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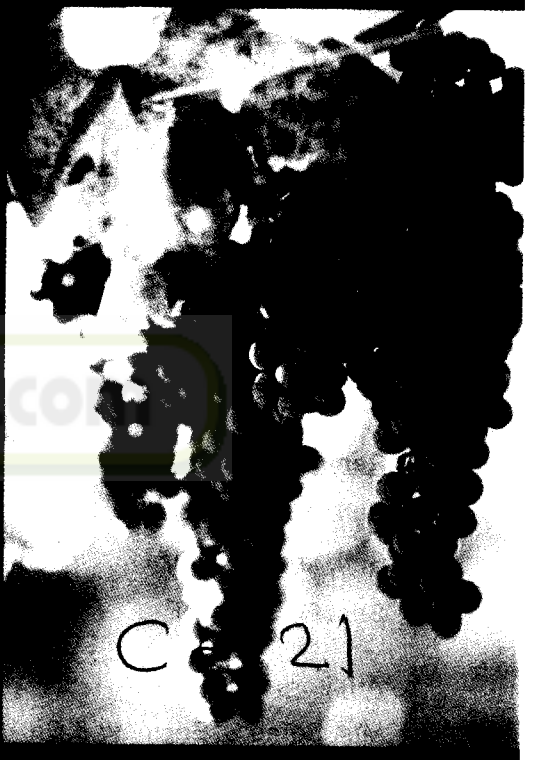
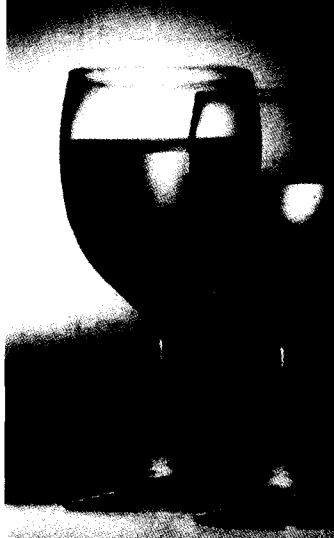
CHAMPAGNE VINEYARDS LIMITED





20th

Annual Report 2002 - 2003

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Champagne Vineyards Limited

BOARD OF DIRECTORS

Shri. S. G. Chougule	(Chairman)
Shri. J. B. D'Souza	(Vice Chairman)
Shri. A. B. Shah	
Shri. G. G. Desai	
Shri. H. G. Desai	
Shri. R. S. Chougule	
Late Shri M. A. Pandit	*(Upto 30th March, 2003)*

Audit Committee

Shri. G. G. Desai	Chairman
Shri. J. B. D'Souza	Member
Shri. H. G. Desai	Member
Shri. A. B. Shah	Member

Shareholders / Investors Grievances Committee

Shri. J. B. D'Souza

Shri. S. G. Chougule

Shri. A. B. Shah

Remuneration Committee

Shri. S. G. Chougule

Shri. J. B. D'Souza

Shri. G. G. Desai

Auditors

M/s. Sorab S. Engineer & Co.
Chartered Accountants
Ismail Building,
381, Dr. D. N. Road,
Fort, Mumbai – 400 001.

Registrar & Transfer Agents

M/s. Sharepro Services
Satam Industrial Estate,
Chakala, Andheri (E),
Mumbai – 400 099.

Bankers

UCO Bank

HDFC Bank Ltd.

Registered Office

Indage House,
82 Dr. A. B. Road,
Worli, Mumbai – 400 018.

Administrative Office & Share Department

33-B, Krishnamai,
Sir Pochkhanwala Road,
Worli, Mumbai – 400 025
e-mail : Wines@indagegroup.com
visit us at : www.indagegroup.com

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NOTICE

Notice is hereby given that the **20th Annual General Meeting** of the Company will be held on Tuesday the **30th day of December, 2003** at 11.30 A.M. at Sasmira Textile College Auditorium, Sasmira Marg, Worli, Mumbai – 400 030 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2003, the Profit & Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.

2. To appoint a Director in place of Shri. A. B. Shah who retires by rotation and being eligible offers himself for reappointment.

3. To appoint a Director in place of Shri. R. S. Chougule who retires by rotation and being eligible offers himself for reappointment.

4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual general Meeting and to 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 293(1)(d) of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in supersession of all early resolutions passed in this respect, the consent of the Company be and is hereby accorded to the Board of Directors to borrow such sum or sums of monies in any manner from time to time with or without security and upon such terms and conditions as they may think fit, notwithstanding that monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves (that is reserves not set apart for any specific purpose) provided that the total amount so borrowed by the Board of Directors and outstanding at any time, shall not exceed the sum of Rs.15 crores (Rupees Fifteen Crores only)."

6. 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 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company for mortgaging, hypothecating or otherwise charging all the immovable and movable properties of the Company, wherever situate, both present and future and the whole or substantially whole of any or all of the undertaking or undertakings of the Company in favour of any Corporate Body, Bank or Financial institution (hereinafter referred to as 'Lender') to secure any working capital facilities, term loan, financial assistance or facility together with interest, compound interest, additional interest, commitment charges, costs and other charges and expenses payable by the Company to the Lender upon such terms & conditions as may be agreed to by the Board of Directors, which they are hereby authorized to do so."

   "RESOLVED FURTHER THAT the Board of Directors or any Committee of Directors or any of the Directors appointed by the Board in this behalf be and are hereby authorised to settle the terms and conditions of the said loans, finalize and execute such documents with any Lender as may be required, and to remove any difficulty that may arise in this context and to do all such acts, deeds, matters and things and to take such steps as may be deemed expedient or necessary to give effect to this resolution."

NOTES

a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE THEREAT INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY AT ITS REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE MEETING.

b) Explanatory Statement u/s173 of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.

c) Members are requested to notify immediately change of address, if any to the Company at its Administrative Office address and to M/s Sharepro Services at its office at Satam Industrial Estate, Chakala, Andheri, Mumbai - 400 099.

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d) The Register of Members and Share Transfer Books of the Company will remain closed from 22nd December, 2003 to 26th December, 2003 both days inclusive.

e) Queries on accounts should reach the Administrative Office of the Company at least seven days before the meeting.

f) Members are requested to bring their own copies of the Annual Report to the meeting.

g) Consequent upon the introduction of Section 109A of the Companies Act, 1956, Members are entitled to make nomination in respect of shares held by them in physical form. Members desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Transfer Agents M/s Sharepro Services. The said Form 2B can also be down loaded from the Company's web site www.indagegroup.com.

h) Members, who have not exchanged their old Share Certificates bearing the name Champagne India Limited with the new Share Certificates in the name of Champagne Vineyards Ltd., may please send their old certificates to the Company's Administrative Office for exchange.

Regd.Off. : **By order of the Board**

Indage House,
82-Dr. Annie Besant Road,
Worli, Mumbai – 400 018.

Place: Mumbai **A. B. Shah**
Date : 28th November,2003 Director

Explanatory Statement

Explanatory Statement u/s173 of the Companies Act, 1956 relating to the Special Business to be transacted.

Item No 5.

The Company is expanding its Agricultural and cultivation activities by expanding its existing acreage. The Company has also undertaken research and development activities. In order to meet Capital Expenditure requirement for this purpose as also for working capital needs, it is proposed to borrow money from Financial Institutions/Banks/ Corporate Lenders or by issue of secured redeemable non-convertible/convertible debentures on private placement basis to meet the capital expenditure as also working capital requirements. The Board of Directors would need to borrow funds from time to time to meet this requirement. The present proposal is for increasing the borrowing powers of the Directors up to Rs. 15 Crores (Rupees Fifteen crores only). The Board commends the proposed resolution at Item No. 5 of the Notice for your approval.

None of the Directors of the Company is interested or concerned in the resolution.

Item No. 6

The Company, for its capital and working capital requirements borrowed / to be borrowed by way of Overdraft facility/credit facility / Rupee Term Loan/Issue of Secured Convertible/Non-Convertible Debentures on private placement basis to financial institutions / Commercial Banks /Non Banking Financial Companies.

The said borrowing /issue of debentures is required to be secured by way of first mortgage / pari-passu charge or second and subservient charge on all the immoveable and moveable properties, both present and future, of the Company. Section 293 (1) (a) of the Companies Act, 1956, provides, inter-alia, that the Board Directors of a public limited company shall not, without the consent of such company in general meeting, lease or otherwise dispose off the whole or substantially the whole of any such undertaking. It is, therefore, necessary for the members to pass a resolution under Section 293 (1)(a) of the Companies Act, 1956. The Board commends the resolution at item No.6 of the Notice for your approval.

None of the Directors of the Company is interested or concerned in the resolution.

Regd.Off. : **By order of the Board**

Indage House,
82-Dr. Annie Besant Road,
Worli, Mumbai – 400 018.

Place: Mumbai **A. B. Shah**
Date : 28th November, 2003 Director

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DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting this Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2003.

FINANCIAL RESULTS

	Year ended 31.3.2003 (Rs.in Lacs)	Year ended 31.3.2002 (Rs.in Lacs)
Sales & other income	**208.17**	214.66
Profit before Int. & Depreciation	**13.64**	7.45
Interest & Finance Charges	**4.66**	0.75
Depreciation	**2.97**	4.12
Profit for the year	**6.01**	2.58
Provision for Taxation	**0.00**	0.00
Profit carried to the Balance sheet	**6.01**	2.58

OPERATIONS

The Operations during the year yielded satisfactory crops in accordance with planned output. The new plantation activities have continued.

DIVIDEND

The Directors of the Company do not recommend any dividend for the year.

DIRECTORS

Shri. A. B. Shah & Shri. R. S. Chougule Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Late Shri M. A. Pandit, who served on the board for over a decade, expired on 30th March, 2003 after a brief illness. Your directors offer their condolences on his sad demise, and place on record the valuable services, wise counsel and guidance rendered by late Shri. Pandit from which the Company immensely benefited.

DIRECTORS RESPONSIBILITY STATEMENT

The directors confirm that :

i. In preparation of annual accounts the applicable accounting standards had been followed along with proper explanation.

ii. Accounting policies selected & applied are on consistent basis & Judgments and estimates made are reasonable & prudent 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 profit & Loss of the Company for that period.

iii. Sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.

iv. Annual account has been prepared on going concern basis.

FIXED DEPOSIT

The Company has neither invited nor accepted any Fixed Deposits from public during the year.

AUDITORS

The Company's Auditor M/s Sorab S. Engineers & Co. hold office upto the conclusion of the forthcoming Annual General Meeting and being eligible are recommended for re-appointment on terms to be negotiated by the Audit Committee of the Board of Directors. They have furnished the requisite certificate to the effect that their re-appointment, if effected will be in accordance with Section 224(1B) of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

The particulars required pursuant to section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) (Amendment) Rules, 2000: - Nil

CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement, a report on Corporate Governance is provided as a part of the Annual Report.

LISTING ARRANGEMENT

The securities of the Company are listed on Mumbai & Pune Stock Exchanges. The Company has made application to Pune stock exchange for de-listing of its securities from the aforesaid exchange. The Company's is in the process of getting the connectivity from NSDL / CDSL and the Company's shares would soon be available in de-materialised form.

PARTICULARS REGARDING CONSEVATION OF ENERGY, TECHNOLOGY ABSORPTION

Parts A and B pertaining to Conversation of Energy and Technology Absorption are not applicable to the Company.

The Company has taken steps towards scientific cultivation of grapes in association with reputed agencies in the field

FOREIGN EXCHANGE EARNINGS & OUTGO

The Company has not earned any foreign exchange during the year under review. There has been no foreign exchange outgo on account of import.

ACKNOWLEDGEMENTS & APPRECIATION

The Board of Directors place on record its sincere appreciation for the dedicated efforts put in by all employees, their commitment and contribution ensuring high levels of performance.

Your Directors would like to record their sincere appreciation of the members, customers, suppliers, bankers and other business associates for their forbearance, understanding and support to the Company.

For and on behalf of the Board

For Champagne Vineyards Limited

Place : Mumbai
Date : 28th November, 2003

S. G. Chougule
Chairman

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CORPORATE GOVERNANCE DISCLOSURE

Your Company fully appreciates the object and need to implement the Corporate Governance Code in its true sense as far as possible to the Members of the Company. Your Company has implemented the mandatory requirement of Corporate Governance as set out under Clause 49 of the Listing Agreement with the Stock Exchanges.

1. Company's philosophy on code of governance

Your Company's philosophy on corporate governance envisage the attainment of highest level of transparency, accountability and equity in all facets of its operation and in all its interactions with its members / employees, government and lenders.

The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholders' value over a sustained period of time.

2. Board of Directors

The Board of Directors consists of six Directors, the composition and category of directors is as follows

Category	Name of the Directors	
Promoter Non Executive Director	S. G. Chougule	Chairman
Promoter Non Executive Director	R. S. Chougule	
Promoter Non Executive Director	A. B. Shah	
Independent Non Executive Directors	J. B. D'Souza	Vice-Chairman
	H. G. Desai	
	G. G. Desai	
	M. A. Pandit*	

*Shri M. A. Pandit passed away on 30th March,2003.

Details of the Directors seeking the reappointment at the ensuing Annual General Meeting :

Name of Director	Shri. Arun B. Shah	Shri. R. S. Chougule
Date of Appointment	29th September,2001	29th September,2000
Qualification	B.Sc, Chartered Accountant	B.A, Bachelor of Business Studies (London), M.B.A (Corporate Finance)
Nature of expertise in specific functional areas	Finance & Accounts	Administration of Operations and Finance
Names of Directorship in other companies	1) Champagne Indage Ltd. 2) Sirius Capital Services Ltd. 3) Interscape Bazar (I) Ltd. 4) Interscape India Ltd. 5) Indage Hotels Ltd. 6) Himachal Indage Ltd. 7) Prime Securities Ltd.	1) Interscape India Ltd. 2) Himachal Indage Ltd. 3) Interscape Bazar (I) Ltd. 4) Champagne Indage Ltd.
Names of committees of other companies in which the director is a member	One	Nil

3. Board Meetings, Committee Meetings and Procedures:

Information relating to Attendance of each director at the board meetings , last Annual General Meeting and Number of other Directorship and Chairmanship/ Membership of committee of each director in various companies.

The Board met 6 (Six) times during the year, on the following dates :

30th April 2002, 29th June 2002, 29th July 2002, 26th October 2002, 30th January 2003 and 19th March, 2003.

Name	Attendance Particular		No. of other Directorships and Committee Chairmanships / Memberships		
	Board Meetings	Last AGM	Directorship	Committee Chairmanships	Committ Memberships
Shri.S. G. Chougule	3	No	6	1	2
Shri. J. B. D'Souza	6	Yes	1	1	3
Shri. H.G.Desai	5	Yes	1	-	1
Shri. G. G. Desai	6	Yes	8	4	7
Shri. A. B. Shah	6	Yes	7	-	1
Shri. M.A.Pandit	5	No	2	-	-
Shri. R.S.Chougule	4	Yes	4	-	-

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4. Audit Committee :

Terms of reference

The Audit Committee is constituted to go through the following aspects of the business.

The broad terms of reference of the Committee are review of the adequacy of the internal control system with the management, Internal Auditors and Statutory Auditor; the Company's financial reporting processes ; changes in the Accounting Policies ; adequacy of the internal audit function, its structure & effectiveness ; review of financial and risk management system ; defaults if any in payments to Depositors, Debenture holders, Members & Creditors; the adequacy of internal control system; and the terms of appointment of external auditor and the remuneration payable to them.

The Committee also reviews the observations of the Internal and Statutory Auditors along with the comments and action taken thereon by the management and invites senior executives to its meetings as and when necessary.

Composition, name of Members and Chairperson

Pursuant to Clause 49 of the Listing Agreement & in compliance with Section 292A of the Companies Act, 1956, the constitution of the Audit Committee remains same as reported last year i.e. comprising of three independent, non executive directors viz :

Shri. G. G. Desai	— Independent Non Executive Director	— Chairman
Shri. Haresh G. Desai	— Independent Non Executive Director	— Member
Shri. J. B. D'Souza	— Independent Non Executive Director	— Member

Meetings and Attendance During the year:

The Audit Committee met once during the year.

Name of the Director	No. of Audit Committee Meeting attended
Shri. J. B. D'Souza	1
Shri. G. G. Desai	1
Shri. H. G. Desai	1

The Audit Committee is responsible for the effective supervision of the financial reporting process, ensuring financial and accounting controls and compliances with the financial procedures of the Company. The Committee interacts with the Statutory and Internal Auditors as and when necessary to review the manner in which they are performing their responsibilities and to discuss the reports of the Internal and Statutory Auditors.

5. Remuneration Committee & Director's Remuneration:

Terms of Reference

The Committee is responsible to determine on behalf of the Directors and Members, the Company's policy on specific remuneration packages for Executive / Non Executive Directors, pension rights and any compensation payment.

Composition, names of Members and Chairman

The Remuneration Committee was constituted comprising of three independent, non executive directors viz :

Shri. S. G. Chougule	Promoter Non Executive Director	— Chairman
Shri. J. B. D'Souza	Independent Non Executive Director	— Member
Shri. G. G. Desai	Independent Non Executive Director	— Member

Attendance During the Year :

The Committee did not meet during the Financial year 2002-2003 since no appointment of any Executive Director was made. The Company did not have any Executive Director and hence no revision in remuneration was to be considered.

Remuneration Policy

The company pays sitting fees of Rs.1000/- for each Board meeting & Rs.495/- for each committee meeting attended by each Non-executive Director. The same has been enhanced to Rs. 2,000/- and Rs.1,000 respectively with effect from 1st November,2003

Details of Remuneration to all the Directors

The sitting fees paid for the year ended 31st March, 2003 to the directors for the Board and Committee Meetings are as follows :

Name	Sitting fees for attending Committee and Board Meetings. (Rs.)
Shri. S. G. Chougule	7,950
Shri A. B. Shah	10950
Shri. J. B. D'Souza	7485
Shri. G. G. Desai	6495
Shri. H. G. Desai	5495
Shri. M. A. Pandit	5000
Shri R. S. Chougule	4000

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