



COMPUAGE INFOCOM LIMITED

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3rd Annual Report
2001-2002

COMPUAGE INFOCOM LTD.

COMPUAGE INFOCOM LTD.

Third Annual Report 2001-2002

Board of Directors

Atul H. Mehta

Ajay H. Mehta (Upto 31st March, 2002)

Bhavesh H. Mehta

G.S. Ganesh

C. Subramaniam

Registered Office

Anjani Complex, 3rd Floor, Pereira Hill Road

Off. Andheri Kurla Road, Andheri (East)

Mumbai 400 099

Registrar & Share Transfer Agents

Intime Spectrum Registry Pvt. Ltd.

260, Shanti Indl. Estate

Sarojini Naidu Road

Mulund (West)

Mumbai 400 080

Auditors

M/s. B.V. Dalal & Co.

Chartered Accountants

Branches

Ahmedabad, Bangalore, Bhabaneshwar, Calcutta, Cochin, Chandigarh, Chennai,

Mumbai, New Delhi, Hyderabad, Pune, Indore, Jaipur, Lucknow, Raipur

Bankers

Bombay Mercantile Co-op. Bank Ltd.

CITI Bank N. A.

HDFC Bank Ltd.


COMPUAGE INFOCOM LTD.

Notice is hereby given that 3rd Annual General Meeting of Compuage Infocom Ltd. will be held on Thursday, the 29th August, 2002 at 11.00 a.m. at Victoria Memorial School for Blind, Tardeo Road, Opp. Film Centre, Next to Girnar Tower, Mumbai 400 034

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002, Profit and Loss Account for the year ended on 31st March, 2002 and Reports of the Directors and Auditors thereon.
2. To appoint Director in place of Mr. Bhavesh H. Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Director in place of Mr. G.S. Ganesh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorise the Board of Directors to fix their remuneration.

Date : 26/6/2002

BY ORDER OF THE BOARD OF DIRECTORS

Place : Mumbai

For Compuage Infocom Ltd.

Regd. Office :

Anjani Complex, 3rd Floor, Pereira Hill Road
Off. Andheri Kurla Road, Andheri (East)
Mumbai 400 099

Atul H. Mehta
Chairman & Managing Director

Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on a poll only instead of himself / herself and the proxy need not be a member.
2. A proxy form, duly completed and stamped, must reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
3. Members are requested to bring their copy of Annual Report to the Annual General Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, 21st August, 2002 to Thursday 29th August, 2002 (both days inclusive)
5. Members holding shares in identical order of names in more than one folio are requested to write to the Company's aforesaid Registrar & Transfer Agent, and send their share certificates to enable consolidation of their holdings into one folio.
6. Members seeking any information on the Accounts are requested to write to the company, which should reach the company at least one week before the meeting so as to enable the management to keep the information ready. Replies will be provided only at the meeting.
7. Members are requested to notify to company's the Registrars and Share Transfer Agents of changes, if any, in their address in full with the postal area pin code number quoting their folio numbers. The Registrars and Share Transfer Agents of the company are :

Intime Spectrum Registry Ltd.
260-A, Shanti Industrial Estate,
Sarojini Naidu Road, Mulund (West),
Mumbai 400 080
Tel: 5923837
Fax: 5672693 / 5652757

Date : 26/6/02

BY ORDER OF THE BOARD OF DIRECTORS

Place : Mumbai

For Compuage Infocom Ltd.

Atul H. Mehta
Chairman & Managing Director



COMPUAGE INFOCOM LTD.

DIRECTORS' REPORT

To the Members of Compuage Infocom Ltd.

Your Directors present herewith the Third Annual Report for the year ended 31st March, 2002.

1. Financial Results :

The following is summary of Financial Results :

	Current Year 2001-2002 (Rs. In Lacs)	Previous Year 2000 - 2001 (Rs. In Lacs)
Sales & Other Income	14,195.52	23,970.93
Profit before Taxation & Depreciation	107.89	235.25
Less : Depreciation	29.86	21.24
	-----	-----
Profit after depreciation	78.03	214.01
Less : Provision for Taxation	5.97	18.14
	-----	-----
Profit after Tax Provision	72.06	195.87
Deferred Tax - Current	13.91	-
Excess Tax Provision written back	13.22	6.42
Balance Brought forward	18.47	0.84
Deferred Tax - Past	5.04	-
	-----	-----
Amount available for appropriations :	84.80	203.13
Proposed Dividend	-	149.42
Tax on Dividend	-	15.24
Transferred to General Reserve	-	20.00
Balance in Profit and Loss Account	84.80	18.47
Carried forward		

It may be noted that in view of the slowdown in the business arising out of the disturbances in the country and less purchasing power, the working results are lower as compared to prior year. However, it may also be mentioned that unless the Management had undertaken the cost reduction and measures for increasing efficiency, the ultimate result would have been further downward.

It is further stated that for the first time in complying with the Accounting Standard No. 22 as prescribed by the Institute of Chartered Accountants of India the provision of the cumulative deferred tax liability amounting to Rs. 5.04 Lakhs and current year's deferred liability of Rs. 13.91 Lakhs have been charged to Profit & Loss Account.

In view of what is stated above the Directors have decided to plough back the entire profit in the business. Hence, Directors do not recommend any distribution of dividend, both on equity and preference shares.

2. Appraisals : The year under review has been difficult period because of continuing disturbing situation in the various States resulting constraint in the financial position of the various public and private corporates including that of many State governments which has resulted in decrease in purchasing power particularly for computer peripherals finance requirements. However, the company has taken various steps for cost cutting and improving efficiency at all levels.

3. Financial Requirement : Directors have felt necessary to augment the resources required by the company notwithstanding the constraint with the bankers and have partly made up the additional requirement of the funds by raising external commercial borrowings and short term foreign currency loan from its associates and friends. However, the additional requirement of the company which may need to augment

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may be raised through medium of debt instrument at the appropriate time when Directors would announce the schemes for raising further resources.

4. **Directors Appointment & Retirement :** Your Directors seek approval of the members for the reappointment of Directors who retires by rotation and being eligible offer for reappointment namely Mr. Bhavesh H. Mehta and Mr. G. S. Ganesh whose details are given below :

Name of the Director	Mr. Bhavesh H. Mehta	Mr. G.S. Ganesh
Date of Appointment	18.10.2000	18.10.2000
Expertise in specific functional area	Marketing, Sales and Imports	General Management in Finance
No. of other Directorships held	5	1
Chairman/Member of the Committees of the Board of the Companies of which he is a Director	-	Member of Audit Committee of Compugage Infocom Ltd. & Inga Advisors Pvt. Ltd.

Mr. Ajay H. Mehta has resigned w.e.f. 1.4.2002 and the Board places on record its appreciation for his valuable services rendered during his tenure as Director and significant contribution for the development of the company.

5. **Auditors Appointment :** The present Auditor, M/s. B.V. Dalal & Co. - Chartered Accountants, who hold office upto the conclusion of the ensuing Annual General Meeting are recommended for reappointment as the Auditors, to hold office upto the conclusion of the next Annual General Meeting. The Company has received necessary eligibility certificate from them, for the purpose of reappointment.
6. **Fixed Deposit :** The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956.
7. **Directors Responsibility Statement :** Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibilities Statement, it is hereby confirmed :
- That in the preparation of the annual accounts for the financial year ended 31st March, 2002, the applicable accounting standards have been followed.
 - That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review.
 - That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of any and for preventing and detecting fraud and other irregularities.
 - That the Directors have prepared the accounts for the financial year ended 31st March, 2002 on a going concern basis.
8. **Internal Audit :** Your Directors are pleased to inform that at majority of the locations of the company, we have independent firms of Chartered Accountants, to carry out Internal Audit functions to ensure adherence to various policies and procedures pronounced from time to time by the Management and also to ensure compliances with various statutory requirements.

Your Directors are also pleased to inform that Audit Committee has reviewed the internal control and Internal Auditors' Reports for taking corrective actions arising therefrom.


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9. **Management discussions and Analysis :** Your Directors present a broad picture in the matter of developments in our line of business namely further scope in the computer peripherals and accessories business activities.

As is known that inspite of the fact that the per capita consumption and usage in India of computers is very low even compared to developing other Southern Asian Countries, there is a tremendous scope to enlarge and to develop the market in the interior of the country.

The main hurdle of-unstabilised political and economic conditions coupled with decrease in purchasing power not only of the large segment of the middle class of the society but also various govt. planned expenditure, the market could not absorb the additional availability of the items resulting in slow down in the business.

However, it may be a matter of solace to consider the fact that still there is a growth in the market at much higher level as compared to negative state of affairs in other large established industries as it is evident that in the interior market of our country there is still large scope of increasing the business activities which would help your company also.

Though certain statements in the above paras may be forward analysis and has been mentioned as required by applicable rules and regulations, one may have to keep in mind that there are several factors which may affect ultimate working result and which could be different from what Directors envisaged of the future performance of the business.

The Company has adequate control systems as reviewed from time to time by the management and internal auditors.

There has been no material development in human resources during the period covered by this Annual Report. The company had 106 employees on its rolls as on 31.3.2002

10. Directors are also happy to inform that as promised in the last Annual General Meeting your company is already listed on the Stock Exchanges of Mumbai, Ahmedabad and Chennai.
11. Further, Directors are also pleased to inform the members that the Registered Office of your company has also been shifted from Chennai to Mumbai.
12. **Additional Disclosures :**

- A) **Related Party Transactions:** In line with the requirements of the Listing Agreements and the Accounting Standards No. 18 of the Institute of Chartered Accountants of India your company has given additional disclosures in respect of related party transactions.
- B) **Segmental Reporting :** There being only one line of business the company is engaged in, mainly distribution business of computer peripherals and accessories within India, there are no requirements of segmental reporting, as required as per Accounting Standard 17.
- C) **Report on Corporate Governance:** Since your company got listed effective only from April, 2002, there is no requirement of giving report on Corporate Governance, however, as a measure of forward looking approach / view, We have attached herewith Report on Corporate Governance Annexure I alongwith the certificate of compliance from the Auditors.

13. **Statutory Disclosure :** The particulars relating to conservation of energy and techniques are not relevant to the company since company is not engaged in any manufacturing activities and hence there is no much scope and concern to this matter for your company to take any meaningful action.



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The payment of foreign exchange outgoes are given in Schedule No. 18 in the notes to the accounts in Note No. 7.

There are no employees drawing salary, per month, of Rs. 2,00,000/- and above, hence, the requirements of particulars of employees to be furnished under Section 217(2A) of the Companies Act 1956 does not apply.

14. None of the Directors of the corporation are disqualified for being appointed as Directors as specified in Section 274 of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000.

15. **Acknowledgement :** Your Directors place on record their appreciation for the support, co-operation and assistance extended by various Government Authorities, Bankers and Shareholders of the Company.

Your Directors also wish to sincerely appreciate the dedicated efforts and sincere services rendered by the staff at all levels.

For and on behalf of the Board of Directors
For **COMPUAGE INFOCOM LTD.**

Place : Mumbai

Date : 26th June, 2002

Atul H. Mehta

Chairman & Managing Director

Registered Office

Anjani Complex, 3rd Floor, Pereira Hill Road

Off. Andheri Kurla Road, Andheri (East)

Mumbai 400 099

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ANNEXURE I

Corporate Governance

1. **Company's philosophy on Corporate Governance :** The Company's philosophy of Corporate Governance is primarily of the method and philosophy of efficient conduct of its business and meeting its obligations for enhancing value of the shareholders interest. The company also believes firmly in transparency in its dealings and key emphasize on integrity and regulatory compliance.

2. **Board of Directors:**

- a. **Composition:**

The Board comprises of Executive and Non-Executive Directors. The Non-Executive Directors bring external and wider perspective confirming therewith in depth business deliberations and decisions advantage. Independent Directors do not draw any remuneration either for attending board or any committee meetings and have no pecuniary relationships or transactions with the company.

- b. **No. of Board Meeting held and attendance of the Directors :** During the year 17 Board Meetings held and attendance of Directors as follows :

Name of Directors	No. of Board Meetings attended	Directorship in no. of other Public Companies	No. of membership of other companies Committees	Attendance at AGM
Mr. Atul H. Mehta	17	2	NONE	YES
Mr. Ajay H. Mehta (Upto 31.3.2002)	16	2	NONE	YES
Mr. Bhavesh H. Mehta	17	2	NONE	YES
Mr. C. Subramaniam	10	1	1	YES
Mr. G.S. Ganesh	10	1	1	NO

3. **Audit Committee :**

Terms of Reference & Composition :

- The Terms of Reference of this Committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreements as well as in Section 292A of the Companies Act, 1956.

The Audit Committee is comprised of Directors Mr. Atul H. Mehta, the Chairman of the Committee, & Mr. C. Subramaniam & Mr. Ganesh are the members of the Committee.

Meetings and the attendance during the year :

There were 5 meetings of the Audit Committee during the year. The attendance of each member of the Committee is given below :

Name of the Director	No. of Meetings attended
Mr. Atul H. Mehta	5
Mr. C. Subramaniam	2
Mr. G. S. Ganesh	4

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4. **Remuneration to Directors** : The remuneration committee has been appointed and consisted of Mr. Atul H. Mehta -Chairman & Managing Director, Mr. G.S. Ganesh and Mr. C. Subramaniam. The committee met only once during the year for reviewing the remuneration payable to the Directors though the remuneration hitherto drawn by the Directors was less than minimum as per schedule XIII of Companies Act, 1956 and arrived at a decision, in view of the downward trend in the business to reduce, voluntarily, remuneration with effect from 1st October, 2001.

Directors have also set up a Management Performance Review Committee to determine and review the performance related compensation package for Sales and other Management staff.

The details of the Director's remuneration drawn by each one of them is given below :

Director's Name	Remuneration paid during the year	Remarks
Mr. Atul H. Mehta	Rs. 12.20 Lakhs	No sitting Fees
Mr. Ajay H. Mehta	Rs. 11.25 Lakhs	No Sitting Fees
Mr. Bhavesh H. Mehta	Rs. 11.25 Lakhs	No Sitting Fees

The non executive directors namely Mr. C. Subramaniam & Mr. G.S. Ganesh are not paid any amount for any services during the year.

5. **Investors / Shareholders Committee :**

Committee consists of three members namely 1. Mr. C. Subramaniam 2. Mr. Atul H. Mehta 3. Mr. G.S. Ganesh.

Name of the Director	No. of Meetings attended
Mr. C. Subramaniam	3
Mr. Atul H. Mehta	3
Mr. G. S. Ganesh	3

The company also appointed Mr. Sunil Mehta as Compliance Officer, who has been coordinating with Registrar and Transfer Agent for all matters pending relating to share transfer and shareholders grievances.

There are no pending matters relating to any shareholders requirements. The meetings of the committee have been held 3 times for review and approval of transfers and other shareholders related matters.

6. **General Body Meetings** : Details of the location and the date of last 2 AGMs are giving below:

AGM for the financial year ended	Date, Time & Place of AGM
1. 1999 - 2000	4.12.2000, 4.00 P.M., Chennai
2. 2000 - 2001	7.7.2001, 3.00 P.M., Chennai

No postal ballots were used for voting at these meetings. At the forthcoming AGM there is no item on the agenda that needs approval by postal ballot.

7. **Disclosure** : There are no materially significant related party transactions made by the Company with its Promoters, Directors or Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large. The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval.

Transactions with the related parties are disclosed in Note No. 8 of schedule 18 of the Accounts.