

22nd
Annual Report
2004 - 2005



CHAMPAGNE VINEYARDS LIMITED

Champagne Vineyards Limited

BOARD OF DIRECTORS

S. G. Chougule	(Chairman)
J. B. D'Souza	(Vice Chairman)
G. G. Desai	
A. B. Shah	
H. G. Desai	
R. S. Chougule	
Rajendra Pawar*	
(Appointed as Additional Director w.e.f. 10 th June 2005)	

Audit Committee

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

Bankers

UCO Bank
Kotak Mahindra Bank Limited.
Bank of India

Shareholders / Investors' Grievances Committee

Shri. S. G. Chougule
Shri. J. B. D'Souza
Shri. A. B. Shah

Registered Office

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

Remuneration Committee

Shri. S. G. Chougule
Shri. J. B. D'Souza
Shri. G. G. Desai

Share Department

33-B, Krishnamai,
Sir Pochkhanwala Road,
Worli, Mumbai – 400 030.
e-mail: info@indagegroup.com
secretarial@indagegroup.com
visit us at : www.indagegroup.com

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 (India) Private Limited
Satam Industrial Estate,
Chakala, Andheri (E),
Mumbai – 400 099.

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NOTICE

Notice is hereby given that the 22nd Annual General Meeting of Champagne Vineyards Limited will be held on Saturday, 26th November, 2005 at 10.30 a.m. at The Synthetic And Art Silk Mills Research Association, 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 2005, the Profit & Loss Account for the year ended as on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri. H. G. Desai who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri. A. B. Shah 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 Shri Rajendra Pawar, who was appointed as an Additional Director by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 with effect from 10th June 2005 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation"

NOTES :

1. The relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the Special Business of the Notice is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A Proxy, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Company has obtained from the Registrar of Companies extension of time for two months vide its letter No. 28415 / TA / KC / 1691 dated 27th September 2005 to convene and hold the meeting on or before 30th November 2005.

4. The Company's Share Transfer Register as also the Register of Members will remain closed during the period from Saturday, 19th November 2005 to Friday, 25th November 2005 (both days inclusive).
5. All those members who are holding share certificates issued in the Company's old name 'Champagne India Limited' are requested to surrender the old certificates by registered post and send the same to the Company's registered office address.

For and on behalf of the Board of Directors
For **Champagne Vineyards Limited**

Place : Mumbai

Date : 27th October 2005

S. G. Chougule
Chairman

EXPLANATORY STATEMENT

Explanatory Statement under Section 173 of the Companies Act, 1956 relating to the Special Business to be transacted at the said meeting.

Item No 5

Shri Rajendra Pawar who was appointed as an Additional Director effective from 10th June 2005 will hold office by virtue of Section 260 of the Companies Act, 1956 only upto the date of the ensuing Annual General Meeting.

Shri Pawar has completed one years' Agricultural Exchange Programme at University of Minnesota and also completed course in Agricultural Technology from Michigan State University U.S.A.

Presently he is the Chairman of 1) Agricultural Development Trust 2) Baramati Agro Ltd. He was also the chairman of a) Baramati Agro Co-operative Society b) Baramati Taluka Co-Operative Society Fruit Marketing & Processing Federation. Besides this he is the Director of a) Baramati Agro Ltd., b) Ag.Vet Marketing Ltd., c) Sharad Agro Ltd., d) Baramati Grape Industries Ltd., e) Nira Valley Agricultural Development Company Ltd.

The Company has received a Notice from a member under Section 257 of the Companies Act, 1956 proposing Shri Rajendra Pawar's candidature for the office of Director on the Board of the Company. The Company would benefit immensely from the knowledge and rich experience of Shri Pawar. Your Directors commend the resolution set out in Item no. 5 of the Notice for your approval.

None of the Directors other than Shri Rajendra Pawar is interested or concerned in the resolution.

By Order of the Board of Directors

S. G. Chougule
Chairman

Registered Office :

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

Place : Mumbai

Date : 27th October 2005

Champagne Vineyards Limited**DIRECTORS' REPORT**

To,

The Members,

Your Directors have pleasure in presenting 22nd Annual Report together with the Audited Statement of Accounts for the year ended 31st March 2005.

FINANCIAL RESULTS

	Year ended 31.3.2005 (Rs.in Lakhs)	Year ended 31.3.2004 (Rs.in Lakhs)
Sales & other income	551.91	295.46
Profit before Int. & Depreciation	20.84	22.94
Interest & Finance Charges	11.79	11.99
Depreciation	4.63	4.22
Profit for the year	4.42	6.73

OPERATIONS

The coordinated efforts of grape growing in large scale on its own land and on leasehold land as well as contract farming enabled your Company to achieve better results and earn a profit of Rs. 4.42 lakhs during the year under review.

The strengthening of contract farming, better crop management as also continued R & D activities for developing new wine varieties, research in viticulture practices and vino therapy would help your Company to improve its working. Beside this the exploratory work in biotechnology and organic farming would also help your Company to achieve better results. The Maharashtra Government's support for cultivation of grapes has been quite encouraging.

Your Company has tied up long term arrangement with its associated Company for supply of grapes. Some of the scheduled banks have agreed to provide financial assistance which hitherto was not forthcoming.

RESTRUCTURING OF BALANCE SHEET

On the Shareholders' approval for Reduction of capital at the Annual General Meeting held on 29th December 2004 a

petition was filed with the Bombay High Court for confirmation. The Hon'able Bombay High Court approved the petition by passing its order on 29th March 2005. Your Company has since filed the said order with the Registrar of Companies and complied with the said Court order. The reduction has since become effective and a circular with stickers to be affixed on the share certificate relating to the Face Value Reduction from Rs. 10/- to Rs. 3/- per Equity Share has already been sent to all the shareholders. On the Hon'ble High Court of Judicature's order coming into force, Your Company's accumulated losses to the extent of Rs.7,20,67,740/- (Rupees Seven crores twenty lakhs sixty seven thousand seven hundred forty only) adjusted against the Share Premium Account to the extent of Rs. 70,00,000/- (Rupees Seventy lacs only) and Capital Reserves Account to the extent of Rs. 3,40,84,570/- (Rupees Three crores forty lakhs eighty four thousand five hundred seventy only) together aggregating to Rs.4,10,84,570/- (Rupees Four crores ten lacs eighty four thousand five hundred and seventy only) and reduction of Issued, Subscribed and Paid up Equity Share Capital Account (including forfeited shares) to the extent of Rs. 3,05,45,900/- (Rupees Three crores five lakhs forty five thousand nine hundred only). Thus balance in the Profit & Loss Account under the Balance sheet now stands reduced to Rs. 4,37,270/- (Rupees Four lakhs thirty seven thousand two hundred seventy only).

Re-listing of Equity Shares

On the reduction of capital having become effective a fresh listing application was filed with the Stock Exchange of Bombay as per Listing Agreement requirements. The application is under process and the Equity Shares with the face value of Rs.3/- per Equity Share are likely to be re-listed shortly.

DIVIDEND

In view of accumulated losses your Directors do not recommend any dividend for the year.

DIRECTORS

Shri. H. G. Desai & Shri. A. B. Shah, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Shri. Rajendra Pawar was appointed as Additional Director w.e.f. 10th June 2005 holds office by virtue of Section 260 of the Companies Act, 1956 upto the date of ensuing Annual General Meeting.

Shri Pawar has completed one years' Agricultural Exchange Programme at University of Minnesota and also completed course in Agricultural Technology from Michigan State University U.S.A. He holds position of Chairman and Director of several companies / co-operative societies.

The Company has received a notice from a member under section 257 of the Companies' Act, 1956 proposing his candidature for the office of the Director retiring by rotation of the Board of Directors of the Company. A resolution is proposed at Item No. 5 of the agenda for his appointment as Director retiring by rotation. The Board comments this resolution.

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

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

AUDITORS

The Company's Auditor, M/s Sorab S. Engineers & Co., Chartered Accountants, hold office upto the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment on the 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

None of the employees of your Company are covered by the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) (Amendment) Rules, 2000.

CORPORATE GOVERNANCE

As required by 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 your Company are listed on Mumbai & Pune Stock Exchanges. Its application for de-listing to Pune Stock Exchange is pending final approval.

Applications made to NSDL and CDSL for the connectivity, have not been considered favourable by them and connectivity has not been assigned in view of erosion of net worth. Necessary representation has been made to the Securities and Exchange Board of India (SEBI) to expedite the matter.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

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

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

FOREIGN EXCHANGE EARNINGS & OUTGO

Your 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 : 27th October, 2005

S. G. Chougule
Chairman

Champagne Vineyards Limited**CORPORATE GOVERNANCE DISCLOSURE**

Transparency, fairness and maximum information to stakeholders are the cornerstones of Corporate Governance. Keeping the spirit in view, the Company as detailed in this Report, has complied with the requirements of Corporate Governance.

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

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 seven Directors, the composition and category of directors is as follows :

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

* Shri Rajendra Pawar have been appointed as an Additional Director w.e.f. 10th June 2005

Details of Directors appointed during the year under review / seeking re-appointment at the ensuing Annual General Meeting :

Name of Director	Shri. H. G. Desai	Shri. A. B. Shah	Shri Rajendra Pawar
Date of Appointment	30th April 2002	29th September 2001	10th June 2005
Qualification	Chartered Accountant	B.Sc., Chartered Accountant	Agricultural Technologist , Michigan State University, U.S.A. Agricultural Exchange Programme, University of Minnesota
Nature of expertise in specific functional areas	Foreign Exchange and Treasury Management	Finance & Accounts	Agricultural Activities
Names of Directorships in other companies	Champagne Indage Ltd.	1) Champagne Indage Limited 2) Sirius Capital Services Ltd. 3) Interscape bazaar (I) Ltd. 4) Indage Hotels Ltd. 5) Himachal Indage Ltd. 6) Prime Broking India Services Ltd. 7) Prime Securities Ltd. 8) Cybertech Systems & Software Ltd.	1) Baramati Agro Ltd. 2) Ag.Vet Marketing Ltd. 3) Sharad Agro Ltd. 4) Baramati Grape Industries Ltd. 5) Nira Valley Agricultural Development Company Ltd.
Names of Companies in which the director is a member in committees	Champagne Indage Limited	1) Champagne Indage Ltd. 2) Prime Securities Ltd. 3) Cybertech Systems & Software Ltd.	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 7 (Seven) times during the year, on the following dates :

1) 27th May 2004	2) 30th June 2004	3) 30th July 2004	4) 29th October 2004
5) 2nd December 2004	6) 29th December 2004	7) 28th January 2005	

Name of the director	Attendance Particulars		No. of other Directorships and Committee Chairmanships / Memberships		
	Board Meetings	Last AGM	Directorships	Committee Chairmanships	Committee Memberships
Shri S. G. Chougule	5	No	5	1	2
Shri J. B. D'Souza	7	Present	1	—	5
Shri G. G. Desai	7	Present	9	5	4
Shri A. B. Shah	7	Present	8	3	5
Shri H. G. Desai	6	Present	1	—	2
Shri R. S. Chougule	5	Present	5	—	—
Shri Rajendra Pawar*	—	—	5	—	—

* Shri Rajendra Pawar have been appointed as an Additional Director w.e.f.10th June 2005.

4. Audit Committee :

a) 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 Auditors along with the comments and action taken thereon by the management and invites senior executives to its meetings as and when necessary.

b) 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 Audit Committee was constituted consisting of three independent, Non Executive Directors viz.

Shri. G. G. Desai	Independent Non Executive Director	Chairman
Shri. J. B. D'Souza	Independent Non Executive Director	Member
Shri A. B. Shah	Non - Independent Non Executive Director	Member
Shri. H. G. Desai	Independent Non Executive Director	Member

Meetings and Attendance During the year :

The Audit Committee met three times during the year.

Name of the Director	Number of Meetings held	No. of Meetings attended
Shri. G. G. Desai	3	3
Shri. J. B. D'Souza	3	3
Shri A. B. Shah	3	3
Shri. H. G. Desai	3	3

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 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 :

a) 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 2004-2005 since no appointment of any Executive Director was made.