



25th Celebration



ANNUAL REPORT 2007

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Board of Directors

S. G. Chougule (Chairman)	H.G.Desai	Michael Willkomm
J. B. D'Souza (Vice Chairman)	R. S. Chougule (Managing Director)	Le Saux Thierry
G. G. Desai	S. R. Framjee	Antione Merlaut
A. B. Shah	M. N. Chaini	Girish V. Kirkinde (Company Secretary & Legal Head)

Audit Committee

G. G. Desai	(Chairman)
H. G. Desai	(Member)
S. R. Framjee	(Member)
A. B. Shah	(Member)

Shareholders / Investors Grievances Committee

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

Remuneration Committee

J. B. D'Souza	(Chairman)
S. G. Chougule	(Member)
G. G. Desai	(Member)

Auditors

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

Bankers

State Bank of India
UCO Bank
ICICI Bank Ltd.

Registered Office & F. D. Department

Indage House,
82, Dr. A. B. Road,
Worli, Mumbai - 400 018
Tel. No: : 66547933.
Fax : 6654 7940 , 2491 3435.
email : info@indagegroup.com
secretarial@indagegroup.com
visit us at : www.indagegroup.com

Winery

Narayangaon, Dist.Pune.

Registrar & Share Transfer Agents

M/s Sharepro Services (India) Private Ltd.,
Satam Industrial Estate,
Chakala, Andheri (East),
Mumbai - 400 099.
Tel.: 2821 5168,
Fax: 2837 5646



Very few among the top 100 or 200 business houses have promoters with a root of farming. I wonder why? Apart from being a farmer myself I have interacted with small and large farmers who have exuded tremendous confidence and potential. A management guru may justify the odds by attributing to lack of courage, conviction or capital.

Even in the days of agri business being a buzz word, not many names have surfaced as emerging stars. When I look at Indage Group in this background, I derive immense pleasure for all my team mates who made a global success not only from farming but succeeded in making an extremely difficult entry in the Wine World. The awards and certificates lying in the reception lobby of Indage House may be telling only a part of the story. The truth is, like any plants, the business is deep rooted and has taken innumerable hours of Labour to reach the present glory.



S. G. Chougule
Chairman

One needs to understand, love and care for the soil if one wants to make a success of agri business. This cannot come by sitting in Air Conditioned chambers in the urban area. Even after 3 decades I spend a minimum of 30% of my time walking through the mile of Vineyards. I almost feel a two way communication between plant and me. It is difficult to explain but until an organization finds such a farmer the agri business may not become a majority of the top 200 corporates.

In the same breath the farmer needs to explore with all courage every avenue of value addition and market creation. I worked on that front in the days of restrictive economy and went to the extent of buying the best of Champagne technologies. One cannot think of making handsome profit while sitting in a palatial home in the farms. The hard labour put in the farms needs to be duplicated in the market place by creating brand and demand for your products.

All this, in any case, is history. Even today I believe the wine industry and Chateau Indage, which is a major part of this group, has not reached even 5% of its potential in the domestic market. On the global front, despite Indian wines being so highly acclaimed, the market size captured by us is next to nothing. I am glad that your company is not sitting on its laurels but reaching out globally and deeper into the Indian segment. The innovations in packaging, presentation and marketing areas indicate the years to come to be far more charitable to the cause that Chateau Indage has taken up.

I wish the business all the best.





R. S. Chougule
Managing Director

This has been a landmark year for us in redefining the industry and the value behind your company's micro & macro economics within a global scenario. The last five years have been very significant in terms of growth and presence and the year end 2006-07, in particular, has seen significant increases in sales & profitability. The consistently positive industry reviews and changes in the central and state government's policies as well as regulation towards the wine industry are a testimony and an indication of this phenomenal growth of your company within the industry.

Your company has charted a global road map that will take us from being a single region producer into a multi-location wine group with production in 10 countries over the next 5 years. Your company's acquisition of Thachi Wines in Australia is the first small step towards a giant stride ahead in reaching wider international markets with a diverse portfolio of brands encompassing various product categories.

Within India, your company has also taken its first steps towards multi-location production to drive costs downwards thereby enhancing the value statement to consumers. The challenges and opportunities of the Indian wine market are both vested in expanding the category of wine within the IMFL industry which necessitates for your company to rapidly expand production and availability of wine into hitherto unknown areas of sales & operations in the country.

I am confident that given this positive economic and political scenario for wine in India coupled with your company's increasing appetite and skill level at an International level, we will continue to leap ahead and excel in all areas of opportunity in the Indian & global wine industry.



Indage Group has conducted its affairs over the last 4 decades in an extremely innovative, transparent and pioneering manner to reach global heights. Champagne Indage Limited is the flagship company of the group.

It is not often that the family managed public companies follow the corporate governance norms, both in spirit and in letter. Much before such norms came into existence; all Indage Group companies were implementing almost all the stipulation provided in the guidelines.

The businesses have often been the outcome of strong conviction by the management and promoters alike. The risks associated with undertaking pioneering activity cannot be undertaken, except by gamblers, unless the faith is paramount. Each of our major businesses began their journey without any parallel in the Indian Market. The impressive list starting from growing wine variety of grapes in tropical belt, making wines of globally acceptable qualities, undertaking contract farming for upliftment of growing community, making available imported wines to the retail Indian consumer, taking up products like Seabuckthorn Juices from DRDO research will continue to grow.



Arun Shah

Director & Group President

Quite obviously the challenges of taking such initiatives have to be equally demanding on the management nerves. I am glad to observe that most of the executives in the history have kept immense faith in the propositions made by the promoters. I do not have adequate trade data but the rate of attrition for the company is probably the lowest. It is the dedication of the team that has helped the company to reach at its present level. The company has drawn up extremely ambitious growth plans (ambitious even by its own standards) which obviously will have its own challenges. The plans include global acquisitions, retail initiative as also corporate farming in a mechanized manner. The differential at this juncture, compared to the early days of wine on set, is a proven track record and larger availability of financial resources arising out of capital and profits. I will not hesitate to predict that the company is slated to become a prominent wine company in the world.

When the group completed 30 years of its existence a phrase was coined "Business and Beyond". The reference was to the social responsibilities to be undertaken by the business in its area of operation. While the contract farming and growth of wine industry has now started supporting over 5000 families in rural India, the next ambitious step is to set up a wine institute in India, again a first of its kind. And I am not exaggerating when I say that some of the key people are more enthusiastic about the non-profit making wine institute compared to the other business needs.

The shareholders of the company have in the recent past enjoyed a huge appreciation in their values. However I would not like to forget mentioning about over 3000 shareholders holding less than 100 shares who supported the management for over 2 decades without getting single penny in dividends. At every meeting of shareholders they expressed immense faith, at times emotions and continue to show the warmth. The support of shareholders, to me is like an invisible hand to lead the progress.

My salute to the shareholders.





Santosh Verma

Executive Vice President - Sales & Marketing

At CIL, our marketing strategy focuses on the pillars of having a diverse product portfolio to build global brands. We are cashing and enhancing the "magic price points" in the alcohol beverages segment, attaining sustainable growth through a "proprietary distribution model" and through the "diverse product portfolio model", we are building our brands into focused portfolios that represent and justify the brand rationale, the target group and the identified market segment that they cater to. Our strategies are tailor made as per the market.

We have successfully implemented consumer orientation through innovative ways by exploiting the most competitive price point in the alcohol beverages segment, which is a fairly economical price point for the

category wine. With more and more consumers entering the 'educated middle class' bracket, it has become the most profitable segment to own. With brands like 'Vin baller' and 'Riviera', we have driven both aspiration and affordability, paving through a smooth passage for this key segment towards more premium wines. Further to this thought, we have introduced innovative, consumer friendly convenience packaging to ensure presence in all aspects of a consumer's life, and making wine the drink of choice for all occasions.

Our brand and category building initiatives in the domestic market are aimed at creating distinct brand positioning and strong identities for all our brands, through strong marketing communications like TV, print, outdoors as well as PR. Supported by relevant associations along with strategic category building initiatives, in the form of wine festivals, wine education, appreciation, tasting, etc.

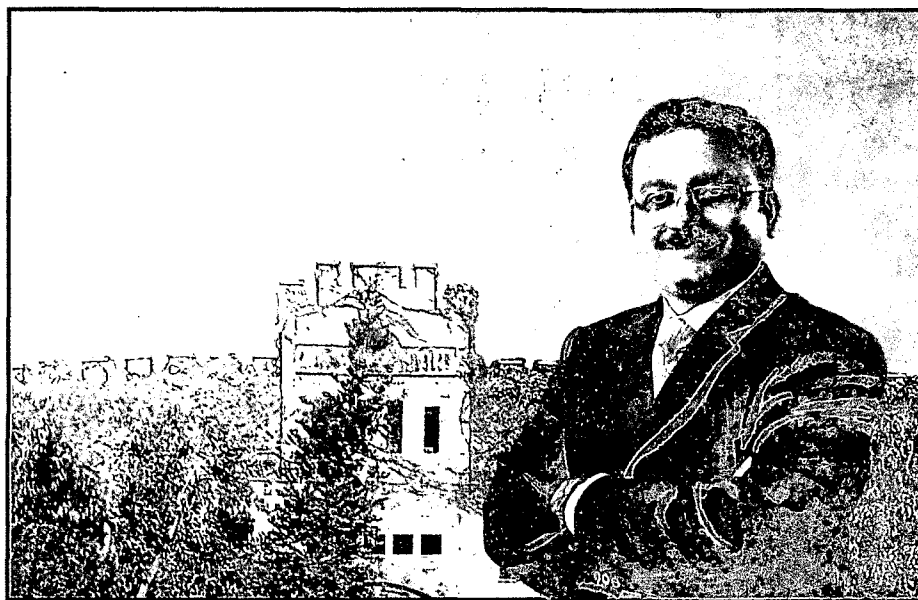
Differentiated trade marketing, communication, relationships and brand choice aligned to consumer needs, have led us to acquire multi-location bottling and production facilities and an outreach operation in 21 states of India. Innovative styles of serving wine in vending machines at the same time taking away all the mental blocks associated with the category, has been one of the priorities of CIL. Serving wine by the glass, in the most casual of all surroundings like mall food courts, cinema multiplexes etc, at the same time ensuring affordability for the middle class consumer have been high on our agenda.

Our proprietary distribution model has been designed towards catering to multiple brands with multiple ideologies reaching out to all levels of the consumers. With our strong distribution network our reach is absolute across all segments of socio-economic classes. In the year 2006-07 your company has outsold every other Indian wine brand in every category of the Indian wine market, from entry level to upper end.

CIL, being a company with a history of 25 years of wine making in India, has reached a stage, where we are ready to unveil to the world the '**Indian way of wine making**'. In view of the same we have been entering into partnerships and acquisitions, in most of the developed markets like UK, US, Australia and across various markets in Eastern Europe. In an endeavor to make our most successful brands as global brands, domestic market leaders like Chantilly, Riviera etc, are being launched globally. Our boutique and specialty brands like Tiger Hill, Indage Vineyards, MDP, and Omar Khayyam are aimed at unleashing a range of 'tropical wines' essentially made the Indian way to the world.

Our company works on the vision to build a rock-solid 'INDAGE TEAM' through our ways of working. Offering innovative and radical ways of serving of wines, and with abundance being the buzzword, we are all set to serve our wines by the tumbler!





Rajesh Chalke
Chief Finance Officer

Driven by deeply thought strategy and burning desire to make a global footprint while remaining brand leader and pioneers of wines in India, I have been made responsible to control the financial tools in the game plan. The task is simple in so far as we can get the measurable quantitative data like budget, ratios and the like. But behind the seemingly simple task lies the responsibility of being a very important element of the troop crossing the frontiers in pursuit of expanding horizons.

Finance has kept pace with all other attributes of business in this pioneering effort of Champagne Indage Limited, where at each stage we need to guard against emerging risks, meet with business needs, deliver rewards to stakeholders, and maintain financial discipline at all

times. I have at my disposal a team of capable hands who almost works like a mechanical kit reacting to every eventuality instantly. The measures of internal controls and reporting are given priority. While other departments do feel the heat of demand, the finance is a friend in need for all. The team so closely functions, it almost is like a family. The environment existing at Indage House speaks volume of the reasons of our success, or should I say it is the reason why we dream?

Look at some of the following to gauge the task ahead:

The company has taken the first step in its global perspective by acquiring the 7th largest wine company in Australia (by crushing capacity) and has initiated efforts in a similar manner in major wine producing and consuming countries elsewhere. The company has drawn up plans for organised retail under a common umbrella giving a prominent place and space to the company's products across the country. In the liberalising wine retailing world, this step can give a very strong foundation to all the brands.

The company has to find opportunity and make enough inroads in the industry to substantially improve the return on investments. This, coupled with dividend payouts, frequent communications and constant expansion of business will serve well to enhance the corporate values for shareholders. In the days of swinging costs of debt, the company aims to neutralise the risks by careful planning of long term and short term debts, and currency mix. The expertise needed to monitor the impact on the whole canvas is not only a task for all of us, but also each of the case makes up for a study material for the whole team.

Acquisition is a way of life in modern commercial world. You have companies paying a multiple of year's turnover to win the race of bidders which keenly is supported by buoying capital markets and easy access to global loans. The company has successfully bought business interests of controlling nature in Seabuckthorn Indage Limited and Thachi Wines in Australia at a distress price. The achievement is now taken as benchmark for all of us. And in less than a year the team has turned the business into a profit venture.

Envy of us at the finance desk? Yes, the heads are expanding, and any one with steel nerves and gold heart, welcome to the family!!!!





Girish V. Kirkinde

Company Secretary & Legal Head

information required under the Companies Act, 1956 and rules made there under, SEBI Act, 1992 and the rules, regulations and guidelines issued by SEBI and the Listing Agreement. The Secretarial and Legal department acts as an internal legal advisor to the Board, co-ordinates and interacts with other functional heads of the Company while assisting in formulating corporate policies and regulatory compliance for preferential allotment of shares, formation of joint ventures, set up Wholly Owned Subsidiaries overseas, acquisitions, etc.

The Department has been in touch with existing and potential investors about the performance of the Company, share ownership details and disclosures made to stock exchange on an ongoing basis and have answered all relevant queries to investors. The Company has initiated steps to revamp its website to facilitate online information required by the investors. I am pleased to inform you that there were no investor complaints pending unresolved at the end of preceding 6 quarters.

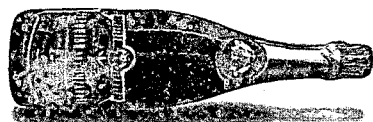
Further to the request of shareholders, a visit to Company's winery at Narayangaon was arranged on 18th March, 2007. The shareholders enjoyed the visit and gave valuable suggestions to make such events more delightful in future.

Your Company recognises the responsibility towards its shareholders and therefore constantly endeavours to create and enhance shareholders' wealth and value by implementing its business plans at appropriate times. This is evident from the substantial increase over the years in the turnover, profitability, EPS and the book value per share. The Annual General Meeting is the principal forum for interaction with shareholders. The Board of your Company has always encouraged open and active dialogue with all its shareholders.

I am pleased to mention that your Company has complied with the applicable provisions, filed relevant returns/forms and furnished relevant

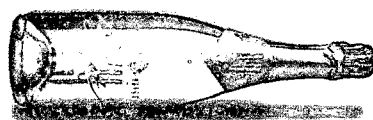


Product Portfolio



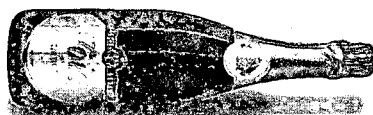
Marquise De Pompadour, Brut.

A creamy, crisp & refreshing bubbly made from a blend of Chardonnay, Pinot Noir & Ugni Blanc. The first award winning Traditional Champenoise in India. Your celebration just cannot be complete without it.



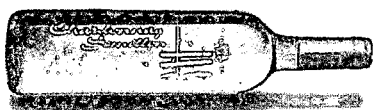
Ivy, Brut.

It's a clear straw colour with a lasting stream of effervescence. Delicious aromas of apples and pears add a tasty whiff of milk chocolate. Rich and creamy on the palate, full bodied flavour that last into a long, clean finish.



Joie, Brut.

An elegant sparkling wine, with a marvelous fruity bouquet.



Ivy, Chardonnay Semillon.

A refreshing light, dry, clean, fresh style with citrus flavours & crisp green apple acid. It has an aromatic fruit driven nose with notes of peach, melon & citrus which sums up into a crisp palate. The body is light, creamy with good intensity and a pleasing length.

