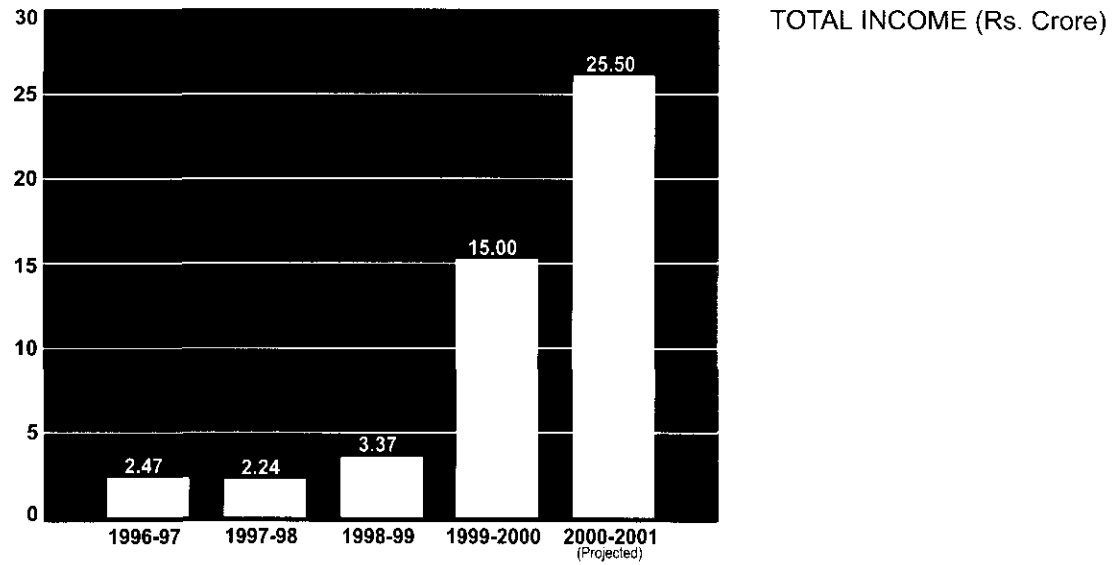




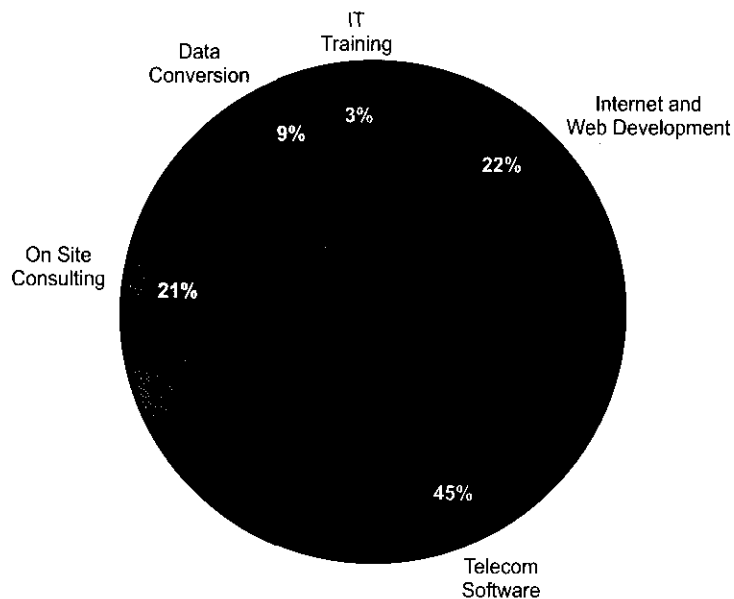
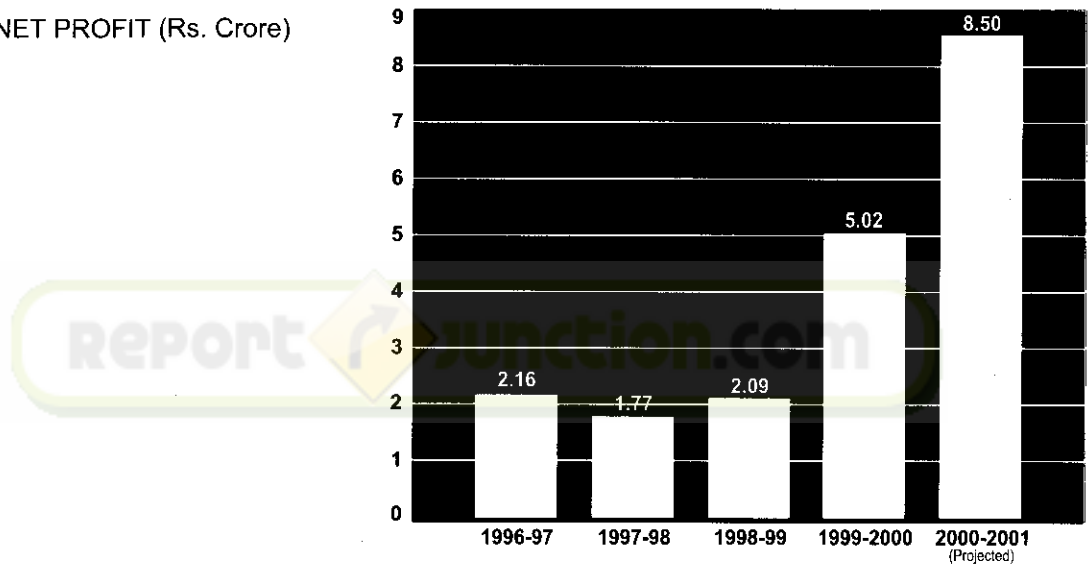
COMPUCOM™
SOFTWARE LIMITED
We make IT happen



ANNUAL REPORT 1999 - 2000



NET PROFIT (Rs. Crore)



The Company has Software development labs and data Centres in India and US and executes software development / services, projects with customized mix of Indian and US resources

Board of Directors	Mr. Ajay Kumar	
	Mr. John A. Giunta	
	Mr. Stephen Carl Viehman	
	Mr. Shubh Karan Surana	
	Mr. R.P. Udawat	- Nominee from RIICO
	Mr. Surendra (Sam) K Surana	- Managing Director
Executive Management	Mr. Ajay Kumar	- CEO US Operations
	Mr. Surendra (Sam) K Surana	- CEO India Operations
	Mr. Jyotin Pandya	- Vice President
	Mr. G.K. Garg	- General Manager (Marketing & Admin.)
	Mr. Nitin Kapoor	- Operations Manager (International Projects)
	Mr. Prabhat Gupta	- Company Secretary & Finance Manager
Auditors	S. Misra & Associates	
	5A, 3 rd Floor, Tilak Marg	
	C-Scheme, Jaipur - 302005	
Bankers	The Vysya Bank Ltd.	
	IDBI Bank Ltd.	
Registered Office	5A, Tilak Marg, C-Scheme, Jaipur - 302005	

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Notice

The sixth Annual General Meeting of the Company will be held on Saturday, August 26, 2000 at IT 14 & 15, Export Promotion Industrial Park, Sitapura, Jaipur 302022 at 11.00 a.m. to transact following business :

1. To receive and adopt the Directors' Report and Audited Annual Financial Statements for the year ended March 31, 2000.
2. To declare dividend for the financial year 1999-2000.
3. To appoint a Director in place of Mr. Ajay Kumar, who retires by rotation and offers himself for re-appointment.
4. To appoint a Director in place of Mr. Shubh Karan Surana, who retires by rotation and offers himself for re-appointment.
5. To appoint auditors and fix their remuneration.

Notes:

1. MEMBERS ARE ENTITLED TO APPOINT PROXIES TO ATTEND AND VOTE FOR THEM. PROXIES NEED NOT BE MEMBERS OF THE COMPANY.
2. The Board of Directors had declared interim dividend @ 20% PRO RATA for financial year 1999-2000. Record date for dividend payment was May 5, 2000. The dividend was paid in May 2000. Shareholders, who did not receive the dividend, are requested to write to the Company giving particulars of their holding.
3. Individual shareholders, who wish to nominate a person in whom all rights in respect of the shares held by them shall vest in the event of their death, may contact Company's Shares Department for further information and details.
4. Members are requested to:
 - Promptly Intimate any change in their addresses;
 - Quote folio numbers in all their correspondence;
 - Provide details of their bank account number (along with a canceled check of the account) for printing on dividend warrants to safeguard against frauds.
 - Approach their Depository Participant to dematerialize their holding.

By order of the Board
Surendra (Sam) K Surana
Managing Director

Registered Office:
5A, Tilak Marg, C-Scheme
Jaipur 302005
July 14, 2000

Directors' Report to Shareholders

Your Directors are pleased to present this Sixth Annual Report and Audited accounts of your company for the financial year ended March 31, 2000.

Financial Results

	Rs. in lacs	
	1999-2000	1998-1999
Total Income	1,500.44	336.59
Profit before Depreciation, Interest and Provision for taxation	507.56	224.88
Depreciation	15.98	13.37
Interest	1.39	0.76
Provision for Income-tax	16.89	1.54
Profit before extra-ordinary income	473.30	209.21
Extra-ordinary income (net of tax)	29.18	—
Net Profit	502.48	209.21
Balance of profit for earlier year	187.63	406.25
Profit available for appropriation	690.11	615.46
General Reserve	200.00	100.00
Proposed Dividend	83.23	1.89
Dividend tax	8.32	0.19
Capitalization by Issue of Bonus shares	—	325.75
Balance carried forward	398.56	187.63

The restructuring exercise undertaken just prior to IPO in September last year paid off. The year 1999-2000 witnessed substantial improvement and growth in the business of the company. Revenues jumped from Rs. 336.59 lacs to Rs. 1,500.44 lacs and net profit from Rs. 209.21 lacs to Rs. 502.48 lacs. Earning per share went up by 93% to Rs. 12.07 on expanded capital base.

Dividend

In March 2000, your directors approved interim dividend on Equity shares @ 20% PRO RATA for financial year 1999-2000. It was paid in May 2000 to those shareholders whose names appeared on May 5, 2000 in the Register of members maintained by the Company. Board recommends the interim dividend being total dividend for the year ended 31 March 2000. By preponement of dividend distribution, additional income tax liability of Rs.8.32 lacs is avoided by the company.

Operations

The year 1999-2000 registered a marked improvement in operational performance. Export revenues increased to Rs. 1,381.54 lacs achieving 341% growth. Telecom software and Web based applications /solutions were the key growth drivers.

During the year, the company added five new multinational corporations to its clients' list. They are expected to generate significant revenue streams in near future. Existing tie-ups with Tekmark Global Solutions LLC, the strategic alliance partner in USA, were strengthened with induction of Mr. John A. Giunta, a co-owner, on the Board of Directors. In order to cement long-term ties, Board successfully persuaded Tekmark to enter in to an exclusivity arrangement guaranteeing all India related offshore business to your company.

The Company identified Europe and US as thrust areas for growth in future. A wholly owned subsidiary was set up in New Jersey, USA for strengthening marketing base in USA. The subsidiary named "Compucom Global Solutions, Inc." was set up in May 1999 and commenced its operations in July 1999. The Company has entered in to an MOU to establish a subsidiary at Cologne, Germany.

New software development center (Exports Lab) was commissioned at Export Promotion Industrial Park, Sitapura, Jaipur as STPI approved unit. It is equipped with state of art communication infrastructure with 128 KPBS leased internet line from nearby Earth Station. It will be upgraded for point to point connectivity with US office via satellite. This second development center at Jaipur will provide a level playing field to your company to compete globally for projects to be out sourced to India.

The campus style world class Training institute project at EPIP Sitapura, Jaipur has progressed well and is expected to go on stream by March 2001. This institute will substantially aid in our efforts to develop IT skills/talents for our captive as well as for staff supplementation needs of our strategic partners worldwide.

The decision to open new development center at Delhi and Calcutta was deferred in February due to adverse tax implications of the Budget 2000 proposal. However with the subsequent withdrawal of the said proposal, Directors are going ahead with planned establishment of these centers which are now slated to be operational by March 2001.

The launching of web based product "COSAC" has been delayed due to unexpected snags. The product name could not be trademarked due to prior registration of another product under same name. Hence its name was changed to "iCARE". It is also being upgraded to be compatible with wireless technology and for extra value added features. Its launching is now revised to last quarter of current year.

Subsidiary Companies

Compucom Global Solutions Inc. was set up as a wholly owned subsidiary to strengthen the marketing base in USA. As required under Section 212 of the Companies Act, 1956 the Balance Sheet, Profit and Loss Account and report of Auditors on the accounts are annexed with the statement of subsidiary companies. An MOU is signed to establish a subsidiary in Germany to service the European markets. It is expected to be operational by September 2000.

Finances

In order to finance the expansion program, Company raised its equity capital by further issue of 16,53,550 Equity Shares. Out of these, 211,850 shares were privately placed with NRIs and Business associates at various prices aggregating Rs. 76.57 lacs. This includes allotment of 100,000 shares at par to Compucom Software Limited Employees Welfare Trust for Employees Stock Option Plan of the Company. 14,41,700 shares were allotted to public through IPO at price of Rs 75/- per share fetching Rs. 1,081 lacs. The excellent response to IPO resulted in to an interest income of Rs. 29.18 lacs (net of tax)

Directors

During the year under review, Mr. John A. Giunta, Mr. Stephen C. Viehman and Mr. R.P. Udawat joined Board of Directors of the Company. Mr. Giunta and Mr. Viehman were inducted as Additional Directors by the Board and their appointment was ratified in last annual general meeting. Mr. R.P. Udawat was nominated by Rajasthan State Industrial Development and Investment Corporation Limited, Jaipur.

Mr. Ajay Kumar and Mr. Shubh Karan Surana retire by rotation at the ensuing annual general meeting and offer themselves for re-appointment.

Auditors

M/s. S. Misra & Associates, Auditors of the Company, retire at the ensuing annual general meeting and being eligible offer themselves for re-appointment.

Fixed Deposits

The Company did not accept any deposit, within meaning of Section 58A of Companies Act 1956, from public.

Conservation of energy, Technology absorption, Foreign exchange earnings and outgo (pursuant to requirements of section 217(1)(e) of the Companies Act, 1956 and rules made thereunder)

The operations of your company are not energy intensive. However, it is management's constant endeavor to conserve energy through optimal usage and elimination of wastage.

As the Company is engaged in software services, it has policies and programs in place to ensure that all its hardware and software resources are periodically upgraded to incorporate the best available technologies. Company has well laid out training programs to upgrade the skills of its employees in line with changing market conditions. The details of foreign exchange earnings and outgo are given in Notes on Accounts forming part of Balance Sheet.

Listing

Shares of the Company are listed at Mumbai, Jaipur, Delhi, Calcutta and Ahmedabad stock exchanges. Company has paid listing fee for financial year 2000-2001 to all the exchanges.

ESOP

Directors value human resources the most. In order to attract/retain quality human resources, the management implemented an Employees Stock Option Plan by allotment of 100,000 Equity Shares at par value to 'Compucom Software Limited Employees Welfare Trust'.

Particulars of Employees

Pursuant to Section 217(2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules 1975, it is reported that there was no employee drawing remuneration during the year at or above rates mentioned therein.

Acknowledgements

Your directors place on record their sincere appreciation for the dedicated services of all employees, support and encouragement from the alliance partner in USA and all other business associates. Our sincere thanks to SEBI, Stock Exchanges, Registrar of companies, Auditors, Merchant Bankers, Registrar, Share Brokers, Banks, Media and investors community in general and shareholders in particular for their excellent support and response to the public issue of the company.

For and on behalf of the Board
Surendra (Sam) K Surana
Managing Director

Place: Jaipur

Date: July 14, 2000

Auditors' Report to Members of the Company

To the shareholders of Compucom Software Limited.

We have audited the attached Balance Sheet of Compucom Software Limited as at March 31, 2000, and Profit and Loss Account and Cash Flow Statement attached therewith for the year ended on that date.

1. As required by Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Para 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to paragraph (1) 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, the Company has kept proper books of account as required by law, so far as it appears from our examination of such books.
 - c. The Balance sheet, Profit and Loss account and the Cash flow statement dealt with by this report are in agreement with the books of account.
 - d. In our opinion, the Balance sheet, Profit and loss account and Cash flow statement comply with the accounting standards referred to in sub-section 3C of Section 211 of the Companies Act, 1956.
 - e. In our opinion and to the best of our information and according to 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:
 - i. In the case of Balance sheet, of the state of affairs of the Company, as at March 31, 2000;
 - ii. In the case of Profit and loss account, of the profit of the Company, for the year ended on that date.
 - f. The Cash flow statement complies with the requirements of Clause 32 of the Listing Agreement with Stock Exchanges where shares of the Company are listed.

FOR S.MISRA & ASSOCIATES

Chartered Accountants

SACHINDRA MISRA

Partner

Place: Jaipur

Date: July 14, 2000

Annexure referred to in Clause 1 of Auditors' Report

1. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. The management informs us that the fixed assets have been physically verified at the end of the year, which is considered to be a reasonable interval in relation to the size and nature of business. We have further been informed that no material discrepancies have been noticed on physical verification of the assets.
2. According to the information and explanations given to us, none of the fixed assets of the Company have been revalued during the year.
3. As the Company is not engaged in manufacturing of any tangible products, paragraph numbered 3 to 6 of the said order, in our opinion, are not applicable.
4. The Company has not taken any unsecured loans from any person.
5. The Company has not granted unsecured loan to parties listed in the register maintained under section 301 of the Companies Act, 1956.
6. Since no loan or advances in the nature of loans have been granted to any person, paragraph (9) of the said order, in our opinion, is not applicable.
7. In our opinion and according to information and explanations given to us, the Company has an adequate internal control procedure commensurate with its size and nature of its business for purchase of assets, equipment, stores, materials, and for sale of goods and services.
8. In our opinion, and according to information and explanations given to us, the transactions of purchase and sale of goods, material and services with parties listed in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/-or more in respect of each party have been made at prices which are reasonable with regard to prevailing market prices or prices of similar transactions with other parties.
9. In our opinion and according to information and explanations given to us, the Company has not accepted any deposit from the public within the meaning of Section 58A of the Companies Act, 1956 and the rules framed thereunder including the directives of Reserve Bank of India.
10. As the Company is not carrying any manufacturing activity, paragraphs numbered 12 and 14 of the said Order, in our opinion are not applicable.
11. In our opinion and according to information and explanations given to us, the internal audit system of the Company is commensurate with size and nature of its business.
12. We are informed that maintenance of cost records under Section 209(1)(d) of Companies Act, 1956 have not been prescribed for any product of the Company.
13. In our opinion and according to information and explanations given to us, the Company is generally regular in depositing dues under Provident Fund and Employees State Insurance schemes.
14. In our opinion and according to information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, customs duty and excise duty remained outstanding for six months or more at the end of the year.
15. In our opinion and according to information and explanations given to us, no personal expenses have been charged to revenue account.
16. In our opinion, the Company is not a Sick Industrial Undertaking within the meaning of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985.
17. In our opinion, the Company, in respect of software development projects and IT services/consultations rendered, has suitable system of allocating man-hour utilized to the relevant projects/ services/ consultation contracts and has a reasonable system of authorization at proper level. Related internal controls are commensurate with its size and nature of business.

FOR S.MISRA & ASSOCIATES

Chartered Accountants

SACHINDRA MISRA

Partner

Place: Jaipur

Date: July 14, 2000