Agarwal Pawan Kumar & Co.  
Chartered Accountants

V. K. GUPTA  
Whole Time  
Director

D. K. GUPTA  
Whole Time  
Director

Place : Moradabad  
Date : 30.06.2008

(Pawan Kumar)  
(Prop.)

Archana Bansal  
Company Secretary

**PRAKASH WOOLLEN MILLS LIMITED,  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.3.2008**

	2007 – 2008	2006 – 2007
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	(Rs. in lakhs)	
Net profit before tax and extraordinary items	131.78	97.18
<b>ADJUSTMENT FOR :</b>		
1. Depreciation	93.38	79.76
2. Loss on Sale of Fixed Assets	2.65	0.03
3. Interest/Dividend	159.34	116.23
4. Miscellaneous Expenses Written off	--	0.44
Operating Profit before working Capital Changes	387.15	293.64
<b>ADJUSTMENT FOR :</b>		
1. Trade & Other receivable	(408.96)	(106.88)
2. Inventories	23.81	(208.30)
3. Trade Payable & Provision	44.88	26.98
4. Bank Borrowing C/c	174.50	335.80
5 Loans & Advances	(16.06)	30.42
Cash Generated from operations	205.32	371.66
1. Interest Paid	(156.14)	(111.13)
2. Direct Taxes paid	( 17.99)	( 14.97)
Cash Flow Before extraordinary Items	31.19	245.56
1. Extraordinary Items	4.24	( 34.72)
<b>Net Cash from operating activities</b>	<b>35.43</b>	<b>210.84</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(233.23)	(249.27)
Sale of Fixes Assets	3.80	3.00
Interest received	0.55	0.07
<b>Net Cash used in investing activities</b>	<b>(228.88)</b>	<b>(246.20)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	--	--
Proceeds from long term borrowwing	363.22	150.77
Repayment of loans	(169.79)	( 86.48)
<b>Net Cash used in financing activities</b>	<b>193.43</b>	<b>64.29</b>
<b>Net increase in Cash and cash equivalents</b>	<b>( 0.02)</b>	<b>28.93</b>
Cash and Cash equivalents as at 1.4.2007 (Opening)	55.46	26.53
Cash and Cash equivalents as at 31.3.2008(Closing)	55.44	55.46

**Auditor's Reports**

In Terms of our separate report of even date annexed

For PRAKASH WOOLLEN MILLS LTD.

For Agarwal Pawan Kumar & Co.  
Chartered Accountants

V. K. GUPTA  
Whole Time  
Director

D. K. GUPTA  
Whole Time  
Director

Place : Moradabad  
Date : 30.06.2008

(Pawan Kumar)  
(Prop.)

Archana Bansal  
Company Secretary

**PRAKASH WOOLLEN MILLS LIMITED**  
**288, MORIPARA, MEERUT**

**ATTENDANCE SLIP**

Please complete this attendance slip and hand it over at the entrance of the Meeting hall, Joint Shareholders may obtain additional Attendance Slip on request.

Name and Address of the Shareholder (In Block Letter)

Mr/Mrs/Ms : .....

Name of Proxy, if attending for member (in Block Letters):

Master Folio No.:

No. of Share Held:

Mr/Mrs/Ms : .....

I hereby record my presence at the Annual General Meeting of the Company, held on **Friday the 26th September 2008 at 11.00 A.M.** at Chamber Bhawan, Bombay Bazar, Meerut Cantt.

Signature of the Shareholder or Proxy

-----

**PRAKASH WOOLLEN MILLS LIMITED**  
**288, MORIPARA, MEERUT**

**PROXY FORM**

Master Folio No.:

No. of Share Held:

I/We .....  
of ..... being a member/members of  
PRAKASH WOOLLEN MILLS LIMITED hereby appoint.....  
of .....  
or failing him..... of.....

as my/ our proxy to vote for me/us on my/our behalf to attend the Annual General Meeting of the Company to be held at Chamber Bhawan, Bombay Bazar, Meerut Cantt. at **11:00 A.M.** on **Friday**, the **26th** day of **September 2008** and/or at any adjournment thereof.

Signed.....day of.....2008

Signature(s)

Note : 1 This Proxy form must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding the aforesaid meeting.

2 A Proxy need not be a member.

**BOOK - POST**

**PRAKASH WOOLLEN MILLS LIMITED**

288, Moripara, Meerut - 250 002