



CHAMPAGNE INDAGE LIMITED

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**20th
Annual Report
2004 - 2005**

Champagne Indage Limited**CHAMPAGNE INDAGE 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	(Managing Director) w.e.f. 01.07.2005
S. R. Framjee	
M. N. Chaini	
Michael Willkomm	
Le Saux Thierry	
Antione Merlaut	

Audit Committee

G. G. Desai	Chairman
J. B. D'Souza	Member
H. G. Desai	Member
S. R. Framjee	Member

Shareholders / Investors Grievances Committee

S. G. Chougule	Chairman
J. B. D'Souza	Member
A. B. Shah	Member

Remuneration Committee

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

Winery: Narayangaon, Dist.Pune.

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

EXIM Bank
The Greater Bombay Co-operative Bank
Rabo India Finance Pvt. Ltd.
UCO Bank
Yes Bank Ltd.

Registered Office

Indage House,
82, Dr. A. B. Road,
Worli, Mumbai - 400 018.
Tel. No. : 5654 7931 - 37

Shares and F. D. Department

33-B, Krishnamai,
Sir Pochkhanwala Road,
Worli, Mumbai - 400 030

Tel. No. : 2496 5626

email : info@indagegroup.com

secretarial@indagegroup.com

visit us at : www.indagegroup.com

Registrar & Share Transfer Agents

M/s Sharepro Services (India) Private Ltd.,
Satam, Industrial Estate, Chakala
Andheri (East),
Mumbai - 400 099.

NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Company will be held on Friday, 26th day of August 2005 at 10.00 a.m. at Victoria Memorial School for the Blind, 73, Tardeo Road, Opposite Film Center, Tardeo, Mumbai 400 034 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at, the Profit & Loss Account for the year ended, 31st March 2005 together with the Schedules and Notes thereon and the Report of the Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Shri. G.G. Desai, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri. H. G. Desai who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri. Michael Willkomm who retires by rotation and being eligible offers himself for re-appointment.
6. 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

7. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution.

“RESOLVED THAT pursuant to the provisions of Sections 198,269,309 and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with the provisions of Schedule XIII to the Act, consent of the Company be and is hereby accorded to the appointment of Shri Ranjit Chougule as Managing Director of the Company for a period of five years with effect from 1st July 2005 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the Company and Shri Ranjit Chougule with the liberty of the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) to add, alter or vary the terms and conditions of the said appointment and remuneration and/or agreement, subject to the same being within the limits specified in Schedule XIII of the Companies Act, 1956 including any statutory modifications or re-enactments thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto, as may be agreed to between the Board and Shri Ranjit Chougule, and that his earlier appointment as Executive Director and the agreement entered into with him shall stand terminated with effect from the close of business hours on 30th June, 2005.”

8. 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 94 and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof), the Authorised Share Capital of the Company be and is hereby increased from Rs 10,00,00,000/- (Rupees Ten crores only) divided into 10000000 (One crore) Equity Shares of Rs 10/- (Rupees Ten only) each to Rs. 15,00,00,000 (Rs. Fifteen crores only) divided into 15000000 (One Crore fifty lakhs) Equity Shares Rs. 10/- (Rupees Ten only) each.

RESOLVED FURTHER THAT consequent to increase in the Authorised Share Capital of the Company, Clause V of the Memorandum of Association of the Company be and is hereby altered by substitution of the following new Clause V :

Clause V The Authorised Share Capital of the Company is Rs 15,00,00,000/- (Rupees Fifteen crores only) divided into 15000000 (One crore fifty lakhs) Equity Shares of Rs 10/- (Rupees Ten only) each.

Any shares of the original or increased capital may from time to time be issued with guarantee or any right of preference whether in respect of divided or of repayment of capital or both or any other special privilege or advantage over any shares previously issued or then about to be issued or with deferred or qualified rights as compared with any shares previously issued or subject to any provisions or conditions and with any special right or limited right or without any right of voting and generally on such terms the Company may time to time determine.

The rights of the holders of any class of shares for the time being forming part of the capital of the Company may be modified, affected, varied, extended or surrendered either with the consent in writing of the holders of three fourths of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of the holders of these shares.”

9. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution.

“RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Article 4 of the Articles of Association of the Company be substituted with the following Clause :

Article 4. The Authorised Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen crores only) divided into 15000000 (One crore fifty lakhs) Equity Shares of Rs 10/- (Rupees Ten only) each.”

10. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications, amendments thereto or re-enactment thereof), and subject to the enabling provisions of the

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Memorandum and Articles of Association of the Company, the Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed and in accordance with the Rules, Guidelines and Regulations prescribed by the Securities and Exchange Board of India (SEBI), and subject to the approval of Reserve Bank of India (RBI), Government of India (GOI) or any other relevant authority and clarifications thereon issued from time to time, if any, and subject to all such other approvals, permissions or sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions or sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which expression shall be deemed to include any Committee constituted/to be constituted by the Board to exercise its powers, including the powers conferred by this Resolution), the consent of the Company be and is hereby accorded to the Board to offer, issue and allot, in one or more tranches :

- A) 1300000 (Thirteen Lacs) Equity Shares of Rs 10/- each by Private Placement in one or more tranches, to the following Investors (hereinafter collectively referred to as "the Investors"), at a price of Rs. 235/- per share (including premium of Rs. 225/- per share) on a preferential basis :

Sr. No.	Name of the Investor	No of Equity Shares to be allotted
a.	Arisaig India Fund Ltd	1000000
b.	Atom Finvest Private Ltd.	100000
c.	Anam Transport Private Ltd.	100000
d.	Sanjivani Horticulture Private Ltd.	100000
	Total	1300000

The Equity Shares shall be issued by the Company to the Investors on the following terms and conditions :

- The entire amount towards subscription of the Equity Shares shall be payable on application.
 - The Equity Shares to be allotted shall be subject to a lock-in period to be determined in accordance with the provisions of Chapter XIII on Preferential Issues issued under SEBI (Disclosure and Investor Protection) Guidelines, 2000 (hereinafter referred to as "SEBI Guidelines").
 - The proposed issue of Equity Shares in the manner aforesaid shall be subject to the respective provisions of the Companies Act, 1956, the Memorandum & Articles of Association of the Company, SEBI Guidelines and any other guidelines issued by any other authority as the case may be, or any modifications thereof.
 - The Equity Shares proposed to be issued in the manner aforesaid shall rank pari passu in all respects with the existing Equity Shares of the Company.
- B) 500000 (Five lacs) Equity Share Warrants to Indage Investments Pvt. Ltd., Person Acting in Concert with the Promoter's group on the following terms and conditions :-

- The warrants shall carry a right to convert into Equity Shares at a price of Rs. 235/- (including premium of Rs. 225/- per share).
- On allotment of Share Warrants an amount equivalent to at least 10 % of price of Rs. 235/- is payable;
- The amount paid on allotment will be forfeited if the option to acquire shares is not exercised;
- The amount paid on allotment of Warrants will be adjusted against the price payable subsequently for acquiring the shares by exercising the option;
- Such conversion to be effected at anytime after a period of twelve months but not later than eighteen months from the date of allotment;

RESOLVED FURTHER THAT the Relevant Date for determination of the price of the Equity Shares and Equity Share Warrants in terms of the provisions of the SEBI Guidelines shall be 27th July 2005.

RESOLVED FURTHER THAT the Board be and is hereby authorized to offer, issue/offer and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of share warrants referred to above or as may be necessary in accordance with the terms of the issue/offer, all such shares ranking pari passu inter se with the then existing equity shares of the Company in all respects, excepting the right to dividend which may be decided by the Board in compliance with the provisions of the SEBI (Disclosure and Investor Protection) Guidelines 2000 as amended from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to the issue / offer or allotment of Equity Shares on Private Placement and / or the conversion of Share Warrants, the Board be and is hereby authorized, on behalf of the Company, to sign, execute and issue consolidated receipt(s) for the securities, listing application, various agreements, undertaking(s), deeds, declarations, any applications to the Government of India (Ministry of Finance) and/or Reserve Bank of India and / or other regulatory authorities and all other documents and to do all such acts, deeds, matters, and things as the Board may, in its absolute discretion, deem necessary or desirable and to settle any questions, difficulties or doubts that may arise in regard to the offering, issue/offer, allotment and utilisation of the issue/offer proceeds, including for the purpose of complying with all the formalities as may be required in connection with and incidental to the aforesaid offering of securities, including for the post issue/offer formalities.

RESOLVED FURTHER THAT the Board do open one or more bank accounts in the name of the Company in Indian currency or foreign currency(ies) with such bank or banks in India and/or such foreign countries as may be required in connection with the aforesaid issue/offer, subject to requisite approvals from Reserve Bank of India and other overseas regulatory authorities, if any.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred in such manner as they may deem fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorised on behalf of the Company to take such steps and to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, consider necessary, proper, expedient, desirable or appropriate for making the said issue as aforesaid and to settle any questions, query, doubts or difficulty that may arise in this regard including the power to allot unsubscribed portion, if any, in such manner and to such persons, as the Board may deem fit and proper in its absolute discretion to be most beneficial to the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorised to make on its own accord or to accept such amendments, modifications, variations and alterations as the GOI/SEBI/RBI or any other regulatory authority may stipulate in that behalf.

11. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution

"RESOLVED THAT in accordance with the provisions of section 79A, 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof), and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the regulations/guidelines prescribed by the Securities and Exchange Board of India (SEBI) or any other relevant authority, from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors (hereinafter referred to as "the Board" which expression shall also include a Committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board in its sole discretion, the approval / consent / sanction of the Company be and is hereby accorded to the ESOP / ESOS Scheme 2005 and to grant to such employees as are defined under clause 2(e) of the ESOP / ESOS Scheme 2005, as may be decided solely by the Board Equity Shares of the face value of Rs.10/- each, and therefor to issue, allocate and allot such number of Equity Shares of the Company at such price, in such manner, during such period, in one or more tranches and on such other terms and conditions as the Board may decide prior to the issue and offer thereof, such grant / issue of Equity Shares which shall not exceed the aggregate of 5% (Five per cent) of the outstanding Subscribed Equity Shares of the Company as on the date of granting of the option.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue, allocate and allot such number of Equity Shares as may be required in pursuance of the above issue, and that the Equity Shares so issued, allocated and allotted shall rank in all respect pari passu with the existing Equity Shares of the Company save and except that such Equity Shares shall carry the right to receive either the full dividend or a pro-rata dividend from the date of allotment, as may be decided by the Board, declared for the financial year in which the allotment of the Equity Shares shall become effective.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to determine the form and terms of the issue, the issue

price and all other terms and matters connected therewith, to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, and to make and accept any modifications, changes, variations, alternations, or revisions in the Scheme from time to time as may be required by the authorities involved in such issues or suspend, withdraw or revive the Scheme from time to time and to settle any questions or difficulties that may arise in regard to the issue.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the power herein conferred to any Committee of Directors, or any one or more Whole Time Directors or officers of the Company to give effect to the above 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. 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 COMMENCEMENT OF 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) Shareholders who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those Shareholders who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
- d) Shareholders are requested to notify immediately change of address, if any, to the Registrars and Transfer Agents of the Company M/s. Sharepro Services (India) Private Limited.
- e) The Register of Shareholders and Share Transfer Books of the Company will remain closed from 12th August, 2005 to 25th August, 2005 (both days inclusive) for determining the names of Shareholders eligible for dividend, if approved, on equity shares.
Those Shareholders who have so far not encashed their dividend warrants for the year ended 31st March, 2003 and 31st March, 2004 are requested to claim or approach the Company for the payment thereof.
- f) The dividend on Equity Shares as recommended by the Board of Directors if declared at the Annual General Meeting will become payable on or after 1st September, 2005 to those Shareholders whose names appear in the Company's Register of Shareholders on 25th August, 2005. In respect of the shares held in electronic form, the Dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
- g) The Shareholders are requested to send queries on accounts, if any, to reach the Registered Office of the Company at least seven days before the meeting.
- h) Section 101A of the Companies Act, 1956 permits Nomination by the Shareholders of the Company in the prescribed form No. 2B. Shareholders are requested to avail of this facility.
- i) The information or details pertaining to Directors, to be appointed or re-appointed to be provided in terms of Clause 41 of the Listing Agreement with the stock exchange (s), is/are furnished in the statement on Corporate Governance published in this Annual Report.

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- j) Shareholders are requested to bring their copy of the Annual Report to the meeting.

By Order of the Board

R. S. Chougule
Managing Director

Regd. Off. :

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

Place : Mumbai

Date : 22nd July, 2005

ANNEXURE TO THE NOTICE

Explanatory Statement under section 173(2) of the Companies Act, 1956.

Item No. 7

Shri. Ranjit S. Chougule was appointed as Executive Director with effect from 1st January, 2004 subsequent to the approval of the Shareholders at the Annual General Meeting held on 30th December, 2003. He has since gained considerable experience in overall administration and control of the Company and has achieved a commendable growth of the Company's business. The Board of Directors at the meeting held on 27th June, 2005 have appointed Mr. Ranjit Chougule as the Managing Director for a period of five years, from 1st July, 2005, subject to the approval of the Shareholders of the Company, on the terms and conditions and remuneration incorporated in the agreement, draft of which will be tabled before the Shareholders for approval.

Shri Ranjit Chougule is a Bachelor of Business Studies from City of London, M.B.A. Corporate Finance. He has wide experience in administration of operations and finance and has more than seven years experience of the Wine Industry in various corporate fields.

The broad particulars of the terms of appointment and remuneration payable to Shri Ranjit S. Chougule during the tenure of his appointment are as under:

Salary inclusive of perquisites and allowances evaluated as per the Income Tax Act, 1961 Rs.1,25,000/- p.m. in the grade of Rs.1,25,000- Rs.12,500- Rs. 2,50,000 subject to the overall ceiling of remuneration stipulated under Schedule XIII read with section 198 and 309 of the Companies Act, 1956.

Besides the salary, allowances and perquisites as referred above, he shall be entitled to :

- the Company's contribution to Provident Fund, Superannuation or Annuity Fund, to the extent these singly or together are not taxable under the Income Tax Act, 1961,
- the gratuity payable at the rate of 15 days salary for every completed year of service,
- encashment of leave at the end of the tenure, as per the rules of the Company,
- free use of car on Company's business,
- Telephone at residence with free calls including STD on Company's business,
- Leave Travel Concession equivalent to One Month Salary.

The above perquisites are not to be included in the computation of limits for the remuneration which includes salary and perquisites.

In the event of absence or inadequacy of profit in any year during the tenure of his appointment, the remuneration presently recommended to be payable as referred hereinabove, shall become payable to him.

The agreement between the Company and Shri Ranjit Chougule can be terminated by either party giving three months notice in writing to the other party.

The earlier appointment of Shri Ranjit Chougule as Executive Director for a period of five years with effect from 1st January, 2004 stands terminated with effect from the close of business hours of 30th June, 2005.

Accordingly, the resolution in this item of Notice, appointing him as Managing Director of the Company upon the terms and conditions as set out in the draft agreement and the resolution, is being proposed for the consideration of the shareholders. Liberty is also reserved to alter/vary the said terms and conditions in conformity with the requirements of Schedule XIII to the Companies Act, 1956 or any amendments thereto. The Board, therefore, recommends this item of the accompanying notice for approval by the Shareholders.

The above may also be treated as an abstract of the terms of the contract / agreement between the Company and Shri Ranjit Chougule pursuant to Section 302 of the Companies Act, 1956.

The draft Agreement to be entered into between the Company and Shri. Ranjit Chougule respectively is available for inspection at the Registered Office of the Company on all working days till the date of the ensuing Annual General meeting between 11.00 a.m. and 1.00 p.m.

None of the Directors, other than Shri Ranjit Chougule and Shri. S. G. Chougule as relative of Shri Ranjit Chougule, are interested or concerned in the resolution.

Item No 8 & 9

The present Authorised Capital of the Company is Rs. 10 crores divided into 10000000 (One Crore Only) Equity Shares of Rs. 10/- each. In view of the proposed issue of 1300000 (Thirteen Lacs Only) Equity shares on private placement and 500000 (Five Lacs Only) convertible Share Warrants, the present authorized capital would be inadequate. It is therefore necessary to increase the authorized capital to Rs. 15 crores divided into 15000000 (One Crore. Fifty Lacs Only) Equity Shares of Rs. 10 each.

The proposed resolutions at Item No. 8 & 9 are commended for approval.

Item No.10.

The Company requires funds for meeting the expenses for import of capital goods, modernization/expansion of the existing production units as also for working capital requirements. The Board of Directors has proposed that it would be necessary for the Company to raise funds in the manner as set out in Resolution No.10 above. As a result of raising of low cost funds, the Company's financial position would stabilise.

Section 81 of the Companies Act, 1956 as amended and the Listing Agreements provide, inter alia, that whenever it is proposed to increase the subscribed capital of a Company by further issue/offer and allotment of shares/securities, such securities shall be offered to the existing Shareholders of the Company in the manner laid down in the said Section, unless the Shareholders decide otherwise in a general meeting.

Accordingly the consent of the shareholders is being sought, pursuant to the provisions of Section 81 (1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreements executed by the Company with the respective Stock Exchanges, authorizing the Board to issue and allot the securities, as stated in the resolution, which would result in the issuance of further securities of the Company to persons other than the existing Shareholders of the Company in accordance with the terms and nature of the securities.

The information as required under Clause 13.1A of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 for Preferential Issues is as under :

1. Object of the Issue :

The proposed issue is for raising funds for increasing sales of its products and for building new brands as well as for processing and marketing the by-products, meeting working capital requirements, issue expenses, creating marketing network and other infrastructure needs.

2. Intention of Promoters/Directors/Key Management Persons to Subscribe to the Offer :

The Promoters intend to subscribe to the Equity shares warrants in the proposed preferential allotment as under :

Sr. No.	Name of the Investor	No of Equity Shares Warrants to be allotted
a.	Indage Investments Private Limited	500000
	Total	500000

3. Shareholding Pattern before and after the Proposed Issue (Based on the shareholding pattern as on 22nd July 2005) :

CATEGORY	Pre-allotment of Equity Shares / Warrants		Post-allotment of Equity Shares / Warrants	
	Shares Held (*)	% of Share Holding	Shares Held (*)	% of Share Holding
A. Promoter's Holding				
1 Promoters	1446910	15.24	1446910	12.81
2 Persons Acting in Concert				
i) Acquirers	1670504#	17.60	2170504	19.22
ii) Others	1247390	13.14	1247390	11.05
Sub Total	4364804	45.98	4864804	43.08
B. Non-Promoter Holding				
3 Institutional Investors				
a) Mutual Funds, Banks / Fis	709835	7.48	709835	6.29
b) FIs				
i) Acquirers	57259	0.60	1057259	9.36
ii) Others	325321	3.43	325321	2.88
Sub Total	1092415	11.51	2092415	18.53
4 Others				
a) Private Corporate Bodies				
i) Acquirers(s)	1200000	12.64	1500000	13.28
ii) Others	1360742	14.33	1360742	12.05
b) Indian Public	1408237	14.84	1408237	12.47
c) NRIs	66423	0.70	66423	0.59
Sub Total	4035202	42.51	4335202	38.39
GRAND TOTAL	9492621	100.00	11292621	100.00

(*) Shares of Face Value of Rs. 10/-

(#) Assuming that the existing 425000 Equity Share Warrants held by Indage Investments Private Limited are exercised and converted into Equity Shares in full.

3. Proposed time within which allotment will be completed :
The Company proposes to complete the allotment and dispatch of share certificates of the Equity Shares within 15 days from the date of passing of the resolution by the members (or where allotment is pending on account of pendency of any regulatory approval, the allotment shall be completed within 15 days from the date of such approval) as prescribed under the SEBI Guidelines.

4. Identity of the Proposed Allottees and the percentage of post preferential issue capital that may be held by them :

Sr. No.	Name of the Proposed Allottee & Identity	No of Equity Shares / Warrants to be allotted	% of Post Issue Shareholding
a.	Arisaig India Fund Ltd. (Foreign Institutional Investor)	1000000	8.86
b.	Atom Finvest Pvt. Ltd. (Private Body Corporate)	100000	0.89
c.	Sanjivani Horticulture Pvt. Ltd. (Private Body Corporate)	100000	0.89
d.	Anam Transport Pvt. Ltd. (Private Body Corporate)	100000	0.89
e.	Indage Investments Pvt. Ltd. (Private Body Corporate)	500000	4.43
	Total	1800000	15.96

Section 81 of the Companies Act, 1956 provides inter alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares, etc., such further shares shall be offered to the existing Shareholders of the Company in the manner laid down in Section 81 unless the Shareholders in a general meeting decide otherwise by passing a special resolution. As it is proposed to allot Equity Shares to investors other than the Shareholders of the Company, the consent of the shareholders, to the proposed allotment, by way of a Special Resolution is being sought pursuant to the provisions of Section 81 (1A) and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the SEBI Guidelines and the Listing Agreement executed by the Company with the Stock Exchanges where the Company's shares are listed.

The Statutory Auditor's Certificate certifying that the preferential issue and the price of the Equity Shares is in accordance with the SEBI Guidelines relating to Preferential Issues will be placed before the Shareholders at the ensuing Annual General Meeting.

None of the Directors of the Company is in any way concerned or interested in the proposed resolution at Item No.10 except Mr. S. G. Chougule and Mr. R. S. Chougule are deemed to be interested being Directors of Indage Investments Private Limited to which Company Share Warrants are being issued. The Directors recommend the resolution at Item No.10 of the Notice for approval of the Shareholders.

Item No. 11.

At the Board Meeting held on 22nd July 2005, the Directors have recommended the resolution to be passed as reflected at item No. 11 of the notice to introduce the ESOP / ESOS Scheme 2005 for employees of the Company, except the directors belonging to the promoter group, who are not eligible to participate in the ESOP Scheme, as per The Securities and Exchange Board of India (SEBI) Guidelines.

The salient features of the Scheme are as under :

1) ELIGIBILITY

1) "Eligibility" refers to those employees who are prima facie eligible to receive grants under this Plan. Actual nomination to receive grants under this Plan would, however, be effected by a specific decision of the Compensation Committee in this regard, and would depend on an individual meeting such other additional criteria as the Compensation Committee may define, from time to time, acting at its sole discretion.

2) Eligibility For the Standard Award :

Subject to the provisions of Clause (1) above, the following eligibility criteria shall apply :

a) For the first-ever grant of options by the Company :

All employees who were on the rolls of the Company as on March 31, 2005 and who continue to be employees up to the date of grant will be eligible to receive stock option awards.

b) For succeeding grants of options by the Company :

i) Employees with a designation of "Senior Manager" and all those in higher levels in the grade structure will be eligible to receive grants after completing six months of employment in the Company.

ii) All other employees [i.e. those who are not specified in Clause 1.2.b.i) above] will be eligible to receive grants after completing

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twelve months of employment in the Company.

3) Eligibility For the Non-Standard Award :

- a) An employee who is promoted to a new grade/ responsibility level, and/or is someone who, in the opinion of the Compensation Committee, has contributed or is likely to significantly contribute to the growth and development of the organisation, will be eligible to receive (Non-Standard) stock option awards irrespective of his/her tenure in the organisation, and/or irrespective of the fact that he/she may have an earlier stock option award, that was granted less than four years prior to the Date of grant of a subsequent award.

2) QUANTUM OF OPTIONS

The Compensation Committee has been vested with the authority to determine quantum of options to be awarded on the basis of the criteria as under :

(i) Quantum of Options awarded :

The number of options offered to nominated individuals will be based on their grade and level, as well as such other factor(s) as may be considered relevant by the Compensation Committee.

(ii) Chairman's Award :

In case there has been a landmark achievement by an individual, or Functional Head, a department, a unit, or the Company as a whole, the Compensation Committee may decide, on the basis of a suggestion by the Chairman, to issue a special grant of options to one or more eligible employees who have played a significant role in this achievement. On the basis of suggestions by the Chairman, the Compensation Committee may also decide to award stock option grants to new recruits who bring with them skills or expertise that, in the opinion of the Chairman is highly pertinent to the business of the company.

3) VESTING SCHEDULE & EXERCISE

a) Vesting Period :

Minimum of one year's vesting period would apply from the date of grant to all options. The vesting will of 20% of the option grant on the first, second, third, fourth and fifth anniversaries of the date of grant.

b) Corporate Action :

In the event of any changes of outstanding Equity shares by way of a bonus issue, rights issues, stock split, combinations and exchanges of shares, recapitalisations, mergers and demergers of the Company, the Compensation Committee is empowered to do any one, or a combination of the following :

- (1) Appropriately adjust the number of options granted;
- (2) Accelerate the vesting schedule of some or all of the options granted to optionees. In such an event however, no option shall have a vesting period that is less than one year in duration;
- (3) Appropriately adjust the option exercise price of options. Provided that, such adjustment or acceleration conforms to the provisions of clause 7 of the SEBI Guidelines.

c) Exercise period :

The vested options shall be exercisable within a period of one year from the date of vesting.

- d) For employees on long leave (longer than 2 months): The vesting schedule will be extended by the entire duration of the leave period for employees on long leave, subject to a maximum period of 24 months from the date of grant.

- e) The optionee may exercise his/her vested options, in part or in whole at any moment after the earliest applicable vesting date and prior to the completion of seven years from the date of grant.

4) LOCK-IN PERIOD

The Equity Shares on allotment shall be under a lock-in period (restriction) of one year from the date of allotment of shares. Such lock in period shall include the staggered vesting if applicable to the shares issued consequent upon the exercise of options granted under this Plan.

5) SHARES TO BE EARMARKED

- a) The maximum number of new Equity Shares of the Company, which shall be offered under this Plan in each financial year, shall not exceed 5% of the outstanding fully paid-up ordinary shares of the Company. However, unallotted options in each of the financial years can be carried forward onto the subsequent financial years for grant.

- b) The Compensation Committee will decide upon the number of options to be issued per head to employees, on the basis of the Compensation Committee guidelines for the same. There will be no limit on the number of options that may be offered to an individual in a given year, subject to other terms and conditions of this Plan.

6) PRICING

The options will be priced at the (closing) market price on the applicable stock exchange (i.e. the stock exchange where the volume of shares of the Company traded on that day is the highest) on the relevant date of grant and / or the price arrived at in accordance with Clause 13 of the SEBI Guidelines 1999 as amended from time to time. However, the price will not be lower than the face value or at a discount to the (prevailing) market price.

7) TERM OF THE PLAN

This Plan is valid for a period of seven years from the date of its adoption by the Shareholders.

A copy of the existing ESOP / ESOS Scheme 2005 and the Memorandum and Articles of Association of the Company are available for inspection at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on any working day up to the date of the ensuing Annual General Meeting.

The Directors who would be eligible to avail the benefits of the ESOP / ESOS Scheme 2005 may be deemed to be concerned or interested in the said resolution to the extent of their eligibility. Save as aforesaid, none of the Directors of the Company is concerned or interested in the said Resolution. The Board commends the Resolution for approval.

By Order of the Board

R. S. Chougule
Managing Director

Regd. Off. :
Indage House, 82,
Dr. Annie Besant Road,
Worli, Mumbai 400 018.

Place : Mumbai
Date : 22nd July, 2005

DIRECTORS' REPORT

To,

The Shareholders,

Your Directors have pleasure in presenting the 20th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2005.

FINANCIAL RESULTS

	Year ended 31-03-2005 (Rs. In Millions)	Year ended 31-03-2004 (Rs. In Millions)
Sales & other income including increase in Finished Goods & Work in Progress	444.22	265.99
Profit before Interest & Depreciation	112.62	58.16
Interest & Finance Cost	45.35	21.25
Depreciation	7.04	5.03
Profit for the year	60.23	31.88
Provision for Taxation	4.72	2.50
Deferred Tax Adjustments	.58	0
Net Profit After Tax	54.93	29.38
Add: Balance brought forward from Previous year	57.74	37.97
Less: Prior period Deferred Tax Adjustments	18.49	0
Balance Available for appropriation	94.18	67.35
Appropriations :		
Proposed Dividend on Equity Shares	10.00	7.86
Transfer to General Reserve	2.75	.74
Tax on Dividend	1.40	1.01
Balance Carried to the Balance Sheet	80.03	57.74

PERFORMANCE

During the year under review the performance of the Company has improved substantially, in excess of the growth of the Wine industry in India with strong brand and segment expansion. The Company's products continue to dominate market players in various markets across the country and are further consolidating despite competition from international and domestic wine manufacturers. The availability of grapes and stock of wines under ageing has been encouraging during the recent past to meet the increased brand and segment demand in the coming years.

Your Company has received two commendations and two awards for wine produced from both indigenous and international Grape varieties by the Chairman, Technical and Judging Committee of the International Wine and Spirit Competition held in London. This is in continuation of the acclaims received in earlier years by the products of your Company and augurs well for the future.

FUTURE PROSPECTS

Your Company is the market leader and the largest producer of wines in India with 35 principal brands under its umbrella. The task on hand for driving sales in India is to introduce greater consumer acceptance by providing utility and visibility to the Company's brands. With new and exciting packaging ideas that are in the pipeline, combined with a larger access to more fruit, the output will increase and therefore, price charged to consumers can be lowered to create more value to the Company's brands.

In line with this, the Company has tied up for long term supply of grapes through an associate company as well as contract farming.

During the year, the Company has completed a project to update the facilities by setting up a new winery, which has created one of the most modern wineries in the world with capacity up to 3.5 million litres which is also improving the quality of wines produced.

DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 1.50/- per Equity Share (i.e. 15 %) for the financial year ended 31st March 2005

DIRECTORS

Shri G. G. Desai, Shri H. G. Desai and Shri Michael Willkomm, Directors are retiring by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

In terms of Clause 49 of the Listing Agreement with the Stock Exchange(s) the details of Directors to be appointed are given in the accompanying Corporate Governance Report.

DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956 your Directors confirm that :

- In preparation of Annual Accounts the applicable accounting standards have been followed along with proper explanation and that no material departures have been made from the same.
- Accounting policies selected and applied are on a consistent basis and 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 the Profit & Loss of the Company for that period.
- 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.
- Annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

The Company has complied with the mandatory provisions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange. A separate Annexure of Corporate Governance and Certificate from the Auditors of the Company regarding compliance with conditions of Corporate Governance form part of this Annual Report.

Champagne Indage Limited**FIXED DEPOSITS**

The Company has accepted / renewed Fixed Deposits from Public / Shareholders, in accordance with the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975, as amended, amounting to Rs. 8.78 Lacs during the year 2004-2005. Total Fixed Deposits outstanding but not matured, as on 31st March 2005 are Rs.87.56 Lacs.

EMPLOYEE STOCK OPTION / PURCHASE SCHEME (ESOS)

During the year under review, all options under the old Employee Stock Option Scheme have been exercised and listing of shares issued under the last options are pending with the Mumbai Stock Exchange.

The Company has proposed introducing of a new Employee Stock Option Scheme and Employee Stock Purchase Scheme and a Special Resolution has been proposed for the Shareholders' approval. Your Directors have commended the Special Resolution.

AUDITORS

The Company's Auditors M/s Sorab S. Engineer & Co. Chartered Accountants, hold office up to the conclusion of the forthcoming Annual General Meeting and being eligible have been recommended for re-appointment on the terms to be settled 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.

AUDITOR'S COMMENTS

In the Auditor's report observations have been made under Sub Clause (f) para (2) of the report. This has been explained in Notes No. 1.3 and 2.10 and Notes No. 1.5 and 2.12 to Schedule 18, which are self explanatory and therefore do not call for any further comments.

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 Company's Equity Shares were delisted from the Delhi Stock Exchange Association Ltd. w.e.f. 31st March 2005 and application for delisting of its shares from Ahmedabad Stock Exchange is awaiting final response from them.

With the delisting of securities from the Delhi Stock Exchange Association Ltd. the Company's securities are now listed on the Mumbai & Ahmedabad Stock Exchanges.

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 is one of the measures adopted in this regard.

RESEARCH & DEVELOPMENT

The Company has set up modern microbiological testing facilities to ensure quality control. During the year under review the Company has set up systems and procedures to qualify for certification under ISO 9001 / HACCP.

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

The Company has continued to maintain a focus on export opportunities which come forward in the global wine market. During the year under review, your Company has achieved the following export turnover.

	Year ended 31.03.2005 (Rs.in Lacs)	Year ended 31.03.2004 (Rs.in Lacs)
Foreign Exchange		
(i) Earnings	549.94	263.79
(ii) Outgo	487.90	301.17

ACKNOWLEDGEMENTS & APPRECIATION

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

Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Executives, Staff and Workers of the Company

For and on behalf of the Board
For Champagne Indage Limited

Place : Mumbai
Date : 22nd July, 2005

S. G. Chougule
Chairman