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COMPUAGE INFOCOM LTD

FY 2020-2021

Annual Report

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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. Fatima Hussaini Nasab
Independent Director
DIN: 08507217

Mr. Ajay H. Mehta
Director (Appointed w.e.f. 18.07.2020 and Resigned
w.e.f. 25.02.2021)
DIN: 00686327

Mr. Virendra G. Bhatt
Independent Director (Appointed w.e.f. 06.07.2021)
DIN: 02343351

KEY MANAGERIAL PERSONNEL

Mr. Sunil Mehta
Chief Financial Officer

Ms. Ruchita Shah
Company Secretary (Resigned w.e.f. 23.07.2020)

Ms. Anmol Jolly
Company Secretary (Appointed w.e.f. 01.10.2020)

STATUTORY AUDITORS

M/S. BHOGILAL C. SHAH AND CO.
Chartered Accountants

SECRETARIAL AUDITORS

BNP & Associates
Practising Company Secretaries

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: mt.helpdesk@linkintime.co.in

CIN

L99999MH1999PLC135914

BSE CODE

532456

NSE SYMBOL

COMPINFO

DIVIDEND RECOMMENDED

Rs. 0.20/- per share

AGM DATE

15th September, 2021

DIRECTORS' REPORT

Dear Members,

Your Directors hereby present the 22nd Annual Report on the business and operations of your Company along with the Audited Financial Statements for the financial year ended 31st March, 2021.

FINANCIAL HIGHLIGHTS:

The highlights of the Financial Results are as tabulated below:

(Rs. in Lakh)

Particulars	Standalone		Consolidated	
	31 st March, 2021	31 st March, 2020	31 st March, 2021	31 st March, 2020
Revenue from Operations & Other Income	3,74,695.09	4,24,923.40	3,74,718.21	4,24,923.40
Less: Expenses	3,65,272.52	4,14,399.08	3,65,274.93	4,14,424.15
Profit before Interest, Taxation & Depreciation	9422.57	10,524.32	9,443.28	10,499.25
Less: Finance Costs	6294.71	6085.07	6294.71	6085.07
Less: Depreciation	359.31	419.05	359.31	419.05
Profit before Tax	2768.55	4020.20	2,789.26	3,995.13
Less: Tax Expense	721.11	944.18	721.11	944.18
Profit after Tax Provision	2,047.44	3,076.02	2,068.15	3,050.95
Less: Other Comprehensive Income	82.04	(212.97)	82.04	(212.97)
Balance brought forward	14,913.91	12,363.67	14,965.49	12,440.32
Amount available for Appropriation:	17,043.39	15,226.72	17,115.68	15,278.30
Less: Provision for Gratuity				
Dividend for Financial year 2018-2019	(129.95)	(259.90)	(129.95)	(259.90)
Dividend Tax for Financial year 2018-2019	0	(52.91)	-	(52.91)
Less: Minority Interest	-	-	-	-
Balance Carried to Balance Sheet	16,913.44	14,913.91	16,985.73	14,965.49
EPS (Basic)	3.28	4.41	3.31	4.37
EPS (Diluted)	3.28	4.41	3.31	4.37

BUSINESS PERFORMANCE:

Standalone:

The Company's Net Comprehensive Income has reduced by 25.62%, standing at Rs. 2129.48 Lakh, as compared to Rs.2863.05 Lakh in the previous year. The Company registered a drop in revenue by 11.82%. The Company's revenue decreased to Rs.3,74,695.09 Lakh as compared to Rs. 4,24,923.40 Lakh in the previous year.

Consolidated:

The Company's Net Comprehensive Income has reduced by 24.23% as the Net Profit after Tax stood at Rs.2,150.19 Lakh as compared to Rs.2,837.98 Lakh in the previous year. The consolidated drop in revenue was 11.82%. Our consolidated revenue has decreased to Rs.3,74,718.21 Lakh as compared to Rs. 4,24,923.40 Lakh in the previous year. Given the current situation due to the global pandemic, overall, the year gone by has been good and your Directors are hopeful of favorable time in future.

DIVIDEND:

For the financial year 2020-21, your Directors have recommended a dividend of Rs.0.20/- per share on face value of Rs. 2.00/- 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 ensuing 22nd Annual General Meeting of the Company (hereinafter referred to as "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:

COVID-19 had an impact on the businesses throughout the world across the industries. IT Distribution Industry, though impacted for a brief period of time during the start of the year, recovered swiftly during the second half of the year. Logistics and supply chain management are the core functions of the IT Distribution Industry and hence for the Company, which had been severely impacted at start of the year due to stringent lockdown restrictions. Gradually, the lockdown restrictions were lifted and the supply chain was restored swiftly by working together with the Company's partners.

Positive impact of COVID-19 on the IT Distribution Industry has been the emergence of working from home. Work from home led to a new set of demand for IT products such as laptops, desktops and accessories which improves work efficiency. It also led to increased demand for enterprise, cyber security and cloud softwares which are essential for efficient and safe working environment for the corporates. Apart from increased demand from corporates, the demand for mobiles and laptops has also increased for personal use for efficient communication, education and entertainment purposes.

Employees' health and safety have been the priority for the Company. The Company undertook all the necessary measures for effective social distancing and sanitization to provide a safe working environment to its employees. Despite of these challenging conditions, the Company continued to progress on its business strategy. The Company added newer brands, improved its operating efficiency with better product mix and undertook cost efficiency initiatives to maintain the profitability.

Moving further, the Company's business strategy would continue to be as follows:-

- Partner with newer marquee brands to widen its product portfolio.
- Focus on higher profitable business segments to efficiently allocate capital and hence improve the overall return on investment.
- Continue the cost efficiency initiatives to improve the profitability of the Company.
- Increase its reach and penetration from 600 cities and 12,000 partners to 1000 cities and 15,000 partners by 2024.
- Launch of online purchase model for Channel Partners which will help to tap larger market share.
- Materially enhance the efficiency of its work delivery processes through good planning, flexibility amongst its workforce and utilising available technology and field tools.
- Ensuring the overall safety of its people, recruiting, training and retaining the best people and delivering on shareholder value.

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 its Singapore Branch.

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

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

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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “**Listing Regulations**”), the consolidated financial statements have been prepared by the Company in accordance with the Indian Accounting Standards. The audited consolidated financial statements together with Auditors’ Report form part of the Annual Report.

Pursuant to Section 136 of the Act, the financial statements of the subsidiary are kept open 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 Company had 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 (hereinafter referred to as “**Investor Representative**”) on Private Placement basis, via Members’ approval through Postal Ballot dated 6th May, 2019. Thereafter, pursuant to the exercise of Put Option by the Investor Representative and the Amendment to the Investment Agreement entered into between the Investor Representative and the Company, the payments of the Put Option Price by the Company to the Redeemable Preference Shareholders were to be made in three tranches on 19th June, 2021, 19th July, 2021 and 19th August, 2021 and the respective shares were to be extinguished accordingly. The Company is in the process of duly completing the process with respect to the same as on the date of the Directors’ Report.

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 composition 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 31st March, 2021, the Board of Directors consists of 6 members, 2 of whom are Executive Directors and 4 are Non-Executive Directors.

During the financial year 2020-21, Mr. Ajay H. Mehta (DIN: 00686327), was appointed as a Director of the Company via approval of the shareholders in the 21st Annual General Meeting of the Company held on 18th August, 2020. However, on 25th February, 2021, Mr. Ajay H. Mehta, resigned from the post of Director, expressing his inability to continue to hold office of his directorship due to personal reasons and certain other pre-occupations.

Further, based on the recommendation of the Nomination and Remuneration Committee of the Company, the Board had appointed Mr. Virendra G. Bhatt (DIN: 02343351) as an Additional Non-Executive Independent Director of the Company. Mr. Virendra G. Bhatt was then appointed as the Non-Executive Independent Director to hold office for a consecutive term of 5 (Five) years, commencing from 6th July, 2021 to 22nd February, 2026, with shareholders’ approval via Special Resolution through Postal Ballot dated 5th July, 2021.

The tenure of Mr. Atul H. Mehta, Chairman and Managing Director (DIN: 00716869) of the Company, ceased on 7th September, 2020 and the tenure of Mr. Bhavesh H. Mehta, Whole-Time Director (DIN: 00740861) of the Company, ceased on 17th October, 2020. With respect to the same, the shareholders of the Company, at its 21st Annual General Meeting held on 18th August, 2020, re-appointed Mr. Atul H. Mehta as Chairman and Managing Director for a further term of 5 (Five) years to hold office for a period starting from 8th September, 2020 to 7th September, 2025, and Mr. Bhavesh H. Mehta as Whole-Time Director for a further term of 5 (Five) years to hold office for a period starting from 18th October, 2020 to 17th October, 2025.

Key Managerial Personnel:

Pursuant to the provisions of Section 203 of the Act, following persons are the 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
- Ms. Anmol Jolly - Company Secretary

During the financial year 2020-21, Ms. Ruchita Shah resigned from the position of Company Secretary and Compliance Officer w.e.f. 23rd July, 2020. Further, Ms. Anmol Jolly was appointed as the Company Secretary and Compliance Officer of the Company w.e.f. 1st October, 2020.

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 the 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 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 the Corporate Governance Report appended as Annexure C to the Directors' Report. The intervening gap between the Meetings was within the period prescribed under the Act and Regulation 17 of the 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 Act and Regulation 16(b) of the Listing Regulations.

Further, they have duly registered themselves with the Independent Directors Databank of the Ministry of Corporate Affairs. The requirement of appearing for the prescribed Online Proficiency Self-Assessment Test is not applicable on Mr. Ganesh S. Ganesh (DIN: 00010877), and Mr. Vijay Agarwal (DIN: 00058548), Non-Executive Independent Directors of the Company. Mr. Virendra G. Bhatt (DIN: 02343351), Non-Executive Independent Director of the Company, has appeared for and passed the prescribed Online Proficiency Self-Assessment Test. However, Mrs. Fatima Hussaini Nasab (DIN: 08507217), Non-Executive Independent Director of the Company will be appearing for the prescribed Online Proficiency Self-Assessment Test within the prescribed time limit.

During the year, all the Independent Directors have worked with utmost integrity and their expertise and experience in their respective fields have been of great importance to the growth of the Company in the opinion of the Board.

CORPORATE SOCIAL RESPONSIBILITY:

The contents of the Corporate Social Responsibility (hereinafter referred to as “CSR”) policy and revised format of CSR Report notified in the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 dated 22nd January, 2021, is appended as Annexure B to the Directors’ Report. CSR policy is also available on the Company’s website at www.compuageindia.com. For other details regarding the CSR Committee, please refer to the Corporate Governance Report.

ANNUAL RETURN:

Pursuant to Section 92(3) and Section 134(3)(a) of the Act, the Company has placed a copy of the Annual Return as at 31st March, 2021 on its website at www.compuageindia.com. By virtue of amendment to Section 92(3) of the Act, the Company is not required to provide extract of Annual Return in Form MGT-9 as part of the Directors’ Report.

CORPORATE GOVERNANCE:

Report on Corporate Governance duly approved by the Board of Directors in accordance with the Listing Regulations, along with a certificate from the Statutory Auditors confirming the compliance is appended to the Directors’ Report as Annexures C and F respectively.

MANAGEMENT DISCUSSION AND ANALYSIS:

A report on Management Discussion and Analysis which includes details on the state of affairs of the Company as required under the Regulation 34(2)(e) of the Listing Regulations forms part of the Directors’ Report.

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

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required under the Act, read with the Companies (Accounts) Rules, 2014 is given hereunder:

A. Conservation of energy:

Your Company is primarily engaged in marketing and trading activities and has not consumed energy of any significant level and hence no additional investment is required to be made for reduction of energy consumption. However, the Company will continue with its efforts to conserve the energy.

B. Technology absorption:

The Company’s operations do not require significant absorption of technology.

C. Earnings And Outgo in Foreign Exchange:

(Rs. in Lakh)

Particulars	Standalone and Consolidated	
	Current Year (in Rs.)	Previous Year (in Rs.)
Foreign Exchange Earnings	10,788.74	18,445.17
Foreign Exchange Outgo	10,681.92	18,322.76

PREVENTION AND REDRESSAL OF SEXUAL HARRASSEMENT AT WORK PLACE:

The Company has a Policy on “Prevention of Sexual Harassment of Women at Work Place” and matters connected therewith or incidental thereto covering all the aspects as contained under the Sexual Harassment of Women at Work Place (Prohibition, Prevention and Redressal) Act, 2013. Your Directors state that during the year under review, no cases were filed pursuant to the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013.

The Company has submitted an Annual Report to the District Women and Child Development Office stating that there were no complaints in the Company with respect to Sexual Harassment at Workplace. The Company has an Internal Complaints Committee in place in accordance with the provisions under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013.

HUMAN RESOURCES:

Your Company considers people as its biggest assets. It has put concerted efforts in talent management and succession planning practices, strong performance management, learning and training initiatives to ensure that your Company consistently develops inspiring, strong and credible leadership. The Company has a structured induction process for all locations. During the year, your Company has ensured that rewards and recognition are commensurate with performance and that employees have the opportunity to develop and grow.

The enthusiasm and unstinting efforts of employees have enabled the Company to improve productivity across the organization.

PERFORMANCE OF EMPLOYEES:

A. The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

i) Details of the ratio of remuneration of each Director to the median remuneration of the employees for the financial year:

Sr. No.	Name of the Directors	Designation	Ratio to median remuneration of the employees
1.	Mr. Atul H. Mehta	Chairman and Managing Director	66.23:1
2.	Mr. Bhavesh H. Mehta	Whole-Time Director	66.23:1
3.	Mr. Ganesh S. Ganesh	Non-Executive Independent Director	NA
4.	Mr. Vijay Agarwal	Non-Executive Independent Director	4.42:1
5.	Mrs. Fatima Hussaini Nasab	Non-Executive Independent Director	4.42:1
6.	Mr. Ajay H. Mehta*	Director	NA
7.	Mr. Virendra G. Bhatt**	Non-Executive Independent Director	0.55:1

*Appointed as Director w.e.f. 18th August, 2020 and resigned w.e.f. 25th February, 2021.

**Appointed as Non-Executive Independent Director w.e.f. 6th July, 2021.

ii) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:

Sr. No.	Name of the Directors	Designation	% increase in remuneration
1.	Mr. Atul H. Mehta	Chairman and Managing Director	NIL
2.	Mr. Bhavesh H. Mehta	Whole-Time Director	NIL
3.	Mr. Ganesh S. Ganesh	Non-Executive Independent Director	NA
4.	Mr. Vijay Agarwal	Non-Executive Independent Director	167
5.	Mrs. Fatima Hussaini Nasab	Non-Executive Independent Director	167
6.	Mr. Ajay H. Mehta*	Director	NA
7.	Mr. Virendra G. Bhatt**	Non-Executive Independent Director	NA
8.	Mr. Sunil Mehta	Chief Financial Officer	NIL
9.	Ms. Ruchita Shah#	Company Secretary	NIL
10.	Ms. Anmol Jolly##	Company Secretary	NIL

*Appointed as Director w.e.f. 18th August, 2020 and resigned w.e.f. 25th February, 2021.

**Appointed as Non-Executive Independent Director w.e.f. 6th July, 2021.

#Resigned w.e.f. 23rd July, 2020

##Appointed as Company Secretary w.e.f. 1st October, 2020.

iii) The percentage increase in the median remuneration of employees in the financial year: NIL

iv) The number of permanent employees on the rolls of Company: 757

v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

There was 11% increase in the median percentage for the salaries of employees other than the managerial personnel.

vi) It is hereby affirmed that remuneration is as per the remuneration policy of the Company.

B. Details of the every employee of the Company as required pursuant to 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Particulars	Name: Atul H. Mehta Age: 61	Name: Bhavesh H. Mehta Age: 48
Designation, Nature of duties & Date of commencement of Employment	Chairman and Managing Director, Specialized in Finance & Strategic Planning (16.06.2000)	Whole-time Director, Specialized in Imports & Logistics (18.10.2000)
Qualification /Experience	MBA – U.S.A (31)	M.Com (24)
Gross Remuneration Rs.	1,20,00,000/-	1,20,00,000/-
Nature of employment	Contractual	Contractual
Relationship	Brother of Mr. Bhavesh H. Mehta, Whole-Time Director	Brother of Mr. Atul H. Mehta, Chairman and Managing Director

Note: The above amount does not include provision of gratuity, provident fund and leave encashment.

INTERNAL AUDIT AND INTERNAL FINANCIAL CONTROLS:

The Company has an in-house Internal Audit function. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board. The Internal Audit department evaluated the efficacy and adequacy of the internal control system, its compliance with operating systems and policies of the Company and accounting procedures at all locations of the Company.

Additionally, the Board had appointed M/s. Malvika & Associates, Chartered Accountants (Firm Reg. No. 123635W) as Internal Auditors of the Company in accordance with Section 138 of the Act to have financial control checks and ensure adequate transparency.

The Audit Committee of the Board of Directors periodically reviews the audit plans, internal audit reports and adequacy of internal controls. In order to ensure that internal audit is conducted in a fair manner, the Board has appointed Malvika & Associates, Chartered Accountants, (Firm Reg. No. 123635W), for financial year 2021-22.

STATUTORY AUDITORS:

The Company had appointed M/s. Bhogilal C. Shah & Co. having Firm Registration No.101424W, as the Statutory Auditors of the Company who shall hold the office for a period of 5 consecutive years from the conclusion of 18th Annual General Meeting till the conclusion of 23rd Annual General Meeting of the Company to be held in 2022. The requirement for annual ratification of Auditor's appointment at the AGM has been omitted pursuant to Companies (Amendment) Act, 2017 notified on 7th May, 2018. During the year, the Auditors' have confirmed that they satisfy the independence criteria required under Act.

AUDITORS' REPORT, DISCLAIMER AND MANAGEMENT'S REPLY:

The Auditors' Report forms part of the Directors' Report. There are no qualifications, reservations or adverse remarks made by M/s. Bhogilal C. Shah & Co., Statutory Auditors, in their report for the financial year ended 31st March, 2021. Hence, the report is self-explanatory.

SECRETARIAL AUDITOR:

The Board of Directors had appointed Mr. Virendra G. Bhatt, Practising Company Secretary, Mumbai, to conduct Secretarial Audit for the financial year 2020-21, as required under Section 204 of the Act and the rules framed thereunder, who then stated his inability to continue the Secretarial Audit w.e.f. 12th February, 2021 and resigned therefrom.

The Company then appointed BNP & Associates, Company Secretaries, Firm Registration No. P2014MH037400, w.e.f. 12th February, 2021, to conduct Secretarial Audit for the financial year 2020-21, as required under Section 204 of the Act and the rules framed thereunder.

The Secretarial Audit Report in form MR-3, for the financial year 2020-21, forms part of the Directors' Report, appended as Annexure H.