

Fifth Annual Report 2006-2007

FIRSTWINNER INDUSTRIES LIMITED

BOARD OF DIRECTORS

SHRI RINKU L. PATODIA

SHRI ANITA R. PATODIA

SHRI BRIJGOPAL AGARWAL

SHRI JAI KUMAR GUPTA

SHRI ANIL GUPTA

SHRI M. K. SINHA

AUDITORS

M/S. PRAFUL M. JOSHI

AND

M/S DESHMUKH & ASSOCIATES

BANKERS

STATE BANK OF INDIA

M.I.D.C. BRANCH , ANDHERI (E)

MUMBAI

REGISTERED OFFICE

605, BUSINESS CLASSIC,  
CHINCHOLI BUNDER ROAD,  
MALAD (WEST), MUMBAI – 400064.

**CERTIFIED TRUE COPY**

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e-MAIL: rikoshfashin@hathway.com



*Patodia*

## FIRSTWINNER INDUSTRIES LIMITED

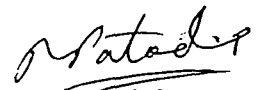
### NOTICE

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting of FIRSTWINNER INDUSTRIES LIMITED will be held at the Regd. Office of the Company at 605, Business Classic, Chincholi Bunder Road, Malad (West), Mumbai-400 064 on Saturday, the 29 th September, 2007 at 3.00 p.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2007, the Profit and Loss Account for the year ended on that date together with the Reports of the Board of Directors and the Auditors thereon;
2. To appoint the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration;
3. To consider and, if thought fit, to pass with or without modification/s the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Ms Anita Patodia, who was appointed as an Additional Director on 10 th March, 2007 pursuant to Section 260 of the Companies Act, 1956 and who holds office up to date of this Annual General Meeting and for the appointment of whom the Company has received a Notice under Section 257 of the said Act from a member proposing her for the office of a Director, be and is hereby appointed as a Director of the Company."
4. To consider and, if thought fit, to pass with or without modification/s the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Mr Brij Gopal Agarwal, who was appointed as an Additional Director on 28 th March, 2007 pursuant to Section 260 of the Companies Act, 1956 and who holds office up to date of this Annual General Meeting and for the appointment of whom the Company has received a Notice under Section 257 of the said Act from a member proposing him for the office of a Director, be and is hereby appointed as a Director of the Company."
5. To consider and, if thought fit, to pass with or without modification/s the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Mr Jai Kumar Gupta, who was appointed as an Additional Director on 28 th March, 2007 pursuant to Section 260 of the Companies Act, 1956 and who holds office up to date of this Annual General Meeting and for the appointment of whom the Company has received a Notice under Section 257 of the said Act from a member proposing him for the office of a Director, be and is hereby appointed as a Director of the Company."

6. To consider and, if thought fit, to pass with or without modification/s the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Mr Anil Gupta, who was appointed as an Additional Director on 28 th March, 2007 pursuant to Section 260 of the Companies Act, 1956 and who holds office up to date of this Annual General Meeting and for the appointment of whom the Company has received a Notice under Section 257 of the said Act from a member proposing him for the office of a Director, be and is hereby appointed as a Director of the Company."
7. To consider and, if thought fit, to pass with or without modification/s the following resolution as an Ordinary Resolution:  
"RESOLVED THAT Dr M K Sinha, who was appointed as an Additional Director on 31<sup>st</sup> March, 2007 pursuant to Section 260 of the Companies Act, 1956 and who holds office up to date of this Annual General Meeting and for the appointment of whom the Company has received a Notice under Section 257 of the said Act from a member proposing him for the office of a Director, be and is hereby appointed as a Director of the Company."

By Order of the Board of Directors,  
For Firstwinner Industries Limited,



Rinku I. Patodia  
Managing Director

MUMBAI, June 15, 2007

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

NOTES: (a) The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of the business under item no.3 to 7 above is annexed hereto.

(b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

# FIRSTWINNER INDUSTRIES LIMITED

## ANNEXURE TO NOTICE

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out material facts relating to the business under item Nos. 3 to 7 of the accompanying Notice

Item No. 3 to 7

Ms Anita Patodia was appointed an Additional Director on 10<sup>th</sup> March, 2007, Mr. Brij Gopal Agarwal, Mr. Jai Kumar Gupta and Mr. Anil Gupta were appointed Additional Directors on 28<sup>th</sup> March, 2007 and Dr. M K Sinha was appointed an Additional Director on 31<sup>st</sup> March, 2007. All above Additional Directors hold office up to the date of the forthcoming Annual General Meeting under Section 260 of the Companies Act, 1956 and the Articles of Association of the Company, in terms of which they hold office up to the date of this Annual General Meeting. As required under Section 257 of the above Act, notices have been received from members signifying their intention to propose them as a candidate for the office of Director of the Company. Your Board of Directors feels that it will be beneficial for the Company to continue to avail of their services as a Director of the company. The Resolutions are accordingly commended for your acceptance.

Ms Anita Patodia, Mr. Brij Gopal Agarwal, Mr. Jai Kumar Gupta, Mr. Anil Gupta and Dr. M K Sinha are interested in their respective resolution under item nos. 3 to 7 pertains to them. Mr. Rinku I. Patodia being relative of Ms Anita R. Patodia may be treated as interested in her appointment.

The Board commends the Resolution at item No. 3 to 7 for approval of the Members.

By Order of the Board of Directors,  
For Firstwinner Industries Limited,



Rinku I. Patodia  
Managing Director

Mumbai, June 15, 2007.

Registered Office:

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

# FIRSTWINNER INDUSTRIES LIMITED

## DIRECTORS' REPORT

The Directors have pleasure in presenting their Annual Report and Accounts for the year ended March 31, 2007.

### FINANCIAL RESULTS

	2006-2007 Rupees	2005-2006 Rupees
Profit before depreciation and tax	40256832	1317735
Less: Depreciation	734906	323026
Profit after depreciation but before tax	39521926	994709
Less: Provision for tax	6902218	280821
Deferred tax	7055544	77838
Fringe Benefit tax	49843	49459
Profit after tax	25514321	586591
Add: Balance brought forward from previous year	2061861	1475270
Balance carried forward	27576182	2061861

### 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.

### 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.

### 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.

### 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.

## 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, 2007 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 a going concern basis.

## DIRECTORS

Ms Anita Patodia was appointed an Additional Director on 10<sup>th</sup> March, 2007, Mr. Brij Gopal Agarwal, Mr. Jai Kumar Gupta and Mr. Anil Gupta were appointed Additional Directors on 28<sup>th</sup> March, 2007 and Dr. M K Sinha was appointed an Additional Director on 31<sup>st</sup> March, 2007. These Additional Directors hold office up to the date of the forthcoming Annual General Meeting under Section 260 of the Companies Act, 1956. Notices have been received by the Company from members under Section 257 of the Companies Act proposing their appointment as Director.

Mr. Sachin S. Harlalka had resigned on 10<sup>th</sup> March 2007 and Ms Hetal S Jadhav had resigned on 31<sup>st</sup> March 2007 from the Directorship of the Company. Your Board places on record the valuable and matured advices received from time to time by both the learned Directors.

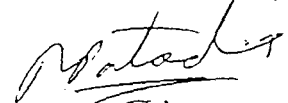
## AUDITORS

The Auditors M/s. Praful M. Joshi, Chartered Accountants, holds office until the conclusion of the forthcoming Annual General Meeting and are recommended for re-appointment. The Board of Directors and Auditors are proposing to appoint Joint Auditors M/s Deshmukh & Associates. You are requested to please appoint Joint Auditors as well.

## 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.

For and on behalf of the Board,  
For Firstwinner Industries Limited,



Rinku I. Patodia  
Chairman

Mumbai, June 15, 2007.

Registered Office: 605, Business Classic,

Chincholi Bunder Road, Malad (West), Mumbai-400 064.

# FIRSTWINNER INDUSTRIES LIMITED

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

## [A] CONSERVATION OF ENERGY:

- The Company has taken the necessary steps to minimize the energy consumption and conserve the same to the fullest extent possible.

## [B] TECHNOLOGY ABSORPTION:

The constant efforts are made by the Company to upgrade the technology so as to improve the quality of the products.

## [C] FOREIGN EXCHANGE EARNINGS AND OUTGO:

III.	Foreign Exchange earned	- NIL -
IV.	Foreign Exchange used	Rupees 18,93,01,873

By Order of the Board of Directors,  
For Firstwinner Industries Limited,



Rinku I. Patodia  
Chairman

Mumbai, June 15, 2007.

Registered Office:

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

## AUDITORS' REPORT

To  
The Members of  
Firstwinner Industries Ltd.

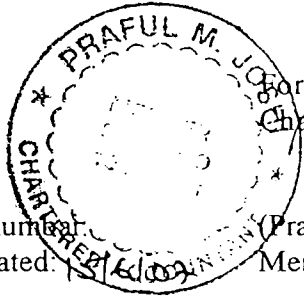
We have audited the attached Balance Sheet of Firstwinner Industries Ltd. as at 31<sup>st</sup> March 2007, the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the 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 from 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.

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order 2004 issued by Central Government of India, in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure hereto a statement on the matters specified in the paragraphs 4 and 5 of the said order, to the extent applicable to the Company.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of account, as required by law have been kept by the company, so far as appears from our examination of those books;
  - c. The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account;
  - d. In our opinion the Balance Sheet and the Profit and Loss Account dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;



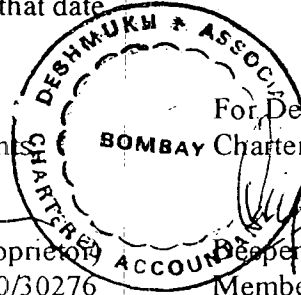
- e. On the basis of written representation received from the Directors, as on 31<sup>st</sup> March 2007 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31<sup>st</sup> March 2007 from being appointed as a Director in terms of section 274(1)(g) of the companies Act, 1956.
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i) in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2007;
  - ii) in so far as it relates to the Profit & Loss Account, of the profit for the year ended on that date.
  - iii) in case of the cash flow statement of the cash flow for the year ended on that date



For Praful M. Joshi  
Chartered Accountant

Mumbai  
Dated: 18/1/08

(Praful M. Joshi- Proprietor)  
Membership No. 100/30276



For Deshmukh & Associates  
Chartered Accountants

Deepen Kapadia - Partner  
Membership No. 112565

Annexure to the Auditors Report  
(Referred to in paragraph 1 of our report of even date)

- 1 a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us the management has physically verified the fixed assets during the year and no material discrepancies were noticed on such verification.
  - c) In our opinion and as per the information and explanations given to us, the Company has not disposed off any substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- 2 a) As explained to us, inventories have been physically verified by the management at reasonable intervals.
  - b) In our opinion and according to the information and explanation given to us, the procedure of physical verification of inventories followed by the management is 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 inventory records, we are of the opinion that the company is maintaining proper records of inventory. As explained to us, no material discrepancies have been noticed on physical verification of inventories as compared to book records.
- 3 a) The Company has not taken any loans, secured or unsecured from companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - b) The Company has not given any loans, secured or unsecured from companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of fixed assets. To the best of our knowledge, no major weakness in internal control system were either reported or noticed by us during the course of our audit.
5. a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contract or arrangements, that needed to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

- b) In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and material and sale of goods, material and services made in pursuance of contract or arrangement entered in the register maintained under section 301 and aggregating during the year to Rs. 5,00,000 (Rs. Five Lacs Only) or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time for such goods, material and services have been made with other parties.
6. In our opinion and according to the information and explanations given to us, the company has not accepted the public deposit. Hence the provisions of section 58A and 58AA of the Companies Act, 1956 or any other relevant provision of the act and the rules made there under are not applicable.
7. In our opinion the company has an internal audit system commensurate with the size and nature of its business.
8. We have been informed by the management that the central government has not prescribed maintenance of cost records for the company under section 209(1)(d) of the Companies Act, 1956.
9. a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March 2007 for a period of more than six months from the date of becoming payable.
- b) According to the information and explanations given to us, there are no such statutory dues, which have not been deposited on account of any dispute.
10. The company has positive net worth at the end of the financial year. The company has no accumulated losses and has not incurred any cash losses during the current financial year and immediately preceding financial year.
11. Based on our audit procedure and according to the information and explanation given to us, we are of the opinion that the company has not defaulted in payment of dues to financial institutions or banks. The company has not issued any debentures.
12. In our opinion and according to the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/Society. Thereof, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
14. In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
15. According to the information and explanations given to us, the company has given guarantee for loans taken by group of companies from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, the company has raised new term loan during the year.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we are of the opinion that no funds raised on short term basis have been used for long term investment.
18. During the year, the company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The company did not have any outstanding debentures during the year.
20. The company has not raised any money through public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

Mumbai, 15/6/2008

For Praful M. Joshi  
Chartered Accountant  
Membership No. 100/30276

For Deshmukh & Associates  
Chartered Accountants  
BOMBAY  
Membership No. 112565

Deepen Kapadia - Partner

**FIRST WINNER INDUSTRIES LIMITED**  
BALANCE SHEET AS AT 31-03-2007

Particulars	Schedule	As at 31.03.2007	As at 31.03.2006
<b><u>SOURCES OF FUNDS</u></b>			
<b>Shareholder Funds</b>			
Share Capital	1	98,850,000	6,125,000
Share Application Money		40,000,000	20,000,000
Reserves & Surplus	2	52,751,884	16,536,861
		191,601,884	42,661,861
<b>Borrowed Fund</b>			
Secured Loan	3	251,421,434	49,821,157
		251,421,434	49,821,157
<b>DEFERRED TAX LIABILITIES</b>			
	4	7,308,018	252,474
<b>TOTAL</b>		450,331,336	92,735,493
<b><u>APPLICATION OF FUNDS</u></b>			
<b>Fixed Assets</b>			
Gross Block	5	302,879,482	5,815,246
Less:-Depreciation		1,291,989	762,786
Net Block		301,587,493	5,052,460
Capital Work In Progress (Factory Building)		-	1,078,505
Investments		10,000	-
<b><u>Current Assets, Loans &amp; Advances</u></b>			
Inventories	6	30,847,916	20,386,000
Sundry debtors		136,210,103	97,506,280
Loan & Advances		50,765,785	7,072,237
Cash & bank balances		1,384,939	17,854
Sub Total		219,208,743	124,982,371
<b><u>Less :-Current Liabilities And Provisions</u></b>			
Current Liabilities	7	63,922,875	38,107,414
Provision For Fringe Benefit Tax		49,843	49,459
Provision For Taxation		7,183,039	344,679
		71,155,757	38,501,552
Net Current Assets		148,052,986	86,480,820
<b><u>Miscellaneous Expenditure</u></b>			
(To the extend not written off or adjusted)	8	680,857	123,708
<b>TOTAL</b>		450,331,336	92,735,493

Significant Accounting Policies  
Notes & Schedules 1 to 14 Form part of Accounts  
As per our report of even date attached

For Praful M. Joshi  
Chartered Accountant

For Deshmukh & Associates  
Chartered Accountants

For FIRST WINNER INDUSTRIES LIMITED

(Praful Joshi - Proprietor) (Deepen Kapadia - Partner)

Director

Director

Place Mumbai  
Dated 15/6/07

**FIRST WINNER INDUSTRIES LIMITED**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007**

Particulars	Schedule	Year Ended 31.03.2007	Year Ended 31.03.2006
<b><u>INCOME</u></b>			
Sales		554,552,789	382,249,362
Job Work Charges		409,117	-
Other Income	10	498,723	503,087
		555,460,629	382,752,449
<b><u>EXPENDITURE</u></b>			
Cost Of Material	11	502,282,882	373,850,206
Other Direct Expenses	12	204,846	-
Administrative And General Expenses	13	4,256,141	2,346,252
Finance Charges	14	8,459,928	5,238,256
Depreciation For The Year		734,906	323,026
		515,938,703	381,757,740
<b>PROFIT BEFORE TAX</b>		39,521,926	994,709
<b>Provision For Taxation</b>			
Current Tax		6,902,218	280,821
Fringe Befit Tax		49,843	49,459
Deferred Tax		7,055,544	77,838
Add: Excess Prov For Earlier Year		-	-
<b>PROFIT AFTER TAX</b>		25,514,321	586,591
Balance brought forward From Previous Year		2,061,861	1,475,270
<b>BALANCE CARRIED TO BALANCE SHEET</b>		27,576,182	2,061,861

9  
 Significant Accounting Policies, Notes & Schedules 1 TO 14 Form part of Accounts  
 As per our report of eye date attached

For Praful M. Joshi Chartered Accountant  
 For Deshmukh & Associates Chartered Accountants

[Praful Joshi - Proprietor] [Deepen Kapadia - Partner]

Place Mumbai  
 Dated 15/6/07

For FIRST WINNER INDUSTRIES LTD.

[Signature] Director

[Signature] Director

# FIRST WINNER INDUSTRIES LIMITED

Schedule Annexed To and Forming Part Of Balance Sheet as at 31.03.2007

PARTICULARS	As at 31.03.2007	As at 31.03.2006
<b>Schedule '1'</b>		
<b><u>AUTHORISED SHARE CAPITAL</u></b>		
12000000 (750000) Equity Share of Rs.10/- each	120,000,000	7,500,000
	120,000,000	7,500,000
<b><u>ISSUED, SUBSCRIBED &amp; PAID UP SHARE CAPITAL</u></b>		
9885000 (612500) Equity Share of Rs.10/- each	98,850,000	6,125,000
<b>TOTAL</b>	98,850,000	6,125,000
<b>Schedule '2'</b>		
<b><u>RESERVE AND SURPLUS</u></b>		
<b>a) Securities Premium Account</b>		
As per last Balance Sheet	14,475,000	10,725,000
Add:- Addition During The Year	93,150,000	3,750,000
Less:- Utilised for Bonus Issued	82,375,000	-
<b>Sub Total- a</b>	25,250,000	14,475,000
<b>b) Profit &amp; Loss Account</b>		
Opening balance	2,061,861	1,475,270
Add:- Excess Provision for Incometax	(74,298)	-
Add:- Profit For The Year	25,514,321	586,591
<b>Sub Total- b</b>	27,501,884	2,061,861
<b>TOTAL (a+b)</b>	52,751,884	16,536,861
<b>Schedule '3'</b>		
<b><u>Secured Loan</u></b>		
Working Capital Limits from Bank (Secured by Stocks & Debtors)	68,217,890	49,625,698
Term Loan (SBI) (EMI due within 1 Year Rs.4737000)	121,259,429	-
Term Loan (State Bank of Indore) (EMI due within 1 Year Rs.2368500)	61,384,463	-
Car Loan From HDFC Bank Ltd	-	195,458
Car Loan From ICICI Bank Ltd. (Mortgage On Motor Car) (EMI due within 1 Year Rs.189739)	559,652	-
<b>TOTAL</b>	251,421,434	49,821,156
<b>Schedule '4'</b>		
<b><u>DEFERRED TAX LIABILITES</u></b>		
Opening Balance	252,474	174,636
Add: Addition During The Year	7,055,544	77,838
<b>TOTAL</b>	7,308,018	252,474

Firstwinner Industries Limited  
(Acct.Yr. 2006-07)

Schedule "5" Fixed Assets (At cost less Depreciation)

(Amt. in Rs.)

Description of Assets	Gross Block				Depreciation				Net Block	
	As at 01.04.2006	Additions during the year	Deductions during the year	As at 31.03.2007	Up to 31.03.2006	Adjustments	Provided for the year	Upto 31.03.2007	As at 31.03.2007	As at 31.03.2006
Factory Building	-	54,328,837	-	54328837	-	-	64,629	64,629	54,264,208	-
Godowns	970,560	-	-	970560	204,077	-	15,820	219,897	750,663	766,483
Office Premises	3,325,000	-	-	3325000	143,043	-	54,198	197,241	3,127,760	3,181,957
Plant & Machinery	-	234,726,624	-	234726624	-	-	397,106	397,106	234,329,518	-
Electrical Installations	50,000	4,893,628	-	4943628	7,789	-	14,198	21,987	4,921,641	42,211
Vehicle	756,290	785,016	756,290	785016	153,932	205,702	75,098	23,328	761,688	602,358
Furniture & Fixtures	100,000	2,059,456	-	2159456	20,671	-	10,973	31,644	2,127,812	79,329
Other Assets	-	292,240	-	292240	-	-	494	494	291,746	-
Air Conditioner & Refrigerator	-	314,292	-	314292	-	-	532	532	313,760	-
Computers	613,395	420,435	-	1033830	233,274	-	101,859	335,133	698,697	380,121
<b>Total</b>	<b>5,815,245</b>	<b>297,820,527</b>	<b>756,290</b>	<b>302879482</b>	<b>762,786</b>	<b>205,702</b>	<b>734,906</b>	<b>1,291,989</b>	<b>301,587,492</b>	<b>5,052,459</b>
<b>Previous Year</b>	<b>5,815,245</b>	<b>-</b>	<b>-</b>	<b>5815245</b>	<b>439,759</b>	<b>-</b>	<b>323,026</b>	<b>762,785</b>	<b>5,052,460</b>	<b>5,547,243</b>



**FIRST WINNER INDUSTRIES LIMITED**  
Schedule Annexed To and Forming Part Of Balance Sheet as at 31.03.2007

PARTICULARS	As at 31.03.2007	As at 31.03.2006
<b>Schedule '6'</b>		
<b>Current Assets, Loans &amp; Advances</b>		
<b>Inventories</b>		
Raw Material	-	-
Work In Process	-	-
Finished Goods	30,847,916	20,386,000
<b>TOTAL</b>	<b>30,847,916</b>	<b>20,386,000</b>
<b>Sundry Debtors</b>		
<b>( Unsecured considered good )</b>		
1) Due for more than six months	-	-
2) Others	136,210,103	97,506,280
<b>TOTAL</b>	<b>136,210,103</b>	<b>97,506,280</b>
<b>Loan &amp; Advances, Deposits</b>		
Fixed Deposit With State Bank Of India	3,111,534	1,508,602
Max Mobile Phone & Acc(I) Pvt Ltd	-	294,324
Tax Deducted At Sources (03-04)	31,836	31,836
Tax Deducted At Sources (04-05)	-	83,739
Tax Deducted At Sources (05-06)	44,892	44,892
Tax Deducted At Sources (07-08)	45,302	-
Advance Income Tax (06-07)	100,000	100,000
Advance Income Tax (05-06)	-	50,000
Income Tax S/A 06-07	132,554	-
Input VAT Receivable (On Fixed Assets)	820,705	-
Input VAT Receivable (On Expenses)	2,165	-
Prepaid Expenses	75,043	63,744
Advances for Land & Building at Tarapur	-	4,895,100
Advances for Plant & Machinery		
Amrit Lakshmi Machine Works	422,462	-
Maxitherm Boilers Pvt. Ltd.	126,280	-
MSED Co. Ltd.(New Power connection Deposit)	685,200	-
HP Deposit (P.S. Gharat Gas Agency)	3,400	-
MIDC Security Deposit	9,103	-
MTNL Deposit	1,000	-
United Oxygen (Deposit)	1,000	-
Reliance Energy Deposit	14,967	-
Electricity Deposit Div. Thane	11,100	-
Vaibhav Kamalakar Joshi (Rent Deposit)	15,000	-
Jagesh L. Sharma	18,000	-
Mrs. Geeta Ramanadhi Tarapurwaa	42,840	-
TUFS Subsidy Receivable	4,535,700	-
Stores & Spares	61,497	-
Mr. Bhadrans	20,104	-
Dilip R. Khandare	2,500	-
Chaturvedi Consultancy Services Pvt. Ltd.	97,513	-
Staff Advance	103,088	-
Ramnaresh Shah (B.D. Contractor)	2,000	-
Raju Mohato	4,000	-
Nawalkishore Sharma	225,000	-
Share Application Money - Res. Solid Exports Pvt. Ltd.	40,000,000	-
<b>TOTAL</b>	<b>50,765,785</b>	<b>7,072,237</b>
<b>Cash and Bank Balances</b>		
Cash In Hand	289,109	17,854
Balance in current A/C (State Bank of Indore)	1,095,829	-
<b>TOTAL</b>	<b>1,384,939</b>	<b>17,854</b>

**FIRST WINNER INDUSTRIES LIMITED**  
Schedule Annexed To and Forming Part Of Balance Sheet as at 31-3-2007

PARTICULARS	As at 31.03.2007	As at 31.03.2006
<b>Schedule '7'</b>		
<b>Current Liabilities &amp; Provisions</b>		
<b>Sundry Creditors</b>		
a) For Goods	33,563,929	28,000,562
b) For L/C	19,992,160	9,998,350
c) For Expenses	873,127	80,787
d) For Capital Goods & Others	9,387,769	27,715
e) Others (TDS Payable)	105,890	
<b>TOTAL</b>	<b>63,922,875</b>	<b>38,107,414</b>
<b>Schedule '8'</b>		
<b>Miscellaneous Expenditure</b>		
Preliminary Expenses. ( To the extent not written off or adjusted )	680,857	53,708
Preoperative Expenses	-	70,000
<b>TOTAL</b>	<b>680,857</b>	<b>123,708</b>

## **SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION**

### **1. Basis of preparation of Financial Statements**

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provision of the Companies Act, 1956.

### **2. Use of Estimate**

The preparation of financial statements requires estimates and assumptions to be made that affects the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

### **3. Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

#### **(i) Sale of goods**

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales revenue is net of sales return, discounts and rebates.

#### **(ii) Interest**

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### **(iii) Dividends**

Revenue is recognized as and when received.

### **4. Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation and impairment loss, if any. The cost of an asset comprises of purchase price and any directly attributable cost of bringing the assets to its present condition for intended use

### **5. Depreciation**

Depreciation on the fixed assets has been provided for on straight line method at the rates prescribed and in the manner specified in Schedule XIV to the Companies Act, 1956.

### **6. Inventories**

Inventories are measured at lower of cost or net realizable value. Raw Material is valued at cost, Stores, Spares parts and packing material valued as cost.

#### **7. Investment:**

Current Investments are measured at the lower of cost or market value. Long Term Investments are measured at Cost.

#### **8. Foreign Exchange Transaction**

- (a) Transaction denominated in foreign currencies is normally recorded at the exchange rate prevailing at the time of the transaction.
- (b) Monetary items denominated in foreign currency as at the balance sheet date are translated at the year end exchange rate.
- (c) Premium on forward cover contracts in respect of import of raw material is charged to profit & loss account over the period of contracts except in respect of liability for acquiring fixed assets, in which case the difference are adjusted in carrying cost of the same.

#### **9. Employee Retirement Benefits**

The company provides for gratuity, a defined benefit plan in accordance with the rules of the company based on valuation carried out by the management at the balance sheet date. Contribution payable to the Employees benefits is charged to Profit & Loss Account on as incurred.

#### **10. Borrowing Costs :**

Borrowing cost which are directly attributable to the acquisition/construction of Qualifying Assets are capitalized as part of the cost of such assets. A qualifying assets is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

#### **11. Leases:**

Assets acquired under leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit & Loss account on accrual basis.

Assets leased out under operating leases are capitalized. Rental income is recognized on accruals basis over the lease term.

#### **12. Earning per share**

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and diluted equity equivalent shares outstanding during the year except where the results would be anti-dilutive.

### **13. Current Tax and Deferred Tax :**

(i) Provision for current tax is made after taking into consideration benefits admissible under the provision of the Income Tax Act, 1961.

(ii) Deferred tax resulting from timing difference between the book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date.

### **14. Intangible Assets**

Intangible assets are capitalized if specific criteria are met and are amortised over their useful life, generally not exceeding 5 years. The recoverable amount of an intangible asset that is not available for use or is being amortized over a period exceeding 5 years should be reviewed at least at each financial year end even if there is no indication that the asset is impaired.

### **15. Impairment of Assets**

The company assesses at each balance sheet date whether there is any indication that an assets may be impaired. If any such indication exists, the company estimates the recoverable amount of the assets. If such recoverable amount of the assets or the recoverable amount of the cash generating unit to which the asset belong is less than its carrying amount, the carrying amount is reduced to its recoverable amount. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

### **16. Provision, Contingent Liabilities and contingent assets**

Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

## NOTES ON ACCOUNT

- The previous year's figure have been reworked, regrouped, rearranged and reclassified wherever necessary.
- Earning per share (EPS)**

In compliances to AS-20 on "Earning Per Share" issued by ICAI, the elements considered for calculation of earning per share (Basic & Diluted) are as under:

Particulars	2006-07	2005-06
Net Profit as per Profit & Loss Account (Rs.)	2,55,14,321	5,86,591
Weighted average number of equity shares	98,85,000	6,12,500
Basic and diluted Earning per share (Rs.)	2.58	0.957
Face value per share (Rs.)	10	10

- As required under AS-22, "Accounting For Taxes On Income" issued by the ICAI, the company is required to account for deferred taxation while preparing its accounts. The details of Deferred Tax Assets / Liabilities are as under:

Particulars	2006-07	Current year	2005-06
Deferred Tax Liabilities	73,08,018	70,55,544	2,52,474
Related to Fixed Assets	73,08,018	70,55,544	2,52,474
Deferred Tax Assets	NIL	NIL	NIL
Net Deferred Tax Liabilities	73,08,018	70,55,544	2,52,474

- Related Party Disclosures**

As per the Accounting standard -18 issued by the Institute of Chartered Accountants of India, the disclosure of transaction with related parties as defined in the accounting standard are given below:

Name of the parties	Nature of Relationship	Nature of Transactions	Amount
Rinku I. Patodia	Director	Directors Remuneration	84,000
Hetal S. Jadhav	Director	Directors Remuneration	84,000
		Total	1,68,000

- In pursuance of Accounting Standard on Impairment on Assets (AS 28) issued by ICAI, the company had identified and reviewed such assets. Based on such identification and review, there was no impairment / reversal during the year to be recognized.

6. Contingent Liabilities

(Rs. in lacs)

Particulars	31.03.2007	31.03.2006
Bank Guarantees	NIL	NIL
Letter of credit	199.92	99.98
Total	199.92	99.98

7. Segment Reporting

The company operates in only one reportable segment i.e. textile. Hence segment reporting is not applicable to the company.

8. The Company does not possess information as to which of its suppliers are Ancillary Industrial Undertakings/Small Scale Industrial Undertaking holding permanent registration certificate issued by the Directorate of Industries of a State or Union Territory

9. In the opinion of the Board, sundry debtors, loans and advances and other current assets are approximately of the value stated if realized in the ordinary course of business. The provisions for all known liabilities is adequate and not in excess of the amount reasonably necessary.

10. Foreign Currency Transactions

The company has incurred foreign currency capital expenditure of US \$ 41,00,000/= (INR Rs. 18,89,60,073/=) during the year. Further Revenue Expenditure incurred during the year was US \$ 1000/= & 5000/= Euros toward foreign traveling.

11. Payments to Auditors

Particulars	2006-07	2005-06
Audit fees	33948	16836
Tax & other matter	0	0
Total	33948	16836

12. Managerial Remuneration

Particulars	2006-07	2005-06
Directors remunerations	Rs.1,68,000	Rs.1,68,000
Sitting fees	NIL	NIL
Total	Rs.1,68,000	Rs.1,68,000

13. The company has given guarantee for loans taken by group of companies i.e. M/s. Ramshyam Textile Industries Ltd. & Realgold Exports Pvt. Ltd.

14. Additional information pursuant to the provision of paragraph 3,4C & 4D of PART II of SCHEDULE VI of the Company act 1956. (As prepared & Certified by the management, being technical matter relied upon by the Auditor.)

Particulars	2006-07	2005-06
A. Licenced Capacity	108.00 Lac Mtrs	N.A.
B. Installed Capacity	108.00 Lac Mtrs	N.A.
C. Actual Performance	0.65 Lac Mtrs	N.A.

D. Information of major traded materials

Particulars	2006-07		2005-06	
	Qty	Value in Lacs	Qty	Value in Lacs
<b>Fabrics (Lac Mtrs)</b>				
Opening Stock	1.39	203.86	2.45	24.91
Purchases	92.31	5120.07	60.26	3790.28
Sales	91.54	5545.53	61.33	3683.50
Closing Stock	2.15	301.11	1.39	203.86
<b>Elec. Component (Nos)</b>				
Opening Stock	0.00	0.00	0.30	45.00
Purchases	0.00	0.00	4.32	10.01
Sales	0.00	0.00	4.62	55.01
Closing Stock	0.00	0.00	0.00	0.00
<b>Yarn</b>				
Opening Stock	0.00	0.00	0.00	0.00
Purchases (kgs)	6431	6.24	0.00	0.00
Purchases (nos)	980	1.13	0.00	0.00
Sales	0.00	0.00	0.00	0.00
Cls Stock (kgs)	6431	6.24	0.00	0.00
Cls Stock (nos)	980	1.13	0.00	0.00

15. During the year company has raised New Term Loan , from State Bank of India Rs.12.00 Crore & from State Bank of Indore Rs.6.00 Crore.
16. During the year, the company has made preferential allotment of 10,35,000 equity shares to parties and companies cover in the register maintained under section 301 of the Companies Act, 1956.



**FIRST WINNER INDUSTRIES LIMITED**  
Schedule Annexed To and Forming Part Of Balance Sheet as at 31-3-2007

PARTICULARS	As at 31.03.2007	As at 31.03.2006
<b>Schedule '10'</b>		
<b>Other Income</b>		
Commission Received	395,791	394,145
F.D. Interest	102,932	108,942
	498,723	503,087
<b>Schedule '11'</b>		
<b>Cost Of Goods Sold</b>		
Opening Stock	20,386,000	13,720,937
Add: Purchases	512,744,798	380,515,269
Less: Closing Stock	30,847,916	20,386,000
<b>TOTAL</b>	502,282,882	373,850,206
<b>Schedule '12'</b>		
<b>Direct Expenses</b>		
Beam Drawing Charges	54,385	-
Beam Draping Charges	32,242	-
Leasing Charges	2,410	-
Mending Charges	14,425	-
Piecing Charges	5,280	-
Sizing Charges	46,104	-
Electricity Exp.	50,000	-
	204,846	-
<b>Schedule '13'</b>		
<b>Administrative and General Expenses</b>		
Audit Fees	33,948	16,836
Advertisement Exp.	1,500	-
Legal & Professional Charges	-	9,540
Business Promotion Expenses	103,718	60,598
Conveyance Expenses	171,112	169,625
Courier & Postage Charges	66,668	70,811
Directors' Remuneration	168,000	168,000
Digital Signature Charges	2,100	-
Donation	73,200	11,111
Electricity Exp	56,696	-
Franking Exp	4,580	-
Labour Charges	37,596	-
Loss on Sale of Car	150,588	-
Office & General Expenses	101,030	88,778
Printing & Stationery Charges	140,238	73,430
Pooja Expenses	-	13,775
Preliminary Expenses Written off	176,351	15,651
Interest on Income Tax	-	6,234
Insurance Charges	98,158	47,128
ROC Fees	7,000	3,000
Repairs & Maintenance Expenses	39,773	6,195
Salaries	2,154,494	593,105
Stamp Duty Charges	146,300	519,281
Brokerage Paid	31,950	-
Room Rent	16,310	-
Sales Tax	-	10
Staff Welfare Expenses	112,519	98,290
Professional Fees	35,550	42,510
Transportation Charges	13,800	-
Professional Tax	2,500	2,500
Travelling Expenses	81,136	49,978
Telephone Charges	103,530	94,597
Vehecal Expenses	125,796	185,270
<b>TOTAL</b>	4,256,141	2,346,252
<b>Schedule '14'</b>		
<b>Finance Charges</b>		
Bank Charges	218,752	124,756
Loan Processing Charges	103,500	170,067
Interest On Car Loan	33,555	31,392
Bank Interest on CC A/c.	6,148,263	4,610,201
Bank Interest on SLOC A/c.	759,439	-
Bank Interest on Term Loan	797,314	-
Bank Commission	399,105	301,840
<b>TOTAL</b>	8,459,928	5,238,256

**FIRST WINNER INDUSTRIES LIMITED**  
CASH FLOW STATEMENT AS ON 31ST MARCH 2007

Particulars	As at 31.03.2007	As at 31.03.2006
<b><u>Cash Flow from Operating Activities</u></b>		
Net Profit before Taxes	39,521,926	994,709
Adjustments for		
Depreciation	734,906	323,026
Interest Income	(102,932)	(108,942)
Preliminary Expenses W/off	176,351	15,651
Loss on Sale of Motor Car	150,588	-
Operating Profit Before Working Capital Changes	40,480,839	1,224,444
Increase in Inventories	(10,461,916)	(6,665,063)
Increase in Sundry Debtors	(38,703,823)	(50,255,165)
Increase Loans & Advances	(43,560,994)	(1,383,877)
Increase in Sundry Creditors	25,627,846	15,481,319
Cash generated from Operations	(26,618,048)	(41,598,342)
Income Tax Paid	(132,554)	(100,000)
<b>Net Cash from Operating Activities</b>	<b>(26,750,602)</b>	<b>(41,498,342)</b>
<b><u>Cash flows from Investing Activities</u></b>		
Purchases/Additions of Fixed Assets	(296,742,022)	(1,078,505)
Sale proceeds of Assets Sold	400,000	-
Purchase of Investments	(10,000)	-
Preliminary Expenses Incurred	(733,500)	(95,500)
Interest Income Earned	102,932	108,942
<b>Net cash used in Investing Activities</b>	<b>(296,982,590)</b>	<b>(1,065,063)</b>
<b><u>Cash flows from Financing Activities</u></b>		
Proceeds from Issuance of Share Capital	103,500,000	5,000,000
Receipts of Share Application Money	20,000,000	15,000,000
Proceeds from Long Term Borrowings	201,600,277	22,252,539
<b>Net Cash from Financing Activities</b>	<b>325,100,277</b>	<b>42,252,539</b>
Net Increase / (Decrease in Cash & equivalents	1,367,085	(310,866)
Cash & Equivalents at the beginning of the year	17,854	328,720
Cash & equivalents at the end of the year	1,384,939	17,854

Note :

- The above cash flow has been prepared as set out in the accounting standard on Cash Flow Statements (AS-3) issued by the Institute of Chartered Accountants of India.
- Previous year's figures have been rearranged / regrouped wherever necessary.

AS PER OUR REPORT OF EVEN DATE.

For Pratul M. Joshi, BOMBAY For Deshmukh & Associates  
Chartered Accountant Chartered Accountants

[Pratul Joshi - Proprietor] [Deepen Kapadia - Partner]

For FIRST WINNER INDUSTRIES, LIMITED

*Mintool*  
Director

*Aditya Patodia*  
Director

Place Mumbai  
Dated 15/6/07