



**FINISHING
SCHOOL**

Compucom Software Limited

Regd. & Corp. Office: IT14-17, EPIP, Sitapura, Jaipur, India-302022
Tel.: 0141-5115908(10Lines) - Fax : 0141-2770335
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COMPUCOM
SOFTWARE LIMITED
We make IT happen



CompuCom Software Ltd.

CompuCom is one among the prominent listed companies working in high potential education segment and covers more than 3500 government schools under its ICT program covering more than one million learners.

HBJ Capital's "Business Insight" stock for the month of Oct 2009



सर्व शिक्षा अभियान

सब पढ़ें सब बढ़ें

Sarva Shiksha Abhiyan

HBJ Capital, India

Web: www.hbjcapital.com

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Call: +91-98867 36791

"Specialists in discovering multibagger stocks"

HBJ Capital
Let's Create Wealth

Best Buying Price...



Business Insights

2 Phase Buying Strategies Suggested [Always buy in SIP ways]

✓ 1st Phase : Buy at the current price range Rs 13-15 [60% of investment]

✓ 2nd Phase : Add if the price falls down to Rs 9- 10 [40% of investment]

>>>Expect at least 15-20 times returns in next 3-5 years time frame!!!

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Aim to become #1 - Equity Research Company in India by 2012, the same year we have planned to get it listed at BSE/NSE.

The Millionaire Portfolio

What Next?

HBJ Capital – “Specialists in discovering multibagger stocks” is launching more & more innovative products & services with single focus on long term wealth creation!!!

Specialists in discovering...

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From the desk of CEO, HBJ Capital

Education sector is always going to be recession- proof, and being able to catch on to a prominent listed company in this high potential segment can bring you loads of money.



Dear Investors,

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, a company involved in education sector can yield long-term benefits.

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.

As in other sectors, Private Public Partnerships (PPP) is being encouraged to enhance the critical priority sectors of education, infrastructure and facilities in schools and teachers' training institutions and examinations reforms.

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

CompuCom is one of the few companies, providing integrated learning solutions.

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HBJ Capital & MPS is proud to bring you the “Business Insight” pick of the month – CompuCom Software Ltd (Code : 532339)

- ✓ The company focuses in three areas viz., ICT in education, e-governance and software exports. Traditionally the company had been more of a software export company but last two years it has transformed into a major education segment company.
- ✓ The charitable arm of CompuCom group, CompuCom Foundation runs an engineering and management college CompuCom Institute of Information Technology and Management across the road from the head-quarter of the company providing strong synergy in education business.
- ✓ CompuCom is running its new venture of IT finishing school successfully. It is an innovative step by the company, which will bridge the existing gap of skills between the IT students and IT industries
- ✓ The company believes in enhancing shareholders value witnessed by unbroken track record of dividend payment since inception.

Happy Investing!!!

Regards,

Kumar Harendra, CEO, HBJ Capital,

www.hbjcapital.com, www.stoplosstrade.com & www.multibaggerpennystocks.com

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Overview – CompuCom Software Ltd

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CompuCom Software Ltd – An Overview

Compucom Software Ltd

BSE: 532339 | NSE: NA | ISIN: INE453B01029

Market Cap: [Rs.Cr.] 68 | Face Value: [Rs.] 2

13.53 0.97 [6.71]%

BSE	Oct 27,
Day's High Low	14.50 13.50
Day's Volumes	33,018
52Wk High Low	17.80 5.78
Open <u>Price</u>	14.31
Turnover	455,235.00
Deliverable Vol.	26,041
6 Mth. Avg. Vol.	3,452.61

Key Stats

	Trailing Numbers
P/E (TTM)(x)	7.48
P/BV (TTM)(x)	1.05
ROE (%)	14.0
ROCE (%)	18.0
EV/ EVBIDTA (x)	2.56
Dividend Yield (%)	1.5

Board Of Directors

Managing Director & CED	Surendra Kumar Surana
Director	Shubh Karan Surana
Director & Chief Executive Off	Ajay Kumar Surana
Director	John A Giunta Stephen Carl Viehman Anjila Saxena Rajeev Sogani Subodh Kumar Bansal
Company Secretary	Nikhil Saxena
Director	R P Udawat

Shareholding Pattern

Particular	Number of Shares
Foreign	978,437 (2.0%)
Institutions	12,000 (0.0%)
Govt Holding	0 (0.0%)
Non Promoter Corporate Holding	1,713,674 (3.4%)
Promoters	35,870,875 (71.4%)
Public & others	11,675,014.0 (23.2%)
Total	50,250,000 (100%)

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COMPUCOM
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We make IT happen



- Founded in 1990, in New Jersey, USA, CompuCom Software Limited is a multi-million dollar IT company and started its Indian operations in 1994. CompuCom Software Limited is the largest software export unit in the State of Rajasthan, India.
- The Company is an ISO 9001:2000 organization, certified by Det Norske Veritas (DNV) since 1998. These standards help them to identify risks at the initial planning stage of the project. The company achieved CMMI level-3 certification during the year and is among very few companies in Rajasthan to get this quality certificate
- The company operates in areas like software design & development, IT education and learning solutions, wind power generation, customer support out-sourcing in telecommunications, BPO services/call centers, KPO (Knowledge Process Outsourcing) services, etc.
- **Learning solutions under ICT in Govt. schools, IT finishing school and CompuCom Institute of Information Technology and Management is the focus area of the company.**

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Some key statistics...

- **CMP = Rs 13.50 (Oct 27th 2009)** – *The stock price is currently moving inside a channel, which is on an upward trend, and with a base at around Rs 13.*
- **52 week's high/low = Rs 18.85/6.85** – *Year 2008 being one of the toughest year in the memory, has seen huge price erosion, so CompuCom was also hammered.*
- **Peak share price = Rs 21.6 (Jan '08)** – *At the peak of economic boom it was trading at a PE multiple of 14-15 times, while at present it is trading at a multiple of just 7.*
- **Trading volume = Min 30k shares (approx) per day** – *These are the early days for this company, with small equity base & low free floating stocks, trading volume is reasonable.*
- **EPS = Rs 1.84** – *The Cash EPS of the company stands at Rs 4.02. The implementation of ICT across govt. schools, has resulted in setting up huge infrastructure, thus higher depreciation. However, the company has been generating positive cash flows from its operations.*
- **PE = 7.33** – *Lower PE provides a good investment opportunity, provided there are growth factors in place. We expect the company to witness exponential growth in next few years, and with the kind of margins it runs its business, the valuations are quite cheap*
- **Book Value = Rs 12.80** - *The current stock price at Rs 13-15 is trading at about its book value price, which is again very low considering the industry standards.*
- **Shareholdings : No Of shares [% Share Holding]**
 - Total Foreign 0.014 Cr [0.28%]
 - Total Institutions 12 thousand [0.02%]
 - Total Non Promoter Corporate Holding 0.17 crore [3.41%]
 - Total Promoters 3.58 crore [71.38%]
 - Total Public & others 1.44 crore [28.62 %]
 - Total Outstanding Shares 5.02 crore [100 %]
- Debt/Equity = 0.5 [Mar'09]
- ROCE = 18% [Mar'09]
- ROE = 6.41% [Mar'09]
- Current Ratio = 1.8 [Mar'09]
- Delivered Volume per day = Approx 86%
- BSE Code 532339

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Education Sector – The Sky is the limit

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Education for Growth Opportunities



Growth- The most important factor

- The recent meltdown has forced a new debate among rich nations — about missed economic opportunities due to an underperforming education sector. **According to a McKinsey report, the current US GDP would have been higher by 9% to 16%, that is, \$1.3 to 2.3 trillion, if the high school pass outs had been equipped with the requisite skills.**
- **Strangely for us even as a developing economy, spending is not the issue, but educational reform is, if we want to spur our economic opportunity.**
- **Despite an impressive annual \$55 billion outlay for education, India suffers from a double whammy of missing social and economic opportunities.**
- **A national average dropout rate of 50% means about \$15 billion spent annually on education is unproductive, if not a complete waste. Each percentage reduction in this rate can add our GDP — some say, at least a 25%.**

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Education Sector - Opportunities

digital LEARNING

Learning Through ICTs



Opportunities in galore

- The Eleventh five year plan is mooted as 'National Educational Plan' by the Prime Minister with allocation of over 19% of the gross budgetary support for the sector. In the 11th plan, the government has budgeted Rs.411 billion to set up ICT labs for computer-aided learning and Edusat centers for distance learning programs. The government has also proposed Rs.310 billion for the National Skill Development Programme in the plan period, for training through virtual centers.
- 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%
- 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. Thus 97% of the market is still un-tapped providing great opportunities for exponential growth.

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Sarva Shiksha Abhiyan

Ministry of Human Resource Development
Department of School Education & Literacy, Government of India



Sarva Shiksha Abhiyan

a programme for the universalization of elementary education



SSA – Universalisation of Elementary Education

- Sarva Shiksha Abhiyan (SSA) is Government of India's flagship programme for achievement of Universalization of Elementary Education (UEE) in a time bound manner, **making free and compulsory Education to the Children of 6-14 years age group, a Fundamental Right.**
- SSA is being implemented in partnership with State Governments to cover the entire country and address the needs of 192 million children in 1.1 million habitations.
- The programme seeks to open new schools in those habitations which do not have schooling facilities and strengthen existing school infrastructure through provision of additional class rooms, toilets, drinking water, maintenance grant and school improvement grants.
- SSA seeks to provide quality elementary education including life skills. SSA has a special focus on girl's education and children with special needs. SSA also seeks to provide computer education to bridge the digital divide.

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ICT in Schools..



National Education Plan

- [ICT@Schools](#) programme has been launched by Ministry of Human Resource Development (MHRD) as an umbrella scheme designed for overall development of **schools as smart schools installed with ICT peripherals including hardware, software and trained teacher faculty.**
- The state government education departments and educational institutes have adopted the tendering process for procurement of hardware, software and other IT peripherals such as EDUSAT for implementing ICT projects and programmes under the Build-Own-Operate (BOO) and Build-Own-Operate and Transfer (BOOT) models as a public-private partnership venture.
- Tenders under SSA invite companies to bid for IT hardware and software installation for computer-aided learning, teacher training and an instructor. **The maintenance and upkeep is included to be undertaken by the selected bidder for 3-5 years. The programme usually involved setting of computer labs in schools and imparting basic computer operations to students. Some schools installed EDUSAT for educational programmes.**

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What role does CompuCom play



A Complete solution provider

- CompuCom is a passport to a fulfilling career in computer literacy, providing students with hands-on courses to stay abreast with the requirements of the I.T. world and moreover **CompuCom is one of the prominent vendors for ICT@School and Sarva Shiksha Abhiyan, which are projects of Government of India.**
- CompuCom undertakes large projects that are similar in nature with a turnkey project, from setting-up to operating computer education and other computer aided learning programmes for Government schools. **It also involves supply of computer hardware, software and connected accessories as well as provision of education services on BOOT-basis for a specified time (generally 3-5 years).**
- CompuCom would build and maintain the entire IT infrastructure of a school and receive fixed annuity in return, either on a quarterly or a semi-annual basis. **CompuCom has successfully implemented the BOOT model in over 3696 schools across the country.**

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CIITM + Finishing School



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COMPUCOM INSTITUTE OF INFORMATION
TECHNOLOGY & MANAGEMENT

AN ENGINEERING & MANAGEMENT COLLEGE

(Approved by AICTE & Affiliated to University Of Rajasthan & RTU, Kota)

- The charitable arm of CompuCom group, CompuCom Foundation runs an engineering and management college CompuCom Institute of Information Technology and Management across the road from the head-quarter of the company providing strong synergy in education business.
- CompuCom is running its new venture of IT finishing school successfully. It is an innovative step by the company, which will bridge the existing gap of skills between the IT students and IT industries.
- According to NASCOM survey, India produces 4,00,000 engineers every year, out of which two third are not employable, or even trainable. Thus, the finishing school training modules comprises of requirement oriented skill development of technical and soft skills on fast track basis.

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Financial Statements

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Income Statement (Last 4 years)

Period Ending	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
No. of Months	12	12	12	12
Description	Amount(Rs. million)			
Net Sales / Interest Earned / Operating Income	480.79	182.64	224.41	228.69
Other Income	37.35	17.91	14.69	15.51
Total Income	518.14	200.55	239.10	244.20
Expenditure	-258.04	-119.39	-155.99	-157.60
Operating Profit	260.10	81.16	83.11	86.60
Interest	-16.69	-0.01	-0.11	-0.14
Profit Before Depreciation and Tax	243.41	81.15	83.00	86.46
Depreciation	-113.38	-18.58	-20.10	-19.69
Profit before Tax	130.02	62.57	62.90	66.77
Tax	-41.38	-14.32	-4.99	-10.27
Net Profit	88.64	48.25	57.91	56.49
Equity Capital	100.50	50.25	50.25	50.25
Reserves	560.85	529.93	496.26	462.42
Basic And Diluted EPS after Extraordinary item	-	-	11.52	11.24
Basic EPS after Extraordinary items	-	1.91	-	-
Nos. of Shares - Public	14,500,000.00	7,415,000.00	1,483,000.00	1,483,000.00
Percent of Shares-Public	28.86	29.51	29.51	29.51
Operating Profit Margin	54.10	44.44	37.03	37.87
Net Profit Margin	18.44	26.42	25.81	24.70
Cash EPS	4.02	-	-	-

- In the case of CompuCom software the major growth has been witnessed only this year. Before that it had been consistently earning revenues in the range of 18-22 cr.
- Total revenues earned during the year amounted to Rs.5198.16 lacks (on the consolidated basis) as compared to that of Rs. 2000.71 lacks in the previous financial year. The profit before tax earned has increased from Rs.634.92 lacks in the previous financial year to Rs. 1225.41 lacks in the current financial year.
- During the year under review, the income from operation was Rs. 4819.79 lacks compared to Rs. 1817.48 lacks in the previous year. This reflects an increase of Rs.3197.45 lacks, which is mainly due to the increase of income from learning solution segment
- As one can notice that Depreciation portion increased substantially. This is primarily on account of setting up of IT infrastructure.

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Quarterly Results

Type	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited
Period Ending	30-Jun-09	31-Mar-09	31-Dec-08	30-Sep-08	30-Jun-08
No. of Months	3	3	3	3	3
Description	Amount(Rs. million)				
Net Sales / Interest Earned / Operating Income	133.15	161.15	178.92	104.02	36.70
Other Income	4.05	4.69	7.30	5.10	20.25
Total Income	137.20	165.84	186.22	109.12	56.95
Expenditure	-50.49	-84.96	-99.60	-50.20	-23.28
Interest	-10.58	-9.22	-5.73	-1.73	-0.01
Profit Before Depreciation and Tax	76.13	71.66	80.89	57.19	33.66
Depreciation	-40.30	-40.25	-44.95	-22.04	-6.14
Profit before Tax	35.83	31.42	35.94	35.15	27.52
Tax	-8.12	-30.53	-2.89	-5.78	-2.18
Net Profit	27.71	0.88	33.05	29.37	25.34
Equity Capital	100.50	100.50	100.50	50.25	50.25
Reserves	585.27	560.85	559.97	577.17	546.17
Basic And Diluted EPS after Extraordinary item	0.55	0.02	0.66	-	0.94
Basic EPS after Extraordinary items	-	-	-	1.17	-
Diluted EPS after Extraordinary items	-	-	-	0.58	-
Nos. of Shares - Public	14,423,000.00	14,500,000.00	14,577,000.00	7,415,000.00	7,415,000.00
Percent of Shares-Public	28.70	28.86	29.01	29.51	29.51
Operating Profit Margin	65.12	50.19	48.41	56.64	91.74
Net Profit Margin	20.81	0.55	18.47	28.23	69.05
Cash EPS	-	0.82	-	-	-

- During the FY2008-09, the company witnessed the successful closure of GRACE project, which resulted in overall higher revenues for the company.
- 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. Thus its order book is quite strong, and should continue posting good results QOQ.**

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Balance Sheet (Last 6 years)

Particulars	Mar-09	Mar-08	Mar-07	Mar-06	Mar-05	Mar-04
SOURCES OF FUNDS :						
Share Capital	10.05	5.02	5.02	5.02	5.02	5.02
Reserves Total	54.58	52.25	48.19	44.59	40.59	35.13
Total Shareholders Funds	64.63	57.27	53.21	49.61	45.61	40.15
Secured Loans	30.89	0.00	6.01	0.00	0.00	4.00
Unsecured Loans	9.13	0.00	0.00	0.00	0.00	0.00
Total Debt	40.02	0.00	6.01	0.00	0.00	4.00
Total Liabilities	104.65	57.27	59.22	49.61	45.61	44.15
APPLICATION OF FUNDS :						
Gross Block	91.64	27.88	28.83	25.51	25.14	18.41
Less : Accumulated Depreciation	19.29	9.31	8.67	7.34	5.38	3.66
Less: Impairment of Assets	0.00	0.00	0.00	NA	NA	NA
Net Block	72.35	18.57	20.16	NA	NA	NA
Lease Adjustment	0.00	0.00	0.00	0.00	0.00	0.00
Capital Work in Progress	0.00	0.00	0.00	0.00	0.00	0.00
Investments	4.62	28.43	28.36	21.04	21.47	21.79
Current Assets, Loans & Advances						
Inventories	0.00	0.00	0.00	0.00	0.00	0.00
Sundry Debtors	33.41	12.78	14.41	14.73	14.33	9.53
Cash and Bank	14.12	3.44	8.44	8.33	2.94	6.58
Loans and Advances	6.50	6.60	2.01	1.21	1.00	1.24
Total Current Assets	54.03	22.82	24.86	24.27	18.27	17.35
Less : Current Liabilities and Provisions						
Current Liabilities	18.11	8.38	10.31	10.37	10.71	7.12
Provisions	2.65	0.79	1.30	1.28	1.82	0.89
Total Current Liabilities	20.76	9.17	11.61	11.65	12.53	8.01
Net Current Assets	33.27	13.65	13.25	12.62	5.74	9.34

- Till as late as Mar'08, company was majorly into Software development and was thus witnessing constant revenue stream, and did not require debt to manage its working capital.
- However, implementation of ICT across more than 2500 schools require huge capital, and thus it took on debt of around Rs 40 Cr to fund its expansion program. **Even after taking on debt of Rs 40 Cr, its debt/equity ratio is quite conservative at 0.6**
- The most important part is liquidity, which is well maintained by the management. It has cash reserves in excess of Rs 14 Cr, which is more than sufficient for Current liabilities and provisions of Rs 20 Cr.

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Cash Flow Statement

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2009

	Year Ended 31-Mar-09	Year Ended 31-Mar-08
Cash Flows from Operating Activities		
Profit Before Tax (Excluding Income from Investments)	86,796,419	46,908,988
Depreciation (Including WDV of Assets w/off)	99,744,103	2,04,34,173
Provision for Gratuity	317,160	-
Operating Profit before Working Capital Changes	186,857,682	67,343,161
Decrease/(Increase) in Sundry Debtors	(206,321,321)	16,279,969
Decrease/(Increase) in Loans and Advances	3,339,838	(46,013,914)
Decrease/(Increase) in Other Current Assets	(1,367,146)	199,229
Increase/(Decrease) in Current Liabilities	92,520,781	(18,434,665)
Cash Generated from Operations	75,029,834	19,373,780
Income Tax Paid	(4,700,749)	(3,040,906)
Net Cash Flow from Operations	70,329,085	16,332,874
Cash Flow from Investing Activities		
Income from Investments	35,763,408	16,586,310
Purchase of Fixed Assets	(637,598,181)	(4,558,701)
Sale of Fixed Assets	-	4,000
Investment/ sale in Shares	-	(17,270)
Investment/ sale in Mutual Funds	238,074,010	252,868
Investment/ sale in NSC	-	(912,500)
Net Cash flow From Investing Activities	(363,760,763)	11,354,707
Cash Flows from Financing Activities		
Increase in Loan Funds	400,205,937	(60,118,432)
Dividend Paid (Including Dividend Tax)	-	(17,636,996)
Net Cash flows From Financing Activities	400,205,937	(77,755,428)
Total Increase/(Decrease) in Cash and Cash Equivalents	106,774,259	(50,067,847)
Cash and Cash Equivalents at the beginning of the year	34,367,671	84,435,518
Cash and Cash Equivalents at the end of the year	141,141,930	34,367,671

- Being able to generate positive cash flows from business is the first priority of any management, **and CompuCom has been quite successful at achieving this feat.**
- **Even after an increase of Rs 20 Cr due from Sundry debtors, the company could generate Rs 7 Cr through its operations.**
- Thus, it can regularly plough back its internal accruals to fund its expansion, and cover more schools going forward.

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The Management

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CompuCom Software Ltd.- Management



Surendra Kumar Surana, MD & CEO

Management

- **Surendra Kumar Surana – Managing Director and CEO –** BE (Electronics), BITS, Pilani, Post Graduate Studies, Computer Science, USA. Mr. Surana lived in USA from 1986 till 1994, as student and Software Engineer/Entrepreneur. He is running the Indian Operations as Managing Director since its inception in 1994.
- **Ajay Kumar Surana - Promoter Director & CEO – IT neer, USA** NRI (US Citizen), M.Tech. (Elect.), IIT, Delhi & M.S. (CS), NJIT, USA currently residing in Atlanta has over 22 years of experience in fortune 500 companies such as Verizon, AT&T etc. He is currently CEO of Itneer Inc. USA, wholly subsidiary of CSL.
- **Shubh Karan Surana - Promoter Director –** He has over 40 years of experience in various kinds of businesses. He has rich market experience combined with good administration skills.

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CompuCom Software Ltd- Board of Directors

Board of Directors



John A. Giunta



Stephen C. Viehman,

- **John A. Giunta – COO, TGS Inc.** He is the Chief Operating Officer, TGS Inc., USA. He has over 30 years of experience in the development of large process automation systems using advanced computing technology. Mr. Giunta holds a Master degree in EE/Computer Science from Columbia University
- **Stephen C. Viehman** – He has over 13 years of experience working for a major US telecommunications company in plant operations engineering, design and planning, and has 20 years experience working for a major US telecommunications company in the Information Systems. He has held various management positions responsible for the oversight of development, maintenance and implementation of various Communication products

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Shareholding Pattern

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Shareholding– Promoters & Non-Promoters

Share holding

Share holding pattern as on :	30/09/2009		30/06/2009		31/03/2009	
Face value	2.00		2.00		2.00	
	No. Of Shares	% Holding	No. Of Shares	% Holding	No. Of Shares	% Holding
Promoter's holding						
Indian Promoters	35729875	71.10	35686175	71.02	35609075	70.86
Foreign Promoters	141000	0.28	141000	0.28	141000	0.28
Sub total	35870875	71.38	35827175	71.30	35750075	71.14
Non promoter's holding						
Institutional investors						
Banks Fin. Inst. and Insurance	5000	0.01	5000	0.01	12000	0.02
Sub total	12000	0.02	12000	0.02	12000	0.02
Other investors						
Private Corporate Bodies	1713674	3.41	1649008	3.28	1822579	3.63
NRI's/OCB's/Foreign Others	978437	1.95	958789	1.91	948964	1.89
Others	2421238	4.82	2420188	4.82	2444288	4.86
Sub total	4871849	9.70	4786485	9.53	4974331	9.90
General public	9253776	18.42	9382840	18.67	9272094	18.45
Grand total	50008500	99.52	50008500	99.52	50008500	99.52

- As on Sep'09 the promoters own 71.38% stake in the company. Promoter holding 71% equity of the company is quite robust.
- As can be seen above, that the promoter holding has been gradually increasing. By quarter ending Mar'08, they held 70.49% stake in the company, whereas they now hold 71.38%. Thus the promoters have been increasing stake, making use of rock-bottom prices.

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Sep'09 – Promoters and Non - Promoters

"Promoter and Promoter Group"						
Sl. No.	Name of the Shareholder	Total Shares held		Shares pledged or otherwise encumbered		
		Number	As a % of grand total (A)+(B)+(C)	Number	% of Total shares held	As a % of grand total (A)+(B)+(C)
1	Surendra K Surana	1,180,200	2.35	-	-	-
2	Shubh K Surana	550,200	1.09	-	-	-
3	Ajay K Surana	126,000	0.25	-	-	-
4	Krishna Devi	14,200	0.03	-	-	-
5	Rishab Infotech Pvt Ltd	14,723,100	29.30	-	-	-
6	Sambhav Infotech Pvt Ltd	13,668,900	27.20	-	-	-
7	Compucom Technologies Pvt Ltd	5,467,275	10.88	-	-	-
8	Surana Associates Inc.	141,000	0.28	-	-	-
	Total	35,870,875	71.38	-	-	-

"Public" and holding more than 1% of the Total No. of Shares

Sl. No.	Name of the Shareholder	No. of Shares	Shares as % of Total No. of Shares
1	Compucom Software Ltd Employee Welfare Trust	2,421,238	4.82
2	Deepak Kanayalal Shah	822,800	1.64
	Total	3,244,038	6.46

- CompuCom Technologies Pvt. Ltd., belonging to the promoter group has been increasing stake since last 18 months.
- In Jun'09, the promoters stake was at 71.30%, while as per Sep'09, the promoters stake has increased to 71.38%. Increase in Promoter's stake is a good sign.
- As evident from the recent disclosures, the management has been buying at all prices, with market purchase being done at a price of Rs 13.
- Since the company only started with ICT implementation in the last 18 months, thus it is not covered by any major financial institution.
- An early entry into this stock, can give huge returns, with major institutions coming in later, thereby giving exposure to the company.

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Buying Strategy

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From Oct'08 till now....



- In Jan'09 the company came out with a bonus issue of 1:1, and that's why one can see a sudden drop in price from Rs 18 to Rs 9
- After languishing at around Rs 7-8 for some time, it witnessed a sudden rise, and has been consolidating for some time in the range of Rs 12-15.

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Buying strategy



- As evident from the chart pattern, and the two trend lines drawn, the stock has been witnessing a gradual upward trend.
- There's consolidation taking place in the range of Rs 12-15, with stock price moving inside a channel.
- As one would notice, that the downside is limited (unless the markets correct sharply) from the CMP. There's a strong support at around Rs 13, and the current market price being Rs 13.5, provides a very good opportunity for taking exposure in this company.

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Risks and Concerns

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Risks & Concerns...

CALCULATED RISKS

You have to risk going too far
to discover just how far you can really go.

Risks:-

- The company is planning a huge expansion over the next 4-5 years. This may lead to company taking on unmanageable debt.
- The business requires greater investment, so implementation may be slow.
- Implementation of ICT across different govt. schools is a lucrative business considering the fact that potential is immense. Thus, once could see bigger players entering, and reducing the market share of the company.

Concerns:-

- The strong performance in the past is not a bullish sign and doesn't indicate the same or better performance in the future. Each year is different from the previous one!
- Do not let representative bias win over your common sense! Always do your homework and do not forget to do a research before you invest your money!
- Talent is sought by both the IT as well as the manufacturing sector. This increases the cost of the talent. The company has to ensure that it acquires good talent and retains it in order to constitute its major competitive edge.
- As and when there is a change in the Government, there might be a change in its policies too. Any adverse changes in its policies may affect the business operations of the company

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