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# 10th Annual Report 2011-12



**FIRST WINNER**



## Message from Managing Director



I am obliged to present the Tenth Annual Report of the Company. I very much appreciate your trust and confidence in the organization. As you may be aware that the cotton growth during this year was low, which resulted into high raw material price which has affected to our profitability for the year 2011-2012 as compared to last year 2010-2011.

You are also aware that due to the global recession & economic crises, the prices at all the sector has increased i.e. labour, raw material, fuel, power, oil, colour chemicals, etc., which has a direct impact on profitability as well as marketing.

This global crises has also affected our overall profitability, however with our strict measures for cost control such as energy conservation, higher productivity, reduction in employment which has allowed us to maintain the satisfactory results.

Our new venture of yarn dying which has started during this year & the same is in full swing. The yarn dying is mainly used for captive consumption of dyed yarn as well as job work of yarn dying. I am proud to say that we have established as a good yarn dyer in the market.

I am very much confident that the upcoming year should be a good year for all of us & we will have encouraging results.

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. Avani Gandhi

## Auditors

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

&

M/S Deshmukh & Associates, Chartered Accountants, Mumbai

## Bankers

State Bank of India

## 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](mailto:info@firstwinnerind.com)

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## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Tenth Annual General Meeting of the members of First Winner Industries Limited will be held on Friday, the 28th September, 2012 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, 2012, 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 appoint a director in place of Mrs. Anita Patodia, who retires by rotation and being eligible, seeks reappointment.
3. To appoint auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next 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.”

31<sup>st</sup> August, 2012

Registered Office:

605, Business Classic  
Chincholi Bunder Road,  
Malad (West),  
Mumbai – 400064

By Order of the Board  
**First Winner Industries Ltd**

sd/ –  
**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 Friday, the 21<sup>st</sup> September, 2012 to Friday, the 28<sup>th</sup> September, 2012 (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. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
8. As required by Clause 49 of the Listing Agreement, members are informed that Mrs. Anita Patodia holds 24,35,130 equity shares in the Company and the additional information in respect of the said Director recommended for re-election at the AGM is appearing in the Corporate Governance Report annexed to the Directors' Report.

31<sup>st</sup> August, 2012

Registered Office:

605, Business Classic  
Chincholi Bunder Road, sd/-  
Malad (West),  
Mumbai – 400064

By Order of the Board  
**First Winner Industries Ltd**

**Rinku Patodia**  
**Managing Director**

## **DIRECTORS' REPORT**

**Dear Shareholders,**

The Directors have pleasure in presenting their Tenth Annual Report and Accounts for the year ended March 31, 2012.

### **FINANCIAL RESULTS**

	<b>2011-12 Rupees</b>	<b>2010-11 Rupees</b>
Profit before depreciation and tax	66902956	89955896
Less: Depreciation	44639692	29057353
Profit after depreciation but before tax	22263264	60898543
Less: Provision for tax	4482110	12916346
Deferred tax	7541618	20943432
Fringe Benefit tax	-	-
Less: Short provision for earlier year	47380	(45302)
Profit after tax	10192156	27084068
Add: Balance brought forward from previous year	145552298	133180053
Appropriation:		
Proposed Dividend	-	12616397
Tax on Proposed Dividend	-	2095426
Add: Excess provision for tax of previous year	5351634	-
Balance carried forward	161096088	145552298

### **DIVIDEND**

The directors do not recommend payment of dividend keeping in view the requirement of surplus funds for your Company's future growth. They trust the shareholders will appreciate their efforts for the future growth of your Company.

### **DEPOSITS**

The Company has not accepted any deposits pursuant to section 58A of the Companies Act, 1956 and the Rules framed there under including Companies (Acceptance of Deposits) Rules, 1975.

### **AUDITORS' REPORT**

The Auditors' report to the shareholders does not contain any qualifications.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors of the Company confirms:

- i. that in the preparation of the annual accounts, the applicable Accounting Standards have been followed and there has been no material departure;
- ii. that the selected Accounting Policies were applied consistently and the Directors 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 as at March 31, 2012 and of the profit of the company for the year ended on that date;
- iii. that proper and sufficient care has been taken 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; and
- iv. that the annual accounts have been prepared on going concern basis.

### **DIRECTORS**

Mrs. Anita Patodia is liable to retire by rotation at the ensuing annual general meeting and being eligible offer herself for re-appointment and your directors recommend the re-appointment in the interest of the Company.

**MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis Report, which gives a detailed account of operations of your company and the market in which it operates, including initiative taken by the company to further its business, forms part of this Annual Report.

**CORPORATE GOVERNANCE**

A report on Corporate Governance along with a certificate from the auditors of the Company regarding the compliance of conditions of corporate governance as stipulated under Clause 49 of the Listing Agreement is annexed to this report.

**AUDITORS**

The Joint Auditors M/s Deshmukh & Associates and M/s Praful M. Joshi, Chartered Accountants, hold office until the conclusion of the forthcoming Annual General Meeting and are recommended for re-appointment and authorize Board to fix their remuneration.

**SUBSIDIARIES**

Your company has three wholly owned subsidiaries, viz. First Winner Lifestyle Limited, Ramshyam Textile Industries Limited and Pal Trading Co. Pvt. Ltd. All companies are in the Textile Business and have same business line as ours and beneficial to all the Four companies to work together to reflect better turnover and profitability.

The requisite disclosure in accordance with Section 212 of the Companies Act, 1956 in respect of the subsidiaries annexed to and form part of this Report.

**FUTURE OUTLOOK**

As you all know year 2011-2012 was a year of global crises & had an experience of huge economic crises. Practically there was a recession in all global market. Textile industries also as a whole suffered a lot. This situation made us to take very strict measures & to arrest the huge losses. Our quick action on this regard like reduction in employment, giving higher allocation of work, introduction of high value product, increase in our own fabric sales instead of relying on job work, cost control on fuel & power has helped us and this will make a batter tomorrow for an upcoming year.

**DISCLOSURE OF PARTICULARS**

Information as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are given in Annexure forming part of this Report.

**PARTICULARS OF EMPLOYEES**

None of the Employee is in receipt of remuneration up to the limits prescribed under Section 217(2A) of the Companies Act, 1956 and the Rules made there under.

**PERSONNEL**

The Board of Directors wishes to express its appreciation for the outstanding contribution made by employees to the operations of the Company during the year.

**ACKNOWLEDGEMENT**

The Board of Directors thanks the Banks, Central and State Government authorities and all the stakeholders for their continued co-operation and support to the Company.

Registered Office:  
605, Business Classic,  
Chincholi Bunder Road,  
Malad (West), Mumbai-400 064.

For and on behalf of the Board  
**First Winner Industries Limited**

sd/-  
**Rinku Patodia**  
Chairman

Mumbai, August 31, 2012.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **Overall review of the economy**

The global economy is struggling for revival of growth after experiencing weak performance in the second half of 2011 and first quarter of 2012. With slowing demand from developed economies, the global textile and apparel industry will see robust demand from developing economies that will witness higher economic growth. The current global textile and apparel industry has evolved as distinct consumption and production hubs. Production was earlier located in developed economies such as USA and UK but over the years the manufacturing has shifted to economies such as India, China, Bangladesh etc. due to the latter's cost advantage.

### **Industry Structure and Developments**

Indian Textile Industry has a very strong presence in the entire value chain and it contributes about 11% to industrial production, 14% to the manufacturing sector, 4% to the GDP and 12% to the Country's total export earnings. The Industry provides direct employment to over 35 million people and the 2nd largest provider of employment after agriculture. It is the 2nd largest producer and exporter of cotton & yarn with 18% share in the world market.

### **Opportunities and Threats**

The company mainly deals in trading and manufacturing of Textile Fabric. The company uses its consolidated resources for committing capital for its future business activities. Increasing operational efficiency and improvement in asset resolution has been the company's objective. The company will continue to search and pursue all new opportunities of growth. Improvement in capital adequacy and debt equity ratios, also raising new financial resources at competitive cost on a regular basis is extremely important for the company to be able to fully utilize the opportunities which come in future. Although, risk is an inevitable part of any business, your company's efforts are always directed towards earning maximum returns with minimum possible risk involved.

#### **Opportunities:-**

- Indian companies need to focus on Product Development.
- Increased use of CAD to develop designing capabilities.
- Government policy is favorable for textile Industries.
- The branded companies of the overseas market have entered Indian market.
- Investing in Trend forecasting to enable the growth of industry.

#### **Threats:-**

- Competition in the Domestic Market.
- Need to revamp consumer consciousness.
- Natural calamities beyond control.
- Under the new patent regime Indian Companies cannot duplicate the MNCs processes and procedures.
- General market competition especially from established Indian Companies and MNCs.
- Tackle Chinese Aggression over the International Market.

### **Segment wise Performance**

Trading and manufacturing of Textile Fabric is the main business activity of your Company. Segment reporting as required under Accounting Standards-17 is not applicable as all the revenue income comes from a single segment.

### **Internal Control**

The Company maintains a system of internal control, including suitable monitoring procedures and the adequacy of the same has been reported by its auditors in their report as required under the Companies (Auditor's Report) Order, 2003. The Internal Audit Department regularly conducts a review to assess the financial and operating controls of the Company. Any significant issue is required to be brought to the attention of the audit Committee of the board. The statutory Auditors and the Head of Internal Audit are invited to attend the Audit Committee meetings.

**Human Resources/ Industrial Relations Front**

The Company continues to have the cordial and harmonious relations with its employees and there has been no material development on the Human Resource/ Industrial Relations front during the year. The Company considers the quality of its human resources to be most important asset and constantly endeavors to attract and recruit best possible talent.

**Cautionary Statement**

Statements in the Management Discussion Analysis Report describing the Company's objectives and predictions may be forward looking within the meaning of applicable rules and regulations. Actual results may differ materially from those either expressed or implied in the statement depending on circumstances.



## **ANNEXURE TO THE DIRECTORS' REPORT**

Statement pursuant to Section 217(1) (e) of the Companies Act, 1956 and Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988

### **FORM A**

#### **Form for disclosure of particulars with respect to Conservation of Energy**

##### **(A) Power and Fuel Consumption:-**

		<b>2011-12</b>	<b>2010-11</b>
1.	<b>Electricity</b>		
	a. Purchased Units (KWH)	6096560	4267995
	Total Amount (Rs.)	23554934	14607012
	Average Rate/Unit (Rs.)	3.86	3.42
	b. Own Generation		
	i) Through diesel generator	N.A.	N.A.
	Units (KWH)		
	Units/Lt. of Diesel		
	Cost/ Unit (Rs.)		
	ii) Through Steam Turbine/ Generator	N.A.	N.A.
2.	<b>Diesel*</b>		
	Quantity (ltr.)	99595	16800
	Total Amount	507281	683507
	Average Rate	43.75	40.68
3.	<b>Furnace Oil **</b>		
	Quantity (kg.)	370601	234592
	Total Cost	17418247	7984690
	Rate/ Unit	48.00	34.036
4.	<b>Others/ Internal Generation</b>	N.A.	N.A.

\* Diesel is used to run the generators and the power generated from the diesel generator is used for machine cleaning and lightening on holidays and not for production.

\*\* Furnace Oil is consumed for working the boiler and the steam from the boiler is used to run sizing machine and yarn dying and not for power generation.

##### **(B) Consumption per unit production**

	<b>2011-12</b>	<b>2010-11</b>
Fabric (in mtrs.)*	14610417	14281000
Electricity	0.42	0.30
Diesel**	N.A.	N.A.
Furnace Oil**	N.A.	N.A.
Others	N.A.	N.A.

Note: \* Fabric exclude yarn dying job work(in KGs) = 284254.212 kg.

\*\*Diesel and Furnace oil are not used for production purposes.

## FORM B

### Form for disclosure of particulars with respect to absorption.

#### Research and development (R & D)

1. Specific areas in which R & D is carried out by the company.
  - (a) Installation of return air humidification plant for improved weaving working particularly for fine compact cotton varieties.
  - (b) In house yarn testing facility to attain better quality of woven fabric and gain in productivity.
2. Benefits derived as a result of the above R & D  
Better quality of production.
3. Future plan of action  
Working out on energy conservation.
4. Expenditure on R & D:
  - (a) Capital
  - (b) Recurring Included in manufacturing cost
  - (c) Total
  - (d) Total R & D expenditure as a percentage of total turnover

#### Technology, absorption, adaptation and innovation

1. Modification of Yarn Dying Process:  
Process has been modified for reduction in process time. This helps for higher production and lowering down cost of power & fuel.
2. Changes made for saving of Energy:
  - a. All H-plant supply & return air drive converted to inverter drive, so that motor speed vary according to relative humidity.
  - b. All Ac Motors drive converted to inverter drive such that warping machine to save of consumption.
  - c. Spray pump motor converted to inverter drive to change the speed according to Rh.
  - d. T/L 80 walts change to 58 walts inside the looms.
  - e. All fluorescent choke converted to electronic choke.

#### [C] FOREIGN EXCHANGE EARNINGS AND OUTGO:

- |                                   |                  |
|-----------------------------------|------------------|
| 1. Foreign Exchange earned RUPEES | : 64,98,800/-    |
| 2. Foreign Exchange used – EURO   | : 11,05,000      |
| i. e. RUPEES                      | : 7,30,43,705/ – |

For and on behalf of the Board  
**First Winner Industries Limited**

Mumbai, 31th August, 2012

sd/ –  
**Rinku Patodia**  
Chairman