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# 11th Annual Report 2012-13



## FIRST WINNER



## Message from Managing Director



I am pleased to present the Eleventh Annual Report of the Company. At the outset, I am thankful to all the shareholders of the Company for their whole hearted support and cooperation in furthering the overall growth of the Company.

As you all know year 2011-2012 was a year of global crises and that crises continued in 2012-2013. The global economy has been passing through a prolonged phase of uncertainty and the low growth along with the atmosphere of hesitancy is also reflected in India. Continuing high inflation, unacceptable levels of fiscal and current account deficits, lackluster performance on the export front as well as a fall in the rate of growth in industrial production, high prices of crude in international markets - all these have added to the reasons for low economic growth.

During the year 2012-13, Indian Textile Industry, was one of the worst hit sector by the global financial crisis especially, due to economic crisis in the US and Europe. The Textile Industry was adversely affected by crash in prices in cotton and other textile products from April 2011 onwards, led to huge losses in the Textiles Industry. Further, due to poor demand in domestic as well as western markets and restrictions on export, led to huge accumulation of unsold stocks, which led to erosion of working capital in the Industry.

Our Company continues to face difficult circumstances particularly in terms of high interest cost, ever increasing input costs, reduced demand etc. due to which its performance has remained unsatisfactory. Looking forward to the expected revival in the global economy and the improvement in our economy in tandem, in terms of increases in demand for and prices of its various products, the outlook for the Company is expected to remain stable.

I extend my sincere thanks to all our stakeholders including shareholders, customers and the loyal staff for their continued support and confidence in helping the Company to maintain and enhance its inherent strengths even in difficult times.

**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 Rinku Patodia  
Managing Director

Smt. Anita Patodia  
Executive 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

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Eleventh Annual General Meeting of the members of First Winner Industries Limited will be held on Friday, the 27th September, 2013 at 705, Business Classic, Chincholi Bunder 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, 2013, 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 Dr. M. K. Sinha, 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.”

14<sup>th</sup> August, 2013

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 20<sup>th</sup> September, 2013 to Friday, the 27<sup>th</sup> September, 2013 (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 Dr. M. K. Sinha do not hold any 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.

14<sup>th</sup> August, 2013

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

## DIRECTORS' REPORT

### Dear Shareholders,

The Directors have pleasure in presenting their Eleventh Annual Report and Accounts for the year ended March 31, 2013.

### FINANCIAL RESULTS

	2012-13 Rupees	2011-12 Rupees
Profit before depreciation and tax	-53468766	66902956
Less: Depreciation	56338028	44639692
Profit after depreciation but before tax	-109806794	22263264
Less: Provision for tax	--	4482110
Deferred tax	-13006615	7541618
Fringe Benefit tax	--	-
Less: Short provision for earlier year	--	47380
Profit after tax	-96800179	10192156
Add: Balance brought forward from previous year	161096088	145552298
Appropriation :		
Proposed Dividend	-	-
Tax on Proposed Dividend	-	-
Add: Excess provision for tax of previous year	-	5351634
Balance carried forward	64295909	161096088

### 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, 2013 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

Dr. M. K. Sinha 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 and that crises continued in 2012-2013 and also had an experience of huge economic crises. Surely the prevailing economic environment has had an impact on the global apparel and textile industry. Textile industries as a whole suffered a lot. This situation made us to acted with speed and purpose to expand our manufacturing competence and marketing capabilities across the globe. We prepared hard towards optimising efficiencies, maximising quality, cost cutting and reducing turnaround time. We are ready to strike an intricate balance among interests of our varied stakeholders. We are ready to embark on a phase of sustained profitable growth to capitalize on opportunities and face challenges.

**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.

Mumbai, 14<sup>th</sup> August, 2013.  
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

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Overall review of the economy

2012-13 has been a challenging year for the global economy. Lower global demand, domestic policy uncertainties and the cumulative impact of monetary tightening contributed to growth slowing down considerably to the estimated level. All three sectors of the economy – agriculture, industry and services – slowed down. Even though there was moderation in agriculture growth, the year witnessed an all-time high foodgrains output. The services sector moderated primarily due to the slowdown in construction, while the disappointing performance of mining and manufacturing sub-sectors contributed to slackening of industrial growth.

At every stage of life we come across the rising price. There is no single area where the prices have not shot up. Industry is passing through the same phenomena. As you all are aware that the dollar has become more expensive which has effected all the material which are dependent on import like dyestuff, chemicals, lubricant etc.

### Industry Structure and Developments

Indian Textile Industry has a very strong presence in the entire value chain and it contributes about 14% to industrial production, 14% to the manufacturing sector, 4% to the GDP and 17% 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:-

		2012-13	2011-12
1.	<b>Electricity</b>		
	a. Purchased Units (KWH)	2231428	6096560
	Total Amount (Rs.)	11670368	23554934
	Average Rate/Unit (Rs.)	5.23	3.86
	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.)	2065	99595
	Total Amount	109734	507281
	Average Rate	53.14	43.75
3.	<b>Furnace Oil **</b>		
	Quantity (kg.)	141105	370601
	Total Cost	6260427	17418247
	Rate/ Unit	44.36	48.00
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

	2012-13	2011-12
Fabric (in mtrs.)*	7812119	14610417
Electricity	0.29	0.42
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) = 793936.968 kg and sizing job work (in KGs)= 777949.26 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 : NIL
2. Foreign Exchange used : NIL

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

sd/-  
**Rinku Patodia**  
Chairman

Mumbai, 14<sup>th</sup> August, 2013