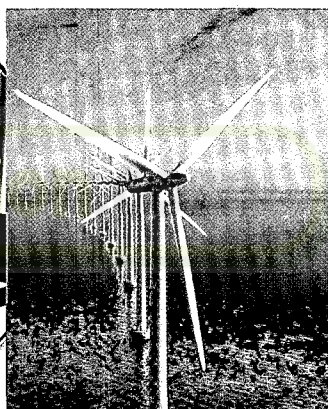
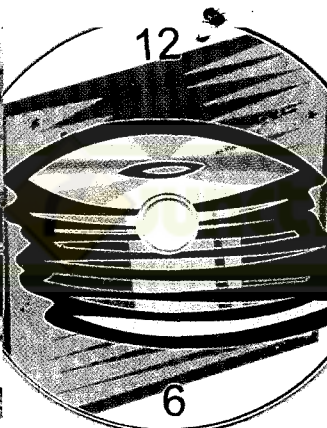


COMPUCOM

SOFTWARE LIMITED

We make IT happen

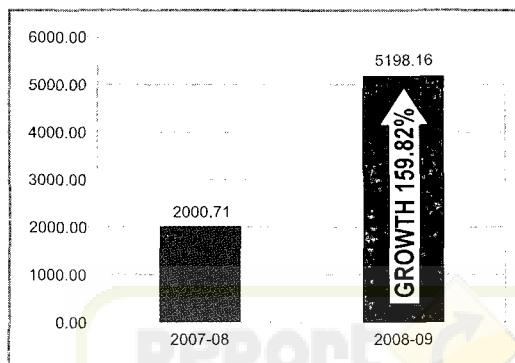


15th Annual Report

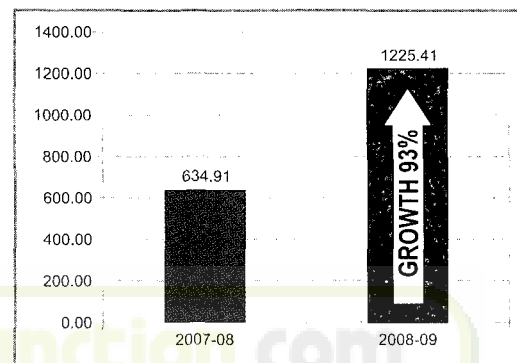
2008-2009

Progress at a Glance

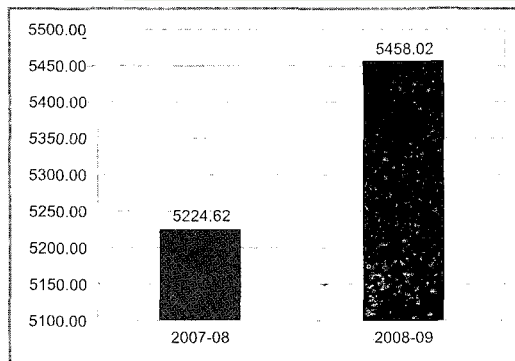
- More than 3500 Govt. Schools under ICT and IT services in Sarva Siksha Abhiyan.
- More than one million learner covered across North India.
- K-12 multimedia and digital content available in Hindi and English.
- Prominent player in E-Governance in North India.
- Domain Expertise in Power Utility Management Services.
- Providing Software services across 5 continents.
- 10 Years Uninterrupted Dividend Payment and Profit making track record.



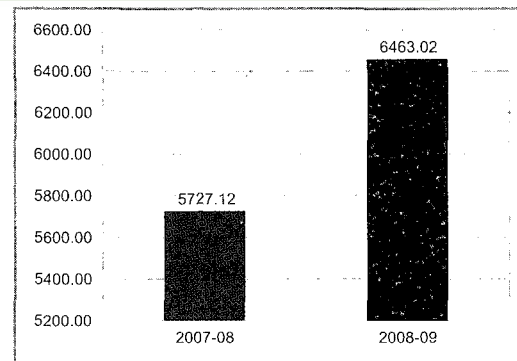
Total Income (Amount in lacs)



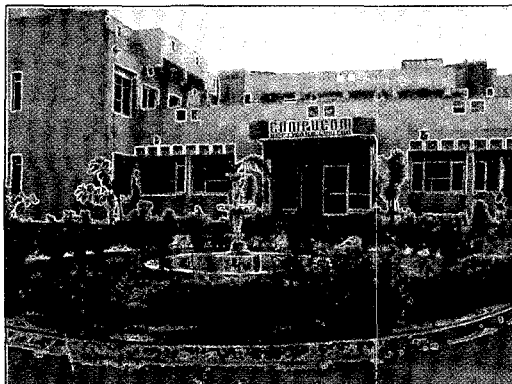
Profit before Tax (Amount in lacs)



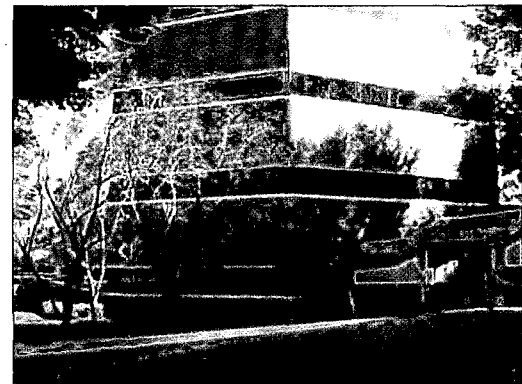
Reserve and Surplus (Amount in lacs)



Shareholders Fund (Amount in lacs)



INDIA OPERATIONS



US OPERATIONS

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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@compucum.co.in

Website : www.compucum.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

Company Secretary

Nikhil Saxena

Listed At

Bombay Stock Exchange

Calcutta Stock Exchange

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 Compucum 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 Compucum 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. Compucum 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 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. Compucum has been one of the prominent players in execution of SSA projects.

Compucum 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 Compucum with strong content development team with the ability to modify the content as per customer requirements stands to benefit. Compucum 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).

Compucum has a strong sales team which results in meaningful follow up with clients. Compucum has so far achieved its 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 Compucum's competitors who are pitching for a share of the pie. Compucum has considerable experience in the competitive bidding process. Thus, we expect it to achieve high growth over the next few years.

During the year, Compucum 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.

Compucum 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 Compucum is unlikely to face any economic downturn.

Compucum 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:**(Rs. in Lacs)**

Particulars	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.

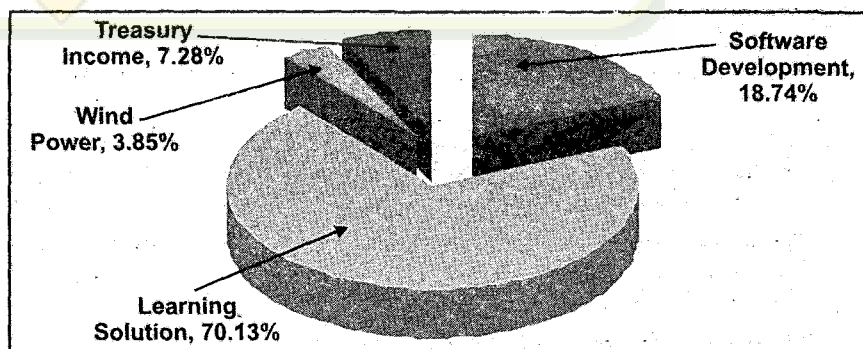
(iv) Wind Power Generation : The company had set up two wind power generation plants of 0.6 MW each at Jaisalmer (Rajasthan), two at Sikar (Rajasthan) of 0.6 MW each, and one of 0.8 MW at Tumkur (Karnataka). The operation and maintenance of the wind power project has been out-sourced to Enercon India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

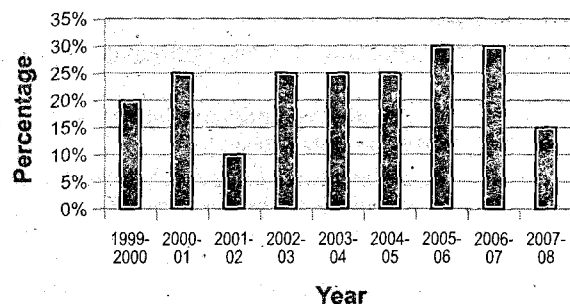
- In preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations and disclosures relating to material departures.
- The relevant accounting policies are applied consistently and the directors' have made judgments and estimates that are reasonable 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.
- 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.
- 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%

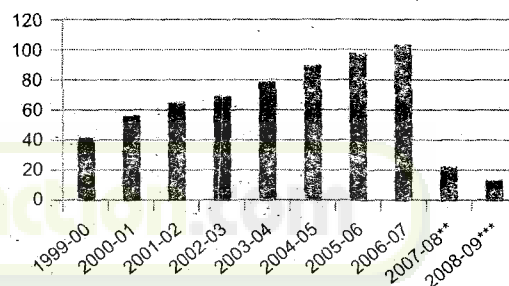
Dividend declared & paid during the last 9 Years



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

Book Value



**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 58A 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. Compucum 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.