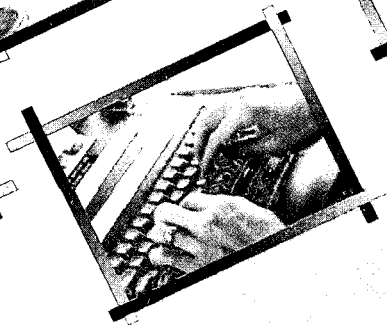
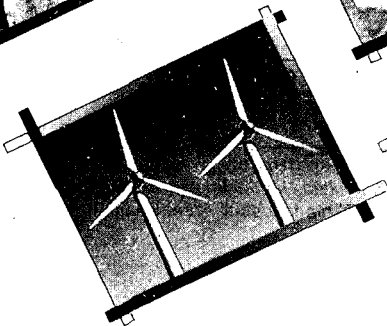
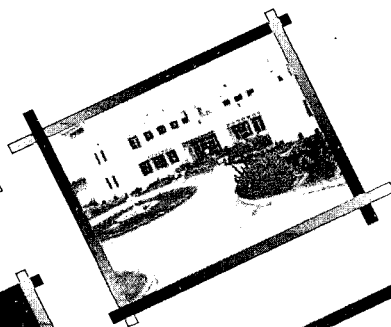
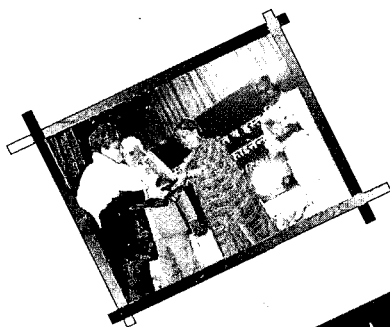


# COMPUCOM

## SOFTWARE LIMITED

*We make IT happen*

# 13th Annual Report 2006-2007



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## Board of Directors

### Executive Directors

Surendra Kumar Surana, Managing Director, Promoter Director

### Non-Executive Independent Directors

John A. Giunta

R. P. Udawat

Stephen Carl Viehman

Subodh Bansal

Shiv K Vijay

### Non-Executive Not Independent Directors

Shubh Karan Surana, Promoter Director

Ajay Kumar Surana, Promoter Director

### Executive Management

Mr. Ajay Kumar Surana  
CEO US Operations

Mr. Surendra Kumar Surana  
CEO India Operations

Lt. Col. Revail Singh (Retd.)

Sr. Administrative Officer

Ms. Anita Periwal  
Company Secretary

### Auditors

M/s S. Misra & Associates

Chartered Accountants

5-A, Tilak Bhawan, Tilak Marg, C- Scheme, Jaipur-302005

### Legal Advisor

Amrit Surolia

Advocate, Raj. High Court

### Corporate Advisors

V.M. & Associates,

Company Secretaries

403, Royal World, S. C. Road, Jaipur

### Bankers

The ING Vysya Bank

ICICI Bank

IDBI Bank

SBBJ

### Registered Office

IT 14-17, RIICO Industrial Area,

EPID, Sitapura, Jaipur - 302022

### Share Department

MCS Limited Sri Vientash Bhawan,

W-40, Okhla Industrial Area, Phase-II, New Delhi- 110020

**Letter to Shareholders**

Dear Shareholders,

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

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

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

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

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

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

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

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

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

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

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

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

With warm regards,

Sd/-

**Surendra Kumar Surana.**

Managing Director

Jaipur, July 30, 2007

**Directors' Report to the Members**

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

**FINANCIAL RESULTS:**

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

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

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

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

**Business Review**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

For and on behalf of the Board

Sd/-  
**Shubh K Surana**  
Chairman

Sd/-  
**Surendra K Surana**  
Managing Director

Jaipur, July 30, 2007

### **Annexure 'A' to the Directors' Report**

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

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

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

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

#### **(ii) Technology absorption, adaptation and innovation:**

- (a) **Efforts made towards technology absorption, adaptation and innovation :** The Company put efforts and focuses on innovation as it is engaged in a business marked with rapid technology changes and obsolescence. This innovation helps the Company to keep pace with these rapid changes.  
It has plans and policies to adopt new technologies periodically with up-gradation of hardware and software resources.

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

(iii) **Foreign Exchange Earnings and Outgo:**

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

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

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

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

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

### Auditor's Certificate regarding Compliance of Corporate Governance

To the Members' of  
Compucom Software Limited

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

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

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

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

**FOR S.MISRA & ASSOCIATES**

Chartered Accountants

**SACHINDRA MISRA**

Partner

Jaipur, July 30, 2007

### Corporate Governance Report for the year 2006-07

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

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

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

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

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

**2. Board Of Directors:**

- (a) **Composition :** As the year ended on 31st March, 2007, the Board of Directors had 8 members comprising of 1 Executive Director and 7 Non-Executive Directors. The Non-Executive Directors included 2 (two) Promoter Directors and 5 Independent Directors.

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.

- (b) **Attendance of each Director at the Board Meeting and Last Annual General Meeting :** 4 Board Meetings were held during the financial year from 1st April, 2006, to 31st March, 2007. Attendance of each of the Directors at the said Board Meetings is given below:

S. No	Name of the Director	Category of Directorship	No. of Board Meetings attended	Last AGM Attended on 06-Sep-2006
1	Mr. Surendra K. Surana	MD	4 (four)	Yes
2	Mr. Shubh K. Surana	NED	4 (four)	Yes
3	Mr. Ajay K. Surana	NED	3 (Three)	No
4	Mr. Stephen C. Viehman	NED: I	3 (Three)	Yes
5	Mr. John. A. Guinta	NED: I	0 (Zero)	No
6	Mr. R. P. Udawat	NED: I	4 (four)	No
7	Mr. Subodh Bansal	NED: I	4 (four)	Yes
8	Mr. Shiv K Vijay	NED: I	3 (Three)	No

NED Non-Executive Director

ED Executive Director

MD Managing Director

I Independent Director

- (1) None of the Directors of the Company is a Director or member on more than 10 committees and Chairman of more than 5 Committees (as specified in Clause 49) across all the companies in which he is a Director.

- (2) 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.

- (c) **Number of Board Meetings held and the dates of Board Meetings :** 4 Board Meetings were held during the financial 1st April, 2006 to 31st March, 2007. The dates of the said Meetings are as given below:

28th April, 2006	31st July, 2006
30th October, 2006	30th January, 2007

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 -****(a) Terms of reference**

- To investigate any activity within its terms of reference.
- To seek information from employees.
- To obtain outside legal or other professional advice.
- To ensure fairness, sufficiency and credibility of financial statements.
- Reviewing periodic as well as annual financial results and financial statements before submission to the Board.
- Review the adequacy of Internal Control.
- Reviewing the Company's financial and risk management policies etc.
- Discussion on the scope of audit with external auditors and examination of reasons of substantial defaults, if any.

It may be clarified that the role of Audit Committee includes matters specified in Clause 49 of the Listing Agreement entered into between the Company and the Stock Exchange on which the Shares of Company are Listed.

- (b) **Composition, name of the members and chairperson :** As the year ended on 31st March 2007, the Audit Committee comprised of 3 Non-Executive Directors viz Mr. Shubh K. Surana, Mr. R.P. Udawat and Mr. Subodh Bansal. Mr. R. P. Udawat and Mr. Subodh Bansal are Independent Directors. Mr. R. P. Udawat is the Chairman of the Committee.

- (c) **Meetings and attendance during the year :** 4 Audit Committee Meetings were held during the financial 1st April, 2006 to 31st March, 2007 on the following dates: 27-April-2006; 29-July-2006; 28-October-2006 & 29-January-2007. The attendance of each member of the Committee is as given below:

S. No	Name of the Director	No. of Meetings attended
1	Mr. R.P. Udawat	4 (four)
2	Mr. Shubh K. Surana	4 (four)
3	Mr. Subodh K. Bansal	4 (four)



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

The Company Secretary acts as the Secretary to the Committee.

### 3.2 Remuneration Committee -

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

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

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

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

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

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

### 3.3 Investor's Relation Committee -

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

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

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

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

#### Details of complaints:

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

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

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

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

#### 5. Disclosures -

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

#### 6. Means Of Communication:

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

#### 7. GENERAL SHAREHOLDERS INFORMATION

##### ANNUAL GENERAL MEETING :

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