

**17th  
Annual Report  
2001 - 2002**



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**CHAMPAGNE INDAGE LIMITED**

## CHAMPAGNE INDAGE LIMITED

**BOARD OF DIRECTORS**

Mr. S. G. Chougule	(Chairman)
Mr. J. B. D'Souza	(Vice Chairman)
Mr. A. B. Shah	(Managing Director)
Mr. G. G. Desai	
Mr. M. A. Pandit	
<i>(Resigned w.e.f 30/04/02)</i>	
Mr. H. G. Desai	
<i>(Appointed in casual vacancy caused by resignation of Mr. M. A. Pandit w.e.f. 30/04/02)</i>	
Chatrapati Shri Shahu Maharaj	
Mr. Antione Merlaut	
Mr. Akis Michali Zambartas	
Mr. Michael Willkomm	
Mr. Le Saux Thierry	

**AUDIT COMMITTEE**

Mr. J. B. D'Souza	Chairman
Mr. G. G. Desai	Member
Mr. M. A. Pandit	Member
Mr. A. B. Shah	Permanent Invitee
<i>(Managing Director)</i>	

**SHAREHOLDERS / INVESTORS GRIEVANCES****COMMITTEE**

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

**REMUNERATION COMMITTEE**

Mr. J. B. D'Souza
Mr. G. G. Desai
Mr. M. A. Pandit

**AUDITORS**

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

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**BANKERS**

UTI Bank Ltd.  
UCO Bank

**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.

**REGISTRARS AND SHARE TRANSFER****AGENTS**

M/s. Share Pro Services  
Satam Industrial Estate,  
Chakala, Andheri (E),  
Mumbai - 400 099.

**CHAMPAGNE INDAGE LTD.****NOTICE**

Notice is hereby given that the 17<sup>th</sup> Annual General Meeting of the Company will be held on Saturday, 21<sup>st</sup> September, 2002 at 10.30 A.M. at Athena, 41/44 Minoo Desai Marg, Behind Radio Club, Next to ICICI Bank, Colaba, Mumbai – 400 005 to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2002, 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 Mr. J. B. D'Souza who retires by rotation and being eligible offers himself for reappointment.
3. To consider the retirement of Mr. Le Saux Thierry who retires by rotation and do not offer himself to be re-appointed.
4. To consider the retirement of Chhatrapati Shri Shahu Maharaj who retires by rotation and do not offer himself to be re-appointed.
5. To appoint Auditors including Branch 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**

6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:  
 "RESOLVED THAT, pursuant to Section 31 read with Section 192A of the Companies Act 1956, the following Article be inserted as "Article 113A" providing for passing of Resolution by Postal Ballot.  
 "113A Notwithstanding anything contained in the Articles of Association of the Company, the Company do adopt the mode of passing a resolution by the members of the Company by means of a Postal ballot and / or other ways as may be prescribed by the Central Government in this behalf in respect of prescribed matters declared from time to time instead of transacting such business in a general meeting of the Company as under :  
 (i) any business that can be transacted by the Company in general meeting : and  
 (ii) particularly, resolution relating to such business as the Central Government may by notification, declare to be conducted only by postal ballot.  
 The Company shall comply with the procedure for such postal ballot and / or other ways prescribed by the Central Government in this regard."

**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. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE MEETING.**
- b) Explanatory Statement u/s 173 of the Companies Act, 1956 relating to the Special Business under item no.6 of the notice is annexed herewith.
- c) Members are requested to notify immediately change of address, if any, to the Registrars and Transfer Agents of the Company, M/s. Sharepro Services.
- d) The Register of Members and Share Transfer Books of the Company will remain closed from 17<sup>th</sup> Sept.2002 to 21<sup>st</sup> Sept.2002 both days inclusive.
- e) Queries on accounts should reach the Registered 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.

**Regd.Off. :**

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

**By the Order of the Board**

**A. B. SHAH**  
Managing Director

Place : Mumbai  
Date : July 29, 2002

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## EXPLANATORY STATEMENT

## Item No.6

As per Section 192A of the Companies Act, 1956 and the Companies (Passing of Resolution by Postal Ballot) Rules 2001 a listed Company may get any resolution passed by means of a Postal Ballot instead of transacting the business in general meeting of the Company. The Central Government may by notification declare any business to be conducted only by Postal Ballot. The Company's Articles of Association do not have any provisions in this respect. Therefore it is necessary to make provision in the Articles of Association of the Company by inserting Article 113A in the Articles of Association of the Company.

As per Section 31 of the Companies Act, 1956 any alteration of the Articles of Association of a Company requires Special Resolution, hence the resolution is proposed.

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

**Regd.Off. :**

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

**By the Order of the Board**

**A. B. SHAH**  
Managing Director

Place : Mumbai

Date : July 29, 2002

## ANNEXURE TO THE AGM NOTICE

Information pursuant to Clause 49 of the Listing Agreement regarding appointment of a new Director / reappointment of a Director.

Name of the Director	Mr. J. B. D'Souza
Date of Birth	3.06.1921
Date of Appointment	4.01.1986
Qualification	M.P.A- Harvard IAS – Ex.Chief Secretary State of Maharashtra
Directorship of other Companies As on 31.03.2002	Champagne Vineyards Ltd.
Chairman / Member of other Committees as on 31.03.02	<u>Champagne Vineyards Ltd.</u> - Audit Committee - Shareholder/Investor - Grievance Committee - Remuneration Committee - Share Transfer Committee

**CHAMPAGNE INDAGE LTD.****DIRECTORS' REPORT**

To,

The Shareholders,

Your Directors have pleasure in presenting this Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>ST</sup> March, 2002.

**FINANCIAL RESULTS**

	<b>Year ended 31.3.2002 (Rs.in Lacs)</b>	<b>Year ended 31.3.2001 (Rs.in Lacs)</b>
Sales & other income including - Increase in W.I.P	<b>2549.85</b>	2461.18
Profit before Interest & Depreciation	<b>289.87</b>	418.36
Interest & Finance Cost	<b>135.20</b>	147.51
Depreciation	<b>57.79</b>	51.79
Profit for the year	<b>96.88</b>	219.06
Provision for Taxation	<b>0.00</b>	25.96
Excess Provision Write Back	<b>18.12</b>	0.00
Profit carried to the Balance sheet	<b>115.00</b>	193.10

**OPERATIONS**

The operations of the Company were for the first time in the post WTO liberalized environment. The Company's products now were to be tested with established brands and products of world players, in addition to a new couple of players who entered the wine world. The Company has maintained its market leadership and has registered a positive growth in volume and value terms. The profitability has remained under pressure primarily due to increased costs and changes in product mix to keep pace with market demands. Your Company aims to continue its global marketing approach to ensure a wider consumer base and absorb market fluctuation in domestic area.

The non-availability of adequate and proper banking facilities have continued to effect the Company's business. The growth would have been much higher with better profitability otherwise.

**DIVIDEND**

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

**DIRECTORS**

Mr. Le Saux Thierry, Mr.J.B.D'Souza & Chhatrapati Shri Shahu Maharaj, Directors of the Company retire by rotation at the ensuing Annual General Meeting.

Mr. J.B.D'Souza being eligible offers himself for re-appointment.

Mr.Le-Saux Thierry & Chhatrapati Shri Shahu Maharaj retire at the meeting and do not offer to be re-appointed.

Further Mr.M.A.Pandit has resigned as Director of the Company w.e.f. 30<sup>th</sup> April 2002 & Mr.Haresh G. Desai has been appointed as Director in the casual vacancy caused by resignation of Mr.M.A.Pandit.

The Directors have placed on record the valuable services rendered by Mr. M. A.Pandit during his tenure as Director.

In terms of Clause 49 of the Listing Agreement with the Stock Exchange the details of Directors to be appointed are contained in the accompanying notice of the forthcoming Annual General Meeting.

**DIRECTORS RESPONSIBILITY STATEMENT**

The directors confirm that :

- i) In preparation of annual accounts the applicable accounting standards have 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 accounts have been prepared on going concern basis.

**CORPORATE GOVERNANCE**

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

**FIXED DEPOSIT**

The Company has accepted / renewed Fixed Deposits amounting to Rs.55.41 Lacs during the year 2001-2002. Total Fixed Deposits outstanding but not matured, as on 31<sup>st</sup> March 2002, were Rs.166.12 Lacs.

The above Deposits were accepted in accordance with provisions of Section 58A of the Companies Act, 1956 read with Companies (Acceptance Of Deposits) Rule, 1975 as amended.

**EMPLOYEE STOCK OPTION SCHEME (ESOS)**

Details of Options granted & exercised under Employees Stock Option Scheme is annexed to this report.

**AUDITORS CERTIFICATE**

The Auditors have certified the Company's compliance of the requirements of Corporate Governance in terms of Clause 49 of the Listing Agreement.

**AUDITORS**

The Company's Auditors M/s Sorab S. Engineers & Co. Chartered Accountants 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.

**SUBSIDIARY COMPANY**

The audited Statements of Accounts of subsidiary Company viz. Indage Hotels Limited for the year ended 31<sup>st</sup> March 2002 along with the Report of the Board of Directors and Auditors thereon are attached as per the provisions of Section 212 of the Companies Act, 1956.

As required under Clause 32 of the Listing Agreement with the Stock Exchanges, audited consolidated financial statements form part of the Annual Report.

**PARTICULARS OF EMPLOYEES**

None of the employees of the 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.

**LISTING ARRANGEMENT**

The securities of the Company are listed on Mumbai, Delhi & Ahmedabad Stock Exchanges. The Company has made applications to Delhi & Ahmedabad stock exchanges and SEBI for delisting of its securities from the aforesaid exchanges w.e.f. 1.04.2002.

**CONSERVATION OF ENERGY**

Conservation of energy continues to be one of the important objectives of the Company, particularly in production operations, regular plant maintenance, review of energy generation and consumption are some of the measures adopted in this regard.

**CHAMPAGNE INDAGE LTD.****RESEARCH & DEVELOPMENT**

During the year, Company has increased its installed capacity from 17.50 Lacs ltrs. to 18.58 Lacs ltrs. Your Company foresees a steady increase in wine demand in Indian markets for years to come. The increase in installed capacity would help the Company to meet the demand in real time.

**TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION**

In order to achieve better economies of production & reduction in wastages your Company continued to insist upon use of better technology & know how without compromising on the quality of the products.

**FOREIGN EXCHANGE EARNINGS & OUTGO**

	<b>Year ended 31.03.2002 (Rs.in Lacs)</b>	<b>Year ended 31.03.2001 (Rs.in Lacs)</b>
(i) Earnings	231.00	51.92
(ii) Outgo	42.53	192.87

**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.

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

For and on behalf of the Board  
**For Champagne Indage Limited**

Sd/-

Place : Mumbai  
Date : July 29, 2002

**S.G.Chougule**  
Chairman

**ANNEXURE TO THE DIRECTORS REPORT****1) DETAILS OF ESOS**

- |                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A. Options granted     | 2,97,600 Equity Shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| B. The Pricing Formula | The Options were granted at Rs.12/- per share as compared to market price of Rs.13.35 per share as on date of grant of option.                                                                                                                                                                                                                                                                                                                                                                            |
| C. Options vested      | <ul style="list-style-type: none"> <li>- 1<sup>st</sup> lot of 99,200 Equity Shares (1/3<sup>rd</sup> of 2,97,600 total option granted) were vested on 1.4.2001 which now stands lapsed.</li> <li>- 2<sup>nd</sup> lot of 99,200 Equity Shares (1/3<sup>rd</sup> of 2,97,600 total option granted) were vested on 1.4.2002).</li> </ul>                                                                                                                                                                   |
| D. Options exercised   | <ul style="list-style-type: none"> <li>- Mr.Arun B.Shah, Managing director exercised the offer for 99,200 Equity Shares options vested on 1.4.2001.However due to his failure to pay the required amount of Rs.12/- per share with in the statutory period , the said option stands lapsed and withdrawn.</li> <li>- Mr.Arun B.Shah, Managing Director exercised the offer for 99,200 Equity Shares options vested on 1.4.2002 subject to payment of Rs.12/- per share on or before 30.9.2002.</li> </ul> |

## CORPORATE GOVERNANCE DISCLOSURE

## 1. Company's philosophy on code of governance :

The Clause 49 of the Listing Agreement incorporates certain disclosure requirements related to Corporate Governance with the purpose of ensuring statutory compliances and disclosure related thereto, together with a thrust on a Company's value system.

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

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.

## 2. Board of Directors :

The Board of Directors consist of ten Directors

**Composition and Category of Directors is as follows :**

Mr. S. G. Chougule	Promoter / Non-executive Director
Mr. A. B. Shah	Executive Director
Mr. J. B. D'Souza	Non Executive Director
Mr. M. A. Pandit*	Non Executive Director
Mr. G. G. Desai	Non Executive Director
Chhatrapati Shahu Maharaj	Non Executive Director
Mr. Antione Merlaut	Non Executive Director
Mr. Akis Michali Zambaras	Non Executive Director
Mr. Michael Willkomm	Non Executive Director
Mr. Le Saux Therry	Non Executive Director

- \* Mr.M.A.Pandit has resigned as Director of the Company w.e.f.30<sup>th</sup> April 2002 and Mr.Haresh G.Desai has been appointed as Director in the casual vacancy caused by resignation of Mr.M.A.Pandit.

During the year 2001-2002 the Board met 6 (Six) times on the following dates :

29<sup>th</sup> June 2001, 30<sup>th</sup> July 2001, 29<sup>th</sup> August 2001, 29<sup>th</sup> September 2001, 29<sup>th</sup> Oct.2001 and 28<sup>th</sup> January 2002 .

The maximum time gap between any two meetings was not more than three calendar months.

Attendance of each director at the Board Meetings, last Annual General Meeting and no. of other directorship of each director in various Companies :

Name	Category	Attendance Particular		No. of other directorship
		Board Meeting	Last AGM	
Mr. S. G. Chougule	C	5	Yes	6
Mr. J. B. D'Souza	VC	4	No	1
Mr. M. A. Pandit *	NED	6	Yes	2
Mr. G. G. Desai	NED	6	Yes	10
Mr. A. B. Shah	MD	6	Yes	6
Chhatrapati Shri Shahu Maharaj	NED	-	No	-
Mr. Antione Merlaut	NED	-	No	-
Mr. Akis Michali Zambaras	NED	-	No	-
Mr. Michael Willkomm	NED	-	No	-
Mr. Le Saux Therry	NED	-	No	-

- \* Mr. M.A.Pandit has resigned as Director of the Company w.e.f.30<sup>th</sup> April 2002.

- \* Mr.Haresh G.Desai has been appointed as Director in the casual vacancy caused by resignation of Mr.M.A.Pandit.



**CHAMPAGNE INDAGE LTD.****3. Audit Committee :**

The committee met for one time during the year to discuss and review the half yearly results of the Company :

<u>Name of Director</u>	<u>Present</u>
-------------------------	----------------

Mr. G. G. Desai	Yes
Mr. M. A. Pandit	Yes
Mr. J. B. D'Souza	No

Pursuant to Clause 49 of the Listing Agreement & in compliance with Section 292A of the Companies Act, 1956, the Audit Committee was constituted comprising of three independent, non executive directors viz:

Mr.J.B.D'Souza	Non Executive Director- Chairman
Mr.G.G.Desai	Non Executive Director- Member
Mr.M.A.Pandit	Non executive Director – Member

The Committee has powers for extensive review to achieve its purpose. The broad terms of reference of the Committee are to review 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, Shareholders & Creditors ; 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.

In view of resignation of Mr.M.A.Pandit the committee was reconstituted w.e.f. 30<sup>th</sup> April 2002 as follow :

Mr.G.G.Desai	–	Independent Non Executive Director	–	Chairman
Mr.Haresh G.Desai	–	Independent Non Executive Director	–	Member
Mr.J.B.D'Souza	–	Independent Non Executive Director	–	Member

**4. Remuneration Committee & Directors' Remuneration :**

The Remuneration Committee comprises of three Non-Executive Directors– Mr.J.B.D'Souza, Mr.G.G.Desai, & Mr.M.A.Pandit with Mr.J.B.D'Souza as Chairman.

The Committee is responsible to determine on behalf of the Directors and Shareholders the agreed terms of reference, the Company's policy on specific remuneration package for Executive / Non Executive Directors.

The aggregate value of salary and perquisite paid for the year ended 31<sup>st</sup> March, 2002 to Mr. A. B. Shah - Managing Director was Rs.9,02,000 inclusive of all allowances.

Besides this 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 sitting fees paid for the year ended 31<sup>st</sup> March, 2002 to the directors are as follows :

Name	Board Meeting	Executive Committee	Share Transfer Committee	(Rs.) Audit Committee
Mr.S.G.Chougule	5000	1485	5445	-
Mr.J.B.D'Souza	4000	-	-	-
Mr.G.G.Desai	6000	990	-	495
Mr.M.A.Pandit	6000	-	-	495

In view of resignation of Mr.M.A.Pandit the committee was reconstituted w.e.f. 30<sup>th</sup> April 2002 as follow:

Mr.S.G.Chougule	–	Promoter, Non Executive Director	–	Chairman
Mr.J.B.D'Souza	–	Independent, Non Executive Director	–	Member
Mr.G.G.Desai	–	Independent, Non Executive Director	–	Member

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## 5. Shareholders / Investor Grievance Committee:

Pursuant to Clause 49 of the Listing Agreement & Clause 147 of the Articles of Association of the Company, the Board has constituted a Shareholders / Investors Grievance Committee comprising of Mr. S. G. Chougule, Mr. A. B. Shah and Mr. J. B. D'Souza.

The committee inter alia approves share transfers / transmission, issue of duplicate certificates /exchange of certificates and reviews all other matters connected with transfer of securities.

The committee also reviews complaints from shareholders / depositors for non receipt of statutory documents required to be given to shareholder, non payment of interest & principle amount of fixed deposits, delay in transfer / transmission of shares / issue of duplicate share certificates / deposit certificates / consolidation & subdivision of shares.

The committee was reconstituted w.e.f. 30<sup>th</sup> April 2002 as follow :

Mr.J.B.D'Souza	- Independent, Non Executive Director	- Chairman
Mr.Haresh G.Desai	- Independent, Non Executive Director	- Member
Mr.Arun B.Shah	- Managing Director	- Member

## 6.- General Body Meetings :

Location and time for last three Annual General Meeting were

<u>Year</u>	<u>Location</u>	<u>Time</u>	<u>Date</u>
1998-99	D-107, TTC Industrial Area, Shirvane, Post Nerul, Navi Mumbai - 400 706.	10.00 A. M	29/09/1999
1999-2000	The Amar Gian Grivers Auditorium of Lala Lajpat Rai College of Commerce & Economics, Lala Lajpat Rai Marg, Haji Ali, Mahalaxmi, Mumbai - 400 034.	11.00 A. M.	29/09/2000
2000-2001	Athena, 41/44 Minoo Desai Marg, Behind Radio Club, Colaba, Mumbai - 400 005	10.30 A.M.	29/09/2001

7. a. Disclosure on materially significant related party transaction that may have potential conflict with the interest of company at large.

None of the transaction with any of the related parties were in conflict with the interest of the company.

7. b. Details of non compliance by the Company, penalties imposed on the Company by Stock Exchange or SEBI on any matter related to capital markets during the last three years.

There were no instances of non compliance of any matter related to the capital markets during the last three years.

## 8. Means of Communication :

The Company has published its quarterly, half yearly results in Nav Shakti (Marathi) and Free Press Journal (English).