

Software Products

ICT@School

COMPUCOM
SOFTWARE LIMITED
*We make **IT** happen*

Pre School

Software Services

Job Portal

Wind Power

e-Governance



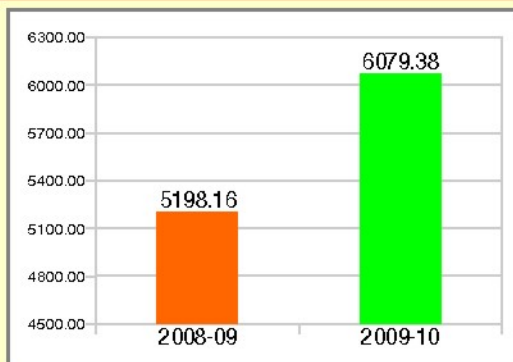
Educational Content

Tutorial Services

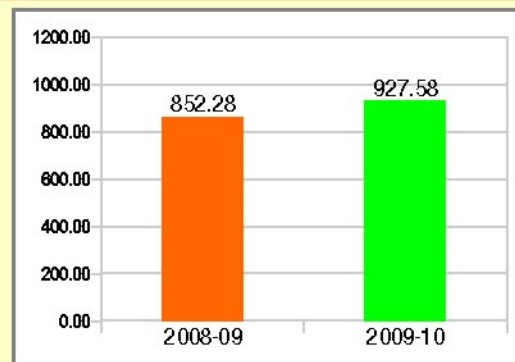
16th Annual Report
2009-2010

Progress at a Glance

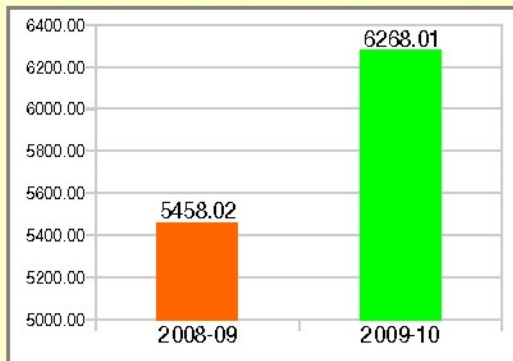
- More than 5246 Govt. Schools under ICT and IT services in Sarva Shiksha Abhiyan.
- More than two million learners covered across North India.
- Prominent player in E-Governance in North India.
- Domain Expertise in Power Utility Management Services.
- Providing Software services across 5 continents.
- 11 Years Uninterrupted Dividend Payment and Profit making track record.
- Offline tutorial services under Compucom Gurukul brand launched
- Pre School business in full swing to trap high potential market
- Job Portal established to serve rural un-employed blue collar workers



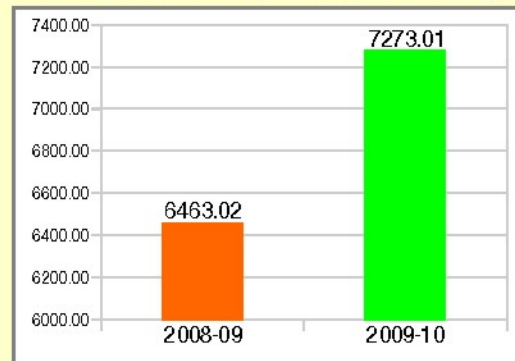
Total Income (Amount in Lacs)



Profit After Tax (Amount in Lacs)



Reserve and Surplus (Amount in Lacs)



Shareholders Fund (Amount in Lacs)



India Operations



USA Operations

Contents

Corporate Information	2
Letter to Shareholders	3
Educational Business Outlook	4
Directors' Report	5
Annexure 'A' to the Directors' Report	8
Corporate Social Responsibility	9
Corporate Governance Report	10
Auditors Certificate for Compliance of Corporate Governance	17
Certificate of CEO and CFO of the Company	18
Management Discussion and Analysis Report	18
Auditors' Report	23
Annexure to Auditor's Report	23
Financial Statements	
Balance Sheet	25
Profit and Loss Account	26
Cash Flow Statement	27
Schedules forming part of Financial Statements	28
Significant Accounting Policies	31
Notes to Accounts	32
Balance Sheet Abstract and Company's General Business Profile	35
Subsidiary Companies Statement under Section 212 of Companies Act, 1956	36
Auditors' Report on Consolidated Financial Statements	36
Consolidated Balance Sheet	37
Consolidated Profit and Loss Account	38
Consolidated Cash Flow Statement	39
Notes on Consolidated Financial Statements	39
Financial Statements of US Subsidiary - ITneer Inc., USA	41
Notice to AGM	44

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

Stephen Carl Viehman

Dr. Anjila Saxena

CA. Rajeev Sogani

Rajendra Prasad Udawat

Company Secretary

Nikhil Saxena

Registered Office

IT 14-15, RIICO Industrial Area,
EPIP, Sitapura, Jaipur - 302022 (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

Axis Bank Limited
Bank of Baroda
ING Vysya Bank Limited
State Bank of Bikaner and Jaipur

Auditors

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

Corporate Advisors

V.M. & Associates
Company Secretaries
403, Royal World, Sansar Chand Road,
Jaipur - 302001 (Rajasthan)

Registrar & Share Transfer Agent

MCS Limited
F-65, 1st Floor,
Okhla Industrial Area, Phase-I,
New Delhi - 110020
Ph. : +91-11-41406149
Fax : +91-11-41709881
E-mail : admin@mcsdel.com

Subsidiary Company

ITneer Inc., USA

Listed At

Bombay Stock Exchange Limited
Calcutta Stock Exchange Association Limited

Letter to Shareholders

Dear Shareholders,

FY 2009-10 has been an excellent year for your company in which we strengthen our position in the already existed business segments as well as we ventured into new segments. Education, E-Governance and Software services business were the prime drivers of the company balance sheet in the reported financial year.

In a snapshot of the financials, Your Company achieved better turnover and EBITDA in this financial year in comparison to last year, which reflects the continuous growth and management vision. The top line has shown growth of 16.95% over FY 2008-09 to Rs. 60.79 Crores EBITDA has shown growth Rs. 32.67 Crores as against Rs. 24.52 Crores in 2008- 2009 depicting a growth of 33.24 %.

Education sector in India is recession-proof and your company has been one of very few listed companies in this high potential segment.

The global economy during the year has been volatile but Indian growth story remained intact which has been showcased in the Company balance sheet. Management Vision has always been to align the company operations with the emerging and existing market trends. It is in continuous search for new growth hinterlands and opportunities.

Your company was successful in striking major order in ICT education in state of Rajasthan of around 77.77 Crores for providing ICT education in 1550 schools. The award signifies the prominent position of your company in ICT Education segment and now Compucom has 5246 schools under its education umbrella serving two million learners.

Your company zeroed on one of the fast growing segment of Pre School business where there is ample opportunity to establish a prominent position. Company has been successful in getting its Pre Schools operational with a vision to bring acceptable and affordable Preschools in rural, semi urban and urban areas.

Your company use to be a software company traditionally but since last couple of years it is diversifying its operations to education sector that is reflected in the financial results. The software is complimenting the education business in software based enterprise management and multimedia services. The ERP and MIS solutions have been leveraged to make all the business areas of the company more efficient and controllable across multiple points of operations.

The charitable arm of Compucom group, Compucom Foundation runs an engineering and management college across the road, providing strong synergy in education business. Institute has gained lot of popularity among students and parent owing to state of art educational and campus facilities.

During the year, the company extended its digital content library to cover Preschool to 12th syllabus. This collection of quality intellectual property will complement various education projects.

I am very proud to say that all the projects in all the segments are running successfully and are widely appreciated by the customers. It gives me immense pleasure to lead a company, which have been not only getting projects but also executing them successfully even though there are many roadblocks.

Your company has always been a follower of sound corporate governance practices. Company has been ethical in its approach. Management visualizes the opportunities and risks before endeavoring into any project. Company takes cautious approach and practice the philosophy of shareholder wealth preservation, while taking measures to counter internal or external adversity.

The company believes in enhancing shareholders value witnessed by unbroken track record of dividend payment since inception.

As we move forward many synergistic opportunities and diversification will happen. Company envisions some opportunities in publication, e-tutoring, e-classes in private schools, e-content marketing, Customized School and College Management software.

Brand building of Company products and services will also be objective of the management in the coming years.

Your Company is now focusing on strengthening its core businesses and diversifying into new segments like non traditional education, hospitality, entertainment and transport services etc. in order to take company to the next level in corporate world.

Company's 100% subsidiary, ITneer Inc., USA acts as the foreign arm to help your company in marketing in foreign countries to establish a funnel for the offshore projects.

Your company and its management feel that any growth story is not complete if its fruits are not reaching the needy and deprived segments. Company is well conscious of its social responsibilities, and participates actively in social causes in form of cash and kind both.

We are extremely blessed with an excellent team whose commitment and zeal brings success in our endeavors.

I am grateful to the board of directors, shareholders, customers, vendors and bankers who have helped the company to maintain excellence and show growth.

We commit and dedicate ourselves to our motto "We Make IT Happen!"

With Warm Regards,

Surendra Kumar Surana
Managing Director & CEO

Jaipur, 31st July 2010



Education Business Outlook

Education is one of the most happening business segments in India. Owing to colonial rule and relatively high young generation, this sector is offering tremendous opportunities for us. Education is no longer an expense in a family but a necessity item which often takes priority over other expenditures, which is being considered as an investment for future.

We expect the strong growth in the sector to be led by increasing spending on schooling and higher education as well as the increased participation of private enterprises in government spending.

Households in India spend less than 5% of disposable income on education compared to 12% in the US, and 15% in China. However, household spending on education has grown rapidly, increasing at a CAGR of 16.3% in past five years to US\$15.6bn. We expect this segment to grow at a faster rate in coming years, driven by favorable demographics and rising income levels.

It is believed that the rapid increase in the middle income group and their career aspirations is triggering need of high quality education at affordable cost.

Government spending on education is supposed to be increasing from 7.5% of gross budgetary support in the 10th five year Plan to around 20% in the 11th Plan. This is going to bring phenomenal money in this segment. 'ICT in Schools' through SSA, in which your company operates, will be one of the major beneficiaries of programme.

ICT education in Govt. Schools is now a very mature business model for the company and it has been widely appreciated for its flawless delivery. Out of total one million government schools in India, less than 5% are covered under ICT. Hence company should 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 competitors. 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 1550 schools out of 2000 schools offered by Govt. of Rajasthan for implementing ICT education project, thus staying ahead of the competition in the sector.

Company has two million learners under its umbrella studying in 5246 Govt. Schools where it is providing the educational services.

Other education wings of company have also started firing up. Company has made a very strategic move by venturing into Pre-School Segment under Compucom Pre-School Brand leveraging the brand value of Compucom and bringing small but learned entrepreneurs under its umbrella. Pre-School business in India is currently 5000 Crores and it is being expected to be a 13500 Crores business in 2013 as analyzed by some research firms. Company has already registered 56 small entrepreneurs who are going to start this venture in future. 3 Pre-Schools are already functional and they are showing encouraging results.

Company has now completed entire educational supply chain right from Pre-School to Engineering and Management College which is under Compucom Foundation.

Compucom has been a very early participant in the education as a business and has been one of first bagger of Govt. ICT education business. We have seen the Govt. ICT education business born and growing. We are further hopeful that in time to come the regulatory hurdles will be removed and more opportunity in this segment will appear.

Compucom is well prepared with its education factory with all components ready which can be assembled in various permutations to provide education as a product as well as service. In the coming time there will be opportunities of phenomenal size and scale for which Compucom has already geared up its balance sheet and resources.

Company has been innovative in educational offerings. It has developed qualified leaders and associates tied up in strong business ethics that are building and executing the business.

Company provides end to end solutions including setting up the infrastructure, systems integration, teacher training, content development and learning under Private Public Partnerships which has been encouraged in SSA.

Company has also innovated offline training under Compucom Gurukul brand which enables young engineers to have industrial exposure which increases their employability. This initiative during the year saw phenomenal response by enrolling more than 250 engineers. Compucom Gurukul is a unique venture as it is located in the vast hinterland of engineering colleges who are not producing employable students to provide them employment oriented skill programs in various streams and in the coming time will be extended to other geographies.

Company, seeing the large scale unemployment in the country in unorganized sector has instituted a Job Portal dedicated to lower income bracket workers. This will be a unique model of generating profits from bottom of pyramid and also fulfilling the social responsibility at nominal cost.

Company has also renovated its IT training system and now offering courses in software and hardware. These courses are very popular in semi-urban and rural areas. Company wants to leverage its presence in these geographies to provide education at a very affordable cost.

Company has also commissioned a planned multimedia assembly line concept for developing state of art multimedia educational content in Hindi and English. It has established a studio for shooting and recording the audio visual programs to generate a content which is close to the requirements of students. This quality intellectual property is leveraged in ICT, Pre-School and Gurukul business. Company plans to launch a multimedia series for kids as market conditions are favorable. 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 Pre-School to Class 12th.

Company is envisioning online tutorial services through one of its packaged product in coming future. It is going to add value to company as the content is already ready and it has only to be made available via internet. Seeing the market need of such online tutorial services, Company sees a promising future in this area.

Company has also been looking for packaged software business like Online Exam, Educational Institute Management System for further strengthening the grip in educational segment.

We believe that the spending on education segment will remain inelastic in India and thus Compucom is unlikely to face any economic downturn. Company is now planning to make global India foot print in educational segment and hopeful that owing to be one of the few listed education companies, shareholders may get suitable reward while surfing the wave of education economy.

Directors' Report to the Members

Your Directors have the pleasure in presenting their report on the business and operation of the Company for the year ended on 31st March 2010

FINANCIAL RESULTS:

(Rs. in Lacs)

Particulars	31.03.2010	31.03.2009
Total Income	6079.38	5198.16
Total Expenses	2812.87	2746.18
Operating Profit (PBDIT)	3266.51	2451.98
Interest	502.80	229.13
Depreciation	1645.54	997.44
Profit Before Tax	1118.17	1225.41
Provision for Income Tax including Deferred Tax	190.59	373.13
Net Profit after Tax	927.58	852.28
Appropriation		
Dividend	100.50	100.50
Dividend Tax	17.08	17.08
Transfer to General Reserve	100.00	100.00
Total Appropriations	217.58	217.58
Earning per Share: Basic and Diluted (in Rs.)		
Considering Extra Ordinary Item	1.85	2.69
Without Considering Extraordinary Items	1.85	2.69

Results of Operation - Total revenues earned during the year amounted to Rs. 6079.38 lacs compared to that of Rs. 5198.16 lacs in the previous financial year. The Profit before tax has decreased from Rs. 1225.41 lacs in the previous financial year to Rs. 1118.17 lacs in the current financial year. During the year under review, the income from operation was Rs. 5943.16 lacs compared to Rs. 4819.79 lacs in the previous financial year. This reflects an increase of Rs. 1123.37 lacs, which is mainly due to the increase of income from learning solution business segment.

The Profit before interest, depreciation and tax during this period was Rs. 3266.51 lacs as compared to the previous financial year PBIDT i.e. Rs. 2451.98 lacs.

As required by AS-21, Consolidated Financial Statements are provided in the later section of the annual report.

Business Review

- (1) **Software Services** : During the year under report the company focused on the areas where higher margin were available with Low risk factors. The revenue generated from the software segment during the financial year 2009-10 was Rs. 985.24 lacs as against Rs. 974.03 lacs during the last Financial Year. This reflect an increase of 1.15% i.e. Rs. 11.21 lacs.

Profit earned from this segment amount to Rs. 477.94 lacs as compared to that of Rs. 301.92 lacs during the previous financial Year, which has resulted an increase of 58.29%. The ratio of the segmental profit to the segmental revenue has increased by 18.51% from 30.00% to 48.51% as compared to the previous financial year.

During the year end JdVVNL has further extended their contract for providing and operating IT enabled call center services at Bikaner city for the next six months upto 31st December 2010 or till the finalization of the new tender for which the company is also applied. Compucom is also executing the JVVNL order on BOOT basis of contract value worth 11.38 Crores in Jaipur city and at Kota city value worth 4.81 Crores. Under this contract your company has to provide the call center, fault rectification and CSC services and we are pleased to announce that we are successfully running the project.

- (2) **ITneer Inc., USA** : ITneer Inc. is a wholly owned subsidiary of Compucom Software Limited. It has earned total revenue of US\$ 589847 during the financial year 2009-10. This reflects a decrease of approx 40.92% as compared to the previous financial year. The company has declared a net loss of US\$ 14120 as compared to the profit of US\$ 9160 in the previous financial year. The copy of the audited accounts, together with the independent auditors' report, is provided in a separate section of this annual report. The decrease in the net profit was mainly due to the slow down in the US economy.
- (3) **Learning Solution** : During the year under report the company has witnessed the successful closure of the FMS and GRACE Project of RAJCOMP. 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 witnessed the successful implementation of the Computer Aided Learning Program (CALP) project for imparting training in 836 Govt. schools of Rajasthan worth Rs.10.68 Crores. We are pleased to inform you that your company has recently been awarded an ICT Project by secondary education department, Govt. of Rajasthan for

providing computer education on BOOT basis in 1550 school worth Rs. 77.77 Crores. We further state that ICT Phase II project is in the initial stage of Implementation. 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). During the year under report revenue generated from learning solution business amounts to Rs. 4761.16 lacs while the revenue generated in the previous financial year was Rs. 3645.71 lacs, reflecting an increase of Rs. 1115.45 lacs i.e. 30.60%. The increase is mainly due to the revenue derived from Computer Aided Learning Program (CALP) project awarded to the company under SSA (Sarva Shiksha Abhiyan) of Govt. of India during the year. Profit earned from this segment has decreased by 12.47% to Rs. 447.25 lacs in comparison to Rs 510.96 lacs in the previous financial year, which is mainly due to execution of new high cost project i.e. CALP project. In terms of ratio of segment profit to segment revenue has decreased to 9.39%. Profit generated from this segment is 38.69% as compared to 39.39% of the previous financial year.

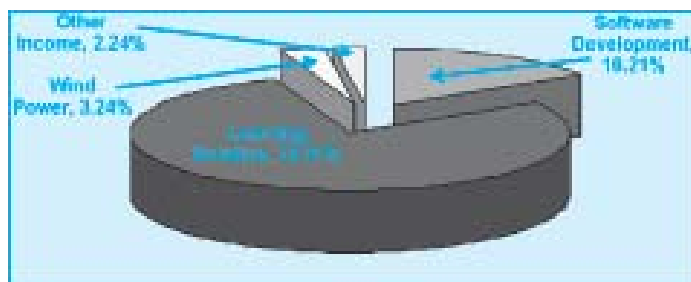
- (4) **Wind Power Generation :** The company had set up two wind power generation plants of 0.6 MW each at Jaisalmer (Rajasthan), two at Sikar (Rajasthan) of 0.6 MW each, and one of 0.8 MW at Krishna (Andhra Pradesh). The operation and maintenance of the wind power project has been out-sourced to Enercon India Ltd. The 0.8 MW wind Power Plant situated at Tumkur (Karnataka) has been sold to Enercon India Limited in March 2010 for Rs. 3.32 Crores since the generation from the said plant was very Low. During the current year the company has established a new 0.8 MW Plant at Krishna (Andhra Pradesh). The total Capital Outlay on the said plant was Rs. 4.30 Crores. Company is expecting the better generation from this Wind Power Plant.

The revenue generated from this segment amounted to Rs. 196.76 lacs in the current year as compared to Rs. 200.05 lacs during the previous year ended on 31st March 2009.

Enercon India Ltd. guarantees a minimum generation of 15 lacs units per annum per machine for the first 3 years for Sikar and Jaisalmer . In case of any shortfall in generation Enercon shall compensate the company for the same. As the result of same the company has claimed an amount of Rs. 32,03,160/- 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 ended in January 2010.

- (5) **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 by Rs. 242.15 lacs mainly due to capital gain on mutual funds of Rs199.85 lacs realized during the previous year 2008-09. During the year most of the funds was invested in FDRs, 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 the benefit of the employees and created a stock option Plan. These shares have been irrevocably granted to the trust and are used for the benefit of the employees. As on 31st March 2010 the Trust has the ownership of 2356488 unutilized shares.

The company has issued no fresh stock options, during the financial year 2009-10.

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.
- That they had selected such accounting policies and had applied them consistently and made judgements 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 2010 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 Interim dividend @ 10 % i.e. Rs. 0.20 per share for the financial year ending on 31st March 2010. The Record date for the same was 21st May, 2010. Yours directors decided not to recommend any final dividend and as such interim dividend becomes the dividend for the year 2009-10.

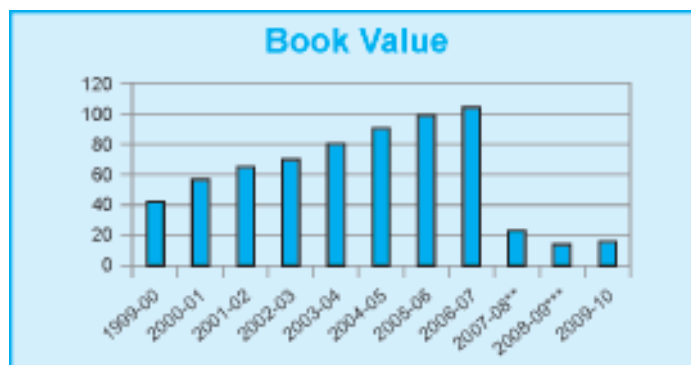
Dividend declared & paid during last 11 (Eleven) years

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%
2008-09***	10%
2009-10	10%



Book Value per Share : Details of book value during the last 11 (Eleven) years are as under:

Financial Year	No of Shares	Face Value per share	Book Value Per share (in Rs.)
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
2009-10	502,50,000	2	14.47



**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 2009-10, your company has not accepted or renewed any fixed deposits falling within the definition of Section 58 A of the companies act, 1956.

Board of Directors : In accordance with the provisions of articles of association of your company, Mr. Shubh Karan Surana and Mr. Stephen Carl Viehman, Directors of the Company retire by rotation and being eligible, offer themselves for reappointment. The board recommends the reappointment of Mr. Shubh Karan Surana and Mr. Stephen Carl Viehman as directors liable to retire by rotation.

POSTAL BALLOT : The Shareholders of the Company passed 2 ordinary and 2 special resolutions through postal ballot. The details are as under:

The Board of Directors of the Company in its meeting held on 10.05.2010 sought the approval of the shareholders through postal ballot and appointed Mr. Manoj Maheshwari, Practising Company Secretary, Jaipur as the scrutinizer for conducting the postal ballot process. The notice of the Postal Ballot dated 10.05.2010; postal ballot form and self-addressed pre-paid postage envelope were sent to the shareholders. The last date of receipt of the Postal Ballot form the shareholders was 07.07.2010. Mr. Manoj Maheshwari submitted his report dated 09.07.2010 and based on the said report, results of Postal Ballot were declared on 13.07.2010 confirming -

- Increase in Authorised Share Capital from Rs. 12,00,00,000/- to Rs. 20,00,00,000/-.
- Alteration in Object clause
- Authorising the Board under section 293(1)(a) & (d) to sell, lease etc. and borrowing etc. , respectively to the extent of Rs. 300,00,00,000/-
- Authorising Board under section 372A for making Inter Corporate Loans and Investments etc. to an extent of Rs. 150,00,00,000/-.

The above resolutions were approved by overwhelming majority of the shareholders.

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.

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 last financial year and continues to implement the certification quality level in its operation.

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 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 cooperation, 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, 31st July 2010

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 setup a separate identified R&D department. The company undertakes 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.