
8th Annual Report 2009-10



FIRST WINNER



Message from the Managing Director



It's my great pleasure in presenting the Eighth Annual Report of your Company. To confirm your faith and confidence in the organization, I am glad to say that the year 2009-10 was good for the Textile Industry as well as for us and we are happy to recommend the dividend for the financial year 2009-10.

As the world economy has shown initial indications of recovery particularly in textile industry, we are better prepared to reap the benefits of this scenario and we hope that the Company will achieve better results & better profits this year as compared to previous years.

Further to inform you that, your company has planned forward integration into readymade garments which is going to be launch in near future. Our readymade garment will be marketed under the brand name viz. "Vencedor and Sieger".

As stated in my earlier message, the Company's yarn dyeing project is finalized and the order has been placed for the required machineries. The installation is expected to start at the end of this year and the production will start by February, 2011.

Your confidence in this company gives me an immense boost to achieve better results and faster growth & expansion.

Thank You

Yours' Sincerely
Rinku Patodia

First Winner Industries Limited

Board of Directors

Shri M. K. Sinha
Independent, Non Executive Chairman

Shri B. G. Agarwal
Independent, Non Executive Director

Shri Anil Gupta
Independent, Non Executive Director

Smt. Anita Patodia
Executive Director

Shri Rinku Patodia
Managing Director

Company Secretary

Ms. Neha Tripathi

Auditors

M/S Praful M. Joshi, Chartered Accountants, Mumbai

&

M/S Deshmukh & Associates, Chartered Accountants, Mumbai

Bankers

State Bank of India

State Bank of Indore

Registrar and Share Transfer Agent

Link Intime India Private Limited
(Formerly Intime Spectrum Registry Limited)
C-13 Pannalal Silk Mills Ltd., L B S Marg,
Bhandup (West), Mumbai-400078

Registered Office

605, Business Classic,
Chincholi Bunder Road,
Malad (W), Mumbai – 400064
Tel: 91 22 2880 2255/99
Fax: 91 22 2881 2288
Email: info@firstwinnerind.com

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Eighth Annual General Meeting of the members of First Winner Industries Limited will be held on Monday, the 27th September, 2010 at Goregaon Sports Club, Link Road, Malad (West), Mumbai- 400064 at 11.00 a.m. to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010, the Profit & Loss Account and Cash Flow Statement for the year ended on that date along with the Schedules and the Reports of the Directors and Auditors thereon.
2. To declare a final dividend for the financial year ended March 31, 2010.
3. To appoint a director in place of Shri M. K. Sinha who retires by rotation and, being eligible, seeks reappointment.
4. To appoint auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of Annual General Meeting and to fix their remuneration and to pass the following resolution thereof:

“Resolved that M/s Praful M. Joshi and M/s Deshmukh & Associates, Chartered Accountants be and are hereby reappointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors of the Company.”

AS SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Section 94, 97 and other applicable provisions of the Companies Act, 1956, the authorized share capital of the company be increased from Rs. 20,00,00,000/- (Rupees Twenty Crores only) to Rs. 35,00,00,000/- (Rupees Thirty Five Crore only) by creation and addition of 1,50,00,000 (One Crore Fifty Lacs) equity shares of Rs. 10 (Rupees Ten only) each aggregating to Rs. 15,00,00,000/- (Rupees Fifteen Crore only), the new equity shares shall ranking pari passu with the existing equity shares for dividend and other purposes.

RESOLVED FURTHER THAT pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the existing clause No. V(A) of the Memorandum of Association of the Company, be and is hereby substituted by a new clause No. V(A) as under:

V(A) The Authorized Share Capital of the Company is 3,50,00,000/- (Three Crore Fifty Lacs only) Equity shares of Rs. 10/- each aggregating Rs. 35,00,00,000/-(Thirty Five Crore only), with the power to increase, reduce, subdivide, consolidate, convert into equity shares in accordance with the provisions of the law from time to time.”

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

“RESOLVED THAT, pursuant to the provisions of Section 31 and other applicable provisions of the Companies Act, 1956, existing Clause 3 of the Articles of Association be and is hereby replaced by a new clause No. 3 as under:

3. The Authorized Share Capital of the Company is 3,50,00,000/-(Three Crore Fifty Lacs only) Equity shares of Rs. 10/- each aggregating Rs. 35,00,00,000/-(Thirty Five Crore only), with the power to increase, reduce, subdivide, consolidate, convert into equity shares in accordance with the provisions of the law from time to time.

The minimum paid up capital of the Company shall be Rs. 5,00,000/- (Rupees Five Lacs only).

RESOLVED FURTHER THAT Mr. Rinku Patodia, Managing Director of the company be and is hereby authorized to sign all necessary documents and to take all necessary steps/actions as may be required in the above matter.”

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

“RESOLVED THAT in accordance with the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 and of Memorandum and Articles of Association of the Company and subject to consent(s), approval(s), permission(s) or sanction(s) including any conditions thereof or any modifications to the terms and conditions therein, if any, required of any authorities or financial institution(s) as may be necessary, consent of the shareholders be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board”, which expression shall be deemed to include any Committee which the Board may constitute to exercise its powers) to issue, offer for subscription and allot up to 35,00,000 equity shares of Rs. 10/- each (including premium of Rs. 30/- each) to are being issued and allotted to promoter, promoter group or person acting in concern and the balance 40,00,000 equity shares of Rs.10/- each (including premium of Rs. 30/- each) to domestic/foreign investors and/or bodies corporate (other than promoter and promoter group)

on preferential basis at a price which shall not be less than higher of the following:-

- (a) The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date;

OR

- (b) The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during the two weeks preceding the relevant date.

“RESOLVED FURTHER THAT the “Relevant Date” in terms of the Guidelines for the purpose of determining the price of the equity shares shall be August 28, 2010, being the date 30 days prior to the date of this General Meeting”.

“RESOLVED FURTHER THAT the equity shares issued shall rank pari passu with the existing equity shares of the Company.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to decide and approve the other terms and conditions of the issue of the shares and to vary, modify, or alter any of the terms and conditions, including the size and price (in accordance with Guidelines) as it may deem expedient.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board be and is hereby authorized to agree to, make and accept such conditions, modifications and alterations as may be stipulated by the relevant authorities and to take such actions as may be necessary, desirable or expedient to effect such modifications and alterations and to resolve and settle all questions and difficulties that may arise in the proposed issue and allotment of shares and to do all acts, deeds, matters and things as it may at its discretion consider necessary or desirable without being required to seek any further consent or approval of the shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

8. 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 61 of Companies Act, 1956 and any other applicable Provisions, if any for the time being in force, consent of the members be and is hereby accorded to:

Reallocate the entire balance unutilized issue proceeds of Rs. 1039.15 lakhs which was specifically allocated for prepayment of term loan and Rs. 386.48 lakhs for apparel manufacturing unit out of which Rs. 313.42 lakhs has been advance for purchase of machineries as on the date of this notice to be now utilized for either of the objects detailed below:

(Rs. in lacs)

Particulars	Amount
For acquiring looms to increase weaving capacity	1425.63
Setting up of Yarn Dyeing Plant of 4 tons/ day capacity	
Acquiring Sizing Machine	
Upgrading and Augmentation of plant and machinery	
Payment to creditors	
Long Term Working capital	
Total	1425.63

FURTHER RESOLVED THAT the Board of Directors of the Company, be and are hereby authorized to do all such acts, deeds, matters and things as may be necessary, desirable and expedient to give effect to this resolution.”

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956 and subject to such sanction(s) as may be necessary in law, consent of the Members, be and is hereby accorded for increase in remuneration of Shri Rinku Patodia, Managing Director of the Company from existing Rs. 50,000/- per month to Rs. 1,00,000/- per month effective from 1st April, 2010 for the remaining period of his appointment i.e. upto 31st March, 2012 at such terms and conditions as decided by the Board and agreed by Shri Rinku Patodia.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps expedient or desirable to give effect to this resolution”.

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956 and subject to such sanction(s) as may be necessary in law, consent of the Members, be and is hereby accorded for increase in remuneration of Smt. Anita R. Patodia, Executive Director of the Company from existing Rs. 25,000/- per month to Rs. 75,000/- per month effective from 1st April, 2010 for the remaining period of her appointment i.e. upto 31st March, 2012 at such terms and conditions as decided by the Board and agreed by Smt. Anita R. Patodia.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps expedient or desirable to give effect to this resolution”.

3rd September, 2010

Registered Office:
605, Business Classic
Chincholi Bunder Road,
Malad (West),
Mumbai- 400064

By Order of the Board
First Winner Industries Ltd

Rinku Patodia
Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. (A copy of the proxy form is attached).
2. Proxies in order to be effective must be received by the Company at the registered office address not less than 48 hours before the commencement of the meeting.
3. Members are requested to notify any change in their address at the Registered Office of the Company immediately.
4. The Register of Members and Share Transfer Register shall remain closed with effect from Wednesday, the 22nd September, 2010 to Monday, the 27th September, 2010 (both days inclusive).
5. Those members attending the Annual General Meeting are requested to bring their Annual Reports, as copies of the Annual Report will not be distributed at the venue.
6. Members are requested to preferably send their queries to the Registered Office 7 days before the date of the Annual General Meeting.
7. Explanatory Statement with respect to Item No. 5 to 10 is annexed and forms part of the Notice.
8. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
9. As required by Clause 49 of the Listing Agreement, members are informed that Shri M. K. Sinha do not hold any equity shares in the Company and the additional information in respect of the said Directors recommended for re-election at the AGM is appearing in the Corporate Governance Report annexed to the Directors' Report.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM NO. 5 & 6

The present Authorised Share Capital of the Company be increased from Rs. 20,00,00,000/- (Rupees Twenty Crores only) to Rs. 35,00,00,000/- (Rupees Thirty Five Crore only) by creation and addition of 1,50,00,000 (One Crore Fifty Lacs) equity shares of Rs. 10 (Rupees Ten only) each aggregating to Rs. 15,00,00,000/- (Rupees Fifteen Crore only). In order to meet the financial requirement due to expansion plan of the Company including capital expenditure for future growth of the Company, to meet long term working capital requirements and for general corporate purposes, the management has decided to arrange the funds by way of issue of convertible warrants and preference shares which may be beyond the existing Authorized Capital of the Company. The approval of the members is required by way of ordinary resolution to alter the memorandum of Association and special resolution to alter the Articles of Association of the Company to give effect to increase the Authorized Capital of the Company.

Article No. 3 of the Articles of Association of the Company confers power on the company to increase its authorized capital.

The capital clause (Clause V) in the Memorandum of Association is also required to be amended on account of increase in authorized capital of the company.

The Memorandum and Articles of Association of the company can be inspected at the registered office of the company at any time during the business hours.

None of the Director of the Company in any way concerned or interested in this resolution except to the extent of their respective shareholding, if any, in the Company.

Your Directors recommend this resolution for approval of shareholders.

ITEM NO. 7

Your company has going to expand its weaving capacity, set-up of new yarn dyeing plant of 4 tons/ day capacity and sizing plant on our existing unit situated at N 66, MIDC, Boisar, Tarapur, Dist. Thane. The proposed expansion activity of the company would require raising of funds to the tune of Rs. 55 crores The management feels that it would be prudent for the company to raise the funds partially through issue of 75,00,000 equity shares at a price not less than as per the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Your company is proposing to offer and issue 75,00,000 equity shares, at Rs. 40 each (including premium of Rs. 30/- each) fully paid up to the Promoters and/or its associates and others.

The offer, issue and allotment of 75,00,000 equity shares, to the Person (s) / Entity shall be completed within the prescribed period of 15 days from the date of passing of the special resolution in accordance with the guidelines of the Securities & Exchange Board of India (SEBI) for Preferential Issues, being Chapter VII to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, or within such other time as may be permitted under the said guidelines. The said shares shall have such face value and shall be subject to such terms and conditions, as are stated in the special resolution mentioned above.

A copy of the certificate of the Auditors of the Company certifying the adherence to SEBI's guidelines for Preferential Issues, being Chapter VII to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 by the proposed issue shall be laid before the shareholders at their proposed Annual General Meeting.

The Disclosure as required under "SEBI Guidelines for Preferential Issue" under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 are as under:

a) Objects of the issue:

With a view to augment the long term financial resources of the Company for the upcoming expansion including capital expenditure for future growth of the Company, to meet long term working capital requirements, for investment in wholly owned subsidiary companies and for general corporate purposes at the discretion of the Board.

b) Pricing:

The issue of equity shares on preferential basis shall be at a price of Rs. 40/- each (including premium of Rs. 30/- each). The price is determined in compliance with SEBI Guidelines for Preferential Issues.

The issue price shall not be less than higher of the following:-

- (a) The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date;

OR

- (b) The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during the two weeks preceding the relevant date.

The price of the equity shares shall be determined in compliance with SEBI Guidelines for Preferential Issues contained in Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended upto date.

c) Intention of Promoters/Directors/Key Management persons to subscribe to the offer:

The Promoters/Directors / Key Management of the Company has expressed their intention to subscribe to the offer being proposed under special resolution of the Notice for shareholders' approval at this meeting.

d) Relevant Date:

The relevant date for the purpose of pricing of the securities shall be 28th August, 2010, the thirty (30) days prior to the date of this Meeting as per Regulation 71 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

e) Shareholding Pattern before and after Preferential Allotment

The shareholding pattern of the company before and after the Preferential Allotment as under:

Shareholding Pattern	Before preferential allotment		After preferential allotment of shares	
Category	No. of Shares	% of Share Holding	No. of Shares	% of Share Holding
A. PROMOTERS HOLDING				
1. PROMOTERS				
Indian Promoters/ Promoter Group	7847100	44.25	11347100	44.97
Foreign Promoters	---	----	---	---
Sub-Total	7847100	44.25	11347100	44.97
B. NON-PROMOTERS HOLDING				
2. Institutional Investors				
a. Mutual Funds and UTI	--	--	--	--
b. Bank, Financial Institutions, Insurance Companies, (Central / Non-Government Institutions)	--	--	--	--
c. FIIs	--	--	--	--
Sub-Total	--	--	--	--
3. OTHERS				
a. Private Corporate Bodies	7764914	43.79	11764914	46.63
b. Public	1807101	10.19	1807101	7.16
c. Any others (Foreign Companies & Clearing Members)	313678	1.77	313678	1.24
Sub-Total	9885693	55.75	13885693	55.03
GRAND TOTAL	17732793	100.00	25232793	100.00

f) Proposed time within which allotment will be completed:

The allotment of 75,00,000 equity shares as proposed under special resolution of the notice will be completed within 15 days period from the passing of the said resolution at this meeting, or such other time as may be prescribed under the SEBI's Guidelines on Preferential Issues.

g) Identification of allottees with percentage of expanded capital to be held by them:

The proposed allottees for 75,00,000 Equity Shares issued pursuant to special resolution of the notice and the percentage of expanded capital to be held by them after the proposed allotment of the said equity shares to them as per the said resolution are as under:

Sr. No.	Name of the Allottees	Category	Before Preferential Issue		After preferential issue	
			No. of Shares held	% of Share holding	No of Shares held	% of share holding
1)	Kassi Trading Company Pvt. Ltd.	Promoter	Nil	Nil	1000000	3.96
2)	Bhagwat Textiles Pvt. Ltd.	Promoter	Nil	Nil	1100000	4.36
3)	Starwood Exports Pvt. Ltd.	Promoter	512100	2.89	1012100	4.01
4)	Solitaire Texfeb & Traders Pvt. Ltd.	Promoter	765865	4.32	1165865	4.62
5)	Rikosh Fashions Pvt. Ltd.	Promoter	606500	3.42	1106500	6.78
6)	Feathertouch Fashions Pvt. Ltd.	Non- Promoter	Nil	Nil	1000000	3.96
7)	Texpert Textiles Pvt. Ltd.	Non- Promoter	Nil	Nil	1000000	3.96
8)	Mangalkalash Trading Pvt. Ltd.	Non- Promoter	Nil	Nil	1000000	3.96
9)	Sudama Textile Trading Pvt. Ltd.	Non- Promoter	Nil	Nil	1000000	3.96

h) Approval under the Companies Act, 1956

Section 81 of the Companies Act, 1956 provides inter alias, that when it is proposed to increase the issued capital of a Company by allotment of further shares, etc., such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81 unless the shareholder in general meeting decide otherwise by passing a special resolution.

Hence, consent of the shareholder by way of a Special Resolution is being sought pursuant to the provisions of Section 81 and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the listing agreements executed by the Company with the Stock Exchanges where the Company's shares are listed.

i) Change in Management:

The proposed preferential allotment of equity shares will not result in any change in the management and control of the company. Voting right shall change according to the change in shareholding pattern mentioned above.

j) Auditor Certificate:

A certificate, as required under SEBI Guidelines, certifying that the proposed issue is in accordance with the said Guidelines has been obtained from the Auditors of the Company.

k) Lock-in:

The Equity Shares to be allotted on preferential basis shall be subject to lock-in as per applicable SEBI Guidelines in this behalf.

The Board of Directors of your Company recommends the resolution for approval of the members.

Except Mr. Rinku Patodia and Mrs. Anita Patodia, none of the Directors of the Company are concerned or interested in the said resolution.

ITEM NO. 8

At the Extra Ordinary General Meeting of your Company held on 29th August, 2007 the members had approved an Initial Public Offer ("IPO") of the equity shares of your Company. Accordingly the company made an offer of 55,00,043 Equity Shares of Rs. 10 each for cash at a price of Rs. 125 aggregating to Rs. 6875.00 lacs. The issue opened on 9th June, 2008 and closed on 17th June, 2008 and was fully subscribed.

As per Objects of the Issue stated in the Prospectus, following were the estimates of intended use of the IPO proceeds:

(Rs. in Lakhs)

S. No.	Fund Requirement	Amount
1.	Setting up of an apparel manufacturing facility	1203.98
2.	Setting up of new Weaving Unit	2163.47
3.	Prepayment of Term Loan	1800.00
4.	General Corporate Purposes	1165.81
5.	Issue Expenses	541.74
	Total	6875.00

As on the date of this notice the unutilized issue proceeds are as detailed below:

(Rs. in lakhs)

Particulars	Amount Enmarked	Utilized upto 03/09/2010 (date of notice)
Setting up of an apparel manufacturing Unit	1203.98	1130.92*
Setting up of New Weaving Unit	2163.47	2163.47
Prepayment of Term Loan	1800.00	760.85
General Corporate Purposes	1165.81	1288.88**
Issue Expenses	541.74	418.67**
	6875.00	5762.79

*Out of the utilized amount of Rs. 1130.92 lakhs pertaining to setting up of an apparel manufacturing unit included Rs.313.42 has been advance for purchase of plant & machineries as on date of this notice.

**The unutilized amount of Rs. 123.07 lakhs pertaining to issue expenses was utilized for general corporate purposes.

The Initial Public Offering of the Company was planned with certain objects, as more particularly stated and described under section titled "Objects of the Issue" of the prospectus dated 18th June, 2008, as were considered appropriate and necessary by the management at that point of time.

As per the object of the issue company has planned to set up apparel manufacturing unit with a total cost of Rs. 1203.98 lakhs which include land & building of Rs. 817.50 lakhs and plant & machineries of Rs. 386.48 lakhs. The land & building of Rs. 817.50 lakhs was proposed to utilize for apparel & weaving unit combined. Company has acquired land and building and has set up weaving unit on the same. The unutilized portion pertaining to purchase of apparel machineries is Rs. 386.48 lakhs out of which Rs. 313.42 lakhs has been advanced to purchase machineries. However, your company has entered into apparel business during the last financial year and has applied for apparel brands viz. Your company has tied up with certain units for manufacturing of garments under our brand on job work basis. Therefore, we propose to utilize unutilized portion of Rs. 386.48 lakhs pertaining to purchase of apparel machineries into the purposes as explained below.

The company has planned to expand its manufacturing unit and setting up yarn dyeing machineries, which require investment of Rs 5500 lakhs through secured loans and Equity. The company has unutilized portion of Rs. 1039.15 lakhs intended for repayment of term loan. The rate of interest on the term loan is presently 13.50% per annum and term loan is eligible for interest subsidy @ 5% per annum during the entire loan tenure under the TUFS Scheme.

However, considering the needs of the funds of the proposed business plans, it is felt that a part of unutilized IPO proceeds pertaining to repayment of term loan and Setting up of an apparel manufacturing Unit may be utilize for the following requirements:

(Rs. in lakhs)

Particulars	Amount
For acquiring looms to increase weaving capacity	1425.63
Setting up of Yarn Dyeing Plant of 4 tons/ day capacity	
Acquiring Sizing Machine	
Upgrading and Augmentation of plant and machinery	
Payment to creditors	
Long Term working Capital	1425.63
Total	