

**Thirtieth
ANNUAL REPORT
2008-2009**



Prakash Woollen Mills Ltd.

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

PRAKASH WOOLLEN MILLS LIMITED

BOARD OF DIRECTORS :

| | | |
|-----------------------------|----|---------------------|
| SHRI NARESH CHAND AGARWAL | -- | Chairman |
| SHRI VED PRAKASH GUPTA | -- | Whole Time Director |
| SHRI JAI KISHAN GUPTA | -- | Whole Time Director |
| SHRI DAYA KISHAN GUPTA | -- | Whole Time Director |
| SHRI VIJAY KUMAR GUPTA | -- | Whole Time Director |
| SHRI PRADEEP KUMAR GUPTA | -- | Director |
| SHRI SATISH KUMAR GUPTA | -- | Director |
| DR. SATISH KUMAR RAJ | -- | Director |
| SHRI MAHENDRA KUMAR AGARWAL | -- | Director |

REGISTERED OFFICE :

288, Moripara, Meerut

BANKERS :

STATE BANK OF INDIA

AUDITORS :

AGARWAL PAWAN KUMAR & CO.,
Chartered Accountants

COST AUDITORRS :

M K KULSHRESTHA & ASSOCIATES
Cost Accountants

BOOK CLOSURE DATE :

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

ANNUAL GENERAL MEETING :

Date and Time : 26th September 2009, 11:00 A.M.
Venue : Chamber Bhawan, Bombay Bazar, Meerut Cantt.

SHARE TRANSFER AGENT :

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

PRAKASH WOOLLEN MILLS LIMITED

Regd. Office : 288, Moripara, Meerut

NOTICE

NOTICE is hereby given that Thirtieth Annual General Meeting of the Shareholders of Prakash Woollen Mills Limited will be held on Saturday, the 26th day of September, 2009 at 11:00 A.M. at Chamber Bhawan, Bombay Bazar, Meerut Cantt. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March 2009 and Balance Sheet as on that date, together with the report of the Board of Directors and Auditors thereon.

2. To appoint a Director in place of Shri DAYA KISHAN GUPTA, who retires by rotation and being eligible offers himself for reappointment.

3. To appoint a Director in place of Shri SATISH KUMAR GUPTA, who retires by rotation and being eligible offers himself for reappointment.

4. To appoint a Director in place of Shri VED PRAKASH GUPTA, who retires by rotation and being eligible offers himself for reappointment.

5. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration. M/s Agarwal Pawan Kumar & Co., Chartered Accountants, Meerut the retiring auditors being eligible, for re-appointment, offer themselves for reappointment.

SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309 and 310 and all other applicable provisions, if any, of the Companies Act, 1956 and Articles of Association of the Company, the consent of the Company be and is hereby accorded to increase the managerial remuneration of Mr. Vijay Kumar Gupta, Whole Time Director of the Company from Rs.50,000/- (Rupees Fifty Thousands only) per month to Rs.62500/- (Rupees Sixty Two Thousands Five Hundred only) per month by way of salary with effect from i.e. 1st October 2009 as resolved by the Remuneration Committee for a period of 3 years."

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

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309 and 310 and all other applicable provisions, if any, of the Companies Act, 1956 and Articles of Association of the Company, the consent of the Company be and is hereby accorded to increase the managerial remuneration of Mr. Daya Kishan Gupta, Whole Time Director of the Company from Rs.50,000/- (Rupees Fifty Thousands only) per month to Rs.62500/- (Rupees Sixty Two Thousands Five Hundred only) per month by way of salary with effect from i.e. 1st October 2009 as resolved by the Remuneration Committee for a period of 3 years."

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

"RESOLVED THAT pursuant to the provisions of section 198, 269, 309 and 310 and all other applicable provisions, if any, of the Companies Act, 1956 and Articles of Association of the Company, the consent of the Company be and is hereby accorded to increase the managerial remuneration of Mr. Jai Kishan Gupta, Whole Time Director of the Company from Rs.50,000/- (Rupees Fifty Thousands only) per month to Rs.62500/- (Rupees Sixty Two Thousands Five Hundred only) per month by way of salary with effect from i.e. 1st October 2009 as resolved by the Remuneration Committee for a period of 3 years."

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

“RESOLVED THAT pursuant to the provisions of section 198, 269, 309 and 310 and all other applicable provisions, if any, of the Companies Act, 1956 and Articles of Association of the Company, the consent of the Company be and is hereby accorded to increase the managerial remuneration of Mr. Ved Prakash Gupta, Whole Time Director of the Company from Rs.50,000/- (Rupees Fifty Thousands only) per month to Rs.62500/- (Rupees Sixty Two Thousands Five Hundreded only) per month by way of salary with effect from i.e. 1st October 2009 as resolved by the Remuneration Committee for a period of 3 years.”

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

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

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

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy so appointed need not be a member of the Company. Proxies, in order to be effective, must be received at the registered office of the Company not less than 48 hours before the time for holding the meeting.
2. Members desiring any information about the accounts and operations of the Company are requested to send their queries atleast ten days before the date of the Annual General Meeting so that information can be made available at the meeting.
3. The Register of Members and Share Transfer Books of the company will remain closed from 20th September 2009 to 26th September 2009 (both days inclusive) for the purpose of Annual General Meeting.
4. Members are requested to bring their copy of Annual Report and Attendance slip (duly completed) alongwith them at the Meeting.
5. Members are requested to quote their folio number in all correspondence with Company.
6. Explanatory statements pursuant to section 173(2) is enclosed herewith as Annexure to this Notice.

ANNEXURE (as required under Listing Agreement):

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

ITEM NO. 2 & 7 :

Mr. Daya Kishan Gupta is 59 years old. He has done graduation. He joined the company since its incorporation as a promoter director in 1979. He has gained rich experience in various fields including manufacturing and marketing experience in textile industry. He is director in Prahlad Flour Mills (P) Ltd. also.

ITEM NO. 3 :

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

ITEM NO. 4 & 9 :

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

ITEM NO. 6 :

Mr. Vijay Kumar Gupta is 56 years old. He has done graduation. He joined the company since its incorporation as a promoter director in 1979. He has gained rich experience in various fields. He has been the incharge of liaison and finance of the Company. He is director in Prahlad Flour Mills (P) Ltd. also.

ITEM NO. 8 :

Mr. Jai Kishan Gupta is 61 years old. He has done graduation. He joined the company since its incorporation as a promoter director in 1979. He has gained rich experience in textile industry and is incharge of production of the company. He is director in Prahlad Flour Mills (P) Ltd. also.

EXPLANATORY STATEMENT

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

ITEM NO. 6 To 9 :

For increased executive participation at the Board level, the remuneration committee has recommended and passed necessary resolution for Increase in Remuneration on and w.e.f. 1st October 2009. of Shri Ved Prakash Gupta, Shri Vijay Kumar Gupta, Shri Daya Kishan Gupta and Shri Jai Kishan Gupta from Rs.50000 per month to Rs 62500/- per month.

Since the Directors possess sufficient experience and know-how, therefore the appointment proved to be in the best interest of the Company. The overall performance of the Company has shown tremendous growth. Under there able management, the Company has performed well on its financial front. Increase in day to day involvement in company matters of your directors results in overwhelming response and faith of the company officers. Due to increased participation and devotion of time for the industry it was resolved to increase their remuneration accordingly. The Remuneration Committee in their meeting on 29.06.2009 has increased their remuneration for a period of 3 (Three) Years with effect from 1st October 2009 and other perquisite as detailed below:

REMUNERATION:

Salary: Rs.62,500/- (Rupees Sixty Two Thousands Five Hundered only) per month on CTC basis to each of the above four directors.

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

STATEMENT FORMING PART OF THE NOTICE

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

I. GENERAL INFORMATION

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

II. INFORMATION ABOUT THE APPOINTEES

1. Background details –

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

2. Past Remuneration – **Sh. V.K.Gupta, D.K.Gupta, J.K.Gupta and V.P.Gupta each Rs. 50000/- per month.**

3. Recognition or Awards – **N/A**

4. Job Profile & His Suitability –

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

5. Remuneration Proposed – **Rs.62,500/- per month to each of them**

6. Comparative Remuneration Profile with respect to industry, size of the company, profile of the position and person: - **Rs.2,50,000/- p.m. is the remuneration which in present scenario, is not so high which require any comparison with other industry.**

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

III. OTHER INFORMATION

1. Reasons of loss or inadequate profits:

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

2. Steps taken or proposed to be taken for improvement

New Plant for best capacity utilization has been installed in the previous year.

3. Expected increase in productivity and profits in measurable terms :
Approximately 5% to 25% profitability may increase due to improvement in plant.

IV. DISCLOSURES

1. The shareholders of the company shall be informed of the remuneration package of the managerial person;
2. The following disclosures shall be mentioned in the Board of Directors report under the heading "Corporate Governance", if any, attached to the annual report
 - All elements of remuneration package such as salary benefits, bonuses, stock options, pension etc. of all the director;
 - Details of fixed component and performance linked incentives along with the performance criteria;
 - Service contracts, notice period, severance fee;
 - Stock options details, If any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

All the aforesaid disclosures as required by Section – II of Part – II of Schedule XIII of the Companies Act, 1956 has been disclosed in the report of Corporate Governance attached with the Director's Report in the Annual Report of the Company for the year 2008- 09.

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

Your Directors recommend the Resolutions for your approval.

ITEM NO. 10 :

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

No. director is interested or concerned in this resolution.

By order of the Board of Directors

Place : Moradabad
Date : 29.06.2009

V.K. GUPTA
Whole Time
Director

D.K. GUPTA
Whole Time
Director

DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH 2009

To
The Members,

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

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

DIVIDEND

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

OPERATIONS

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

LABOUR RELATIONS

Relations between the workers and the Management during the year have been cordial. Management has considered the demands of workers sympathically from time to time.

FIXED ASSETS

Fixed assets of the company have been kept in proper state of repairs and all assets have been insured adequately.

DIRECTORS

As per the provisions of Section 256 of the Companies Act, 1956 Shri Daya Kishan Gupta, Shri S. K. Gupta and Shri Ved Prakash Gupta, Directors of the Company are due for retirement by rotation at the forthcoming Annual General Meeting and are being eligible offer themselves for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of section 217 (2AA) of the Companies Act, 1956 as amended by Companies (Amendment) Act, 2000, your Directors state: (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation

relating to material departures; (b) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31.03.2009 and of the profit or loss of the Company for the year ended on 31.03.2009; (c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; (d) that the directors have prepared annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

Particulars of employees as required under section 217(2-A) of the Companies Act, 1956 are nil.

AUDITORS

M/s Agarwal Pawan Kumar & Co., Chartered Accountants, Meerut the retiring Auditors are being eligible for re-appointment offer themselves for re-appointment.

AUDITORS REPORT

The Notes on accounts, referred to in the Auditors Reports are self explanatory and therefore do not call for any further comments under 217(3) of the Companies Act 1956.

CORPORATE GOVERNANCE

(a) Certificate of the auditors of your company regarding compliance of the conditions of Corporate Governance as stipulated in clause 49 of the listing agreement with stock exchanges is enclosed. Details in Annexure 'A'

(b) Management Discussion and Analysis Report in Annexure 'B'

CONSERVATION OF ENERGY

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

FORM A (See Rule 2)

Form for Disclosure of Particulars with respect to Conservation of Energy

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

| | | |
|-------------------------------------|-----|-----|
| (ii)Through steam turbine/Generator | | |
| Unit | NIL | NIL |
| Unit per ltr.of fuel oil/gas | NIL | NIL |
| Cost/Unit | NIL | NIL |

2. Coal(specify quality and where used)

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

3. Furnace Oil

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

4. Others/internal generation

| | | |
|----------------------|-----|-----|
| Quantity (Qlts) | NIL | NIL |
| Total Cost(Rs. '000) | NIL | NIL |
| Rate/Unit | NIL | NIL |

B. Consumption per unit of production

| | Standards (if any) | Current Yr. | Previous Yr. |
|--------------------------------------|--------------------|-------------|--------------|
| Products (with details unit) | | 1 | 2 |
| <u>ACRYLIC BLANKETS (PCS)</u> | | | |
| Electricity KWH | N.A. | 1.61 | 1.29 |
| Furnace Oil | N.A. | NIL | NIL |
| Coal (Specify quality) | N.A. | NIL | NIL |
| Others (specify) | N.A. | NIL | NIL |

ABSORPTION OF TECHNOLOGY

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

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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 : 29.06.2009

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 31.03.2009

| | | |
|------------------------------------|---|-----|
| Promoter & Executive Director | 4 | 44% |
| Non-Executive/Independent Director | 5 | 56% |

BOARD OF DIRECTORS AND BOARD MEETING

The Board of the company consists of nine members as on 31st March 2009. Board Meetings were held during the financial year 2008-2009. The dates on which the said meetings were held are as follows :

8th Apr 2008, 30th June 2008, 31st July 2008, 31st Oct 2008, 30th Jan 2009.

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 | No | -- | 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 | 2 | Yes | 1 | Nil |
| Mr. S. K. Gupta | Non Executive - Independent | -- | No | -- | Nil |
| Mr. S. K. Raj | Non Executive - Independent | 2 | No | -- | Nil |
| Mr. M. K. Agarwal | Non Executive - Independent | 2 | 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 2008-2009, meeting of Audit Committee were held on 08.04.2008, 28.06.2008, 25.07.2008 28.10.2008, 29.01.2009

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 2008-2009.

| Name of Directors | Sitting fees | Commission on profits | Salary | Perquisites | Total |
|-------------------|--------------|-----------------------|--------|-------------|--------|
| Mr. J.K. Gupta | -- | Nil | 590000 | -- | 590000 |
| Mr. D.K. Gupta | -- | Nil | 590000 | -- | 590000 |
| Mr. V.K. Gupta | -- | Nil | 590000 | -- | 590000 |
| Mr. V.P. Gupta | -- | Nil | 575000 | -- | 575000 |

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 2008-2009.

GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held on 29th September 2006, 28th September 2007 and 26th September 2008 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 are some related party transaction but these are not 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 listititutional 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 :

Saturday 26th September 2009 at 11:00 A.M. at Chamber Bhawan, Bombay Bazar, Meerut Cantt.

2. Financial Calendar :

| | | |
|---|----|--------------|
| (i) First Quarter Results | -- | July 2009 |
| (ii) Half-Yearly Results | -- | October 2009 |
| (iii) Third Quarter Results | -- | January 2010 |
| (iv) Result for the year ending 31st March 2010 | -- | June 2010 |

3. Dates of Book Closure

20th September 2009 to 26th September 2009 (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 2009 :

| Category | No. of Shares held | Percentage of Shareholding |
|-------------------------------------|-----------------------|-------------------------------|
| <u>A. Promoters' holding</u> | | |
| 1. Promoters' | | |
| - Indian Promoters | 2693842 | 64.51 |
| - Foreign Promoters | NIL | NIL |
| 2. Persons acting in Concert | NIL | NIL |
| Sub - Total | 2693842 | 64.51 |

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 | -- | -- |

| | | |
|--------------------|---------------|-------------|
| Sub - Total | 293400 | 7.03 |
|--------------------|---------------|-------------|

4. Others

| | | |
|------------------------------|--------|-------|
| a. Private Corporate Bodies | 117100 | 2.80 |
| b. Indian Public | 971558 | 23.27 |
| c. NRIs/OCBs | 100000 | 2.39 |
| d. Any Other (please speify) | -- | -- |

| | | |
|--------------------|----------------|--------------|
| Sub - Total | 1188658 | 28.46 |
|--------------------|----------------|--------------|

| | | |
|--------------------|----------------|---------------|
| GRAND TOTAL | 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 sensex, (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 produces Blankets of various types. Earlier it manufactured shoddy blankets but shifted to Synthetics Blankets with the change in the demand and introduction of new technologies.

OPPORTUNITIES & OUTLOOK

Presently the company manufactures synthetic blankets of different qualities using different technologies. A couple of years ago acrylic mink blankets were produced but due to high cost of acrylic fibre, the trend has shifted to the production of polyester blankets. There are two kinds of techniques for blanket manufacturing namely circular machine and raschel machine. The company use both kinds of technologies and plants to manufacture polyester blankets. The company has expanded into circular technique this year under review. Thus the installed capacity has increased by nearly 30%.

THREATS

The threat of introduction of polyester blankets by China has been resolved by the company by expanding into the polyester blankets plant. Now the main threat is the sustained demand. Due to world wide recession, the forecast of the demand remains a question mark.

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 year under review was not good for industries world wide due to impact of recession felt by western countries. Further, the new polyester plant could not go as per plans. Both the reasons impacted the production and turn over of the company. Even then, the company could be able to retain its margins.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

Your company employs about 143 persons including managerial personnels and staff. Relations among management and workmen remained cordial through out the year.

RISK & COVERS

The management does not see any risk on foreign transaction front because the transactions are well covered and it is optimistic about increase in production ahead contributing in the net profit.

Statements in this report particularly 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 be materially different 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, 2009, 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 : 29.06.2009

(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, 2009 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, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 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 2009;

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 : 29.06.2009

(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. 21.01lacs.

(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.

EPFO has demanded Rs. 38.95 lacs. The management of the company has contested the demand of EPFO. An appeal has been pending before hon'ble EPF appellate tribunal Delhi

(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 : 29.06.2009

(PAWAN KUMAR)
(Prop.)

PRAKASH WOOLLEN MILLS LIMITED
BALANCE SHEET AS ON 31ST MARCH 2009

| | SCHEDULE | 2008 – 2009 (Rs. in lakhs) | 2007– 2008 (Rs. in lakhs) |
|---|----------|-------------------------------|------------------------------|
| <u>I.FUNDS EMPLOYED</u> | | | |
| <u>1.SHARE HOLDERS'FUNDS</u> | | | |
| a. Share Capital | 1 | 417.59 | 417.59 |
| b. Reserve & Surplus | 2 | 756.63 | 1174.22 |
| | | | 716.98 |
| | | | 1134.57 |
| <u>2.BORROWINGS</u> | | | |
| a. Secured Loans | 3 | 2132.60 | 1660.50 |
| b. Unsecured Loans | 4 | 629.01 | 2761.61 |
| | | | 328.54 |
| | | | 1989.04 |
| <u>3.DEFERRED TAX LIABILITY</u> | | | |
| | | 241.40 | 205.94 |
| TOTAL : | | 4177.23 | 3329.55 |
| <u>II.APPLICATION OF FUNDS</u> | | | |
| <u>1. FIXED ASSETS</u> | | | |
| a. Gross Block | 5 | 2883.86 | 2144.51 |
| b. Less : Depreciation | | 890.97 | 1992.89 |
| | | | 771.95 |
| | | | 1372.56 |
| c. Capital Work in Progress | | | 7.52 |
| <u>2. CURRENTS ASSETS LOANS & ADVANCES</u> | | | |
| <u>a. CURRENT ASSETS</u> | | | |
| Inventories | 6 | 666.17 | 445.91 |
| Sundry Debtors | | 1500.75 | 1557.42 |
| Cash and Bank Balances | | 8.28 | 55.44 |
| Other Current Assets | | 2.86 | 2.86 |
| <u>b. LOANS & ADVANCES</u> | | | |
| | 7 | 188.61 | 105.69 |
| | | 2366.67 | 2167.32 |
| Less:1. CURRENT LIABILITIES & PROVISIONS | 8 | (182.33) | 2184.34 |
| | | | (217.85) |
| | | | 1949.47 |
| | | 4177.23 | 3329.55 |

Auditor's Reports

In Terms of our separate report of even date annexed

For Agarwal Pawan Kumar & Co.
Chartered Accountants

Place : Moradabad
Date : 29.06.2009

(Pawan Kumar)
(Prop.)

For PRAKASH WOOLLEN MILLS LTD.

V. K. GUPTA
Whole Time
Director

D. K. GUPTA
Whole Time
Director

Archana Bansal
Company Secretary

PRAKASH WOOLLEN MILLS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

| | SCHEDULE | 2008 – 2009 (Rs. in lakhs) | 2007 – 2008 (Rs. in lakhs) |
|--|----------|-------------------------------|-------------------------------|
| <u>INCOME</u> | | | |
| Sales | | 3074.11 | 4247.85 |
| Other Income | 9 | 0.56 3074.67 | 0.18 4248.03 |
| <u>EXPENDITURE</u> | | | |
| (Increase)/Decrease in stock | 10 | (225.39) | (68.57) |
| Cost of Material | 11 | 1709.63 | 2909.93 |
| Manufacturing Exp. | 12 | 827.45 | 760.43 |
| Selling and Other Exp. | 13 | 338.49 | 261.56 |
| Interest | | 207.07 2857.25 | 159.52 4022.87 |
| Profit/loss before Depreciation & taxes | | 217.42 | 225.16 |
| Depreciation | | (119.02) | (93.38) |
| Profit/loss before tax | | 98.40 | 131.78 |
| Less : Taxation for the year | | | |
| Current tax | | (10.15) | (15.00) |
| Deferred tax | | (35.46) | (38.32) |
| Fringe Benefit Tax | | (4.11) | (2.23) |
| Profit After tax | | 48.68 | 76.23 |
| <u>APROPRIATIONS</u> | | | |
| Balance brought forward from Previous year | | 142.78 | 63.17 |
| Adjustment of Previous Year Income Tax | | (0.50) | (0.86) |
| Adjustment of Prior Period Items | | (8.53) | 4.24 |
| Balance Carried Forward to Next Year | | 182.43 | 142.78 |

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 : 29.06.2009

(Pawan Kumar)
(Prop.)

Archana Bansal
Company Secretary

PRAKASH WOOLLEN MILLS LIMITED
SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE - 1 : SHARE CAPITAL

| | 2008 – 2009 (Rs. in lakhs) | 2007 – 2008 (Rs. in lakhs) |
|---|-------------------------------|-------------------------------|
| <u>AUTHORISED CAPITAL</u> | | |
| 60,00,000 Equity Shares of Rs. 10/- each | 600.00 | 600.00 |
| <u>ISSUED, SUBSCRIBED AND PAIDUP CAPITAL</u> | | |
| 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 | 182.43 | 142.78 |
| | ----- 756.63 ----- | ----- 716.98 ----- |

SCHEDULE - 3 : SECURED LOANS

| | | |
|---|---------------------------|---------------------------|
| 1) State Bank of India Cash Credit a/c (against hypo. of entire current assets) | 1381.71 | 1196.20 |
| 2) State Bank of India Term Loan (against hypo. of Mach.) | 20.18 | 38.43 |
| 3) State Bank of India Term Loan II (Against Hypo. of machine) | 175.20 | 216.49 |
| 4) State Bank of India Corp. Loan II (Against Hypo. of entire assets of Co.) | -- | 29.51 |
| 5) State Bank of India Corp. Loan III (Against Hypo. of entire assets of Co.) | 78.54 | 149.25 |
| 6) State Bank of India TL III (Against first charges on assets created) | 451.84 | - |
| 7) I C I C I Bank Ltd. (Against Hypo. of Car) | 11.67 | 21.70 |
| 8) Interest Accrued and Due | 13.46 | 8.92 |
| | ----- 2132.60 ----- | ----- 1660.50 ----- |

SCHEDULE - 4 : UNSECURED LOANS

| | | |
|---------------------------|--------------------------|--------------------------|
| From Others | 188.28 | 48.11 |
| From Agents | 37.17 | 40.42 |
| Deferred payments credits | 303.50 | 240.01 |
| Short Term | 100.06 | -- |
| | ----- 629.01 ----- | ----- 328.54 ----- |

PRAKASH WOOLLEN MILLS LIMITED
DEPRECIATION SCHEDULE AS ON 31ST MARCH 2009

SCHEDULE - 5

AMOUNT IN LAKHS

| PARTICULARS | TOTAL COST ASSET REVALUED AS ON 01.04.2008 | ADDITION DURING THE YEAR | SALE DURING THE YEAR | REVAL- ATION WRITTEN BACK | ORIG- NAL COST W/BACK | TOTAL COST UPTO 31.03.2009 | TOTAL DEPREC- IATION UPTO 31.3.2008 | DEP. DURING THE YEAR | DEP WRITTEN BACK | TOTAL DEPRN. UPTO 31.3.2009 | NET BLOCK AS ON 31.3.2009 |
|-----------------------|--|-----------------------------------|-------------------------------|------------------------------------|--------------------------------|----------------------------------|---|-------------------------------|------------------------|--------------------------------------|------------------------------------|
| LAND | 92.22 | -- | -- | -- | -- | 92.22 | -- | -- | -- | -- | 92.22 |
| BUILDING | 609.12 | 24.17 | -- | -- | -- | 633.29 | 177.79 | 20.59 | -- | 198.38 | 434.91 |
| PLANT & MACHINERY | 1343.25 | 705.39 | -- | -- | -- | 2048.64 | 552.85 | 89.97 | -- | 642.82 | 1405.82 |
| FURNITURE & FIXURE | 16.88 | 1.22 | -- | -- | -- | 18.10 | 9.04 | 1.11 | -- | 10.15 | 7.95 |
| COMPUTERS | 7.76 | 0.27 | -- | -- | -- | 8.03 | 7.37 | 0.27 | -- | 7.64 | 0.39 |
| OFFICE EQUIPMENTS | 4.22 | 0.09 | -- | -- | -- | 4.31 | 1.97 | 0.20 | -- | 2.17 | 2.14 |
| MOTOR VEHICLES | 71.06 | 8.21 | -- | -- | -- | 79.27 | 22.93 | 6.88 | -- | 29.81 | 49.46 |
| | 2144.51 | 739.35 | -- | -- | -- | 2883.86 | 771.95 | 119.02 | -- | 890.97 | 1992.89 |
| Previous Year | 1767.50 | 388.49 | 11.48 | -- | -- | 2144.51 | 683.61 | 93.38 | 5.04 | 771.95 | 1372.56 |

SCHEDULE - 6 : CURRENT ASSETS

2008 – 2009
(Rs. in lakhs)

2007– 2008
(Rs. in lakhs)

I) INVENTORIES

(As taken, valued & certified by the management)

a) Consumable

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

83.51

78.48

b) Stock in trade

Raw Material
Finished Goods
Semi-Finished Goods

31.32

41.48

210.70

123.30

340.64 666.17

202.65 445.91

II) SUNDRY DEBTORS

(Unsecured considered goods)

More Than Six Month

66.09

606.78

Less Than Six Month

1434.66 1500.75

950.64 1557.42

PRAKASH WOOLLEN MILLS LIMITED

| | 2008 – 2009 (Rs. in lakhs) | 2007 – 2008 (Rs. in lakhs) |
|---|-------------------------------|-------------------------------|
| III) CASH AND BANK BALANCE | | |
| a. Cash Balance on Hand | 2.95 | 5.71 |
| b. Bank Balance With - | | |
| Schedule Banks | | |
| Deposit Account | 0.26 | 35.68 |
| Current Account | 5.07 | 13.92 |
| Accrued Interest | -- | 0.13 |
| | 8.28 | 55.44 |
| | ----- | ----- |
| IV) OTHER CURRENT ASSETS | | |
| Securities | 2.86 | 2.86 |
| | ----- | ----- |
| TOTAL CURRENT ASSETS | 2178.06 | 2061.63 |
| | ----- | ----- |
| <u>SCHEDULE - 7 : LOANS AND ADVANCES</u> | | |
| a) Advance for Goods | 78.78 | 25.32 |
| b) Advance Excise/Custom Duty | 47.00 | 56.25 |
| c) Other Advances | 62.83 | 24.12 |
| | ----- | ----- |
| | 188.61 | 105.69 |
| | ----- | ----- |
| <u>SCHEDULE - 8 : CURRENT LIABILITIES & PROVISIONS</u> | | |
| Sundry Creditors for goods- | | |
| - Micro, Small & medium Enterprises | -- | -- |
| - Others | 21.01 | 20.80 |
| Sundry Creditors for Exp. | 110.58 | 138.99 |
| Advances from Customers and others | 49.35 | 56.72 |
| Provison for Income Tax (Net of Advance Tax) | 1.39 | 1.34 |
| | ----- | ----- |
| | 182.33 | 217.85 |
| | ----- | ----- |
| <u>SCHEDULES FORMING PART OF PROFIT & LOSS A/C</u> | | |
| <u>SCHEDULE :- 9 : OTHER INCOME</u> | | |
| i) Interest on FDR/BONDS | 0.56 | 0.18 |
| | ----- | ----- |
| | 0.56 | 0.18 |
| | ----- | ----- |

PRAKASH WOOLLEN MILLS LIMITED

2008 – 2009
(Rs. in lakhs)

2007 – 2008
(Rs. in lakhs)

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

OPENING STOCK

| | | |
|------------------|--------|--------|
| Finished Goods | 123.30 | 63.39 |
| Stock in Process | 202.65 | 193.99 |
| | ----- | ----- |
| | 325.95 | 257.38 |
| | ----- | ----- |

Less:- CLOSING STOCK

| | | |
|------------------|--------|--------|
| Finished Goods | 210.70 | 123.30 |
| Stock in Process | 340.64 | 202.65 |
| | ----- | ----- |
| | 551.34 | 325.95 |
| | ----- | ----- |

| | | |
|-------------------------------------|-----------|---------|
| <u>(INCREASE) / DECREASE</u> | (225.39) | (68.57) |
| | ----- | ----- |

SCHEDULE :-11 : COST OF MATERIALS

| | | |
|----------------------------|---------|---------|
| Raw Material Consumption | 1488.57 | 2343.65 |
| Purchase of Blankets/Cloth | 221.06 | 566.28 |
| | ----- | ----- |
| | 1709.63 | 2909.93 |
| | ----- | ----- |

SCHEDULE :-12 : MANUFACTURING EXPENSES

| | | |
|-------------------------|--------|--------|
| (i) Dyes & Chemical | 124.52 | 87.22 |
| (ii) Designing | 4.40 | 7.19 |
| (iii) Wages | 46.98 | 42.43 |
| (iv) Mobil Oil & Fuel | 234.82 | 194.67 |
| (v) Electricity & Power | 4.30 | 4.08 |
| (vi) Packing Exp. | 412.43 | 424.84 |
| | ----- | ----- |
| | 827.45 | 760.43 |
| | ----- | ----- |

SCHEDULE :-13 : ADMINISTRATIVE & SELLING EXPENSES

A. EMPLOYEES REMUNERATION & BENEFITS

| | | |
|-------------------------|-------|-------|
| Salaries to employees | 40.58 | 28.65 |
| Bonus | 6.60 | 5.25 |
| Labour & Staff welfare | 0.03 | 0.54 |
| Leave with wages | -- | 0.19 |
| Provident Fund | 6.69 | 6.28 |
| Medical expenses | 0.40 | 0.31 |
| Gratuity & contribution | 5.75 | 7.54 |
| | 60.05 | 48.76 |
| | ----- | ----- |

PRAKASH WOOLLEN MILLS LIMITED

| | 2008 – 2009 (Rs. in lakhs) | | 2007 – 2008 (Rs. in lakhs) |
|--|-------------------------------|--------|-------------------------------|
| <u>B. ADMINISTRATIVE & SELLING & GENERAL EXPENSES</u> | | | |
| Travelling expenses | 3.90 | | 5.96 |
| Printing & Stationery | 2.47 | | 1.45 |
| Vehicle exp. | 12.30 | | 8.87 |
| Insurance | 6.42 | | 5.29 |
| Advertisement | 1.83 | | 1.40 |
| Sales Promotion | -- | | 0.09 |
| Sample expenses | 0.18 | | 0.31 |
| Discount & Commission to Dealer/Agent | 59.30 | | 66.20 |
| Postage & Telegram | 1.52 | | 1.27 |
| Bank Charges | 11.05 | | 16.81 |
| Fee & Taxes | 3.81 | | 6.08 |
| Legal Expenses | 4.76 | | 4.96 |
| Local Conveyance | 1.26 | | 0.72 |
| Sundry Expenses | 2.16 | | 1.88 |
| Generator Expenses | 7.22 | | 3.70 |
| Machinery & Repairs | 17.29 | | 16.06 |
| Telephone Expenses | 4.72 | | 4.31 |
| Donation & Subscription | 0.43 | | 1.54 |
| Books & Periodicals | 0.10 | | 0.10 |
| Freight & Cartage | 42.81 | | 6.02 |
| Cost Audit Fee | 0.30 | | 0.20 |
| Auditors Remuneration | 0.33 | | 0.28 |
| Auditors Exps. | -- | | 0.05 |
| Directors Fee | 0.12 | | 0.08 |
| Repaire & Maintenance | 0.15 | | 0.41 |
| Corporate Expencess | 1.24 | | 0.52 |
| Loading & Unloading | 1.61 | | -- |
| Loss on sale/discarded of assets | -- | | 2.65 |
| Confrence Expenses | 10.42 | | 0.69 |
| Exchange Difference | 31.59 | | 31.20 |
| Rent | 6.83 | | 0.07 |
| Commercial Tax | 9.05 | | 6.23 |
| Exhibition Expencess | 0.88 | | -- |
| Hospitality | 1.07 | | -- |
| Distribution | 7.87 | 254.99 | -- |
| | ----- | | ----- |
| <u>C. MANAGERIAL REMUNERATION</u> | | | |
| Directors Remuneration | 23.45 | 23.45 | 17.40 |
| | ----- | ----- | ----- |
| | | 338.49 | 261.56 |
| | ----- | | ----- |

SCHEDULE:- 14

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

1. Letter of Credit opened and outstanding as on 31st March 2009 on behalf of the company by bank for purchase of Raw Material / Machinery amounts to Rs. 14 Lacs.
2. Balances of Sundry Debtors, Sundry Creditors and Advance from Customers etc. are subject to confirmation as on 31.3.2009.

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

| | 2008-2009 (Rs.In Lakhs) | 2007-2008 (Rs.In Lakhs) |
|--|----------------------------|----------------------------|
| i) Interest to State Bank of India on term loan & working Capital | 199.32 | 151.51 |
| ii) ICICI Bank | 1.66 | 1.70 |
| iii) Others | 6.09 | 6.31 |
| | ----- | ----- |
| | 207.07 | 159.52 |
| | ----- | ----- |

4. 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.

5. 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.

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

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

8. Prior period items include :-

- (i) Writing back of Gratuity provisions for past services amounting to Rs. 1.04 lacs.
- (II) Excise Duty amounting to Rs. 9.57 lacs.

9. 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.

10. 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 31.03.2009 (Rs in Lacs) | As on 31.03.2008 |
|-------------------------------|----------------------------------|------------------|
| Depereciation on Fixed Assets | 241.40 | 205.94 |
| | ----- | ----- |
| Deferred Tax Liability | 241.40 | 205.94 |
| | ----- | ----- |

11. REMUNERATION TO MANAGING DIRECTOR/ WHOLE TIME DIRECTORS

| | 2008-2009 (Amount in Rs.) | 2007-2008 |
|----------------|------------------------------|-----------|
| a) Salary | 23,45,000 | 17,40,000 |
| b) Perquisites | NIL | NIL |

12. PAYMENT TO AUDITOR'S

| | | |
|----------------------|--------|--------|
| a) Audit Fee | 25,000 | 20,000 |
| b) In other Capicity | 5,000 | 5,000 |

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

| | 2008 – 2009 | | | 2007 – 2008 | | |
|---|--------------------------------------|-------------|-----------|-------------------------------------|-------------|----------|
| A. Detail of Product Manufactured | | | | | | |
| i. Licenced Capacity (As No Licence is applicable) | N/A | | | N/A | | |
| ii.Installed Capicity (Blankets of Synthetic Fibre Acrylic / Polyester) | 10.92 lacs pcs. (Double Bed) p.a. | | | 8.47 lacs pcs. (Double Bed) p.a. | | |
| B. Detail of Sales | | | | | | |
| | unit | qty. | value | unit | qty. | value |
| | (Rs. in lakhs) | | | (Rs. in lakhs) | | |
| Class of goods | | | | | | |
| Blankets | | | | | | |
| Synthetic (Acrylic / Polyester) | Nos. | 569596 | 2905.67 | Pcs. | 731752 | 4209.79 |
| Shoddy woollen | Nos. | 8078 | 11.12 | Pcs. | 12125 | 16.18 |
| Cloth | Mtr. | 55403 | 140.15 | Mtr. | -- | -- |
| Others | | -- | 16.87 | | | 21.88 |
| C. Actual Production and Stock | | | | | | |
| | 2008-2009 | | | 2007-2008 | | |
| | unit | opening | prod | unit | opening | prod |
| | | | closing | | | closing |
| Blankets (incl.semi Finished) | | | | | | |
| Synthetic (Acrylic / Polyester) | Nos. | 78430 | 616292 | Pcs. | 50855 | 673423 |
| (Value in Rs.in Lacs) | | 323.93 | 492.46 | | 256.62 | 323.93 |
| D. Details of Raw Material Consumed and Purchase | | | | | | |
| | Qty | Rs. in Lacs | | Qty | Rs. in Lacs | |
| Yarn | Qtls. | 15246.235 | 1488.57 | 17713.870 | 2343.65 | |
| Blanket (Pcs.) (Synth.) | Nos. | 5498 | 22.34 | 85904 | 549.57 | |
| Blanket (Pcs.)(Other) | Nos. | 7834 | 12.23 | 12834 | 16.25 | |
| Cloth (Mtr.) | Mtr. | 97996.810 | 186.49 | -- | -- | |
| Other | | -- | -- | -- | 0.46 | |
| | | | 1709.63 | | 2909.93 | |
| E. Trading Stock | | | | | | |
| | Unit | O.B. | Purchase | Sale | C.B. | Unit |
| | | | | | | O.B. |
| | | | | | | Purchase |
| | | | | | | Sale |
| | | | | | | C.B. |
| CLOTH | Mtr. | -- | 97996.810 | 55403 | 42593.810 | Mtr |
| (Value Rs. in lacs) | | -- | 186.49 | 140.15 | 56.09 | |
| SHODDY | Pcs. | 1370 | 7834 | 8078 | 1126 | Pcs |
| BLANKETS | | | | | | |
| (Value Rs. in lacs) | | 1.57 | 12.23 | 11.12 | 2.55 | 0.76 |
| Others | | 0.32 | -- | 0.30 | -- | 0.46 |

14. 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 | 77.08 | | -- | |
| 2) Components & Spare | 20.95 | | 22.79 | |
| 3) Capital Goods (Plant & Machinery) | 395.13 | | 28.56 | |
| B. Expenditure In Foreign Currency During the Fiancial Year | | | | |
| 1) Foreign Travelling Exp. | 4.40 | | 3.55 | |
| C. Consumption of | | | | |
| 1) Raw Material | | % | | % |
| i) Value of Imported Goods | 94.86 | 6.37 | -- | -- |
| ii) Value of Indigenous Good | 1393.71 | 93.63 | 2343.65 | 100.00 |
| | 1488.57 | 100.00 | 2343.65 | 100.00 |
| 2) Component | | | | |
| i) Value of Imported Goods | 19.28 | 3.59 | 16.90 | 3.30 |
| ii) Value of Indigenous Good | 517.67 | 96.41 | 495.16 | 96.70 |
| | 536.95 | 100.00 | 512.06 | 100.00 |
| 3) Stores & Spares | | | | |
| i) Value of Imported Goods | 1.31 | 5.54 | -- | -- |
| ii) Value of Indigenous Good | 22.33 | 94.46 | 19.20 | 100.00 |
| | 23.64 | 100.00 | 19.20 | 100.00 |
| D. Remittance in foreign currency on Account of Dividend to Non Resident Shareholders. | | NIL | | NIL |
| E. Earning in Foreign Exchange | | NIL | | NIL |
| 15. The number of employees were in receipt or were entittled to receive emoluments Amounting in the Aggregate Rs.100000/- or more per month | | NIL | | NIL |

16. 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.

17. 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 M.K.

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

Rs. in lacs

| Nature of Transaction | Name of Parties | Transaction for the year ended | |
|---------------------------|---------------------------|--------------------------------|------------|
| | | 31.03.2009 | 31.03.2008 |
| Rent Paid | Prahlad Industries | 5.70 | -- |
| Interest Paid | Prahlad Industries | 2.23 | 4.16 |
| Interest Paid | Directors & Relatives | 1.19 | -- |
| Interest Received | Swastic Biscuits (p) Ltd. | -- | 0.37 |
| Goods Purchased | Designs Unlimited | 83.57 | -- |
| Deposits Paid (Net) | Prahlad Industries | 6.80 | 53.40 |
| Closing Balance :- | | | |
| Deposits Received | Prahlad Industries | 21.01 | 25.81 |

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

Rs. in lacs

Remuneration

(V.K. Gupta=5.90, D.K. Gupta=5.90, J.K. Gupta=5.90, V.P. Gupta=5.75, S.K. Agarwal=3.80, Adeep Gupta=3.70, Kapil Gupta=3.70, Ashish Gupta=3.70) 38.35
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.

State Code

Balance Sheet

| | | | |
|---|---|---|---|
| 4 | 8 | 0 | 4 |
| | | 2 | 0 |
| 3 | 1 | 0 | 3 |
| d | d | m | m |
| | | y | y |

II. Capital Raised during the Year (Amount Rs. In Thousand)

Public Issue

Right Issue

Bonus Issue

Private Placement

| |
|---|
| - |
| - |
| - |
| - |

III. Position of Mobilisation and Deployment of Fund

(Amount in Rs. Thousand)

Total Liabilities

Total Assets

| | | | | | |
|---|---|---|---|---|---|
| 4 | 1 | 7 | 7 | 2 | 3 |
| 4 | 1 | 7 | 7 | 2 | 3 |

SOURCES OF FUNDS :

Paid up capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Deferred Tax Liability

| | | | | |
|---|---|---|---|---|
| 4 | 1 | 7 | 5 | 9 |
| 7 | 5 | 6 | 6 | 3 |
| 2 | 1 | 3 | 2 | 6 |
| 6 | 2 | 9 | 0 | 1 |
| 2 | 4 | 1 | 4 | 0 |

APPLICATION OF FUNDS :

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

| | | | | | |
|---|---|---|---|---|---|
| 1 | 9 | 9 | 2 | 8 | 9 |
| | | | | | - |
| 2 | 1 | 8 | 4 | 3 | 4 |
| | | | | | - |
| | | | | | - |

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

| | | | | | |
|---|---|---|---|---|---|
| 3 | 0 | 7 | 4 | 6 | 7 |
| 2 | 9 | 7 | 6 | 2 | 7 |
| | | 9 | 8 | 4 | 0 |
| | | | 4 | 8 | 6 |
| | | | 1 | . | 1 |
| | | | | | 6 |
| | | | | | - |

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. Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the differences 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 : 29.06.2009

(Pawan Kumar)
(Prop.)

Archana Bansal
Company Secretary

**PRAKASH WOOLLEN MILLS LIMITED,
CASH FLOW STATEMENT FOR THE YEAR ENDED 31.3.2009**

| | 2008 – 2009 | 2007 – 2008 |
|--|-----------------|-----------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | (Rs. in lakhs) | |
| Net profit before tax and extraordinary items | 98.40 | 131.78 |
| ADJUSTMENT FOR : | | |
| 1. Depreciation | 119.02 | 93.38 |
| 2. Loss on Sale of Fixed Assets | -- | 2.65 |
| 3. Interest/Dividend | 206.51 | 159.34 |
| 4. Miscellaneous Expenses Written off | -- | -- |
| | ----- | ----- |
| Operating Profit before working Capital Changes | 423.93 | 387.15 |
| ADJUSTMENT FOR : | | |
| 1. Trade & Other receivable | 56.67 | (408.96) |
| 2. Inventories | (220.26) | (23.81) |
| 3. Trade Payable & Provision | (35.57) | 44.88 |
| 4. Bank Borrowing C/c | 185.51 | 174.50 |
| 5. Loans & Advances | (82.92) | (16.06) |
| | ----- | ----- |
| Cash Generated from operations | 327.36 | 205.32 |
| 1. Interest Paid | (204.13) | (156.14) |
| 2. Direct Taxes paid | (14.72) | (17.99) |
| | ----- | ----- |
| Cash Flow Before extraordinary Items | 108.51 | 31.19 |
| 1. Extraordinary Items | (8.53) | 4.24 |
| | ----- | ----- |
| Net Cash from operating activities | 99.98 | 35.43 |
| | ----- | ----- |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (731.83) | (233.23) |
| Sale of Fixes Assets | -- | 3.80 |
| Interest received | 2.16 | 0.55 |
| | ----- | ----- |
| Net Cash used in investing activities | (729.67) | (228.88) |
| | ----- | ----- |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of share capital | -- | -- |
| Proceeds from long term borrowwing | 750.47 | 363.22 |
| Repayment of loans | (167.94) | (169.79) |
| | ----- | ----- |
| Net Cash used in financing activities | 582.53 | 193.43 |
| | ----- | ----- |
| Net increase in Cash and cash equivalents | (47.16) | (0.02) |
| Cash and Cash equivalents as at 1.4.2008 (Opening) | 55.44 | 55.46 |
| Cash and Cash equivalents as at 31.3.2009(Closing) | 8.28 | 55.44 |

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 : 29.06.2009

(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):

Mr/Mrs/Ms :

Master Folio No.:

No. of Share Held:

I hereby record my presence at the Annual General Meeting of the Company, held on **Saturday** the **26th September 2009** 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 **Saturday**,
the **26th** day of **September 2009** and/or at any adjournment thereof.

Signed.....day of.....2009

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 Ltd.
288, Moripara, Meerut - 250 002