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11th ANNUAL REPORT 2002-2003

WINSOME BREWERIES LIMITED

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BOARD OF DIRECTORS

SH. R. K. BAGRODIA	CHAIRMAN-CUM-MANAGING DIRECTROR
LT. GEN. V. K. SOOD (RETD.)	DIRECTOR
SMT. SNEH BAGRODIA	DIRECTOR
SH. SUSHIL KUMAN JAIN	DIRECTOR
SH. PRADEEP CHATURVEDI	DIRECTOR

COMPANY SECRETARY
DEEPAK SOMAYA

STATUTORY AUDITORS
LODHA & CO.
CHARTERED ACCOUNTANTS
NEW DELHI

BANKERS
THE BANK OF RAJASTHAN LIMITED

REGISTERED OFFICE
VILL. SAREHKHURD, TEHSIL TIJARA
DISTT. ALWAR, RAJASTHAN

CORPORATE OFFICE
S- 521, GREATER KAILASH, PART- II
NEW DELHI- 110048

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WINSOME BREWERIES LIMITED

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the members of Winsome Breweries Limited will be held on Tuesday, the 30th day of September 2003 at 11.00 a.m. at its Registered Office at Village Sarehkhurd, Tehsil Tijara Distt. Alwar, Rajasthan to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet at 31st March, 2003 and the Profit & Loss Account for the year ended on that date and report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Sneh Bagrodia who retires by rotation and being eligible offer herself for re-appointment.
3. To appoint Statutory Auditors & fix their remuneration. The retiring Auditors M/S Lodha & Co. Chartered Accountants are eligible for re-appointment.

SPECIAL BUSINESS

4. To consider and if thought fit to pass, with or without modification, following resolution as an Ordinary Resolution

   "Resolved that pursuant to section 269, 309 and 198 and schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the company be and is hereby accorded to the re-appointment of Mr. R. K. Bagrodia as a managing director of the company and to his being paid and provided remuneration , benefits and amenities as the managing director of the company for a period of 5 years w. e. f. 01.01.2003 on the terms, conditions and stipulations contained in the agreement dated 26.12.2002 entered into between the company and Mr. R. K. Bagrodia a copy of which is placed before the meeting and for the purposes of identification, initialed by the Chairman.

By Authority of the Board
For Winsome Breweries Limited

Place : New Delhi
Date : 26th August, 2003

(R.K. BAGRODIA)
(Chairman-Cum-Managing Director)

NOTES :

1. The relevant explanatory statements pursuant to the Section 173 (2) of the Companies Act, 1956 are annexed herewith and form part of the notice.
2. 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 A MEMBER. Proxies in order to be effective, should be duly stamped, completed and signed and deposited at the Registered Office of the company not less than 48 Hours before the Meeting.
3. The Register of Members and Share transfer Books of the Company shall remain closed from 15th September, 2003 to 30th September, 2003 (both days inclusive).
4. Members are required,
   (i) To notify change of address, if any
   (ii) To bring their copy of Annual Report to the meeting.
5. Members desirous of having any information on Accounts are requested to address their queries to the Company Secretary latest by 20th September, 2003 so that the requisite information is available at the meeting.

Explanatory statements.

ITEM NO. 4

The Board of Directors at their meeting held on 26.12.2002 have re-appointed Mr. R. K. Bagrodia as Managing Director for a further period of 5 years w.e.f. 01.01.2003 subject to approval of the members of the company and other statutory approvals as may be necessary.

Mr. R. K. Bagrodia, the managing director of the company was going to retire on 31.12.2002 Mr. R. K. Bagrodia being a capable person is re- appointed as the managing director for a period of five years commencing from 01.01.2003.

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REMUNERATION:

(A) Salary not exceeding Rs. 50,000/- per month.

Perquisites:

1. Contribution to Provident Fund & Superannuation fund to the extent these either singly or put together are not taxable under Income Tax Act.
2. Gratuity will be allowed at the rate of 15 days salary for each year of service.
3. Leave with full pay as per Rules of the company. Encashment and unavailed leave being allowed at the end of tenure.
4. Free furnished residential accommodation with gas, electricity, water & furnishings or unfurnished accommodation with gas, electricity and furnishings, and company's furniture on a rental basis as per schedule applicable to the Senior Executives of the company.
5. Reimbursement of medical expenses incurred in India or abroad and including hospitalisation, nursing home and surgical charges for himself & family.
6. Reimbursement of actual travelling expenses for proceeding on leave from Delhi to any place in India and return therefrom once in a year in respect of himself & family.
7. Reimbursement of membership fee for clubs.
8. Personal accident insurance policy in accordance with the scheme applicable to senior employees.
9. Free use of Company's car for company's work as well as for personal purposes alongwith driver.
10. Telephone at residence at company's cost.

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

a. No commission will be paid.

b. The monetary value of perquisites at 4 to 9 shall not exceed Rs. 4,50,000/- in a financial year.

Except Sh. R. K. Bagrodia himself, no other director is interested in the resolution.

By Authority of the Board
For Winsome Breweries Limited
(R. K. BAGRODIA)
(Chairman-Cum-Managing Director)

Place: New Delhi
Date:26th August,2003

DIRECTOR'S REPORT

TO THE MEMBERS,

Your Directors are pleased to present their Eleventh Annual Report together with the Audited Financial Statement of your Company for the year ended on 31st March 2003.

FINANCIAL RESULTS :

		(Amount in Rs.)
	2002- 2003	**2001-2002**
Sales	387430076.60	48924847.36
Profit/ (loss) before Depreciation & Preliminary Expenses	11429369.08	(1312303.61)
Less		
a) Depreciation	10333714.38	2288260.51
b) Preliminary Expenses written off	1206207.30	1206207.30
Net Profit/ (Loss) before Tax	(110552.61)	(4806771.42)
Less: Provision for Tax		
- Current Tax	0.00	0.00
- Deferred Tax Credit (net)	(130808.05)	1185984.96
Net Profit/(Loss) for the year	(241360.66)	(3620786.46)

DIVIDEND :

In view of the above financial results, your Directors express their inability to recommend any dividend for the year

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under review.

OPERATION:

Even though during the fiscal under review, turnover of the Company rose up from Rs. 489.25 lacs to Rs. 3874.30 lacs, this turnover was actually of Shaw Wallace Breweries Ltd. as the company was given to them for day to day running. The Company actually incurred a loss of Rs. 2.41 lacs as against a loss of Rs. 36.21 lacs during the last fiscal. It was because the company, inspite of all efforts, could not recover the old bad debts and had to write off substantial amount this year, because of no hope of recovery of those amounts. However the company is striving hard to increase the utilisation of the capacity as well as profitability this year.

FUTURE PROSPECTS :

The company's premium brands " Henninger Premium Lager" as well as " Henninger Super Strong" are now being marketed in the markets of Delhi and Rajasthan with the new push and this year our own sales should also be more. This year Shaw Wallace Breweries Ltd. has been taken over by SAB Miller Ltd. and therefore, the company has now the arrangement with them on the same basis as Shaw Wallace Breweries Ltd. In order to have maximum capacity utilisation, your company is also discussing the possibilities of tie up with several other foreign companies, as they consider our plant as one of the best in India. Your directors strongly feel that the company's financial position and profitability will definitely increase due to all these arrangements.

AUDITORS' REPORT AND RE-APPOINTMENT:

With reference to the observations made by the Auditors in their report, the Directors wish to state that the observations have been dealt with by making relevant notes in the Accounts and do not require any further clarification/comments. Your Company's auditors M/s Lodha & Co. retire at the conclusion of ensuing Annual General Meeting and being eligible offer themselves for the re-appointment. You are requested to appoint the Auditors and fix their remuneration.

DIRECTORS :

In accordance with the Companies Act, 1956 and Articles of Association of the Company, Mrs. Sneh Bagrodia, Director of the Company, will retire by rotation and being eligible offer herself for the re-appointment.

DIRECTORS RESPONSIBILITY STATEMENT:

As required under section 217 (2AA) of the Companies Act, 1956 your Directors state that:

1. In the preparation of the Annual Accounts, the applicable accounting standards have been followed alongwith proper explanation relating to materials departures in the financial statement.
2. The accounting policies have been selected and applied consistently and judgements and estimates have been reasonably & prudently made when required so as to give a true & fair view of the state of affairs of the Company at the end of the financial year and of the profit & loss of the Company for the period.
3. 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.
4. The annual accounts for the financial year has been prepared on a going concern basis.

PUBLIC DEPOSITS :

Your Company has not accepted any public deposits under the provision of Section 58A of the Companies Act, 1956 and the Rules made thereunder.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

Information pursuant to Section 217 (I) (c) of the Companies Act, 1956 read with the Companies (disclosures of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure, forming part of this report.

PARTICULARS OF EMPLOYEES :

During the year under review no employee whether employed for the whole of the year or part of the year was drawing remuneration exceeding the limit as laid down U/s 217 (2A) of the Companies Act, 1956. Therefore, the information as required U/s. 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975, is not required to be given.

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ACKNOWLEDGEMENTS :

The directors place on record their deep appreciation for the dedication and efforts of the executives, staff and workers of the company at all levels. Your Directors are especially thankful to the esteemed shareholders for their continued trust and confidence, they have reposed in the Company.

For and on behalf the Board
(R.K. Bagrodia)
(Chairman-Cum-Managing Director)

Place: New Delhi
Date:26th August,2003

Annexure to the Director's Report

A) Conservation of energy:

As the Company's product does not fall under the schedule under the Companies (Disclosure of Particulars of Board of Directors)Rules, 1988, no particulars with regard to conservation of Energy has been given.

B) Research and Development:

The Company has established a technologically advanced laboratory within the factory premises equipped with the latest indigenous and imported equipment & instruments.

1. Specific areas in which R&D was carried out by the Company.
   i) To improve malt extraction process.
   ii) To ensure better recovery & reduce effluents & waste.
   iii) To modify & improve process technology to achieve stringent international quality parameters and reduce cost of production.
   iv) To develop new exotic brands of Beer with new tastes & flavours.
   v) To develop yeast recovery system.
2. Benefits derived as a result of above R&D.
   The company's products are carrying premium in the market because we have achieved stringent international quality standards on a sustainable basis on account of our R & D efforts. The company has also succeeded in developing products, which are now being marketed in Delhi and Rajasthan.
3. CAPITAL EXEPENDITURE:

	year ended 31.03.2003 (in Rs.)	year ended 31.03.2002 (in Rs.)
a) Capital expenditure	Nil	Nil
b) Recurring	Nil	Nil
c) Total	Nil	Nil
d) Total R&D expenditure as a percentage of total turnover.	Nil	Nil

C) TECHNOLOGY ABSORPTION:

The company has fully absorbed the brewing technology & recipe provided by the Collaborator, HENNINGER BRAU of Germany. To match its sophistication, the company has employed technically qualified engineers, chemists and microbiologists.

D) FOREIGN EXCHANGE EARNING AND OUT GO :

	Year ended 31.03.2003 (in Rs.)	Year ended 31.03.2002 (in Rs.)
a) Foreign Exchange Earning	—	—
b) Foreign Exchange outgo		
i) Capital goods	—	—
ii) Raw materials	—	—
iii) Packing materials & stores	—	—
iv) Travelling expenses	98600.00	223628.00

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E) INFORMATION ON POLLUTION CONTROL MEASURES FORMING PART OF THE DIRECTORS' REPORT:

Your company on an ongoing basis is monitoring & maintaining environment and pollution control parameters at its plant site. The company is maintaining proper effluent treatment plant and has planted trees to keep the environment free from pollution. The company is regularly monitoring & submitting reports to the Rajasthan Pollution Control Board for the Air and Effluent Treatment parameters.

For and on behalf of the Board

Place: New Delhi
Date:26th August, 2003

(R. K. Bagrodia)
Chairman-Cum-Managing Director

CORPORATE GOVERNANCE

The company's compliance of Corporate Governance guidelines as per clause 49 of the Listing Agreement is as follows:

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

WINSOME BREWERIES LTD is a Company which is committed to adopting the best global practices of Corporate Governance. Corporate Governance envisages commitment of the Company towards the attainment of high levels of transparency, accountability and business prosperity with the ultimate objective of realising long term shareholder value, whilst taking into account the interest of all other stakeholders for wealth creation.

BOARD OF DIRECTORS

Composition of the Board of Directors and other details as on 31st March, 2003 is as under:

Name of Director	Executive/Independent /Non Executive	No. of Board Meetings Attended	Attendence at Previous AGM as on 30.09.2002	No. of outside Directorships	No. of Membership/ Chairmanship in other Board Committee
R. K. Bagrodia	Executive	5	Present	9	1
Mrs. Sneh Bagrodia	Non- Executive	5	Present	1	1
Sushil Kumar Jain	Independent Director	2	Present	Nil	3
Mohit Bansal	Independent Director	1	Present	Nil	2
Lt. Gen. V.K. Sood (Retd.)	Independent Director	3	Present	1	3

Board Meetings held during the year: 30th April, 2002; 31st July, 2002; 31st October, 2002; 26th December, 2002 and 31st January, 2003.

AUDIT COMMITTEE

The Company has an Audit Committee comprising of 3 members all of whom are independent Directors. The Chairman of the Committee is Mr. Sushil Kumar Jain with Lt. Gen. V.K. Sood (Retd.) and Mohit Bansal as its members.

Brief Description of the terms of reference:

The functioning and terms of reference of the Audit Committee are as prescribed under Section 292A of the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges including their role, powers and duties, quorum for meeting and frequency of meetings.

The Audit Committee: -

1. Is responsible for effective supervision of the financial reporting process, ensuring financial, accounting and operating controls and ensuring compliance with established policies and procedures.
2. Determines adequacy of internal controls and ensures its effectiveness.
3. Identifies, defines and categorises all the risks that the Company faces and evaluates the steps that the company takes to mitigate such risks.
4. Reviews the financial results for each quarter/ period before being placed to the Board of Directors for approval.

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5. Reviews on a quarterly basis the compliance certificates received from each location/functional heads on compliance with company's laid down policies and practices, accounting standards, all fiscal, commercial and statutory laws, as applicable.
6. Provides an open avenue of communication between the internal audit team, the statutory auditors and the Board of Directors.

Three meetings of the Audit Committee were held during the year. Attendance at meetings during the year:

Director	No. of meetings attended
Lt. Gen. V.K.Sood (Retd.)	3
Sushil Kumar Jain	3
Mohit Bansal	3

SHARE TRANSFER AND INVESTOR GRIEVANCE COMMITTEE

The Share Transfer and Investor Grievance Committee comprises of 3 members, of which 2 are independent Directors. The Chairman of the Committee is Mr. R. K. Bagrodia, with Mr. Sushil Kumar Jain & Lt. Gen. V. K. Sood (Retd.) as its members.

Brief Description of the terms of reference:

The functioning and terms of reference of the Committee are as prescribed under and in due compliance with the Listing Agreement with the Stock Exchanges with particular reference to transfer, dematerialisation, complaints of shareholders etc. Three meetings of the Investor Grievance Committee were held during the year. Attendance at meetings during the year:

Director	No. of meetings attended
R.K. Bagrodia	3
Lt. Gen. V.K. Sood (Retd.)	3
Sushil Kumar Jain	2

The total number of complaints received and replied to the satisfaction of the shareholders during the year under review were 90. The company attends to the investors correspondence expeditiously and usually a reply is sent within 15 days of receipt except in cases that are constrained by disputes or legal impediments.

REMUNERATION COMMITTEE

The Remuneration Committee comprises of 4 members. The Chairman of the Committee is Mr. Sushil Kumar Jain, Independent Director and the other members are Mr. Mohit Bansal , Mrs. Sneh Bagrodia and Lt. Gen. V.K. Sood(Retd.).

Brief description of terms of reference:

The functioning and terms of reference of the Committee are as prescribed under the Listing Agreement with the Stock Exchanges. It examines the Company's policy on all elements of remuneration package of Managing Director including salary, benefits, bonus, pension rights and compensation payment, etc, details of fixed component and performance linked incentives alongwith performance criteria, if any. It also reviews all other aspects of benefits and compensation for employees throughout the Company including policies on the same.

One meeting of the Remuneration Committee was held during the year. Attendance at meeting during the year:

Director	No. of meetings attended
Sneh Bagrodia	1
Lt. Gen. V.K. Sood (Retd.)	1
Sushil Kumar Jain	1
Mohit Bansal	1

REMUNERATION TO DIRECTOR IN THE YEAR 2002-03

The salary paid to the Managing Director of the company Mr. R. K. Bagrodia amounting to .

Salary	Rs. 3,00,000.00
Gratuity	Rs. 14,423.00

Sitting fees paid to Non-Executive Directors :

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