

*Indage*  
VINTNERS LTD

**Annual Report**  
**2009-2010**

**BOARD OF DIRECTORS**

Sham G. Chougule	Chairman
Arun B. Shah	Vice Chairman
Ranjit S. Chougule	Managing Director
Govind G. Desai*	Director
Haresh G. Desai	Director
Sohrab R. Framjee	Director
Murlidhar N. Chaini**	Director
Girish V. Kirkinde***	Company Secretary & GM Legal
Akshada Kaslay	Company Secretary w.e.f 10 <sup>th</sup> May, 2010

\* Ceased to be Director w.e.f 9<sup>th</sup> December, 2009

\*\* Ceased to be Director w.e.f 14<sup>th</sup> January, 2010

\*\*\*Ceased to be Company Secretary & GM Legal w.e.f 18<sup>th</sup> September, 2009

**AUDIT COMMITTEE**

Mr. G. G. Desai*	Chairman
Mr. H. G. Desai	Member
Mr. A. B. Shah	Member
Mr. S. R. Framjee**	Member

\*Ceased to be Director w.e.f. 9<sup>th</sup> December 2009

\*\*Ceased to be member w.e.f.9<sup>th</sup> December 2009

Reconstituted on 24<sup>th</sup> December, 2009

Mr. H. G. Desai	Chairman
Mr. A. B. Shah	Member
Mr. S. G. Chougule	Member

**SHAREHOLDERS/ GRIEVANCE COMMITTEE**

Mr. S. G. Chougule	Chairman
Mr. G. G. Desai*	Member
Mr. A. B. Shah	Member

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## INDAGE VINTNERS LIMITED

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\*Ceased to be Director w.e.f. 9<sup>th</sup> December 2009

Reconstituted on 24 <sup>th</sup> December, 2009	
Mr. S. G. Chougule	Chairman
Mr. H. G. Desai	Member
Mr. A. B. Shah	Member

<b>REMUNERATION COMMITTEE</b>	
Mr. G. G. Desai*	Chairman
Mr. S. G. Chougule	Member
Mr. H. G. Desai	Member

\*Ceased to be Director w.e.f. 9<sup>th</sup> December 2009

Reconstituted on 24 <sup>th</sup> December, 2009	
Mr. H. G. Desai	Chairman
Mr. S. G. Chougule	Member
Mr. A. B. Shah	Member

### **AUDITORS**

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

### **BANKERS**

State Bank of India  
UCO Bank  
ICICI Bank Ltd.  
HSBC Bank  
Barclays Bank

### **REGISTERED OFFICE & F.D. DEPARTMENT**

Indage House, 82, Dr. A. B. Road, Worli, Mumbai 400 018  
Tel No. 66175068 • Fax: 24902829  
Email : [info@indagegroup.com](mailto:info@indagegroup.com) / [secretarial@indagegroup.com](mailto:secretarial@indagegroup.com)  
visit us at: [www.indagegroup.com](http://www.indagegroup.com)

### **REGISTRAR & SHARE TRANSFER AGENTS**

M/s. Sharepro Services (India) Private Limited.,  
13AB, Samhita Warehousing Complex,  
2<sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane,  
Off. Andheri-Kurla Road, Sakinaka, Andheri( East)  
Mumbai- 400 072  
Phone: 67720300 / 67720400

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## **NOTICE**

**Notice** is hereby given that the **25<sup>th</sup> Annual General Meeting** of the Company will be held on Monday, 28<sup>th</sup> Day of March, 2011 at 10.00 a.m. at Sasmira College, Sasmira Marg, Opp. Mayfair Banquet hall, Near Old Passport Office, Worli, Mumbai– 400 030 to transact the following business:

**ORDINARY BUSINESS:-**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2010, the Profit & Loss Account for the year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To re-appoint Mr. Arun B Shah, Director of the Company, who retires by rotation and being eligible offers himself for re-appointment.
3. **To consider and, if thought fit, to pass with or without modification (s), if any, the following resolution as an Ordinary Resolution:**

“**RESOLVED THAT** M/s. Sorab S Engineer & Co. Chartered Accountants , Mumbai be and are hereby re-appointed as a Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting, on such remuneration in addition to the reimbursement of travelling and other out of pocket expenses incurred/ may be incurring in connection with their ancillary or incidental functions, as may be agreed between the Board of Directors of the Company and the Auditors and that the Board of Directors of the Company be and are hereby authorized to make any alteration in the remuneration as may be required.”

“**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to appoint one or more Branch Auditors for carrying out the audit of the accounts of branches of the Company as may be deemed fit and to fix their remuneration.”

**SPECIAL BUSINESS :**

4. **To pass and if thought fit to adopt with or without modification (s), if any, the following resolution as the Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of sections 198, 269, 309, 310 and 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII as amended, approval of the members be and is hereby accorded to the re-appointment of Mr. Ranjit Chougule as the Managing Director of the Company for a further period of 5 years with effect from 1<sup>st</sup> July, 2010 on the terms and conditions, including expressly the remuneration and perquisites payable to him.”

**“RESOLVED FURTHER THAT**, in any Financial Year during the tenure of the Managing Director, in case of no profits or inadequacy of profits of the Company, the remuneration is payable as set out in the Agreement between the Company and Mr. Ranjit Chougule and the board be and is hereby authorized to vary the said terms in case of no profits or inadequacy of profits.”

**“RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorised to vary, alter, increase, enhance or widen the scope of remuneration and perquisites, to the extent specified in Schedule XIII and other applicable provisions, if any, of the Act as amended from time to time.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, any Director of the Company be and is hereby authorised to do all acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.”

5. **To pass and if thought fit to adopt with or without modification (s), if any, the following resolution as the Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the applicable provision of the Companies Act, 1956 and provisions of the Memorandum and Articles of Associations of the Company, consent of the members be and is hereby accorded to ratify the resolution passed earlier at the Extra Ordinary General Meeting of the members of the Company held on 4<sup>th</sup> July, 2009 for the allotment of convertible warrants issued by adjusting some of the liabilities of the allottees.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to this ratification any of the Director of the Company be and is hereby authorised to take any further approval if necessary and to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to sign and execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient.”

6. **To pass and if thought fit to adopt with or without modification (s), if any, the following resolution as the Ordinary Resolution:**

**“RESOLVED THAT**, pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from the present value of Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only) divided into 2,50,00,000 (Two Crores and Fifty Lakhs Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each to Rs. 1,30,00,00,000/- (Rupees One Hundred and Thirty Crores Only) divided into 8,50,00,000 (Eight Crores and Fifty Lakhs Only) Equity Shares of Rs. 10/- (Rupees Ten Only) each and 4,50,00,000 (Four Crores and Fifty Lakhs Only) 0.1 Percent, Non Cumulative and Non Convertible Preference Shares of Rs. 10/- (Rupees Ten Only) each and accordingly Clause V of the Memorandum of Association be altered.”



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**INDAGE VINTNERS LIMITED**

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**“RESOLVED FURTHER THAT** Clause V of the Memorandum of Association be and is hereby altered by substituting the following:

- V.** The Authorised Share Capital of the Company shall be Rs. 1,30,00,00,000 consisting of 8,50,00,000 Equity Shares of Rs. 10/- each and 4,50,00,000, 0.1 Percent, Non Cumulative and Non Convertible Preference Shares of Rs. 10/- each”

**“RESOLVED FURTHER THAT,** any of the Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be necessary, usual, proper or expedient to give effect to the resolution.”

7. **To pass and if thought fit to adopt with or without modification (s), if any, the following resolution as the Special Resolution:**

**“RESOLVED THAT** pursuant to Section 17A read with Section 146 of the Companies Act, 1956 and subject to the confirmation by the Regional Director concerned in the Ministry of Company Affair, the place of Registered office of the Company presently situated at **Indage House, 82-Dr. Annie Besant Road, Worli, Mumbai – 400 018** be and is hereby changed to “A/P, Yedgaon Taluka, Junnar Narayangaon, Pune - 410 504.”

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

Sd/-

**Ranjit Chougule**  
Managing Director

**DATE : 14<sup>th</sup> February, 2011**  
**PLACE : Mumbai**

## **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 / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN ORDER TO BE EFFECTIVE, THE PROXY FORM MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members and the Shares Transfer Books of the Company will remain closed from 21<sup>st</sup> day of March, 2011 to 28<sup>th</sup> Day of March, 2011 (both days inclusive).
3. The members are requested to note that the Company is presenting only the Standalone Balance Sheet in this Annual General Meeting.
4. The members are requested to:
  - (a) Intimate to the Company's Registrars and Share Transfer Agents, M/s. Sharepro Services (India) Private Limited (for shares held in physical form) and to their Depository Participants (DP) (for shares held in dematerialized form) the changes, if any, in their registered address, Bank account number / details etc. at an earlier date, quote ledger folio numbers /DP Identity and Client Identity Numbers in all their correspondences;
  - (b) Bring the copy of the Annual Report and the Attendance Slip duly filled in for attending the Annual General Meeting;
5. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the Company at the Registered Office address so as to reach at least seven days before the date of the Meeting, to enable the information required to be made available at the Meeting, to the best extent possible.
6. Members / Beneficial Owners are requested to quote their full name as per Company's record, Folio No. / DP and Client ID Nos. as the case may be, in all correspondence with the Company.
7. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.

**Regd.Off.:**

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

**DATE : 14<sup>th</sup> February, 2011**  
**PLACE : Mumbai**

By Order of the Board  
Sd/-  
**Ranjit Chougule**  
Managing Director

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956  
IN RESPECT OF ITEM NO. 4 TO 7 OF THE NOTICE.**

**ITEM NO. 4.**

Mr. Ranjit Chougule has been in the office as Managing Director since 1<sup>st</sup> July, 2005. During the tenure of Mr. Ranjit Chougule as the Managing Director, the Company has made considerable progress in all the spheres and has since acquired good name and reputation in business.

Mr. Ranjit Chougule is a Bachelor of Business Studies (B.B.S) and Master of Business Administration (M.B.A.) Corporate Finance from City of London. He has wide experience in administration of operations and finance and has more than seven years of experience in the Wine Industry and in various corporate fields. He is aged about 37 years. The Board of Directors of the Company confidently feel that the Company should continue to avail the services of Mr. Ranjit Chougule as a very able and experienced person. Hence the Board of Directors at its meeting held on 14<sup>th</sup> February, 2011 has considered it necessary to re-appoint Mr. Ranjit Chougule as the Managing Director of the Company for further period of 5 years with effect from 1<sup>st</sup> July, 2010 subject to the approval of the members of the Company. The remuneration proposed to be paid to Mr. Ranjit Chougule is within the limits of Schedule XIII as amended.

The main terms of salary, perquisites and other allowance payable to Mr. Ranjit Chougule will remain the same as mentioned in the agreement.

Your Directors recommend this resolution for your approval.

Mr. Sham G. Chougule, Chairman of the Company and Mr. Ranjit Chougule, since it relates to his appointment are interested in this resolution.

**ITEM NO. 5.**

The resolution for allotment of Convertible warrants was passed and duly approved by the Members in the Extra Ordinary General Meeting held on 4<sup>th</sup> July, 2009.

As per the request of the allottees, the Company has converted the liabilities of the allottees and the allotment was made. However, there was no flow of funds for the said allotment.

Further, the Board while making such allotment, should have taken prior approval once again of the members because the existing liabilities of the allottees were adjusted towards issue of convertible warrants, but the board inadvertently did not take the approval of the members for the conversion of the liabilities of the allottees and proceeded further with the allotment.

Thus, to ratify the resolution passed in the said Extra Ordinary General Meeting, this resolution is put forward for your ratification and approval.

Further, the convertible warrants as approved by the Members were issued on 18<sup>th</sup> July, 2009.



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## INDAGE VINTNERS LIMITED

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The warrants were allotted on preferential basis to the following parties

<b>Name of Allottees</b>	<b>No. of Warrants allotted</b>
Anam Transport Private Limited	45,00,000
Sanjivani Horticulture Private Limited	45,00,000
Arsh Advisors and Owners Limited	10,00,000
Asian Sirius Energy Limited	3,00,000
<b>Total</b>	<b>1,03,00,000</b>

The tenure of these Warrants issued was 18 months from date of allotment as per SEBI ICDR (Issue of Capital and Disclosure Requirements) Guidelines.

Some of the warrant holders opted for conversion of warrants into Equity Shares on 3<sup>rd</sup> March, 2010 which were allotted in pursuance of the outstanding liabilities of the allottees. The details of the same are as under : -

<b>Warrant Holders</b>	<b>No. of Shares</b>
Anam Transport Private Limited	14,75,000
Sanjivani Horticulture Private Limited	14,25,000
Asian Sirius Energy Limited	3,00,000
<b>Total</b>	<b>32,00,000</b>

The conversion was not opted for few of the warrants by the warrant holders even after 18 months from the issue of warrants. The said warrants were lapsed on 17<sup>th</sup> January, 2011. The Board took note of the forfeiture of warrants in the Board Meeting held on 14<sup>th</sup> February, 2011. Hence the amount paid on warrants stands to be forfeited.

The members are hereby informed to consider and approve the ratification of the resolution passed by the members in the Extra Ordinary General Meeting held on 4<sup>th</sup> July, 2009 and take a note of the changed terms and conditions while making the allotment of convertible warrants and the forfeiture of warrants.

### **ITEM NO. 6.**

The Company has filed a Composite Scheme of Arrangement and Compromise between "Industrial Agencies Indage Private Limited" and your Company and their respective shareholders and creditors of your Company, with Bombay High Court for its direction and with the Bombay Stock Exchange Limited for its approvals. For the purpose of this scheme, apart from Equity shareholders, the Company has classified its creditors into 5 categories i.e.

- i) Preference Share Applicants
- ii) Secured Lenders
- iii) Unsecured Lenders
- iv) Fixed Deposit Holders
- v) Other (trade) creditors

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## INDAGE VINTNERS LIMITED

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Accordingly various options for settlement of their outstanding claims have been provided to creditors. As per the package of Corporate Debt Restructuring Empowered Group (CDR EG), the interest payable to the categories of stakeholders would be partly payable in cash and for balance interest amount; Company would issue Equity / Preference shares. Hence, the Company intends to issue Equity shares as well as 0.1 Percent, Non Cumulative and Non Convertible Preference shares of Rs. 10/- (Rupees Ten Only) each to the secured and unsecured creditors.

The Preference Shares carrying Nil rate of interest are non-convertible.

The Company preferred an appeal for Composite Scheme of Arrangement to the Hon'ble High Court of Mumbai for obtaining its approval. The issue of shares depends on the receipt of such approval and the Company is awaiting for court's decision.

The proposed increase of Authorised Share Capital requires the approval of members in General Meeting. Consequent upon the increase of Authorised Capital the Company's Memorandum will require alteration so as to reflect the increase in share capital.

None of the directors are interested in the resolution.

### **ITEM NO. 7.**

Presently, the Company's Registered Office is located at Indage House, 82, Dr. Annie Besant Road, Worli, Mumbai - 400 018 in the city of Mumbai. The Board of Directors of your Company in their meeting held on 14th February, 2011 has decided to change the location of the Registered Office from the city of Mumbai to Pune, where the vineyard factory of the Company is located.

According to Section 17A of the Companies Act, 1956 by the Companies (Amendment) Act, 2000, such a change should be confirmed by the Regional Director concerned in the Ministry of Company Affairs.

Necessary application as prescribed in this behalf shall be made to the Regional Director, along with the copy of the aforesaid resolution for seeking the confirmation. Further, under the proviso to section 146(2) of the Companies Act, 1956, special resolution is required to be passed for shifting the Registered Office outside the local limits of any city, town, etc.

Hence the special resolution is proposed for your approval.

None of the directors are interested in this resolution, except as shareholders of the Company.

**Place : Mumbai**

**Date : 14<sup>th</sup> February, 2011**

**Registered Office :**

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

For and on behalf of the Board of Directors

Sd/-

**Ranjit Chougule**

Managing Director

## DIRECTORS' REPORT

To,  
The Shareholders,

Your Directors present the 25<sup>th</sup> Annual Report together with the Audited Statement of Accounts (Standalone) for the year ended 31<sup>st</sup> March, 2010.

As you are aware about the difficulties faced by the Company arising out of an acute financial crunch to legal actions of creditors including a winding up order passed against the Company and the subsequent Composite Scheme of Arrangement filed in the Hon'ble Bombay High Court, we are at presently only adopting the standalone results of your Company for the approval of the members.

We are providing true and fair picture of the Company before you and at this juncture only standalone figures are available since the subsidiaries of the Company have also experienced similar problems of a financial and while they carry out the due compliances, the management has taken a view of presenting the standalone results only. Furthermore, the views expressed by the Company Management and its Directors are purely based on the standalone figures only.

### FINANCIAL RESULTS: (Standalone)

PARTICULARS	Year ended 31.3.2010 (Rs.)	Year ended 31.3.2009 (Rs.)
Sales & other income including increase in Finished Goods & Work in Progress	31,07,15,165	1,52,91,12,283
Loss before Interest and Depreciation	(37,04,44,749)	(27,12,80,395)
Interest	46,53,01,350	33,30,87,677
Depreciation	2,71,17,629	4,80,58,232
Exceptional Item	1,36,99,32,889	-
<b>Profit / (Loss) for the year</b>	<b>(2,23,27,96,617)</b>	<b>(65,24,26,304)</b>
Less :		
Provision for Taxation	-	1,13,17,835
Deferred Tax Adjustments	-	(5,67,44,374)
<b>Net Profit / (Loss ) After Tax</b>	<b>(2,23,27,96,617)</b>	<b>(60,69,99,765)</b>
Less: Transfer to Debenture Redemption Reserve	-	-
Less: Minority Interest and Transfer to capital reserve	-	-
Add: Balance brought forward from Previous year	(8,94,64,794)	52,50,00,000
Less: Prior Period Expenses	-	74,36,583
Less: Prior period short provision for Tax	98,69,319	28,446
<b>Balance Available for appropriation</b>	<b>(2,33,21,30,730)</b>	<b>(8,94,64,794)</b>
<b>Appropriations:</b>		
Proposed Dividend on Equity Shares	-	-
Tax on Dividend	-	-
Transfer to General Reserve	-	-
<b>Balance Carried to the Balance Sheet</b>	<b>(2,33,21,30,730)</b>	<b>(8,94,64,794)</b>

**FINANCIAL PERFORMANCE :**

During the year under review, the Company has suffered heavy losses. Sales throughout the year were at a bare minimum in the absence of any working capital in the business which affected the basic ability of your Company to convert raw materials to work-in-progress to finished goods to debtors and, ultimately, into cash. Given the widespread negative publicity in leading publications and other media, the problem was only exasperated with falling share prices and low to negative confidence amongst the trade suppliers and buyers. Although the Company has managed to significantly cut costs to sustain a bare minimum level of operations, costs such as interest continue to be heavy for a majority of the financial year as well as the burden of maintaining the high level of inventory is also reflected in the other expenses.

While the reasons for the drastic reduction in performance levels of your Company are multiple and the list of problems faced by the Company being numerous, the Management is taking steps to regain and revive your Company to its original position as the leading wine producer of India. The Directors of your Company assure you about the Company's bright future ahead and are hopeful in achieving subsequent improvements in the overall performance of the Company in years to come.

**DIVIDEND :**

The Company follows the policy of paying stable dividend linked to consistent performance, while at the same time keeping in view the need to finance the growth plans through internal accruals. This will eventually lead to increased shareholder value and higher returns. However, for the year ended 31<sup>st</sup> March, 2010, the Board of Directors has not recommended a dividend due to heavy losses suffered by the Company.

**SUBSIDIARIES :**

To complement and strengthen the products and the entire supply chain in order to meet customer expectations globally, your Company implemented an acquisitive growth policy during the year under review on the International front. This strategy has further enhanced the inherent strengths of your Company. However, since some of the acquisitions were made very close to the global financial meltdown and the subsequent inability of your Company to raise funds overseas in order to meet with the working capital needs of the newly acquired businesses, the businesses acquired remain in a fragile condition.

As on 31<sup>st</sup> March, 2010, your Company has the following Subsidiaries :

- 1) Seabuckthorn Indage Ltd., India (52.63% shareholding).
- 2) Indage Holdings Ltd., U.K. (Wholly Owned)
- 3) Thachi Wines Pty Ltd., Australia (100% Step Down Subsidiary)

The Company had one more subsidiary Indage (U.K.) Ltd., U.K. (100% Step Down Subsidiary) as on 31<sup>st</sup> March, 2009. Although the UK subsidiary had high hopes for success, the business suffered due to a lack of working capital and, compounded by the negative publicity in India,

most overseas trade partners declined to work with the newly acquired business and the creditors preferred to wind up and liquidate the business despite a creditors voluntary arrangement ( CVA) being filed and approved by the Company and its creditors. Therefore, the investment in the said subsidiary has been, unfortunately, written off by the Company during the year under consideration.

As mentioned above, the Company is unable to present the Consolidated Audited Accounts in this Annual General Meeting due to non - finalization of the accounts of all its subsidiaries. However, the Company is taking various steps to finalize the accounts of the subsidiaries and shall present the Consolidated Accounts at the earliest.

The Company has also made an application to the Registrar of Companies vide e- Form 23AAB on 07<sup>th</sup> August, 2010 in order to claim exemption from attaching the documents of subsidiaries as specified under Section 212(1) of the Companies Act, 1956. The approval regarding the same is still not received from the Ministry of Corporate Affairs, Government of India.

**FUTURE PROSPECTS :**

The Company is in process of finalization of the Composite Scheme of Arrangement and Compromise with Industrial Agencies Indage Private Limited ('IAIPL').

A Court Convened Meeting of all categories of stakeholders of the Company i.e. Equity Shareholders, Secured Lenders, Preference Share Applicants, Unsecured Lenders, Fixed Deposit Holders, Other Creditors was held on 16<sup>th</sup> September, 2010. The said scheme was passed with requisite majority.

The Company at present is awaiting a positive outcome from the Divisional Bench of Hon'ble Bombay High Court in the matter of Composite Scheme of Arrangement between the Company and Industrial Agencies Indage Private Limited is being heard by the Hon'ble Court.

Despite the difficulties faced by the Company, the assets of the business have been maintained to a very high standard and the stocks are well preserved. The market for wine in India will continue to grow as the alcoholic beverage industry matures in size and trends. Your Company's brands still remain in demand and, if the challenges to supply and restart the business are addressed, the Management of your Company has no doubts of the vast future potential of the business and return to healthy profits.

**DIRECTORS :**

Mr. Arun B Shah, Director is retiring by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment. In terms of Clause 49 of the Listing Agreement with BSE, the details of this Director is given in the accompanying Corporate Governance Report.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

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

- 1) 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.
- 2) Accounting policies selected & applied are on a 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 the Profit & Loss of the Company for that period.
- 3) 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.
- 4) Annual accounts have been prepared on a going concern basis.

**CORPORATE GOVERNANCE :**

Your Company has complied with the mandatory provisions of Corporate Governance stipulated under Clause 49 of the Listing agreement (as amended). The Management Discussion & Analysis, Report on Corporate Governance and Certificate from the Auditors of the Company certifying compliance of conditions of Corporate Governance are annexed herewith and forms part of this Annual Report.

Your Company has also laid down a Code of Conduct for its Board Members and Senior Management Personnel. All the Directors and the Senior Management Personnel have affirmed compliance with the said Code of Conduct.

However, due to the numerous problems faced by the Company and significant reduction in management bandwidth, the management has not performed any internal audits of its operations during the year under review but is hopeful for completing the same at the earliest.

**FIXED DEPOSIT :**

Out of the total 1576 deposits of Rs. 4,18,17,000/- from the public as at 31<sup>st</sup> March, 2010, 24 (Twenty Four) deposits amounting to Rs.3,90,000/- were matured but not claimed. Subsequently, 5 (Five) matured deposits were claimed and paid amounting to Rs. 60,000/- in aggregate.

**EMPLOYEE STOCK OPTION / PURCHASE SCHEME (ESOS) :**

Your Company has introduced an Employee Stock Option Scheme and Employee Stock Purchase Scheme – 2005. However, no grants have been made thereunder during the financial year.

**AUDITORS :**

M/s Sorab S. Engineer & Co. Chartered Accountants, retire as Auditors at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. The members are requested to appoint the Auditors and fix their remuneration.



**PARTICULARS OF EMPLOYEES :**

During the financial year, your Company has not employed any employee whose particulars are required to be disclosed in this report pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) (Amendment) Rules, 2000.

**CONSERVATION OF ENERGY :**

The Company has constantly made efforts to prevent and reduce excessive energy consumption by making use energy efficient technology and equipments. The Company is also aware of importance of conservation of energy and has taken serious steps in this regards.

**RESEARCH & DEVELOPMENT :**

Your Company has set up modern microbiological testing facilities to ensure quality control. During the year under review your Company has maintained a system and procedure to qualify for certification under ISO 9001 / HACCP.

**TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION :**

Your Company has already adopted the latest techniques in winemaking and production and, therefore, no new technology has been adopted during the year.

**FOREIGN EXCHANGE EARNINGS & OUTGO :**

<b>PARTICULARS</b>	<b>Year ended 31.3.2010 (Rs.)</b>	<b>Year ended 31.3.2009 (Rs.)</b>
Foreign Exchange		
(i) Earnings	4,96,59,470	10,06,95,029
(ii) Outgo	4,68,11,312	3,14,05,169

**ACKNOWLEDGEMENTS & APPRECIATION**

Your Directors are thankful and are obliged by the continuous faith and support it has received over such a long period of time from various authorities including Banks and Government Authorities and also from shareholders including all categories of persons associated with the Company. The Company also acknowledges its deep appreciation of all its industry partners, buyers and suppliers who have kept faith in the revival of the business and provided timely support.

Your Directors are delighted to express their gratitude towards the long lasting support the employees have given and are extremely thankful for the same.

For and on behalf of the Board

Sd/-

**S. G. Chougule**

Chairman

**Place : Mumbai**

**Date : 14<sup>th</sup> February, 2011**

## **CORPORATE GOVERNANCE REPORT**

**FOR THE FINANCIAL YEAR 2009-10**

### **I CORPORATE GOVERNANCE PHILOSOPHY**

The Company values and is aware about the importance of Corporate Governance into the value systems driving the Company. The Company understands the principles of fairness, transparency, accountability and responsibility towards the Members and society at large and ensures to achieve high standards and integrity in financial reporting, disclosure of material information, continuous improvements of internal controls and sound investor relations.

The Company aims at continuous growth and sustainability with the fulfillment of objectives of the organization along with the expectations of the Members.

Your Company has implemented the mandatory requirement of Corporate Governance as set out under Clause 49 of the Listing Agreement with the Stock Exchanges.

### **II. BOARD OF DIRECTORS**

- i) The Company has Five ( 5 ) Directors with a Non-Executive Chairman out of which 3 are Independent Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with the Stock Exchange.
- ii) None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the Companies in which he is a Director. Necessary disclosures regarding Committee positions in other public Companies as on March 31, 2010 have been made by the Directors.
- iii) The names and categories of the Directors on the Board, their attendance at Board Meetings, Annual General Meeting held during the year and the number of Directorships and Committee Chairmanships/Memberships held by them in other Companies are given herein below. Other Directorships do not contain directorships of private limited companies. Chairmanship/ Membership of Board Committees includes only Audit and Shareholders/Investors Grievance Committees.

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## INDAGE VINTNERS LIMITED

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### BOARD OF DIRECTORS :

#### Composition of the Board and Directors' membership in Board Committees:

The details of the Directors on the Board of your Company as on March 31, 2010 are given below :

Name	Category	Designation	Shareholding		No. of other Directorships and Committee member/Chairmanship***		
					Director	Chairman	Member
Mr. Sham G. Chougule	Promoter Non-Independent Non-Executive Director	Chairman	6881	0.04%	5	1	1
Mr. Govind G. Desai*	Independent Non Executive Director	Director	9000	0.05%	9	4	5
Mr. Arun B. Shah	Independent Non Executive Director	Vice Chairman	32040	0.17%	11	5	6
Mr. Haresh G. Desai	Independent Non Executive Director	Director	—	—	4	3	—
Mr. Ranjit S. Chougule	Promoter Executive Director	Managing Director	100319	0.54%	4	—	—
Mr. Sohrab R. Framjee	Independent Non Executive Director	Director	—	—	—	—	—
Mr. Murlidhar N.Chaini**	Independent Non Executive Director	Director	—	—	3	—	—

\* Ceased to be Director w.e.f. 9<sup>th</sup> December, 2009

\*\*Ceased to be Director w.e.f. 14<sup>th</sup> January, 2010

\*\*\*Directorship in other Companies include Public Company and Section 25 Company

During the financial year 2009-10, 11 (Eleven) Board Meetings were held on the following dates:

1) 28-05-2009	2) 09-06-2009	3) 30-06-2009
4) 29-09-2009	5) 09-12-2009	6) 24-12-2009
7) 14-01-2009	8) 28-01-2010	9) 03-03-2010
10) 15-03-2009	11) 19-03-2010	

The last Annual General Meeting was held on 30<sup>th</sup> August, 2010 for the year ended 31<sup>st</sup> March, 2009.

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**INDAGE VINTNERS LIMITED**

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Attendance of the Directors at the aforesaid Board Meetings held during the year and at the last Annual General Meeting is given below.

Name	Attendance Particulars	
	Number of Board Meetings attended	Last AGM attended
Mr. S. G. Chougule	11	Present
Mr. G. G. Desai*	2	Absent
Mr. A. B. Shah	10	Present
Mr. H. G. Desai	10	Absent
Mr. R. S. Chougule	10	Present
Mr. S. R. Framjee	2	Absent
Mr. M. N. Chaini**	3	Absent

\* Ceased to be Director w.e.f. 9<sup>th</sup> December, 2009

\*\*Ceased to be Director w.e.f. 14<sup>th</sup> January, 2010

**DETAILS OF DIRECTORS APPOINTED DURING THE YEAR UNDER REVIEW / SEEKING REAPPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING:**

Name of Director	Mr. Arun B. Shah
Date of Appointment	29 <sup>th</sup> January, 1994
Qualification	B.Sc., Chartered Accountant
Nature of expertise in specific functional areas	Finance & Accounts
Names of Public Limited Companies in which Director is holding Directorships	1) Indage Restaurants & Leisure Ltd. (Formerly known as Champagne Vineyards Ltd ) 2) Indage Hotels Ltd 3) Seabuckthorn Indage Ltd 4) Prime Securities Ltd 5) Prime Broking Company (India) Ltd 6) Prime Commodities Broking Co. (India) Ltd. 7) Cyber Tech Systems & Software Ltd 8) Asian Electronics Ltd 9) Asian Retail Lighting Limited 10) ARSH Advisors & Owners Limited 11) Indian Institute of Vine & Wine (Section 25 Company)
Names of other Companies in which the director is a member in Committees	1) Indage Restaurants & Leisure Ltd. (Formerly known as Champagne Vineyards Ltd ) 2) Prime Securities Ltd 3) Cyber Tech Systems & Software Ltd 4) Asian Electronics Ltd

**COMMITTEES OF THE BOARD**

As of March 31, 2010 your Company has three committees. They are:

- Audit Committee.
- Shareholders/Investors Grievance Committee.
- Remuneration Committee.

**A) AUDIT COMMITTEE :****i) BRIEF DESCRIPTION OF TERMS OF REFERENCE**

The Audit Committee reviews, acts and reports to the Board of Directors, inter alia, with respect to:

- Review the Company's Financial reporting and Accounting policies practiced.
- Monitor the internal control system and its adequacy.
- Monitor the adequacy of the internal audit function, its structure & effectiveness.
- Review the financial and risk management system.
- Recommend the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- To monitor and evaluate the risk management involved while undertaking any business activities.

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.

**ii) COMPOSITION, NAME OF MEMBERS AND CHAIRPERSON**

The Audit Committee was reconstituted on 24<sup>th</sup> December, 2009 since Mr. G G Desai tendered his resignation from the post of Directorship and Mr. S R Framjee has tendered his resignation from the post of Member of Audit Committee.

The Audit Committee comprises of following Directors viz :

**Audit Committee Composition (Prior to reconstitution)**

<b>Name</b>	<b>Category</b>	<b>Position</b>
Mr. G. G. Desai	Independent	Chairman
Mr. H. G. Desai	Independent	Member
Mr. A. B. Shah	Independent	Member
Mr. S. R. Framjee	Independent	Member

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**INDAGE VINTNERS LIMITED**

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Audit Committee Composition (After reconstitution)

<b>Name</b>	<b>Category</b>	<b>Position</b>
Mr. H. G. Desai	Independent	Chairman
Mr. A. B. Shah	Independent	Member
Mr. S. G. Chougule	Promoter	Member

**iii) MEETINGS AND ATTENDANCE DURING THE YEAR:**

The Audit Committee met 5 times during the year on

1) 30 <sup>th</sup> June, 2009	2) 9 <sup>th</sup> December, 2009	3) 24 <sup>th</sup> December, 2009
4) 14 <sup>th</sup> January, 2010	5) 28 <sup>th</sup> January, 2010	

<b>Name of the Director</b>	<b>No. of Audit Committee Meetings attended</b>
Mr. H. G. Desai	5
Mr. A. B. Shah	4
Mr. S. G. Chougule	3
Mr. G. G. Desai	1
Mr. S. R. Framjee	1

**B) SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE:**

**i) THE SHAREHOLDERS/INVESTOR GRIEVANCE COMMITTEE COMPRISES OF THE FOLLOWING DIRECTORS:**

The Shareholders/ Investor Grievance Committee was reconstituted on 24<sup>th</sup> December, 2009 since Mr. G G Desai tendered his resignation from the post of Directorship. The following are the members of Shareholders/ Investor Grievance Committee:

Shareholders/ Investor Grievance Committee (Prior to reconstitution)

<b>Name</b>	<b>Category</b>	<b>Position</b>
Mr. S. G. Chougule	Promoter	Chairman
Mr. G. G. Desai	Independent	Member
Mr. A. B. Shah	Non-Independent	Member

Shareholders/ Investor Grievance Committee (After reconstitution)

<b>Name</b>	<b>Category</b>	<b>Position</b>
Mr. S. G. Chougule	Promoter	Chairman
Mr. H. G. Desai	Independent	Member
Mr. A. B. Shah	Non-Independent	Member



ii) **MEETINGS AND ATTENDANCE:**

The Committee generally meets as when it is necessary. The Committee looks into the matters of grievances and redressal of shareholders complaints like non transfer of shares, non receipt of balance sheet etc. It also reviews the matters related with the shares and share certificates.

**C) REMUNERATION COMMITTEE & DIRECTOR'S REMUNERATION:**

i) **BRIEF DESCRIPTION OF TERMS OF REFERENCE**

The Committee is responsible to determine on behalf of the Directors and Shareholders, the Company's policy on specific remuneration packages for Executive / Non Executive Directors, pension rights and any compensation payment.

ii) **COMPOSITION, NAMES OF MEMBERS AND CHAIRMAN**

The Remuneration Committee was reconstituted on 24<sup>th</sup> December, 2009 since Mr. G G Desai tendered his resignation from the post of Directorship. The Remuneration Committee comprises of one non-independent and two independent non-executive Directors viz.

Remuneration Committee (Prior to reconstitution)

<b>Name</b>	<b>Category</b>	<b>Position</b>
Mr. G. G. Desai	Independent	Chairman
Mr. S. G. Chougule	Promoter	Member
Mr. H. G. Desai	Independent	Member

Remuneration Committee (After reconstitution)

<b>Name</b>	<b>Category</b>	<b>Position</b>
Mr. H. G. Desai	Independent	Chairman
Mr. S. G. Chougule.	Promoter	Member
Mr. A. B. Shah	Independent	Member

iii) **REMUNERATION POLICY**

The Company pays sitting fees of Rs.15,000 for each Board Meeting and Rs.2,500/- for each Committee Meeting attended by Non Executive Director.

The Sitting fees so paid for attendance of meetings to the Non Executive Directors was discontinued with effect from 30<sup>th</sup> June, 2009.

iv) **DETAILS OF REMUNERATION TO ALL THE DIRECTORS**

The sitting fees paid for the year ended 31<sup>st</sup> March, 2010 to the Non Executive Directors are as follows:

<b>Name</b>	<b>Total (Rs)</b>
Mr. S. G. Chougule	30,000
Mr. A. B. Shah	30,000
Mr. H. G. Desai	15,000
Mr. S. R. Framjee	15,000
Mr. G. G. Desai	15,000
Mr. M. N. Chaini	15,000
<b>Total</b>	<b>1,20,000</b>

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**INDAGE VINTNERS LIMITED**

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The aggregate value of salary and perquisite paid for the year ended 31<sup>st</sup> March, 2010 to Mr. R. S. Chougule, Managing Director was as follows:

<b>Name of Director</b>	<b>Salary and Perquisites (Rs.)</b>	<b>Contribution to Provident fund / Superannuation fund (Rs.)</b>
R. S. Chougule – Managing Director	Rs. 24,00,000/-	Rs. 9,360/-

**GENERAL BODY MEETINGS :**

Location and time where last three Annual General Meeting were held:

<b>Year</b>	<b>Location</b>	<b>Time</b>	<b>Date</b>	<b>No. of Special Resolutions passed</b>
2006-2007	Victoria Memorial School for Blind, 73, Tardeo Road, Opposite Film Centre, Tardeo, Mumbai 400 034	10.00 A.M.	29-09-2007	NIL
2007-2008	Victoria Memorial School for Blind, 73, Tardeo Road, Opposite Film Centre, Tardeo, Mumbai 400 034	11.00 A.M.	29-09-08	3
2008-2009	Sasmira College, Sasmira Marg, Opposite Mayfair Banquet Hall, Near Old Passport Office, Worli, Mumbai 400 030.	10.00 A.M.	30-08-10	5

No special resolution was passed last year through postal ballot.

**DISCLOSURE ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTION THAT MAY HAVE POTENTIAL CONFLICT WITH THE INTEREST OF COMPANY AT LARGE.**

There are no materially significant transactions with the related parties that may have potential conflict with the Company's interest at large.

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

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## INDAGE VINTNERS LIMITED

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### **MEANS OF COMMUNICATION:**

The Company publishes its quarterly, half yearly results in Dainik Lokmat (Marathi) and Business Standard (English). The Company has its own website and all vital information relating to the Company and its performance in the field of finance, productivity and the information relating to the management of the Company is updated on the Company's website. The address of the Company's website is [www.indagegroup.com](http://www.indagegroup.com).

### **GENERAL SHAREHOLDER INFORMATION:**

<b>Annual General Meeting</b>	
Date :	28 <sup>th</sup> March, 2011
Time :	10.00 A.M
Place :	SASMIRA College, SASMIRA Marg, Opp. Mayfair Banquet Hall, Near Old Passport Office, Worli, Mumbai - 400 030.
Financial Year	1 <sup>st</sup> April 2009 to 31 <sup>st</sup> March 2010
Book Closure Date	21 <sup>st</sup> March, 2011 to 28 <sup>th</sup> March, 2011 (both days inclusive).
Dividend payment date	For the year 2005-06 - 23 <sup>rd</sup> September, 2006 For the year 2006-07 - 8 <sup>th</sup> October, 2007 For the year 2007-08 - 8 <sup>th</sup> October 2008
Listing on Stock Exchanges	The Bombay Stock Exchange Limited
Stock Code and Demat ISIN No.	Stock Code - 522059 Scrip ID on Bolt System – INDAGEVIN NSDL - ISIN INE 194C01019 CDSL - ISIN INE 194C01019
Registrar and Transfer Agents	Sharepro Services (India) Pvt. Limited, 13 AB, Samhita Warehousing Complex, 2 <sup>nd</sup> Floor, SakiNaka Telephone Exchange lane, Off Andheri-Kurla Road, SakiNaka, Andheri (E), Mumbai 400 072.
Share Transfer System	Presently the shares which are received in physical form are processed for transfer/transmission and the share certificates are returned within the prescribed period subject to documents being valid & complete in all respects.
Market Price Data and performance in comparison to broad based indices (BSE Sensex)	As per Annexure A
Distribution of Shareholding as on 31 <sup>st</sup> March, 2010	As per Annexure B
Dematerialisation of shares & liquidity	As on 31 <sup>st</sup> March, 2010, 81.05% of paid up equity shares were held in demat. The shares are traded on BSE in demat as well as in physical form.

**INDAGE VINTNERS LIMITED**

Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and likely impact on equity	<p>Company allotted 1,03,00,000 Equity Share Warrants on 18th July, 2009 vide its members approval in Extra Ordinary General Meeting held on 4<sup>th</sup> July, 2009. Out of these 32,00,000 Equity Share Warrants were converted into Equity Shares on 3<sup>rd</sup> March, 2010.</p> <p>However, The remaining warrants were not converted into Equity within a time gap of 18 months from allotment as per the provisions of SEBI (ICDR) Guidelines and hence the option for conversion is lapsed and the amount paid on warrants is forfeited.</p> <p>There were no GDR/ADR outstanding.</p>
Plant location	At & post Yedgaon, Taluka Junnar, Dist Pune, Narayangaon.
Address for correspondence	<p><u>For Transfer / Dematerialisation</u>  Sharepro Services (India) Private limited  <b>13 AB, Samhita Warehousing Complex, 2<sup>nd</sup> Floor, Near Sakinaka Telephone Exchange, Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai 400 072</b>  <b>Tel No.:- 67720300/67720400/28511872</b>  <b>Fax No:- 28591568</b>  <b>E-mail:- <a href="mailto:sharepro@shareproservices.com">sharepro@shareproservices.com</a></b>  <u>For any query regarding Annual Report</u>  Indage House, 82, Dr. A .B. Road, Worli, Mumbai 400 018.  Tel : 6654 7933 Fax : 6654 7940</p>

Annexure A

Market price data and performance of Indage Vintners Limited (Formerly known as Champagne Indage Ltd.) in comparison to broad based indices (BSE Sensex)

High / Low of the Company during each month in last financial year			BSE Sensex	
Period	High	Low	High	Low
April 2009	70.70	47.00	11492.10	9546.29
May 2009	90.65	56.00	14930.54	11621.30
June 2009	123.70	77.10	15600.30	14016.95
July 2009	85.95	59.15	15732.81	13219.99
Aug. 2009	74.75	56.50	16002.46	14684.45
Sept. 2009	78.90	64.00	17142.52	15356.72
Oct. 2009	71.55	51.50	17493.17	15805.20
Nov. 2009	62.00	41.00	17290.48	15330.56
Dec.2009	67.70	48.65	17530.94	16577.78
Jan.2010	74.70	55.05	17790.33	15982.08
Feb 2010	60.90	49.00	16669.25	15651.99
Mar. 2010	59.15	27.20	17793.01	16438.45

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**INDAGE VINTNERS LIMITED**

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**Annexure B**Distribution of Shareholding of Indage Vintners Limited as on 31<sup>st</sup> March 2010

<b>No. of Shares</b>	<b>No. of Shareholders</b>	<b>% of Shareholders</b>
Upto 500	11945	84.04%
501 - 1000	1124	7.91%
1001 - 2000	517	3.64%
2001 - 3000	183	1.29%
3001 - 4000	104	0.73%
4001 - 5000	84	0.59%
5001 - 10000	133	0.94%
10001 and above	123	0.87%
<b>Total</b>	<b>14213</b>	<b>100.00</b>

Categories of Shareholders as on 31<sup>st</sup> March, 2010:

<b>Category</b>	<b>No. of shares held</b>	<b>Percentage to total share capital</b>
Promoters	<b>35,29,356</b>	<b>19.11%</b>
Corporate Bodies	<b>77,95,448</b>	<b>42.21%</b>
FII's/ NRI/ OCBs	<b>3,43,010</b>	<b>1.86%</b>
Indian Public	<b>61,83,244</b>	<b>33.48%</b>
Any other (Banks & Financial Institutions)	<b>6,16,563</b>	<b>3.34%</b>
<b>Total</b>	<b>1,84,67,621</b>	<b>100%</b>

**CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS  
PER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE:**

To,  
The Members of  
**Indage Vintners Ltd.**

We have examined the compliance of conditions of Corporate Governance by Indage Vintners Ltd. for the year ended on 31<sup>st</sup> March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company to ensure compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our Opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

**Sd/-**  
**Suhas Ganpule**  
**Practicing Company Secretary**  
**Membership No. 12122**  
**C. P. No. 5722**

**Place: Mumbai**  
**Date: 07<sup>th</sup> October, 2010.**



## MANAGEMENT DISCUSSION AND ANALYSIS

The Wine Industry is experiencing tremendous changes. Wine – an *alcoholic beverage made by the fermentation of the juice of the grapes*, is now a well defined and growing part of the global alcoholic beverage business. More and more consumers globally are turning to wider and more frequent consumption of wine and are moving away from high alcohol beverages such as whisky, gin and rum.

Even non wine producing countries such as the UK now consume in excess of 110 million cases of wine annually while even Brazil and Argentina have reached per capita consumption of wine in excess of 80 litres.

Until about 30 years ago, wine was largely sold by appellation - the region in which it is grown and limited to the grape varieties grown there. Traditional wine growing regions such as France, Italy, Spain and Germany were the dominant players in the global wine business with many small to medium producers selling their wines based on reputation, tradition and the fame and popularity of the region in which they produced. Wine remained quite expensive and difficult for new consumers to be initiated as knowledge was low, therefore availability and experimentation within the industry.

Then came the emergence of new world wine growing regions such as Australia, New Zealand, Chile and California who started to drive utility and convenience to the wine industry globally. Labels became easier to understand and the variety of wine was of greater focus than the region in which it was produced. This led to a paradigm shift in the wine business with rapid development of large format retailers such as supermarkets as the big buyers and the creation of brands within the industry. Wine suddenly became cheaper and conformity and consistency the key factors to success.

In India, the scenario was quite different due to limited domestic consumption of wine and non availability of standard wine varieties to produce good quality wines of international standards. India's grape growing industry, largely confined to pockets in Maharashtra, Karnataka and Andhra Pradesh never provided much emphasis to research and value addition to what is essentially a perishable commodity. Therefore, Commercial wine grape production in India has only begun since the early 80's with Indage being the first producer of wine in Asia and 9<sup>th</sup> in the world to produce bottle fermented sparkling wine in the French Champagne method.

The Indian wine industry is very young and there is a great opportunity to develop a professional industry. There is considerable interest in wine as a category from every part of the supply chain — vineyard growers to producers to consumers, even up to policy makers both at the central and the state level. Everyone has realized the tremendous value addition that wine presents- transforming a bunch of grapes into a hygienic beverage.

Considering that alcohol still has a social taboo attached to it, it may seem paradoxical that the wine industry has grown- rapidly in India. Like all businesses, the industry faced teething troubles like poor storage and transport facilities, lack of promotional activities and unfavorable rules for

domestic marketing. However displaying exceptional determination, the companies grew from strength to strength improving their product and made a mark overseas as well, no doubt helped by the positive impetus provided by the Maharashtra state government in the wine policy of 2001. The state abolished excise duty on wine, de-licensed the production capacities and promoted the availability of wine through newer, less expensive retail and wine bar licenses.

Being a market leader, this encouraged Indage to significantly expand the supply chain of its wine business - from grape to glass, to ensure higher efficiency in the wine industry and grow the scale of the business in line with International trends that were leading to the emergence of wine brands in the global wine business. Starting from contract farming to own land acreage for further development of vineyards to higher capacity for crushing and storage including production overseas to wider and more expansive product portfolios and ending with wider and deeper distribution and availability of its products, the Company invested heavily into the supply chain and therefore the overall working capital of the business. The culmination of all this expansion was the FY 2008-2009 where the Company and its stake holders would start to reap the benefits of this expansive growth.

Then came a series of events that eventually destructed the basic working operations of the Company. The global recession led to the cancellation and withdrawal of a series of funding that was lined up to fuel the growth including equity and debt. Sales in critical markets such as Mumbai, Delhi, Goa, Rajasthan were practically eliminated due to the November terrorist attacks of Mumbai and some negative labelling and tax implications of various state governments led to significant finished goods stock being built up in the supply chain which could not be converted back into cash.

Your Company has been facing numerous problems for the past few years ever since these unfortunate series of events. This has considerably affected the Company in its various aspects of day to day functioning from financial, marketing, human resource to production which resulted in numerous Winding up Petitions being filed by various creditors. At the same time, the Company approached the Corporate Debt Restructuring Cell (CDR) to restructure various lenders' liabilities in line with new business plans. Ultimately, and faced with massive shortcomings in defending itself from creditors and within a few days of the CDR cell approving the restructuring of a large majority of the debts, a winding up order was passed against the Company on 19<sup>th</sup> March, 2010. Aggrieved by the said order, the Company preferred an appeal in front of The Divisional Bench of Hon'ble Bombay High Court to stay the winding up proceedings. The said order is currently stayed and is slated for further hearings. Further, the Company has filed a Composite Scheme of Amalgamation & Arrangement (the Scheme) under the provisions of Sections 391-394 of the Companies Act, 1956, for amalgamation of Industrial Agencies Indage Private Limited and settlement of all the creditors of the Company over a period of time.

The Scheme focuses on the core idea to revive the Company back to its original position. It also places emphasis on the financial and operating profits that a Company would be able to gain on amalgamation. It also sees an injection of funds from promoters through the sale of certain privately held assets to kick start the Company's operations.

In furtherance, a Court Convened Meeting was conducted on 16<sup>th</sup> September, 2010 to obtain the approval of Lenders as well as Members whether secured or unsecured to the Scheme. The scheme was approved by all classes of stakeholders/ creditors with requisite majority.

The Company has already undertaken various measures with respect to the proposed restructuring of debts to give financial stability and generate viability for the Company.

While the scheme is being heard in the Hon'ble courts, despite a stay on the operations, your Company is focusing on implementing best possible measures to re-achieve a strong and dominant position in the market, rationalise costs and stay as flexible as possible to cater to emerging market opportunities.

#### **INDUSTRY STRUCTURE AND DEVELOPMENTS:**

The Current Indian alcohol industry remains dominated by Country Liquor and Indian Made Foreign Liquor (IMFL) comprising of beer, whisky and rum. Wine remains less than 2% of the Industry and while there is an increasing tendency for higher taxes in the IMFL segment, wine maintains a government friendly approach with regards to taxation policy due to its food processing nature. Moreover, the food processing ministry, Government of India, have incorporated an Indian Grape Processing Board to promote and establish a larger and more robust wine industry with effective spends to promote the production and availability of wine in India.

#### **OPPORTUNITIES AND THREATS:**

Every major wine consuming region in the world has followed an emerging market trend where brown spirit consumption reduces to pave way for higher wine consumption. For example, Australia, while as recent as 25 years ago had per capita consumption of wine of less than 5 litres, today the consumption has already exceeded 20 litres. India will follow a similar trend as the country's consumers become increasingly aware of global trends and, combined with higher levels of health awareness and higher disposable incomes, wine will be consumed in higher quantities.

Raw material availability in the wine industry, specifically wine grape cultivation, continues to be a threat as India is a tropical region and viticulture techniques remain more trial by error than documented facts that can be relied upon to control disease and quality in wine. Differences in state taxation policy and labelling requirements do pose certain logistical concerns in the liquor industry overall but the Indian Grape Processing Board aims to rationalise the legislation concerning the wine industry in India.

#### **SEGMENT WISE OR PRODUCT WISE PERFORMANCE--:**

The business of your Company is only in one segment, namely wine production. As highlighted in detail earlier, the performance of the Company has been severely affected and the Winding up order has also rendered the significant stocks of the Company in an unutilised state. However, the CDR restructuring plan combined with the scheme will allow the Company to regulate and implement a well devised plan that is focussed on recovery of the losses and regaining market position.

**OUTLOOK:**

The outlook for the Industry and your Company remains strong. Although the other players in the industry have received significant benefit from your Company not being able to produce given the lack of working capital in the business, the brands still remain in strong demand and very little replacement of market standing has taken place.

**RISKS AND CONCERN:**

Given the fact that your Company is currently under a winding up order which is stayed, the future business and ability to return to normal business operations lies solely with the Hon'ble Court. This remains the single largest and only risk to the business.

**INTERNAL CONTROL SYSTEM AND ADEQUACY:**

Internal Control plays a very important role and is essential for effective and smooth functioning of any organization. The Management is responsible for timely and adequate disclosures for maintaining Internal Control. However, given the nature of the problems faced by your Company during this financial year, no internal audits were conducted during the year.

**DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

Although the Company's current financial position is not in a strong position as can be seen in various deviations in past few years, the Directors are very hopeful for recovering such losses. The Company assures the shareholders, subject to the Hon'ble Court approval, on significant turnaround and improvement from the present situation through a return to normalcy in operations.

**MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:**

The Company is aware about the losses which have resulted in Human Resources front. The Company is trying to rebuild the lost personnel and develop a healthy relationship with the existing employees. The Company is also keen on maintaining sound relations with other class of persons such as distributors, marketing agencies and so on. Your Company is going through testing times but is happy and grateful about having a dedicated staff and who has supported in all possible manners. The Company is thankful and obliged on having staff which have a lot of faith that the Company will surely be able to overcome all the problems which it is currently undergoing.

The Management is glad to have such continued support, faith and confidence in the Company from the shareholders at this very important stage of revival.

The Company aims to achieve all its objectives and that all the immediate as well as long term business plans are implemented effectively.

The Company is heartily obliged for having shareholders to have shown tremendous dedication in the Company in all its aspects.

**REPORT OF THE AUDITORS TO THE MEMBERS OF**

**INDAGE VINTNERS LIMITED**

1. We have audited the attached Balance Sheet of **INDAGE VINTNERS LIMITED** ("The Company") **formerly known as CHAMPAGNE INDAGE LIMITED**, as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
  - iii) The accounts of the various branches of the Company have been audited by other firms of Chartered Accountants appointed by the Company under Sec. 228 of the Companies Act, 1956, and their reports have been considered and appropriately dealt with while preparing our report.
  - iv) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - v) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; *except AS-2 "Valuation of Inventories", AS-11 "The Effects of Changes in Foreign Exchange Rates", AS- 13 "Accounting for Investments" and AS- 15 "Employee Benefits" and.*
  - vi) *Attention is invited to the following:*

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## INDAGE VINTNERS LIMITED

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- a. *Note no 2.14 of Schedule 18 explaining the amount written off as Exceptional items in respect of "Advances against Retail Initiative" amounting to Rs. 1,369,932,889.*
- b. We are unable to opine on the fall in the value of Investments in subsidiary companies costing Rs. 94,48,03,718 as the necessary information was not available for our audit. (AS – 13)
- c. Note no. 1.6 of Schedule 18 – Accounting Policy on Foreign Currency Transactions according to which the Exchange Difference pertaining to Investments in International Operations is transferred to a Foreign Currency Translation Reserve, which is not in accordance with AS-11.
- d. Loans and Advances of Rs. 33,46,32,330 considered good by the Management includes Rs. 1,30,73,067 old deposits given to certain parties. In the absence of confirmations for the same, we are unable to opine on the recoverability of these deposits. The balance amount of Rs.32,15,59,263 includes advances made to employees, subsidiary companies and sister concerns. We are unable to opine on the recoverability of the said entire amount.
- e. No confirmation of balances have been received for Secured Loans amounting to Rs. 2,66,30,72,663 and Unsecured Loans amounting to Rs. 1,21,48,18,895 taken from Banks, Financial institutions and others. Under the circumstances we are unable to ascertain the correctness of the balances shown.
- f. The Company has not obtained actuarial valuation for the gratuity liability as required under AS – 15 "Employee Benefits". The liability for Gratuity is provided on adhoc basis amounting to Rs. 32,00,000 for the year ended 31<sup>st</sup> March, 2010.
- g. Sundry Debtors (Unsecured) considered good by the Management includes old outstandings over 6 months aggregating to Rs.66,94,48,625. In the absence of bill wise details we are unable to comment on the recoverability of the said amount.
- h. We are unable to opine on the recoverability of dues from certain subsidiary Companies on account of Interest Receivable from them amounting to Rs. 4,19,83,794 which is included in Loans and Advances.
- i. We are unable to opine on the recoverability of Stocks lying with third parties as confirmations for the same have not been received.
- j. Bank statements and confirmations from certain banks have not been received by the Company. Under the circumstances we are unable to ascertain the correctness of the balances shown under Cash and Bank balances.

Due to uncertainties involved we are unable to quantify the effect of these observations on the accounts.

- vii) Without qualifying our opinion we draw attention to:

- a. Note 2.17 of Schedule 18 of the financial statements, wherein as explained, the Company's outstanding liabilities are being restructured under the aegis of Corporate Debt Restructuring Scheme (CDR) with effect from 1<sup>st</sup> October, 2009 and as required by the Scheme, the Master Restructuring Agreement (MRA) has been executed. Other necessary documents including security documents are in the process of being executed.
- b. Note 2.21 of Schedule 18 of the financial statements, wherein as explained, winding up order against the Company has been passed by the Hon'ble High Court of Bombay. However a stay has been granted to the company by the Hon'ble High Court. The matter is sub judice and outcome of the same cannot be currently ascertained.

The Company's ability to continue as a going concern is dependent on the Company being able to successfully implement the actions proposed in the CDR Scheme and outcome of winding up petitions in favour of the Company.

- viii) On the basis of written representations received from the Directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
5. *Subject to our observations in Para (v) and (vi) above*, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
  - ii. In the case of the Profit & Loss account, of the Loss of the Company for the year ended on that date and
  - iii. In the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For **Sorab S. Engineer and Co.**  
Chartered Accountants  
Firm Regn. No.: 110417W

Sd/-

**CA. M.P. ANTIA**

Partner

Membership Number: 7825

**Place: Mumbai**

**Date: 7<sup>th</sup> October, 2010**



**ANNEXURE TO AUDITORS REPORT TO THE MEMBERS OF  
INDAGE VINTERS LIMITED**

**Referred to in paragraph 3 of our Report of even date.**

- i. (a) The Company is maintaining proper records of its fixed assets.
- (b) Physical verification of all fixed assets has not been conducted during the year.
- (c) In our opinion and according to the information and explanations given to us, the Company has not disposed off substantial part of its fixed assets during the year.
- ii. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. During the year certain material discrepancies were noticed on verification between the physical stocks and the book records. The same have been properly dealt with in the books of accounts.
- iii. (a) The Company has not granted any loans, secured or unsecured to companies, firm or other parties during the year covered in Register maintained under Section 301 of the Companies Act, 1956. Hence clauses (b) to (d) are not applicable.
- (b) The Company has taken unsecured loans from five companies and two firms, covered in Register maintained under Section 301 of the Companies Act, 1956, amounting to Rs.3,90,62,625. The year end balance of loans taken from parties was Rs. 4,53,85,631.
- (c) In our opinion, the terms and conditions on which loans has been taken from Companies and Firms covered in the Register maintained under Section 301 of the Companies Act, 1956 are not *prima facie*, prejudicial to the interest of the Company.
- (d) The payment of Principal and Interest on the Loans taken by the Company are as per the agreed terms.
- iv. *In our opinion and according to the information and explanations given to us, the Company requires strengthening of its internal control procedures to make it commensurate with the size of the Company and the nature of its business, with regard to purchases of inventory and fixed assets and for the sale of goods and services. Attention is invited to the matters stated in Note 2.15 of Schedule 18.*



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**INDAGE VINTNERS LIMITED**

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- v. (a) The company has not entered particulars of some of the contracts and arrangements referred to in Section 301 of the Act.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are *prima facie* reasonable having regard to prevailing market price of similar goods and services at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A, 58AA and other relevant provisions of Companies Act 1956 and the rules framed there under. No order regarding public deposit has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal. Public deposits amounting to Rs. 390,000 are matured but not claimed.
- vii. Internal audit has not been conducted during the year.
- viii. According to the information and explanations given to us, the maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956 for any of the Company's products.
- ix. (a) According to the information and explanations given to us and as per the records of the Company, undisputed statutory dues including Income Tax, Provident Fund, Employee's State Insurance, Sales Tax, Wealth Tax, Service Tax and Customs Duty *have not been regularly deposited with the appropriate authorities. The undisputed amounts outstanding as on 31st March 2010 for a period of more than six months from the date they became payable, are:*

<b>Particulars</b>	<b>Amount (Rs.)</b>
Provident Fund	21,14,799
ESIC	81,923
Wealth Tax	1,53,298
Central Sales Tax	12,71,252
Value Added Tax	1,68,73,803
Maharashtra Value Added Tax	34,23,742
Service Tax	1,94,576
Professional Tax	7,84,570
Works Contract Tax	41,252
Cess Payable	1,51,750
Maharashtra Labour Welfare Fund	7,606
Dividend Distribution Tax	5,452,296

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**INDAGE VINTNERS LIMITED**

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- (b) According to the information and explanation given to us and as per the records of the Company as at 31st March 2010, the following are the particulars of disputed dues on account of Sales Tax and Income Tax matters, which have not been deposited by the Company:

Name of the Statute	Nature of Dues	Period to which the amount relates	Amount (Rs.)	Forum where dispute is Pending
Income Tax Act, 1961	Income Tax	1998-99;2004-2005;2005-06	27,91,895	ITAT

- x. In our opinion, the accumulated losses at the end of the financial year are more than 50 % of its net worth.

The Company has incurred cash losses both in the present financial year, and in the immediately preceding financial year.

- xi. In our opinion and according to the information and explanations given to us, during the year the Company has defaulted in the repayment of its dues to financial institutions and banks. The period and the amounts could not be ascertained due to lack of data availability.
- xii. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of Shares, Debentures or any other securities.
- xiii. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable.
- xiv. In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Order are not applicable.
- xv. In our opinion and according to the information and explanations given by the Management, the Company has given corporate guarantees for loans taken by others from banks and financial institutions. *We are unable to ascertain whether the terms and conditions on which these guarantees have been given are prejudicial to the interest of the company.*
- xvi. On the basis of the records examined by us, and relying on the information compiled by the Company for co-relating the funds raised to the end use of term loans, we state that the Company has, *prima facie*, applied the term loans for the purposes for which they were obtained.
- xvii. According to the information and explanations given to us, and on an overall examination of the financial statements and after placing reliance on the reasonable assumptions made by the Company for classification of short term and long term usage of the funds, we are

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## INDAGE VINTNERS LIMITED

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of the opinion that, *prima facie*, no funds raised on short term basis have been utilized for long term investment.

- xviii. According to information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956. However the Company has allotted 1,000,000 equity share warrants to Arsh Advisors & Owners Ltd.
- xix. According to information and explanations given to us the Company has not issued any secured debentures during the year.
- xx. The Company has not raised any money by way of public issue during the year.
- xxi. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **Sorab S. Engineer and Co.**  
Chartered Accountants  
Firm Regn. No.: 110417W

Sd/-

**CA. M.P. ANTIA**

Partner

Membership Number: 7825

**Place: Mumbai**

**Date: 7<sup>th</sup> October, 2010**

**INDAGE VINTNERS LIMITED ( Formerly Known as Champagne Indage Limited)**

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2010**

PARTICULARS	SCHEDULES	Amount Rs.	AS AT 31.03.2010	AS AT 31.03.2009
			Rs.	Rs.
<b>SOURCES OF FUNDS :</b>				
(1) Shareholders' Funds				
(a) Share Capital	1	418,821,010		152,676,210
(b) Reserve & Surplus	2	2,358,881,520		2,303,149,196
			2,777,702,530	2,455,825,406
(2) Loan Funds				
(a) Secured Loans	3	2,663,072,663		2,500,348,099
(b) Unsecured Loans	4	1,256,635,894		1,521,062,302
			3,919,708,557	4,021,410,401
<b>T O T A L</b>			<b>6,697,411,087</b>	<b>6,477,235,807</b>
<b>APPLICATION OF FUNDS</b>				
(1) Fixed Assets	5			
Gross Block		956,918,938		928,514,737
Less : Accumulated Depreciation		146,047,839		120,552,346
Net Block			810,871,099	807,962,391
(2) Investments	6		946,568,717	1,094,295,419
(3) Retail Initiative (Refer Note No 2.14 of Schedule 18)			-	2,488,235,369
(4) Current Assets, Loans & Advances	7			
(a) Inventories		2,431,128,632		1,320,137,166
(b) Sundry Debtors		761,281,112		808,324,281
(c) Cash & Bank Balances		12,159,424		7,528,257
(d) Loans & Advances		334,632,330		317,073,668
		3,539,201,498		2,453,063,372
(5) Less: Current Liabilities and Provisions	8	735,083,448		455,785,538
Net Current Assets			2,804,118,050	1,997,277,834
(6) Profit & Loss - Debit Balance Less : Adjusted against General Reserve		2,332,130,730 (196,277,509)	2,135,853,221	89,464,794
<b>T O T A L</b>			<b>6,697,411,087</b>	<b>6,477,235,807</b>

Notes forming part of Accounts

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**As per our Report of even date attached  
For Sorab S. Engineer & Co.  
Chartered Accountants  
Firm Regn. No.: 110417W  
Sd/-  
M.P. Antia  
Partner  
Membership No. 7825**

**Place : Mumbai  
Date : 7th October 2010**

**Signatures to Schedules 1 to 18  
For and on behalf of the Board**

**Sd/-  
S G Chougule  
Chairman**

**Sd/-  
H.G.Desai  
Director**

**Sd/-  
A. B. Shah  
Vice Chairman**

**Sd/-  
R. S. Chougule  
Managing Director**

**INDAGE VINTNERS LIMITED**

**INDAGE VINTNERS LIMITED ( Formerly Known as Champagne Indage Limited)  
PROFIT AND LOSS A/C FOR THE PERIOD ENDED ON 31<sup>ST</sup> MARCH 2010**

PARTICULARS	SCHEDULES	Period Ended 31.03.2010	Amount Rs.	Period Ended 31.03.2009	Amount Rs.
<b>INCOME</b>					
Gross Sales		191,611,630		1,511,580,439	
Less: Excise Duty		2,746,792	188,864,838	30,455,197	1,481,125,242
Other Income	9		121,850,327		47,987,041
<b>Total Income</b>			<b>310,715,165</b>		<b>1,529,112,283</b>
<b>EXPENDITURE</b>					
(Increase) / Decrease in stock of Finished Goods & Work in progress	10		6,796,905		320,704,925
Cost of Goods Consumed/ Sold	11		116,987,596		392,695,312
Manufacturing / Operating Expenses	12		70,153,738		118,648,789
Employment Costs	13		94,134,183		182,123,179
Administrative Expenses	14		200,900,353		325,493,387
Selling and Marketing Expenses	15		170,444,259		363,467,845
Sales Tax & Service Tax	16		21,742,880		97,259,241
Interest ( Net )	17		465,301,350		333,087,677
Depreciation			27,117,629		48,058,232
<b>Total Expenditure</b>			<b>1,173,578,893</b>		<b>2,181,538,587</b>
<b>Profit / (Loss) for the Year</b>			<b>(862,863,728)</b>		<b>(652,426,304)</b>
Exceptional Items (Refer Note No. 2.14 of Schedule 18)			1,369,932,889		-
<b>Profit / (Loss) before Tax</b>			<b>(2,232,796,617)</b>		<b>(652,426,304)</b>
<b>Less: Provision for Taxation</b>					
Current Tax					-
Fringe Benefit Tax					11,317,835
Deferred Tax Adjustments (Refer Note No 2.9 of Schedule 18)					(56,744,374)
<b>Profit for the Year after Tax</b>			<b>(2,232,796,617)</b>		<b>(606,999,765)</b>
Add: Balance Brought Forward from Previous Year			(89,464,794)		525,000,000
Less: Prior period Expenses					7,436,583
Short Provision of Tax for the Previous Year			9,869,319		28,446
<b>Balance carried to Balance Sheet</b>			<b>(2,332,130,730)</b>		<b>(89,464,794)</b>
Basic earnings per share(in Rs.)			(143.90)		(39.76)
Diluted earnings per share(in Rs.) (Refer Note No. 2.10 of Sch. 18)			(143.90)		(39.76)

Notes forming part of Accounts

18

**As per our Report of even date attached  
For Sorab S. Engineer & Co.  
Chartered Accountants  
Firm Registration No.: 110417W**

**Sd/-  
M.P. Antia  
Partner  
Membership No. 7825**

**Place : Mumbai  
Date : 7th October 2010**

**Signatures to Schedules 1 to 18  
For and on behalf of the Board**

**Sd/-  
S G Chougule  
Chairman**

**Sd/-  
H.G.Desai  
Director**

**Sd/-  
A. B. Shah  
Vice Chairman**

**Sd/-  
R. S. Chougule  
Managing Director**

**INDAGE VINTNERS LIMITED**

PARTICULARS	As at 31.03.2010	As at 31.03.2009
	Rs.	Rs.
<b><u>SCHEDULE - 1</u></b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED:</b> 2,50,00,000 ( P.Y 2,50,00,000) Equity Shares of Rs. 10/- each	<b>250,000,000</b>	<b>250,000,000</b>
<b>ISSUED, SUBSCRIBED AND PAID UP</b> 1,84,67,621 (PY 1,52,67,621) Equity Shares of Rs. 10/- each (out of above 74,400 are allotted as fully paid up pursuant to Employee Stock Option Scheme without payment being received in Cash) (32,00,000) Equity Shares Issued during the year at a price of Rs. 88/- per share)	<b>184,676,210</b>	<b>152,676,210</b>
Equity Share Warrants (Refer Note No. 2.19 to Schedule 18)	<b>156,200,000</b>	-
Preference Share Capital - Suspense Account (Refer Note No. 2.18 to Schedule 18)	<b>77,944,800</b>	-
<b>Total</b>	<b>418,821,010</b>	<b>152,676,210</b>
<b><u>SCHEDULE 2</u></b>		
<b>RESERVES AND SURPLUS :</b>		
(i) Capital Investment Subsidy As per last balance sheet	<b>1,500,000</b>	<b>1,500,000</b>
(ii) Debenture Redemption Reserve As per last balance sheet <b>5,000,000</b> Less: Transferred to General Reserve (Refer Note No. 2.5 to Schedule 18) <b>5,000,000</b>	-	<b>5,000,000</b>
(iii) Foreign Currency Translation Reserve As per last balance sheet <b>61,553,087</b> Add: During the Year (Refer Note No. 1.6 to Schedule 18) <b>2,409,833</b>	<b>63,962,920</b>	<b>61,553,087</b>
(iv) Capital Reserve As per last balance sheet	<b>2,033,357</b>	<b>2,033,357</b>
(v) Share Premium As per last balance sheet <b>2,041,785,243</b> Add: During the Year <b>249,600,000</b> (on allotment of 32,00,000 Equity Shares of Rs. 10 each at a premium of Rs. 78 per share) Less : Deductions During the Year -	<b>2,291,385,243</b>	<b>1,820,019,518</b> <b>222,625,000</b> <b>859,275</b>
(vi) General Reserve As per Last Balance sheet <b>191,277,509</b> Add: Transferred from Debenture Redemption Reserve <b>5,000,000</b> <b>196,277,509</b> Less : Debit Balance in Profit & Loss A/c adjusted <b>(196,277,509)</b>	-	<b>191,277,509</b>
<b>Total</b>	<b>2,358,881,520</b>	<b>2,303,149,196</b>

**INDAGE VINTNERS LIMITED**

PARTICULARS	As at 31.03.2010	As at 31.03.2009
	Rs.	Rs.
<b><u>SCHEDULE 3</u></b>		
<b>SECURED LOANS ( Refer Note No. 2.5 of Sch 18 )</b>		
<u>From Banks &amp; Financial Institutions</u>		
Cash Credit	1,464,127,574	1,402,547,610
Term Loans	775,995,057	711,633,660
External Commercial Borrowings	349,270,485	365,642,097
	<b>2,589,393,116</b>	<b>2,479,823,367</b>
<u>Funded Interest Term Loan</u>	73,679,547	-
<u>Non Convertible Debentures</u>	-	
Non Convertible Debentures	-	
Interest Accrued and Due on Debentures	-	20,524,732
<b>Total</b>	<b>2,663,072,663</b>	<b>2,500,348,099</b>
<b><u>SCHEDULE 4</u></b>		
<b>UNSECURED LOANS</b>		
(1) Public Deposits	41,817,000	17,147,185
(2) Short Term Loans & Advances		
(a) From Banks and Financial Institutions ( Personal guarantee of Promoters/Directors )	945,808,705	780,226,321
(b) From Others	269,010,189	723,688,795
<b>Total</b>	<b>1,256,635,894</b>	<b>1,521,062,302</b>

**INDAGE VINTNERS LIMITED ( Formerly Known as Champagne Indage Limited)  
SCHEDULE OF FIXED ASSETS FOR THE YEAR ENDING ON 31.03.2010**

**SCHEDULE - 5**

St. No	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Cost As on 01-04-2009	Additions	Deduction	Total as on 31-03-2010	Depreciation upto 01.04.2009	Depreciation For the Year	Deduction For Depreciation	Total Depreciation 31-03-2010	As on 31-03-2010	As on 31-03-2009
1	LAND	1,574,360			1,574,360	0	0		0	1,574,360	1,574,360
2	BUILDING	98,656,566			98,656,566	18,551,174	3,223,503		21,774,677	76,881,889	80,105,392
3	PLANT AND MACHINERY	356,568,589	60,658,134		417,226,723	78,672,555	17,470,674		96,143,229	321,083,494	277,907,695
4	ELECTRICAL INSTALATION	6,741,257			6,741,257	2,219,176	319,090		2,538,266	4,202,991	4,522,081
5	VEHICLES	26,523,330		8,351,010	18,172,320	4,201,351	1,948,225	1,640,696	4,508,880	13,663,440	22,325,653
6	FURNITURE & FIXTURE	7,020,755	0		7,020,755	2,078,177	437,744		2,515,921	4,504,834	4,942,578
7	OFFICE AND FACTORY EQUIP.	36,415,969	157,643		36,573,612	14,809,884	3,713,511		18,523,395	18,050,217	21,609,310
8	BORE WELL	102,776			102,776	38,589	4,882		43,471	59,305	64,187
9	AGRICULTURAL ASSETS (Note 1 below)	232,049,742		1,907,633	230,142,109	0			0	230,142,109	232,049,742
10	LONG TERM DEPOSIT (PREMISES) (Note 2 below)	123,900,000			123,900,000	0			0	123,900,000	123,900,000
	<b>TOTAL</b>	<b>889,553,344</b>	<b>60,815,777</b>	<b>10,258,643</b>	<b>940,110,478</b>	<b>120,570,906</b>	<b>27,117,629</b>	<b>1,640,696</b>	<b>146,047,839</b>	<b>794,062,639</b>	<b>769,000,998</b>
	PREVIOUS YEAR FIGURES	1,361,688,175	28,613,052	500,747,883	889,553,344	118,362,763	48,058,232	45,868,649	120,552,346	769,000,998	
	CAPITAL WORK IN PROGRESS	38,961,393	228,485	22,381,418	16,808,460	0			0	16,808,460	38,961,393
	<b>GRAND TOTAL</b>				<b>956,918,938</b>				<b>146,047,839</b>	<b>810,871,099</b>	<b>807,962,390</b>

**Note:**

- 1 Represents deposits paid to a Group Company for Procurement of Raw Materials
- 2 The Company has paid Deposits to a Group Company to acquire occupancy rights in respect of Office Premises.



**INDAGE VINTNERS LIMITED**

PARTICULARS	As at 31.03.2010	As at 31.03.2009
	Rs.	Rs.
<b><u>SCHEDULE - 6</u></b>		
<b><u>INVESTMENTS</u></b>		
<b>LONG TERM INVESTMENTS : (At Cost)</b>		
20,000 ( PY 20,000) Equity Shares in Business India Publication Limited of the face value of Rs.10/- each fully paid	1,100,000	1,100,000
20,000 (PY 20,000 ) Equity Shares in The Greater Bombay Co-Op.Bank Ltd. of face value of Rs 25/- each fully paid up	500,000	500,000
National Saving Certificates (lodged as security with Government Department)	165,000	165,000
<b><u>Investment In Subsidiary Companies</u></b>		
6,50,000 (PY 6,50,000) Equity shares of Rs. 10 each in Seabuckthorn Indage Limited	6,500,000	6,500,000
7,45,000 (PY 7,45,000) Equity shares of 1GBP each in Indage Holding Limited	50,850,124	59,985,538
Indage Holdings Limited - Equity Share Application money	287,909,576	256,228,446
Indage Holdings Limited - NCD Application money	458,777,310	619,958,965
Indage UK Limited - NCD Application money	-	18,715,719
Thachi Wines Pty Ltd - NCD Application money	140,766,707	131,141,751
<b>Total</b>	<b>946,568,717</b>	<b>1,094,295,419</b>
<b><u>SCHEDULE 7</u></b>		
<b>(1) CURRENT ASSETS :</b>		
<b>(A) INVENTORIES : (as valued &amp; certified by the Management)</b>		
Raw Material (at cost)	1,876,853	1,859,064
Stores, Spares and Tools (at Cost)	480,427	1,952,333
Packing Material (at cost)	58,185,792	60,037,961
Work In Progress (at cost)	1,999,580,289	862,442,370
Finished Goods	346,468,712	372,101,094
Finished Goods for Trading	24,536,559	21,744,344
(at cost or net realisable value whichever is lower)		
	<b>2,431,128,632</b>	<b>1,320,137,166</b>
<b>(B) SUNDRY DEBTORS : ( Unsecured )</b>		
Due for more than 6 months		
Considered good	669,448,625	103,420,497
Considered doubtful	89,733,756	18,249,804
Less : provision	89,733,756	18,249,804
	<b>669,448,625</b>	<b>103,420,497</b>
Others (Considered good)	91,832,487	704,903,784
	<b>761,281,112</b>	<b>808,324,281</b>

**INDAGE VINTNERS LIMITED**

PARTICULARS	As at 31.03.2010	As at 31.03.2009
	Rs.	Rs.
<b>(C) CASH &amp; BANK BALANCES :</b>		
Cash on hand	218,990	442,736
Bank balance with scheduled banks:		
In current accounts	10,176,370	2,869,683
In fixed deposits	1,764,064	4,215,838
	<b>12,159,424</b>	<b>7,528,257</b>
<b>(2) LOANS AND ADVANCES : (Unsecured - Considered Good)</b>		
( Refer Note No. 2.3 & 2.8 of Sch 18)		
(A) Advances recoverable in cash or in Kind or for value to be received	321,559,263	302,397,449
(B) Deposits	13,073,067	14,676,219
	<b>334,632,330</b>	<b>317,073,668</b>
<b>Total</b>	<b>3,539,201,498</b>	<b>2,453,063,372</b>
<b>SCHEDULE 8</b>		
<b>CURRENT LIABILITIES AND PROVISIONS :</b>		
<b>CURRENT LIABILITIES</b>		
Trade Creditors ( Refer Note No. 2.12 of Sch 18)	240,507,217	238,587,510
Creditors For Fixed Assets	592,980	465,754
Other Liabilities	478,602,931	203,193,547
	<b>719,703,128</b>	<b>442,246,811</b>
<b>PROVISIONS:</b>		
Provision for Income Tax (Net of Advance tax )	(1,477,985)	(1,058,907)
Provision for gratuity & Bonus	11,406,009	9,145,339
Corporate Tax on Dividend	5,452,296	5,452,296
	<b>15,380,320</b>	<b>13,538,728</b>
<b>Total</b>	<b>735,083,448</b>	<b>455,785,538</b>

**INDAGE VINTNERS LIMITED**

PARTICULARS	As at 31.03.2010	As at 31.03.2009
	Rs.	Rs.
<b><u>SCHEDULE 9</u></b>		
<b><u>OTHER INCOME</u></b>		
Other Income	522,453	47,763,983
Discount Received	-	223,058
Sales Tax Refund	73,545,830	-
Difference In Exchange (Gain)	47,782,044	-
	<b>121,850,327</b>	<b>47,987,041</b>
<b><u>SCHEDULE 10</u> (Refer Note No. 2.20 to Schedule 18)</b>		
<b><u>Increase/(Decrease) in Stock of Finished Goods &amp; Wine in Progress</u></b>		
Opening Stock	2,352,845,906	1,555,248,389
Less : Closing Stock	2,346,049,001	1,234,543,464
	<b>6,796,905</b>	<b>320,704,925</b>
<b><u>SCHEDULE 11</u></b>		
<b><u>COST OF GOODS CONSUMED/SOLD</u></b>		
<b>(A) Raw Material Consumed</b>		
Opening Stock	1,859,064	897,349
Chemicals	1,048,858	12,812,443
Grapes & Wine Juice	96,935,432	159,603,473
Other Raw Materials (Net)	1,803,318	(3,315,366)
	<b>101,646,672</b>	<b>169,997,899</b>
Less : Closing stock	1,876,853	1,859,064
	<b>99,769,819</b>	<b>168,138,835</b>
<b>(B) Cost of Trading Goods sold</b>		
	<b>17,217,777</b>	<b>224,556,477</b>
	<b>116,987,596</b>	<b>392,695,312</b>
<b><u>SCHEDULE 12</u></b>		
<b><u>MANUFACTURING / OPERATING EXPENSES</u></b>		
Stores consumed	2,664,035	10,039,750
Packing Material consumed	13,869,686	33,405,295
Wine Destroyed	27,795,185	-
Transport,Freight and material handling charges	3,111,406	13,436,646
Label Registration Fees	755,787	4,304,925
Power,Fuel and Gas	11,765,980	17,072,146
Repairs to Plant & Machinery	265,861	5,596,437
Repairs to Building	29,784	2,101,816
Rates, Taxes and Service charges	6,050,880	15,496,669
Other Manufacturing expenses	3,845,134	17,195,105
	<b>70,153,738</b>	<b>118,648,789</b>
<b><u>SCHEDULE 13</u></b>		
<b><u>EMPLOYMENT COSTS</u></b>		
Salaries, Wages, bonus and allowances	87,899,521	168,519,557
Gratuity	3,200,000	4,241,984
Contribution to Provident Fund, E.S.I.C. and other funds	2,038,503	3,961,945
Staff Welfare Expenses	996,159	5,399,693
	<b>94,134,183</b>	<b>182,123,179</b>

**INDAGE VINTNERS LIMITED**

PARTICULARS	As at 31.03.2010	As at 31.03.2009
	Rs.	Rs.
<b>SCHEDULE 14</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
Conveyance, Travelling & Vehicle Expenses	7,697,888	58,985,739
Communication Expenses	2,122,740	10,180,360
Rent	11,509,427	19,178,373
Auditors Remuneration :		
Audit fees	375,000	750,000
For other Services	137,680	1,368,000
Out of pocket Expenses	14,040	27,680
Insurance premium	1,117,203	3,051,871
Legal and Professional Charges	3,116,461	9,098,698
Bank Charges	3,731,748	27,064,684
Discounting Charges	16,385,340	79,800,136
Brokerage	1,519,082	26,308,353
Directors sitting fees	120,000	825,000
Difference in Exchange Rate - Loss	-	58,540,428
Loss on sale/Write off of Assets	2,673,759	-
Loss on write off of Investments	141,248,447	-
Miscellaneous expenses	9,131,538	30,314,065
	<b>200,900,353</b>	<b>325,493,387</b>
<b>SCHEDULE 15</b>		
<b>SELLING &amp; MARKETING EXPENSES</b>		
Advertising and Business promotion	1,161,529	8,628,314
Sales Commission	7,962,772	12,787,271
Marketing and Other Selling Expense	102,814,284	229,089,802
Discounts	58,505,674	112,962,458
	<b>170,444,259</b>	<b>363,467,845</b>
<b>SCHEDULE 16</b>		
<b>SALES TAX &amp; SERVICE TAX</b>		
Sales Tax	20,860,702	87,319,271
Service Tax	882,178	9,939,970
	<b>21,742,880</b>	<b>97,259,242</b>
<b>SCHEDULE 17</b>		
<b>INTEREST (NET)</b>		
Interest on Fixed Loans	170,860,048	188,227,605
Interest on Public Deposits	5,042,935	1,075,378
Interest on Debentures	714,789	2,400,000
Interest Others	322,758,091	181,031,930
Less:-		
Interest Received	(34,074,513)	(39,647,236)
	<b>465,301,350</b>	<b>333,087,677</b>

**SCHEDULE - 18**

**NOTES FORMING PART OF ACCOUNTS**

**1. SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements are prepared under historical cost convention on accrual basis and comply with the Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI), referred to in Section 211 (3C) of the Companies Act 1956. The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of Assets and Liabilities (including Contingent Liabilities) as of the date of the financial statements that are prudent and reasonable. Management believes that the estimates used in preparation of the financial statements are reasonable and prudent. Future results could differ from these estimates. The significant accounting policies adopted in the presentation of the accounts are as under:

**1.1. Fixed Assets:**

The fixed assets are valued at cost less depreciation. Depreciation has been provided on straight-line basis in accordance with the provisions of Schedule XIV to the Companies Act, 1956.

Deposits given for premises, where right to operate for more than three years exists are classified as long term deposits under fixed assets as the same represents a long term right to occupy the Office Premises and operate the business.

**1.2. Agricultural Assets:**

The Company has entered into contracts with Indage Vineyards Private Ltd. for long-term supply of grapes and essential raw materials in coming years. Pursuant to the arrangements, the Company has all rights over the fruits grown on identified cultivated areas with compensation related to costs and yield. The Company also has all rights, including creating mortgage and hypothecation of concerned land, standing crops and all present and future assets of these identified land and vineyards.

Since the investment has been made in agricultural assets on long-term basis, the amount to the extent of 10% of the supply will be recovered and reduced from these assets every year from the first harvest under the Scheme. The said assets are disclosed separately in Fixed Assets Schedule.

**1.3. Depreciation / Amortization:**

Depreciation on fixed assets held / purchased at owned premises, vehicles and computers has been provided on Straight line basis in accordance with the provisions of Schedule XIV to Companies Act, 1956.

**1.4. Investments:**

- a. Long term Investments other than Investments in Foreign Subsidiaries are carried at cost. However, provision is made for diminution in value, other than temporary, on an individual basis.
- b. Current Investments are carried at the lower of cost and fair value determined on a category wise basis.

The earnings on investments are accounted when the Company's right to receive the payment is established. Interest on bank deposit is accounted on accrual basis.

Any reduction in the realizable value of the above investments is debited to the Profit & Loss account as per the provisions of Accounting Standard 13- 'Accounting for Investments' (AS-13).

**1.5. Revenue recognition:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer

Interest Income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend is recognized when the shareholders' right to receive payment is established by the balance sheet date.

Sales are inclusive of state excise duty and sales tax, wherever such duties are payable.

**1.6. Foreign Currency Transactions:**

Transactions in foreign currency are recognized at the rates existing at the time at which the transactions take place. Exchange difference relating to fixed assets is adjusted in the cost of relevant fixed assets. Any other difference is dealt with in the Profit & Loss Account. Exchange difference pertaining to investments in international operations is transferred to foreign currency translation reserve. The same will be accounted for as gain/loss in Profit & Loss account on disposal of investment in subsidiary.

**1.7. Employees Retirement Benefits:**

The Company has retirement benefit schemes of Provident Fund and Gratuity. The contribution to Provident Fund is charged to Profit & Loss Account as and when incurred. The Company has group gratuity cum life insurance Scheme. Gratuity premium paid to insurers under the above Scheme are debited to Profit & Loss Account in the year in which such a payment is made to the extent of Company's liability. Due to numerous assumptions and presumptions involved in calculation, the extent of probable shortfall is indeterminate and hence ignored.

**1.8. Inventories:**

The inventories are valued in accordance with Accounting Standard 2 – ‘Valuation of Inventories’ (AS-2) as under:

Stores & Spares Part	:	at Cost
Raw Materials	:	at Cost
Packing Materials	:	at Cost
Work in process	:	at Cost
Finished Goods	:	Lower of cost or net realizable value.

The cost for this purpose has been determined on First-in-First-Out basis. For the purpose of valuation, cost includes financial cost attributable to process time necessary to bring the product in saleable condition. (Ref. Note No.2.16) This is done in accordance with AS 16–‘Borrowing cost’, issued by the Institute of Chartered Accountants of India.

According to the existing legal status, the Company’s products are not liable to be charged Central Excise Duty. However, various states are empowered to levy “State Excise Duties”. Such state excise duty on liquor is payable in the States where these are consumed hence it is not possible to ascertain liabilities in this respect against the stocks held in the warehouse and wineries. As per the practice consistently followed by the Company, the excise duties on such stocks has neither been provided for nor included in the value of stocks. This treatment has however no impact on the profits/losses for the year under review.

**1.9. Taxes on Income:**

- a. Income tax is computed in accordance with Accounting Standard 22 – ‘Accounting for Taxes on Income’, issued by the ICAI. Tax expenses are accounted for in the same period to which the revenue and expenses relate.
- b. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances deductions and exemptions determined in accordance with the prevailing tax laws. The differences between the taxable income and the net profit or loss before tax for the year as per the financial statements are identified and the tax effect of timing differences is recognised as a deferred tax asset or deferred tax liability. The tax effect is calculated on accumulated timing differences at the end of the accounting year based on effective tax rates substantively enacted by the balance sheet date that would apply in the years in which timing difference is expected to reverse.
- c. Deferred tax assets other than on unabsorbed depreciation or carried forward losses are recognised only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

**1.10. Impairment of Assets:**

Impairment is ascertained as at each Balance Sheet date in respect of the Company's fixed assets. An impairment loss is recognised whenever the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and its value in use.

**1.11. Accounting for Provisions, Contingent Liabilities, and Contingent Assets:**

Provisions are recognised in terms of Accounting Standard 29 – 'Provisions Contingent Liabilities and Contingent Assets' (AS-29), issued by the ICAI, when there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of obligation can be made. Contingent liabilities are recognised only when there is a possible obligation arising from past events due to occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for. Contingent assets are not recognised in the financial statements.

**1.12. Borrowing Costs:**

Interest and other borrowing costs are charged to revenue in the period in which they are paid in accordance with Accounting Standard 16 – 'Borrowing Costs' (AS-16). Borrowing costs attributable to fixed assets is capitalized up to the date the asset is put to use.

1.13. Contingent Liabilities, if any, are disclosed by way of notes to accounts.

**2. NOTES TO ACCOUNTS**

**2.1. Contingent liabilities not provided for:**

(Amount in Rs.)

<b>Particulars</b>	<b>2009-2010</b>	<b>2008-2009</b>
a) Disputed Sales Tax demand	Nil	49,98,258
b) Disputed Income Tax demand	27,91,895	56,37,705
c) Claims against the Company not acknowledged as debts	2,71,82,189	Nil
d) Guarantees given by the Banks on behalf of the Company	3,90,000	2,28,15,000
e) Corporate Guarantees given by the Company to Banks / Financial Institutions on behalf of others for loans taken by them.	143,19,60,000	132,33,00,000



The Company is of the opinion that based on the decisions of the Appellate authorities and the interpretations of the other relevant provisions, and as per the legal opinion obtained by it, the above Sales Tax and Income Tax, demands are likely to be either dropped or substantially reduced and hence the provision created in past would be adequate enough to meet any liabilities, in respect of disputed matters which are pending in appeals.

**2.2. Managerial remuneration**

(Amount in Rs.)

Particulars	2009-2010	2008-2009
<b>Managing Director</b>		
Salary	24,00,000	24,00,000
Contribution to Provident Fund	9,360	2,88,000
<b>Total</b>	<b>24,09,360</b>	<b>26,88,000</b>

**2.3. Amounts due from the officers of the Company:**

(Amount in Rs.)

Particulars	2009-2010	2008-2009
Maximum amount due	79,99,882	92,02,911
Outstanding as on the year end.	64,53,909	79,58,582

2.4. In terms of the Accounting Standard 17 (AS – 17) “Segment Reporting” issued by the Institute of Chartered Accountants of India the Company has only one Segment i.e. “Production and distribution of Wines”. There is only one geographical segment. Accordingly no separate disclosure is made.

**2.5. SECURED LOANS:**

**(A) LOANS FROM BANKS, FINANCIAL INSTITUTIONS AND OTHERS:**

The loans from Banks, Financial Institutions and Others stand secured as under:

**Out of Term Loans of Rs. 119,89,45,090 :**

- a) Loans amounting to Rs. 6,31,87,455 are secured by hypothecation of all current assets both present and future as well as first charge to lead bankers and second charge to other consortium bankers on the fixed assets of the Company.
- b) Loan of Rs. 34,92,70,485 is secured by first pari passu charge over all immovable assets of the Company.
- c) Loan of Rs. 48,66,31,078 is secured by subservient charge over Company's current assets and key identified brands of the Company.

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**INDAGE VINTNERS LIMITED**

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- d) Loan of Rs. 7,61,76,523 is Secured by subservient charge on Winery Land & Building of Unit 1,2 & 3 situated at Narayangaon.
- e) Security for the Term Loan Rs. 22,36,79,549/- is being created. (Refer Note No. 2.17)

**(B) Cash Credit of Rs. 146,41,27,574:**

Cash credit and other working capital facilities amounting to Rs. 146,41,27,574 are secured by hypothecation of all the Company's current assets both present and future as well as first charge to lead bankers and second charge to other consortium bankers on the fixed assets of the Company.

**(C) DEBENTURES :**

The break up of the Debentures and relevant details thereof are as under:

(Amount in Rs)

No. of Debentures	Rate of Interest	Total amount of Issue during the year	Balance as on 31-03-2010	Balance as on 31-03-2009
40, 12% privately placed Secured Redeemable Non Convertible Debentures of Rs. 5,00,000 each. (Redeemable at Face Value 18 months from the date of allotment)	12.00%	Nil	Nil	2,05,24,732
<b>Total</b>			<b>Nil</b>	<b>2,05,24,732</b>

The above debentures were redeemed by being adjusted against Share Warrants issued. Refer Note No. 2.19

- 2.6.** Disclosure requirements as per Accounting Standard 18 (AS-18) "Related Party Disclosure" issued by the Institute of Chartered Accountants of India.

Subsidiary Company	Seabuckthorn Indage Ltd. Indage Holdings Ltd. Thachi Wines Pty Ltd. Indage UK Ltd.
Associate Concerns with which transactions have taken place during the year	Indage Restaurants & Leisures Ltd. Indage Development Construction Pvt. Ltd. Marlborough Finance Pvt. Ltd. Indage Wines - (Partnership Firm) Industrial Agencies Corporation - (Partnership Firm)

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**INDAGE VINTNERS LIMITED**

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	Indage Engineering Pvt. Ltd Indage Investments Pvt. Ltd Vintner Wine Connection Pvt. Ltd. Indage Richter Nurseries Pvt.Ltd. Indage Vineyards Pvt. Ltd. Indrinks Retail Pvt.Ltd. Indian Institute of Vine & Wine.
Key Management Personnel	Mr. S. G. Chougule – Chairman Mr. A. B. Shah – Vice Chairman Mr. R. S. Chougule – Managing Director
Related parties of Key Management personnel where transactions have taken place during the year	Arsh Advisors & Owners Ltd. Asian Electronics Limited. Pranamghar (India) Pvt. Ltd.
Related parties of Key Management personnel where no transactions have taken place during the year	Mrs. P. S. Chougule Mrs. A. S. Chougule Mrs. Rina R. Chougule Mrs. Ramila A. Shah

Note: Related Party relationship is as identified by the Company and relied upon by the Auditors.

- 2.7.** The Company has entered into transactions with certain parties as listed above during the year under consideration. Full disclosures have been made and the Board considers such transactions to be in normal course of business and at rates agreed between parties.

(Amount in Rs.)

Name of Party	Nature of Transaction	2009 – 2010	2008 – 2009
Subsidiary	Interest Received	3,33,23,871	21,29,340
	Equity Investments	Nil	32,05,41,947
	Investments in Debentures.	Nil	85,904,182
	Purchase of Wines	61,52,562	Nil
	Sale of Wines	1,47,19,651	Nil
	Fund Paid /(Recd) (Net)	(1,50,377)	6,44,12,004
Associate Concerns	Purchase of Grapes	1,90,76,331	10,96,01,518
	Interest Received	Nil	3,51,72,076

**INDAGE VINTNERS LIMITED**

	Interest Paid	5,19,038	Nil
	Purchase of Wines	Nil	2,88,02,558
	Sale of Wines	3,31,11,453	2,26,47,283
	Purchase of Fixed Assets	3,60,00,000	Nil
	Reimbursement of Expenses	4,340	5,83,577
	Purchased/Deposit	19,07,633	1,09,60,152
	Fund Paid /(Recd) (Net)	(4,90,19,712)	(35,85,04,412)
	Issue of Share Capital(Including Premium)	Nil	22,94,75,000
Key Management Personnel	Remuneration	24,00,000	24,00,000
	Sitting Fees	1,20,000	8,25,000
	Fund Paid (Recd) (Net)	49,68,233	(75,81,215)
Related parties to Key Management personnel	Brokerage	Nil	14,68,888
	Interest Paid	45,604	564,562
	Return of Assets	Nil	48,00,00,000
	Equity Warrants	2,20,00,000	Nil
	Fund Paid /(Recd) (Net)	(31,20,604)	(31,66,78,264)

(Amount in Rs.)

Particulars	Outstanding as on	
	2009 - 2010	2008 - 2009
Long term Deposit / Agricultural Assets	35,04,42,109	35,23,49,742
Unsecured Loans	4,53,85,631	41,64,79,858
Payables	12,42,33,130	40,70,604
Investments	94,48,20,871	109,25,45,160
Loans, Advances & Receivables	34,09,65,410	30,70,25,710
Secured Loans	Nil	25,73,973

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**INDAGE VINTNERS LIMITED**

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- 2.8.** Amounts receivable from Companies under the same management are as stated below:  
(The amount include advances pending adjustments against payables and also balances arising out of incorporation of accounting entries pursuant to Scheme of arrangements).

(Amount in Rs.)

Name of the Parties	Outstanding as on	
	31st March 2010	31st March 2009
Aciport Exports P.Ltd.	Nil	13,09,328
Industrial Agencies Corpn	Nil	1,41,791
Interscape India Limited	Nil	8,12,978
Marlborough Finance Pvt.Ltd.	1,07,19,282	1,07,19,282
Indrinks Retail Pvt.Ltd.	1,45,46,477	1,05,22,067
<b>Subsidiary:</b>		
Seabuckthorn Indage Ltd	5,54,99,542	5,39,02,537
Indage Holdings Ltd.	2,59,55,305	4,06,880
Thachi Wines Pty Ltd.	1,48,38,364	94,34,031
Indage U.K. Ltd.	Nil	58,48,918

**2.9. Deferred Tax:**

In terms of the Provisions of the Accounting Standard-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India , there is a net deferred tax asset on account of accumulated business losses and unabsorbed depreciation.

In Compliance with Provisions of Accounting Standard and based on General Prudence, the Company has not recognised the Deferred Tax Asset.

**2.10. Earning per share:**

Earnings per Share is calculated in accordance with Accounting Standard 20 – 'Earnings per Share' (AS – 20) issued by the ICAI.

(Amount in Rs.)

Particulars	2009- 2010	2008- 2009
Profit/ (Loss)for the year after Tax (Amount in Rs.)	(223,27,96,621)	(60,69,99,765)
Weighted Average number of Shares – Basic	1,84,67,621	1,52,67,621
Weighted Average number of Shares – Diluted	1,84,67,621	1,52,67,621
Basic Earning per share (in Rs.)	(143.90)	(39.76)
Diluted Earning per share (in Rs.)	(143.90)	(39.76)
Nominal Value per Share (in Rs.)	10/-	10/-

**2.11.** The Company has carried all its Fixed Assets at its carrying amount. As per its economic performance and internal projections, the management contends that there is no potential impairment loss on the existing fixed assets of the Company. No impairment loss is provided as stated under AS-28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India.

**2.12. a. Small Scale Industrial Undertakings:**

The Company deals with several Small Scale Industries (SSI) undertakings on mutually accepted terms & conditions. Based on records of the Company and the information received from SSI suppliers, the various amounts outstanding to SSI for more than 30 days as at 31<sup>st</sup> March, 2010 and included in Trade Creditors are as follows:

(Amount in Rs.)

Name of SSI	2009- 2010	2008- 2009
Colour Packs Pvt. Ltd.	4,62,239	6,26,882
Janus International Pvt Ltd.	79,68,260	84,04,800
Sri Parashakti Printers Pvt Ltd.	4,19,155	3,37,508
Suresh Industries	45,347	45,347
Varadhasta Plastics	NIL	3,73,406

**b. Small and Medium Enterprise Dues:**

The Company has received intimation from " Infobahn Technical Solutions (I) P. Ltd." a supplier regarding his status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have been furnished as below :-

(Amount in Rs.)

(a)	Amount due and outstanding to Supplier as at the end of Accounting year.	96,322
(b)	Interest Paid during the year	Nil
(c)	Interest payable at the end of the Accounting year	Nil
(d)	Interest accrued and unpaid (not provided) at the end of the accounting year	52,924

**2.13** In the previous year, the Company has written off share issue expenses, which are in the nature of stamp duty for fresh issue of shares against Securities Premium account amounting to Rs. 8,59,275.

**2.14** Since F.Y. 2005-06, the Company had undertaken various initiatives / activities for creation of a retail network for selling wines and other alcoholic beverages. Various expenses were incurred and certain inventories of the Company were earmarked specifically for the said retail network that had been created by the Company. The expenses incurred in connection thereto and the inventories earmarked therefore were shown separately in the books of the Company as Non – Current Assets under the head “Retail Initiative.” However, due to the various financial and operational problems faced by the Company, a decision was taken during the year to discontinue the said “Retail Initiative.” Pursuant to this decision the expenses to the tune of Rs. 44,96,35,369/- that were incurred by the Company for the said “Retail Initiative” have been transferred to Profit & Loss account for the year under the head “Exceptional Items.” As per the accounting practice followed by the Company, the inventories earmarked for the “Retail Initiative” were earlier carried at Net Realisable Value. However, on account of discontinuation of “Retail Initiative”, the earmarked inventories have been transferred to Inventories of the Company under Current Assets. However, as per the accounting practice followed by the Company the inventories (Current Assets) (Ref. Note No. 1.8) of the Company are valued at cost or net realizable value whichever is lower and accordingly the difference of Rs. 92,02,97,518 has been transferred to Profit & Loss account for the year under the head “Exceptional Items.”

**2.15** Some of the balances in Sundry Creditors, Sundry Debtors and Other Liabilities are subject to reconciliation, confirmation and consequential adjustments/provisions, the amounts whereof have not been determined.

**2.16 Inventories :**

During the year, the operations of the Company were sub-optimal, hence, the financial cost attributable to process time, as defined in Significant Accounting Policy (Note No. 1.8) has not been considered for the purpose of valuation of Inventories.

**2.17** Corporate Debt Restructuring – Empowered Group ( CDR – EG) approved the Scheme for restructuring Company’s Debt on 30<sup>th</sup> March 2010. As the Scheme is effective from October 1, 2009 the Company has given effect to the same during the year. The outstanding liabilities of the Company are being restructured under the aegis of CDR Scheme. As required under the Scheme the Master Restructuring Agreement (MRA) has been executed and effective. Other necessary documents including security documents are in the process of being executed.

**2.18 Preference Share Capital – Suspense Account**

Pursuant to the Scheme approved by Corporate Debt Restructuring – Empowered Group (CDR-EG), certain portion of Interest Payable from cut off date (30<sup>th</sup> September 2009) is to be paid by way of Preference Shares redeemable in F.Y. 2018-19 & 2019-20. However as on the Balance Sheet date the Company does not have Preference Shares as class of Shares. Hence, the amount for which Preference Shares have to be issued has been shown under Preference Share Capital – Suspense Account.

**2.19 Issue of Share Warrants & Allotment of Shares :**

During the year the Company's liabilities aggregating to Rs. 22,66,00,000 (out of a total of Rs. 43,78,00,000) were converted into Share Warrants by issue of 1,03,00,000 warrants at Rs.22/- per warrant (being 25% of the warrant price). The Warrants have the right to convert into shares at a price of Rs. 88/- per share at any time within a period of 18 months from the date of allotment. The details of the Share Warrants are given below:

<b>Name of The Warrant Holder</b>	<b>No. of Warrants Issued</b>	<b>Value of Liabilities utilized for Allotment of Warrants</b>
Anam Transport Pvt.Ltd.	45,00,000	9,90,00,000
Sanjivani Horticulture P.Ltd.	45,00,000	9,90,00,000
Arsh Advisors & Owners Ltd.	10,00,000	2,20,00,000
Asian Sirius Energy Ltd.	3,00,000	66,00,000
<b>TOTAL</b>	<b>1,03,00,000</b>	<b>22,66,00,000</b>

Of the above, 32,00,000 Warrants were converted into equivalent number of Equity Shares of Rs. 10 each by conversion of Company's liabilities including debentures aggregating to Rs. 21,12,00,000. The details of shares allotted by conversion of warrants are given below:

<b>Name of The Warrant Holder</b>	<b>No. of Warrants Issued</b>	<b>Value of Liabilities utilized for Conversion</b>
Anam Transport Pvt.Ltd.	14,75,000	9,73,50,000
Sanjivani Horticulture P.Ltd.	14,25,000	9,40,50,000
Asian Sirius Energy Ltd.	3,00,000	1,98,00,000
<b>TOTAL</b>	<b>32,00,000</b>	<b>21,12,00,000</b>

**2.20 Increase/Decrease in Stock :**

During the year the Company decided to discontinue the Retail Initiative (Ref. Note No. 2.14) Due to this the stock earmarked for Retail Initiative has been added to opening stock for the purpose of calculation of Increase/Decrease in Stock of Finished goods and Wine in Process. As a result of this the amount of opening stock of Finished goods & Wine-in-Process for the current year (Rs. 235,28,45,906) is not comparable with the closing stock of Finished goods & Wine in Process for the year ended 31<sup>st</sup> March 2009 (Rs. 123,45,43,464).



**2.21** Pursuant to winding up petitions filed by certain creditors of the Company, the Hon'ble High Court of Bombay has passed the winding up order against the Company on March 19, 2010. However, the Hon'ble High Court was kind enough to stay the said order. Being aggrieved by the said order, the Company has filed an appeal against the said order before the Divisional Bench of the Hon'ble High Court of Bombay.

The Company has also filed a Composite Scheme of Arrangement and Compromise under Sections 391-394 of the Companies Act, 1956 providing for settlement of all the creditors of the Company.

**2.22** Previous Year figures have been regrouped and recast wherever necessary.

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**INDAGE VINTNERS LIMITED**

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**3. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3, 4C, & 4D OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956.**

Particulars	2009- 2010	2008- 2009
<b>3.1. LICENSED CAPACITY</b>	Not Applicable	Not Applicable
Installed capacity	1,41,05,800 Ltrs	1,41,05,800 Ltrs
Actual production	5,69,442 Ltrs	1,08,14,000 Ltrs
(Including Nil Ltrs. Purchased from outside the Company) (P.Y 7,52,929 Ltrs.)		

The Company has Contract Production arrangement with Various Wineries in Maharashtra. However, during the year 2009 -10 there is no additional production reported by these Contract Wineries.

Installed Capacity is as certified by the management and relied upon by the auditors, being a technical matter.

**3.2. RAW MATERIALS CONSUMED**

	2009-2010		2008-2009	
	Quantity	Amount in Rs.	Quantity	Amount in Rs.
Grapes Crushed	949.07 M.T.	1,90,76,331	5,568.87 M.T.	10,96,01,518
Grape Juice/ Wine	Nil	Nil	7,52,929 Ltrs.	5,00,01,955
Trading		3,75,88,129		22,45,56,477
Others		6,03,23,135		3,40,80,287
<b>Total</b>		<b>11,69,87,595</b>		<b>41,82,40,237</b>

**3.3. CONSUMPTION OF RAW MATERIALS AND SPARES**

	2009-2010		2008-2009	
	Percentage	Amount in Rs.	Percentage	Amount in Rs.
Raw Materials				
Imported	14.71%	17,20,42,85	12.55%	5,24,86,966
Indigenous	85.29%	9,97,83,310	87.45%	36,57,53,271
<b>Total</b>		<b>11,69,87,595</b>		<b>41,82,40,237</b>
Stores				
Imported	9.58%	2,55,272	19.50%	19,57,571
Indigenous	90.42%	24,08,763	80.50%	80,82,179
<b>Total</b>		<b>26,64,035</b>		<b>1,00,39,750</b>

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**INDAGE VINTNERS LIMITED**

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**3.4 C.I.F. VALUE OF IMPORTS**

(Amount in Rs.)

	<b>2009- 2010</b>	<b>2008- 2009</b>
Raw Materials	Nil	3,08,55,971
Packing Material / Components / Spares	2,67,524	2,12,73,690
Others for Trading	1,72,04,285	1,59,57,198
Capital Goods	38,81,458	28,43,303
<b>Total</b>	<b>2,13,53,267</b>	<b>7,09,30,162</b>

**3.5 EARNINGS IN FOREIGN EXCHANGE**

(Amount in Rs.)

	<b>2009- 2010</b>	<b>2008- 2009</b>
F.O.B Value of exports	1,79,32,604	9,04,31,468
Interest Income	3,17,26,866	1,02,63,561

**3.6 EXPENDITURE IN FOREIGN CURRENCY**

(Amount in Rs.)

	<b>2009- 2010</b>	<b>2008- 2009</b>
Travelling	1,19,600	1,47,74,210
Professional Fees	52,049	22,370
Interest	2,48,25,488	1,66,08,589
Others	2,18,14,175	Nil

**3.7 CLOSING STOCK**

	<b>2009-2010</b>		<b>2008-2009</b>	
	Quantity (Ltrs)	Amount in Rs.	Quantity (Ltrs)	Amount in Rs.
Wines	3,38,174	5,78,38,495	3,10,571	4,12,53,855
Brandy / Spirit	Nil	Nil	15,417	19,19,107
Others	1,92,993	2,45,36,558	1,91,380	2,17,44,343
Branches	12,30,493	28,86,30,211	11,86,290	32,89,42,115
<b>Total</b>	<b>17,61,660</b>	<b>37,10,05,264</b>	<b>17,03,658</b>	<b>39,38,59,420</b>

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**INDAGE VINTNERS LIMITED**

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**3.8 SALES (GROSS)**

	2009-2010		2008-2009	
	Quantity (Ltrs)	Amount in Rs.	Quantity (Ltrs)	Amount in Rs.
Business of Wines	6,64,763	17,15,95,557	38,93,975	83,83,87,137
Others	44,471	2,00,16,073	1,35,239	5,02,04,613
Retail	Nil	Nil	34,31,373	62,29,88,689
<b>Total</b>	<b>7,09,234</b>	<b>19,16,11,630</b>	<b>74,60,587</b>	<b>151,15,80,440</b>

**Signatures to Schedules 1 to 18**

As per our report of even dated attached

**For SORAB S. ENGINEER & CO.**

Chartered Accountants

Firm Registration No.: 110417W

Sd/-

**M.P. ANTIA**

Partner

Memb. No. 7825

**For and on behalf of the Board**

Sd/-

**S G Chougule**

Chairman

Sd/-

**H.G. Desai**

Director

Sd/-

**A.B.Shah**

Vice Chairman

Sd/-

**R.S.Chougule**

Managing Director

**PLACE : Mumbai****DATE : 7<sup>th</sup> October, 2010**

# INDAGE VINTNERS LIMITED

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No.	State Code	Balance sheet
37618-TA	11	31-Mar-2010

### II Capital Raised During The Year ( Amount in Rs. Thousand )

Public Issue	Right Issue	Bonus Issue	Private Placement
Nil	Nil	Nil	32000

### III Position of Mobilisation and Deployment of Funds ( Amount in Rs. Thousand )

TOTAL LIABILITIES	TOTAL ASSETS
6,697,411	6,697,411
SOURCES OF FUNDS	
Paid - up Capital	Reserves & Surplus
418,821	2,358,882
Secured Loans	Unsecured Loans
2,663,073	1,256,636
Deffered Tax Liability	
0	
APPLICATION OF FUNDS	
Net Fixed Assets	Investments
810,871	946,569
Net Current Assets	Misc. expenditure
2,804,118	0

### IV Performance of Company ( Amount in Rs. Thousand )

Turnover	Total Expenditure
310,715	1,173,579
+Profit/-Loss Before Tax	+Profit/-Loss After Tax
(2,232,797)	(2,232,797)
Earning Per share in Rs.	Dividend @%
-143.90	NIL

### V Generic Names of Three Principal Products / Services of Company

( As Per Monetary Terms )	
Item Code no ( ITC Code )	Product Description
22042110	Still Red Wine
22042120	Still White Wine
22041000	Sparkling Wine

**INDAGE VINTNERS LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

Particulars	31.03.2010 (Rs)	31.03.2009 (Rs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
NET PROFIT BEFORE TAX	(2,232,796,617)	(652,426,304)
ADJUSTMENTS FOR:		
DEPRECIATION	27,117,629	48,058,232
INTEREST INCOME	(34,074,513)	(39,647,236)
DIVIDEND INCOME	-	-
INTEREST EXPENSES	499,375,863	372,734,912
PROVISION FOR DOUBTFUL DEBTS	71,483,952	8,734,635
PROVISION FOR GRATUITY	2,491,253	4,241,984
(PROFIT) /LOSS ON SALE OF INVESTMENT	141,248,447	-
(PROFIT) /LOSS ON SALE OF ASSETS	2,673,759	-
EXCHANGE DIFF ON TRANSLATION OF FOREIGN CURRENCY CASH & CASH EQUIVALENTS	-	-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>(1,522,480,227)</b>	<b>(258,303,776)</b>
ADJUSTMENTS FOR:		
SUNDRY DEBTORS	24,440,782	46,749,956
LOANS & ADVANCES	(17,558,624)	(1,759,871,726)
INVENTORIES	7,310,976	284,426,976
TRADE PAYABLES	277,259,598	(86,346,537)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(1,279,909,060)</b>	<b>(1,773,345,108)</b>
DIRECT TAXES PAID	(10,288,397)	(57,590,942)
<b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>	<b>(1,290,197,457)</b>	<b>(1,830,936,051)</b>
EXTRAORDINARY/EXCEPTIONAL ITEMS	1,369,932,889	(7,436,583)
<b>NET CASH FROM OPERATING ACTIVITIES</b> <b>A</b>	<b>79,735,432</b>	<b>(1,838,372,634)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
PURCHASE OF INVESTMENTS	-	(10,000)
PURCHASE OF INVESTMENTS IN SUBSIDIARY	-	(404,907,843)
PURCHASE/ADDITIONS TO FIXED ASSETS	(38,644,284)	(25,684,916)
SALE OF FIXED ASSETS	-	436,419,082
SALE OF INVESTMENTS	6,478,256	-
LONG TERM DEPOSITS (PREMISES)	-	7,500,000
AGRICULTURAL ASSETS (NET)	1,907,633	10,960,152
INTEREST RECEIVED	34,074,513	39,647,236
DIVIDEND RECEIVED	-	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b> <b>B</b>	<b>3,816,118</b>	<b>63,923,711</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
SHARE ISSUE EXPENSES	-	-
PROCEEDS FROM ISSUE OF SHARE WARRANTS	-	(229,475,000)
PROCEEDS FROM PREFERENTIAL ISSUE OF EQUITY SHARES	-	228,615,725
(REPAYMENTS) / PROCEEDS FROM BORROWINGS	412,297,391	2,121,192,157
DIVIDENDS PAID - ON EQUITY SHARES INCLUDING TAX	(33,862)	(31,885,652)
DIVIDENDS PAID - PREFERENCE SHARES INCLUDING TAX	-	-
INTEREST PAID	(499,375,863)	(372,734,913)
<b>NET CASH USED IN FINANCING ACTIVITIES</b> <b>C</b>	<b>(87,112,334)</b>	<b>1,715,712,317</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b> <b>A+B+C</b>	<b>(3,560,784)</b>	<b>(58,736,605)</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	13,310,375	19,194,282
EXCHANGE DIFF ON TRANSLATION OF FOREIGN CURRENCY CASH & CASH EQUIVALENTS	2,409,833	52,852,698
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12,159,424	13,310,375
	<b>(3,560,784)</b>	<b>(58,736,605)</b>

As per our Report of even date attached  
For Sorab S. Engineer & Co.  
Chartered Accountants  
Firm Registration No.: 110417W

Sd/-  
M.P. Antia  
Partner  
Membership No. 7825  
Place : Mumbai  
Date : 7th October 2010

Signatures to Schedules 1 to 18  
For and on behalf of the Board

Sd/-  
S G Chougule  
Chairman

Sd/-  
A. B. Shah  
Vice Chairman

Sd/-  
H.G.Desai  
Director

Sd/-  
R. S. Chougule  
Managing Director

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**INDAGE VINTNERS LIMITED**

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**INDAGE VINTNERS LIMITED**

**Registered Office:** Indage house, 82, Dr. A.B. Road, Worli, Mumbai 400 018

**ATTENDANCE SLIP**

Full name & Address of the Shareholder(In Block Letter) : \_\_\_\_\_

\_\_\_\_\_

Number of Shares Held: \_\_\_\_\_

Member's Folio Number/ Client ID \_\_\_\_\_

Name of the Proxy (In Block Letters): \_\_\_\_\_

(to be filled in if the Proxy attends instead of the Member)

I/We hereby record my/our presence at the 25<sup>th</sup> Annual General Meeting of the Company held on Monday 28<sup>th</sup> March, 2011 at 10.00 a.m. at **“Sasmira College, Sasmira Marg, Opp. Mayfair Banquet Hall, Near Old Passport Office, Worli, Mumbai - 400 030”**

Note: To be handed over at the entrance of the meeting hall

\_\_\_\_\_  
Member's/ Proxy Signature

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**INDAGE VINTNERS LIMITED**

**Registered Office:** Indage house, 82, Dr. A.B. Road, Worli, Mumbai 400 018

**PROXY FORM**

Member's Folio Number/ Client ID \_\_\_\_\_ Proxy No. \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ being a Member/ Members of the above named Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him

\_\_\_\_\_ of \_\_\_\_\_ as my/ our proxy to attend and vote for me/us on behalf at

the 25<sup>th</sup> ANNUAL GENERAL MEETING of the Company held on Monday, 28<sup>th</sup> March, 2011 at 10.00 a.m. at **“Sasmira College, Sasmira Marg, Opp. Mayfair Banquet Hall, Near Old Passport Office, Worli, Mumbai - 400 030”**

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

No. of Shares held \_\_\_\_\_

Affix 1 Rupee Revenue Stamp
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The Companies Act, 1956, lays down that the instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the Meeting.

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**BOOK - POST**

**TO,**

*If undelivered please return to :*

**INDAGE VINTNERS LIMITED**

**Registered Office :**

Indage House

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

Tel No. 66175068/ Fax: 24902829

email:info@indagegroup.com / secretarial@indagegroup.com

visit us at: www.indagegroup.com