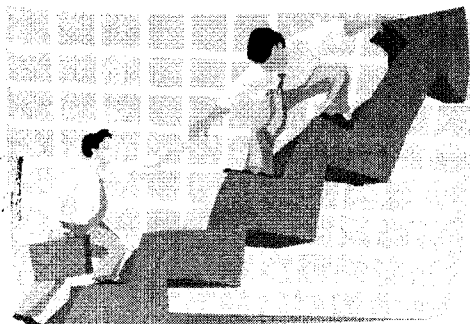


COMPUAGE INFOCOM LIMITED

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6th Annual Report
2004-2005





COMPUAGE INFOCOM LTD.

COMPUAGE INFOCOM LTD.

Sixth Annual Report 2004-2005

Board of Directors

Atul H. Mehta

Bhavesh H. Mehta

G.S. Ganesh

C. Subramaniam

Registered Office

3, Dhuru Building, 1st Floor,
329, Vithal bhai 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, Cochin, Chandigarh, Chennai, Mumbai,
New Delhi, Raipur, Hyderabad, Pune, Indore, Lucknow, Pondyerry.
Guwahati, Dehradun, Noida, Nagpur, Surat, Ludhiana.

Bankers

Bombay Mercantile Co-op. Bank Ltd.

CITI Bank N.A

HDFC Bank Ltd.



COMPUAGE INFOCOM LTD.

NOTICE IS HEREBY GIVEN THAT THE SIXTH ANNUAL GENERAL MEETING OF THE MEMBER OF COMPUAGE INFOCOM LIMITED WILL BE HELD ON 18TH JUNE 2005 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 year ended 31st March, 2005 and 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. G. S. Ganesh, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. B.V. Dalal & Co. Chartered Accountants as Audited 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.

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

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Atul H. Mehta
Chairman & Managing Director

Mumbai

Date : 14th April 2005.

Registered Office :

3, Dhuru Building,
329, Vithalbhai Patel Road,
Mumbai 400 004.



COMPUAGE INFOCOM LTD.

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) Members holding shares in identical order of names in more than one folio are requested to write to the Company's below mentioned Registrar & Transfer Agent, & send their shares certificates to enable consolidation of their holding into one folio.
- 5) Member 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 9th June, 2005 to 18th June, 2005 (both days inclusive) in connection with the Annual General Meeting.
- 8) Consequent upon the amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999 which came into force wef. 31st October, 1998, the Company would be obliged to transfer any money lying in the Unpaid Dividend Account which remain unpaid or unclaimed for a period of 7 years from the date of such transfers, to the Investor Education Protection Fund, Member who have not encashed the dividend warrant (s) so far for the financial period ended 31st March, 2000 or any subsequent financial year are requested to approach the Company and details of the same are as under :

Date of Declaration	Amount (Rs.)	Due Date
1. 04.12.2000	150,993.23	03.12.2007
2. 07.07.2001	82,175.12	06.07.2008

- 9) Member 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. G.S. Ganesh
Age	: 46 years
Qualification	: Chartered Accountant
Expertise	: Specialized in Finance
Date of appointment	: 18.10.2000

Mr. G. S. Ganesh is holding Directorship in One Company and he is member of one Committee.

By Order of the Board of Directors
For COMPUAGE INFOCOM LIMITED

Mumbai
Date : 14th April 2005.

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

Atul H. Mehta
Chairman & Managing Director



COMPUAGE INFOCOM LTD.

DIRECTORS' REPORT

To the Members,

Your Directors herewith present the 6th Annual Report together with the Audited Financial Statements for the year ended 31st March 2005.

FINANCIAL RESULTS :

The highlights of the Financial Results are:

	Current year 2004-2005 (Rs. In Lacs)	Previous Year 2003-2004 (Rs. In Lacs)
Sales & Other Income	15054.59	11825.38
Profit before Taxation & Depreciation	158.83	140.69
Less: Depreciation	37.37	38.20
Profit after depreciation	121.46	102.49
Less: Provision for Taxation	55.00	38.00
Profit after Tax Provision	66.46	64.49
Deferred Tax-Current	(4.58)	(12.77)
Add: Excess Depreciation written back	4.02	0.00
Balance brought forward	221.66	144.40
Amount available for Appropriations :	296.72	221.66
Balance in Profit and Loss Account	296.72	221.66
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 Taxation & Depreciation of Rs.158.83 Lacs in the year 2004-05 as against Rs. 140.69 Lacs in the year 2003-04. The net profit before Taxation stood at Rs. 121.46 Lacs as against a net profit of Rs.102.49 Lacs in the year 2003-04.

Your Company has taken the series of initiatives like rationalisation of Product Mix, Increase of Branch network across the Country to cater more interior market of the Country. Specific initiatives in the areas of Sales & Marketing strategies which all had a positive impact on the Sales as well as profitability of your Company. 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 2004-05 also. Company had already taken the steps for making the changes in ERP software for the Billing to be done under new VAT Tax. Your Directors take pleasure in



COMPUAGE INFOCOM LTD.

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. As and when required up gradation of Servers & Computers were done, so that Information Technology Infrastructure gives better result in future to the Company.

INTERNAL AUDIT

Your Directors are pleased to inform that at majority of the locations of the Company, we have taken the internal Audit staff who 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.

Since the ERP Accounting System give us online information for all the location, reliance on internal resources has replaced the over dependence 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 accepted the 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, 2005, 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, 2005 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, 2005 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, accessories and other distribution ship of FMCG products.



COMPUAGE INFOCOM LTD.

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 Sales side as well as profit side due to Change in Product mix and better management resources. Company always looks after New tie ups & adding the New Products on quarter to quarter basis.

As a process of increase the Product mix for the Distributionship, Company had tied up with two New Products namely Numeric & APC Products under Computer peripherals & accessories. Both Products will contribute to increase the Sales as well as Profitability for New F.Y. 2005-06.

Even under FMCG Products also ITZ CASH CARD Distribution has started very well from March'05 onwards & Company has a expectation of Good increase in growth of Sales as well as Revenue in F.Y. 2005-06.

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.

To address interior market of our country, In F.Y. 2004-05 Company had open their Seven New Branches across the Country. Company is planning to open another six new branches in new F.Y. 2005-06. By adding the New Branches at different places of the country, Company expects the growth in sales as well as in revenues in next F.Y. 2005-06.

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

There has been no material development in human resources during the period covered by this Annual Report. The company had 155 employees on its rolls as on 31.3.2005.

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

Since 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.

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.



COMPUAGE INFOCOM LTD.

Segmental Reporting : The Company is in the business of distribution of computer parts & peripherals in India having similar risks and rewards and therefore there is only one geographical and business segment.

B) 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. G. S. Ganesh, Director of the Company is 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. G. S. Ganesh
Date of appointment	18th October, 2000
Expertise in specific functional area	Specialised in Finance
No. of other Directorship held	1
Chairman / Member of the committees of the Board of the Companies in which he is a Director	1

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**

Atul H. Mehta
Chairman and Managing Director

Place: Mumbai.

Date: 14th April 2005.

Registered Office:

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



COMPUAGE INFOCOM LTD.

CORPORATE GOVERNANCE

PHILOSOPHY ON CODE OF GOVERNANCE

The philosophy underlying Corporate Governance seeks to create a system of "Checks and balances" based on transparency, ensuring integrity, clarity and consistency in the dealings of the Company with all its stakeholders. Good Governance ensures that the best corporate practices are followed by a Company. Implementation of the good governance indicates not only the compliance of the laws and regulations of the land but also indicates the values, practices and culture of your organisation.

The report on corporate governance is divided into five parts:

- I. Board of Directors
- II. Remuneration of Directors
- III. Committees of the Board
- IV. Shareholder Information
- V. Other Disclosures

I. 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 have pecuniary relationships or transactions with the Company.

B. Details of Board Meeting held and attendance of the Directors: During the year Eight (8) Board Meetings were held and attendance of Directors is as follows:

Name of Directors	No. of Board Meetings attended	Directorship in no. of other Public Companies	No. of membership of other companies Committee	Attendance at AGM
Mr. Atul H. Mehta	8	3	None	YES
Mr. Bhavesh H. Mehta	8	2	None	YES
Mr. C. Subramaniam	2	1	1	YES
Mr. G.S. Ganesh	2	1	1	YES