

Contents

| | Page |
|---|------|
| Management Information | |
| Letter to Shareholders | 2 |
| Directors' Report | 3 |
| Auditor's Certificate for Compliance of Corporate Governance | 6 |
| Corporate Governance Report | 6 |
| Shareholder's Information | 9 |
| Management Discussion and Analysis Report | 11 |
| Auditors' Report | 14 |
| Annexure to the Auditors' Report | 15 |
| Financial Statements | |
| Balance Sheet | 17 |
| Profit and Loss Accounts | 17 |
| Cash Flow Statement | 18 |
| Schedules | 19 |
| Significant Accounting Policies and Notes to Financial Statements | 21 |
| Balance Sheet Abstract and General Business Profile | 24 |
| Subsidiary Companies | |
| Statement under section 212 of Companies Act, 1956 | 25 |
| Auditor's Report | 25 |
| Consolidated Balance sheet | 26 |
| Consolidated Profit and Loss Account | 26 |
| Consolidated Cash Flow Statement | 27 |
| Notes on Consolidated Accounts | 28 |
| Separate Financial Statements of ITneer, Inc., USA | 29 |
| Notes to Financial Statements of ITneer, Inc., USA | 30 |
| Notice | 31 |
| Explanatory Statement | 32 |

Board of Directors

Executive Directors

Surendra Kumar Surana, Managing Director, Promoter Director

Non-Executive Independent Directors

John A. Giunta.
R. P. Udawat
Stephen Carl Viehman
Subodh Bansal
Shiv K Vijay

Non-Executive Not Independent Directors

Shubh Karan Surana, Promoter Director
Ajay Kumar Surana, Promoter Director

Executive Management

Mr. Ajay Kumar Surana
CEO US Operations

Mr. Surendra Kumar Surana
CEO India Operations
Lt. Col. Revail Singh (Retd.)
Sr. Administrative Officer

Ms. Anita Periwal
Company Secretary

Auditors

M/s S. Misra & Associates
Chartered Accountants
5-A, Tilak Bhawan, Tilak Marg, C- Scheme, Jaipur-302005

Legal Advisor

Amrit Surolia
Advocate, Raj. High Court

Corporate Advisors

V.M. & Associates,
Company Secretaries
403, Royal World, S. C. Road, Jaipur

Bankers

The ING Vysya Bank ICICI Bank
IDBI Bank SBBJ

Registered Office

IT 14-17, RIICO Industrial Area,
EPIP, Sitapura, Jaipur - 302022

Share Department

MCS Limited Sri Venkatash Bhawan,
W-40, Okhla Industrial Area, Phase-II, New Delhi- 110020

Letter to Shareholders

Dear Shareholders,

The years gone by mark a significant milestone in Compucoms evolution as a company. Long-term shareholders are aware that it has been our goal that Compucom crosses the chasms by building a sound scaleable business model.

On personal note, it has been my privilege to lead Compucom since its formation. I have enjoyed this journey, which saw us grow from a few odd number of people to a fully established and well-managed team of professionals today, from a small office in Jaipur to a sprawling multi-acre campus with state of art infrastructure. I thank all those who have contributed in making this journey possible, customers, employees and shareholders. My special thanks to those who have stayed with us throughout the period. I do look forward to the coming years with a sense of confidence and optimism to contribute towards the company's success.

As you are aware, the company's 100% subsidiary, ITneer Inc, USA, had shifted its office in Atlanta. Itneer has immense growth, the income has increased by approx. 160% compared to the previous year.

We are on our way to strengthen our go-to market policies and diversify our business portfolio and to capitalize on significant opportunities.

I am pleased to provide herewith the Company's Annual report for the financial year ended 31st March 2007.

The Company continues its operations in the Software segment, Learning solution segment, the wind-power generation segment and Treasury Operations. We are continuing with our BPO and KPO segments which are showing healthy results and continue to bear fruits. Also, the company has set up a wind power plant in Karnataka in addition to its 4 (four) fully operational wind power plants in Rajasthan.

The company witnessed the successful closure of its learning solution BOOT project of Chandigarh on 31st March, 2007. Also the Learning Solution BSER project has come to an end from 30th June 2007

In line with the general market trends and with the comfortable earnings, Board of Directors has recommended Equity Dividend @ 15% (Rs. 1.50/- per share) in addition to the Interim Dividend of 15% already declared by the Board.

Compucom aggressively strives to grow, diversify and broaden its horizons wherever possible such as e-governance, broadcasting, tourism etc. The world is rapidly restructuring to adapt to new economic, political, social and business environments. Compucom is determined to get its acts together to face the ever-increasing competitive forces emerging out of change in the world of economic order. Compucom is fully equipped and always ready to take up more and more competition as per the prevailing scenario.

Success is the by-product of a strong foundation. A strong foundation enables us to make the right choices. At Compucom, we are dedicated to build a strong foundation based on learning and innovation. It is our culture that fosters and encourages ideas and the free flow of communication.

I am confident that with the support and encouragement of all the stakeholders, not only would we be able to witness another era of robust growth, but will move far ahead. Our organization thrives on excitement and challenges. We shall continue to reach for that which appears beyond our grasp today. Our competition remains with ourselves and with your faith in our vision and passion, I am confident that we will remain —unstoppable.

We are committed to help India expand its infrastructure to support the continued economic expansion at the same time ensuring that there is minimal impact to the environment. A strong and a clean India will benefit all of us and we are working towards it by planning investments in green power generation and bio mass.

With warm regards,

Sd/-

Surendra Kumar Surana.

Managing Director

Jaipur, July 30, 2007

Directors' Report to the Members

Your Directors' have the pleasure in presenting their report on the business and operations of the Company for the year ended on March 31st, 2007.

FINANCIAL RESULTS:

| Particulars | Rs. in lacs | |
|---|---------------|---------------|
| | 31.03.2007 | 31.03.2006 |
| Total Income | 2,382.68 | 2,468.13 |
| Total Expenses | 1,577.16 | 1,576.44 |
| Operating Profit (PBDIT) | 805.52 | 891.69 |
| Interest | 1.52 | 0.19 |
| Depreciation | 199.56 | 196.48 |
| Profit Before Tax | 604.43 | 695.01 |
| Provision for Income-tax including Deferred Tax | 70.46 | 120.19 |
| Profit After Tax (from ordinary activities) | 533.97 | 574.83 |
| Extraordinary Item | | 3.37 |
| Net Profit After Tax | 533.97 | 571.46 |
| Appropriations | | |
| Dividend | 150.75 | 150.75 |
| Dividend Tax | 23.38 | 21.14 |
| Transfer to General Reserve | 100.00 | 100.00 |
| Total Appropriations | 274.13 | 271.89 |
| Earning per Share: Basic & Diluted (in Rupees) | | |
| Considering Extraordinary Item | 10.63 | 11.37 |
| Without Considering Extraordinary Item | 10.63 | 11.44 |

Results of operations - Total revenues earned during the year amounted to Rs. 2382.68 lacs as compared to that of Rs. 2468.13 lacs in the previous financial year. The profit before tax earned has declined from Rs. 695.01 lacs in the previous financial year to Rs. 604.43 lacs in the current financial year. During the year under review, the income from operation was Rs. 2234.28 lacs compared to the of Rs. 2313.77 lacs of the previous year. This reflects a decline of Rs. 79.49 lacs, which is mainly due to the decline of income from learning solution segment.

The profit before interest, depreciation and tax during this period is Rs. 805.52 lacs as compared to the previous year PBDIT i.e Rs 891.69 lacs.

As required by AS - 21, consolidated Financial Statements are provided in the later sections of the Annual Report.

Business Review

- (i) **Software Services:** During the year the Company focused on areas where higher margins were available with low risk factors. The revenue generated from the software segment during the FY 2006-07 was Rs. 1134.34 lacs as against Rs. 956.06 lacs during the last financial year. This reflects an increase of 18.64% i.e Rs. 178.28 lacs.

Profit earned from this segment amounts to Rs. 324.60 lacs as compared to that of Rs. 261.62 lacs during the previous financial year which has resulted in an increase of 24.07%. The ratio of segmental profit to segmental revenue has also increased 1.25% from 27.37% to 28.62% as compared to the previous financial year.

- (i) **ITneer Inc., USA :** ITneer Inc. is a wholly owned subsidiary of the Compucom Software Limited. It has earned a total revenue of US \$ 1280802 during the financial year 2006-07. This reflects an increase of approx 161% compared to the previous financial year. The Net profit of the company has gone up from negative US\$ 53141 to US\$ 110950. The copy of Audited Accounts, together with Independent Auditor's Report, is provided in a separate section of this Annual Report.

- (ii) **Learning Solutions:** The school projects at Chandigarh has come to an end on 31st March, 2007. The company witnessed a successful closure of the project.

The BSER education project of Rajasthan has come to an end on 30th June 2007 and the company expects a successful closure of the same, which will be reflected in the next year's Financial Results & Annual Report.

During the year under review revenue generated from Learning Solution Business amounts to Rs. 889.47 lacs while the revenue generated in the previous financial year was Rs. 1158.12 lacs. Hence there is a decline of Rs. 268.65 lacs i.e. 23.20 %.

Profit earned from this segment amounts to Rs. 38.17 lacs in comparison to Rs. 191 lacs in the previous financial year. In terms of ratio of segment profit to segment revenue, profit generated from this segment is 4.29% as compared to 16.49% of the previous financial year.

This decline was due to various reasons. Firstly, the change in the Government policy for imparting compulsory computer education in Govt. schools resulting in slight decrease in enrolment of students. Secondly, the bad-debts pertaining to previous years were written off. Lastly, the assets in the schools are being handed over to the concerned authorities.

Although the company has witnessed the successful completion of the BOOT education-projects in Chandigarh and Rajasthan, it has witnessed bright future prospects by acquiring new projects to fill the void that is created by the completion of these education projects, and is continuing to do so.

It has acquired two new tenders of the local body projects from Co-operative and JDA.

Also, the tenders of RAJCOMP called FMS (Facility Management Services) for "GRACE Project" and "IT enablement of Education Dept." are allotted to the company and we have received the work orders for them

- (iv) **Wind Power Generation** : The operation and maintenance of the Wind Power Project has been out-sourced to Enercon India Ltd

The Company had set up 4 (four) Wind Power Generation Plants of 0.6 MW each at Jaisalmer and Sikar, Rajasthan and has also set up a Wind Power Plant in Tumkur district of Karnataka, which was commissioned on the 29th of March 2007.

The revenue generated from this segment amounted to Rs. 210.48 lacs in the current year from all the four plants, which were fully operational during the year and the fifth plant in Tumkur district was partially operation during the financial year 2006-07.

Enercon India Ltd. guarantees a minimum generation of 15 lacs units per annum per machine for the first 3 years. In case of any shortfall Enercon shall compensate the Company for the same. As a result of the guarantee clause, the Company had claimed an amount of Rs. 74.95 lacs from Enercon India Ltd. in lieu of shortfall in generation of wind power as against the guaranteed generation during the current financial year.

- Guarantee of the 2 (two) wind power plants in Jaisalmer has come to an end on 30th April 07.
- Guarantee for 2 (two) wind power plants in Sikar holds good till 31st Jan 2008. In case there is a shortfall in generation the guaranteed number of units in the initial three years, the guarantee will be extended for a further period of 2 years.
- Guarantee the plant in Karnataka holds-good till April, 2008.

- (v) **Treasury Activities:** Treasury income includes capital gains, dividends from mutual funds and shares, interest on FDRs etc. During the year, the revenue generated from Treasury operations has decreased slightly by 5.96 lacs. During the year more than 90% fund of total MF portfolio had been invested in debt fund where returns are lower but safe margins are available in comparison to Equity oriented funds.

Employee Stock Options: Employee Stock Options: In 1999 the Company issued 1,00,000 Equity Shares, at par, to Compucom Software Limited Employee Welfare Trust, for benefit of the employees, by creating a stock option plan. These shares have been irrevocably granted to the trust and are to be used for the benefit and welfare of employees. As on 31st March, 2007, the trust has in its ownership 1,21,622 shares which were unutilized.

No fresh Stock Options were issued by the Company, during the Financial Year 2006-07.

Directors' Responsibility Statement: Pursuant to Section 217 (2AA) of the Companies Act, 1956, Directors' state therein:

- (a) In preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanations and disclosures relating to material departures.
- (b) The relevant accounting policies are applied consistently and the Directors' have made judgments and estimates that are reasonable and prudent so as to give a true and fair view to the state of affairs of the Company as on March 31, 2007 and of the Profit of the Company for the period;
- (c) Proper and sufficient care has been taken in the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The annual accounts have been prepared on a going concern basis.

Dividend-The Board of Directors' have recommended Final Dividend at the rate of 15% i. e Rs 1.50/- per Equity Share (of Rs. 10/- each), for the year ended on March 31st, 2007 subject to the approval of members at the Annual General Meeting. The Board of Directors had also declared and distributed an Interim Dividend of 15% @ Rs. 1.50 per share for the financial year ended on 31st March 2007. Thus, the total dividend for the year is a total of 30% i.e. Rs. 3.00 per share.

Fixed Deposits - During the financial year 2006-07, your Company has not accepted any fixed deposits falling within the definition of Section 58 A of Companies Act, 1956.

Directors': In accordance with the provisions of Articles of Association of your company, Mr. Shubh K Surana and Mr. Ajay K. Surana, retire by rotation and, being eligible offer themselves for re-appointment.

Auditors and Auditors' Report : S. Misra & Associates, Chartered Accountants, Statutory Auditors of the Company, retire at the forthcoming Annual General Meeting and have confirmed their eligibility and willingness to accept the office, if reappointed. Accordingly, the said Auditors are proposed to be re-appointed as Statutory Auditors of the Company at the ensuing Annual General Meeting.

Preferential Issues : One Lac Five Thousand (105000) convertible warrants were issued to two investors which were to be exercised latest by 13th June 2007. Since the options have not been exercised before the due date, it has been decided to forfeit the up front money of Rs. 8.37 lacs, received by the investors of 105000 warrants.

Sub-division of Shares : The Directors subject to the approval of members, have also approved the sub-division of existing 1 (one) Equity Share of Rs.10/- (Rupees Ten) each, into 5 (five) Equity Shares of Rs.2 (Rupees Two) each. Consequent to the proposal of sub-division of equity shares, your directors have also recommended necessary amendments to the Capital Clause of the Memorandum of Association of the Company, for your approval at the forthcoming Annual General Meeting.

Conservation Of Energy, Research & Development, Technology Absorption, Foreign Exchange Outgo: Disclosure under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors') Rule. 1988, are given in **Annexure A**

Particulars of Employees: As required by the provisions of sub-section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, no employee is drawing remuneration at or above the limits mentioned therein.

Human Resource Management and Employee Relation: Employees are vital assets of the Company. The Company has created a favourable work-environment that encourages innovation and nurturing of commercial and managerial talents in its operations. The Company has schemes of bonus and incentives for employees generating revenue for the Company. The Company also provides sharing in ownership of the Company through Employee Stock Option Scheme, wherein stock options are granted based on the cadre of the employees and the policy prevailing in the organization. The Company continues to have cordial relation with its employees.

Quality Assurance: Your Company is an ISO 9001:2000 Company, certified by Det Norske Veritas (DNV). These norms enable us to identify risks at the initial planning stage of the project. The Company firmly believes in the pursuits of excellence to compete in this emerging and growing software market. Our focus has been on providing quality products and services to our customers. We have been maintaining ISO 9001 certification since 1999.

Corporate Governance: As required under the Listing Agreement with the Stock Exchange, a report on Corporate Governance is given in a separate section in this Annual Report.

Acknowledgments: The Directors' sincerely appreciate the contributions made by all employees, associates and business partners who have contributed towards the success of the Company. The Directors' are also thankful for the co-operation, support and assistance received from banks, investors, customers, Central and State Government Departments, local authorities, vendors, Strategic Alliance Partners and all others associated with the activities of the Company. The Directors' would also like to acknowledge the continuous support of the Company's shareholders.

For and on behalf of the Board

Sd/-
Shubh K Surana
Chairman

Sd/-
Surendra K Surana
Managing Director

Jaipur, July 30, 2007

Annexure 'A' to the Directors' Report

Particulars as prescribed under Section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

Conservation Of Energy: The nature of the Company's operations are not energy intensive and entail low levels of energy consumption. However, the management is cautious about energy wastage and continues to assign top priority to the conservation of energy in all areas of operations. Significant measures are taken to reduce energy consumption by using energy-efficient equipments.

(i) Research & Development (R&D):

- (a) **R & D initiative:** The Company is actively involved in Software Development activities and is continuously improving its business process by research and development for better quality. The Company has laid out training programs to improve and upgrade skills of its employees to keep pace with the changing market scenario. Although, there is no separate R & D department identifiable. The company is undertaking software assignments, which in themselves involve lot of research work, during various phases of software development life cycle. Continual infusion of new technology need research activities during its absorption and usage. Company takes every measure to adopt newer methodologies in software development business.
- (b) **Specific areas in which R & D carried out by the Company:** Software products development particularly interoperability of multiple systems. Telecom, CRM, VOIP, Database are the areas in which company takes research and development activities
- (c) **Benefits derived as a result of R & D:** Our research labs have been instrumental in building expertise in the areas of software performance solutions, testing and prototype developments. Research and development activities have helped in providing new and better solutions to the customers. Research work has helped in enhancing staff technical skill development which is critical component in software industry and product quality has improved.
- (d) **Future plan of action:** There will be continued focus on research and development activities. Future benefits are expected to flow in from initiatives undertaken during the year. The Company continues to focus its efforts on innovations in software development processes and other IT related projects.
- (e) **Expenditure on R & D:** The Company's R & D activities are part of its normal software development process. There is no separate R & D department hence there is no specific capital or recurring R & D expenditure. It is not practicable to identify R & D expenditure out of the total expenditure incurred by the Company.

(ii) Technology absorption, adaptation and innovation:

- (a) **Efforts made towards technology absorption, adaptation and innovation :** The Company put efforts and focuses on innovation as it is engaged in a business marked with rapid technology changes and obsolescence. This innovation helps the Company to keep pace with these rapid changes.

It has plans and policies to adopt new technologies periodically with up-gradation of hardware and software resources.

(b) **Benefits derived as a result of the above efforts:** are high productivity, quality increased business potential and effective preparedness to take new assignments.

(iii) Foreign Exchange Earnings and Outgo:

(a) **Activities relating to Exports, initiatives taken to increase exports, development of new export market for products and services, and export plans:** The Company is in the business of software exports. All the efforts of the Company are geared to increase the business of software exports in different products and markets.

During the fiscal year 2006-07, the revenue derived from exports activities was Rs. 1096.57 lacs. The Company focuses on export projects, which attract higher margins at lower risks. The Company has established marketing arrangement in the foreign countries vide its subsidiary and other marketing agreements.

(b) **Total Foreign Exchange Earnings:** The details of foreign exchange earnings and outgo are given in the notes on accounts.

| | |
|----------------------|--|
| FOB value Exports | Rs. 10,96,57,239/- (Previous year Rs. 9,24,28,564/-) |
| CIF value of Imports | NIL (Previous year Rs. 6,03,842/-) |

Other expenses incurred in foreign currency on manpower, administrative and marketing expenses - Rs. 6,71,72,706/- (Previous year Rs. 5,51,79,096/-)

Auditor's Certificate regarding Compliance of Corporate Governance

To the Members' of
Compucom Software Limited

We have examined the records with respect to the compliance of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges for the financial year ended on March 31, 2007.

The objective of our examination is to give our opinion on whether the Company has complied with the conditions of Corporate Governance as stipulated in the provisions of clause 49 of the Listing agreements with Stock Exchanges In India.

Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement As per the records of the Company, there were no investor Grievances remaining unattended for a period exceeding one Month against the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency with which the management has conducted the affairs of the Company

FOR S.MISRA & ASSOCIATES

Chartered Accountants

SACHINDRA MISRA

Partner

Jaipur, July 30, 2007

Corporate Governance Report for the year 2006-07

(Pursuant to Clause 49 of the Listing Agreement entered into with the Stock Exchange)

1. **Company's Philosophy On Corporate Governance:** The Company's purpose is to carry on business and to maximize long term shareholders value. Therefore, our Corporate Governance processes are directed at ensuring that company actions, assets, and agents are directed to achieving this purpose while complying with the code of Governance and Company's own policies. The Company aims to have and is committed to have highest standards of transparency in corporate governance, with a view to maximizing shareholders value. The Company's policy covers aspects such as ethical conduct, health, safety and environment control and finance and commitment to employees and relationships. Key aspects of Company's Governance Processes are:

- Disclosure, accountability, transparency, adequate systems and procedures to monitor the state of affairs of the Company to enable the Board to effectively discharge its responsibility to the stakeholders of the Company.
- Identification and management of key risks.

Compucom's corporate Governance philosophy encompasses not only regulatory and legal requirements such as terms of Listing, but also some voluntary practices aimed at high level of business ethics, effective supervision and enhancement of value of stakeholders. The Board aims at the compliance with the Code of Conduct of Corporate Governance to ensure transparency, control, accountability, ethical integrity and reliability. The Company aims to increase the value for all its stakeholders, employees, clients and society at large.

In terms of clause 49 of the Listing Agreement, requisite particulars of Corporate Governance in Company are furnished hereunder:-

Members of the audit committee have requisite financial and management expertise and have held or hold senior positions in other organizations. The Statutory Auditors and the Chief Financial officer are invited to attend and participate at the meetings of the committee.

The Company Secretary acts as the Secretary to the Committee.

3.2 Remuneration Committee -

- (a) **Terms of reference :** The functions of the Committee include recommendation remuneration, promotions, increments etc. for the Executive Directors to the Board for approval.
- (b) **Composition, name of the members and chairperson :** As the year ended on 31st March 2007, the Remuneration Committee comprised of 3 Non-Executive Directors viz. Mr. Shubh Karan Surana, Mr. Shiv K Vijay and Mr. Subodh Bansal. Mr. Shiv K Vijay and Mr. Subodh Bansal are independent Directors. Mr. Shubh K Surana is the Chairman of the Committee
- (c) **Meetings and attendance during the year :** No meetings of the Remuneration Committee were held during the year on 01st April 2006; to 31st March 2007, as there was no change in the remuneration of the Managing Director or the Director's sitting fees. Details of the composition of the committee and attendance at its Meeting are given in the following table:

| S. No | Name of the Director | No. of Meetings attended |
|-------|----------------------|---------------------------------------|
| 1 | Mr. Shubh K Surana | No Meetings were held during the year |
| 2 | Mr. Subodh K Bansal | |
| 3 | Mr. Shiv K Vijay | |

- Total Remuneration paid to the Managing Director for the FY 2006-07 amounting to Rs. 8,40,000/-. No other perquisite was provided to the Managing Director.
- The contract for service, notice period, severance fees etc. are applied as per the rules of Company formed by the Board of Directors from time to time.
- The Company paid no other remuneration to non-executive Directors except sitting fees during the year 2006-07. The sitting fees paid to the Non-Executive Directors was Rs. 3000/- for their attendance at every meeting of the Board or Committee.

Table 2 - Non-Executive Directors Shareholding : Given below are the details of the shares held by Non Executive Directors as on 31-March-2007

| Name of the Director | No. of Shares held | % of Paid up capital |
|------------------------|--------------------|----------------------|
| Mr. Shubh K Surana | 55020 | 1.09 |
| Mr. Ajay K Surana | 12600 | 0.25 |
| Mr. Stephen C. Viehman | 14000 | 0.28 |

No other Non Executive Directors have any shareholding in the Company.

3.3 Investor's Relation Committee -

- (a) **Terms of reference :** The functions and powers of the committee include allotment of share and securities issued from time to time, review and redressal of shareholders'/investors' complaints, ratifies the share transfers that take place. The Committee ensures that investor's complaints are resolved within reasonable time. In addition, the Committee also looks into matters relating to facilitation of better investor's services and relations.
- (b) **Composition, name of the members and chairperson :** As the year ended on 31st March 2007, the Investor's Relation Committee comprised of 3 Non-Executive Directors viz Mr. Shubh Karan Surana, Mr. Shiv K Vijay and Mr. R. P. Udawat. Mr. Shiv K Vijay and Mr. R.P. Udawat are independent Directors. Mr. Shubh K Surana is the Chairman of the Committee.

There were 2 (two) meetings of the Investor's Relation Committee held on 29th July, 2006 and 29th January, 2007.

| S. No | Name of the Director | No. of Meetings attended |
|-------|----------------------|--------------------------|
| 1 | Mr. Shubh K Surana | 2 (Two) |
| 2 | Mr. R. P. Udawat | 2 (Two) |
| 3 | Mr. Shiv K Vijay | 2 (Two) |

Ms Anita Periwal is the Company Secretary and Compliance officer of the Company.

Details of complaints:

- 10 investor complaints were received during the year and 2 were pending from the previous year. All the 12 complaints were successfully resolved. 0 complaint was pending on March 31st, 2007. This complaint was pending for want of documents from the investor and it had been resolved as on the date of the Board Meeting i.e. 30th April 2007.
- No share transfers were pending at the close of the financial year 2006-07
- The investor grievances can also be placed on the e-mail: investors@compucomtech.co.in

4. General Body Meetings-Details of the locations of the last three Annual General Meetings (AGM) & the Extra Ordinary General Meeting.

| AGM Details | | | | | |
|-------------|---|-----------|----------|---|--|
| Number | Location | Date | Time | Special Resolution | |
| 10th | IT 14-17, EPIP, Sitapura, Jaipur - 302022 | 6-Sep-04 | 11:30 AM | Special Resolution was passed for the reappointment of the Managing Director and fixing his remuneration. | |
| 11th | IT 14-17, EPIP, Sitapura, Jaipur - 302022 | 6-Sep-05 | 11:30 AM | Special Resolution was passed for Preferential Allotment of warrants convertible into Equity Shares | |
| 12th | IT 14-17, EPIP, Sitapura, Jaipur - 302022 | 6-Sep-06 | 11:30 AM | Special Resolution Passed for the alteration of Articles of Association. | |
| EGM Details | | | | | |
| EGM | IT 14-17, EPIP, Sitapura, Jaipur - 302022 | 30-Nov-05 | 11:30 AM | Special Resolution was passed for the for issue of Preferential Shares/ warrants convertible into equity shares and ESOS-ESOP (Employee Stock Option Scheme & Employee Stock Option Plan) | |

*Postal Ballot - No resolution was passed by Postal ballot in the last three AGMs nor is any resolution proposed to be passed by Postal Ballot.

5. Disclosures -

- 5.1 During the year 2006-07 there were no related party transactions that had any potential conflict with the interest of the Company at large.
- 5.2 There have been no non-compliances by the Company nor have any penalties or fine been imposed on the Company by the Stock Exchanges/ SEBI or any other regulatory authority on any matter related to capital markets during the last three years etc.
- 5.3 Certificate from Managing Director and the Manager Finance on the financial statements of the Company was placed before the Board.
- 5.4 **CEO certification:** As required under clause 49 of the Listing Agreement, the CEO certification and the code of conduct is provided elsewhere in the Annual Report.

6. Means Of Communication:

- 6.1 The Quarterly , Half-yearly and Annual results of the Company are regularly published in the Newspapers in terms of Clause 41 of Listing Agreement.
- 6.2 Newspapers in which results of the Company are normally published: (i) The Business Standards, (ii) The Samachar Jagat (iii) Mahanagar Times
- 6.2 The Company results and official news releases etc. are displayed on the Company's website. Website address is www.compucomtech.co.in Also as required by SEBI and the Listing Agreements, the company files its financial information on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by National Informatics center (NIC)

7. GENERAL SHAREHOLDERS INFORMATION

ANNUAL GENERAL MEETING :

- (a) Annual General Meeting
Date, Time and Venue
Tuesday, September 11th, 2007 at 11:30 A.M.
IT 14-17, EPIP, Sitapura, Jaipur - 302022.
- (b) Financial Year
Financial Calendar
(I) April 2006 to March 2007
1st Quarter April 1 to June 30th 2007 3rd - 4th Week of July
2nd Quarter July 1st to September 30th 2007 3rd - 4th Week of October
3rd Quarter October 1 to December 31st 2007 3rd - 4th Week of January
4th Quarter January 1st to March 31st 2008 3rd - 4th Week of April
- (c) Book Closure
September 10th September 11th 2007 (both days inclusive)
- (d) Dividend payment date
Interim Dividend Jan 2007. Final on or after 11th September 07 subject to the approval of the shareholders at their AGM.
- (e) Listing on Stock Exchanges
The shares of the Company are listed on Bombay Stock Exchange, Mumbai and Calcutta Stock Exchange, Kolkata.
The Annual Listing fee for FY 2006-07 has been paid.
BSE 532339
- (f) Stock Code/Symbol
ISIN (International Securities Identification Number)
INE453B01011
- (g) Market Price & share performance data : High/Low during each month in last financial year
Please see **Annexure No. I & II** of this report.
- (I) Registrar & Transfer Agents:
MCS Limited Sri Venkatesh Bhawan. W-40, Okhla Industrial Area, New Delhi-20
- (j) Share Transfer System
The Company Secretary has been authorized to approve the transfers of the shares which is done within the time limit stipulated by the Listing Agreement. The said transfers are then noted at the subsequent Transfer's and Investors Relation Committee.
- (k) Distribution Schedule & Shareholding Pattern
Distribution of Shareholding as on 31-March-2007 Annexure III Table I & II

- (l) Dematerialization of Shares and liquidity
- (m) Plant Location
- (n) Address of correspondence
- (o) Investor Complaints

85.75% of the paid-up capital is held in dematerialized form.
IT 14-17, EPIP, Sitapura, Jaipur - 302022.

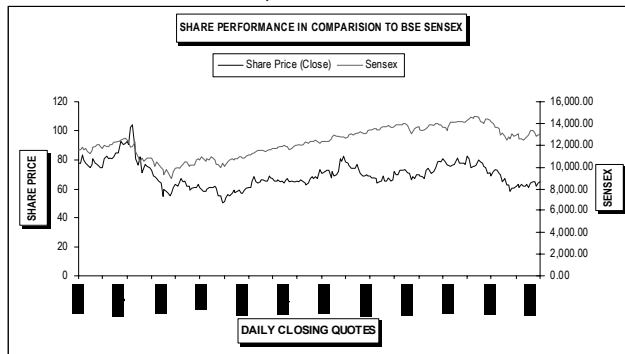
Wind Power Plant at Jaisalmer and Sikar, Rajasthan and Timkur District, Karnataka
(i) Shareholders' correspondence should be addressed to MCS Ltd.,
Sri Venkatesh Bhawan, W-40 Okhla Industrial Area, New-Delhi 110020
(ii) Shareholders holding shares in electronic mode should address all their
correspondence to their respective Depository Participants

In case the investors have any complaints or queries they can forward the same to:-
Compliance officer: IT 14-17, EPIP, Sitapura, Jaipur-302022 OR place their grievances
on the **E-mail ID investors@compucomtech.co.in**

Annexure I - Market Price Data -High/Low during each month in the year 2006-07

| Market Price (Rs.) | | |
|--------------------|---------|--------|
| Month | Highest | Lowest |
| April-06 | 86.00 | 71.00 |
| May-06 | 108.50 | 65.60 |
| June-06 | 77.20 | 51.30 |
| July-06 | 67.95 | 47.30 |
| August-06 | 71.40 | 55.00 |
| September-06 | 69.10 | 61.00 |
| October-06 | 95.00 | 66.60 |
| November-06 | 79.40 | 61.30 |
| December-06 | 76.70 | 44.00 |
| January-07 | 96.90 | 82.00 |
| February-07 | 79.95 | 64.45 |
| March-07 | 71.00 | 58.00 |

Annexure II - Performance in comparison to Broad-based indices as BSE Sensex



The above chart depicts daily closing quotes on Bombay Stock Exchange for the year ended 31st March, 2007.

8. Unclaimed Dividend : Pursuant to Section 205 A of the Companies Act, 1956, the dividend for following years, if unclaimed for 7 years, will be transferred by the Company to IEPF according to the schedule given below. Once unclaimed Dividend is transferred to IEPF, no claim shall lie in respect thereof either with IEPF or the Company.

| Financial year | Date of Declaration of Dividend | Total Dividend (Rs.) | Unclaimed (Rs.) | Due Date for transfer to IEPF on |
|----------------------------|---------------------------------|----------------------|-------------------|----------------------------------|
| 2000-01 | September-01 | 125,62,500 | 94052.00 | October, 2008 |
| 2001-02 | September-02 | 50,25,000 | 33413.50 | October, 2009 |
| 2002-03 | September-03 | 125,62,500 | 132959.00 | October, 2010 |
| 2003-04 (Interim) | January-04 | 75,37,500 | 86095.00 | February, 2011 |
| 2003-04 (Final) | September-04 | 50,25,000 | 62585.00 | October, 2011 |
| 2004-05 (Final) | September-05 | 1,25,62,500 | 198350.00 | October, 2012 |
| 2005-06 (Interim) | January-06 | 75,37,500 | 116306.00 | February, 2013 |
| 2005-06 (Final) | September-06 | 75,37,500 | 115481.00 | September, 2013 |
| 2006-07(Interim) | January-07 | 75,37,500 | 287081.00 | January, 2014 |
| TOTAL UNPAID AMOUNT | | | 1081922.50 | |

For and on behalf of the Board

Sd/-
Shubh K Surana
Chairman

Sd/-
Surendra K Surana
Managing Director

Jaipur, July 30, 2007

Annexure III The following tables give the distribution pattern of the shareholding of the Company

Table I - Distribution Schedule as on 31-March-2007

| Range | Shares | No. of Folios | % Shares | % Holders |
|------------------|----------------|---------------|---------------|---------------|
| Upto 500 | 430239 | 3071 | 8.56 | 90.75 |
| 501-1000 | 121113 | 156 | 2.41 | 4.61 |
| 1001-2000 | 96301 | 67 | 1.92 | 1.98 |
| 2001-3000 | 64072 | 25 | 1.28 | 0.74 |
| 3001-4000 | 29056 | 8 | 0.58 | 0.24 |
| 4001-5000 | 48214 | 10 | 0.96 | 0.30 |
| 5001-10000 | 162632 | 21 | 3.24 | 0.62 |
| 10001 -50000 | 364941 | 18 | 7.26 | 0.53 |
| 50001-100000 | 138020 | 2 | 2.75 | 0.06 |
| 100001 and above | 3570412 | 6 | 71.05 | 0.18 |
| Total | 5025000 | 3384 | 100.00 | 100.00 |

Table II - Shareholding pattern as on 31-03-2007

| Particulars | As on 31-March-2007 | |
|---|---------------------|-------------------|
| | No. of shares | % of total shares |
| Promoters, their investment companies, people acting in concert | 3541967 | 70.49 |
| Mutual Funds/Financial Institutions | 800 | 0.02 |
| Bodies Corporate | 283392 | 5.64 |
| Trusts | 111590 | 2.22 |
| Individuals | 981005 | 19.52 |
| NRIs, Foreign Nationals etc. | 57246 | 1.14 |
| OCBs | 49000 | 0.98 |
| Total Shareholding | 5025000 | 100.00 |

Declaration regarding compliance by Board Members and Senior Management Personnel's with the Company's of Code of Conduct

In accordance with clause 49 sub-clause (i)(D) (ii) of the Listing Agreement executed with the Stock Exchanges, I in capacity as the Managing Director of the Company hereby confirm that all members of the Board of Directors and the Senior Management Personnel of the Company have affirmed their compliance for the Financial Year 2006-07 with the Company's Code of conduct.

Place: Jaipur

Date: July 30th, 2007.

Surendra K Surana
Managing Director & CEO

CERTIFICATE OF CEO AND CFO OF THE COMPANY

We, Surendra Kumar Surana, Managing Director (CEO) and Sumit Baid, Deputy Manager Finance of the Company, Compucom Software Limited, to the best of our knowledge and belief, certify that:

- (1) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:-
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (2) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (3) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps that have been taken or propose to take to be taken to rectify these deficiencies.
- (4) We have indicated to the auditors and Audit Committee:-
 - (i) significant changes in the internal control during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Jaipur
30th July, 2007

Surendra K. Surana
Managing Director & CEO

Sumit Baid
Deputy Manager Finance

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act 1956, and Generally Accepted Accounting Principles (GAAP) in India. The management of the Company accepts responsibility for integrity and objectivity of these financial statements as well as various estimates and judgments.

A. Business Environment and outlook - The Company operates in Engineering Technology and Service Management as a distinct market for Indian technology service companies, IT services and Business Process Outsourcing. Compucom Software Ltd. (CSL) has variety of functional and operational areas like web design, software design & development, IT education / Learning solutions, Wind Power Generation, customer support out-sourcing primarily in areas of telecommunications, BPO services/call centers, KPO (Knowledge Process outsourcing) services, etc. CSL's range of services includes 7X24 customer service centers solutions, software maintenance and solutions, e-commerce solutions, GIS / Data conversion, internet and intranet solutions, system integration, e-governance, smart card finger print solutions, networking solutions, technical support, operational support for VoIP network elements, implementation support of a Network Management System etc. The system monitors approximately 350 switching centers serving several million customers,

Customers are looking for service-providers who can offer them services which are cost-effective, possess domain expertise and can handle greater complexity and program management responsibility, and capabilities on technology that can result in productive gains. The Company targets new customer segments and market verticals. We have developed marketing strategies

to sell our internally developed software applications to domestic customers. We will continue to expand our web design and development services.

B. Opportunities and Threats -

(1) Opportunities

- (i) BPO and KPO operations.
- (ii) Growth of the Global market for Engineering Technology and Services.
- (iii) Domain expertise in near shore and offshore locations.
- (iv) Supplying IT based man-power to various sectors since the "e" factor is stepping in fast in the state, economy and the nation as a whole.

(2) Threat

- (a) **Competitive pressures:** IT is one sector that is spreading its wing fast throughout the world and India is becoming a preferred destinations for global IT players. As a result the competitive pressure is intensifying. The company has to operate in this competitive scenario and acquire a grip in the market to hold its foot firmly and upkeep the brand name.
- (b) **Talent supply constraint:** Talent is sort by both the IT as well as the manufacturing sector. This increases the cost of the talent. The Company has to ensure that it acquires good talent and retains it in order to constitute its major competitive edge. The Company maintains excellent work environment and competitive package for this purpose.
- (c) **Technology Obsolescence:** These are the days when technology takes no time to become obsolete. Thus, to be at par with its competitors the Company has to ensure that it constantly updates and upgrades its technology.
- (d) **Exchange Rates -** Since the Company uses India as a major source of manpower, the exchange rate of the rupee vis-à-vis the US-dollar and other currencies affect its ability to compete. The Company attempts to minimize the foreign exchange exponent by taking appropriate measures wherever required.
- (e) **Government Policies:** As and when there is a change in the Government, there might be a change in its policies too. Any adverse changes in its policies may affect the business operations of the Company.
- (f) **Downturn in industries being served:** Any downturn in the industry being served could have an impact on the company's business.

C. Segment-wise or product - wise performance: Detailed information about segment performance has been given in the Consolidated Financial Statements. See the Financial Statements –Notes on Accounts, Note Number. 13.

D. Outlook - The Company has a positive outlook for the coming year and endeavors to achieve a steady business performance in the coming year. This is however, subject to risks and uncertainties given below.

E. Risks And Concerns - Its difficult to pen down the risks and uncertainties with certainty. They are not limited to risks and uncertainties regarding fluctuations in earnings, interest rates, exchange rates, the company's ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increase, earnings and exchange rate fluctuations, intense IT competition, Government policies, ability to attract and retain skilled professionals, time-cost over-runs on fixed price contracts, client concentration, ability to manage the international marketing and sales operations as well as the local operations, alterations of the government fiscal incentives, political instability, legal framework and above all general economic conditions affecting the industry.

F. Internal control systems and their adequacy- The Company has a professional and an adequate internal control system and procedure commensurate with the size of organization and nature of business. This provides adequate safeguards and effective monitoring of the transactions. All area's of the Company's operations are covered by such internal control systems.

G. Discussion on financial performance with respect to operational performance.

(i) Financial condition

1. Share capital: The Company has only one class of shares namely equity shares. The face value of the shares is Rs. 10/- per share. The paid up capital of the Company is Rs. 5,02,5,000/-

| 2. Reserves & Surplus: | Rs. In lacs | | 3. Fixed Assets | Rs. In lacs | |
|------------------------|-----------------|-----------------|------------------------------|-----------------|-----------------|
| | 31-03-07 | 31-03-06 | | 31-03-07 | 31-03-06 |
| Particulars | | | Particulars | | |
| Profit & Loss Account | 2376.82 | 2116.98 | Gross Block | 2,883.00 | 2,550.68 |
| General Reserves | 1,411.96 | 1,311.96 | Accumulated Depreciation | 867.37 | 734.15 |
| Share Premium | 979.47 | 979.21 | Net Fixed Assets | 2,015.63 | 1,816.52 |
| Capital Reserve | 50.72 | 50.72 | Total Income/Net Block | 1.18 | 1.36 |
| Total | 4,957.64 | 4,458.87 | Acc.Dep. as % of Gross Block | 30.09 | 28.78 |

4. Investments - The cash surplus generated from operations are invested in a judical mix of Debt and Equity Schemes of Mutual Funds with diversified portfolio considering the capital market conditions.

Investments in shares and mutual funds increased by 34.74% in the current year as compared to that of the previous financial year.

| Particulars | Rs. In lacs | |
|--|-------------|-----------|
| | 31-03-06 | 31-03-06 |
| Equity Investments in ITneer Inc.(100% subsidiary) | 439.244 | 439.244 |
| Equity Shares | 1.146 | 1.259 |
| Investments in Mutual Funds | 2,383.269 | 1,664.086 |

| | | |
|--|------------------|-------------------|
| Other Investments | 12.270 | 0.020 |
| Total | 2,835.929 | 2,104.609 |
| 5. Current Liabilities And Provisions: | | Rs.in lacs |
| Particulars | 31-03-07 | 31-03-06 |
| Sundry Creditors | 969.44 | 979.41 |
| Security Deposits | 22.28 | 18.88 |
| Provision for Income Tax, Deferred & Fringe benefit tax | 34.83 | 35.40 |
| Unclaimed Dividend | 10.81 | 8.09 |
| Proposed Dividend & Dividend Tax | 88.18 | 85.95 |
| Expenses Payable | 10.89 | 6.67 |
| Government Dues | 5.63 | 3.70 |
| Other Current Liabilities | 3.69 | 11.74 |
| Provision for Gratuity | 6.23 | 5.67 |
| Provision for Audit Fees | 0.75 | 0.75 |
| Total | 1,152.73 | 1,156.26 |
| Sundry creditors represents mostly amounts owed to business associates / vendors associated with school computer education projects and balance for various costs/administrative expenses. | | |
| Unclaimed dividend includes dividend paid but has not been encashed by the share holders. There are no amounts due to Small Scale Industries. | | |
| 6. Sundry Debtors | | Rs.in lacs |
| Particulars | 31-03-07 | 31-03-06 |
| Sundry Debtors | 1,440.91 | 1,472.50 |
| Total | 1,440.91 | 1,472.50 |
| Debtors are mainly related to Govt. Schools of Rajasthan. These debtors are considered good and are realizable. | | |
| 7 Sundry Creditors | | Rs.in lacs |
| Particulars | 31-03-07 | 31-03-06 |
| Sundry Creditors | 969.44 | 979.41 |
| Total | 969.44 | 979.41 |

8. **Liquidity:** The Company has high liquidity and intends to deploy excess liquidity.

II) Financial Review:-

1. **Income** - The Company derives its income from software services, sale of software products, learning solutions, IT education and training, Wind Power Generation, call centre(s) and treasury income. Treasury income includes capital gains, dividends from mutual funds and shares, interest on FDRs etc.

| Particulars | 31-03-07 | 31-03-06 |
|--|-----------------|-----------------|
| Software Development & Services - Overseas | 1,096.57 | 926.57 |
| - Domestic | 37.76 | 29.50 |
| Learning Solution | 889.47 | 1,158.12 |
| Wind Power Generation | 210.48 | 199.59 |
| Other Income | 148.39 | 154.35 |
| Total | 2,382.68 | 2,468.13 |

A. Software Services - This revenue is segregated into export and domestic sale and service of software. Export activities comprise onsite and off-shore activities. Onsite revenues comprises revenue earned for the services which are performed at the client's labs or Company's lab in USA as a part of software project whereas off-shore services comprise the services performed at the Company's Software Development centers located in India. During the year the revenue generated from this segment was Rs 1134.34 lacs

B. Learning Solution - Learning Solution comprises imparting Computer education in Govt. Schools and providing computer education through franchisees, and authorized business associates (ABA's). This segment has contributed Rs. 889.47 lacs to the total revenue. Although the BOOT projects of Chandigarh as well as BSER, Rajasthan has come to an end from 31st March 2007 and 30th June 2007, respectively.

Regarding the learning Solution apart from the BSER Project of Rajasthan and Chandigarh, the Company indulges in providing computer training to engineering batches, CA batches, other such professional course batches, government office employees, army personnel's, corporate batches etc.

C. Wind Power Generation - The Company has set up 5 Wind Power Plants 2 in Sikar and 2 in Jaisalmer and 1 in Karnataka. Enercon India Limited takes care of the Wind Power Project for the Company and deals on behalf of the Company with all regulatory bodies. There is an assured annual generation of 15,00,000 unit per plant for the first 3 years, by Enercon. In case of shortfall for any reason Enercon ensures to shield us for the shortfall in generation based on the guarantee clause. All these plants have been duly insured. Rs. 74.95 has been claimed against shortfall in generation during the current financial year.

D. Treasury Income: Other income mainly consists of interest on FDRs, dividends and earnings from equity and debt based liquid or floater Mutual Fund investments. **Rs. In lacs**

| Particulars | 31-03-07 | 31-03-06 |
|-----------------------------------|---------------|---------------|
| Interest, Dividend & Other Income | 145.96 | 152.47 |
| Miscellaneous Income | 2.44 | 1.89 |
| Total | 148.39 | 154.35 |

E. Foreign Exchange Risks/ Exposures - The Company operates from India with execution facilities in USA. A significant portion of revenue, expenses related to software business is carried out in US Dollar. Operations, subject to foreign exchange exposure for the last two years, are mentioned below **Rs.in lacs**

| Particulars | 31-03-07 | 31-03-06 |
|--------------------------------------|--------------------|--------------------|
| Revenue in Foreign Currency | 109,657,239 | 92,428,564 |
| Revenue Expenses in Foreign Currency | 67,172,706 | 55,179,096 |
| Capital Expenses in Foreign Currency | NIL | 603,842 |
| Net Foreign Exchange Earning | 176,829,945 | 148,211,502 |

(ii). **Expenditure** **Rs.in lacs**

| Particulars | 31-03-07 | % of Total Revenue | 31-03-06 | % of Total Revenue |
|---|---------------|--------------------|---------------|--------------------|
| Total Revenue | 2,382.68 | 100.00 | 2,468.13 | 100.00 |
| Expenses | | | | |
| Manpower Expenses | 790.58 | 33.18 | 671.30 | 27.20 |
| Course Execution Charges | 605.44 | 25.41 | 769.49 | 31.18 |
| Administrative & Other Expenses | 181.14 | 7.60 | 135.65 | 5.50 |
| Interest | 1.52 | 0.06 | 0.19 | 0.01 |
| Depreciation | 199.56 | 8.38 | 196.48 | 7.96 |
| Profit Before Tax | 604.43 | 25.37 | 695.01 | 28.16 |
| Provisions For Income Tax | 70.46 | 2.96 | 120.19 | 4.87 |
| Profit After Tax But Before Extraordinary Activities | 533.97 | 22.41 | 574.83 | 23.29 |

(iii) **Interest:-** The Company occasionally relies on overdrafts from banks for temporary mismatch in cash flows. Overdrafts cost during the FY 2006-07 was Rs. 33,552 as compared to Rs. 19,112 during the FY 2005-2006.

9. Results Of Operations Of Subsidiaries - ITneer Inc. is a fully owned subsidiary of Compucom Software Limited. It provides marketing services and other support services for onsite projects of the Company. Revenue generated during the previous financial year 2006-07 was US \$ 1280802 as compared to US\$ 490829 during 2005-06. The audited financial statements of ITneer Inc. are provided separately in this Report.

10. Human Resource Development :-Human Resource Development is paramount in every organization. The management continues to lay emphasis on identifying and developing talent on organization with a view to retain them and impart further training to those capable of handling additional responsibilities. This works to increase employee satisfaction within the organization, by providing employees with fresh challenges. Developing people and harnessing their ideas are high priorities for the organization.

Number of Employees: The Company had 61 permanent employees on its pay roll as on 31st March 2007.

11. Cautionary Statement: Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

Sd/-
Shubh K Surana
Chairman

Sd/-
Surendra K Surana
Managing Director

Jaipur, July 30, 2007

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of **COMPUCOM SOFTWARE LIMITED** as at March 31, 2007, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit:

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

2. As required by the Companies (Auditor's Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of the written representations received from the Directors as on March 31, 2007 and taken on record by the Board of Directors and the information and explanations given to us, none of the Directors is prima-facie disqualified as at March 31, 2007, from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2007;
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For and on behalf of

S.MISRA & ASSOCIATES, Chartered Accountants

SACHINDRA MISRA, Partner

Membership No. 73776

Place: Jaipur

Date: July 30, 2007

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2007 OF COMPUCOM SOFTWARE LIMITED

As required by the Companies (Auditor's Report) Order, 2003 and the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956, we further report that:

1.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The management on a sample basis during the year has physically verified the major assets and in our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such verification.
 - c) There has been no substantial disposal of fixed assets during the year, which affects the going concern assumption.
2. The Company does not have any inventories.
3.
 - a) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - b) According to the information and explanations given to us, the Company has not taken any loan, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases of computers and other equipment and for the sale of software and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control.
5. On the basis of audit procedures performed by us, and according to the information, explanations and representations given to us, we have not come across any transaction in which directors were interested, as contemplated under Section 297 and Section 299 of the Companies Act, 1956, and which were required to be entered in the register maintained under section 301 of the said Act.
6. Transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956:
 - a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956, have been entered in the register maintained under that section.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. 500,000 in respect of any party during the year, have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time.

7. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A, 58AA, or any other relevant provisions of the Companies Act, 1956 and the rules framed there under. The Company Law Board, or National Company Law Tribunal, or Reserve Bank of India, or any Court, or any other Tribunal has passed no order.
8. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
9. According to the information and explanations given to us, the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, for any of the activities of the Company.
10. a) According to records of the Company, it has generally been regular in depositing undisputed statutory dues, including dues pertaining to Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities.
b) We have been informed that there are no disputed dues which have remained outstanding as at the end of the financial year, for a period of more than six months from the date they became payable.
11. The Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses, both, in the financial year under report and the immediately preceding financial year.
12. According to the information and explanations given to us and based on the documents and records produced before us, there has been no default in repayment of dues to banks. There are no dues to financial institutions or debenture holders.
13. As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
14. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies.
15. In respect of the shares, securities, debentures and other investments dealt or traded by the Company, proper records have been maintained in respect of the transactions and contracts and timely entries have been made therein. All the investments are held by the Company in its own name.
16. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
17. In our opinion and according to information and explanations given to us, the Company has not taken any term loan from any bank or financial institutions during the year under review.
18. According to the information and explanations given to us and on an overall examination of the Balance Sheet, the Cash Flow Statement and other records of the Company, we are of the opinion that, prima facie short term funds have not been used for long term purposes.
19. The Company has not made any preferential allotment of shares to any parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
20. The Company did not issue any debentures during the year.
21. The Company has not raised any money by a public issue, during the year.
22. According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the Company, has been noticed or reported by the Company, during the year.

Looking to the nature of activities being carried on, at present, by the Company and also considering the nature of the matters referred to in the various clauses of the Companies (Auditors' Report) Order, 2003, and the Companies (Auditors' Report) (Amendment) Order, 2004, Clauses (iii)(b), (iii)(c), (iii)(d), (iii)(f), (iii)(g), (v)(b) and (xiii) of paragraph 4 of the aforesaid Order, are, in our opinion, not applicable to the Company.

For and on behalf of
S.MISRA & ASSOCIATES, Chartered Accountants
SACHINDRA MISRA, Partner
Membership No. 73776

Place: Jaipur
Date: July 30, 2007

BALANCE SHEET AS AT MARCH 31, 2007

(Rs.)

| | Schedules | March 31, 2007 | March 31, 2006 |
|---|-----------|--------------------|--------------------|
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS' FUNDS | | | |
| Share Capital | A | 50,250,000 | 50,246,000 |
| Reserves & Surplus | B | 481,897,246 | 445,887,387 |
| Application money of Convertible Warrants | | 837,493 | 837,493 |
| | | 532,984,739 | 496,970,880 |
| Loan Fund | C | 60,118,432 | - |
| Deferred Tax Liability | | 25,475,140 | 22,218,234 |
| TOTAL | | 618,578,311 | 519,189,114 |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| Gross Block | D | 288,299,993 | 255,067,619 |
| Less: Accumulated Depreciation | | 86,737,214 | 73,415,489 |
| Net Block | | 201,562,779 | 181,652,130 |
| INVESTMENTS | E | 283,592,910 | 210,460,912 |
| CURRENT ASSETS, LOANS & ADVANCES | | | |
| Sundry Debtors | F | 144,090,780 | 147,250,040 |
| Cash and Bank Balances | | 84,435,518 | 83,336,607 |
| Loans and Advances | | 19,936,784 | 11,971,259 |
| Other Current Assets | | 232,135 | 143,863 |
| | | 248,695,217 | 242,701,769 |
| Less: Current Liabilities & Provisions | G | | |
| Liabilities | | 102,272,744 | 102,848,142 |
| Provisions | | 12,999,851 | 12,777,555 |
| Net Current Assets | | 133,422,622 | 127,076,072 |
| TOTAL | | 618,578,311 | 519,189,114 |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

K

As per our report of even date.

for S. Misra & Associates

Chartered Accountants

Sd/-

Sachindra Misra, Partner

Membership No 73776

Jaipur, July 30, 2007

Sd/-

Surendra Kumar Surana

Managing Director

Sd/-

Shubh Karan Surana

Director

Sd/-

Anita Periwal

Company Secretary

PROFIT & LOSS ACCOUNT

(Rs.)

| | Schedules | March 31, 2007 | March 31, 2006 |
|--|-----------|--------------------|--------------------|
| INCOME | | | |
| Software Development and Services | | | |
| - Overseas | | 109,657,239 | 92,656,538 |
| - Domestic | | 3,776,407 | 2,949,953 |
| Learning Solutions | | 88,947,151 | 115,811,691 |
| Wind Power Generation | | 21,047,660 | 19,959,414 |
| Other Income | H | 14,839,387 | 15,435,334 |
| | | 238,267,844 | 246,812,930 |
| EXPENDITURE | | | |
| Manpower Expenses | I | 79,058,172 | 67,129,763 |
| Course Execution Expenses | | 60,544,205 | 76,949,214 |
| Administrative and Other Expenses | J | 18,113,902 | 13,565,255 |
| | | 157,716,279 | 157,644,232 |
| Operating Profit (PBDIT) | | 80,551,565 | 89,168,698 |
| Interest | | 151,984 | 19,112 |
| Depreciation | | 19,956,290 | 19,648,274 |
| Profit Before Tax | | 60,443,291 | 69,501,312 |
| Provision for Tax | | | |
| For Current Tax | | 3,300,000 | 3,300,000 |
| For Deferred Tax | | 3,256,907 | 8,660,528 |
| For Fringe Benefit Tax | | 183,000 | 240,148 |
| For Earlier Years | | 306,392 | (182,105) |
| Profit After Tax (from Ordinary Activities) | | 53,396,992 | 57,482,741 |
| Extra ordinary Item | | - | 337,124 |

| | | |
|---|--------------------|--------------------|
| Net Profit | 53,396,992 | 57,145,617 |
| Balance of Profit Brought Forward | 211,698,912 | 181,742,565 |
| TOTAL AMOUNT AVAILABLE FOR APPROPRIATION | 265,095,904 | 238,888,182 |
| APPROPRIATIONS | | |
| Dividend | | |
| -Interim Dividend (including Dividend Tax of Rs. 10,57,135) | 8,594,635 | 8,594,635 |
| -Proposed Dividend (including Dividend Tax of Rs.12,80,998) | 8,818,498 | 8,594,635 |
| Amount transferred to General Reserve | 10,000,000 | 10,000,000 |
| Balance in Profit and Loss Account carried to Balance Sheet | 237,682,771 | 211,698,912 |
| EPS Basic and Diluted (Before Extraordinary Items) | 10.63 | 11.44 |
| EPS Basic and Diluted (After Extraordinary Items) | 10.63 | 11.37 |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS K

As per our report of even date.

for S. Misra & Associates

Chartered Accountants

Sd/-

Sachindra Misra, Partner
Membership No 73776

Jaipur, July 30, 2007

Sd/-

Surendra Kumar Surana
Managing Director

Sd/-

Shubh Karan Surana
Director

Sd/-

Anita Periwal
Company Secretary

CASH FLOW STATEMENT

(Rs.)

| | March 31, 2007 | March 31, 2006 |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Profit Before Tax (Excluding Income from Investments) | 47,186,954 | 53,883,218 |
| Depreciation | 19,956,290 | 19,648,274 |
| Operating Profit before Working Capital Changes | 67,143,244 | 73,531,492 |
| Decrease/(Increase) in Sundry Debtors | 3,159,260 | (3,954,367) |
| Decrease/(Increase) in Loans and Advances | (7,965,525) | (1,935,523) |
| Decrease/(Increase) in Other Current Assets | (88,272) | (113,170) |
| Increase/(Decrease) in Current Liabilities | (519,817) | (4,277,727) |
| Cash Generated from Operations | 61,728,890 | 63,250,705 |
| Income Tax Paid | (3,814,212) | (3,017,895) |
| Net Cash Flow from Operations | 57,914,678 | 60,232,810 |
| Cash Flow from Investing Activities | | |
| Income from Investments | 14,601,320 | 13,378,374 |
| Purchase of Fixed Assets | (41,455,067) | (3,968,466) |
| Sale of Fixed Assets | 216,345 | 283,800 |
| (Investment)/sale in Shares | 5,775 | 22,612 |
| (Investment)/sale in Mutual Funds | (71,918,302) | 6,101,526 |
| (Investment)/sale in NSC | (1,225,000) | - |
| Net Cash flow From Investing | (99,774,929) | 15,817,846 |
| Cash Flows from Financing Activities | | |
| Application money of Convertible Warrants | - | 837,493 |
| Increase in Paid up Share Capital (Calls in arrear including share premium of Rs. 6,500) | 30,000 | 7,500 |
| Loan from HDFC Bank Ltd. | 60,118,432 | |
| Dividend Paid (Including Dividend Tax) | (17,189,270) | (22,919,026) |
| Net Cash flows From Financing | 42,959,162 | (22,074,033) |
| Total Increase/(Decrease) in Cash and Cash Equivalents | 1,098,911 | 53,976,623 |
| Cash and Cash Equivalents at the beginning of the year | 83,336,607 | 29,359,984 |
| Cash and Cash Equivalents at the end of the year | 84,435,518 | 83,336,607 |

As per our report of even date.

for S. Misra & Associates

Chartered Accountants

Sd/-

Sachindra Misra, Partner
Membership No 73776

Jaipur, July 30, 2007

Sd/-

Surendra Kumar Surana
Managing Director

Sd/-

Shubh Karan Surana
Director

Sd/-

Anita Periwal
Company Secretary

Schedules forming part of BalanceSheet

(Rs.)

| | March 31, 2007 | March 31, 2006 |
|---|--------------------|--------------------|
| SHARE CAPITAL | | Schedule-A |
| Authorised | | |
| 6,000,000 (6,000,000) Equity Shares of Rs. 10/- each | 60,000,000 | 60,000,000 |
| Issued, Subscribed and Paid-up | | |
| 5,025,000 (5,025,000) Equity Shares of Rs. 10/- each | 50,250,000 | 50,250,000 |
| Less: Unpaid amount | - | 4,000 |
| | 50,250,000 | 50,246,000 |
| RESERVES AND SURPLUS | | Schedule-B |
| Capital Reserve | 5,071,575 | 5,071,575 |
| General Reserve | 141,196,000 | 131,196,000 |
| Profit and Loss Account | 237,682,771 | 211,698,912 |
| Share Premium Account | 97,946,900 | 97,920,900 |
| | 481,897,246 | 445,887,387 |
| LOAN FUND SECURED LOAN | | Schedule-C |
| Loan from HDFC Bank | 60,118,432 | - |
| (Secured against pledge of Units of Mutual Funds) | | - |
| | 60,118,432 | - |
| INVESTMENTS | | Schedule-E |
| Long Term Investments | | |
| a Investment in Subsidiary (At Cost) | | |
| ITneer Inc., USA | | |
| 100% of Equity Stock (Acquisition cost US \$ 1,000,000) | 43,924,400 | 43,924,400 |
| b Investment in Shares(Fully Paid Up) | | |
| (i)Quoted Equity Shares (Market value as on 31.3.2007-Rs45382./-) | 24,052 | 29,827 |
| (ii)Unquoted Equity shares | 310,491 | 310,491 |
| | 334,543 | 340,318 |
| Less:-Provision for Diminution in the value of Shares | (219,911) | (214,382) |
| | 114,632 | 125,936 |
| Current Investments | | |
| c Investment in Mutual Funds | | |
| Birla Fixed Term Plan Series C- Growth | - | 7,500,000 |
| Birla Fixed Term Plan Series H- Growth | 29,057,232 | 29,057,232 |
| DBS Chola FMP- Series 6 (Qty plan- 1) Cumulative | 5,089,500 | |
| HDFC Fixed Maturity Fund - Growth | 15,269,969 | 15,269,969 |
| HDFC Multiple Yield Fund - Dividend | - | 1,000,000 |
| HDFC Multiple Yield Fund - Growth | - | 5,501,161 |
| HDFC Prudence Fund - Div. Plan | - | 2,140,376 |
| Kotak Fixed Maturity Fund- Series 25 | 10,000,000 | 10,000,000 |
| Pru ICICI Blended Plan A- Growth | - | 26,955,021 |
| Pru ICICI Fixed Maturity Plan- Growth | - | 10,618,903 |
| Pru ICICI FMP- 34 Plan-B-Retail Growth | 70,000,000 | |
| Reliance Fixed Horizon Fund- 2 Qtly Plan-2 Growth | 3,000,000 | |
| Reliance Fixed Horizon Fund- 3 Series-4 Growth | 55,000,000 | |
| Reliance Fixed Horizon Fund Qtly Plan B Series-4 Growth | 8,290,099 | |
| Reliance Fixed Term Scheme - Growth | - | 11,516,656 |
| Reliance Fixed Maturity Fund - Qtly Plan - Growth | - | 2,029,180 |
| Reliance Fixed Maturity Plan - Annual | - | 200,000 |
| Reliance Fixed Tenor Fund Plan A - Growth | 13,415,376 | 13,415,376 |
| SBI Blue Chip Fund- Dividend | - | 1,000,000 |
| Standard Chartered Fixed Maturity 2nd Plan - Growth | 10,000,000 | 10,000,000 |
| TATA Dividend Yield Plus | - | 1,000,000 |
| Templeton Fixed Tenure Fund- Growth | 19,204,702 | 19,204,702 |
| | 238,326,878 | 166,408,576 |
| d Investment in Government Securities | | |
| National Savings Certificates | 2,000 | 2,000 |
| (Pledged with Commercial Taxes Department) | | |
| National Savings Certificates | 1,225,000 | - |
| (Pledged with Raj Comp. Jaipur) | | |
| | 283,592,910 | 210,460,912 |

| CURRENT ASSETS, LOANS AND ADVANCES | Schedule-F | |
|---|--------------------|--------------------|
| Sundry Debtors | | |
| (a) Outstanding More than six months | | |
| (considered good) | | |
| (i)Debtors Relating to Learning Solutions Business (net of credit balances) | 68,669,825 | 102,933,776 |
| (ii)Others | 1,240,388 | 93,107 |
| (b) Outstanding Less than six months | | |
| (considered good) | | |
| (i) Overseas Debtors | 1,153,715 | 399,150 |
| (ii) Debtors relating to learning solutions business (net of credit balances) | 67,925,681 | 36,540,870 |
| (iii) Others | 5,101,171 | 7,283,137 |
| | 144,090,780 | 147,250,040 |
| Cash and Bank Balances | | |
| Cash on hand | 38,078 | 42,421 |
| Balances with Scheduled banks | | |
| - in Current Accounts | 7,539,580 | 7,772,986 |
| - in Deposit Accounts | 76,857,860 | 75,521,200 |
| | 84,435,518 | 83,336,607 |
| Loans and Advances | | |
| Advances Recoverable in Cash or in Kind | | |
| Advance Income Tax | 2,500,000 | 1,500,000 |
| Advance FBT | 183,000 | 96,073 |
| TDS | 3,427,215 | 2,720,460 |
| IT deposit under protest | 524,140 | 38,759 |
| Prepaid Expenses | 434,953 | 418,931 |
| Advance to Staff | 224,011 | 72,283 |
| Security Deposits | 8,589,399 | 6,160,101 |
| Advance to CSL Employee Welfare Trust | 3,100,000 | |
| Advance against expenditure | 189,437 | 389,572 |
| Other Advances | 764,629 | 575,080 |
| | 19,936,784 | 11,971,259 |
| Other Current Assets | | |
| Accrued Interest | 232,135 | 56,485 |
| Due from Compucom Foundation | - | 87,378 |
| | 232,135 | 143,863 |
| CURRENT LIABILITIES AND PROVISIONS | Schedule-G | |
| Current Liabilities | | |
| Sundry Creditors | | |
| (a) Creditors relating to Learning Solutions Business | 96,036,378 | 96,751,119 |
| (b) Others | 907,599 | 1,189,703 |
| Salary Payable | 494,478 | 531,130 |
| Expenses Payable | 593,937 | 136,210 |
| Government Dues | 562,652 | 370,381 |
| Unclaimed Dividend | 1,080,839 | 808,539 |
| Unearned Franchisee Fee | - | 571,130 |
| Unearned Training Fee | - | 233,180 |
| Security Deposits | 2,227,622 | 1,887,511 |
| GNEPIP Noida | 369,239 | 369,239 |
| | 102,272,744 | 102,848,142 |
| Provisions | | |
| Provision for Audit Fee | 75,400 | 75,400 |
| Provision for Gratuity | 622,953 | 567,372 |
| Provision for Current Tax | 3,300,000 | 3,300,000 |
| Provision for Fringe Benefit Tax | 183,000 | 240,148 |
| Proposed Dividend and Dividend tax | 8,818,498 | 8,594,635 |
| | 12,999,851 | 12,777,555 |
| | 115,272,595 | 115,625,697 |
| SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT | Schedule H | |
| OTHER INCOME | | |
| Interest Income | 7,225,948 | 1,846,725 |
| Dividend Income | 736,109 | 1,719,949 |
| Capital Gains | 6,639,263 | 9,811,700 |
| Miscellaneous Income | 243,596 | 188,667 |

| | | |
|---|-------------------|-------------------|
| Provision of Dimminution in the value of Investments written back | (5,529) | 1,868,293 |
| | 14,839,387 | 15,435,334 |
| MANPOWER EXPENSES | | Schedule I |
| Pay and Salary | 78,246,780 | 66,350,167 |
| Contribution to Funds | 521,105 | 571,465 |
| Employees Welfare Expenses | 182,160 | 148,008 |
| Gratuity | 108,127 | 60,123 |
| | 79,058,172 | 67,129,763 |
| ADMINISTRATIVE AND OTHER EXPENSES | | Schedule J |
| Business Development Expenses | 749,188 | 1,308,821 |
| Audit Fee | | |
| - Statutory Audit Fee | 55,000 | 55,000 |
| - Tax Audit | 11,000 | 11,000 |
| - Income Tax Related Matters | 9,400 | 9,400 |
| Bad Debts | 4,094,544 | 1,233,735 |
| Assets Written Off on completion of Chandigarh School Project | 1,238,537 | - |
| Software Charges Written Off | 854,951 | - |
| Loss on Sale of Fixed Assets | 133,246 | - |
| Communication Expenses | 2,882,087 | 2,225,973 |
| Director Sitting Fee | 111,166 | 138,000 |
| Donations | 16,648 | 123,151 |
| Foreign Exchange Rate Diff | 66,381 | - |
| Insurance Premium | 495,609 | 493,413 |
| Miscellaneous Expenses | 1,601,317 | 1,436,467 |
| Printing and Stationery | 460,087 | 535,953 |
| Rent and Facility Support | 922,033 | 737,160 |
| Repair, Maintenance | 816,594 | 1,259,885 |
| Traveling and Conveyance Expenses | 1,491,212 | 1,997,115 |
| Discount to Schools | - | 20,589 |
| Water and Electricity Expenses | 1,932,655.00 | 1,480,042.00 |
| Rebate & Relief to ABA | 154,712 | 381,715 |
| Interest on Income Tax | - | 97,906 |
| Interest on Service Tax | 9,478 | 19,930 |
| Interest on FBT | 8,057 | - |
| | 18,113,902 | 13,565,255 |

SIGNIFICANT ACCOUNTING POLICIES

- a. **Basis of preparation of Financial Statements** : The financial statements have been prepared on accrual basis under the historical cost convention, in conformity with all material aspects with the generally accepted accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956.
- b. **Fixed Assets and Depreciation** : Fixed Assets are stated at cost less accumulated depreciation. Cost includes all expenses related to acquisition and installation of the concerned assets and any attributable cost of bringing the asset to the condition of its intended use. Direct financing cost incurred during the construction period on major projects is also capitalised. Exchange differences on repayment and year-end translation of foreign currency liabilities relating to acquisition of fixed assets are adjusted to the carrying cost of the respective assets.
Pursuant to Accounting Standard AS-26 Intangible Assets becoming applicable, the Company has adopted the following accounting policy for Software Expenses and exclusive marketing rights:
Software purchased is capitalized and written off over its useful life, which is normally six years, provided the software is regularly updated through a maintenance contract, failing which, the unamortised balance is charged to revenue. If the usage of software is discontinued, its unamortised cost is also charged to revenue.
Exclusive marketing rights is capitalized and written off over its agreement period of ten years.
Depreciation is provided under the straight-line method, based on the rates provided under schedule XIV to the Companies Act 1956.
- c. **Investments** : Long-term investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognise a decline, other than that of a temporary nature.
Current investments intended to be held for less than one year are stated at the lower of cost and market value and the resultant decline, if any, is charged to revenue and the carrying amount of investments is reduced to that extent.
Investment in subsidiary is accounted on cost method. Under the method, Company recognizes only dividend received from subsidiary as income. Undistributed profits of subsidiary are not accounted.
- d. **Foreign Exchange Transactions** : Transactions in foreign currency are recorded at the exchange rates prevailing on the

date of the transaction. Exchange gains/losses are recognized in the Profit and Loss Account except in respect of liabilities incurred to acquire fixed assets in which case they are adjusted to the carrying amount of such fixed assets.

- e. **Revenue Recognition** : Revenue from time and material contracts for software development is recognized on completion of contracts or at stages as per the applicable terms and conditions agreed with the customers and when the deliverables are dispatched to customers. In case of fixed price contracts, revenue is recognized on milestones achieved as specified in the contracts on the proportionate completion method on the basis of work completed. Interest on deployment of surplus funds is recognized over the period of deployment using interest rate implicit in the transaction. Dividend income is recognized when the company's right to receive is established.
- f. **Impairment of Assets** : The management has not identified any indication of impairment of asset from internal or external source of information.
- g. **Borrowing Costs** : Borrowing costs that are directly attributable to the acquisition of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is put to use. Other borrowing costs are recognized as an expense in the period in which they are incurred.
- h. **Income-tax** : Income taxes have been computed using the tax effect accounting method, where taxes are accrued in the same period as the related revenue and expenses. Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to timing differences between the taxable income and the accounting income for a period. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the timing differences are expected to be recovered or settled. The effect of changes in the tax rates on deferred tax assets and liabilities is recognized in the statement of income in the period of change. Deferred tax assets are recognized based on management's judgment as to the sufficiency of future taxable income against which the deferred tax asset can be realized.
- i. **Retirement Benefits** : The Company provides retirement / post retirement benefits in the form of gratuity. Such benefits are provided for valuations as on the date of balance sheet.

Notes on Accounts

- 1. **Contingent liabilities** : Bank Guarantees outstanding - Rs. 82,18,000/- (Previous year Rs. 78,18,000)
Counter Guarantee given by the company of Rs 82,18,000/- (Previous year Rs. 78,18,000)
- 2. **Quantitative details** : The Company is primarily engaged in the development and maintenance of computer software, Learning Solutions, Wind Power Generation and Treasury Operations. The operations of the software and learning solutions business and treasury operations of the company cannot be expressed in any generic unit. Hence it is not possible to give the quantitative details of sales and certain other information required under paragraph 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956 in respect of such business. However in relation to Wind Power Generation segment, Quantitative details are stated below:

| Wind Power Plant | Jaisalmer | Sikar | Tumkur (Karnataka) |
|--|-----------|-----------|--------------------|
| Installed Capacity | 1.20 MW | 1.20MW | 0.80 MW |
| Units (in KWH) Generated during the year | 15,87,922 | 22,85,484 | 8,870 |

- 3. **Managerial remuneration** : A sum of Rs. 8,40,000/- (previous year Rs. 8,40,000/-) was paid as remuneration to Managing Director during the year ended on March 31,2007. No remuneration was paid to any other director during the year ended March 31, 2007, except sitting fees to Directors for attending the Board or Committee meetings.
- 4. **Foreign exchange earnings and outgo** :
 - CIF value of Imports Rs .Nil (Previous year Rs. 6,03,842/-)
 - Other expenses incurred in foreign currency on manpower, administrative and marketing expenses - Rs. 6,71,72,706/- (Previous year Rs 55,179,096/-)
 - FOB value of exports - Rs 109,657,239. (Previous year Rs 9,24,28,564 /-)

5. **Dividend remitted in foreign currency**

| PARTICULARS | 2006-07 | 2005-06 |
|----------------------------------|--------------|--------------|
| For the Financial Year 2004-2005 | - | Rs. 2,25,625 |
| For the Financial Year 2005-2006 | Rs. 1,35,375 | Rs. 1,35,375 |
| For the Financial Year 2006-2007 | Rs. 1,35,375 | - |
| No. Of Shares | 90,250 | 90,250 |

- 6. **Dues to Small-Scale Industrial Undertakings** : The Company had no outstanding dues for more than Rs. 1,00,000/- to any Small-Scale Industrial Undertaking.
- 7. The BOOT Project in Chandigarh for Computer training in Govt. Schools has come to an end on 31st March 2007. A provision for revenue (net of expenses) from this project has been made for Rs 4.50 lacs, which is expected to be realized in coming Financial Years. During the year, the company has written off the assets lying at Chandigarh office, having WDV of Rs. 12.38 Lacs as appearing in our Books of Accounts on completion of the BOOT Project, which stand transferred to Education Department, Chandigarh Administration in terms of the condition of the tender.
- 8. A provision for diminution in the value of long-term investments of Rs. 2,19,911 for current year has been made whereas provision of diminution in value of current investment of Rs. 2,14,382/- related to previous year has been written back, as it is no longer required. The net effect of the above amount has been considered in the Profit and Loss Account.

9. The Income from wind power generation of Rs. 2,10,47,660/- includes Rs. 74,95,496/- claimed from the machine supplier against minimum guaranteed generation duly backed by corporate guarantee. Out of this Rs. 38,66,024/- has been adjusted from payment due to him and balance Rs. 36,29,472/- is still due from Plant supplier.

10. Earnings per share

| | 2006-07 | 2005-06 |
|--|-------------|-------------|
| A. Profit After Tax (excluding Extra Ordinary item) | 5,33,96,992 | 5,74,82,741 |
| B. Weighted Average Number of Equity Shares (face value of Rs. 10/-) | 50,25,000 | 50,25,000 |
| C. EPS (Basic and Diluted) [A / B] | 10.63 | 11.44 |
| D. Profit After Tax (including Extra Ordinary item) | 5,33,96,992 | 5,71,45,617 |
| E. Weighted Average Number of Equity Shares (face value of Rs. 10/-) | 50,25,000 | 50,25,000 |
| F. EPS (Basic and Diluted) [D / E] | 10.63 | 11.37 |

11. Deferred Taxes

| | (Rs.) | |
|--|-----------------|-----------------|
| | As on 31.3.2007 | As on 31.3.2006 |
| Deferred Tax Liabilities | | |
| Difference between book and tax depreciation | 2,54,75,141 | 2,22,18,234 |

The deferred tax liability has been provided for the timing difference between the depreciation as per Companies Act, 1956 and the depreciation as per Income Tax Act, 1961.

12. Related Party Disclosures

A. List of Related Parties:

(i) **Parties where control exists:**

Subsidiary Company

- ITneer Inc.

(ii) **Other related parties with whom transactions have taken place during the year**

(a) **Associates & Joint Ventures**

- Tekmark CSL Inter Solutions LLC

(b) **Key Management Personnel**

- Mr. Surendra Kumar Surana, Managing Director
- Mr. Ajay Kumar Surana, Director
- Mr. Shubh Karan Surana

(c) **Enterprises over which the key management personnel exercises Significant influence:**

- Rishabh Infotech Private Limited
- Sambhav Infotech Private Limited
- Compucom Technologies Private Limited
- Compucom Foundation
- Compucom (India) Private Limited
- Compucom Software Limited Employee Welfare Trust

B. Transactions with the related parties:

Rs. (in lakhs)

| Nature of Transaction | Subsidiary | | Associates | | Key Management Personnel | | Enterprises over which the key management personnel exercises significant influence | |
|-------------------------------------|------------|-------|------------|-------|--------------------------|-------|---|--------|
| | 06-07 | 05-06 | 06-07 | 05-06 | 06-07 | 05-06 | 06-07 | 05-06 |
| Services Rendered | 28.34 | 3.99 | - | - | - | - | 5.21 | 11.31 |
| Services received | - | - | 665.02 | - | - | - | 10.45 | 17.29 |
| Purchase of assets | - | - | - | 6.04 | - | - | - | - |
| Sale of assets | - | - | - | - | - | - | - | - |
| Dividend paid | - | - | - | 1.40 | 5.57 | 7.43 | 100.24 | 135.26 |
| Rent incurred | - | - | - | - | 0.78 | 0.78 | 0.60 | 0.60 |
| Rent earned | - | - | - | - | 2.14 | 2.10 | - | - |
| Remuneration | - | - | - | - | 8.40 | 8.40 | - | - |
| Outstanding Balance as on 31.3.2007 | | | | | | | | |
| -Receivables | 11.54 | - | - | - | - | - | 31.00 | - |
| -Payables | - | - | - | - | - | - | - | - |

13. **Segment reporting :** The Company has three reportable segments through its three undertakings, Undertaking-A; Software Services and solutions, Undertaking-B; Learning Solutions and Undertaking C: Wind Power Generation from which it earns revenue and incurs expenses. Undertaking-A provides software development and maintenance services. Undertaking-B provides Computer education and training services. Undertaking C generates Electricity through the use of Wind Power. Organizational structure of the company, and also the process of performance measurement and making decisions of allocation of resources amongst these activities, supports these operations constituting distinct segments for reporting of financial information. Accordingly revenues and expenses are attributed and allocated to these three segments. Secondary segment reporting is performed on the basis of geographical location of customers.

The segment accounting policies are the same as those described in the summary of significant accounting policies. Identifiable revenues and expenses of each segment are directly attributed to the segment while non-identifiable expenses are allocated on the basis of use of particular resources in an undertaking. Certain expenses like depreciation, public charity, etc. are not specifically allocable to any particular segment. Management believes that it is not practicable to provide segment disclosures in relation to those expenses. Total of such expenses is separately disclosed as unallocable expenses.

Fixed assets and liabilities are not identifiable between business segments as these are used interchangeably between them. Management believes that it is not practicable to provide segment disclosures of total assets and liabilities, except in the Wind Power Project in which total capital outlay is Rs.15.68 crores.

(a) Primary Reporting Segment on the basis of Business Segment (Rs. in Lacs)

| Segment | Software Services | | Learning Solutions | | Wind Power Generation | | Treasury | | Total | |
|---------------------------------|-------------------|--------|--------------------|---------|-----------------------|--------|----------|--------|---------|---------|
| | 06-07 | 05-06 | 06-07 | 05-06 | 06-07 | 05-06 | 06-07 | 05-06 | 06-07 | 05-06 |
| Revenue | 1134.34 | 956.06 | 889.47 | 1158.12 | 210.48 | 199.59 | 148.39 | 154.35 | 2382.67 | 2468.13 |
| Identifiable operating expenses | 740.60 | 625.64 | 723.24 | 840.93 | 2.00 | 0.37 | 2.04 | 0.35 | 1467.88 | 1467.29 |
| Allocated expenses | 69.14 | 68.78 | 128.06 | 126.19 | 56.16 | 55.96 | — | — | 253.36 | 250.94 |
| Segment operating income | 324.60 | 261.62 | 38.17 | 191.00 | 152.32 | 143.27 | 146.35 | 154.00 | 661.44 | 749.90 |
| Unallocable expenses | | | | | | | | | 57.01 | 58.26 |
| Profit before taxes | | | | | | | | | 604.43 | 691.64 |
| Income Taxes | | | | | | | | | 70.46 | 120.19 |
| Profit after Taxes | | | | | | | | | 533.97 | 571.45 |

(b) Secondary Segment Reporting on the basis of Geographical location of revenues earned (Rs.in Lacs)

| Segment | USA | | India | | Total | |
|---------------------------------|---------|--------|---------|---------|---------|---------|
| | 06-07 | 05-06 | 06-07 | 05-06 | 06-07 | 05-06 |
| Revenue | 1096.57 | 926.56 | 1286.10 | 1541.57 | 2382.67 | 2468.13 |
| Identifiable Operating expenses | 731.70 | 614.94 | 736.18 | 852.35 | 1467.88 | 1467.29 |
| Allocated Expenses | 69.11 | 68.78 | 184.25 | 182.16 | 253.36 | 250.94 |
| Segment Operating Income | 295.76 | 242.84 | 365.68 | 507.06 | 661.44 | 749.90 |
| Unallocable expenses | | | | | 57.01 | 58.26 |
| Profit Before Taxes | | | | | 604.43 | 691.64 |
| Income Taxes | | | | | 70.46 | 120.19 |
| Profit After Taxes | | | | | 533.97 | 571.45 |

14. The previous year's figures have been recast/restated, wherever necessary, to conform to the current year classification.

Signatories to Schedules

for S. Misra & Associates

Chartered Accountants

Sd/-

Sachindra Misra, Partner

Membership No 73776

Jaipur, July 30, 2007

Sd/-

Surendra Kumar Surana

Managing Director

Sd/-

Shubh Karan Surana

Director

Sd/-

Anita Periwal

Company Secretary

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

(Rs.)

(In terms of Part IV of Schedule VI of Companies Act, 1956)

REGISTRATION DETAILS

Registration Number 9,798

State Code 17

Balance Sheet Date March 31,2007

CAPITAL RAISED DURING THE YEAR

Public Issue -

Private Placement -

MOBILIZATION AND DEPLOYMENT OF FUNDS

SOURCES OF FUNDS

Total Liabilities 618,578,311

Total Assets 618,578,311

Paid-up Capital 50,250,000

Reserves and Surplus 481,897,246

APPLICATION OF FUNDS

Net Fixed Assets 201,562,779

Investments 283,592,910

Net Current Assets 133,422,622

PERFORMANCE OF THE COMPANY

Turnover 238,267,844

Total Expenditure 177,824,553

Profit Before Tax 60,443,291

| | |
|--------------------|------------|
| Profit After Tax | 53,396,992 |
| Earnings Per Share | 10.63 |
| Dividend % | 30.00 |

| | | |
|--|----------------------|---|
| GENERIC NAME OF PRINCIPAL PRODUCTS/SERVICES | Item Code (ITC Code) | - |
| | Product Description | - |

for S. Misra & Associates

Chartered Accountants

| | | | |
|---------------------------------|------------------------------|---------------------------|--------------------------|
| Sd/- | Sd/- | Sd/- | Sd/- |
| Sachindra Misra, Partner | Surendra Kumar Surana | Shubh Karan Surana | Anita Periwai |
| <i>Membership No 73776</i> | <i>Managing Director</i> | <i>Director</i> | <i>Company Secretary</i> |
| <i>Jaipur, July 30, 2007</i> | | | |

Information about Subsidiary Companies (Pursuant to Section 212 of Companies Act, 1956)

| | | |
|---|--|----------------------------------|
| 1 | Name of Subsidiary | ITneer, Inc., USA |
| 2 | Financial year of subsidiary company ended on | March 31, 2007 |
| 3 | Holding company | Compucom Software Limited, India |
| 4 | Holding company's interest | 100% |
| 5 | Shares held by the holding company in the subsidiary | 50,000 shares of at par value |
| 6 | The net aggregate of profits or losses for the current financial year of the Subsidiary so far as it concerns the members of holding company | |
| a | Dealt with or provided for in the accounts of holding company | Nil |
| b | Not dealt with or provided for in the accounts of holding company | \$110,950 |
| 7 | The net aggregate of profits or losses for previous financial years of the Subsidiary so far as it concerns the members of holding company | |
| a | Dealt with or provided for in the accounts of holding company | Nil |
| b | Not dealt with or provided for in the accounts of holding company | \$(53,141) |
| 8 | Material changes between end of financial year of the subsidiary company and the Company's financial year ended on March 31, 2007 | |
| a | Fixed assets | Nil |
| b | Investments | Nil |
| c | Money lent | Nil |
| d | Money borrowed other than those for meeting current liabilities | Nil |
| e | Interest of holding company in the subsidiary | Nil |

for S. Misra & Associates

Chartered Accountants

| | | | |
|---------------------------------|------------------------------|---------------------------|--------------------------|
| Sd/- | Sd/- | Sd/- | Sd/- |
| Sachindra Misra, Partner | Surendra Kumar Surana | Shubh Karan Surana | Anita Periwai |
| <i>Membership No 73776</i> | <i>Managing Director</i> | <i>Director</i> | <i>Company Secretary</i> |
| <i>Jaipur, July 30, 2007</i> | | | |

Auditors' Report

The Board of Directors of
Compucom Software Limited
On The Consolidated Financial Statements of
Compucom Software Limited and its Subsidiary

- We have audited the attached Consolidated Balance Sheet of Compucom Software Limited and its subsidiary as at March 31, 2007 and the related Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we signed under reference to this report.
- These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these Consolidated financial statements based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- We did not audit the financial statements of the subsidiary i.e. namely, ITneer Inc. whose financial statements reflect total assets of Rs.5,17,24,337/- as at March 31, 2007 and total revenues of Rs. 5,60,15,876/- for the year ended on that date as considered in consolidated financial statements. These financial statements and other information of the subsidiary have been audited by other auditor whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of this subsidiary, is based solely on the report of the other auditor.

4. We report that these consolidated statements have been prepared by the Company's management in accordance with the requirements of the Accounting Standard 21 "Consolidated Financial Statements" and other applicable Accounting Standards, issued by the Institute of Chartered Accountants of India, and on the basis of the separate audited financial statements of the Company and its subsidiary included in the consolidated financial statements.
5. On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiary, we are of the opinion that the said consolidated financial statements give true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance sheet, of the consolidated state of affairs of the Company and its subsidiary as at March 31, 2007,
 - (b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date, and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

FOR S.MISRA & ASSOCIATES, Chartered Accountants

SACHINDRA MISRA, Partner

Jaipur, July 30, 2007

COMPUCOM SOFTWARE LIMITED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH, 2007 (Rs.)

| | March 31, 2007 | March 31, 2006 |
|---|--------------------|--------------------|
| SOURCES OF FUNDS | | |
| SHAREHOLDERS FUNDS | | |
| Share Capital and Reserves | 535,681,033 | 495,887,022 |
| Foreign Exchange Translation Reserve | 118,677 | - |
| | 535,799,710 | 495,887,022 |
| Loan Funds | | |
| Deferred Tax Liability | 60,118,432 | - |
| | 25,475,141 | 22,218,234 |
| TOTAL | 621,393,283 | 518,105,256 |
| APPLICATION OF FUNDS | | |
| FIXED ASSETS | | |
| | 206,438,271 | 191,079,876 |
| INVESTMENTS | | |
| | 245,283,353 | 171,038,037 |
| CURRENT ASSETS, LOANS & ADVANCES | | |
| Sundry Debtors | 149,142,290 | 150,519,079 |
| Cash and Bank Balances | 113,403,491 | 101,204,956 |
| Loans and Advances | 20,146,390 | 11,982,347 |
| Other Current Assets | 5,157,431 | 7,650,899 |
| Foreign Exchange Translation Reserve | - | 463,335 |
| | 287,849,602 | 271,820,616 |
| Less: Current Liabilities & Provisions | | |
| Liabilities | 104,790,900 | 102,985,920 |
| Provisions | 13,387,043 | 12,847,353 |
| Net Current Assets | 169,671,659 | 155,987,343 |
| TOTAL | 621,393,283 | 518,105,256 |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ARE ATTACHED

This is the Consolidated Balance Sheet referred to in our report of even date

for S. Misra & Associates

Chartered Accountants

Sd/-

Sachindra Misra, Partner

Membership No 73776

Jaipur, July 30, 2007

Sd/-

Surendra Kumar Surana

Managing Director

Sd/-

Shubh Karan Surana

Director

Sd/-

Anita Periwal

Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT As on March 31, 2007

(Rs.)

| | March 31, 2007 | March 31, 2006 |
|--|--------------------|--------------------|
| INCOME | | |
| Income From Operations | 273,603,622 | 250,319,672 |
| Other Income | 17,846,081 | 17,651,318 |
| | 291,449,703 | 267,970,990 |
| EXPENDITURE | | |
| Manpower Expenses | 110,846,242 | 83,437,781 |
| Course Execution Expenses | 60,544,205 | 76,949,214 |
| Administrative, Marketing and Other Expenses | 32,348,329 | 19,154,953 |
| Total Expenditure | 203,738,776 | 179,541,948 |
| Operating Profit (PBDIT) | 87,710,927 | 88,429,042 |
| Interest | 151,984 | 19,112 |
| Depreciation | 22,170,114 | 21,216,313 |

| | | |
|---|--------------------|--------------------|
| Profit Before Tax | 65,388,829 | 67,193,617 |
| Provision for Current and Deferred Tax | 7,380,781 | 12,060,437 |
| Profit After Tax (from Ordinary Activities) | 58,008,048 | 55,133,180 |
| Extra Ordinary Item | - | 337,124 |
| Net Income | 58,008,048 | 54,796,056 |
| Balance of Profit Brought Forward | 221,553,539 | 166,757,483 |
| AMOUNT AVAILABLE FOR APPROPRIATION | 279,561,587 | 221,553,539 |
| Dividend | | |
| - Interim Dividend | 8,594,635 | 8,594,635 |
| - Proposed Dividend (including Dividend Tax) | 8,594,635 | 8,594,635 |
| Amount transferred to General Reserve | 10,000,000 | 10,000,000 |
| Balance in Profit and Loss Account | 252,372,317 | 194,364,269 |
| EPS Basic and Diluted (Before Extraordinary Items) | 11.54 | 10.97 |
| EPS Basic and Diluted (After Extraordinary Items) | 11.54 | 10.90 |

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS ARE ATTACHED

This is the Consolidated Profit & Loss Account referred to in our report of even date

for S. Misra & Associates
Chartered Accountants

Sd/-

Sachindra Misra, Partner

Membership No 73776

Jaipur, July 30, 2007

Sd/-

Surendra Kumar Surana

Managing Director

Sd/-

Shubh Karan Surana

Director

Sd/-

Anita Periwal

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT YEAR ENDED ON March 31,2007

(Rs.)

| | March 31, 2007 | March 31, 2006 |
|--|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Profit BeforeTax (excluding Income from Investments) | 51,128,134 | 49,413,743 |
| Depreciation | 20,478,430 | 21,216,313 |
| Operating Profit before Working Capital Changes | 71,606,564 | 70,630,056 |
| Decrease/(Increase) in Sundry Debtors | (1,159,812) | (2,818,697) |
| Decrease/(Increase) in Loans and Advances | (7,965,525) | (1,935,523) |
| Decrease/(Increase) in Other Current Assets | (287,098) | (110,952) |
| Increase/(Decrease) in Current Liabilities | 4,634,897 | (4,025,951) |
| Cash from Operations | 66,829,026 | 61,738,933 |
| Less: Income Tax Paid | (4,155,404) | (3,025,757) |
| Net Cash flow From operating Activities | 62,673,622 | 58,713,176 |
| Cash Flow from Investing Activities | | |
| Income from Investments | 15,851,398 | 15,594,358 |
| Purchase of Fixed Assets | (41,455,067) | (4,517,209) |
| Note Receivables | 2,373,540 | 2,131,417 |
| Sale of Fixed Assets | 3,984,990 | 283,800 |
| (Investment)/in Shares | (477,988) | (1,133,726) |
| (Investment)/in Mutual Funds | (71,918,302) | 6,101,526 |
| (Investment)/sale in NSC | (1,225,000) | - |
| Net Cash flow From Investing Activities | (92,866,429) | 18,460,166 |
| Cash Flows from Financing Activities | | |
| Application Money of Convertible Warrants | - | 837,493 |
| Increase in Paid up Share Capital | 30,000 | 7,500 |
| (Calls in arrear including share premium of Rs. 6,500) | | |
| Loan from HDFC Bank | 60,118,432 | - |
| Dividends Paid (Including Dividend Tax) | (17,189,270) | (22,919,026) |
| Net Cash flows From Financing Activities | 42,959,162 | (22,074,033) |
| Effect of change in exchange rate | (567,820) | 304,310 |
| Total Increase/(Decrease) in Cash and Cash Equivalents | 12,766,355 | 55,099,309 |
| Cash and Cash Equivalents at the beginning of the Period | 101,204,956 | 45,801,337 |
| Cash and Cash Equivalents at End of the Period | 113,403,491 | 101,204,956 |

These are the Cash Flow Statements referred to in our report of even date

for S. Misra & Associates
Chartered Accountants

Sd/-

Sachindra Misra, Partner

Membership No 73776

Jaipur, July 30, 2007

Sd/-

Surendra Kumar Surana

Managing Director

Sd/-

Shubh Karan Surana

Director

Sd/-

Anita Periwal

Company Secretary

Notes to the Consolidated Financial Statements

1. The Financial statements prepared by consolidating the financial statements of Compucom Software Limited with its subsidiary incorporated in United States of America are presented as additional information in terms of the requirements of Accounting Standard-21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India (ICAI). These are not intended to substitute the separate financial statements of the Company issued as primary statements. The notes on consolidated financial statements should be read in conjunction with the notes on the separate financial statements of the holding Parent Company, and subsidiary ITneer Inc., which form part of the financial statements of the respective entities.

2. Controlling interest of Parent in subsidiary: **2007** **2006**
ITneer Inc, USA 100% 100%

3. The Financial statements of ITneer, Inc are audited by independent certified public accountant which are also provided hereinafter this report.

4. **Principles of consolidation** : Consolidated financial statements present result of operations and financial position on the basis of group as a single entity. The consolidation of the accounts is done for Compucom Software Limited, the parent company, with its wholly owned foreign subsidiary incorporated in USA in accordance with the requirements of Accounting Standard-21 "Consolidated financial statements" issued by the Institute of Chartered Accountants of India, and generally accepted accounting principles. They are prepared combining items on a line- by- line basis in the separate financial statements of the Parent and the subsidiary company and eliminating all intra-group transactions, profits, investments, receivables and payables. They are consolidated assuming same set of accounting principles and policies as followed by the company in preparation of its separate set of accounts. Accounting period of the subsidiary and Holding Company is same.

5. **Foreign currency translation** : The functional currency of parent company is Indian Rupees and that of ITneer Inc. is US Dollars. For the purpose of consolidation, the financial statements of ITneer Inc. are translated from functional currency to Indian Rupees. As per accounting standard -11(Revised) The effect of change in foreign exchange rates, the operations of ITneer Inc. are considered as non-integral foreign operations. Assets and Liabilities (Both monetary and non-monetary) are translated using exchange rate effected as on March 31,2007. Revenue and expenses are translated using the average exchange rate during the period, except depreciation and provision of income tax, which has been translated at closing rate. Exchange difference created on account of translations are accounted in foreign currency translation reserve. Previous year's figures have been regrouped and recasted wherever found necessary.

The functional currency of parent company is Indian Rupees and that of ITneer Inc.is US Dollars. For the purpose of consolidation, the financial statements of ITneer Inc. are translated from functional currency to Indian Rupees. Monetary Assets / liabilities are translated using exchange rates effective on March 31, 2007. Revenue and expenses are translated using the average exchange rate during the period, except depreciation and provision of income tax, which has been translated at closing rate. Gains or losses on arising on translating the financial statements of the subsidiary from its functional currencies to Indian Rupee are transferred to Foreign Currency translation reserve.

6. Previous year's figures have been regrouped and recasted wherever found necessary.

7. Consolidated Segment Reporting:

(a) Primary Reporting Segment by Business Segment

(Rs. in lakh)

| Segment | Software | | Learning Solutions | | Wind Power | | Treasury | | Elimination | | Total | |
|---------------------------------|----------|---------|--------------------|---------|------------|--------|----------|--------|-------------|--------|---------|---------|
| | 06-07 | 05-06 | 06-07 | 05-06 | 06-07 | 05-06 | 06-07 | 05-06 | 06-07 | 05-06 | 06-07 | 05-06 |
| Revenue | 1694.50 | 1149.48 | 889.47 | 1158.12 | 210.48 | 199.59 | 148.39 | 176.51 | (28.34) | (3.99) | 2914.50 | 2679.71 |
| Identifiable Operating Expenses | 1251.30 | 860.32 | 723.24 | 840.93 | 2.00 | 0.37 | 2.04 | .035 | (28.34) | (3.99) | 1950.24 | 1701.97 |
| Allocated Expenses | 69.14 | 68.78 | 128.06 | 126.18 | 56.16 | 55.96 | — | - | | | 253.36 | 250.92 |
| Segment Operating Income | 374.06 | 216.39 | 38.17 | 191.00 | 152.32 | 143.26 | 146.35 | 176.17 | | | 710.90 | 726.82 |
| Unallocable Expenses | | | | | | | | | | | 57.01 | 58.26 |
| Profit Before Taxes | | | | | | | | | | | 653.89 | 668.56 |
| Income Taxes | | | | | | | | | | | 73.81 | 120.60 |
| Net Profit after Tax | | | | | | | | | | | 580.08 | 547.96 |

(b) Secondary Reporting Segment by Geographical Segment

(Rs. in lakhs)

| Segment | USA | | India | | Elimination | | Total | |
|---------------------------------|---------|---------|---------|---------|-------------|--------|---------|---------|
| | 06-07 | 05-06 | 06-07 | 05-06 | 06-07 | 05-06 | 06-07 | 05-06 |
| Revenue | 1656.73 | 1138.15 | 1286.10 | 1541.56 | (28.34) | (3.99) | 2914.50 | 2679.71 |
| Identifiable Operating Expenses | 1242.40 | 849.61 | 736.18 | 852.36 | (28.34) | (3.99) | 1950.24 | 1701.97 |
| Allocated Expenses | 69.11 | 68.78 | 184.25 | 182.14 | | | 253.36 | 250.92 |
| Segment Operating Income | 345.22 | 219.76 | 365.68 | 507.06 | | | 710.90 | 726.82 |
| Unallocable Expenses | | | | | | | 57.01 | 58.26 |
| Profit Before Taxes | | | | | | | 653.89 | 668.56 |
| Income Taxes | | | | | | | 73.81 | 120.60 |
| Net Profit after Tax | | | | | | | 580.08 | 547.96 |

Itneer, Inc.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
 Itneer, Inc.
 2750 A Peachtree Industrial Blvd., Duluth, GA 30097

We have audited the accompanying balance sheet of **ITneer, Inc.** as of March 31, 2007 and the related statements of income and retained earnings and cash flows for the period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **ITneer, Inc.** as of March 31, 2007 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

A P Bhatt & Associates, LLC Iselin, New Jersey
 July 24th, 2007

BALANCE SHEET AS ON MARCH 31, 2007

| ASSETS | Amount \$ |
|---|------------------|
| CURRENT ASSETS | |
| - Cash and cash equivalents (Note B) | 671,799 |
| - Accounts receivable - net (Note C) | 182,874 |
| - Notes receivable (Note D) | 114,223 |
| - Other assets | 4,861 |
| - TOTAL CURRENT ASSETS | 973,757 |
| FIXED ASSETS - NET (Note E) | 113,068 |
| OTHER ASSETS | |
| - Investment in TCIS (Note G) | 112,719 |
| - TOTAL OTHER ASSETS | 112,719 |
| TOTAL ASSETS | 1,199,544 |
| LIABILITIES AND STOCKHOLDER'S EQUITY | |
| CURRENT LIABILITIES | |
| - Accounts payable | 120,379 |
| - Income taxes payable | 8,969 |
| - Other expenses payable | 3,600 |
| - TOTAL CURRENT LIABILITIES | 132,948 |
| STOCKHOLDER'S EQUITY | |
| Common stock, \$0 par value 1,000,000 authorized and 78,155 outstanding | |
| - Additional paid-in capital | 1,000,000 |
| Retained earnings | 66,596 |
| | 1,066,596 |
| | 1,199,544 |

The accompanying notes are an integral part of these financial statements

**STATEMENT OF INCOME STATEMENT & RETAINED EARNINGS
FOR THE YEAR ENDING MARCH 31, 2007**

| | |
|--|------------------|
| INCOME | Amount \$ |
| Income from services | 1,106,617 |
| Interest and dividend income | 28,583 |
| Realized gain | 105,437 |
| Rental income | 8,620 |
| Other income | 31,545 |
| TOTAL INCOME | 1,280,802 |
| OPERATING EXPENSES | |
| Bank charges | 96 |
| Contributions | 300 |
| Depreciation expense | 51,341 |
| Dues and subscriptions | 1,905 |
| Insurance | 29,817 |
| Miscellaneous expense | 65 |
| Office supplies | 2,364 |
| Outsourcing | 497,348 |
| Payroll and other taxes | 46,140 |
| Postage and delivery | 511 |
| Professional fees | 13,987 |
| Repairs and maintenance | 1,442 |
| Salaries and wages | 483,167 |
| Telephone | 5,038 |
| Travel and entertainment | 26,586 |
| Utilities | 1,988 |
| TOTAL OPERATING EXPENSES | 1,162,095 |
| INCOME BEFORE TAXES | 118,707 |
| Income tax provision - current | 7,757 |
| INCOME AFTER TAXES | 110,950 |
| RETAINED EARNINGS - BEGINNING OF YEAR | (44,354) |
| DIVIDENDS | |
| RETAINED EARNINGS - END OF YEAR | 66,596 |

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS, March 31, 2007

| | |
|---|----------------|
| | Amount \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Net income | 110,950 |
| Adjustment to reconcile net income to net cash provided (used) by operating activities: | |
| Depreciation | 12,109 |
| (Increase) decrease in: | |
| Trade accounts receivable | (100,164) |
| Other assets | (4,611) |
| Increase (decrease) in: | |
| Trade accounts payable | 111,373 |
| Taxes payable | 8,969 |
| Other liabilities | (937) |
| Miscellaneous cash application | (9) |
| Net cash provided by operating activities | 137,680 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Cash provided (used) by investment activities: | |
| Fixed assets purchased | 87,399 |
| Investment in TCIS | (11,219) |
| Note receivable | 55,045 |
| Net cash provided by investing activities | 131,225 |
| CASH AT BEGINNING OF YEAR | 402,894 |
| CASH AT END OF YEAR | 671,799 |
| Income taxes | 7,519 |

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations and company history : ITneer, Inc. ("The Company") was originally incorporated as a wholly owned subsidiary of Compucom Software Limited India, on May 1, 1999 under the laws of the state of New Jersey. The Company is incorporated to help the parent company in marketing and procuring information technology clients in USA.

Basis of Accounting : The accompanied financial statements are prepared in accordance with generally accepted accounting principles using accrual basis of accounting. The Company uses same method for income tax reporting.

Use of Estimates : The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those results.

NOTE B - CASH AND CASH EQUIVALENTS - The Company's cash balance represents \$24,869 deposited in checking accounts. \$366,625 is deposited in a money market account. Remaining \$280,305 is invested in Certificate of Deposits. Each account is FDIC insured up \$100,000

NOTE C - ACCOUNTS RECEIVABLE - The net accounts receivable at March 31, 2007 was \$182,874. Company management regularly reviews accounts receivable balances. Balances due over 90 days are reviewed. At March 31, 2007,

\$2,736 was due over 90 days.

NOTE D - NOTES RECEIVABLE - The short term unsecured notes receivable from a related party at March 31, 2007 is \$114,223. Interest rate used for this financial statement reporting is 5% on this note. The amount of accrued interest income reported in this statement is \$7,371

NOTE E - FIXED ASSETS - The Company's fixed assets are depreciated using Modify Accelerated method as defined by the Internal Revenue Service for income tax reporting. The Company uses the same method of depreciation for financial reporting.

| Description | Cost | Accumulated Depreciation | Net Book Value |
|------------------------|------------------|--------------------------|------------------|
| Building | \$107,961 | \$14,774 | \$93,188 |
| Equipment | 164,624 | 157,719 | 6,905 |
| Furniture and fixtures | 44,105 | 31,334 | 12,771 |
| Leasehold improvements | 4,750 | 4,750 | 0 |
| Software | 5,634 | 5,430 | 204 |
| Total | \$327,074 | \$214,007 | \$113,067 |

NOTE F - INCOME TAXES - The Company provides for income taxes based on pre-tax earnings reported.

NOTE G - OTHER INFORMATION -The Company made a 50% partnership investment in Tekmark-CSL International Solutions, LLC (TCIS), a domestic calendar year Limited Liability Company. For the year ending December 31, 2005 and 2004, the company's share of profit from this investment was \$31,545

NOTICE

Notice is hereby given that the **Thirteenth Annual General Meeting** of Members of Compucom Software Limited will be held on Tuesday, 11th day of September, 2007 at 11.30 A.M. at the registered office of the Company situated at plot **IT 14-17, Export Promotion Industrial Park (EPIP), Sitapura, Jaipur- 302022** to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the P & L Account for the financial year ended 31st March, 2007 and the Balance Sheet as at 31st March, 2007 together with the report of the Board of Directors and Auditors thereon.
2. To confirm the payment of Interim Dividend and to declare Final Dividend, on Equity Shares for the year 2006-07.
3. To appoint a director in place of Mr. Shubh K Surana, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a director in place of Mr. Ajay K Surana, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint the Auditors and fix their remuneration.

Special Business

6. Sub-Division of Equity Shares of the Company.

To consider and, if thought fit, to pass with or without modification(s), the following as a Ordinary Resolution:

“**RESOLVED THAT** pursuant to Section 94 (including any modification or re-enactment thereof) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the provisions of Articles of Association of the Company;

- a) The existing Authorized Share Capital of the Company of Rs. 6,00,00,000/- (Rupees Six Crores Only) comprising 60,00,000 (Sixty Lac) equity shares of Rs.10/- (Rupees Ten) each be sub-divided into 3,00,00,000 (Three crore) Equity Shares of Rs. 2/- (Rupees Two) each.
- b) The existing Paid-up 50,25,000 (Fifty Lac Twenty Five Thousand only) equity shares of Rs.10/- each be sub-divided into 2,51,25,000 equity shares of Rs.2/- each.
- c) The Board of Directors of the Company, (hereinafter referred to as the “Board” which expression shall include any Committee thereof duly authorised in this behalf), be and is hereby authorised to inform the Registrar & Transfer Agents of the Company and the depositors to take the necessary action to give effect to the above and also to issue new share certificates representing the sub-divided shares with new distinctive numbers (except in case of shares held in demat form), in the aforesaid proportion subject to the rules as laid down in the Companies (Issue of Share Certificates) Rules,1960 with an option to either exchange the new share certificates in lieu of cancellation of the old share certificates or without physically exchanging the share certificates, by treating the old share certificates as deemed to be cancelled.
- d) Any of the Directors/Committee of the Directors of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and execute all such documents, instruments and writings as may be required in the said connection and to delegate all or any of the powers herein vested in them to give effect to the aforesaid resolution.”

7. To consider, and if thought fit, to pass with or without modification(s),the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 16 of the Companies Act, 1956 and other applicable provisions, if any, (including any statutory modifications or re-enactment thereof for the time being in force), the Memorandum of Association of the Company be and is hereby amended by substituting the existing Clause V with the new clause:

- V . The Authorized Share Capital of the Company is Rs. 6,00,00,000/- (Rupees Six Crores) divided into 3,00,00,000 (Three Crore) Equity Shares of Rs. 2/- (Rupees Two) each.

RESOLVED FURTHER THAT the Board of Directors/Committee of Directors of the Company be and are hereby authorized to take all the necessary steps, actions and sign all such necessary documents as may be required in this regard.”

Date : 30th July, 2007
Place : Jaipur
Registered Office :
IT 14-17, EPIP, Sitapura, Jaipur

By Order of the Board
Sd/-
Anita Periwal
Company Secretary

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the resolution set out under item numbers 6 and 7, is annexed hereto.
3. The Share Transfer Books and the Registers of Members will be closed from 10th September 2007 to 11th September 2007, both days inclusive.
4. The final Dividend on Shares, if declared, will be payable on or after 11th day of September, 2007 to those members whose names stand on the Register of Members as on the record date. In respect of shares held in electronic form, the dividend will be paid to those beneficial owners whose name appears in the statement furnished by depositories for the purpose.

5. Members are requested to promptly intimate change of address, if any:
 - (i) to the Registrar and Share Transfer Agents in respect of their physical share folios and quote folio numbers in all correspondence; provide details of their bank account number and branch for printing on dividend warrants to safeguard against frauds.
 - (ii) to their Depository Participants (DPs) in respect of their electronic share accounts. Please note that it is obligatory for the Company to print bank account details, as furnished by Depositories, on the dividend warrants. Company cannot entertain any request for deletion / change in bank account details already printed on dividend warrants.
6. Members / Proxies should bring their attendance slips duly completed / signed for attending the meeting
7. You are requested to realize your dividend warrants at the earliest as the Unclaimed Dividend amounts will be transferred to the 'Investor Education and Protection Fund' established by the Central Government, after seven years.
8. Information pursuant to Clause 49 of the Listing Agreement(s) pertaining to the Directors proposed to be appointed vide Item nos. 3 and 4 of the Notice, are as follows:-

Mr. Shubh Karan Surana- Mr. Shubh Karan Surana was born on the 11th of Jan 1929. He is a Commerce Graduate with over 40 years of experience in Cold Storage, Insurance and Jute Industries. He is a promoter Director and was initially appointed as the Director on 29 Sep 2003. He has extensive exposure to large business houses based in Rajasthan, Bihar and West Bengal. His rich marketing experience combined with strong business acumen, are good assets for the Organization. He has been associated with the Group since 1994.

Mr. Ajay Kumar Surana- Mr. Ajay Kumar Surana was born on 10th Feb 1958. He is an M. Tech. (IIT, Delhi) with Post-graduation in Computer Science from the New Jersey Institute of Technology, USA. He is a promoter Director and was initially appointed as the Director on 29 Sep 2003. He has worked with Bell Atlantic as a Software Consultant for 6 years, and was one of the architects/developers of their AM/FM/ GIS Software "BAARS". He has also worked in GTE as Senior Software Designer working on their RDBMS designs. He has extensive experience in the areas of Client Server, DBMS Technologies. In the past few years, he has been concentrating on Internet and E-Commerce segments, He has headed US operations of the Compucom Group since its inception and is the President Director of ITneer. INC (formerly, known as Compucom Global Solutions. Inc), a fully owned subsidiary of CSL.

Explanatory Statement

Item No. -6

As you are aware, the Company has a capital base of Rs. Six Crores. The Board of Directors are of the view that it is in the best interest of the Shareholders/Investors to increase the liquidity of the shares of the Company, at the stock Exchanges. Towards this end, it is proposed to sub-divide the nominal value of equity shares of the Company to make it more affordable to the retail investors. This will enable the small investors to trade/invest in the shares of the Company. Therefore, it is proposed that the nominal value of equity shares of the Company be sub-divided from Rs.10/- each to Rs. 2/- each.

To give effect to the proposed resolution, the Board of Directors/ its committee will fix the record date.

The Directors of the Company may be deemed to be concerned or interested in the resolution to the extent of their shareholding in the company.

The Board recommends the resolution for your approval.

Item No. 7

In the view of the resolution proposed for the sub-division of 1 (one) Equity Share of Rs. 10/- (Rupees Ten) each into 5 (five) Equity Shares of Rs. 2/- Rupees Two) each, the Capital Clause of the Memorandum of Association to be amended. Accordingly, the Ordinary Resolution at Item No. 7 is placed before the member to approve the consequent amendment in Clause V of the Memorandum of Association of the Company.

The Members are requested to accord their approval to amend the Memorandum of Association of the Company, by passing the Ordinary Resolution as set out at Item No. 7 of this Notice.

A copy of the existing Memorandum and Articles of Association of the Company is available for inspection at the Registered Office of the Company during the business hours on any working day.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

The Board commends the resolution for your approval

Date : 30th July, 2007

Place : Jaipur

Registered Office :

IT 14-17, EPIP, Sitapura, Jaipur

By Order of the Board

Sd/-

Anita Periwal

Company Secretary

COMPUCOM SOFTWARE LIMITED

Registered Office: IT 14-17, EPIP, Sitapura, Jaipur - 302022
Thirteenth Annual General Meeting on 11th September, 2007

ATTENDANCE SLIP

(Please complete this Form and hand it over at the entrance)

DP Id _____

Client Id _____
(For shares held in Demat Form)

Folio No _____
(For shares held in Physical Form)

Name of Member _____

No. of Shares held _____

Name of Proxy _____

(To be filled in only when a Proxy attends the Meeting)

I hereby record my presence at the Thirteenth Annual General Meeting being held on Tuesday, 11th day of September, 2007 at 11: 30. A.M. at IT 14-17 EPIP, Sitapura, Jaipur 302022

Signature of the shareholder/proxy/
Authorised representative

NOTES:-

1. Shareholder/Proxy holder wishing to attend the meeting must bring this attendance slip, duly signed, to the meeting and hand it over at the entrance.
2. Shareholder/Proxy holder desiring to attend the meeting should bring his/her copy of Annual Report for reference at the meeting.

COMPUCOM SOFTWARE LIMITED

Registered Office: IT 14-17, EPIP, Sitapura, Jaipur - 302022
Thirteenth Annual General Meeting on 11th September, 2007

FORM OF PROXY

I/We, _____ resident of _____ in the district of _____ in the State of _____ being a shareholder of Compucom Software Limited, hereby appoint _____ resident of _____ in the district of _____ in the State of _____ or failing him Mr. _____ resident of _____ in the district of _____ in the State of _____ as my/our proxy to vote for me/us on my/our behalf at the meeting of shareholders of Compucom Software Limited to be held on the Tuesday, 11th September, 2007 at 11:30 AM and at any adjournment thereof.

Dated this _____ day of _____ 2007.

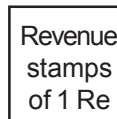
Name of shareholder :

Registered Folio Number :

DP ID :

CLID :

Number of shares held :



Signature of shareholder
/first named holder

Note: This form, in order to be effective, should be duly stamped, completed and signed and must be deposited at the Registered office of the Company, not less than 2 days before the meeting.