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Corporate Information

Executive Director

Surendra Kumar Surana

Promoter Director, Managing Director & CEO**Non-Executive Non Independent Directors**

Shubh Karan Surana

Promoter Director

Ajay Kumar Surana

**Promoter Director &
CEO- ITneer Inc., USA****Non Executive Independent Directors**

John A. Giunta.

Stephen Carl Viehman

Dr. Anjila Saxena

CA. Rajeev Sogani

Subodh Kumar Bansal

Registered Office

IT 14-17, RIICO Industrial Area,
EPIP, Sitapura, Jaipur - 302 022 (Rajasthan) India
Ph. : +91-141-2770131, 5115908 (10 Lines)
Fax : +91-141-2770335
E-mail : investor@compucom.co.in
Website : www.compucom.co.in

Bankers

The ING Vysya Bank
Bank of Baroda
Axis Bank
State Bank of Bikaner & Jaipur

Auditors

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

Corporate Advisors

V.M. & Associates
Company Secretaries
403, Royal World, S.C.Road, Jaipur - 302 001

Registrar & Share Transfer Agent

MCS Limited
F-65, 1st Floor, Phase-I,
Okhla Industrial Area,
New Delhi- 110020

Subsidiary Company

ITneer Inc., USA

Listed At

Bombay Stock Exchange
Calcutta Stock Exchange

Company Secretary

Nikhil Saxena

Letter to Shareholders

Dear Shareholders,

FY 2008-09 has been a year of excitement for your company as we strove ahead in the upcoming and high potential education, e-governance and software services business. Your company achieved highest ever turnover and EBITDA this year since inception showing strong growth. The turnover rose 159.82% to Rs. 51.98 Crores over FY 2007-2008. EBITDA stood at Rs. 24.52 Crores as against Rs. 8.26 Crores in 2007- 2008 showing a growth of 196.85%

The world and India has been going through turbulent times economically. But I am happy to report that your company has shown a reverse trend. This has not happened by accident. The company had been taking sound steps towards re-aligning itself to emerging markets of future and diversifying and investing into government segment of ICT and e-governance. Education sector is always going to be recession-proof and I am proud to say that your company is one of very few listed companies in this high potential segment.

Your company now focuses in three areas viz., ICT in education, e-governance and software exports. Traditionally your company had been more of a software export company but last two years it has transformed into a major education segment company as is seen through the financials of last several years. The software development expertise has been leveraged to make all the business areas of the company more efficient by developing project specific web-based MIS to enhance the efficiency and control. The charitable arm of Compucom group, Compucom Foundation runs an engineering and management college across the road from the head-quarter of your company providing strong synergy in education business. During the year, the company enhanced its digital content library to cover class 6 to 12 syllabus. This quality IP will help your company in further growth in the education segment.

In continuation of two big orders of 2292 and 568 schools from Rajasthan and Delhi governments worth approx 142 Crores and 15 Crores respectively, your company has continued the trend through award of another 5 year BOOT ICT project from SSA, Rajasthan (a Govt. of Rajasthan Project) for 836 schools. Now your company covers more than 3500 government schools under its ICT program covering more than one million learners. The company also bagged a prestigious e-governance BOOT project worth 15 Crores from state owned electricity company JVVNL for its computerization of call centre and operating fault rectification teams on vehicles navigated through GPS devices. Your company actively participates in tenders related to its core activity and expects the same trend ahead.

Your company has always been observing sound corporate governance practices. We always analyze opportunities and risks before endeavoring into any project. Growth is good but it should not be wreck less. This practice ensures that your company always counters internal or external adversity with sound resolution.

During the year your company rewarded the shareholders with generous bonus issue in the ratio of 1:1. The company believes in enhancing shareholders value witnessed by unbroken track record of dividend payment since inception. Your company will continue to do so. During the financial year 2008-09 board of directors have recommended the final dividend @10% i.e. Rs. 0.20/- per share.

As your company is growing, many synergistic opportunities, diversification will come its way and we will take all steps to leverage these opportunities such as publication, e-tutoring, e-class for private schools, e-content marketing, MIS for schools and colleges etc.

Company's 100% subsidiary, ITneer, Inc, USA acts as the foreign arm to help your company achieve its goal.

Company is conscious of its social responsibilities and actively participates and donates for social causes in its neighborhood related to education to needy, environment and women empowerment. 5 windmills of the company are a testimonial to its green energy initiative with sound financial prudence.

We are lucky to have an excellent team at your company without whose help the company would have not excelled in this manner. I am grateful to the board of directors, shareholders, customers, suppliers and bankers who have helped the company excel and grow. As they say - We Make IT Happen!

With warm regards,

Surendra Kumar Surana
Managing Director & CEO

Jaipur, 30th July, 2009



Educational Endeavours

Education is one sector the outlook towards which is changing in our country, from being considered an expense it is now seen as an investment for future. With children's education a key priority in every household today, we believe Compucom involvement in education sector will yield long-term benefits.

India is one of the largest markets in the world for formal school education with an addressable population of about 400-450 million and with the government planning to spend around 5% of GDP in the next 5 years on education, the market could be any where worth \$ 50-55 billion and sector offers immense potential considering India's poor literacy rate of 67% (as on 2004-05) providing huge opportunity for Compucom to explore and achieve exponential growth in future.

Historically the major reason for slower growth of education in India is the over dependence on government spending on the sector, the scenario which is now changing.

Now Private Public Partnerships (PPP) is getting encouraged to enhance the critical priority sectors of education, infrastructure and facilities in schools and teachers' training institutions and examinations reforms. PPP is the way to go ahead for quicker execution of plans. The first step is to improve the quality of education by getting content and certain school infrastructure designed and implemented by private companies. Thus, the companies that provide an end-to-end solution including setting up the infrastructure, systems integration, teacher training, content development and learning delivery are likely to be beneficiaries of these partnerships. Compucom strives to be a strong and fulfilling partner of the Govt. in PPP in education.

Govt. recognizing the importance of education for sustaining economic growth momentum, the Government has committed itself to providing basic/primary education through initiatives such as *Sarva Shiksha Abhiyan* (SSA), utilising Information & Communication Technology (ICT) to the bridge digital divide and enhance capacity building for e-governance projects. It has not only increased outlay on education, but has also encouraged responsible participation by private players. Compucom has been one of the prominent players in execution of SSA projects.

Compucom strives for providing quality education training material in print and multimedia format. The key to effective teaching-learning practice is to promote multimedia, based self-learning material which is effective for teachers and students simultaneously.

Multimedia helps the child to understand the instructions and courseware better thereby enhancing the quality of instructions by explaining the content graphically wherever needed. This leads to strong demand for content in Hindi and Compucom with strong content development team with the ability to modify the content as per customer requirements stands to benefit. Compucom has been ahead of many in providing such content in Hindi for large Hindi speaking belt of India. Company already have content in English and have capacity to convert/translate in any other language of India. It currently has a library of content for children from grade 6-12 mostly for Mathematics, Biology, English, Economics, History and Geography to schools from primary to secondary levels (K-12).

Compucom has a strong sales team which results in meaningful follow up with of clients. Compucom has so far achieved it sales targets due to its aggressive sales team apart from its strong content development capabilities.

Till date, approximately 30,000 schools have been included in the ICT comparative programs. The total number of government schools in India are approximately 9,50,000, of which a mere 3% have included ICT and equivalent programs in their curriculum. We believe that the company will not face major problems in winning more orders in this space. While inviting tenders from parties, state governments set criteria including eligibility of bidders, which deals with past experience, financial strength, execution and experience in content development. This acts as an entry barrier for Compucom's competitors who are pitching for a share of the pie. Compucom has considerable experience in the competitive bidding process. Thus, we expect it to achieve high growth over the next few years.

During the year, Compucom by virtue of its experience and credibility was able to win 2292 schools out of 2500 schools offered by Govt. of Rajasthan for implementing ICT education project, thus staying ahead of the competition in the sector. Same feat was achieved by winning all 568 schools of Delhi Govt. We strive to repeat such success in future.

Compucom has very stable education business model and Indian education sector is dependent on the government spending. We believe that the spending on education will remain inelastic in India and thus Compucom is unlikely to face any economic downturn.

Compucom is one of the prominent listed companies working in high potential education segment.

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 31st March, 2009.

FINANCIAL RESULTS:

Particulars	(Rs. in Lacs)	
	31.03.2009	31.03.2008
Total Income	5198.16	2000.71
Total Expenses	2746.18	1174.40
Operating Profit (PBDIT)	2451.98	826.31
Interest	229.13	4.41
Depreciation	997.44	186.98
Profit Before Tax	1225.41	634.92
Provision for Income-tax including Deferred Tax	373.13	149.46
Net Profit After Tax	852.28	485.46
Appropriations		
Dividend	100.50	75.37
Dividend Tax	17.08	12.80
Transfer to General Reserve	100.00	100.00
Total Appropriations	217.58	188.17
Earning Per Share : Basic & Diluted (in Rupees)		
Considering Extraordinary Item	2.69	3.40
Without Considering Extraordinary Item	2.69	3.40

Results of operations - Total revenues earned during the year amounted to Rs.5198.16 lacs as compared to that of Rs. 2000.71 lacs in the previous financial year. The profit before tax earned has increased from Rs.634.92 lacs in the previous financial year to Rs. 1225.41 lacs in the current financial year. During the year under review, the income from operation was Rs. 4819.79 lacs compared to Rs. 1817.48 lacs in the previous year. This reflects an increase of Rs.3197.45 lacs, which is mainly due to the increase of income from learning solution segment.

The profit before interest, depreciation and tax during this period is Rs.2451.98 lacs as compared to the previous year PBDIT i.e. Rs. 826.31 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 2008-09 was Rs. 974.03 lacs as against Rs.999.24 lacs during the last financial year. This reflects a decrease of 2.53% i.e. Rs. 25.21 lacs.

Profit earned from this segment amounts to Rs.301.94 lacs as compared to that of Rs. 233.53 lacs during the previous financial year, which has resulted in an increase of 29.30%. The ratio of segmental profit to segmental revenue has increased 6.63% from 23.37% to 30.00% as compared to the previous financial year.

During the year JDVNL has further extended their contract for providing and operating IT enabled call center service at Bikaner city for the next six months up to 30th September 2009 or till the finalization of new tender for which the company is also participated. Compucom has received a JVVNL order to establish and operate customer management system on BOOT basis for a period of 3 years in Jaipur city contract value worth 11.38 Crores and at Kota City contract value worth 4.81 Crores. Under this contract your company has to provide the call centre, fault rectification and CSC services and we are pleased to announce that we are successfully running the project.

- (ii) **ITneer Inc., USA :** ITneer Inc., USA is a wholly owned subsidiary of the Compucom Software Limited. It has earned total revenue of US \$ 998409 during the financial year 2008-09. This reflects a decrease of approx 27.83% as compared to the previous financial year. The Net profit of the company has decreased from US\$ 43859 to US\$ 9160. The copy of audited accounts, together with independent auditor's report, is provided in a separate section of this annual report. The decrease in net profit was mainly due to recession in US economy.

- (ii) **Learning Solutions :** During the year under review the company has witnessed the successful closure of the GRACE Project. The company is successfully implementing the two big educational projects, first is ICT Project by secondary education department, Govt. of Rajasthan for providing computer education on BOOT basis in 2292 schools of Rajasthan and second is an IT Project on BOO basis in 568 Government schools of Delhi. Company has been recently awarded a project on Computer Aided Learning Program (CALP) for imparting training in 836 Govt. schools of Rajasthan. The project is in the initial stage of implementation and will be implemented in the FY 2009-10. The

company has massive plans for capturing the advantage of Indian education expenditure planned through Govt. of India promoted PPP model across India fueled by SSA (Sarva Shiksha Abhiyan).

Your company was awarded an order by secondary education department, Govt. of Rajasthan for supply of various software packages of Microsoft in 2500 Govt. schools of Rajasthan, worth Rs. 7.67 Crores which has been successfully executed.

During the year under review revenue generated from learning solution business amounts to Rs.3645.71 lacs while the revenue generated in the previous financial year was Rs. 588.79 lacs, reflecting an increase of Rs. 3056.92 lacs i.e. 519.19%. The increase is mainly due to New ICT projects awarded to the company under SSA (Sarva Shiksha Abhiyan) of Govt. of India during the year.

Profit earned from this segment has increased by 224.93% to Rs. 510.96 lacs in comparison to Rs. 157.25 lacs in the previous financial year, which is mainly due to execution of high profit margin projects like new ICT projects. In terms of ratio of segment profit to segment revenue has decreased to 14.01%. Profit generated from this segment is 39.39% as compared to 22.61% of the previous financial year.

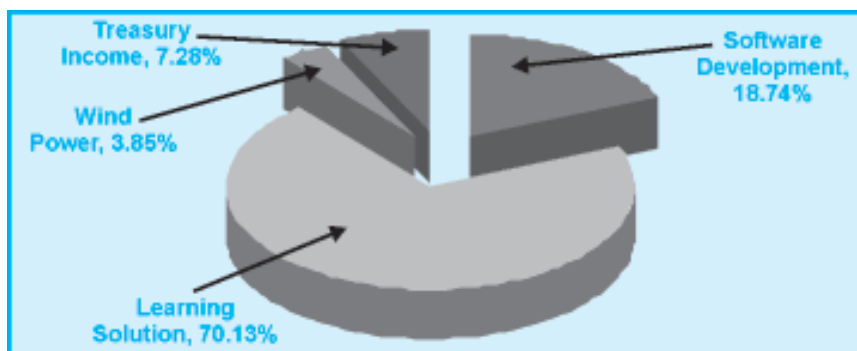
(iv) Wind Power Generation : The company had set up two wind power generation plants of 0.6 MW each at Jaisalmer (Rajasthan), two at Sikar (Rajasthan) of 0.6 MW each, and one of 0.8 MW at Tumkur (Karnataka). The operation and maintenance of the wind power project has been out-sourced to Enercon India Ltd.

The revenue generated from this segment amounted to Rs. 200.05 lacs in the current year as compared to Rs. 229.46 lacs during the previous year ended on 31st March, 2008.

Enercon India Ltd. guarantees a minimum generation of 15 lacs units per annum per machine for the first 3 years for Sikar and Jaisalmer and 17 lacs units per annum per machine for the first year for unit situated at site Tumkur, Karnataka. In case of any shortfall in generation Enercon shall compensate the company for the same. As a result of the guarantee clause, the company had claimed an amount of Rs. 25.94 lacs (Rs. 1.92 lacs pertain to Karnataka Plant and Rs. 24.02 pertain to Sikar plant) from Enercon India Ltd. in lieu of shortfall in generation of wind power as against the guaranteed generation during the current financial year.

- Guarantee for the two wind power plants in Jaisalmer has ended on 30th April, 2007.
- Guarantee for two wind power plants in Sikar has been extended for a further period of 2 years according to the agreement, because there is a shortfall in generation the guaranteed number of units in the initial 3 years and will end in January 2010.
- Guarantee of the wind Power Plant in Karnataka has ended on 30th 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 increase by 195.65 lacs. During the year most of the funds was invested in debt funds, where returns are lower but safe margins are available in comparison to equity oriented funds.



Employee Stock Options : In 1999, the company issued 1,00,000 equity shares of Rs. 10/- face value, at par, to Compucom Software Limited Employee Welfare Trust, for benefit of the employees and created 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, 2009, the trust has in its ownership 2444288 unutilized shares.

No fresh stock options were issued by the company, during the financial year 2008-09.

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 31st March, 2009 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 the directors has declared the final dividend @ 10% i.e. Rs. 0.20 per share for the financial year ending on 31st March, 2009 subject to shareholders approval in annual general meeting. The register of members and share transfer books of the company shall remain closed from the 17th September, 2009 to 18th September, 2009 (both days inclusive).

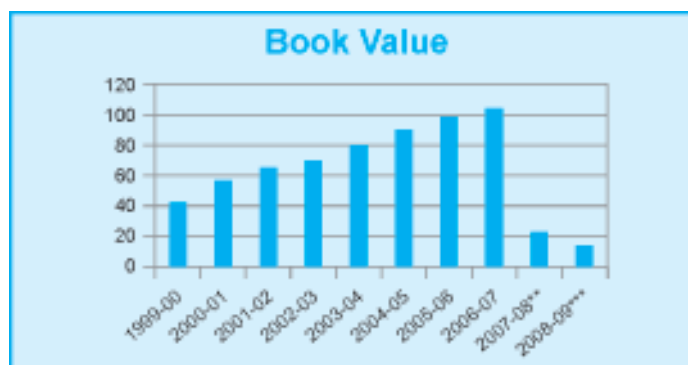
Dividend declared & paid during last 9 years

Financial Year	Dividend Rate
1999-00	20%
2000-01	25%
2001-02	10%
2002-03	25%
2003-04	25%
2004-05	25%
2005-06	30%
2006-07	30%
2007-08	15%



Book Value per Share : Details of book value during the last 10 years is as under:

Financial Year	No of Shares	Face Value per share	Book Value Per share
1999-00	5,000,000	10	42.28
2000-01	5,025,000	10	55.74
2001-02	5,025,000	10	65.60
2002-03	5,025,000	10	69.00
2003-04	5,025,000	10	79.90
2004-05	5,025,000	10	90.79
2005-06	5,025,000	10	98.73
2006-07	5,025,000	10	105.89
2007-08**	25,125,000	2 (10)	22.79
2008-09***	502,50,000	2	13.10



**Equity share of face value of Rs. 10 subdivided into equity share of Face value of Rs. 2 each. Record date for the same was 15th October, 2007.

*** Bonus issue in the ratio of 1:1 was granted by the company. Record date for the same was 26th December,2008.

Fixed Deposits - During the financial year 2008-09, 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. Subodh Kumar Bansal and Mr. John A. Giunta retires by rotation. The board recommend the appointment of Mr. R.P. Udawat as an regular director liable to retire by rotation. Mr. R.P. Udawat was appointed as an additional director to hold office upto the date of this annual general meeting and notice u/s 257 of the companies act, 1956 has been received from the member signifying his intention to propose him as a candidate for the office of director.

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. The auditor's report is self explanatory and does not call for further explanation.

Issue of Bonus Shares - The Company has made a bonus issue of one equity share for every equity share held by the shareholders of the company and necessary resolution had been passed in extra ordinary general meeting of the company held on 5th December, 2008. Record date for the purpose of the bonus Issue was 26th December, 2008.

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 the 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 favorable work-environment that encourages innovation and nurturing of commercial and managerial talents in its operations. 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 organization, certified by Det Norske Veritas (DNV) since 1998. These standards 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.

Your company achieved CMMI level-3 certification during the year and is among very few companies in Rajasthan to get this quality certificate.

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 director's sincerely appreciates the contributions made by all the 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, stock exchanges 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/-

Surendra Kumar Surana
Managing Director & CEO

Sd/-

Shubh Karan Surana
Director

Jaipur, 30th July, 2009

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 operation is not energy intensive and entail low level of energy consumption. However, significant measures are being taken for the conservation of energy and the management is constantly evaluating new technologies and investing in the infrastructure to make more energy efficient. Significant measures have been taken to reduce energy consumption by using energy-efficient equipments include:

- Incorporating new technologies in the air-conditioning systems in upcoming facilities to optimize power conservation.
- Identification and replacement of low-efficient machinery (AC) in phased manner.
- Identification and replacement of outdated and low-efficient UPS systems in a phased manner.
- Conducting continuous energy-conservation awareness and training sessions for operational personnel.

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

(a) **R & D initiative** : Education and software development being the main focus of the company. Compucom lays emphasis on the research and development activities and is continuously improving its business by research and development. The Company has laid out training programs to improve and upgrade skills of its employees to keep pace with the changing market scenario. Your company has no separate identified R & D department. 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, inter-operability of multiple operating systems, telecom, CRM, VOIP, e-governance are the areas in which company performs research and development activities.

(c) **Benefits derived as a result of R & D** : Our research labs are well equipped and are instrumental in providing expertise in the areas of software performance solutions, testing, prototype developments and providing end to end solutions to the clients to suit their requirement. Research and development activities have helped in providing new and better solutions to the customers. R&D activities help in enhancing technical skills, which are critical for providing the end to end solutions to the clients.

- (d) **Future plan of action** : Your company lays emphasis on continuous 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 activities and is a continuous process. Company is not having the separate R&D department so it will not be prudent to assign capital and recurring expenses specifically to the research and development activities.

(ii) Technology absorption, adaptation and innovation :

In today's world, perpetually evolving technologies and increasing competition define the global market space. In order to maintain its position of leadership, your company has continuously and successfully developed state-of-the-art methods for absorbing, adapting and effectively deploying new technologies.

- (a) **Efforts made towards technology absorption, adaptation and innovation** : Company lays greater emphasis on technology absorption and innovations as the company is engaged in the business marked with rapid technology changes and obsolescence. Company strives to keep pace with the rapid changes and adopt new technologies periodically to be in line with competitive market conditions.
- (b) **Benefits derived as a result of the above efforts** : The adoption of the latest technology and innovative ideas has enabled your company to have an edge on others due to higher productivity, better services, and increased consumer confidence. It also has enabled the company to come out with innovative ideas so as to explore new areas of generating the revenue.

(iii) Foreign Exchange Earnings and Outgo :

- (a) **Activities relating to exports, initiative 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 of different products and services in various export oriented markets.

During the fiscal year 2008-09, the revenue derived from exports activities was Rs. 799.84 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. 7,99,84,060/- Previous year Rs. 949, 90,119/-

CIF value of imports: NIL (Previous year: NIL)

Other expenses incurred in foreign currency on manpower, administrative and marketing expenses - Rs. 4,51,25,427/- (Previous year Rs. 6,18,46,749 /-)

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 31st March, 2009

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 pending 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, 30th July, 2009

Corporate Social Responsibility

“For Compucom, Corporate Social Responsibility (CSR) is giving back graciously to society a piece of our success”

Your Company believes and aims to be a responsible part of the community and society as a whole and contributing back to it in every manner and to the extent possible. CSR in Compucom is aligned with its tradition of creating wealth and prosperity for the community and nation with a twin focus on education and society. CSR in Compucom continues around the approach of philanthropy, stakeholder engagement and the use of the Company's core competencies to address social problems. Volunteering is an integral part of CSR and has attracted lot of employees. Compucom creates environment awareness in the community, green audits are conducted to check consumption of paper, water and electricity and ISO audit to check the quality of services rendered. Other CSR activities of Compucom which were carried out includes involvement in educational causes, sponsoring of sports events, computer training at orphanages, organizing blood donation camps, donation to blind hospitals and providing scholarship to needy students. Your Company has been adopting children every year from SOS Village and sponsors their education. Your Company is also contributing towards power generation through wind mills around the country to promote an eco-friendly measure to generate power. Your Company continues to engage itself in communities, through charity and social investment around issues of education, nutritional hygiene and disaster relief etc. Your company operates five mobile computer labs equipped with state of art IT peripherals, established on high-end buses, under project “JanGyan” to provide hands on computers to students of rural govt. schools across state of Rajasthan. Such involvement is in the form of finance, employee time and donations of products, services and equipments. For Compucom, building a successful business and creating positive social impact are not separate objectives.

Community education and enhancing youth employability

We work in earnest towards nation building, by providing an opportunity to college students to get training in our company. We ensure that trainees relate their theoretical inputs with company practices. We also provide opportunities to engineering students to undergo training/projects as part of their academic curriculum. Ongoing efforts are made to enhance the employability & skill development of youth by giving them opportunities to work in our company to improve their job prospects.

Occupational Health and Safety

Compucom Software Limited is committed to enhance occupational health and safety. We have taken number of positive initiatives in this area. We believe that a sustainable organization can be built only with the highest standards of performance on economic, social and environmental parameters. Our commitment to build a sustainable global organization forms the nucleus of our focus on CSR and environment health and safety.

Corporate Governance Report for the Year 2008-2009

(Pursuant to Clause 49 of the Listing Agreement entered into with the stock exchanges)

1. Company's Philosophy on Corporate Governance :

Your Company views corporate governance in its widest sense, almost like a trusteeship, a philosophy to be professed, a value to be imbibed and an ideology to be ingrained into the corporate culture. Corporate Governance is not merely compliance and not simply a matter of creating checks and balances. It is an ongoing measure of superior delivery of company's objects with a view to translate opportunities into reality. It involves leveraging its resources and aligning its activities to consumer need, shareholder benefit and employee growth, thereby delighting all its stakeholders while minimizing risks. Your Company believes that a company needs to leverage resources to translate opportunities into reality, and to infuse people with a vision which sparks dynamism and entrepreneurship creates a system of succession which combines stability with flexibility and continuity with change. Accordingly, your company has been consistently working towards exploring newer and better avenues for self development and personal growth of the individuals, who are core to the existence and sustainability of the organization, on the twin parameters of potential and performance. People continue to be our thrust for not only achieving the organic growth, but also to secure the dynamism and excellence of its management resource, that the organization takes pride in having nurtured in a focused and a most pragmatic manner.

Above all else, corporate governance must balance individual interest with corporate goals and operate within accepted norms of ethical behavior, propriety, equity, fair play and a sense of justice. Achieving this balance depends upon how accountable and transparent the Company is. Accountability improves decision making. While transparency helps to explain the rationale behind decisions, and thereby builds stakeholder confidence.

The company's activities are carried out in accordance with good corporate practices and the company is constantly striving to improve upon them and adopt the best practices. It is firmly believed that good governance practices would ensure efficient conduct of the affairs of the company and help the company achieve its goal of maximizing value for all its stakeholders. The company will continue to focus its resources, strengths and strategies to achieve its vision of becoming a truly global software company, while upholding the core values of transparency, integrity, honesty and accountability, which are fundamental to the company. The company's policy covers aspects such as ethical conduct, health, safety, environment, finance and commitment towards employees. Key aspects of company's governance processes are:

- Disclosure, accountability, transparency, adequate systems and procedures to monitor the state of affairs of the company. It enables the board to effectively discharge its responsibility towards the stakeholders of the company.
- Identification and management of key risks.
As a part of the Compucom group, the company has a strong legacy of fair, transparent and ethical governance practices. The company's corporate governance philosophy has been further strengthened through the Compucom business excellence model, the Compucom code of conduct for prevention of insider trading, and the code of corporate disclosure practices. The company has in place an information security policy that ensures proper utilization of IT resources.

In terms of Clause 49 of Listing Agreement, requisite particulars of corporate governance in company are furnished hereunder:

2. Board of Directors :

1. Composition : The company has 8 directors. Out of them, 7 (i.e. 87.50%) are non-executive directors and among these 5 (i.e. 62.5%) are independent directors. The composition of the board is in conformity with clause 49 of the listing agreements entered into with the stock exchanges and exceeds by far the percentages prescribed in the said agreements.
2. None of the directors on the board is a member of more than 10 committees or chairman of more than 5 committees across all the companies in which he is a director. Necessary disclosures regarding committee positions in other public companies as on 31st March, 2009 have been made by the directors.
3. The board functions as a full board or through various committees constituted for specific operation areas. The board provides leadership, strategic guidance, objective and independent views to the company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure.
4. Attendance of each director at the board meetings, last annual general meeting and one extra ordinary general meeting. Six board meetings were held during the financial year from 1st April, 2008, to 31st March, 2009. Attendance of each of the directors at the said board meetings/annual general meeting/extra ordinary general meeting are given below:

Name of the Director	Category	No. of Board Meetings		Whether Last AGM attended or not	Whether EGM attended or not
		Held	Attended		
Mr. Shubh Karan Surana	NED	6	6	Yes	Yes
Mr. Ajay Kumar Surana	NED	6	3	No	No
Mr. Surendra Kumar Surana	MD	6	6	Yes	Yes
Mr. Stephen Carl Viehman	NED: I	6	3	No	No
Mr. Rajeev Sogani*	NED: I	6	2	Yes	Yes
Mr. Subodh Kumar Bansal	NED: I	6	5	Yes	Yes
Dr. Anjila Saxena*	NED: I	6	2	Yes	No
Mr. John A. Giunta	NED: I	6	0	No	No
Mr. R.P. Udawat#	NED: I	6	3	No	No
Mr. Shiv K Vijay#	NED: I	6	2	No	No

NED : Non-Executive Director
 ED : Executive Director
 MD : Managing Director
 I : Independent Director

Retired by rotation in last annual general meeting held on 18th September, 2008.

* Appointed as additional directors w.e.f. 31st July, 2008 and appointed as director in the annual general meeting held on 18th September, 2008.

5. Number of Board or Board Committee of which a Director is a member or Chairperson(Only the membership(s) of Audit Committee and Shareholders' Committee is considered as per clause 49 of the Listing Agreement). Details as on 31.03.2009 are hereunder:

Name of the Director	Number of other Directorships	Number of other Committee Membership(s)	Number of other committees in which chairperson
Mr. Shubh Karan Surana	Nil	Nil	Nil
Mr. Ajay Kumar Surana	Nil	Nil	Nil
Mr. Surendra Kumar Surana	Nil	Nil	Nil
Mr. Stephen Carl Viehman	Nil	Nil	Nil
Mr. Rajeev Sogani	Nil	Nil	Nil
Mr. Subodh Kumar Bansal	Nil	Nil	Nil
Dr. Anjila Saxena	Nil	Nil	Nil
Mr. John A. Giunta	Nil	Nil	Nil

Note: Excluding the directorship of Private Limited Companies and Foreign Companies.

6. Six board meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the board meetings were held are as follows:
29th April, 2008; 02nd July, 2008; 31st July, 2008; 31st October, 2008; 06th January, 2009 and 31st January, 2009.
7. None of the non-executive directors have any material pecuniary relationship or transactions with the company.
8. The individual details of the directors seeking appointment /reappointment at the ensuing annual general meeting of the company are provided in the explanatory statement accompanying the notice of the annual general meeting.

3. **Committees of the Board :** As per the guidelines set out in the listing agreement with the stock exchanges, committees of the board are as follows:

3.1 Audit Committee

- 1 The audit committee of the company is constituted in line with the provisions of clause 49 of the listing agreements with the stock exchanges read with section 292A of the companies act, 1956.
2. The terms of reference of the audit committee are broadly as under:
 - Overview of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position as well as to ensure that sufficient and credible information are disclosed.
 - Recommend the appointment and removal of external auditors, fixation of audit fee and to approve the payment for any other services.
 - Discussion with statutory auditors before the audit commences on the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - Reviewing the financial statements and draft audit report, including quarterly / half yearly financial information.
 - Review of the annual financial statements with the management before submission to the board, focusing primarily on :
 - ◆ Any changes in accounting policies and practices.
 - ◆ Major accounting entries based on exercise of judgment by management.
 - ◆ Qualifications in draft audit report.
 - ◆ Significant adjustments arising out of audit.
 - ◆ The going concern assumption.
 - ◆ Compliance with accounting standards.
 - ◆ Compliance with stock exchange and legal requirements concerning financial statements.
 - ◆ Any related party transactions as per Accounting Standard 18.
 - Reviewing the company's financial and risk management policies.
 - Disclosure of contingent liabilities.
 - Review the adequacy of internal control systems with the management and external auditors.
 - Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
 - Discussion with internal audit department on any significant findings and follow-up thereon.
 - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

- Looking into the reasons for substantial defaults in payments to the shareholders (in case of non-payment of declared dividends) and creditors.
 - Reviewing compliances as regards the company's whistle blower policy.
3. Composition, name of the members and chairperson

Name	Category	No. of Meetings during the year 2008-09	
		Held	Attended
Mr. Shubh Karan Surana	Non-Independent, Non-executive	4	3
Mr. Rajeev Sogani*	Independent, Non-executive	4	2
Mr. Subodh Kumar Bansal	Independent, Non-executive	4	4
Mr. R.P. Udawat#	Independent, Non-executive	4	2

Retired by rotation in last annual general meeting held on 18th September, 2008.

* Appointed as additional director w.e.f. 31st July, 2008 and appointed as director in the annual general meeting held on 18th September, 2008.

4. Four audit committee meetings were held during the financial 1st April, 2008 to 31st March, 2009 on the following dates: 28th April, 2008; 30th July, 2008; 30th October, 2008 & 30th January, 2009. The necessary quorum was present in all the meetings.
5. The audit committee meetings are usually held at the corporate office of the company and are usually attended by the Managing Director, Manager – Finance, representatives of the statutory auditors. The operations heads are invited to the meetings, as required. Mr. Rajeev Sogani, practicing chartered accountant is the chairman of audit committee. The company secretary acts as the secretary to the committee.

3.2 Remuneration Committee -

- **Terms of Reference :** The function of the committee includes recommendation of remuneration, promotions, increments etc. for the executive directors to the board for approval.
- (a) Composition, name of the members and chairperson : As the year ended on 31st March 2009, the remuneration committee comprised of 3 non-executive directors viz. Mr. Subodh Kumar Bansal, Mr. Shubh Karan Surana and Dr. Anjila Saxena. Mr. Shubh Karan Surana is the Chairman of the Committee. Mr. Subodh Kumar Bansal and Dr. Anjila Saxena are independent Directors.
- (b) Meetings and attendance during the year : No meetings of the remuneration committee were held during the year on 01st April 2008 to 31st March 2009, 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 Karan Surana	No Meetings were held during the year
2	Mr. Subodh Kumar Bansal	No Meetings were held during the year
3	Mr. Shiv K Vijay#	No Meetings were held during the year
4	Dr. Anjila Saxena*	No Meetings were held during the year

Retired by rotation in last annual general meeting held on 18th September, 2008.

* Appointed as additional director w.e.f. 31st July, 2008 and appointed as director in the annual general meeting held on 18th September, 2008.

- (c) Total remuneration paid to the Managing Director for the FY 2008-09 amounting to Rs. 8,40,000/-. No other perquisite was provided to the Managing Director.
- (d) 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.
- (e) The company paid no other remuneration to non-executive directors except sitting fees during the year 2008-09. The sitting fees paid to the non-executive directors was Rs. 3000/- for their attendance at every meeting of the board or committee.
- (f) Non-Executive Directors Shareholding: (As on 31st March, 2009)

Name of the Director	No. of Shares held	% of Paid up capital
Mr. Shubh Karan Surana	550200	1.09
Mr. Ajay Kumar Surana	126000	0.25
Mr. Stephen Carl Viehman	90000	0.18

No other non executive directors have any shareholding in the Company.

3.3 Investors' Relation Committee -

- The company has constituted a shareholders / investors grievance committee of directors to look into the redressal of complaints of investors such as transfer or credit of shares to demat accounts, non-receipt of dividend / notices / annual reports, facilitation of better investor services etc.
- The Company has always valued its customer relationships. This philosophy has been extended to investor relationship and therefore an investor relations department (IRD) was set up which focus on servicing the needs of investors, analysts, brokers and general public.
- There were 2 (two) meetings of the investors' relation committee held on 30th July, 2008 and 30th January, 2009.
- Dr. Anjila Saxena is the chairperson of investors' relation committee.
- The composition of the committee and the details of meetings attended by its members are given below:

Name	Category	No. of Meetings during the year 2008-09	
		Held	Attended
Mr. Shubh Karan Surana	Non-Independent, Non executive	2	1
Mr. Shiv K Vijay#	Independent, Non-executive	2	1
Mr. R.P. Udawat#	Independent, Non-executive	2	1
Mr. Rajeev Sogani*	Independent, Non executive	2	1
Dr. Anjila Saxena*	Independent, Non-executive	2	1

Retired by rotation in last annual general meeting held on 18th September, 2008.

* Appointed as additional director w.e.f. 31st July, 2008 and appointed as director in the annual general meeting held on 18th September, 2008.

Details of complaints:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
0	11	11	0

The investor grievances can also be placed on the e-mail: investor@compucom.co.in

4. General Meetings :

Annual General Meeting

Number	Location	Date	Time	Special Resolution
12 th	IT 14-17, EPIP, Sitapura, Jaipur	6 th Sep, 2006	11:30 AM	Special Resolution passed for the alteration of Articles of Association.
13 th	IT 14-17, EPIP, Sitapura, Jaipur	11 th Sep, 2007	11:30 AM	Special Resolution was passed for sub-division of Equity Shares.
14 th	IT 14-17, EPIP, Sitapura, Jaipur	18 th Sep, 2008	11:30 AM	No Special Resolution was passed in the meeting.

5. Disclosures :

- 5.1** During the year 2008-09 there was 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 any penalties or fine have 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) Business Standard, (ii) Samachar Jagat or (iii) Mahanagar Times.
- 6.3** The Company results and official news releases etc. are displayed on the company's website <http://www.compucom.co.in> . As required by SEBI and the listing agreement, the company also files financial results on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by National Informatics center (NIC)

7. GENERAL SHAREHOLDERS INFORMATION :

- (a) Annual General Meeting Date, Time and Venue: Friday, 18th September, 2009 at 11:30 A.M. IT 14-17, EPIP, Sitapura, Jaipur, Rajasthan, India - 302022.
- (b) Financial Year: April 2009 to March 2010.
Financial Calendar: 1st Quarter 1st April, 2009 to 30th June, 2009 3rd - 4th Week of July.
2nd Quarter 1st July, 2009 to 30th September, 2009 3rd - 4th Week of October.
3rd Quarter 1st October, 2009 to 31st December, 2009 3rd - 4th Week of January.
4th Quarter 1st January, 2010 to 31st March, 2010 3rd - 4th Week of April.
- (c) Book Closure: 17th September 2009 to 18th September 2009 (both days inclusive).
- (d) Dividend Payment Date: Final Dividend to be paid on or after 18th September, 2009 subject to the approval of shareholders in the Annual General Meeting.
- (e) Listing on Stock Exchanges: The shares of the Company are listed on Bombay Stock Exchange, Mumbai and Calcutta Stock Exchange, Kolkatta.
The annual listing fee for FY 2009-10 has been paid to Bombay Stock Exchange.
- (f) Stock Code/Symbol: BSE 532339
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.
- (h) Registrar & Share Transfer Agents: MCS Limited F-65 1st Floor, Phase:- 1, Okhla Industrial Area, New Delhi-110020
- (i) 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 and investors relation committee meeting.
- (j) Distribution Schedule & Shareholding Pattern: Distribution of shareholding as on 31st March, 2009 Annexure III Table I & II
- (k) Dematerialization of Shares and liquidity: 85.97% of the paid-up capital is held in dematerialized form and frequently traded.
- (l) Plant Location: IT 14-17, EPIP, Sitapura, Jaipur, Rajasthan, India - 302022.
Wind Power Plant at Jaisalmer and Sikar, Rajasthan and Tumkur, Karnataka
- (m) Address of Correspondence: (i) Shareholders' correspondence should be addressed to MCS Ltd., F-65 1st Floor, Phase 1, Okhla Industrial Area, New-Delhi, India -110 020
(ii) Shareholders holding shares in electronic mode should address their correspondence to their respective Depository Participant
- (n) Investor Complaints: 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: investor@compucom.co.in**

Annexure I - Market Price Data – High/Low during each month in the year 2008-09

Month	Market Price (Rs.)		Month	Market Price (Rs.)	
	Highest	Lowest		Highest	Lowest
April-08	26.50	15.05	October-08	19.00	10.90
May-08	35.55	25.00	November-08	18.67	14.75
June-08	38.55	21.55	December-08	18.85	8.30* Ex Bonus 1:1
July-08	23.60	19.05	January-09	10.00	7.03
August -08	25.75	19.05	February-09	8.85	7.05
September-08	24.95	16.50	March-09	8.80	6.85



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, 2009.

Annexure III The following table gives the distribution pattern of the shareholding of the company

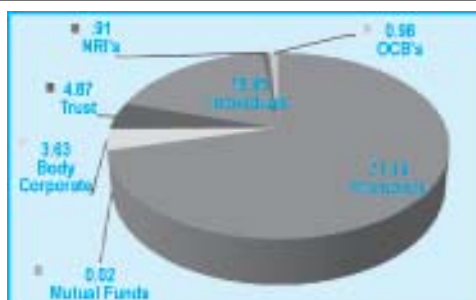
TABLE I - DISTRIBUTION SCHEDULE AS ON 31ST MARCH, 2009

Range	Shares	No. of Folios	% Shares	% Holders
Up to 500	303548	1177	0.60	28.91
501-1000	1577834	1641	3.14	40.31
1001-2000	937864	507	1.87	12.45
2001-3000	522173	188	1.04	4.62
3001-4000	484640	126	0.96	3.10
4001-5000	480611	100	0.96	2.46
5001-10000	1277216	166	2.54	4.08
10001 -50000	2944692	127	5.86	3.12
50001-100000	1491704	21	2.97	0.51
100001 and above	40229718	18	80.06	0.44
Total	50250000	4071	100.00	100.00

TABLE II - SHAREHOLDING PATTERN AS ON 31ST MARCH, 2009

Particulars	As on 31 st March, 2009	
	No. of shares	% of total shares
Promoters, their investment companies, people acting in concert	35750075	71.14
Mutual Funds/Financial Institutions	12000	0.02
Bodies Corporate	1822579	3.63
Trusts	2444288	4.87
Individuals	9272094	18.45
NRIs, Foreign Nationals etc.	458964	0.91
OCBs	490000	0.98
Total Shareholding	50250000	100.00

Share Holding Pattern as on 31st March, 2009



Dematerialization of Shares



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 Dividend	Due for transfer to IEPF on
2001-02	September, 2002	50,25,000.00	33,213.00	October, 2009
2002-03	September, 2003	1,25,62,500.00	1,32,959.00	October, 2010
2003-04 (Interim)	January, 2004	75,37,500.00	85,833.00	February, 2011
2003-04 (Final)	September, 2004	50,25,000.00	62,402.00	October, 2011
2004-05 (Final)	September, 2005	1,25,62,500.00	1,97,000.00	October, 2012
2005-06 (Interim)	January, 2006	75,37,500.00	1,12,686.00	February, 2013
2005-06 (Final)	September, 2006	75,37,500.00	1,03,522.00	September, 2013
2006-07(Interim)	January, 2007	75,37,500.00	98,421.00	January, 2014
2006-07 (Final)	September, 2007	75,37,500.00	2,20,133.00	September, 2014
2007-08(Interim)	February, 2008	75,37,500.00	2,27,148.00	February, 2015
TOTAL UNPAID AMOUNT			12,73,317.00	

For and on behalf of the board

Sd/-
Surendra Kumar Surana
Managing Director & CEO
Jaipur, 30th July, 2009

Sd/-
Shubh Karan Surana
Director

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 2008-09 with the company's code of conduct.

Jaipur, 30th July, 2009

Surendra Kumar Surana
Managing Director & CEO

CERTIFICATE OF CEO AND CFO OF THE COMPANY

We, Surendra Kumar Surana, Managing Director & CEO and Sumit Baid, Manager Finance of 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 true and fair view of 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 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.
 - (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, 2009

Surendra Kumar Surana
Managing Director & CEO

Sumit Baid
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 areas like software design & development, IT education and learning solutions, wind power generation, customer support out-sourcing in telecommunications, BPO services/call centers, KPO (Knowledge Process Outsourcing) services, etc. Compucom range of services includes 7X24 customer service centers solutions, software maintenance and support, e-commerce solutions, GIS/ data conversion, internet and intranet solutions, system integration, e-governance, smart card solutions, networking solutions, technical support, operational support for VoIP network elements, implementation support for a network management system etc. In one of the network management solutions, the system monitors approximately 350 switching centers serving several telecom companies across globe.

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. It has developed marketing strategies to sell our internally developed software applications to domestic customers.

B. Opportunities and Threats -

(1) Opportunities

- (i) **ICT in Govt. Schools :** India is one of the world's largest education markets, with 445mn of the 1.1bn population comprising the target group (5-20 age) of the education sector. The 'ICT in schools' scheme is a window of opportunity to bridge the digital divide in India. The scheme is a comprehensive initiative to open new vistas of learning and provide a level playing field to school students of rural areas. Compucom is a passport to a fulfilling career in computer literacy, providing students with hands-on courses to stay abreast with the requirements of the I.T. world and moreover Compucom is one of the prominent vendors for *ICT@School* and *Sarva Shiksha Abhiyan*, which are projects of Government of India. Compucom undertakes large projects that are similar in nature with a turnkey project, from setting-up to operating computer education and other computer-aided learning programmes for Government schools. It also involves supply of computer hardware, software and connected accessories as well as provision of education services on BOOT-basis for a specified time (generally 3-5 years). While traditionally, Government tenders focus only on providing computers and computer literacy programmes but now government has recognized importance of IT in education as being fundamental to the development of a globally competitive economic & democratic society as well as placing India on the world IT map. Compucom have shaped the lives of millions of students by introducing computer literacy to the students in Government Schools

Leadership in information and communication technology (ICT) is expected to be maintained by the company. 2000-2500 schools are expected to be added in the next 2-3 years under ICT project. Number of Government schools which have signed up is now 3696 till date. Compucom aims to usher an era of anytime, anywhere learning to break down the barriers to education.

We believe Compucom would witness exponential growth, the seamless execution of which would require huge cash flow, substantial human resources and an efficient management. Businesses mainly operate on BOOT-basis, and are capital-intensive. All projects would require large upfront investments. Compucom would build and maintain the entire IT infrastructure of a school and receive fixed annuity in return, either on a quarterly or a semi-annual basis. Compucom has successfully implemented the BOOT model in over 3696 schools across the country.

Sarva Shiksha Abhiyan (SSA) is an effort to universalise elementary education by community-ownership of the school system. It is a response to the demand for quality basic-education across the country. The SSA programme is also an attempt to provide an opportunity for improving human capabilities through provision of community owned quality education. It aims to provide useful and relevant elementary education for all children within the 6-14 age group. The programme also aims to bridge social, regional and gender gaps, with the active participation of the community in the management of schools.

The increased allocation to the SSA and secondary education would have a positive impact on all the IT training companies including Compucom as there would be increased allocation to computer training as well. The budget has been positive for the IT-Training companies with increased allocation to the SSA and secondary education. Along with this, the demand for corporate training is increasing with more and more companies outsourcing training to specialized IT training companies hence the growth of the IT-Training companies will be further boosted.

Compucom is running its new venture of IT finishing school successfully. It is an innovative step by the company, which will bridge the existing gap of skills between the IT students and IT industries. According to NASCOM survey, India produces 4,00,000 engineers every year, out of which two third are not employable, or even trainable. The Company stepped in as first listed company to address the needs of these engineers and seek it as a major business segment in coming years.

The finishing school training modules comprises of requirement oriented skill development of technical and soft skills on fast track basis. The Company is also planning to interact with major IT recruiters for a tie-up to provide job placement to finishing school trainees.

- (ii) BPO and KPO operations, Growth of the global market for engineering technology and services, Domain expertise in telecommunications are few other opportunities.

(2) Threat

- **Competitive pressures :** IT is one sector that is spreading its wing fast throughout the world and India is becoming a preferred destination 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.
- **Talent supply constraint :** Talent is sought 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.
- **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.
- **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.
- **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.
- **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 No. 13.

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

E. Risks and Concerns : It is difficult to pen down the risks and uncertainties with certainty. They are not limited to risks and uncertainties regarding fluctuating 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 areas 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.2/- per share. The paid up capital of the company is Rs. 10,05, 00,000/-

Particulars	Reserves & Surplus :		Particulars	Fixed Assets :	
	(Rs. in Lacs)	(Rs. in Lacs)		(Rs. in Lacs)	(Rs. in Lacs)
Profit & Loss Account	3308.80	2674.09	Gross Block	9164.39	2788.41
General Reserves	1119.03	1520.33	Accumulated depreciation	1929.02	931.58
Share Premium	979.46	979.47	Net Fixed Assets	7235.37	1856.83
Capital Reserve	50.72	50.72	Total Income/Net Block	0.72	1.08
Total	5458.02	5,224.61	Acc.Dep. as % of Gross Block	21.05	33.41

4. **Investments** : The cash surplus (Mutual Funds) available with the company in FY 2007-08 was withdrawn and invested in the ICT project undertaken by the company during FY 2008-09.

	(Rs. in Lacs)	
Particulars	31-03-09	31-03-08
Equity Investments in ITneer Inc.(100% subsidiary)	439.24	439.24
Equity Shares	1.09	1.28
Investments in Mutual Funds	0.00	2380.74
Other Investments	21.40	21.40
Total	461.73	2842.66

5. **Current Liabilities And Provisions** :

	(Rs. in Lacs)	
Particulars	31-03-09	31-03-08
Sundry Creditors	1078.03	759.42
Security Deposits	43.55	16.11
Provision for Income Tax & Fringe benefit tax	136.50	71.10
Unclaimed Dividend	12.73	14.91
Proposed Dividend & Dividend Tax	117.58	0.00
Expenses Payable	628.14	18.98
Government Dues	40.27	12.55
Unearned Franchisee fee	5.83	12.28
Other Current Liabilities	3.69	3.69
Provision for Gratuity	9.40	7.42
Provision for Audit Fees	0.90	0
Total	2076.62	916.46

Unclaimed dividend includes dividend paid but has not been encashed by the shareholders. There are no amounts due to small scale industries.

6. **Sundry Debtors** :

	(Rs. in Lacs)	
Particulars	31-03-09	31-03-08
Sundry Debtors	3341.32	1,278.10
Total	3341.32	1,278.10

Debtors are mainly related to Govt. Schools of Rajasthan. These debtors are considered good and are realizable.

7. **Sundry Creditors** :

	(Rs. in Lacs)	
Particulars	31-03-09	31-03-08
Sundry Creditors	1078.03	759.41
Total	1078.03	759.41

Sundry creditors represent mostly amounts owed to business associates / vendors associated with school computer education projects and balance for various costs/administrative expenses.

II) Financial Review :

- (I) **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.

	(Rs. in Lacs)	
Particulars	31-03-09	31-03-08
Software Development & Services - Overseas	799.84	949.90
- Domestic	174.19	49.34
Learning Solution	3645.71	588.79
Wind Power Generation	200.05	229.45
Other Income	378.37	183.23
Total	5198.16	2000.71

- A. **Software Services** : This revenue is segregated into export and domestic sale and service of software. Export activities comprise onsite and offshore 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. 974.03 lacs.

- B. Learning Solution :** Learning Solution comprises imparting computer education in Govt. Schools, providing computer education to general public through franchisees and authorized business associates (ABA's) and providing facility management support to RajComp and IT finishing school. This segment has contributed Rs. 3645.71 lacs to the total revenue.

Regarding the learning solution apart from the ICT Projects and BSER Project of Rajasthan, the company indulges in providing computer training to engineering batches, CA batches, government office employees, army personnel's and corporate training batches.

- C. Wind Power Generation :** The company has set up five wind power plants two in Sikar and two in Jaisalmer in Rajasthan and one in Tumkur, 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 was an assured annual generation given by Enercon of 15,00,000 unit per plant for the first 3 years for plants situated at Sikar and Jaisalmer and of 17,00,000 units per plant for first year for plant situated at Tumkur, Karnataka. The guarantee of the plant situated in Sikar has been extended for the another two year due to the shortfall in the generation and will end in January 2010 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. 25.94 lacs (Rs. 1.92 lacs pertain to Karnataka Plant and Rs. 24.02 lacs pertain to Sikar plant) have 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.

Particulars	(Rs. in Lacs)	
	31-03-09	31-03-08
Interest, Dividend & Other Income	357.63	165.86
Miscellaneous Income	20.74	17.41
Total	378.37	183.27

- 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

Particulars	(Rs. in Lacs)	
	31-03-09	31-03-08
Revenue in Foreign Currency	7,99,84,060	9,49,90,119
Revenue Expenses in Foreign Currency	4,51,25,427	6,18,46,749
Capital Expenses in Foreign Currency	NIL	NIL
Net Exchange Earning	3,48,58,633	331,43,370

(ii) Expenditure : (Rs. in Lacs)

Particulars	31-03-09	% of Total Revenue	31-03-08	% of Total Revenue
Total Revenue	5198.16	100	2000.71	100
Expenses				
Manpower Expenses	723.95	13.93	820.95	41.03
Learning Solution Execution Charges	1590.36	30.59	149.38	7.47
Administrative & Other Expenses	431.86	8.31	204.08	10.20
Interest	229.12	4.41	4.41	0.22
Depreciation	997.44	19.19	186.98	9.35
Profit Before Tax	1225.41	23.57	634.91	31.73
Provisions For Income Tax	373.13	7.17	149.45	7.33
Profit After Tax	852.28	16.40	485.46	24.23

- (iii) Interest :** The Company relies on the overdrafts from banks for temporary mismatch in cash flows. Term loans have also be taken from the banks during the FY 2008-09 for funding the IT projects awarded to him under the Sarva Shiksha Abhiyan. Interest paid during the year amounts to Rs. 229.13 and company has not defaulted in the payment of principal and interest during the year.

- 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 year

2008-09 was US \$ 998409 as compared to US\$ 1383445 during previous year 2007-08. 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 is high priority for the company.

Number of Employees : The company had 48 permanent employees on its pay roll as on 31st March 2009.

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.

For and on behalf of the board

Sd/-

Surendra Kumar Surana

Managing Director & CEO

Jaipur, 30th July, 2009

Sd/-

Shubh Karan Surana

Director

AUDITORS' REPORT TO THE MEMBERS

1. We have audited the attached Balance Sheet of **COMPUCOM SOFTWARE LIMITED** as at March 31, 2009, 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.
2. 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.
3. As required by the Companies (Auditors Report) Order, 2003 and the Companies (Auditors Report Amendment) Order, 2004 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annexed hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. 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 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, 2009 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, 2009, 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, 2009;
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date;
 - 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

Jaipur, 30th July, 2009

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2009 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, so as to affect the going concern status of the Company.
2. The Company does not have any inventories.
3. a) According to the information and explanations given to us, during the year, the Company has granted an unsecured loan of Rs. 60,76,440/- (outstanding balance as on 31st March, 2009 - Rs. 1,42,50,416/-) 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, during the year, the Company has taken an unsecured loan of Rs. 12,95,17,719/- (outstanding balance as on 31st March, 2009 - Rs. 9,13,21,956/-) 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, all the transactions 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 have been entered accordingly.
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, 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 taken a term loan of Rs. 30,89,60,890.80 (outstanding balance as on 31st March, 2009 - Rs. 28,92,86,862/-) 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

Jaipur, 30th July, 2009

BALANCE SHEET AS AT 31st MARCH, 2009

	Schedules	As on March 31, 2009	As on March 31, 2008
SOURCES OF FUNDS SHAREHOLDERS' FUNDS			
Share Capital	A	100,500,000	50,250,000
Reserves & Surplus	B	545,801,757	522,461,955
		646,301,757	572,711,955
Loan Fund	C	400,205,937	-
Deferred Tax Liability		55,865,462	33,753,015
TOTAL		1,102,373,156	606,464,970
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	D	916,439,211	278,841,030
Less: Accumulated Depreciation		192,901,826	93,157,723
Net Block		723,537,385	185,683,307
INVESTMENTS			
	E	46,173,210	284,266,009
CURRENT ASSETS, LOANS & ADVANCES			
	F		
Sundry Debtors		334,132,132	127,810,811
Cash and Bank Balances		141,141,930	34,367,671
Loans and Advances		63,650,860	65,950,698
Other Current Assets		1,400,052	32,906
		540,324,974	228,162,086
Less: Current Liabilities & Provisions			
	G		
Liabilities		181,224,963	83,794,183
Provisions		26,437,450	7,852,249
Net Current Assets		332,662,561	136,515,654
TOTAL		1,102,373,156	606,464,970

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT K
As per our report of even date.

For S. Misra & Associates
Chartered Accountants

For and on the behalf of the board

Sd/-
Sachindra Misra, Partner
Membership No 73776

Sd/-
Surendra Kumar Surana
Managing Director & CEO

Sd/-
Shubh Karan Surana
Director

Sd/-
Nikhil Saxena
Company Secretary

Jaipur, 30th July, 2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2009

	Schedules	Year Ended 31-Mar-09	Year Ended 31-Mar-08
INCOME			
Software Development and Services			
- Overseas		79,984,060	94,990,119
- Domestic		17,418,409	4,933,525
Learning Solutions		364,571,093	58,879,093
Wind Power Generation		20,004,868	22,945,525
Other Income	H	37,837,407	18,323,225
		519,815,837	200,071,487
EXPENDITURE			
Manpower Expenses	I	72,395,245	82,094,989
Learning Solution Execution Expenses		159,036,353	14,938,325
Administrative and Other Expenses	J	43,186,271	20,407,500
		274,617,869	117,440,814
Operating Profit (PBDIT)		245,197,968	82,630,673
Interest		22,912,827	441,003
Depreciation		99,744,103	18,698,176
Profit Before Tax		122,541,038	63,491,494
Provision for Tax			
For Current Tax		13,500,000	7,000,000
For Deferred Tax		22,112,446	8,277,874
For Fringe Benefit Tax		150,000	110,000
For Earlier Years		1,550,749	(442,094)
Profit After Tax		85,227,843	48,545,714
Balance of Profit Brought Forward		267,409,987	237,682,771
TOTAL AMOUNT AVAILABLE FOR APPROPRIATION		352,637,830	286,228,485
APPROPRIATIONS			
Dividend			
-Interim Dividend		-	8,818,498
-Proposed Dividend (including Dividend Tax of Rs.17,07,998)		11,757,998	-
Amount transferred to General Reserve		10,000,000	10,000,000
Balance in Profit and Loss Account carried to Balance Sheet		330,879,832	267,409,987
EPS Basic and Diluted		2.69	3.40

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT K
As per our report of even date.

For S. Misra & Associates
Chartered Accountants

For and on the behalf of the board

Sd/-
Sachindra Misra, Partner
Membership No 73776

Sd/-
Surendra Kumar Surana
Managing Director & CEO

Sd/-
Shubh Karan Surana
Director

Sd/-
Nikhil Saxena
Company Secretary

Jaipur, 30th July, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

	Year Ended 31-Mar-09	Year Ended 31-Mar-08
Cash Flows from Operating Activities		
Profit BeforeTax (Excluding Income from Investments)	86,796,419	46,908,988
Depreciation (including WDV of Assets w/off)	99,744,103	2,04,34,173
Provision for Gratuity	317,160	-
Operating Profit before Working Capital Changes	186,857,682	67,343,161
Decrease/(Increase) in Sundry Debtors	(206,321,321)	16,279,969
Decrease/(Increase) in Loans and Advances	3,339,838	(46,013,914)
Decrease/(Increase) in Other Current Assets	(1,367,146)	199,229
Increase/(Decrease) in Current Liabilities	92,520,781	(18,434,665)
Cash Generated from Operations	75,029,834	19,373,780
Income Tax Paid	(4,700,749)	(3,040,906)
Net Cash Flow from Operations	70,329,085	16,332,874
Cash Flow from Investing Activities		
Income from Investments	35,763,408	16,586,310
Purchase of Fixed Assets	(637,598,181)	(4,558,701)
Sale of Fixed Assets	-	4,000
Investment/ sale in Shares	-	(17,270)
Investment/ sale in Mutual Funds	238,074,010	252,868
Investment/ sale in NSC	-	(912,500)
Net Cash flow From Investing Activities	(363,760,763)	11,354,707
Cash Flows from Financing Activities		
Increase in Loan Funds	400,205,937	(60,118,432)
Dividend Paid (Including Dividend Tax)	-	(17,636,996)
Net Cash flows From Financing Activities	400,205,937	(77,755,428)
Total Increase/(Decrease) in Cash and Cash Equivalents	106,774,259	(50,067,847)
Cash and Cash Equivalents at the beginning of the year	34,367,671	84,435,518
Cash and Cash Equivalents at the end of the year	141,141,930	34,367,671

As per our report of even date.

For S. Misra & Associates
Chartered Accountants

For and on the behalf of the board

Sd/-
Sachindra Misra, Partner
Membership No 73776

Sd/-
Surendra Kumar Surana
Managing Director & CEO

Sd/-
Shubh Karan Surana
Director

Sd/-
Nikhil Saxena
Company Secretary

Jaipur, 30th July, 2009

Schedules forming part of Balance Sheet

(in Rs.)

	As on March 31, 2009	As on March 31, 2008
SHARE CAPITAL		SCHEDULE - A
Authorised		
60,000,000 Equity Shares of Rs. 2/- each (30,000,000 Equity Shares of Rs. 2/- each)	120,000,000	60,000,000
Issued, Subscribed and Paid-up		
50250000 Equity Shares of Rs. 2/- each (25,125,000 Equity Shares of Rs. 2/- each)	100,500,000	50,250,000
	100,500,000	50,250,000
RESERVES AND SURPLUS		SCHEDULE - B
Capital Reserve	5,071,575	5,071,575
General Reserve	111,903,450	152,033,493
Profit and Loss Account	330,879,832	267,409,987
Share Premium Account	97,946,900	97,946,900
	545,801,757	522,461,955
LOAN FUND		SCHEDULE - C
SECURED LOAN		
Term Loan from Bank of Baroda (Secured against Mortgage of Land & Building Situated at IT 12-13 & IT 14-15)	150,764,792	-
Term Loan from HP Financial Services India P Ltd (Secured against Hypothecation of Equipment Financed)	138,522,070	-
Term Loan from Bank of Baroda (Secured against Hypothecation of Vehicle Financed)	3,918,765	-
Overdraft from Bank of Baroda	15,678,354	-
	308,883,981	-
UNSECURED LOAN		
Compucom Technologies Private Limited	69,027,411	-
Rishab Infotech Private Limited	22,168,879	-
Sambhav Infotech Private Limited	125,666	-
	91,321,956	-
	400,205,937	-

FIXED ASSETS

SCHEDULE - D

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 1-Apr-08	Additions	Deductions	As on 31-Mar-09	As on 31-Mar-08	For year 2007-2008	On Deductions	As on 31-Mar-09	As on 31-Mar-09	As on 31-Mar-08
Land (includes land development)	6,629,799	-	-	6,629,799	-	-	-	-	6,629,799	6,629,799
Building-Freehold	25,823,632	15,740	-	25,839,372	3,231,431	421,106	-	3,652,537	22,186,835	22,592,201
Building-Leasehold	5,505,132	-	-	5,505,132	645,418	89,734	-	735,152	4,769,980	4,859,714
Plant & Machinery (Inc.Installed Software)	52,714,055	595,894,879	-	648,608,934	41,476,413	86,382,332	-	127,858,745	520,750,189	11,237,642
Wind Power Plant	156,800,000	-	-	156,800,000	22,635,728	7,427,650	-	30,063,378	126,736,622	134,164,272
Softwares-acquired/developed	16,920,840	-	-	16,920,840	16,875,170	408,333	-	17,283,503	(362,663)	45,670
Exclusive Marketing Rights (TGS)	8,020,826	-	-	8,020,826	5,614,581	799,891	-	6,414,472	1,606,354	2,406,245
Furniture and fixtures	4,436,631	29,360,875	-	33,797,506	1,805,217	3,472,092	-	5,277,309	28,520,197	2,631,414
Vehicles	1,990,115	12,326,687	-	14,316,802	873,765	742,965	-	1,616,730	12,700,072	1,116,350
TOTAL	278,841,030	637,598,181	-	916,439,211	93,157,723	99,744,103	-	192,901,826	723,537,385	185,683,307

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 31.3.2009-Rs11713.-)

41,322

41,322

(ii) Unquoted Equity shares

310,491

310,491

351,813

351,813

Less:-Provision for Diminution in the value of Shares

(242,503)

(223,714)

109,310

128,099

Current Investments

	As on March 31, 2009	As on March 31, 2008
c Investment in Mutual Funds		
ING Fixed Maturity Fund- Growth	-	200,000
Pru ICICI FMP- 34 Plan-B-Retail Growth	-	70,000,000
Pru ICICI FMP- 36 18M Plan-A- Growth	-	10,000,000
Pru ICICI FMP- 38 Plan-A- Growth	-	12,490,418
Pru ICICI Interval Fund 2 Qtr Plan- Div	-	20,000,000
Reliance Fixed Horizon Fund- 3 Series-4 Growth	-	55,000,000
Reliance Interval Fund- Div	-	226,751
Reliance Liquid Plus Fund- Div	-	15,956,084
Reliance Short Term Fund - Div	-	6,995,816
TATA Fixed Horizon Fund Series 10 Growth	-	10,014,557
Templeton Fixed Horizon Fund Series II- Growth	-	20,000,000
Templeton India Short Term Income Plan- Div	-	17,190,384
	-	238,074,010
d Investment in Government Securities		
National Savings Certificates (Pledged with Commercial Taxes Department)	2,000	2,000
National Savings Certificates	350,000	350,000
National Savings Certificates (Pledged with RajComp, Jaipur)	1,787,500	1,787,500
	46,173,210	284,266,009
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)	112,458,538	100,320,708
(ii) Others	22,503,745	7,222,732
(b) Outstanding Less than six months (considered good)		
(i) Overseas Debtors	-	240,780
(ii) Debtors relating to learning solutions business (net of credit balances)	178,513,443	3,443,243
(iii) Others	20,656,406	16,583,348
	334,132,132	127,810,811
Cash and Bank Balances		
Cash on hand	172,068	39,712
Balances with Scheduled banks		
- in Current Accounts	759,513	13,817,938
- in Deposit Accounts	140,210,349	20,510,021
	141,141,930	34,367,671
Loans and Advances		
Advances Recoverable in Cash or in Kind		
Advance Income Tax	3,000,000	2,000,000
Advance FBT	150,000	110,000
TDS	10,041,973	4,188,987
IT deposit under protest	524,140	524,140
Prepaid Expenses	751,112	298,413
Advance to Staff	819,517	102,127
Security Deposits	14,853,007	42,973,817
Advance to CSL Employee Welfare Trust	14,250,416	8,173,976
Advance against expenditure	6,105,541	1,851,940
Other Advances	13,155,154	5,727,298
	63,650,860	65,950,698
Other Current Assets		
Accrued Interest	1,400,052	32,906
	1,400,052	32,906

	As on March 31, 2009	As on March 31, 2008
CURRENT LIABILITIES AND PROVISIONS		SCHEDULE - G
Current Liabilities		
Sundry Creditors		
(a) Creditors relating to Learning Solutions Business	65,549,926	74,945,182
(b) Others	42,253,449	995,870
Salary Payable	1,774,474	493,002
Expenses Payable	61,039,892	1,405,216
Government Dues	4,026,448	1,255,252
Unclaimed Dividend	1,273,317	1,491,461
Unearned Franchisee Fee	582,945	1,228,288
Security Deposits	4,355,273	1,610,673
GNEPIP Noida	369,239	369,239
	181,224,963	83,794,183
Provisions		
Provision for Audit Fee	90,000	-
Provision for Gratuity	939,452	742,249
Provision for Current Tax	13,500,000	7,000,000
Provision for Fringe Benefit Tax	150,000	110,000
Proposed Dividend and Dividend tax	11,757,998	-
	26,437,450	7,852,249
	207,662,413	91,646,432
SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT		
OTHER INCOME		SCHEDULE - H
Interest Income	12,254,413	3,255,265
Dividend Income	3,524,360	3,412,080
Capital Gains	19,984,635	9,918,965
Miscellaneous Income	2,073,999	1,740,718
	37,837,407	18,327,028
MANPOWER EXPENSES		SCHEDULE - I
Pay and Salary	71,494,409	81,314,802
Contribution to Funds	505,533	499,052
Employees Welfare Expenses	58,885	110,047
Gratuity	336,418	171,088
	72,395,245	82,094,989
ADMINISTRATIVE AND OTHER EXPENSES		SCHEDULE - J
Business Development Expenses	514,626	646,035
Audit Fee		
- Statutory Audit Fee	75,000	55,000
- Tax Audit	15,000	11,000
Bad Debts	43,381	3,893,045
Assets Written Off on completion of School Project	-	1,735,997
Software Charges Written Off	-	1,297,441
Unrealisable Training & Education Fees	15,041,370	-
Misc Deduction in ICT Project	496,769	-
Communication Expenses	3,411,355	2,565,041
Loan Processing Charges	892,033	
Director Sitting Fee	132,000	116,991
Donations	1,900	1,100
Foreign Exchange Rate Diff	-	30,981
Insurance Premium	581,630	339,360
Miscellaneous Expenses	6,622,841	2,893,917
Printing and Stationery	5,921,999	637,441
Rent and Facility Support	1,610,263	843,739
Repair, Maintenance	1,864,794	2,092,092
Traveling and Conveyance Expenses	4,024,121	1,344,915
Water and Electricity Expenses	1,866,950	1,830,015
Rebate & Relief to ABA	51,450	73,389
Provision of Diminution in the value of Investments written back	18,789	3,803
	43,186,271	20,411,303

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 capitalized. 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.

Fixed Assets purchased during the year for all new projects are depreciated equally over the respective project's life.

- 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 recognized 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 based on valuations as on the date of balance sheet.

Notes on Accounts

1. **Contingent liabilities** : Bank Guarantees outstanding - Rs.11,22,16,029/- (Previous year Rs. 90,18,000) Counter Guarantee given by the company of Rs 11,22,16,029 /- (Previous year Rs. 90,18,000)

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	15,36,047	2,336,988	964,447

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 31,2009. No remuneration was paid to any other director during the year ended March 31, 2009, 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 NIL)

Other expenses incurred in foreign currency on manpower, administrative and marketing expenses – Rs. 4,51,25,427/- (Previous year Rs. 6,18,46,749/-)

FOB value of exports - Rs. 79,984,060. (Previous year Rs. 9,49,90,119)

5. **Dividend remitted in foreign currency** :

PARTICULARS	2008-09	2007-08
For the Financial Year 2006-2007	-	Rs. 1,35,375
For the Financial Year 2007-2008	-	Rs. 1,35,375
No. of Shares	-	451250

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. A provision for diminution in the value of long-term investments of Rs. 2,42,503/- for current year has been made whereas provision of diminution in value of current investment of Rs. 2,23,714/- 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.

8. The Income from wind power generation of Rs. 200.05 lacs include Rs. 25.94 lacs Claimed from the machine supplier against minimum guaranteed generation duly backed by corporate guarantee. Out of this Rs. 6.63 lacs has been adjusted from payment due to him and balance Rs. 19.32 lacs is still due from Plant supplier.

9. **Earnings per share** :

	2008-09	2007-08
A. Profit Attributable to equity shareholders (Rs.)	8,52,27,843	4,85,45,714
B. Weighted Average No. of Equity Shares Outstanding during the year (No.)	3,16,64,384	1,42,76,507
C. Nominal Value of Equity Shares (Rs.)	2/-	2/-
D. Basic & Diluted Earning Per Share [A / B]	2.69	3.40

10. **Deferred Taxes** :

	(Rs.)	
	As on 31.3.2009	As on 31.3.2008
Deferred Tax Liabilities		
Opening balance	3,37,53,015	2,54,75,141
Charged to Profit and Loss A/c (Due to Difference between book and tax depreciation)	7,96,07,399	82,77,874
Deferred Tax Assets		
Credited to Profit and Loss A/c (Due to Business Loss as per Income Tax Act)	(5,74,94,952)	NIL
Net Deferred Tax Liabilities	5,58,65,462	3,37,53,015

11. Retirement Benefits:

- a) The Company operates post retirement defined benefit plans as follows:
i. Post Retirement Gratuity

- b) Details of the post retirement gratuity plan are as follows:

Description	In Rs.
1. Reconciliation of opening and closing balances of obligation	
a. Opening Defined Benefit Obligation as at 1.4.2008	6,22,292
b. Current Service Cost	1,13,607
c. Interest Cost	46,672
d. Actuarial (Gain)/Loss	1,76,139
e. Benefits Paid	(19,258)
f. Obligation as at 31.3.2009	9,39,452
The defined benefit obligation as at 31.3.2009 is funded by the Company	
2. Change in Plan Assets (Reconciliation of opening & closing balances)	
a. Fair Value of Plan Assets as at 1.4.2008	-
b. Expected return on Plan Assets	-
c. Actuarial Gain/(Loss)	-
d. Contributions	-
e. Benefits Paid	-
f. Fair Value of Plan Assets as at 31.3.2009	-
3. Reconciliation of fair value of assets and obligations	
a. Fair Value of Plan Assets as at 31.3.2009	-
b. Present Value of Obligation as at 31.3.2009	9,39,452
c. Amount recognised in the Balance Sheet	9,39,452
4. Expense recognised during the year	
a. Current Service Cost	1,13,607
b. Interest Cost	46,672
c. Expected return on Plan Assets	-
d. Actuarial (Gain)/Loss	1,76,139
e. Past Service Cost	Nil
f. Losses (gains) on curtailments and settlement	Nil
g. Expense recognised during the year	3,36,418
	% invested
5. Investment Details	1.4.2009
a. GOI Securities	-
b. Public Sector Unit Bonds	-
c. State / Central Guaranteed Securities	-
d. Special Deposit Schemes	-
e. Private Sector Bonds	-
f. Others (including bank balances)	-
6. Assumptions	1.4.2009
a. Discount Rate (per annum)	7.50%
b. Estimated Rate of return on Plan Assets (per annum)	-
c. Rate of Escalation in Salary (per annum)	5.50%

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 International Solutions LLc.
- (b) **Key Management Personnel**
- Mr. Shubh Karan Surana
 - Mr. Ajay K. Surana
 - Mr. Surendra K. Surana
- (c) **Enterprises over which the key management personnel exercises Significant influence:**
- Rishab Infotech Private Limited
 - Sambhav Infotech Private Limited
 - Compucom Technologies Private Limited
 - Compucom Foundation

- Compucom (India) Private Limited
- Compucom Software Limited Employee Welfare Trust
- CSL Infomedia Private Limited

B. Transactions with the related parties :

(Rs. in Lacs)

Nature of Transaction	Subsidiary		Associates		Key Management Personnel		Enterprises over which the key management personnel exercises significant influence	
	08-09	07-08	08-09	07-08	08-09	07-08	08-09	07-08
Services Rendered	1.28	1.28	-	-	-	-	-	1.71
Services received	-	-	106.44	573.87	-	-	2.84	5.15
Purchase of assets	-	-	-	-	-	-	-	-
Sale of assets	-	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	110.30	-	100.22
Rent incurred	-	-	-	-	0.78	0.78	0.60	0.60
Rent earned	-	-	-	-	1.10	1.18	-	-
Remuneration	-	-	-	-	8.40	8.40	-	-
Interest Paid	-	-	-	-	-	-	53.15	-
Outstanding Bal. as on 31.3.09								
-Receivables	-	2.40	-	-	-	-	142.50	81.74
-Payables	-	-	-	-	1.58	-	913.22	-

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 unallowable 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	
	08-09	07-08	08-09	07-08	08-09	07-08	08-09	07-08	08-09	07-08
Revenue	974.03	999.24	3645.71	588.79	200.05	229.46	378.37	183.23	5198.16	2000.71
Identifiable operating exp.	624.54	681.13	2236.77	395.61	15.62	11.62	0.18	4.21	2877.11	1092.57
Allocated expenses	47.57	84.58	897.98	35.93	78.35	84.37	-	7.90	1023.91	212.78
Segment operating income	301.92	233.53	510.96	157.25	106.08	133.46	378.19	171.12	1297.15	695.36
Unallocable expenses									71.72	60.45
Profit before taxes									1225.41	634.91
Income Taxes									373.13	149.46
Profit after Taxes									852.28	485.45

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

Segment	USA		India		Total	
	08-09	07-08	08-09	07-08	08-09	07-08
Revenue	799.84	949.90	4398.32	1050.81	5198.16	2000.71
Identifiable Operating expenses	509.64	672.18	2367.47	420.39	2877.12	1092.57
Allocated Expenses	40.29	82.42	983.61	130.36	1023.89	212.78
Segment Operating Income	249.94	195.30	1047.21	500.06	1297.15	695.36
Unallocable expenses					71.72	60.45
Profit Before Taxes					1225.43	634.91
Income Taxes					373.13	149.46
Profit After Taxes					852.28	485.45

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

Signatures to Schedules 'A' to 'K' above

For S. Misra & Associates

For and on the behalf of the board

Chartered Accountants

Sd/-

Sachindra Misra, Partner

Membership No 73776

Jaipur, 30th July, 2009

Sd/-

Surendra Kumar Surana

Managing Director & CEO

Sd/-

Shubh Karan Surana

Director

Sd/-

Nikhil Saxena

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 31,2009

CAPITAL RAISED DURING THE YEAR

Public Issue -

Private Placement -

MOBILIZATION AND DEPLOYMENT OF FUNDS

SOURCES OF FUNDS

Total Liabilities 1,102,373,156

Total Assets 1,102,373,156

Paid-up Capital 100,500,000

Reserves and Surplus 545,801,757

APPLICATION OF FUNDS

Net Fixed Assets 723,537,385

Investments 46,173,210

Net Current Assets 332,662,561

Miscellaneous Expenditure -

PERFORMANCE OF THE COMPANY

Turnover 519,815,837

Total Expenditure 397,274,799

Profit Before Tax 122,541,038

Profit After Tax 85,227,843

Earnings Per Share 2.69

Dividend % 10.00

GENERIC NAME OF PRINCIPAL PRODUCTS/SERVICES

Item Code (ITC Code) Not Applicable

Product Description Educational Services &

Learning Solutions

Item Code (ITC Code) 8524 9002

Product Description Computer Software

For S. Misra & Associates

For and on the behalf of the board

Chartered Accountants

Sd/-

Sachindra Misra, Partner

Membership No 73776

Jaipur, 30th July, 2009

Sd/-

Surendra Kumar Surana

Managing Director & CEO

Sd/-

Shubh Karan Surana

Director

Sd/-

Nikhil Saxena

Company Secretary

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, 2009
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	\$6,388
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	\$43,859
8	Material changes between end of financial year of the subsidiary company and the Company's financial year ended on 31 st March, 2009	
	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

For and on the behalf of the board

Chartered Accountants

Sd/-

Sachindra Misra, Partner

Membership No 73776

Jaipur, 30th July, 2009

Sd/-

Surendra Kumar Surana

Managing Director & CEO

Sd/-

Shubh Karan Surana

Director

Sd/-

Nikhil Saxena

Company Secretary

AUDITORS' REPORT

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

1. We have audited the attached Consolidated Balance Sheet of Compucom Software Limited and its subsidiary as at 31st March, 2009 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.
2. 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.
3. We did not audit the financial statements of the subsidiary i.e. namely, ITneer Inc. whose financial statements reflect total assets of Rs.6,15,46,419/- as at 31st March, 2009 and total revenues of Rs. 4,58,36,957/- 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 31st March,, 2009,
 - 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, 30th July, 2009

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2009

	As on March 31,2009	As on March 31,2008
(Rs.)		
SOURCES OF FUNDS		
SHAREHOLDERS FUNDS		
Share Capital and Reserves	651,704,982	576,889,750
	651,704,982	576,889,750
Loan Funds	400,205,937	-
Deferred Tax Liability	55,865,462	33,753,015
TOTAL	1,107,776,381	610,642,765
APPLICATION OF FUNDS		
FIXED ASSETS	736,972,728	190,854,492
INVESTMENTS	(950,966)	249,420,193
CURRENT ASSETS, LOANS & ADVANCES		
Sundry Debtors	342,681,748	141,324,271
Cash and Bank Balances	169,799,786	55,314,925
Loans and Advances	64,115,561	70,663,116
Other Current Assets	6,664,924	144,834
Foreign Exchange Translation Reserve	107,908	96,181
	583,262,019	267,543,327
Less: Current Liabilities & Provisions		
Liabilities	184,557,035	88,280,102
Provisions	27,058,273	8,895,145
Net Current Assets	371,646,711	170,368,080
TOTAL	1,107,668,473	610,642,765

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

For and on the behalf of the board

Sd/-
Sachindra Misra, Partner
Membership No 73776

Sd/-
Surendra Kumar Surana
Managing Director & CEO

Sd/-
Shubh Karan Surana
Director

Sd/-
Nikhil Saxena
Company Secretary

Jaipur, 30th July, 2009

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH, 2009**

	(Rs.)	
	Year Ended March 31, 2009	Year Ended March 31,2008
INCOME		
Income From Operations	525,780,905	235,064,996
Other Income	39,743,682	20,177,682
	565,524,587	255,242,678
EXPENDITURE		
Manpower Expenses	102,365,249	128,129,373
Course Execution Expenses	159,036,353	14,938,325
Administrative , Marketing and Other Expenses	58,124,572	27,201,579
Total Expenditure	319,526,174	170,269,277
Operating Profit (PBDIT)	245,998,413	84,973,401
Interest	22,912,827	441,003
Depreciation	100,447,418	19,197,364
Profit Before Tax	122,638,168	65,335,034
Provision for Current and Deferred Tax	37,456,674	15,859,509
Profit After Tax (from Ordinary Activities)	85,181,494	49,475,526
Extra Ordinary Item	-	824,034
Net Income	85,181,494	48,651,492
Balance of Profit Brought Forward	301,023,809	252,372,317
AMOUNT AVAILABLE FOR APPROPRIATION	386,205,303	301,023,809
Dividend		
- Interim Dividend	-	8,818,498
- Proposed Dividend (including Dividend Tax)	11,757,998	-
Amount transferred to General Reserve	10,000,000	10,000,000
Balance in Profit and Loss Account	364,447,305	282,205,311
EPS Basic and Diluted (Before Extraordinary Items)	2.68	3.47
EPS Basic and Diluted (After Extraordinary Items)	2.68	3.41

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

For and on the behalf of the board

Sd/-
Sachindra Misra, Partner
Membership No 73776

Sd/-
Surendra Kumar Surana
Managing Director & CEO

Sd/-
Shubh Karan Surana
Director

Sd/-
Nikhil Saxena
Company Secretary

Jaipur, 30th July, 2009

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31st MARCH, 2009**

	(Rs.)	
	Year Ended March 31, 2009	Year Ended March 31,2008
Cash Flows from Operating Activities		
Profit BeforeTax (excluding Income from Investments)	87,242,802	47,877,578
Depreciation	100,447,418	19,250,924
WDV of assets W/off	-	1,735,997
Provision for Gratuity	317,160	
Operating Profit before Working Capital Changes	188,007,380	68,864,499
Decrease/(Increase) in Sundry Debtors	(197,227,814)	12,720,277
Decrease/(Increase) in Loans and Advances	3,120,807	(46,694,934)
Decrease/(Increase) in Other Current Assets	(1,248,098)	325,338
Increase/(Decrease) in Current Liabilities	89,717,474	(20,950,825)
Cash from Operations	82,369,749	14,264,355
Less: Income Tax Paid	(4,854,693)	(2,467,127)
Net Cash flow From operating Activities	77,515,056	11,797,228
Cash Flow from Investing Activities		
Income from Investments	37,366,677	16,586,310
Purchase of Fixed Assets	(645,055,348)	(4,929,056)
Deposits	(5,176)	-
Sale of Fixed Assets	-	4,000
Investment in Shares	-	(805,931)
Investment in Mutual Funds	238,074,010	252,868
Investment/sale in NSC	-	(912,500)
Net Cash flow From Investing Activities	(369,619,837)	10,195,691
Cash Flows from Financing Activities		
Increase in Loan Funds	400,205,937	-
Increase /(Decrease) in Overdraft/ Loans	-	(60,118,432)
Dividends Paid (Including Dividend Tax)	-	(17,886,956)
Net Cash flows From Financing Activities	400,205,937	(78,005,388)
Effect of change in exchange rate	6,383,705	(2,076,097)
Total Increase/(Decrease) in Cash and Cash Equivalents	108,101,156	(56,012,469)
Cash and Cash Equivalents at the beginning of the Period	55,314,925	113,403,491
Cash and Cash Equivalents at End of the Period	169,799,786	55,314,925

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

For S. Misra & Associates

For and on the behalf of the board

Chartered Accountants

Sd/-

Sachindra Misra, Partner

Membership No 73776

Jaipur, 30th July, 2009

Sd/-

Surendra Kumar Surana

Managing Director & CEO

Sd/-

Shubh Karan Surana

Director

Sd/-

Nikhil Saxena

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: ITneer Inc, USA	2008-09 100%	2007-08 100%
---	------------------------	------------------------

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 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, 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 31,2009. 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.
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 Lacs)

Segment	Software		Learning Solutions		Wind Power		Treasury		Elimination		Total	
	08-09	07-08	08-09	07-08	08-09	07-08	08-09	07-08	08-09	07-08	08-09	07-08
Revenue	1413.34	1556.07	3645.71	588.79	200.05	229.46	397.43	201.78	(1.28)	(23.66)	5655.25	2552.43
Identifiable Operating Exp.	1081.94	1238.07	2236.77	395.61	15.62	11.62	0.18	4.21	(1.28)	(23.66)	3333.23	1625.85
Allocated Expenses	47.57	84.58	897.98	35.93	78.35	84.37	-	7.90			1023.90	212.78
Segment Operating Income	283.82	233.42	510.96	157.25	106.08	133.46	397.24	189.67			1298.10	713.80
Unallocable Expenses											71.72	60.45
Profit Before Taxes											1226.38	653.35
Income Taxes											374.57	158.60
Net Profit after Tax											851.83	494.75

(b) Secondary Reporting Segment by Geographical Segment

(Rs. in Lacs)

Segment	USA		India		Elimination		Total	
	08-09	07-08	08-09	07-08	08-09	07-08	08-09	07-08
Revenue	1258.24	1506.73	4398.32	1069.36	(1.28)	(23.66)	5655.25	2552.43
Identifiable Operating Expenses	967.04	1229.12	2367.47	420.39	(1.28)	(23.66)	3333.24	1625.85
Allocated Expenses	40.29	82.42	983.61	130.36			1023.90	212.78
Segment Operating Income	250.91	195.19	1047.21	518.61			1298.10	713.80
Unallocable Expenses							71.72	60.45
Profit Before Taxes							1226.38	653.35
Income Taxes							374.57	158.60
Net Profit after Tax							851.83	494.75

For S. Misra & Associates

Chartered Accountants

Sd/-

Sachindra Misra, Partner
Membership No 73776

For and on the behalf of the board

Sd/-

Surendra Kumar Surana
Managing Director & CEO

Sd/-

Shubh Karan Surana
Director

Sd/-

Nikhil Saxena
Company Secretary

Jaipur, 30th July, 2009

INDEPENDENT AUDITOR'S REPORT

Board of Directors
ITneer, Inc.
Duluth, GA 30097

I have audited the accompanying balance sheet of ITneer, Inc, as of March 31, 2009 and the related statement of Income and retained earning and statement of cash flow for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on the Financial Statement based on my audit.

I have conducted my audit in accordance with auditing standard generally accepted in the United States of America. Those standards require that I 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 overall financial statement presentation. I believe that my audit of the financial statements provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ITneer, Inc. as of March 31, 2009 and the results of its operations for the year then ended, in conformity with accounting principle generally accepted in the United State of America.

Viren Sanghvi, CPA
Kendall Park, NJ 08824
July 6, 2009

**ITneer, Inc.
BALANCE SHEET AS OF MARCH 31, 2009**

ASSETS		(Amount in \$)
CURRENT ASSETS		
Cash	Note 2	553,668
Employee Advances	Note 6	1,450
Accounts Receivable	Note 3	167,655
Loan Receivable Officer	Note 5	101,717
Prepaid State Taxes		6,178
Total Current Assets		830,668
PROPERTY AND EQUIPMENT, (Net of Accumulated Depreciation)	Note 4	
Building – Net of Accum. Depreciation \$ 24,755		196,416
Land		29,235
Equipment – Net of Accum. Depreciation \$ 27,433		20,847
Furniture & Fixtures – Net of Accum. Depreciation \$ 1,142		12,785
Software – Net of Accum. Depreciation \$ 898		287
Total Fixed Assets		259,570
OTHER FIXED ASSETS		
Investment – TCIS LLC	Note 7	97,485
Security Deposits		1,350
Total Other Assets		98,835
TOTAL ASSETS		1,189,073
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Accounts Payable		49,091
Payroll Taxes Payable		14,936
Current Income Tax		16
Deferred Income Tax		11,884
Rental Deposit		2,300
Total Current Liabilities :		78,227
STOCKHOLDER'S EQUITY		
Capital stock: 1,000,000 Authorized Common Stock at no par value		-
78,155 Issued and outstanding Common Stock		-
Additional Paid in Capital		1,000,000
Retained Earning Beginning of the year		104,458
Net Income for Current Year		6,388
Total Stockholder's Equity		1,110,846
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY		1,189,073

See Accountant's Report Accompanying Notes are integral parts of these financial statements.

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED MARCH 31, 2009**

INCOME :		(Amount in \$)
Income from Services		956,887
Other Income		
Investment Income		41,522
Total Income		<u>998,409</u>
OPERATING EXPENSES :		
Salary & Wages		549,586
Sub Contracting	Note 8	274,028
Insurance		47,529
Payroll Tax Expenses		43,034
Professional Fees		15,799
Depreciation Expenses		13,588
Telephone & Internet related charges		6,699
Travel Expenses		6,567
Office Supplies		4,408
Real Estate Taxes		4,226
Cleaning Repairs & Maintenance		3,945
Meals & Entertainment		3,399
Donation		3,208
Officer Condo Dues		3,095
Utilities		2,738
Advertisement		1,995
Books & Training		1,480
Office Expenses		1,359
Auto Expenses		964
Dues, Subscription & License		630
Miscellaneous Tax		414
Postage		352
Bank Charges		206
TOTAL OPERATING EXPENSE		<u>989,249</u>
NET INCOME FROM OPERATION:		9,160
Provision for Corporate Income Tax Current		3,335
Provision for Corporate Income Tax Deferred		<u>(563)</u>
		<u>2,772</u>
NET INCOME AFTER TAX		<u>6,388</u>
Retained Earnings at the Beginning		<u>104,458</u>
Retained Earnings at the Ending		<u>110,846</u>

See Accountant's Report Accompanying Notes are an integral parts of these financial statements.

**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2009**

Cash Flow from Operating Activities :		(Amount in \$)
Net Income /(Loss) for the period		6,388
Add : Current Year Depreciation		13,588
Changes in assets and liabilities :		
Accounts Receivable	175,686	
Deposit	2,300	
Employee Loans	15,550	
Loan Receivable	(1,083)	
Accounts Payable	(60,637)	
Accrued Expenses	(13,997)	
Taxes Payable	2,226	
		<u>120,045</u>
Net (Decrease) in cash from Operating activities		<u>140,021</u>
Cash Flow from Investing Activities :		
Purchase of fixed Assets	(144,072)	

Deposit	(100)	
Net decrease in cash from Investing activities		(144,172)
Cash Flow from Financing Activities :		
Investment Income Received	34,922	
Net Increase/(Decrease) in cash from Financing activities		34,922
Net Cash Increase/(decrease) in the Period		30,771
Cash at the beginning of the Period		522,897
Cash at the End of the Period		553,668
Income Taxes – Current		3,335

See Accountant’s Report accompanying notes are an integral parts of these Financial Statements.

Notes to Financial Statements

Organization: ITneer, Inc., (“the company”) a closely held New Jersey corporation wholly owned subsidiary of Compucom Software Limited, India, its headquarters located in the state of Georgia. The Company provides computer consulting services in form of turn-key project and skilled programmer to the various clients. All turn-key projects are done by the parent company in India.

Note 1 : Summary of significant Accounting Policies:

- A. Use of Estimates : The preparation of financial statements in conformity with generally accepted accounting principles required management to make estimates and assumptions that affect the reported amounts of financial statements and disclosure.
- B. Revenue Recognition : Revenue is recognized monthly as it is earned. All services performed until the balance sheet date have been billed and accrued.
- C. Property and Equipments : Property and Equipment’s are stated at cost. Depreciation is provided on the straight-line method over the estimated useful life of the respective assets.
- D. Income Taxes : Deferred Income taxes in the accompanying financial statements reflect temporary difference in reporting result of operation for income tax and financial accounting purpose.

Note 2 : None of the company’s bank account balance as of March 31st 2009 was in excess of \$250,000. Currently, Bank accounts are FDIC insured up to \$ 250,000 only.

Note 3 : The Company had fourteen customers, four of whom accounted for approximately 62.3% of sales for the year and 65% of account receivable at March 31st, 2009. A loss of these customers could have material impact on the financial condition of the company.

Note 4 : Property & Equipments:

Property & Equipments at March 31st, 2009 consist of the following :

	(Amount in \$)
Computer	48,280
Furniture	13,927
Bldg.	213,096
Bldg. Improvement	8,076
Software	1,184
Total	284,563
Accum. Depreciation	(54,228)
Land	29,235
Net Property & Equipment	259,570

The Company provides Straight line depreciation for the book purpose and booked \$13,588 for the year ended as of 3/31/2009.

Note 5 : The short term unsecured notes receivable from a related party at March 31st, 2009 were \$101,717. Which includes @ 5% accrued interest income for the year of \$5,283. The entire loan payment was received by the completion of this report.

Note 6 : The Company provides on a need basis employee advance or short term loan interest free for sixty days or less, as of March 31st, 2009 balance was \$1,450.

Note 7 : The company has made a 50% Partnership investment in Tekmark/CSL International Solutions LLC. (TCIS), a domestic calendar year Limited liability Company, For the year ending December 31st 2008, the Company’s share of profit from this investment was \$15,129, which was recorded as receivable as of March 31st 2009 and total income distribution received was \$34,922.

Note 8 : During the current year total outstanding cost of \$274,028 were booked, of which \$2,998 for the Compucom Software Limited, India (a parent company) and there were no outstanding payable as of 3/31/2009.

NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of Compucom Software Limited will be held on Friday, the 18th day of September, 2009 at 11.30 A.M. at the registered office of the company situated at IT 14-17, Export Promotion Industrial Park (EPIP), Sitapura, Jaipur- 302022 (Rajasthan) to transact the following business:

I. Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and the Profit & Loss Account for the year ended on that date together with the Auditors' Report thereon and the report of Directors.
2. To declare the final dividend on Equity Shares for the FY 2008-09.
3. To appoint director in place of Mr. Subodh Kumar Bansal and Mr. John A. Giunta who retire by rotation.
4. To appoint the Auditors and fix their remuneration.

II. Special Business:

5. To consider, and if thought fit, to pass with or without modification(s) if any, the following Ordinary Resolution:
RESOLVED THAT Mr. R.P. Udawat who was appointed as an additional director by the board to hold office upto the date of this annual general meeting, and in respect of whom a notice under section 257 of the of the companies act, 1956 has been received from a member signifying his intention to propose, Mr. R.P. Udawat as candidate for the office of the director be and is hereby elected and appointed as ordinary director of the company, liable to retire by rotation.

6. Reappointment of Managing Director

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

“RESOLVED THAT the Company hereby accords its approval and consent under section 198, 269, 309, 310 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force) for the re-appointment and payment of remuneration, benefits and amenities as given in the explanatory statement to Mr. Surendra Kumar Surana, Managing Director of the Company for a period of 5 years w.e.f. 9th July, 2009 with authority to the Board (hereinafter referred to as “the Board” which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of said appointment and/or remuneration, subject to the condition that the same will be within the limit of Schedule XIII to the Act.

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or its profits are inadequate, Mr. Surendra Kumar Surana shall be entitled to be paid remuneration by way of salary, perquisites and other allowances as referred to above, not exceeding the limits specified in Section II of Part II of Schedule XIII to the Act as may be amended from time to time or any equivalent statutory enactment(s) thereof.

RESOLVED FURTHER THAT, in terms of the provisions of article 89 of the Articles of Association of the company, Mr. Surendra Kumar Surana shall not be subject to retirement by rotation during his tenure as Managing Director.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to this resolution.”

7. Borrowing powers of the Board:

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 293(1)(d) of the Companies Act, 1956 (including any statutory modification thereof for the time being in force) and any other applicable provisions, if any, of the Companies Act, 1956 and in supersession of all the resolutions passed in this regard, the company hereby accords its consent to the board of directors (hereinafter referred to as “the board” which term shall be deemed to include any committee which the board may constitute for this purpose) to borrow any sum of money or sums of money from time to time from any one or more of the company's bankers and/or from any one or more persons, firms, bodies corporate or financial institutions whether by way of cash credit, advances or deposit, loan, bank guarantee or bill discounting or otherwise including external commercial borrowings/foreign currency convertible bonds and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the company's assets and properties whether immovable, movable or stock in trade (including raw materials, stock in process, finished goods, stores, spare parts and components in stock or in transit) and work in progress together with the money already borrowed by the company (apart from temporary loans obtained from the company's banker in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the company and its free reserve, that is to say, reserves not set apart for any specific purpose but howsoever, that the total amount upto which the money may be borrowed by the board and outstanding at any time shall not exceed the sum of Rs. 300 Crores (Rs. Three Hundred Crores) over and above the paid up capital of the company and its free reserves, exclusive of interest and the board is hereby further authorized to execute such deeds of mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and other deeds and instrument or writings as the board may think fit and containing such conditions and covenants as the board may think fit.

“**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to this resolution.”

8. Power to board to mortgage and charge properties of the company:

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

“**RESOLVED** that the company do hereby accords its consent under the provision of Section 293(1)(a) of the Companies Act, 1956 (including any statutory modification thereof for the time being in force) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage and/or charge by the board of directors (hereinafter referred to as “the board” which term shall be deemed to include any committee which the board may constitute for this purpose) all or any of the movable and immovable properties of the company wherever situated, both present and future, the whole or substantially the whole of the undertaking/s of the company, in such form and in such manner as the board thinks fit for securing any loans and/or advances including those already obtained from any financial institutions/banks/insurance companies or person or persons and/or to secure any debenture/bond issue or that may be issued and all interest, compound/ additional interest, commitment charges, costs, charges, expenses and all other monies payable by the company to the concerned lenders within the overall limits specified under section 293(1)(d) of the Companies Act, 1956”

“**RESOLVED FURTHER THAT** the board of directors of the company be and is hereby authorized to take all such necessary steps and to give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard.”

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 Share Transfer Books and the Registers of Members will be closed from 17th September 2009 to 18th September, 2009, both days inclusive.
3. Members / Proxies should bring their attendance slips duly completed / signed for attending the meeting
4. You are requested to realize your dividend warrants at the earliest as the unclaimed dividend amounts, if any, will be transferred to the Investor Education and Protection Fund established by the central government, as stipulated under the Companies Act, 1956.

Explanatory Statement

Item No. 5

To broad base the board of Directors and to comply with the requirement of Clause 49 of the listing agreement, Mr. R.P. Udawat was appointed by the Board as an additional director in category of Non-Executive independent director of the Company w.e.f 31ST July, 2009 to hold office till date of ensuing Annual general Meeting.

The Company has received a notice u/s 257 of Companies Act, 1956 from a member proposing his appointment to the office of the director of the Company. Mr. R.P. Udawat has vast experience in the field of management and administration.

The Board recommended for appointment of Mr. R.P. Udawat and it is proposed to pass the resolution as set out in item no. 5 of the notice as Ordinary Resolution.

None of the directors except Mr. R.P. Udawat are interested or concerned in the resolution.

Brief Resume of Mr. R.P. Udawat

Mr. R.P. Udawat is a Bachelor Degree holder in Mechanical Engineering with over 28 years of experience in project financing, project implementation, preparation of International bid documents. He has worked as Production Manager with Instrumentation Limited, Kota with special involvement in technology development at shop floor. He has also worked with RIICO for 21 years and was mainly involved in project appraisals and financing, business development in Rajasthan State, rehabilitation of sick units and possesses extensive experience of organizing Industrial promotions campaigns in India and abroad. He has implemented the watch assembly unit of HMT, Bangalore, Leather complex in close co-ordination with Leather research institute, a Government of India enterprise. He has negotiated several collaboration agreements with world renowned companies and traveled internationally very widely for these. He was awarded Merit Certificate for outstanding services, Appreciation Certificate for handling the RAJAD project and Certificate for RIICO Watch Assembly project by Government of Rajasthan. He retired from the services of RIICO on 30th September 2003 from the post of Chief General Manager.

Item No. 6

The tenure of appointment of Mr. Surendra Kumar Surana as Managing Director has expired on 8th July, 2009. During his term for five years, Mr. Surendra Kumar Surana steered the Company to new heights and took several strategic moves in new business.

Considering his valuable contribution to the Company in achieving continuous growth, the Compensation Committee and the board of the directors in their meeting held on 29th April, 2009 recommended his re-appointment as Managing Director subject to the approval of members, for a further period of five years effective from 9th July, 2009, on the terms and conditions being proposed to the members for their approval in this annual general meeting under the provisions of Section 302 of the Companies Act, 1956. Accordingly your consent, by special resolution, is being sought for his re-appointment as managing director for a further period of five years not subject to retirement by rotation in terms of the provisions of article 89 of the Articles of Association of the company. The terms and conditions of the re-appointment may be altered or varied by the Board of Directors, as it may in its discretion deem fit, within the provisions of Schedule XIII to the Act. The main terms of his re-appointment are as follows:

- A. Basic Salary : Rs. 81,000/- (Rs. Eighty One Thousand Only) per month.
- B. Perquisites

Category I

- a) Housing: Furnished residential accommodation will be provided to the Managing Director in lieu whereof rent @ 10% of his basic salary will be deducted. Expenses towards water, electricity and servants shall be borne and paid by the company at actual rate in respect of which 10% of the basic salary of the managing director shall be deducted by the company. If the company is unable to provide accommodation or the appointee is able to arrange his own accommodation, then the company will furnish and maintain the premises and also bear the expenses of servants, electricity, water, etc. at actual rate in respect of which 10% of the basic salary of the managing director shall be deducted by the company.
- b) Reimbursement of medical expenses for self and family at actual rate.
- c) Leave Travel Concessions: Leave travel concession for self and family in accordance with the rules of the company.
- d) Club Fee: Fee including admission and life membership fee for a maximum of two clubs.
- e) Insurance Premium: such premium as may, from time to time, be considered necessary and sanctioned by the Board.

Category II

- a) Provident Fund: Company's contribution to provident fund as per rules of the company.
- b) Gratuity: Payable in accordance with the rules of the company.
- c) Superannuation/ Annuity Fund: Payable in accordance with any rules framed from time to time by the company in this regard.

This may be treated as an abstract of terms required under Section 302 of the Companies Act, 1956.

The Board recommends the resolutions for your approval.

None of the directors, other than Mr. Shubh Karan Surana, Mr. Ajay Kumar Surana being relative and Mr. Surendra Kumar Surana, being appointee, is interested in the resolution.

Item No. - 7&8

The Board is of the view that with the substantial increase in the business activities of the Company, the need of the finance has increased to a great extent. In order to exercise the borrowing power beyond the paid up capital and free reserve (apart from the temporary loans and advances obtained from the Company's banker(s) in the ordinary course of business) the board needs the authority from the resolution passed by the members in the general meeting. It is therefore proposed to provide the authority to the board of directors or sub committee thereof, by seeking appropriate authorization from the members of the company under the provisions of Section 293(1)(d) of the Companies Act, 1956.

The borrowings of the company are generally secured by creation of mortgage or charge on all or any of the movable or immovable properties/assets of the company in such form and manner as may be required by the lenders and acceptable to the board of directors of the company.

Mortgaging or creating charge by the company of its asset to secure the funds borrowed from time to time within the overall limits of the borrowing powers delegated to the board of directors, may be construed as disposal of the company's undertaking within the meaning of Section 293(1)(a) of the Companies Act, 1956. It is therefore considered necessary for the members to authorize the board to create mortgage/charge on the company's assets in the manner proposed in the resolution to secure the funds borrowed / proposed to be borrowed by the company from time to time.

The Board recommends the above resolutions for your approval.

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

Date : 30th July, 2009

Place : Jaipur

Registered Office :

IT 14-17, EPIP, Sitapura, Jaipur - 302 022

By order of the Board

Nikhil Saxena
Company Secretary

COMPUCOM SOFTWARE LIMITED

Registered Office: IT 14-17, EPIP, Sitapura, Jaipur - 302022
Fifteenth Annual General Meeting on 18th September, 2009

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 Fifteenth Annual General Meeting being held on Friday, 18th day of September 2009 at 11: 30. A.M. at IT 14-17 EPIP, Sitapura, Jaipur 302022

Signature of the shareholder/proxy/
Authorized 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
Fifteenth Annual General Meeting on 18th September, 2009

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 _____ 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 Friday, 18th day of September, 2009 at 11:30 AM and at any adjournment thereof.

Dated this _____ day of _____ 2009.

Name of Shareholder :

Registered Folio No. :

DP ID :

Client ID :

No. of Shares Held :

Revenue
stamps
of 1 Re

Signature of shareholder
/first named holder

Note :

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
2. A Proxy need not be a Member.
3. This form in order to be effective must be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not later than 48 hours before the commencement of the meeting.