

The background of the entire page is a soft-focus photograph of green leaves and water droplets. In the upper left, there are branches with vibrant green leaves. The lower half of the image shows a close-up of water droplets falling into a pool, creating concentric ripples. The overall color palette is dominated by various shades of green and light blue/white from the water and sky.

COMPUCOM

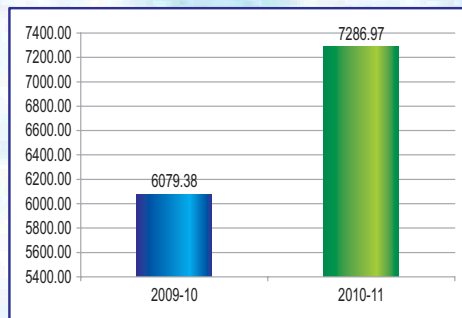
SOFTWARE LIMITED

*We make **IT** happen*

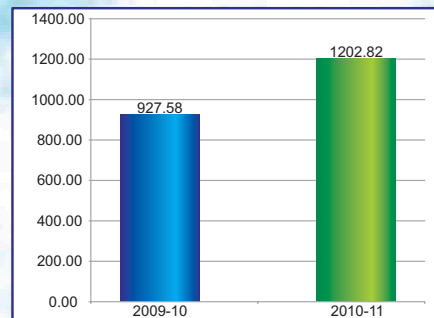
**17th Annual Report
2010-2011**

Progress at a Glance

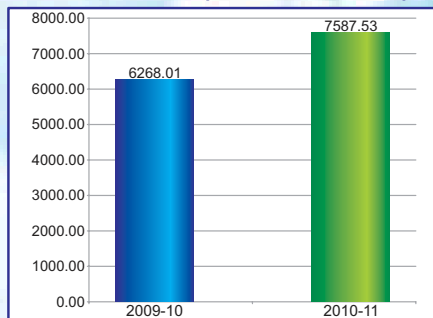
- More than 6082 Govt. Schools under ICT and IT services in Sarva Shiksha Abhiyan.
- More than two million learners covered across North India.
- Prominent player in E-Governance in North India.
- 12 Years Uninterrupted Dividend Payment and Profit making track record.
- 29 Pre-Schools operational and several in Pipe Line.
- Job Portal registered thousands and many blue collar workers got jobs.
- Venturing into Satellite Educational TV and Media.



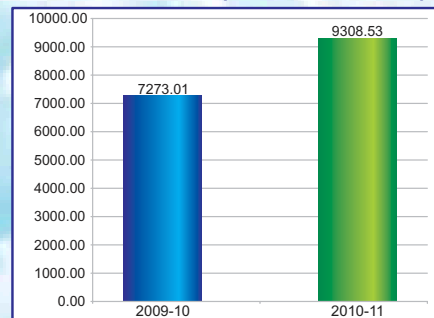
Total Income (Amount in Lacs)



Profit After Tax (Amount in Lacs)



Reserve and Surplus (Amount in Lacs)



Shareholders Fund (Amount in Lacs)



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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

Stephen Carl Viehman

R.P. Udawat

CA Rajeev Sogani

Dr. Anjila Saxena

G.L. Chaudhary (Additional Director w.e.f. August 9, 2011)

Company Secretary & Compliance Officer

CS Sulekha Jangid

Registered Office

IT 14-15, EPIP, RIICO Industrial Area,
Sitapura, Jaipur (Rajasthan) - 302022, India
Ph. : +91-141-5115908 (10 Lines)
Fax : +91-141-2770335
E-mail : investor@compucom.co.in
Website : www.compucom.co.in

Bankers

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

Auditors

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

Corporate Advisors

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

Registrar & Share Transfer Agent

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

Subsidiary Company

ITneer Inc., USA
CSL Infomedia Pvt. Ltd., INDIA

Listed At

Bombay Stock Exchange Limited, Mumbai
Calcutta Stock Exchange Limited, Kolkata

Letter to Shareholders

Dear Shareholders,

FY 2010-11 was a year of excellent performance for your Company. Company strengthened its roots in its traditional business segments and managing the new ventures that have been started in the last few years with utmost care.

Education, E-Governance and Software services business were the main contributors in the Company Balance Sheet in the reported Financial Year.

In a snapshot of the financials, your Company has achieved better turnover and EBITDA in this Financial Year in comparison to the last year, which reflects the continuous growth and management vision.



The top line has shown growth of 19.86% over FY 2009-10 to Rs. 72.87 Crores, EBITDA has shown growth Rs. 41.49 Crores as against Rs. 32.67 Crores in 2009- 2010 depicting a growth of 27.01%.

Company has analysed that being a recession proof business, we will keep on putting more focus on education sector. Country's growth is driven by education dependent service sector. Company sees huge potential in its current educational operations, as well as scouting for synergetic opportunities and models to increase its foot print on Indian educational map.

Indian economy during the year has shown miscellaneous trends, where positivity is being shown through rising income levels, increased GDP and better budgetary allocations in the area of Company's operations, while there is negativism in terms of inflation, corruption and reduced Corporate Governance. Still the internal consumption of goods and services has kept the optimism about the Indian growth story, traces of which are present in the Company's Balance Sheet of the Financial Year.

Management keeps on tracking market trends and its effect on Company business. Company makes itself aligned to the changing dimensions of economy and market trends. It is in continuous search for new growth hinterlands and opportunities.

Your Company has secured an order from Rajasthan Council of Elementary Education, under *Sarva Shiksha Abhiyan* of Govt., for providing Computer Aided Learning Programme (CALP) on the basis of BOOT Model in 836 Govt. Schools of Rajasthan. The order value is worth Rs. 10.4 Crores (Approx.). With this order total number of Govt. Schools served by the Company has increased to 6082 spread across North India serving more than two million learners. The number signifies the prominent position of your Company in ICT Education segment.

Your Company established a prominent position in Pre-School market across North India, which is one of the fastest growing segments in education business. Company has been successful in commissioning 25 Pre-Schools and another 40 in pipeline, which are widely acceptable and affordable in rural, semi urban and urban areas.

Your Company which has been a Software Company traditionally but management has diversified its efforts in educational and other Non-IT sectors to hedge the risk associated with mid-size IT companies. The Balance Sheet has been a reflection of such diversification. E-Governance projects along with exports in software segment have contributed immensely towards growth of the Company. ERP and MIS have been established to cover all areas of the Company to ensure efficient practices and control over multiple points of operations.

During the year, the Company has enhanced its Digital Content library as per the syllabus of Pre-schools to Class 12th. This intellectual property complements various educational projects and management has plans to extend the content further.

Your Company has always been a follower of strong Corporate Governance principles. In all its operations, emphasis is made on ethical practices. Company has evolved close monitoring of all its business decisions and finances which ensure that the Company gets support from large to small stakeholders.

Your Company has rewarded its shareholders with decent bonus in the ratio of 1:2 during the current Financial Year and kept its unbroken track record of dividend payment since inception.

Management weighs the opportunities and risks before undertaking a project. Company takes cautious approach and practice the philosophy of shareholder wealth maximisation while taking measures to counter internal or external adversity.

In its future plans, your Company is working on establishing a satellite based education system which will enable the Company to bring teachers right at the disposal of students of rural and deprived sections. Company foresees a strong demand of such facilities which are unavailable to students in controlled cost.

As we are moving ahead, owing to more than 6000 schools with nearly two million learners under its umbrella, many synergistic opportunities are available hence diversification is natural which will encircle the education and software segments in form of retailing of educational accessories, publication, Brick and Mortar budgeted K12 Schools, e-tutoring, e-classes in private schools, customized software for educational setups.

Your Company has also identified tremendous business potential in establishing job exchange for blue collared workers. Company has successfully setup the project, which is available in limited capacity but will be scaled up soon. Management expects it to achieve commendable success considering vast Indian unemployed population and its synergetic network of associates to reach these workers.

As we are moving forward, management feels the need of increase in brand equity of the Company. Brand building of the Company products and services has been kept on priority agenda of coming years.

To keep itself internationally represented and work as foreign marketing arms, Company has 100% subsidiary, ITneer Inc., USA which 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.

Compucom Group's charitable arm "Compucom Foundation" runs an Engineering & Management college in close vicinity of CSL. It provides synergetic advantage in human resource for software and educational business. This institute, by virtue of being associated with top IT and Education Company, has gained a lot of popularity among students and parents.

I would like to put on record that all the projects in all the segments are running successfully. Management finds immense pleasure to manage a dynamic Company, which is not only getting projects but also executing them successfully.

Your Company has an excellent team with high potential whose hard work brings success in all the projects undertaken through their zeal and commitment.

I would like to acknowledge Board of Directors, shareholders, central & state govt. administrations, educational department, RIICO, employees, clients, vendors, stock exchanges and bankers who have helped the Company to maintain excellence and strive for growth.

"We Make IT Happen!" will remain our motto to bring positive developments in your Company.

With Warm Regards,

Surendra Kumar Surana
Managing Director & CEO

Jaipur, August 9, 2011

Directors' Report to the Members

Your Directors have immense pleasure in presenting their report on the business and operations of the Company for the year ended March 31, 2011.

Financial Highlights :

(Rs. in Lacs)

The highlights of your Company's financial results for the financial year April 1, 2010 to March 31, 2011 are as follows:

Particulars	31.03.2011	31.03.2010
Total Income	7,286.97	6079.38
Total Expenses	3,138.28	2812.87
Operating Profit (PBDIT)	4,148.69	3266.51
Interest	488.29	502.80
Depreciation	2,125.71	1645.54
Profit before Tax	1,534.69	1118.17
Provision for Income Tax including Deferred Tax	331.87	190.59
Net Profit after Tax	1,202.82	927.58
Appropriation		
Dividend	237.38	100.50
Dividend Tax	39.42	17.08
Transfer to General Reserve	100.00	100.00
Total Appropriations	376.80	217.58
Earning per Share: Basic and Diluted (in Rs.)		
Considering Extraordinary Items	1.56	1.23
Without Considering Extraordinary Items	1.56	1.23

Results of Operations : Total revenues earned during the year amounted to Rs. 7,286.97 Lacs compared to that of Rs. 6,079.38 Lacs in the previous Financial Year. The profit before tax has increased from Rs. 1,118.17 Lacs in the previous Financial Year to Rs. 1,534.69 Lacs in the current Financial Year. During the year under review, the income from operations was Rs. 7,102.49 Lacs compared to Rs. 5,943.16 Lacs in the previous Financial Year. This reflects an increase of Rs.1,159.33 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 is Rs. 4,148.69 Lacs as compared to the previous Financial Year PBIDT i.e. Rs. 3,266.51 Lacs.

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

Business Review :

(1) Software & E-Governance Services : During the year, the Company focused on domestic Software services and E-Governance opportunities, looking at the bleak scenario in USA. The revenue generated from the software segment during the Financial Year 2010-11 was Rs. 804.04 Lacs as against Rs. 985.24 Lacs during the last Financial Year. This reflect a decrease of 18.39 % i.e. Rs. 181.20 Lacs. Decline in the overseas business is due to slowdown in US Economy.

Profit earned from this segment amount to Rs. 358.52 Lacs as compared to that of Rs. 477.95 Lacs during the previous Financial Year, which has resulted a decrease of 25%. The ratio of the segmental profit to the segmental revenue has decreased by 3.92 % from 48.51% to 44.59% as compared to the previous Financial Year.

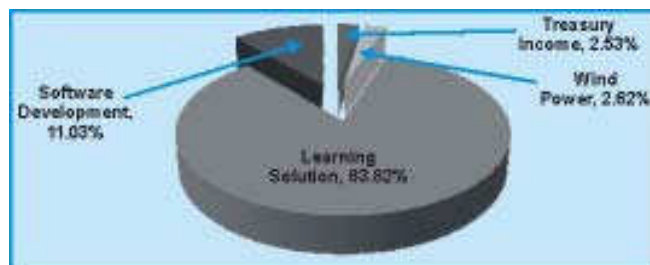
During the year end, JdVVNL has further extended their contract for providing and operating IT enabled call center services at Bikaner city for the next six months up to December 31, 2011 or till the finalization of the new tender. JdVVNL has recently issued LOI to the Company for "Providing Manpower for operation of Customer Care Centre under R-APDRP at Jodhpur" and agreement for the same has been signed with JdVVNL. This is a 3(Three) year project and total valuation of the project is approx. Rs. 3.02 Crores. Compucum is also executing the JVVNL order on BOOT basis of contract value of Rs. 11.38 Crores in Jaipur city and at Kota city value of Rs. 4.81 Crores. Under this contract your Company is providing the call center, fault rectification and CSC services, which are running successfully and widely appreciated.

(2) Learning Solutions : Company now has 6082 schools and 2 million learners under its educational umbrella. 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. The second project is an IT Project on BOOT 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 during the year under review your Company has successfully implemented ICT-II project in 1550 Schools worth Rs. 77.77 Crores and CALP II project in 836 Schools worth Rs. 10.41 Crores. 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 review revenue generated from learning solution business amounts to Rs. 6107.62 Lacs while the revenue generated in the previous Financial Year was Rs. 4761.16 Lacs, reflecting an increase of Rs. 1346.46 Lacs i.e. 28.28%. The increase is mainly due to execution of ICT II and CALP II projects of Govt. of Rajasthan. Profit earned from this segment has increased by 107.37 % to Rs. 927.47 Lacs in comparison to Rs. 447.25 Lacs in the previous Financial Year, which is mainly due to execution of high profit margin projects like new ICT/CALP II projects. In terms of ratio of segment profit to segment revenue it has increased to 15.19 %. Profit generated from this segment is 59.81% as compared to 38.69% of the previous Financial Year.

- (3) **Wind Power Generation :** The Company owns four wind power generation plants of 0.60 MW each, two at Jaisalmer and two at Sikar in Rajasthan. Company also owns a 0.8 MW Plant at Krishna (Andhra Pradesh). The Company has total installed Wind Power capacity of 3.2 MW. The operation and maintenance of the wind power project has been outsourced to Enercon India Ltd. The revenue generated from this segment amounted to Rs. 190.83 Lacs in the current year as compared to Rs. 196.76 Lacs during the previous year ended on March 31, 2010.

- (4) **Treasury Activities :** Treasury income includes capital gains, dividends from mutual funds and equity shares, interest on FDRs etc. During the year, the revenue generated from treasury operations has increased by Rs. 48.26 Lacs mainly due to increase in interest income on FDRs. During the year most of the funds were invested in FDRs, where returns were lower but safe in comparison to equity-oriented funds.



(5) **Subsidiary Companies :**

- (a) **ITneer Inc.** is a wholly owned subsidiary of Compucom Software Limited. It has earned total revenue of US\$ 4,28,492 during the Financial Year 2010-11. This reflects a decrease of approx. 27.36% as compared to the previous Financial Year. The Company has declared a net profit of US\$ 6,428 as compared to the loss of US\$ 15,848 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.
- (b) **CSL Infomedia Pvt. Ltd.** is another subsidiary of Compucom Software Limited. It has earned total revenue of Rs. 24.55 Lacs during the Financial Year 2010-11. The Company is mainly operating in Multimedia, Content Development and Educational TV Segment. The copy of the audited accounts together with the independent Auditors' Report is provided in a separate section of this Annual Report.

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 March 31, 2011 the Trust has the ownership of 30,16,529 unutilized shares.

During the Financial Year 2010-11, the Company has not issued fresh stock options.

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

- In the 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2011 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 provisions 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 : In view of the Company's profitable performance, your Directors are pleased to recommend, for approval of the Members at ensuing Annual General Meeting, a dividend @15% i.e. Rs. 0.30/- per equity share of Rs. 2/- each for the Financial Year 2010-2011.

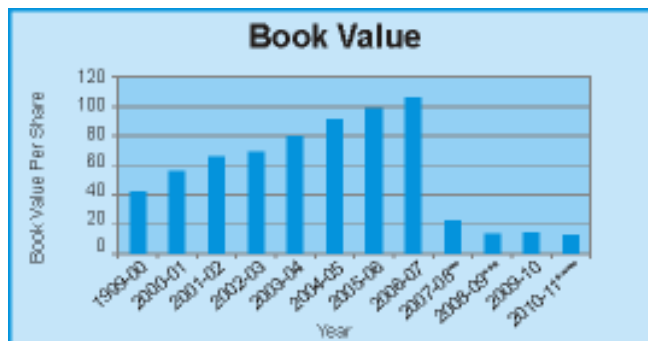
Dividend declared & paid during last 11 (Eleven) years

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 12 (Twelve) years is 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
2010-11****	7,91,25,188	2	12.26



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

*** The Company granted bonus issue in the ratio of 1:1. Record date for the same was December 26, 2008.

****The Company granted bonus issue in the ratio of 1:2. Record date for the same was October 20, 2010.

**** Preferential issue of 37.50 Lacs Equity shares allotted on November 4, 2010.

Fixed Deposits : During the Financial Year 2010-11, your Company had not accepted any fixed deposits nor renewed any deposit, falling within the definition of Section 58 A of the Companies Act, 1956.

Awards : The Govt. of Rajasthan has communicated that Company has been selected for Excellence Award for Export Performance during the Financial Year 2008-09.

Board of Directors : In accordance with the provisions of Articles of Association of your Company, Mr. Ajay Kumar Surana and Mr. Rajeev Sogani, Directors of the Company retire by rotation. Mr. Ajay Kumar Surana being eligible offer himself for reappointment. The Board recommends the reappointment of Mr. Ajay Kumar Surana. Mr. G. L. Chaudhary was appointed as an Additional Director in the Board Meeting held on August 9, 2011, sought to be appointed as a Director of the Company. The Board recommends the appointment of Mr. G. L. Chaudhary as a Director of the Company.

Issue of Bonus Shares : During the Financial Year 2010-11, the Company had rewarded the shareholders by allotting bonus shares in the ratio of 1:2 and made an allotment of 2,51,25,188 bonus shares of Rs. 2/- (two) each, to the eligible shareholders of the Company in the Board Meeting held on October 21, 2010. The said Bonus issue was recommended by the Board on July 31, 2010 and approved by the shareholders in the Annual General Meeting held on September 18, 2010. Record date for the same was October 20, 2010.

Preferential Issue : During the Financial Year 2010-11, the Board issued 25,00,000 convertible warrants and 37,50,000 Equity Shares of Rs. 2/- each, at an exercise price of Rs. 25.36/- in the Board Meeting held on November 4, 2010 as per the

Special Resolution passed by the Company in its Extra Ordinary General Meeting held on October 25, 2010, to the following allottees:

S.No.	NAME OF ALLOTTEE	NO. OF EQUITY SHARES ALLOTTED	NO. OF CONVERTIBLE WARRANTS ALLOTTED
1.	Compucom Technologies Pvt. Ltd. (Promoter)	7,50,000	25,00,000
2.	Rukmani Sales Pvt. Ltd. (Non-Promoter)	30,00,000	-
Total		37,50,000	25,00,000

In-Principle Approval for the same was received from Bombay Stock Exchange Ltd. on October 22, 2010. The above equity shares have been listed on BSE on April 11, 2011 & trading approval has been received on May 5, 2011.

Strategic Investment in Educational Broadcasting, T.V., Entertainment & Media Segments : The Company made strategic investment of Rs. 3.25 Crores in the form of equity shares at par in CSL Infomedia Pvt. Ltd., making it a subsidiary, to venture into Educational, Television, Entertainment and Media segments.

Auditors and Auditors' Report : M/s S. Misra & Associates, Chartered Accountants, Statutory Auditors of the Company, retires at the forthcoming Annual General Meeting and confirmed their eligibility and willingness to accept the office, if reappointed. The Board of Directors in its meeting on August 9, 2011 has recommended the appointment of M/s S. Misra & Associates as Statutory Auditors of the Company at the ensuing Annual General Meeting. The Auditors' 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) Rules 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 had drawn 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 of 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 and continues to implement the certification quality level in its operations.

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.

Acknowledgements : The directors sincerely appreciate 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.

For and on behalf of the Board

Surendra Kumar Surana
Managing Director & CEO

R.P. Udawat
Director

Jaipur, August 9, 2011

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 entails 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, which includes :

- Incorporating new technologies in the air-conditioning systems to optimize power consumption.
- Identification and replacement of low-efficient machinery in a phased manner.