

COMPUAGE INFOCOM LIMITED

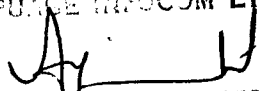
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4th Annual Report

2002-2003

For COMPUAGE INFOCOM LTD.


DIRECTOR.



COMPUAGE INFOCOM LTD.

COMPUAGE INFOCOM LTD.

Fourth Annual Report 2002 - 2003

Board of Directors

Atul H. Mehta

Bhavesh H. Mehta

G. S. Ganesh

C. Subramaniam

Registered Office

3, Dhuru Building, 1st Floor,
329, Vithalbhair Patel Road,
Mumbai - 400 004.

Registrar & Share Transfer Agents

Intime Spectrum Registry Pvt. Ltd.

C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai - 400 078.

Auditors

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

Chartered Accountants

Branches

Ahmedabad, Bangalore, Kolkata, Kochi, Chandigarh, Chennai, Mumbai
New Delhi, Raipur, Secunderabad, Pune, Indore, Jaipur, Lucknow, Nagpur

Bankers

Bombay Mercantile Co-op. Bank Ltd.

CITI Bank, N. A.

HDFC Bank Ltd.



NOTICE is hereby given that the Fourth Annual General Meeting of COMPUAGE INFOCOM LIMITED will be held on 29th August, 2003 at 10.00 a.m. at Victoria Memorial School for Blind, Tardeo Road, Opp. Film Centre, Next to Girnar Tower, Mumbai - 400 034 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Profit and Loss Account for the Financial Year ended 31st March, 2003, the Balance Sheet as on that date and the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. C. Subramaniam, who retires by rotation and being eligible, offers himself for re-appointment.
3. 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 Board of Directors to fix their remuneration.

SPECIAL BUSINESS :-

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

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions, if any, of the Companies Act, 1956, and Clause 6.1 and other applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as 'Delisting Guidelines') and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company ('the Board' which term shall be deemed to include any committee thereof), consent of the Company be and is hereby accorded to the Board to delist 1,24,57,315 Equity Shares of the Company from the Stock Exchange at Ahmedabad with effect from 1st April, 2003.

RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the aforesaid voluntary delisting of shares as it may in its absolute discretion deem fit without being required to seek any further approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval expressly by the authority of this resolution;

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all necessary steps in this regard in order to comply with all the legal and procedural formalities and further to authorise any of its Directors or any of the Officers of the Company to do all such act, deeds and things that may be necessary to implement this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 61 and other applicable provisions, if any, of the Companies Act, 1956, and Clause 6.1 and other applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as 'Delisting Guidelines') and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company ('the Board' which term shall be deemed to include any



committee thereof), consent of the Company be and is hereby accorded to the Board to delist 1,24,57,315 Equity Shares of the Company from the Stock Exchange at Chennai with effect from 1st April, 2003.

RESOLVED FURTHER THAT the Board be and is hereby authorised to settle all questions, difficulties or doubts that may arise in regard to the aforesaid voluntary delisting of shares as it may in its absolute discretion deem fit without being required to seek any further approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval expressly by the authority of this resolution;

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all necessary steps in this regard in order to comply with all the legal and procedural formalities and further to authorise any of its Directors or any of the Officers of the Company to do all such act, deeds and things that may be necessary to implement this resolution."

By Order of the Board of Directors
For **COMPUAGE INFOCOM LIMITED**

Place : Mumbai
Date : 28th June, 2003

Atul H. Mehta
Chairman & Managing Director

Registered Office :
3, Dhuru Building,
329, Vithalbhai Patel Road,
Mumbai - 400 004.

NOTES :

- 1) A Member entitled to attend and vote at all 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) Members holding shares in identical order of names in more than one folio are requested to write to the Company's below mention Registrar & Transfer Agent, and send their share certificates to enable consolidation of their holdings into one folio.
- 5) 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.
- 6) The relevant Explanatory Statement pursuant to the Section 173(2) of the Companies Act, 1956, is annexed hereto.
- 7) The register of members and the share transfer books of the company will remain closed from 20th August, 2003 to 29th August, 2003 (both days inclusive) in connection with the Annual General Meeting.
- 8) Pursuant to the provisions of Section 205C of the Companies Act, 1956 there was no unclaimed dividend to be transferred to the Investor Education and Protection Fund during the year.



COMPUAGE INFOCOM LTD.

- 9) Members are requested to inform the Company any change in their address immediately so as to enable the Company to dispatch dividend warrants and any further communication at their correct address to :

INTIME SPECTRUM REGISTRY LIMITED

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai - 400 078.

10) INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT :

As required under the Listing Agreement, the particulars of the Director who is proposed to be re-appointed is furnished below :

i) Item No. 2 of the Notice :

Name : Mr. C. Subramaniam
Age : 48 years
Qualification : M.com - ICWAI
Expertise : Specialised in Financial Consultancy.
Date of appointment : 27th July, 1999.

Mr. C. Subramaniam is holding Directorship in one Company and he is a Chairman of Shareholder / Investor Grievance Committee and Member of the Audit Committee of the Company.

- 3) Pursuant to Section 192A of the Companies Act, 1956, Item No. 4 & 5 for delisting of shares require to be passed through Postal Ballot as required by Ahmedabad Stock Exchange and Chennai Stock Exchange.

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 4 & 5

In order to provide liquidity to the shareholders and investors, the Company's Equity Shares were listed on the Stock Exchanges of Mumbai, Ahmedabad and Chennai. The bulk of the trading in the Company's Equity Shares takes place on Mumbai Stock Exchange.

It has been observed that since last few years trading in Equity Shares of the Company on Ahmedabad Stock Exchange and Chennai Stock Exchange is rare and negligible and is disproportionate to the listing fees payable by the Company to the said Stock Exchanges.

As our securities are listed in Mumbai Stock Exchange having nationwide trading terminals, the Company had complied with the provisions of Clause 5, delisting of securities (Voluntary) from Stock Exchange as per the SEBI (Delisting of Securities) Guidelines, 2003.

In this backdrop, it is considered desirable to delist the Equity Shares of the Company from Ahmedabad Stock Exchange and Chennai Stock Exchange as per the SEBI (Delisting of Securities) Guidelines, 2003 ('the Delisting Guidelines').

The Directors recommend the Special Resolution for the approval of the members.

No Directors of the Company is concerned or interested in the said resolution.

By Order of the Board of Directors
For **COMPUAGE INFOCOM LIMITED**

Place : Mumbai
Date : 28th June, 2003

Atul H. Mehta
Chairman & Managing Director

Registered Office :
3, Dhuru Building,
329, Vithalbhair Patel Road,
Mumbai - 400 004.

**COMPUAGE INFOCOM LTD.**

DIRECTORS' REPORT

To the Members,

Your Directors herewith present the 4th Annual Report together with the Audited Financial Statements for the year ended 31st March, 2003.

FINANCIAL RESULTS :

The highlights of the Financial Results are :

| | Current year 2002-2003 (Rs. In Lacs) | Previous Year 2001-2002 (Rs. In Lacs) |
|---------------------------------------|---|---|
| Sales & Other Income | 10990.16 | 14,195.52 |
| Profit before Taxation & Depreciation | 128.95 | 107.89 |
| Less : Depreciation | <u>37.72</u> | <u>29.86</u> |
| Profit after Depreciation | 91.23 | 78.03 |
| Less : Provision for Taxation | <u>7.18</u> | <u>5.97</u> |
| Profit after Tax Provision | 84.05 | 72.06 |
| Deferred Tax-Current | 1.47 | 13.91 |
| Excess Tax provision written back | 2.30 | 13.22 |
| Balance brought forward | 84.80 | 18.47 |
| Deferred Tax-Past | <u>25.28</u> | <u>5.04</u> |
| Amount available for Appropriations : | 144.40 | 84.80 |
| Balance in Profit and Loss Account | 144.40 | 84.80 |
| Carried forward | | |

PERFORMANCE REVIEW :

Your Company performance was improved as a result of the planned restructuring of its business including integration of its distribution network and Sales force coupled with better use of available infrastructure resulting in significant cost reductions & higher gross profit margins.

Your Directors are pleased to report a profit before interest & Depreciation of Rs. 128.95 Lacs in the year 2002-03 as against Rs. 107.89 Lacs in the year 2001-02. The net profit before Taxation stood at Rs. 91.23 Lacs as against a net profit of Rs.78.03 Lacs in the year 2001-02.

Your Company has taken the series of initiatives like rationalisation of Product Mix, reduction in overheads, significant improvement in working capital & Specific initiatives in the areas of Sales which all had a positive impact on the profitability of your Company. Your Company recorded a 36.45 percent drop in total expenditure from Rs. 643.02 Lacs to the year 2001-02 to Rs.471.25 Lacs for 2002-03. These measures taken by your Company shall go a long way in establishing your Company on a profitable growth platform.

In view of strengthening the Company, your 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.

**INFORMATION TECHNOLOGY :**

After successful implementation of ERP in 2001-02, your Company continued with its focus on standardization & upgradation of the Information Technology infrastructure in 2002-03. Your Directors take pleasure in reporting that your Company has started to leverage the benefits of integrated ERP to drive Business processes improvements & cost efficiencies in financial, logistics and Sales Management functions.

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.

At the same time, with an eye on conservation of resources and considerable advantage of ERP, the increasing reliance on internal resources will replace such overdependence on independent firms.

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

FIXED DEPOSIT

The Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956.

DEPOSITORY SYSTEM

The Company has entered into an agreements with the National Securities Depository Limited (NSDL) as well as the Central Depository Services (India) Limited (CDSL) to enable shareholders to hold shares in a dematerialised form. The Company also offers simultaneous dematerialisation of the physical shares lodged for transfer.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) that in preparation of the Annual Accounts for the year ended 31st March, 2003, the applicable accounting standards had been followed alongwith proper explanation relating to material departures, if any;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2003 and the profit of the Company for the year under review;
- iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the annual accounts for the year ended 31st March, 2003 have been prepared on a 'going concern basis'.

**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.

As is known that inspite of the fact that Information Technology industries are highly competitive, prices for IT Products are falling and rapidly changing markets, your Company is able to manage better performance compared to last year on profit side due to Change in Product mix.

The industry is extremely cost sensitive. In the constantly shifting market demand, realignment and new relationships are critical.

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 other industries. 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 to grow.

Company has also started venturing into distributorship for other FMCG products to increase their Sales & revenues. As a part of it Company has signed the agreement with Intrex India Ltd. for distribution of ITZ Cash cards for selective locations across the country.

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 115 employees on its rolls as on 31.3.2003.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO :

The particulars relating to conservation of energy and techniques are not relevant to the Company since the 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.

The payment of foreign exchange outgoes are given in Schedule No.18 in the notes to the accounts in Note No. 7.3.

EMPLOYEE

Following 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.

| Name of the Director | Remuneration paid during the year (Rs.) |
|-----------------------------|--|
| Mr. Atul H. Mehta | 17,00,100/- |

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, there are no requirements of segmental reporting, as required as per Accounting Standard 17.

**COMPUAGE INFOCOM LTD.**

- C) Report on Corporate Governance : A separate report on Corporate Governance is produced as a part of the Annual Report along with the Auditor's Statement on its compliance.

DIRECTORS

Mr. C. Subramaniam, Director of the Company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Whose details are given below :

| | |
|---|--------------------------------------|
| Name of Director | Mr. C. Subramaniam |
| Date of appointment | 27th July, 1999 |
| Expertise in specific functional area | Specialised in financial consultancy |
| No. of other Directorship held | 1 |
| Chairman / Member of the committees of the Board of the Companies in which he is a Director | 2 |

AUDITORS

The Statutory Auditors of your Company, M/s. B. V. Dalal & Co., Chartered Accountants, retire at the conclusion of the forth coming Annual General Meeting and being eligible offer themselves for re-appointment. The company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956.

DISCLOSURE UNDER SECTION 274

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

ACKNOWLEDGEMENTS

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 LIMITED**

Place : Mumbai
Date : 28th June, 2003

Atul H. Mehta
Chairman and Managing Director

Registered Office :
3, Dhuru Building,
329, Vithalbhai Patel Road,
Mumbai - 400 004.