

DETAILS OF THE BUSINESS

We would like to introduce ourselves as The Winsome Group of Companies, a large business group in India, engaged in diversified activities of manufacturing & international trading globally such as Breweries, distillers and manufacture of and merchants and dealers in beer, wines, spirits, aerated waters, mineral waters and liquors of every description whether intoxicating or not Road Highways & Infrastructure, Anti-corrosive Paints & Polymers, E-learning, Skill Development, Energy, Metals & Minerals etc.

Today, our group is a professionally managed conglomerate; where all the members take part in the day-to-day business and operations along with a team of professional managers & personnel. We employ over 200 people across our various business verticals.

Over the last few years, we have introduced sustainable green technologies in road & infrastructure construction with an emphasis on usage of recycled materials. We have developed anti-corrosive paints and polymers which exponentially increase life-spans of infrastructure such as plant & machinery, railways, buildings, bridges etc. We have partnered with the Govt. to launch skill development initiatives across many states to train and empower thousands of youth in India.

Winsome Breweries Ltd. (WBL) is a company based in New Delhi, India and is engaged in the business of brewing and marketing beer in India. WBL, a public limited company, promoted by Shri R.K. Bagrodia, was set up in 1992 in technical collaboration with Henninger Brau of Germany, who are among the top five beer makers in Germany and one of the largest exporters in Germany to produce international quality beer in India. Henninger brands are exported to 60 countries around the world and are known for their excellent quality. Our brewery is located in the North Indian state of Rajasthan, about 70 km from New Delhi on a land area of approximately 19 acres.

Rajasthan is one of the largest markets for beer in India and has registered explosive growth in the past few years and is slated to grow at the same rate in the coming years. Our plant has installed capacity to manufacture about 4.0 million cases of beer per annum and the capacity can be doubled with minor additions of some equipments for which sufficient provision has been made. The brewery has specially designed state-of-art equipment, including imported equipments, which are critical in making a quality product.

Implicit in our Agreement with Henninger Brau is that the beer produced in our brewery has to strictly conform to German standards that are governed by centuries old German Purity Law which is considered to be the most stringent quality control law in the world. Our beer has been really well received by the people. It has been lauded for its quality and taste. The beer, produced by WBL, is of the same international quality as is produced in Germany or their breweries in the world. It is for the first time that beer of truly international purity, clarity and quality is available to the Indian consumers. It is not possible to attain truly international standards with the plant and equipment currently in use in the existing breweries in India.

The plant of WBL is situated in Village Sarekhurd, Tehsil Tijara, District Alwar, Rajasthan with an installed capacity of 3,00,000 HL per annum with plans to double its capacity shortly. It has specially designed state-of-the-art equipment, which includes

imported components that are critical in making a quality product. The entire plant in the brewery is made of stainless steel as against mild steel or aluminium equipment being used in some of existing breweries. This has a direct bearing on the quality and purity of beer.

Equipment installed in WBL has been fabricated strictly in accordance with the specifications and design details given by their German collaborators which in effect have conferred some unique features to their plant thus ensuring highest quality during the process. Strict temperature control and regulated flow rate is ensured at various stages of manufacture with the help of imported instruments that also provide the desired automation in the plant. Monitoring devices and testing equipments have been installed in checking the quality at each stage and apply necessary corrective measures where required.

The raw materials used in beer making namely water, barley malt and adjuncts like rice and sugar have been tested in Germany and found to be of the desired quality. It is ensured that only those raw materials that conform to the laid down quality parameters are used in the brewery and that too after these have been tested in the in-house laboratory. Hops, an essential raw material is in any case imported from Germany.

(A) Industry Structure and Development

Beer industry in India has been experiencing growth rates of about 10% in the past decade. Although India isn't a typical beer gulping nation but the winds of change might just be around the corner with growth projections of the industry hovering at much higher levels.

Change in demography, a better standard of living and a myriad of choices that 21st century Indian enjoys, beer industry is expected to grow in double digits in the coming years. Its consumption in India has increased into double digits in last decade.

India is the fourth largest beer consumer in the Asia-Pacific region by volume. Though the alcohol industry in India has been dominated by Spirits (IMFL and country liquor) and Beer comprises about 11% of the total alcohol consumed in India, recent surveys show that beer is the preferred alcoholic beverage for young Indians and has a bright future. It has registered robust growth in the last 10 years. From a total industry consumption of about 100 million cases in 2005, the consumption has nearly tripled to 294 million cases in 2016.

Compared to the global average per capita consumption of about 30 liters, the per capita consumption in India is about 2 liters. However, the scope for growth in India continues to remain positive given the climate, young demographics and increasing disposable income.

Beer is a rapidly expanding segment in the Indian Alcoholic Beverages industry. It is the third largest market and second fastest growing market in the Indian alcoholic beverages industry. Beer market has been segmented into strong beer and mild beer on the basis of their alcohol content.

The market size of Indian Beer Industry is expected to register a robust growth in 2019-2020, driven by various factors like growing acceptability of social drinking, easy and

convenient availability of beer along with burgeoning varieties on offer. Escalating disposable incomes, rising influence of urbanization and low per capita consumption are also anticipated to drive the consumption of beer in the nation.

In keeping with Indian consumer tastes, about 80% of the beer consumed in India is 'strong beer', i.e. beer with alcohol content above 5%, mild beer accounts for the remaining 20%. The strong beer segment is also the faster growing of the two and this is likely to continue, in keeping with Indian tastes.

Winsome Breweries Limited is engaged in the manufacture of beer, located 70 km from New Delhi in the state of Rajasthan. The brewery was set up in technical collaboration with Henninger Brau with imported equipment and is equipped with all regulations and licenses. It has large water reservoir (unique since Rajasthan restricting issuance of new licenses). Its manufacturing capabilities confirm to the highest German standards with efficient operations of international standards with high levels of automation, monitoring devices and testing equipment. It is currently in agreement with UB Group for bottling various brands of the Group. Major markets in North India including Delhi, Haryana, Punjab, Himachal Pradesh, Uttar Pradesh and northern Madhya Pradesh are within efficient logistics range. Rajasthan is the largest beer market in North India (fourth largest in India). For more than two decades, the company is consistently maintaining the good quality of its beer products. The Company has been making impressive progress in the business of beer during the last few years but there was no manufacturing in previous year as agreement with UB Group expires but renewed on 01st July 2019 and the production is started again. The company contributes about 20% of the total beer sale in the whole of Rajasthan.

(B) Opportunities, Threats and Concerns.

The Company's beer is directly sold to Rajasthan State Breweries Corporation Limited (RSBCL), there is no sale to the private authorities and the company enjoys sale of beer primarily in the state of Rajasthan. The company has a production capacity to manufacture about 50 Lakhs cases of beer per annum. India's young and growing population, coupled with increasing wealth and urbanisation will also help increase alcoholic beverage consumption. Gradually increasing social acceptance of alcohol consumption will also support volume growth in bars and restaurants.

The business outlook continuing has been dampened by an unfavorable regulatory environment. Alcohol production, distribution and sales has been regulated by each state in India and the different regulations and existence of the central state tax (CST) payable on goods moving from one state to another are the biggest limit on growth.

The introduction of the Goods and Services Tax (GST) is being eagerly looked forward to by the Indian industry at large. The legislation that has been under discussion for the past decade and now implemented on 01.07.2017 to bring the country under a single tax regime that would avoid cascading taxes and be simple to implement. However, the alcohol industry is being kept out of the GST reform. We will be outside the tax reform on our output, but pay GST rates on our input materials. This would result in higher tax incidence on input materials pushing up our cost of production.

Competition from major foreign companies such as Carlsberg, Molson Coors etc. which are coming into India will also affect the Company's market share, though at the same

time, tough conditions for new entrants into the market means existing players have lesser challenges.

The Company has been facing difficulty due to very high levels of taxation, rising cost of production, stringent Government policies and frequent changes in laws. The high levels of fluctuations in the prices of its main raw material and availability of raw material at higher cost are also major constraints being faced by the Company during the past few years.

(C) Out Look

The growing market demand based on the increasing youth population in the country along with higher living standards and increasing purchasing power will result in good market growth and good revenue generation for the company. The existing capacity should take care of the company's requirement at least for the next Five years and the Company also has expansion plans to double its manufacturing capacity in the coming years to cater to the growing market demand.

We estimate an overall beer industry to register a growth of 12% year-on-year across India. The growth rate of 12% is a conservative estimate; the industry has all triggers in place for exceeding the projected growth rate.

(D) Risk and Concerns

Due to stiff competitions in the finance field where the company's activities are centred in, the overall margins are always under pressure, but maintainable with the constant effort and good services rendered by the company.

(E) Internal Control System and Their Adequacy

The Company has engaged the services of an independent Chartered Accountant to carry out the internal audit and ensure that recording and reporting are adequate and proper, the internal controls exist in the system and that sufficient measures are taken to update the internal control system. The system also ensures that all the transaction are appropriately authorized, recorded and reported. Steps for safeguarding assets and protection against unauthorized use are undertaken from time to time.

All these measures are continuously reviewed by the management and improvements also made as and when required.

(F) Discussion on Financial Performance With Respect To Operational Performance

The financial performance during the year was increased in terms of sales from 610.02 to 830.12 Lakhs and losses decreases from previous year.

(G) Human Resources/Industrial Relations Front, Including Number of People Employed.

As on March 31, 2022, the company had Thirty Seven permanent employees at its manufacturing plant and administrative office.

The company recognizes the importance of human value and ensures that encouragement both moral and financial is extended to each individual for motivating them to perform to the maximum capacity, to contribute to developing and achieving individual excellence and departmental objectives and continuously improve performance to realize the full potential of our personnel. The company Industrial relations are cordial and satisfactory during the year under review.