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6TH ANNUAL REPORT 1997-1998

REPORT JUNCTION
WINNING GERMAN THUNDER BOMBS
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WINSOME BREWERIES LIMITED



WINSOME BREWERIES LTD.

BOARD OF DIRECTORS

SHRI R.K. BAGRODIA	CHAIRMAN-CUM-MANAGING DIRECTOR
LT. GEN. V.K. SOOD (RETD.)	DIRECTOR
SHRI J.P. GUPTA	DIRECTOR
SHRI A.N. BANERJEE	DIRECTOR
SHRI KIRIT SHAH	DIRECTOR
SHRI B.M. KHANNA	ALTERNATE DIRECTOR
SHRI GEORGE MATHEWS	DIRECTOR
SMT. SNEH BAGRODIA	ALTERNATE DIRECTOR
SHRI RAM MOHAN, I.A.S. (RETD.)	NOMINEE DIRECTOR, RIICO

COMPANY SECRETARY

SHRI S.K. PADHI

STATUTORY AUDITORS

M/S LODHA & CO.

CHARTERED ACCOUNTANTS,

12-BHAGAT SINGH MARG,

NEW DELHI

BANKERS

THE BANK OF RAJASTHAN LTD.

REGISTERED OFFICE

VILL. SAREHKHURD, TEHSIL TIJARA,

DIST. ALWAR, RAJASTHAN.

CORPORATE OFFICE

24, COMMUNITY CENTRE,

EAST OF KAILASH, NEW DELHI-110 065

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NOTICE

NOTICE is hereby given that the Sixth Annual General Meeting of the Members of Winsome Breweries Limited will be held on Wednesday 30th September, 1998 at 10.30 A.M. at its Registered Office at Vill. Sarehkhurd, Tehsil Tijara, Dist. Alwar, Rajasthan to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Director's Report and the Audited Statement of Accounts together with Auditors Report thereon for the Financial year ended March 31, 1998.
2. To appoint a Director in place of Lt. Gen. V.K. Sood (Retd.) who retires by rotation and being eligible offers for re-appointment.
3. To appoint a Director in place of Mr. A.N. Banerjee who retires by rotation and being eligible offers for re-appointment.
4. To appoint Statutory Auditors & fix their remuneration.

SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass with or without modification the following resolution:

AS AN ORDINARY RESOLUTION

"RESOLVED THAT pursuant to the provisions of section 269 & 309 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, if any, and subject to such approvals as may be necessary, the Company hereby approves the re-appointment of Mr. R.K. Bagrodia as Chairman-cum-Managing Director of the Company for a period of five years with effect from 1st January 1998 upon the terms and conditions as specified in the Explanatory Statement annexed hereto, with further liberty to the Board of Directors, from time to time, to alter and vary the said terms & conditions, in such manner as may be agreed upon between the Board of Directors and Mr. R.K. Bagrodia, in the best interest of the Company, but subject to the provisions contained in Schedule XIII to the Companies Act, 1956 as amended from time to time.

FURTHER RESOLVED that Mr. R.K. Bagrodia be entrusted with the substantial powers of the Management and to perform such functions as may from time to time be decided by the Board of Directors."

By Order of the Board
for WINSOME BREWERIES LIMITED

Place : New Delhi

Dated : 31/8/98

S.K. PADHI
Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE MEMBER.
2. Register of members and Share Transfer Books of the company will remain closed from 26th September, 1998 to 29th September, 1998 (both days inclusive).
3. Members are requested:
 - i) To notify any change of address, if any.
 - ii) To bring their copies of Annual Report to the Meeting.
4. Members desirous of having any information on Accounts are requested to address their queries to the Sr. Manager (Finance & Accounts) late set by 20th September, 1998, so that the requisite information is made available at the meeting.
5. The relative explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item No. 5 of the notice is annexed hereto.

WINSOME BREWERIES LTD.**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO. 5**

Mr. R.K. Bagrodia has been re-appointed by the Board of Directors as Chairman-cum-Managing Director of the company at their meeting held on 27th November'97 w.e.f. 01-01-98 for a period of five years. His earlier tenure of five years as Chairman-cum-Managing Director completed on 31.12.1997.

His dynamic leadership, progressive outlook, pioneering entrepreneurial skill and rich administrative acumen eminently qualifies him for the re-appointment as Chairman-cum-Managing Director of the company upon the terms and conditions as detailed below:-

- | | |
|---------------|--|
| 1. Salary | Rs. 25000/- (Rs. Twenty Five Thousand Only Per Month) |
| 2. Commission | At the rate of 1% of the net profit of the company for the financial year subject to maximum, as may be laid down by the Board of Directors from time to time. |

3. PERQUISITES

1. Gratuity at the rate of one month's salary for each completed year.
2. Leave with full pay as per Rules of the company, encashment, and unavailed leave being allowed at the end of tenure.
3. Free furnished residential accommodation with gas, electricity, water & furnishings and company's furniture on a rental basis and as per scheme applicable to the senior executives of the Company.
4. Reimbursement of medical expenses incurred in India or abroad and including hospitalisation, nursing home & surgical charges for himself and family.
5. Reimbursement of actual travelling expenses for proceeding on leave from Delhi to any place in India and return there from once in a year in respect of himself and family.
6. Reimbursement of Membership fee for clubs.
- 6a. Reimbursement of Servants salary subject to maximum of two servants on a salary of Rs. 2000/- per servant per month.
7. Personal accident insurance in accordance with the scheme applicable to senior employees.
8. Free use of company's car for company's work as well as for personal purpose alongwith driver.
9. Telephone at residence at company cost:

Provided in the absence of adequacy of profits in any year, Mr. R.K. Bagrodia will be paid the above remuneration except that

- a) No commission will be paid
- b) Gratuity will be allowed at rate 15 days salary for each year of service.
- c) The monetary value of perquisite at Sl. 4 to 9 shall not exceed Rs. 4,50,000/- in any financial year.

Except Mr. R.K. Bagrodia himself no other Director is interested in the resolution.

The above may be deemed as an abstract of the terms of appointment of Managing Director and nature of concern or interest therein as required by section 302 of the Companies Act, 1956.

The Board therefore, recommends the Shareholders' approval of this item accompanying the notice.

By order of the Board
for WINSOME BREWERIES LIMITED

S.K. PADHI
Company Secretary

Place : New Delhi
Date 31st August, 1998

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Sixth Annual Report of the Company alongwith Audited Statement of Accounts for the Year ended 31st March, 1998.

1. FINANCIAL RESULTS

	1997-98	(Amount in Rs.) 1996-97
Sales	4,23,74,394.99	1,16,21,927.72
Profit/(loss) before Depreciation & Preliminary Expenses	43,20,394.48	(1,53,024.14)
Less:		
(a) Depreciation	25,89,886.85	24,58,997.00
(b) Preliminary Expenses written off	12,06,207.30	12,06,207.30
Net Profit/(loss) for the year	5,24,300.33	(38,18,228.44)

2. DIVIDEND

In view of the above financial results, your Directors express their inability to propose any dividend for the year under review.

3. AUDITORS' COMMENTS

The observations in the Auditor's Report are a Statement of facts and do not require further clarification.

4. OPERATIONS

During the year, your Company could achieve turnover of Rs. 423.74 lacs. The Company has shown net profit of Rs. 5.24 lacs against loss of Rs. 38.18 lacs during the previous year. As we had earlier projected, the Company has brought their premium brand Henninger in the Indian market, which has been well-received. However our turnover has not achieved its optimum level as new brands take time to find favour with the consumers and establish brand equity in a highly competitive market such as Beer Industry. In addition to existing brands 'Winsberg', and 'Tornado', your Company has brought two more indigenous brands namely 'German Thunder', and 'Limo Lemon'. The latter is the innovative product of our in-house Research & Development and is the first of its kind in the market. During the year we got firm foothold in the North Eastern States and we expect that our brands will gain greater popularity in this region, thus achieving higher turnover.

5. FUTURE PROSPECTS

The Company as you are aware had entered into collaboration with M/s. Henninger Brau of Germany for production & marketing of their international brand 'Henninger'. The Company has plans to popularise this brand in the market in the current financial year. The Company also intends to commence production of Draught Beer, as the long awaited approval for its production has recently been given by the Govt. of Rajasthan. For filling, storing and dispensing Draught Beer, the Company has imported one of the best and state-of-the-art kegs and ancillary equipment to lend exclusivity and distinctiveness to our Draught Beer. The Company is planning franchising agreements with hotels, bars, clubs and tourist resorts in Rajasthan, NCT of Delhi and neighbouring states. We also plan to look for parties who may be interested to enter into similar agreements to open exclusive pubs to sell our Draught and bottled beer. Our Draught Beer popularity will also contribute towards higher sales of our bottled brands. In order to fully utilise our installed capacity & gainfully use spare capacity, the Company also intends entering into agreement with well established beer manufacturers for production of their beer brands. This would ensure greater liquidity since this arrangement envisages expeditious sales realisation.

6. DIRECTORS

Mr. M.P. Jain, Nominee Director, RIICO ceased as Director of the Company w.e.f. 22.04.98. The Directors placed on record their deep sense of appreciation for the valuable advice & guidance given by Mr. M.P. Jain. Mr. Ram Mohan, I.A.S. (Retd.) was appointed as a Nominee Director of RIICO on Board of Directors of your company w.e.f. 22.04.98.

In accordance with the Companies Act, 1956 and Articles of Association of the Company Lt. Gen. V.K. Sood (retd.) & Mr. A.N. Banerjee, Directors of the Company will retire by rotation and being eligible offer themselves for re-appointment.