

# ANNUAL REPORT 2019-20



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COMPUAGE INFOCOM LTD



## ENHANCED COMMITMENT ENDURING GROWTH

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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

**Mr. Atul H. Mehta**

Chairman and Managing Director  
DIN: 00716869

**Mr. Bhavesh H. Mehta**

Whole-Time Director  
DIN: 00740861

**Mr. Ganesh S. Ganesh**

Independent Director  
DIN: 00010877

**Mr. Vijay Agarwal**

Independent Director  
DIN: 00058548

**Mrs. Preeti Trivedi**

Independent Director (Resigned w.e.f.  
22.08.2019)  
DIN: 00179479

**Mrs. Fatima Hussaini Nasab**

Independent Director (Appointed w.e.f.  
23.08.2019)  
DIN: 08507217

### **KEY MANAGERIAL PERSONNEL**

**Mr. Sunil Mehta**

Chief Financial Officer

**Ms. Disha Shah**

Company Secretary (Resigned w.e.f.  
23.11.2019)

**Ms. Ruchita Shah**

Company Secretary Appointed w.e.f.  
23.11.2019)

### **STATUTORY AUDITORS**

**M/S. BHOGILAL C. SHAH AND CO.**

Chartered Accountants

### **SECRETARIAL AUDITOR**

**Mr. Virendra Bhatt**

Practising Company Secretary

### **REGISTRAR AND SHARE TRANSFER AGENT**

**Link Intime India Private Limited**

C 101, 247 Park, L.B.S. Marg, Vikhroli  
(West), Mumbai – 400 083.

Tel: +91 022 49186270 Fax: +91 022  
49186060

Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

### **CIN**

L99999MH1999PLC135914

### **BSE CODE**

532456

### **NSE SYMBOL**

COMPINFO

### **DIVIDEND RECOMMENDED**

Rs. 0.20 per share

### **AGM DATE**

18<sup>th</sup> August, 2020

## **DIRECTORS' REPORT**

Dear Members,

Your Directors hereby present the 21<sup>st</sup> Annual Report on the business and operations of your Company along with the Audited Financial Statements for the financial year ended March 31, 2020.

### **FINANCIAL HIGHLIGHTS:**

The highlights of the Financial Results are as tabulated below:

(Rs. in Lakh)

Particulars	Standalone		Consolidated	
	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2020	31 <sup>st</sup> March 2019
Revenue from Operations & Other Income	4,24,923.40	4,53,124.28	4,24,923.40	4,53,136.64
Less: Expenses	4,14,399.08	4,43,779.32	4,14,424.15	4,43,781.12
Profit before Interest, Taxation & Depreciation	10,524.32	9,344.96	10,499.25	9,355.52
Less: Finance Costs	6085.07	5,425.88	6085.07	5,425.88
Less: Depreciation	419.05	414.22	419.05	414.22
<b>Profit before Tax</b>	<b>4020.20</b>	<b>3,504.86</b>	<b>3,995.13</b>	<b>3,515.42</b>
Less: Tax Expense	944.18	1,246.52	944.18	1,246.52
<b>Profit after Tax Provision</b>	<b>3,076.02</b>	<b>2,258.34</b>	<b>3,050.95</b>	<b>2,268.90</b>
Less: Other Comprehensive Income	(212.97)	-	(212.97)	

Balance brought forward	12,363.67	10,616.57	12,440.32	10,682.66
<b>Amount available for Appropriation:</b>	<b>15,226.72</b>	<b>12,874.91</b>	<b>15,278.30</b>	<b>12,951.56</b>
<b>Less: Provision for Gratuity</b>		(228.45)		(228.45)
Dividend for Financial year 2018-2019	(259.90)	(234.96)	(259.90)	(234.96)
Dividend Tax for Financial year 2018-2019	(52.91)	(47.83)	(52.91)	(47.83)
<b>Less: Minority Interest</b>	-	-	-	-
Balance Carried to Balance Sheet	14,913.91	12,363.67	14,965.49	12,440.32
EPS (Basic)	4.41	3.48	4.37	3.49
EPS (Diluted)	4.41	3.48	4.37	3.49

## **BUSINESS PERFORMANCE:**

### **Standalone:**

The Company's Net Comprehensive Income increased by 26.78% standing at Rs. 2863.05 Lakh as compared to Rs.2258.34 Lakh in the previous year. The Company registered a drop in revenue by 6.22%. The Company's revenue decreased to Rs.4,24,923.40 Lakh as compared to Rs.4,53,124.28 Lakh in the previous year marking a decrease by Rs.28,200.88 Lakh.

### **Consolidated:**

The Company's Net Comprehensive Income has increased by 25.09% as the Net Profit after Tax stood at Rs.2,837.98 Lakh as compared to Rs.2,268.90 Lakh in the previous year. The consolidated drop in revenue was 6.23%. Our consolidated revenue has

decreased to Rs.4,24,923.40 Lakh as compared to Rs. 4,53,136.64 Lakh in the previous year. Overall the year gone by has been good and your Directors are hopeful of favourable time in future too.

### **DIVIDEND:**

For the financial year 2019-20, your Directors have recommended a dividend of Rs.0.20 paise per share on face value of Rs.2/- per share of the Company, i.e. 10 per cent of the face value. The said dividend on Equity Shares is subject to the approval of the Shareholders at the Annual General Meeting (AGM).

### **TRANSFER TO RESERVES:**

The whole profit after tax has been transferred to Surplus in the Statement of Profit & Loss. No amount is transferred to General Reserves Account.

### **BUSINESS STRATEGY:**

Compuage is a leading technology products distribution company in India by technology products primarily, we carry the IT and mobility products. During the year under review, Company has signed up new relationships with vendors for distribution of products in India. Its business strategy is based on following principles:

- Partnering up new viable businesses and build lasting relationships with existing, new and potential partners.
- To reach rural market, penetrate deeper in the current markets and trying to grow the business in the existing product line.
- Increase our reach and penetration from 600 cities and 12500 partners to 1000 cities and 15000 partners by 2024.
- Launch of online purchase model for Channel Partners which will help to tap larger market share.
- To deliver differentiated offerings to the resellers which in turn will enhance their productivity and thus brings overall efficiency and effectiveness of the business.
- Periodically optimise various operational parameters to bring in effectiveness of organisational structure and processes which helps in aligning and meeting strategic goals.
- Materially enhancing the efficiency of our work delivery processes through good planning, flexibility amongst our workforce and utilising available technology and field tools.
- Ensuring the overall safety of our people, recruiting, training and retaining the best people and delivering on shareholder.

Basically, the Board is fairly bullish about future and working on the targets for upcoming years. Your Directors are making all good efforts to achieve the better results in years to come.

### **SUBSIDIARY COMPANY:**

#### **Compuage Infocom (S) Pte. Ltd.:**

Compuage Infocom (S) Pte. Ltd. is a Wholly-Owned Subsidiary of the Company. There was no business activity in the Subsidiary Company during the year as the Company has transferred its business to Singapore Branch.

In accordance with Section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial statements of the subsidiary companies in Form AOC-1 is appended as Annexure A to the Board's Report.

Further, no new subsidiary was acquired nor any subsidiary ceased to exist.

### **OVERSEAS OPERATIONS:**

Your Company's overseas operations are carried out through branch office established in Singapore. It has served as a medium to manage business more effectively. This overseas presence has enabled to achieve economies of scale.

### **CONSOLIDATED FINANCIAL STATEMENTS:**

As stipulated by Regulation 33 of the Listing Regulations, the consolidated financial statements have been prepared by the Company in accordance with the Indian Accounting Standards (Ind AS). The audited consolidated financial statements together with Auditors' Report form part of the Annual Report.

Pursuant to Section 136 of the Companies Act, 2013, the financial statements of the subsidiary are kept for inspection of the Shareholders at the Registered Office of the Company.

### **SHARE CAPITAL:**

During the year under review, there was no change in the share capital of the Company.

The Board of Directors at its meeting held on 30<sup>th</sup> March, 2019 had allotted 62,35,811 Equity Shares at Rs.27/- each (including premium of Rs.25/- each) aggregating to

Rs.16,83,66,897/- to Promoters and Non-Promoters under Preferential Issue Mode. The Company has duly obtained listing and trading approval from the Stock Exchanges.

Also, at the same Board meeting, the Board Members, subject to Members approval via Postal Ballot, approved to issue 1,00,00,000 Cumulative Non-Convertible Compulsorily Redeemable Preference Shares of Rs.10/- each aggregating to Rs.10,00,00,000/- to Karvy Capital Limited Demeter Portfolio on Private Placement basis. The Members, subsequently, approved to issue and allot the said shares on 7<sup>th</sup> May 2019. Thereafter, the Board at its meeting held on 10<sup>th</sup> May 2019 allotted 1,00,00,000 Cumulative Non-Convertible Compulsorily Redeemable Preference Shares of Rs.10/- each aggregating to Rs.10,00,00,000/- to Karvy Capital Limited Demeter Portfolio. The Company is in process of obtaining listing and trading approval from the Stock Exchanges.

### **LIQUIDITY:**

We maintain sufficient liquidity to meet our strategic and operational requirements. We understand that liquidity in the Balance Sheet has to balance between earning adequate returns and the need to cover financial and business risks. We are agile and prepared to meet unforeseen business needs, if any.

### **DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

#### **Directors:**

The current policy is an appropriate mix of Executive and Non-executive Directors to maintain the independence of the Board, and separate its function of governance and management. As on 31<sup>st</sup> March 2020, the Board consists of 5 members, two of whom are Executive Directors and 3 are Non-Executive Directors.

During the financial year 2019-20, the tenure of the following Independent Directors ceased on 22<sup>nd</sup> August, 2019:

- Mr. Ganesh S. Ganesh
- Mrs. Preeti Trivedi
- Mr. Vijay Agarwal

With the approval of the members at the 20<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> August, 2019, Mr. Ganesh S. Ganesh and Mr. Vijay Agarwal were re-appointed as Non-Executive Independent Directors for second term of 5 consecutive years w.e.f. 23<sup>rd</sup> August 2019 to 22<sup>nd</sup> August 2024.

Further, Mrs. Preeti Trivedi had expressed her unwillingness to be re-appointed as Independent Director for a second term. Based on the recommendation of the



Nomination and Remuneration Committee and appointment of Mrs. Fatima Hussaini Nasab by the Board as an Additional Non-Executive Independent Director, the members approved her appointment as Non-Executive Independent Director for a term of 5 years w.e.f. 23<sup>rd</sup> August 2019 to 22<sup>nd</sup> August 2024 at the 20<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> August, 2019.

The tenure of Mr. Atul H. Mehta, Chairman and Managing Director of the Company will cease on 7<sup>th</sup> September, 2020 and the tenure of Mr. Bhavesh H. Mehta, Whole-Time Director of the Company will cease on 17<sup>th</sup> October, 2020. With respect to the same, the Board has, at its meeting held on 18<sup>th</sup> July, 2020, based on the recommendation of Nomination and Remuneration Committee and subject to approval of members at the ensuing 21<sup>st</sup> Annual General Meeting, re-appointed Mr. Atul H. Mehta as Chairman and Managing Director for a further term of 5 years and Mr. Bhavesh H. Mehta as Whole-Time Director for a further term of 5 years.

Their brief profile is forming part of notice convening this 21<sup>st</sup> Annual General Meeting.

### **Key Managerial Personnel:**

Pursuant to the provisions of Section 203 of the Companies Act, 2013, following persons are Key Managerial Personnel of the Company:

- Mr. Atul H. Mehta - Managing Director
- Mr. Bhavesh H. Mehta - Whole Time Director
- Mr. Sunil Mehta - Chief Financial Officer
- Mrs. Ruchita Shah - Company Secretary

During the financial year 2019-20, Ms. Disha resigned from the position of Company Secretary and Compliance Officer w.e.f. 23<sup>rd</sup> November, 2019. Further, Ms. Ruchita Shah was appointed as the Company Secretary and Compliance Officer of the Company w.e.f. 23<sup>rd</sup> November, 2019.

### **BOARD EVALUATION**

The Board of Directors has carried out an annual evaluation of its own performance, Board, Committees and Individual Directors pursuant to the provisions of the Act and the Corporate Governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 (hereinafter referred to as “SEBI Listing Regulations”).

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of the criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee Members on the basis of the criteria such as the composition of Committees, effectiveness of Committee Meetings, etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of the Individual Directors on the basis of the criteria such as the contribution of the Individual Director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive Directors and Non-Executive Directors. The same was discussed at the Board Meeting that followed the meeting of the Independent Directors, at which the performance of the Board, its Committees and Individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

### **BOARD MEETINGS:**

The Board met eleven times during this financial year, the details of which are given in Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and Regulation 17 of SEBI Listing Regulations.

### **DECLARATION BY INDEPENDENT DIRECTORS:**

All the Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(b) of SEBI Listing Regulations.

Further, they have duly registered themselves with the Independent Directors Databank of the Ministry of Corporate Affairs and will be appearing for the prescribed online proficiency self-assessment test.