



**16TH  
ANNUAL REPORT  
2000-2001**

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**CHAMPAGNE INDAGE LIMITED**

*Champagne Indage Limited*

**BOARD OF DIRECTORS**

Mr. S. G. Chougule	<i>Chairman</i>
Mr. J. B.D'souza	<i>Vice Chairman</i>
Mr. A. B. Shah	<i>Managing Director</i>
Mr. M. A. Pandit	
Mr. G. G. Desai	
Chhatrapati Shri Shahu Maharaj	
Mr. Antione Merlaut	
Mr. Akis Michali Zambartas	
Mr. Michael Willkomm	
Mr. Le Saux Thierry	

**AUDITORS :**

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

**SOLICITORS :**

Little & Co.  
Central Bank Building,  
Mumbai - 400 023.

**REGISTERED OFFICE :**

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

**WINERY :**

Yedgaon Village, Post Narayangaon,  
Junnar Taluka, Pune District

**ADMINISTRATIVE OFFICE &**

**SHARE DEPARTMENT :**

33-B, Krishnamai,  
Sir Pochkhanwala Road,  
Worli, Mumbai - 400 025.

**REGISTRAR FOR DEMAT & SHARE TRANSFER AGENT :**

Share Pro Services  
Satam Industrial Estate, Chakala,  
Andheri (East), Mumbai - 400 099

**EMAIL :** Wines@indagegroup.com

**WEB SITE :** www.indagegroup.com

CONTENTS	Page No.
Notice .....	1
Report of the Directors .....	5
Report of the Auditors .....	9
Balance Sheet .....	11
Profit & Loss Account .....	12
Schedules .....	13
Cash Flow Statement .....	25
Subsidiary Co. Indage Hotels Ltd. :	
Report of the Directors .....	28
Report of the Auditors .....	30
Balance Sheet .....	32
Profit & Loss Account .....	33
Schedules .....	34

**Champagne Indage Limited****NOTICE :**

**NOTICE IS HEREBY GIVEN THAT THE SIXTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF CHAMPAGNE INDAGE LIMITED WILL BE HELD ON SATURDAY, 29TH SEPTEMBER, 2001, AT ATHENA, 41/44 MINOO DESAI MARG, BEHIND RADIO CLUB, NEXT TO ICICI BANK, COLABA, MUMBAI - 400 005 AT 10.30 A. M. TO TRANSACT THE FOLLOWING BUSINESS :**

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2001 and the Profit & Loss Account for the year ended on that date, together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Antione Merlaut, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Akis Michali Zambartas, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Michael Willkomm, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors including Branch Auditors and to fix their remuneration.

**SPECIAL BUSINESS :**

6. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution :  
 "RESOLVED THAT subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactments thereof for the time being in force), Securities Contracts (Regulation) Act, 1956, and the Rules framed thereunder, Listing Agreements, and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as 'the Board', which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by the Resolution), the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from all or any of the Stock Exchanges at Ahmedabad and Delhi".
7. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution :  
 "RESOLVED THAT Pursuant to the Provisions of Section 31 and other applicable Provisions of the Companies Act, 1956 approval of the Company be and is hereby accorded to the Board for the amendment to the Articles of Association of the Company by adding new Article 9(A), after Article 9, as under :-  
 "9(A) Powers of the Company to purchase its own Securities :  
 "Notwithstanding anything contained in this Companies Act, 1956, but subject to the Provisions of Sub-Section (2) of Section 77B, the Company may Purchase its own Shares or other specified Securities (hereinafter referred to as "buy back") out of :-  
 (i) its free Reserves ; or  
 (ii) the Securities premium account ; or  
 (iii) the proceeds of any shares or other specified securities :  
 Provided that no buy back of any kind of shares or other specified securities shall be made out of the proceeds of an earlier issue of the same kind of shares or same kind of other specified securities".
8. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution :

16th Annual Report

"RESOLVED THAT pursuant to the provisions of section 31 and other applicable provisions, if any, of the Companies Act, 1956, approval be and is hereby accorded to the Board for the amendment to the Articles of Association by adding Article 72A after Article 72 of the Articles of Association".

DEMATERIALISATION OF SECURITIES

72A 1. For the purpose of this Article :-

Definitions

- 'Beneficial Owner' means a person or persons whose name is recorded as such with a depository ;
- 'SEBI' means the Securities & Exchange Board of India ;
- 'Depository' means a Company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration under the Securities & Exchange Board of India Act, 1992 ; and
- 'Security' means such security as may be specified by SEBI from time to time.
- Transfer of Securities 2. Nothing contained in the relevant Section under Companies Act, 1956 and in the Clauses hereinabove mentioned shall apply to transfer of Security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository".
- Dematerialisation of Securities 3. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.
- Options for 4. Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.
- Securities in depositories to be in fungible form 5. All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 152B, 153, 153A, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
- Rights of depositories and beneficial owners 6 a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
- b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any, other rights in respect of securities held by it.
- c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

**Champagne Indage Limited**

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| Service of documents                                   | 7. Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs. |
| Allotment of Securities dealt within a depository      | 8. Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the company shall intimate the details thereof to the depository immediately on allotment of such securities.  |
| Distinctive numbers of Securities held in a depository | 9. Nothing contained in the Act or these Articles regarding the necessity of having of distinctive numbers for securities issued by the Company shall apply to securities held with a depository.   |
| Register and Index of beneficial owners                | 10. The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Securities holders for the purposes of these Articles".   |

**BY ORDER OF THE BOARD  
For Champagne Indage Limited**

Place : Mumbai  
Date : 29th August, 2001

**A. B. Shah**  
*Managing Director*

**REGISTERED OFFICE :**  
Indage House, 82, Dr. A. B. Road,  
Worli, Mumbai - 400 018.

**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 A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of business under Item Nos. 6, 7, & 8 set out above is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 25th September, 2001 to 29th September, 2001 (both days inclusive).
4. Members / Proxies are requested to bring the Attendance Slip sent herewith duly filled in for attending the meeting. No duplicate will be issued at the venue of the meeting.
5. Members desiring any information on Accounts are requested to write to the Company atleast one week before the meeting, so as to enable the management to keep the information ready. Replies will be provided only at the meeting.
6. As a measure of economy, no copy of Annual Report will be distributed at the Annual General Meeting. Members are therefore requested to bring their copy of Annual Report to the meeting.
7. All those Shareholders who are also Fixed Deposit holders / Debenture holders and have not claimed Repayment of Fixed Deposit Amount / Debenture Redemption Amount are requested to send their claims with Fixed Deposit Receipt / Debenture Certificate duly discharged, on or before 31st October, 2001 to the Company's Secretarial Department at 33-B, Krishnamai, Sir Pochkhanwala Road, Worli, Mumbai-400 025, failing which the amount will be transferred to the Investors' Protection Fund set up by the Central Government for which the Rules are being notified shortly.

**16th Annual Report**

**ANNEXURE TO THE NOTICE :**

**Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956.**

**Item No. 6**

Company's Equity Shares were listed on Mumbai, Ahmedabad and on the Delhi Stock Exchanges.

The Company's Equity Shares are rarely being traded on Delhi & Ahmedabad Stock Exchanges and therefore no purpose of listing being served. The Directors therefore are of the opinion that keeping the listing alive in these Exchanges would neither serve the interest of the investors, nor of the Company. The Shares presently, mostly traded on Stock Exchange, Mumbai. And therefore, for administrative convenience the Directors have decided to delist the Company's Equity Shares from the Ahmedabad and / or Delhi Stock Exchanges w.e.f. 1st April, 2002.

The Directors commend a Special Resolution for approval.

None of the Directors are in any way concerned or interested in this Resolution.

**Item No. 7**

As per the Companies (Amendment) Act, 1999, w.e.f. 31-10-1998, a new Section 77A as to the "Powers of the Company to purchase its own Securities" had been added, requiring the Companies to amend their Articles of Association to include the required Provisions, on buy back of Equity Shares of the Company, to facilitate buy back of its own Shares.

The Directors commend a Special Resolution to amend the Articles of Association of the Company by adding Article 9(A), after Article 9 of the Articles of Association of the Company which would enable the Company to buy back its own Shares as and when it desires to do so in future.

None of the Directors are in any way concerned or interested in this Resolution.

**Item No. 8**

With the introduction of Depositories Act, 1996, and consequential amendments, Sub-Section (3) to Section 108 of the Companies Act, 1956, SEBI had been directing all Listed Companies to offer their Shares for trading in Demat form.

The present set of Articles of Association do not contain the provisions for the issue of shares in dematerialised form. It is now proposed to amend the Articles of the Company to include Article 72A after Article 72 of the Articles of Association of the Company to include required provisions relating to Demat.

The Directors commend a Special Resolution for approval.

None of the Directors are in any way concerned or interested in this Resolution.

**Place : Mumbai**

**Date : 29th August, 2001**

**BY ORDER OF THE BOARD**

**For Champagne Indage Limited**

**REGISTERED OFFICE :**

**Indage House,**

82, Dr. A. B. Road,

Worli, Mumbai - 400 018.

**A. B. Shah**

*Managing Director*

**Champagne Indage Limited****DIRECTORS' REPORT**

To,

The Members.

Your Directors take pleasure in presenting the 16th Annual Report of the Company for the year ended 31st March, 2001.

**FINANCIAL RESULTS**

	<b>31/3/2001</b>	<b>31/3/2000</b>
	<b>(12 Months)</b>	<b>(15 Months)</b>
	<b>(Rs. in Lacs)</b>	<b>(Rs. in Lacs)</b>
Sales & other Income including increase in W.I.P	<b>2635.78</b>	2667.69
Profit before interest and Depreciation	<b>418.36</b>	212.60
Interest and Finance Charges	<b>47.51</b>	22.52
Depreciation	<b>51.79</b>	43.63
Profit for the year	<b>219.06</b>	146.45
Provision for taxation	<b>25.96</b>	(-) 10.00
Prior Period & Extra Ordinary Adjustments (Net)	<b>-</b>	(-) 1.48
Profit carried to the Balance Sheet	<b>193.10</b>	134.97

**1.1. OPERATIONS :**

The year under consideration witnessed significant growth in sales and production. Your company is successfully building Brand Equity for its Brands in domestic and international market through various promotional activity and Wine awareness programs. The Company is now established as brand leader and its products command significant market share in the relevant segment.

Your company is in the process of increasing production capacity. The total installed capacity at the end of the F.Y. 2001 is 17,50,000 liters, for which the Company has incurred significant Capital costs.

**1.2 FUTURE PLANS :**

The business in the Current year is undergoing massive transformation. The Government of India has placed wine on the OGL list and has removed quantity restrictions. In the Six months since this action, the Company has managed to increase its sales by over 20% despite the competitive wines from world over entering the Indian markets. The Company has expanded its brand portfolio to include foreign wines for its wide customer base. Also on exports front, efforts are now made to bottle wines at wineries overseas to remain competitive and capture larger market share. Increased investments in Viticulture in the last 3 years will help in not just diversifying the product portfolio, but will also make larger volumes available for business.

**2. DIVIDEND :**

Although the Company has made profits, the Company is implementing its expansion program and re-organising its working capital arrangements. Under the circumstances, the Directors of the Company have not recommended any dividend for the year.

**3. SUBSIDIARY COMPANY :**

As required under Section 212 of the Companies Act, 1956, the relevant particulars and the audited Statement of Accounts along with the Report of the Board of Directors and the Auditors' Report thereon, of the Subsidiary Company viz. Indage Hotels Limited for the year ended 31st March, 2001 are annexed.

**16th Annual Report****4. DIRECTORS :**

Mr. Eric Wente, Director, has resigned from the Directorship of the Company w.e.f. 29th June, 2001. The Board of Directors expressed their appreciation for the valuable services rendered by Mr. Eric Wente during the tenure of his service.

Mr. Antione Merlaut, Mr. Akis Michali Zambartas, and Mr. Michael Willkomm retire by rotation and being eligible offer themselves for reappointment.

**5. DIRECTORS RESPONSIBILITY STATEMENT :**

Pursuant to the requirements under section 217 (2 AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed :

- I) That in the preparation of accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- II) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review ;
- III) That the Directors have taken proper and sufficient care 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;
- IV) That the Directors have prepared the accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.

**6. FIXED DEPOSIT :**

During the year your Company has invited / Renewed deposits of Rs. 154.04 Lacs, from the public & shareholders in accordance with section 58A of the Companies Act, 1956.

**7. EMPLOYEE STOCK OPTION SCHEME (ESOS) / SWEAT EQUITY :**

At the E.G.M. of the Company held on 3rd February, 2000, the Shareholders had approved the Employee Stock Option Scheme and issue of Sweat Equity Shares. During the year, Company has granted 2,97,600 shares under ESOS. The details of the ESOS / Sweat Equity are enclosed in the Annexure A.

**8. DEMATERIALISATION OF SHARES :**

As you may be aware of, the Company has opted for dematerialisation of shares with NSDL and CDSL. M/s Sharepro Services has been appointed as Registrar and Share Transfer agent. Though the trading in equity shares, in dematerialised form is optional, in order to safeguard the interest of the shareholders, all the share holders are requested to convert their holding in dematerialised form.

**9. AUDITORS' REPORT :**

Observations made by the Auditors in their Report, have been appropriately dealt with in the Notes forming part of these accounts for the year which are self-explanatory and hence do not require any further explanation.

**10. AUDITORS :**

The Auditors of the Company M/s Sorab S. Engineer & Co., Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956.



**Champagne Indage Limited****11. PARTICULARS OF EMPLOYEES :**

The information as required by the Provisions of Section 217 (2A) of the Companies Act, 1956 as amended as to the particulars of employees for the year 2000-2001 is : Nil.

**12. ADDITIONAL INFORMATION :**

As required by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988, the relevant information and details are mentioned below :

**(A) CONSERVATION OF ENERGY :**

Energy costs are a significant cost in wine processing industry and it is important for the company to continuously target all potential areas for improvement in energy conservation performance. The Company has conducted energy audit to determine energy conservation steps and have implemented recommendation.

**(B) RESEARCH AND DEVELOPMENT :**

During the year under review, the Company has continued to incur expenditure on Research and Development, in normal course of product development and diversification.

**(C) TECHNOLOGY ABSORPTION, ADOPTION & INNOVATION :**

During the year, your Company, in order to achieve better economies and reduction in wastage continued to improvise on the use of indigenous raw materials and packing materials without compromising in any way the quality of products.

**(D) FOREIGN EXCHANGE EARNINGS & OUTGO :**

	12 Months 31/3/2001 (Rs. in Lacs)	15 Months 31/3/2000 (Rs. in Lacs)
(I) Earnings	51.92	64.46
(II) Outgo	192.87	128.79

**13. CORPORATE GOVERNANCE :**

Your Company is required to publish the report on Corporate Governance pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges with effect from March 31, 2002. Your Company has already taken steps to comply with the said provisions and does not foresee any problem in compliance with the directions issued and the timeframe prescribed by the Stock Exchanges, where your Company's shares are listed, for implementation of Corporate Governance.

**14. ACKNOWLEDGEMENT AND APPRECIATION :**

The Board would like to place on record its appreciation towards the Members of the Company for their continued support and confidence reposed in the Management of the Company. The Directors also place on record the support extended by suppliers, grape growers and also the consumers spread over the world. The achievements of your Company would not be possible without the dedicated support and hard work of the employees.

**For and on behalf of the Board**

**A. B. Shah** *Managing Director*

**G. G. Desai** *Director*

Place : Mumbai  
Dated : 29th August, 2001

**16th Annual Report****ANNEXURE 'A' TO THE DIRECTORS' REPORT.****I] Details of the ESOS.**

A	Options granted	:	On 31/03/2001 in respect of 3,72,000 shares including 74,400 Sweat Equity Shares.
B	Pricing Formula	:	As at March 2001, the market price was Rs. 13.35 per share. The Committee has fixed the price at Rs.12/- per share.
C	Options vested	:	Total No. of 2,97,600 (Equity Shares) Options granted shall be vested in the following proportion. 1/3 i.e. 99,200 on 1.04.2001, another 1/3 i.e. on 1.04.2002 and Balance i.e. 99,200 on 1.04.2003.
D	Options exercised	:	By Mr. A.B.Shah, Managing Director, one of the employee of the Company, as approved by the Shareholders at the EGM held on 3rd February, 2000, exercised option for 99,200 Shares during the Current Year @ Rs.12/- per Share. .
E.	Total No. of Shares arising as a result of exercise of option	:	99,200 Shares for the Current year.
F.	Options lapsed	:	Nil
G.	Variation of terms of option	:	As decided by the Committee of Directors constituted for the purpose.
H.	Money realised by exercise of option	:	Rs. 11,90,400/- (to be realised during the current year)
I.	Total No. of options in force	:	1,98,400 (2/3rd of 297600 Equity Shares)
J.	Employee wise details of options granted to	:	i) Mr. A. B. Shah, Managing Director - In respect of 2,97,600 Shares.
K.	Diluted EPS pursuant to issue of Shares under ESOS, calculated in accordance with IAS 33	:	99,200 Shares to be issued during the Current Year. Diluted E.P.S as on 31.03.2001 - Rs.3.01

**II] Details of Sweat Equity :**

Total 74,400 Equity Shares will be issued to Mr.A.B.Shah as Sweat Equity Shares as under :

18,600 Shares during the year 2001-2002  
 18,600 Shares during the year 2002-2003  
 37,200 Shares during the year 2003-2004