



COMPUAGE INFOCOM LIMITED

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7th Annual Report 2005-2006





COMPUAGE INFOCOM LTD.

COMPUAGE INFOCOM LTD.

Seventh Annual Report 2005-2006

Board of Directors

Atul H. Mehta

Bhavesh H. Mehta

G.S. Ganesh

C. Subramaniam

Vijay Agarwal (w.e.f. 31-12-2005)

Registered Office

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

Registrar & Share Transfer Agents

Intime Spectrum Registry 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, Baroda, Bhubneshwar, Chandigarh, Chennai,
Coimbatore, Dehradun, Delhi, Ghaziabad, Goa, Guwahati, Haryana, Hyderabad,
Indore, Jaipur, Jammu, Cochin, Kolkatta, Lucknow, Ludhiana, Mumbai,
Nagpur, Parwanoo, Patna, Pondicherry, Pune, Raipur, Rajkot, Ranchi,
Siliguri, Surat, Trivendrum, Vizag.

Bankers

Bombay Mercantile Co-op. Bank Ltd.

CITI Bank N.A

HDFC Bank Ltd.

Indian Overseas Banks



COMPUAGE INFOCOM LTD.

NOTICE IS HEREBY GIVEN THAT THE SEVENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF COMPUAGE INFOCOM LIMITED WILL BE HELD ON SATURDAY 24th JUNE 2006 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 2006 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. Atul Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. C. Subramaniam, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s.B.V.Dalal & Co. Chartered Accountants as 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 :

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

"RESOLVED THAT Mr. Vijay Agarwal, who was appointed as an additional director of the Company by the Board of Directors of the Company and who ceases to hold office under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing his candidature for the office of a Director, be and is hereby appointed a Director of the Company liable to retirement by rotation."

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

"RESOLVED THAT pursuant to Section 198, 269, read with Schedule XIII, 309, 310 and 314 or any other applicable provision of the Companies Act, 1956, Mr. Atul Mehta be and is hereby re-appointed as Managing Director of the Company with effect from 8th September, 2005 for a period of 3 years on such terms and conditions set out in the Agreement entered into between the Company and Mr. Atul Mehta, a copy of which initialed by Mr. G. S. Ganesh, Director of the Company, for the purpose of Identification, is placed before the meeting.

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

"RESOLVED THAT pursuant to Section 198, 269, read with Schedule XIII, 309, 310 and 314 or any other applicable provision of the Companies Act, 1956, subject to approval of members at the Annual general Meeting, Mr. Bhavesh Mehta be and is hereby re-appointed as Whole Time Director of the Company with effect from 18th October 2005 for a period of 3 years on such terms and conditions set out in the Agreement entered into between the Company and Mr. Bhavesh Mehta, a copy of which initialed by Mr. G. S. Ganesh, Director of the Company, for the purpose of Identification, is placed before the meeting.

Place : Mumbai

Date : 14th April 2006

Registered Office

Compuage Infocom Ltd.

3, Dhuru Building,

329, Vithalbhair Patel Road,

Mumbai-400 004.

By Order of the Board of Directors

For Compuage Infocom Limited

Atul H. Mehta

Chairman & Managing Director


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 AND THE PROXY NEED NOT BE A MEMBER.**
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.
- 2) The relevant Explanatory statement pursuant to the Section 173(2) of the Companies Act 1956 is annexed hereto.
- 3) The register of members and the share transfer books of the company will remain closed from 14th June '06 to 24th June '06 (both days inclusive) in connection with the Annual General Meeting.
- 4) 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 w.e.f. 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, Members who have not encashed the dividend warrant(s) 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

5) 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,
LBS Marg, Bhandup (W.), Mumbai-400 078.

6) 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 & 6 of the Notice :

Name : Mr. Atul Mehta
Age : 45 years
Qualification : MBA - U.S.A
Expertise : Specialized in Finance & Strategic Planning.
Date of appointment : 16.06.2000

Mr. Atul Mehta is Director in 3 other Companies (excluding Private Companies) and Member of Share Transfer Committee & Investor Grievance Committee of the Company. Mr. Atul Mehta holds 1937 shares of the Company.

ii) Item No. 3 of the Notice:

Name : Mr. C. Subramaniam
Age : 50 years
Qualification : Diploma in Financial Management & Operational Research M.Com & ICWAI
Expertise : Specialized in Finance & Operational Research
Date of appointment : 27.07.1999



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Mr. C. Subramaniam is Director in 6 other companies (excluding private companies). He is chairman of the Share Transfer Committee & Investor Grievance Committee and member of the Audit Committee and Remuneration Committee of the Company. He holds 107 shares of the Company.

iii) Item No. 5 of the Notice:

Name	: Mr. Vijay Agarwal
Age	: 48 years
Qualification	: M.Com & FCA
Expertise	: Specialized in Finance
Date of appointment	: 31.12.2005

Mr. Vijay Agarwal is Director in 6 other companies (excluding private companies & Section 25 Companies). He is a member of the Remuneration Committee & Audit Committee of the Company. He is a member of Audit Committee in 5 other Companies & member of Share transfer Grievance Committee in another Company. He does not hold any shares in the Company.

iv) Item No. 7 of the Notice:

Name	: Mr. Bhavesh Mehta
Age	: 33 years
Qualification	: M.Com with Specialisation in Marketing
Expertise	: Specialized in Imports and Logistics
Date of appointment	: 18.10.2000

Mr. Bhavesh Mehta is Director in 2 other companies (excluding private companies & Section 25 Companies). He is not a chairman / member of any of the Committees of the Company. He does not hold any shares in the Company.

By Order of the Board of Directors
For Compuage Infocom Limited

Atul H. Mehta
Chairman & Managing Director

Place : Mumbai

Date : 14th April 2006

Registered Office
Compuage Infocom Ltd.
3, Dhuru Building,
329, Vithalbhair Patel Road,
Mumbai-400 004.



EXPLANATORY STATEMENT

PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

ITEM NO. 5

Mr. Vijay Agarwal is a postgraduate in Commerce and Fellow Member of the Institute of Chartered Accountants of India. Mr. Vijay Agarwal specializes in financial matters and brings with him immense experience across all management and industrial sectors at the highest levels of work. Looking at his vast experience, he was appointed as Additional Director by the Board of Directors of the Company ("the Board") on 31st December 2005. Pursuant to Section 260 of the Companies Act, 1956 ("the Act"), Mr. Vijay Agarwal holds office upto the date of Annual General Meeting of the Company. Notices have been received from the members of the Company in pursuance of Section 257 of the Act, proposing Mr. Vijay Agarwal as a candidate for the office of Director of the Company. Mr. Vijay Agarwal has given his consent, if appointed to act as a Director of the Company.

ITEM NO. 6 & 7:

Sr. No	Details	Mr. Atul Mehta	Mr. Bhavesh Mehta
1.	DETAILS :	<p>Mr. Atul Mehta is the Director of the Company since 16th June, 2000. He is a MBA Finance (U.S.A) and specialises in Finance & Strategic Planning. He is a promoter of the Company and associated with the Company since its incorporation. He has vast experience of more than 18 years in the industry and the Company has made excellent progress in his guidance as Managing Director of the Company.</p> <p>As per recommendation of Remuneration Committee, Mr. Atul Mehta was re-appointed as Managing Director of the Company w.e.f. 8th September 2005 at the meeting of the Board of Directors held on 31st October 2005 for a period of 3 years upon such terms and conditions set out in the Agreement entered by the Company with Mr. Atul Mehta. (Hereinafter referred to as "the Agreement")</p> <p>The remuneration recommended is regarded as fair and complies with the terms and conditions specified in Parts I and Section II (B) of Part II of Schedule XIII of the Companies Act, 1956.</p>	<p>Mr. Bhavesh Mehta is the Director of the Company since 18th October, 2000. He is a post graduate in commerce and specialises in Marketing, Imports and Logistics. He has vast experience of more than 10 years in the industry and the Company has made excellent progress in his guidance as Whole Time Director of the Company.</p> <p>As per recommendation of Remuneration Committee, Mr. Bhavesh Mehta was re-appointed as Whole Time Director of the Company w.e.f. 18th October 2005 at the meeting of the Board of Directors held on 31st October 2005 for a period of 3 years upon such terms and conditions set out in the Agreement entered by the Company with Mr. Bhavesh Mehta. (Hereinafter referred to as "the Agreement")</p> <p>The remuneration recommended is regarded as fair and complies with the terms and conditions specified in Parts I and Section II (B) of Part II of Schedule XIII of the Companies Act, 1956.</p>
2.	PERIOD OF APPOINTMENT:	The appointment is for a period of 3 years with effect from 8th September, 2005 to 7th September, 2008	The appointment is for a period of 3 years with effect from 18th October, 2005 to 17th October, 2008



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3.	REMUNERATION : A) Salary :	Rs. 1,50,000 /- p.m.	Rs. 1,50,000 /- p.m.
	(B) Perquisites and Allowance	(i) In addition to the salary and commission payable to Mr. Atul Mehta shall also be entitled to perquisites and accommodation (furnished or otherwise) or house rent allowance in lieu of thereof; house maintenance allowance together with reimbursement of expenses or allowances or utilities, such as gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and family; club fees; medical / accident insurance and such other perquisites and allowances including performance bonus in accordance with the rules of the Company or as may be agreed by the Board of Directors of the Company	In addition to the salary and commission payable to Mr. Bhavesh Mehta shall also be entitled to perquisites and accommodation (furnished or otherwise) or house rent allowance in lieu of thereof; house maintenance allowance together with reimbursement of expenses or allowances or utilities, such as gas, electricity, water, furnishing and repairs; medical reimbursement; leave travel concession for self and family; club fees; medical / accident insurance and such other perquisites and allowances including performance bonus in accordance with the rules of the Company or as may be agreed by the Board of Directors of the Company.
		(ii) For the Purpose of Calculating the above ceiling, perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost	For the Purpose of Calculating the above ceiling, perquisites and allowances shall be evaluated as per Income-tax Rules, wherever applicable. In the absence of any such rules, perquisites and allowances shall be evaluated at actual cost
		(iii) Benefits under the Provident Fund Scheme, the Company's pension / Superannuation Fund Scheme in accordance with the Company's rules and regulations in force from time to time shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable, under the Income-tax Act, 1961. Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites / allowances aforesaid	Benefits under the Provident Fund Scheme, the Company's pension / Superannuation Fund Scheme in accordance with the Company's rules and regulations in force from time to time shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable, under the Income-tax Act, 1961. Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites / allowances aforesaid
		(iv) Provision for the use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.	Provision for the use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

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	(C) Commission:	Calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year subject to the overall ceilings stipulated in Section 198 and 309 of the Act. The specific amount by the Board and will be payable annually after the Annual Accounts have been approved by the Board of Directors and adopted by the Shareholders	Calculated with reference to the net profits of the Company in a particular financial year, as may be determined by the Board of Directors of the Company at the end of each financial year subject to the overall ceilings stipulated in Section 198 and 309 of the Act. The specific amount by the Board and will be payable annually after the Annual Accounts have been approved by the Board of Directors and adopted by the Shareholders
3.	MINIMUM REMUNERATION:	Notwithstanding anything contained herein, where in any financial year during the currency of the tenure of Mr. Atul Mehta, the Company has no profits or its profits are inadequate, the Company may pay remuneration by way of salary, dearness allowances, perquisites and any other allowances not exceeding ceiling limit as specified under Schedule XIII, Part II of the Companies Act, 1956.	Notwithstanding anything contained herein, where in any financial year during the currency of the tenure of Mr. Bhavesh Mehta, the Company has no profits or its profits are inadequate, the Company may pay remuneration by way of salary, dearness allowances, perquisites and any other allowances not exceeding ceiling limit as specified under Schedule XIII, Part II of the Companies Act, 1956.

The necessary information as required under Schedule XIII is furnished as under:

A. GENERAL INFORMATION					
	Nature of Industry :	The Company is in Distribution of Computer Peripherals & Multi-Media Products Industry.		The Company is in Distribution of Computer Peripherals & Multi-Media Products Industry.	
	Date of Commencement of Commercial Production :	N.A		N.A	
	Financial Performance :		2005-06 Rs.in'000		2005-06 Rs.in'000
		Turnover of Sales	2152100	Turnover of Sales	2152100
		Less: Excise Duty	NIL	Less: Excise Duty	NIL
		Net Sales	2152100	Net Sales	2152100
		Profit Before Tax and Taxation Arrears	21145	Profit Before Tax and Taxation Arrears	21145
		Less: Taxation in Arrears	NIL	Less: Taxation in Arrears	NIL
		Profit Before Tax	21145	Profit Before Tax	21145
		Less: Deferred Tax	(599)	Less: Deferred Tax	(599)
		Less: FBT	928	Less: FBT	928
		Less: Provision for Taxation	7000	Less: Provision for Taxation	7000
		Profit After Tax	13816	Profit After Tax	13816


COMPUAGE INFOCOM LTD.
Export performance and net foreign exchange collections:

		2005 - 2006 (Rs. In '000)	2005 - 2006 (Rs. In '000)
	Total Foreign Exchange Earned	3519	3519
	Total Foreign Exchange Used	426231	426231
Foreign investment or Collaborations : NIL			
B. Information about Mr. Atul Mehta (Chairman & Managing Director) & Mr. Bhavesh Mehta (Director)			
1. Past Remuneration:			
	Year	Salary + Perquisites	Salary + Perquisites
	2003 - 04	Rs. 24,00,000 /-	Rs. 5,25,000 /-
	2004 - 05	Rs. 5,00,004 /-	Rs. 5,00,004 /-
	2. Proposed Remuneration:	Mr. Atul Mehta, Chairman and Managing Director of the Company will receive a remuneration of Rs. 1,50,000 /- p.m plus perquisites effective from 8th September, 2005 as the Chairman & Managing Director of the Company and the Board of Directors has power to increase the remuneration with the consultation with remuneration committee from time to time	Mr. Bhavesh Mehta, Whole Time Director of the Company will receive a remuneration of Rs. 1,50,000 /- p.m plus perquisites effective from 18th October, 2005 as the Whole Time Director of the Company and the Board of Directors has power to increase the remuneration with the consultation with remuneration committee from time to time
	3. Comparative remuneration profile with respect to Industry, Size of the Company, profile of the position and person :	The effective capital of the Company is Rs. 2659.71 Lacs and the Company is listed on BSE. Considering the experience and knowledge of Mr. Atul Mehta, Chairman and Managing Director, he is also entitled high remuneration in the similar nature of Industry than recommended by the Board at present.	The effective capital of the Company is Rs. 2659.71 Lacs and the Company is listed on BSE. Considering the experience and knowledge of Mr. Bhavesh Mehta, Whole Time Director, he is also entitled high remuneration in the similar nature of Industry than recommended by the Board at present.
	4. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any	Excepting the payment of remuneration for his services as Chairman and Managing Director, as approved and detailed here above Mr. Bhavesh Mehta is relative of Mr. Atul Mehta - Chairman & Managing Director of the Company.	Excepting the payment of remuneration for his services as Whole Time Director, as approved and detailed here above Mr. Atul Mehta is relative of Mr. Bhavesh Mehta - Whole Time Director of the Company

**COMPUAGE INFOCOM LTD.**

C. Other Information:			
	1. Reasons for inadequate Profits:	IT Distribution Companies works on very thin Margin with a higher volume of Sales The Industry itself is a most competitive compared to other line of Industry	IT Distribution Companies works on very thin Margin with a higher volume. The Industry itself is a most competitive compared to other line of Industry
	2. Step taken for Improvement:	Company has made their Distribution of product mixed in a such manner that along with high volume less margin products gets compensated by less volume with a high margin products. So that Company's Financial strength gets improved	Company has made their Distribution of product mixed in a such manner that along with high volume less margin products gets compensated by less volume with a high margin products. So that Company's Financial strength gets improved

Your Directors recommend the resolution set out in Item No. 6 & 7 of the Notice convening the meeting.

This may be treated as abstract of the terms of appointment of Mr. Atul Mehta & Mr. Bhavesh Mehta in terms of Section 302 of the Act.

By Order of the Board of Directors
For Compuage Infocom Limited

Atul H. Mehta
Chairman & Managing Director

Place : Mumbai

Date : 14th April 2006

Registered Office
Compuage Infocom Ltd.
3, Dhuru Building,
329, Vithalbhai Patel Road,
Mumbai-400 004.