

25TH ANNUAL REPORT
CONTECH SOFTWARE LTD

The background of the cover features a series of silhouettes of people walking, arranged in a path that curves from the bottom left towards the top right. The silhouettes are rendered in a dark blue/purple color on the left side of the cover and transition to a dark red/purple color on the right side, matching the background's color gradient. The overall image has a textured, slightly grainy appearance.

2007-'08

CONTECH SOFTWARE LIMITED

25TH ANNUAL REPORT 2007 - 2008

COMPANY INFORMATION

BOARD OF DIRECTORS

- SHRI JAMNAPRASAD MAHESHWARI : MANAGING DIRECTOR
- SHRI SUNIL RANASARIA : DIRECTOR
- SHRI ARUN TULSIAN : DIRECTOR
- SHRI HEMANT MEHTA : DIRECTOR
- SHRI ARVIND BALDWA : DIRECTOR
- SHRI NIKHIL RAJPURIA : DIRECTOR

COMPANY SECRETARY

SMT. SANJOLY JALAN

AUDITORS

M/S. SHAH MOHNOT SINGHAL & CO.
B-410, Fairdeal House,
Near Swastik Char Rasta,
Navrangpura, Ahmedabad - 380 009

BANKERS

1) INDIAN OVERSEAS BANK
STADIUM BRANCH
AHMEDABAD

2) AXIS BANK
ELLISBRIDGE BRANCH
AHMEDABAD

REGISTERED OFFICE

604, Avdhesh House, Opp. Shri Guru Govind Gurudwara, SG Highway,
Thaltej, Ahmedabad-380054. Gujarat. INDIA
Telefax: 079 - 26859223 ; Email : contechsoftware@gmail.com

REGISTRAR & SHARE TRANSFER AGENTS

PINNACLE SHARES REGISTRY PRIVATE LIMITED
Near Ashoka Mills, Naroda Road, Ahmedabad - 380 025
Tel: 079 - 22204226, 22200338
Fax: 079 - 22202963

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Contech Software Limited

NOTICE

NOTICE is hereby given that the **TWENTY-FIFTH** Annual General Meeting of the Members of M/s.CONTECH SOFTWARE LIMITED will be held on Monday, 18th August, 2008 at 3.00 p.m. at 604, Avdhesh House, Opp. Shri Guru Govind Gurudwara, Sarkhej - Gandhinagar Highway, Thaltej, Ahmedabad- 380 054 to transact the following business. :

ORDINARY BUSINESS :

- 1] To receive, consider, approve and adopt the audited Balance Sheet of the Company as at 31st March, 2008 and Profit and Loss Account for the year ended on that date together with Directors' and the Auditors' Report thereon.
- 2] To appoint a Director in place of Shri Sunil Ranasaria who retires by rotation and being eligible, offers himself for reappointment.
- 3] To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 224 of the Companies Act, 1956, M/s. Shah Mohnot Singhal & Co., Chartered Accountants be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company at a remuneration to be decided mutually between the Audit Committee and the Board of Directors and Auditors plus reimbursement of out of pocket expenses as incurred."

SPECIAL BUSINESS :

- 4] To consider, and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:-
"RESOLVED THAT Shri Hemant Mehta who has been appointed as an Additional Director of the company by the Board of Directors with effect from 11th October, 2007 pursuant to Articles of Association and holds office up to date of this Annual General Meeting by reason of the provision of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing, proposing the candidature for the office of Director, in accordance with the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company and that the period of office of the Director shall be liable to determination by retirement by rotation."
- 5] To consider, and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:-
"RESOLVED THAT Shri Arvind Baldwa who has been appointed as an Additional Director of the company by the Board of Directors with effect from 11th October, 2007 pursuant to Articles of Association and holds office up to date of this Annual General Meeting by reason of the provision of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing, proposing the candidature for the office of Director, in accordance with the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company and that the period of office of the Director shall be liable to determination by retirement by rotation."
- 6] To consider, and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:-
"RESOLVED THAT Shri Nikhil Rajpuria who has been appointed as an Additional Director of the company by the Board of Directors with effect from 11th October, 2007 pursuant to Articles of Association and holds office up to date of this Annual General Meeting by reason of the provision of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing, proposing the candidature for the office of Director, in accordance with the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company and that the period of office of the Director shall be liable to determination by retirement by rotation."
- 7] To consider, and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:-
"RESOLVED THAT Shri Jamnadas Maheshwari who has been appointed as Additional Director of the company by the Board of Directors with effect from 30th June, 2008 pursuant to Articles of Association and holds office up to date of this Annual General Meeting by reason of the provision of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing, proposing the candidature for the office of Director, in accordance with the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company and that the period of office of the Director shall be liable to determination by retirement by rotation."
- 8] To consider, and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:-
"RESOLVED THAT pursuant to and in accordance with the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) or re-enactment thereof for the time-being in force, ("Act"), read with Schedule XIII thereto and as recommended by Remuneration Committee and approved by the Board of Directors, consent of the Company be and is hereby accorded for appointment and payment of remuneration to Shri Jamnadas Maheshwari as the Managing Director of the Company for a period of 5 (five) years from 30th June, 2008 to 29th June, 2013 (both days inclusive), on terms and conditions as set out in the draft letter of appointment to be issued by the Company, a copy whereof initialled by the Chairman for the purpose of identification has been placed

before the meeting, which letter of appointment is hereby specifically approved with liberty to the Remuneration Committee and Board of Directors to alter, vary and modify, from time to time, the terms and conditions of the said letter of appointment including review of remuneration annually and/or otherwise, in such manner as may be decided by them and agreed upon by Shri Jamnadas Maheshwari, and in accordance with the limits prescribed under Schedule XIII to the Companies Act, 1956 or any statutory amendment(s) and modification(s) thereto.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration payable to Shri Jamnadas Maheshwari as the Managing Director by way of salary, perquisites, commission and other allowances, shall not exceed 5% of the net profits of the Company computed in the manner as provided in Section 349 of the Companies Act, 1956 and 10% in aggregate for all the working directors of the Company.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year of the Company during the tenure of Shri Jamnadas Maheshwari, Managing Director of the Company, the remuneration, perquisites and other allowances shall be governed by the limits prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956, as amended from time to time.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company, be and is hereby authorized to do all such acts, deeds, matters or things and they may take such steps necessary, expedient or desirable in this regard."

- 9] To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of the Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow, monies from time to time together with the monies already borrowed by the Company upto a limit of Rs. 150.00 crores (Rupees One Hundred Fifty Crores Only), [exclusive of interest], in excess of aggregate of paid-up capital and free reserves [i.e reserves not set apart for any specific purpose] at any time for the purpose of the company [apart from temporary loans obtained from and/or to be obtained from the Company's bankers in the ordinary course of business] from the company's bankers or from any person or persons, firms, body corporate or financial institutions, by way of deposits, advances or other loans, whether unsecured or secured by mortgage, charge, hypothecation, or pledge of all or pledge of all or any of the company's assets and properties including the whole or substantially the whole of undertaking or undertakings of the company on such terms and conditions as the Board of Directors may deem fit, and that the consent be and is hereby given to the Board of Directors for executing if and when necessary such instruments and documents as they may deem fit for mortgage, charge, hypothecation or pledge or otherwise, in connection with the borrowings of the company".

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : 30th June, 2008

Jamnadas Maheshwari
Managing Director

NOTES :

- 1] A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE, INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2] Members are requested to bring their Attendance Slip alongwith their copy of the Annual Report to the Meeting. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
- 3] The Explanatory Statement in respect of Items Nos. 4, 5, 6, 7, 8 & 9 pursuant to Section 173 [2] of the Companies Act, 1956 is annexed herewith.
- 4] The Register of Members and the Share Transfer Books of the Company will remain closed from 11th August, 2008 to 18th August, 2008 (both days inclusive).
- 5] Members holding shares in physical form are requested to notify the change in addresses, their Pin code numbers, email addresses and telephone numbers, if any to the company at its Registered office or to M/s. Pinnacle Share Registry Pvt. Ltd - Registrar & Share Transfer Agents by quoting their folio numbers. Members holding shares in electronic mode may update such details with their respective Depository Participants. [DP]
- 6] Members holding shares in physical form can avail of the nomination facility by filing Form 2B (in duplicate) with the Company or its Registrar & Share Transfer Agent which will be made available on request and in case of shares held in dematerialized form, the nomination has to be lodged with their DP.

Contech Software Limited

- 7] Members of the Company who have multiple accounts in identical names or joint accounts in the same order are requested to send all the share certificates to the Registrar & Share Transfer Agents M/s.Pinnacle Share Registry Pvt. Ltd or to the Registered Office of the Company for consolidation of all such shareholdings into one account to facilitate better service.
- 8] Members desirous of obtaining any information concerning the Accounts and Operations of the Company are requested to address their questions to the Secretary of the Company so as to reach atleast seven days before the date of the meeting, so that the information may be made available at the meeting, to the best extent possible.
- 9] All documents referred to in the accompanying Notice are open for inspection at the Registered office of the Company during office hours on all working days, except Saturdays and holidays, between 10.00 Hrs. and 12.00 Hrs. upto the date of the Annual General Meeting.
- 10] In terms of Clause 49 of the Listing Agreement with the Stock Exchange, a brief resume of the retiring Directors, who are proposed to be appointed/reappointed at this meeting is as under :

Name	Date of Birth	Date of Appointment	Qualification	Expertise	Directorship in other Companies	Committee Membership
1. Shri. Hemant Mehta	09.06.51	11.10.2007	MBA, (U.S.A.)	15 years as industrialist	Nirpack Pvt Ltd	Chairman– Remuneration committee Member - Shareholder's / Investor's Grievance committee & Audit Committee
2. Shri. Arvind Baldwa	30.08.53	11.10.2007	M.com	15 years as industrialist	Mark Granites Pvt Ltd	Member – Remuneration Committee
3. Nikhil Rajpuria	10.11.80	11.10.2007	MBA, (U.S.A.)	5 years as finance professional	Viking Healthcare & Fitness Services (P) Ltd	Chairman - Shareholder's / Investor's Grievance committee & Member -Remuneration committee.
4. Shri Jamnadas Maheshwari	30.10.50	30.06.2008	M.com	35 years in the field of Audit & Accounts	Nil	Member – Shareholder's / Investor's Grievance committee

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : 30th June, 2008

Jamnadas Maheshwari
Managing Director

EXPLANATORY STATEMENT PURSUANT TO SEC. 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4:

Shri Hemant Mehta was appointed as an Additional Director by the Board of Directors of the company on 11th October, 2007 in accordance with provisions of Section 260 of the Companies Act, 1956. He holds office upto the date of Annual General Meeting. The company has received a notice pursuant to Section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- from a member of a company proposing his candidature for the office of a Director.

Shri Hemant Mehta is engaged in paper trading activities since last 15 years and is a qualified MBA. Your Directors consider that his continuation on the Board will be extremely beneficial to the company.

None of the Directors except Shri Hemant Mehta is in any way concerned or interested in the resolution.

ITEM NO. 5

Shri Arvind Baldwa was appointed as an Additional Director by the Board of Directors of the company on 11th October, 2007 in accordance with provisions of Section 260 of the Companies Act, 1956. He holds office upto the date of Annual General

Meeting. The company has received a notice pursuant to Section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- from a member of a company proposing his candidature for the office of a Director.

Shri Arvind Baldwa is M.Com and is having sufficient financial expertise with almost 15 years of experience. Your Directors consider that his continuation on the Board will be extremely beneficial to the company.

None of the Directors except Shri Arvind Baldwa is in any way concerned or interested in the resolution.

ITEM NO. 6

Shri Nikhil Rajpuria was appointed as an Additional Director by the Board of Directors of the company on 11th October, 2007 in accordance with provisions of Section 260 of the Companies Act, 1956. He holds office upto the date of Annual General Meeting. The company has received a notice pursuant to Section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- from a member of a company proposing his candidature for the office of a Director.

Shri Nikhil Rajpuria is MBA from U.S.A. and is having sufficient financial expertise with almost 5 years of experience. Your Directors consider that his continuation on the Board will be extremely beneficial to the company.

None of the Directors except Shri Nikhil Rajpuria is in any way concerned or interested in the resolution.

ITEM NO. 7

Shri Jamnadas Maheshwari was appointed as Additional Director by the Board of Directors of the company on 30th June, 2008 in accordance with provisions of Section 260 of the Companies Act, 1956. He holds office upto the date of Annual General Meeting. The company has received a notice pursuant to Section 257 of the Companies Act, 1956 alongwith a deposit of Rs. 500/- from a member of a company proposing his candidature for the office of a Director.

Shri Jamnadas Maheshwari is M.Com and is having sufficient financial expertise with almost 20 years of experience. Your Directors consider that his continuation on the Board will be extremely beneficial to the company.

None of the Directors except Shri Jamnadas Maheshwari is in any way concerned or interested in the resolution.

ITEM NO. 8

At its Meeting held on 30th June, 2008, the Board of Directors of the Company had subject to approval of members in general meeting have approved the appointment of Shri Jamnadas Maheshwari as Managing Director at a monthly remuneration of Rs.15,000 for a period of 5 years w.e.f.30.6.2008. The said remuneration has been considered and recommended by the Remuneration Committee in their Meeting held on 30th June, 2008.

The said remuneration may be altered, modified or varied from time to time by the Board in consultation with the Remuneration Committee as may be permissible and, if deem fit, with liberty to the Board for review of remuneration annually and/or otherwise so as not to exceed the limit specified in the act or any amendments made thereto.

The Letter of Appointment referred to in the resolution at item No. 8 of the accompanying notice is open for inspection by the Members at the Registered Office of the Company during office hours on any working day of the Company, upto the date of the Annual General Meeting.

Shri Jamnadas Maheshwari is interested in the said resolution since it relates to his appointment as the Managing Director of the Company and to the remuneration payable to him as such. None of the other directors are concerned or interested in the said resolution.

The Directors recommend the passing of the resolution set out at Item No. 8 of the accompanying Notice.

The Explanatory Statement together with the accompanying notice is to be regarded as an abstract of terms of appointment and memorandum of concern or interest under the provisions of Section 302 of the Companies Act, 1956.

ITEM NO. 9

Under the provisions of Section 293 (1) (d) of the Companies Act, 1956, the Board of Directors of a company cannot, except with the consent of the company in general meeting, borrow monies, apart from temporary loans obtained from the company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and free reserves of the company, that is to say, reserves not set apart for any specific purpose.

The Board of Directors of the company wish to borrow funds from bank/financial institutions in order to meet future requirements of finance that may be required for exploring new business activities. A fresh resolution is proposed to permit the Board of Directors to borrow funds upto the limit of Rs. 150.00 crores.

Hence the Board of Directors recommend this resolution for your consent.

None of the Directors is in any way concerned or interested in the resolution.

For and on behalf of the Board of Directors

Jamnadas Maheshwari
Managing Director

Place : Ahmedabad
Date : 30th June, 2008

Contech Software Limited

DIRECTORS' REPORT

To,
The Members,
CONTECH SOFTWARE LTD
AHMEDABAD

Your Directors have pleasure in presenting the 25th Annual Report on the business and operations of the Company together with Audited Accounts for the year ended 31st March, 2008.

1. FINANCIAL HIGHLIGHTS

Your company's performance for the financial year 2007-08 is summarized below:

	2007-08 (Rs. in lacs)	2006-07 (Rs. in lacs)
Profit before depreciation and taxes	145.02	(8.06)
Depreciation	14.94	1.16
Profit before Taxes	130.08	(9.22)
Taxation	(32.50)	Nil
Profit after taxation	162.58	(9.22)
Balance brought forward from last year	(472.91)	(463.69)
Balance carried to Balance Sheet	310.33	(472.91)

2. OPERATIONS:

The company was engaged in the development of the Software in the earlier years in a sizeable manner and during the course of business activity has developed various systems in-house. Looking to this strength of the company, it has restarted the software activities. Your company has also explored the possibilities of starting new business activities along with the existing line of business. In view of this, the company has started trading of paper during the year under review.

The total turnover made by the company from software activities is Rs. 110.00 lacs and from paper trading is Rs. 124.99 lacs.

3. DIVIDEND:

In view of the nominal profits during the year, the Board is unable to recommend any dividend.

4. DEPOSITS:

During the year under review, the company has not accepted any deposits either from shareholders or from general public.

5. DIRECTORS

Shri Hemant Chinubhai Mehta, Shri Arvind Baldwa and Shri Nikhil Kamalnayan Rajpuria appointed as Additional Directors with effect from 11th October, 2007 and Shri Jamnadas Maheshwari has been appointed as additional director with effect from 30th June, 2008. Shri Rajan Kalyanbhai Vasa and Shri Kalyanbhai Lalbhai Vasa resigned from the post of Director with effect from 11th October, 2007 and Shri Vikram Singh Gahlot has resigned from the post of Director w.e.f. 29th January, 2008.

Your Directors placed on record appreciation for the valuable services rendered to the company by Shri Rajan Vasa, Shri Kalyanbhai Vasa and Shri Vikram Singh Gahlot during their tenure as Directors of the company.

The Board of Directors have recommended, subject to approval of shareholders in the general meeting, the appointment of Shri Jamnadas Maheshwari as Managing Director w.e.f. 30th June, 2008. A brief resume/details relating to Directors who are appointed as Directors / Managing Director is furnished in the Notes to the Notice of the ensuing annual General Meeting.

Shri Sunil Ranasaria retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

8. FIXED DEPOSITS

During the reporting year, your company has not accepted any deposits under Section 58A and 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

9. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements under Sub section 2AA of Section 217 of the Companies Act, 1956, with respect to the Directors Responsibility Statement, it is hereby confirmed:-

- (1) that in the preparation of Annual Accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures, if any.

- (2) that the Directors have selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31st March, 2008 and of the Profit for the year ended on that date.
- (3) that the Directors to the best of their knowledge and ability have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (4) that the Annual Accounts have been prepared on a "going concern basis".

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars as prescribed under section 217 [1] (e) of the Companies Act, 1956 read with Rule 2 of the Companies [Disclosure of particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption, foreign exchange earnings and outgo is NIL.

11. PARTICULARS OF EMPLOYEES

The information required as per sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1988 as amended and forming part of the Directors' Report for the year ended 31st March 2008 is NIL.

12. CORPORATE GOVERNANCE

It has always been the Company's endeavour to excel through better corporate governance, fair and transparent practices. Pursuant to Clause 49 of the Listing Agreement, a Management Discussion and Analysis Report and a Report on Corporate Governance are given as Annexure to this Report.

A certificate from the Statutory Auditors of the Company regarding the compliance by the company of the conditions stipulated under Clause 49 of the Listing Agreement is attached to this Report.

13. DEMATERIALISATION

The shares of the Company are in compulsory demat segment and are available for trading in the depository system of both National Securities Depository Ltd (NSDL) and the Central Depository Services India Ltd (CDSL). As on 31st March, 2008, 5166821 nos. of equity shares forming 93.63% of the equity share capital of the Company stands dematerialized.

14. LISTING OF SHARES:

The equity shares of the company are listed on the Bombay Stock Exchange Ltd, (BSE). The Bombay Stock Exchange Ltd has nation wide terminal and therefore, shareholders/investors are not facing any difficulty in trading in the shares of the Company from any part of the country.

Your Company has paid annual listing fees for financial year 2008-2009 to Stock Exchange, Mumbai and annual custody fees to National Securities Depository Ltd. and Central Depository Services (India) Ltd.

15. AUDITORS AND AUDITORS' REPORT :

M/s. Shah Mohnot Singhal & Co., Chartered Accountants being statutory auditors of the Company retire at the end of the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment. The Audit committee and Board of Directors recommends their reappointment at the ensuing Annual General Meeting.

16. ACKNOWLEDGEMENT

The Board of Directors appreciates the devoted services of the staff, executives who have contributed to the efficient management of the affairs of the Company. Your directors place on record their gratitude to the Company's Bankers, Customers, Suppliers and Shareholders for their continued co-operation and support.

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : 30th June, 2008

Jamnaprasad Maheshwari
Managing Director

Declaration:

The Board of Directors of the Company have approved and adopted code of conduct for the Directors and Senior Management personnel. I hereby declare to the best of my knowledge and belief that, the all the Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the current year.

Place : Ahmedabad
Date : 30th June, 2008

Jamnaprasad Maheshwari
Managing Director

Contech Software Limited

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Company's Performance and Future Outlook

The company was engaged in the development of the Software in the earlier years in a sizeable manner and during the course of business activity has developed various systems in-house. Looking to this strength of the company, it has restarted the software activities. Your company has also explored the possibilities of starting new business activities along with the existing line of business. In view of this, the company has started trading of paper during the year under review.

The total turnover made by the company from software activities is Rs. 110.00 lacs and from paper trading is Rs. 124.99 lacs.

The company is quite positive for the years to come the financial position of the company will improve substantially.

Risk and concerns

All key functions and divisions of the company are independently responsible to monitor risks associated within their respective fields and areas of operation such as production, treasury, insurance, legal etc.

Internal Control System and their adequacy

The Company maintains a system of internal controls designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the adequacy of safeguards for assets, the reliability of financial controls, and compliance with applicable laws and regulations.

The Company has also implemented suitable controls to ensure that all resources are utilized optimally, financial transactions are reported with the accuracy and there is strict compliance with all applicable laws and regulations.

The Company has put in place sufficient systems to ensure that assets are safeguarded against loss from unauthorized use of disposition and that transactions are authorized, recorded and reported. The Company also has an exhaustive budgetary control system to monitor all expenditure against approved budgets on an ongoing basis.

Financial and Operative Performance

The financial and operative performance are already elaborated in Directors Report which is a part of this report.

Cautionary Statement

Statements in this Report particularly those which relate to "Management Discussion & Analysis" may constitute forward looking statements within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied in the statement since the Company's operation are influenced by many external and internal factors beyond the control of the Company. Important factors that could make a difference to the Company's operation include global and Indian demand-supply conditions, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations.

REPORT ON CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement with the Stock Exchanges, a report on Corporate Governance for the year under review is given below:-

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Contech Software Ltd believes that transparent accounting policies, appropriate disclosure norms, best in class board practices, consistently high standards of corporate conduct towards its stakeholders, safety of its employees and environment, proper and complete identification and management of key risk areas to deliver the best of performance of the Company etc. are some of the essential features for the sustained Corporate growth. These practices are being followed since inception of the Company. The Company's philosophy of Corporate Governance comprises of a unique combination of factors like regulations, compliance, policies and economic environments, voluntary practices and disclosures.

Besides, all Directors and Employees are bound by Codes of Conduct that sets out the fundamental standards to be followed in all actions carried out and on behalf of the Company.

2. BOARD OF DIRECTORS :

(a) Composition of Board of Directors :

The present strength of the Board is six Directors which comprises of proper blend of Executive, Non-executive Directors and Independent Directors headed by Managing Director of the company including two Executive Directors and three other independent Directors. The independent directors on the Board are experienced, competent and highly renowned persons from their respective fields. They take active part at the Board and Committee meetings which add value in the decision making process of the Board. None of the independent directors have any pecuniary relationship with the Company and no director is related to any other director on the Board.

(b) Number of Board Meetings:

The maximum gap between two Board Meetings did not exceed 4 months as stipulated under Clause 49 of the listing agreement. Adequate information is circulated as part of Board papers and is also made available at the Board Meeting to enable the Board to take appropriate decisions.

The Board of Directors met six times during the financial year 2007-08.

(c) Attendance at Board Meeting

The details of dates of Board Meeting and attendance of Directors at the said Board Meetings are as under:-

Sr. No.	Date Of Board Meeting	Attendance of Directors
1.	29.06.07	5/5
2.	31.07.07	4/5
3.	11.10.07	6/6
4.	29.10.07	5/6
5.	29.01.08	5/5
6.	25.03.08	5/5

Contech Software Limited

(d) **Attendance at Annual General Meeting/Board Meeting and details of other directorship and membership in committees.**

The names and categories of the directors on the board, their attendance at the board meetings held during the year and at the last Annual General Meeting held on 27th September, 2007 along with the number of directorship and committee membership held by them as on date is as under:-

Sr. No.	Name of Directors	Category of directorship	Number of Board Meeting Attended	Attendance at last AGM	Number of other Directorship	Number of Committee membership / chairmanship
1	Shri Jamnadas Maheshwari	Managing Director	Nil	Nil	Nil	Member –Shareholder's / Investor's Grievance committee
2	Shri Sunil Ranasaria	Independent Director	6	Yes	Nil	Member – Audit Committee
3	Shri Arun Tulsian	Independent Director	6	Yes	Nil	Chairman – Audit Committee
4	Shri Hemant Mehta	Executive Director	4	No	1	Chairman – Remuneration committee Member - Shareholder's /Investor's Grievance committee & Audit Committee
5	Shri Arvind Baldwa	Executive Director	4	No	1	Member – Remuneration Committee
6	Shri Nikhil Rajpuria	Independent Director	4	No	1	Chairman -Shareholder's / Investor's Grievance committee & Member - Remuneration committee

Note:

- i) Shri Rajan Kalyanbhai Vasa and Shri Kalyanbhai Lalbhai Vasa – resigned with effect from 11th October, 2007.
- ii) Shri Arvind Baldwa, Shri Hemant Chinubhai Mehta and Shri Nikhil Kamalnayan Rajpuria – appointed as Additional Director with effect from 11th October, 2007.
- iii) Shri Vikram Singh Gahlot resigned with effect from 29th January, 2008.
- iv) Shri Jamnadas Maheshwari - appointed as Additional Director and then as Managing Director of the company with effect from 30th June, 2008.

Note : As provided in Clause 49, none of the directors are members of more than 10 Board level committees nor the chairman of more than five committees.

(e) **Information supplied to the Board**

The information supplied to the Board includes:

- Annual operating plans and budgets, capital budgets, updates.
- Quarterly results of the Company along with detailed business analysis.
- Minutes of meeting of Audit Committee and other committees.
- Information on recruitment and remuneration of senior officers just below the Board level.
- Materially important show cause, demand, prosecution and penalty notices
- Any materially significant effluent or pollution problems
- Any materially relevant default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.

All the above stated information and all other relevant information requiring due attendance of the Board are brought to their notice from time to time by the concerned departmental heads and committee heads and adequate steps are taken to resolve the same in due time passed.

(f) **Code of conduct**

The Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management personnel of the company.

All Board Members and Senior Management personnel have confirmed compliance of the code. A declaration signed by the Managing Director is attached and forms part of the Annual Report of the company.

3. COMMITTEES OF THE BOARD

Contech Software Ltd has constituted the following committees:-

- (A) Audit Committee
- (B) Shareholders/Investors Grievances Committee
- (C) Remuneration Committee

All decisions pertaining to the constitution of the committees, appointment of members and fixing of terms of service for committee members is taken by the Board of Directors. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided below:-

(A) Audit Committee

(i) Constitution of Committee

The company has constituted a qualified Audit committee at the Board level with independent powers and role that are in accordance with Sec 292A of the Company's Act, 1956 and Clause 48 ii (C) and (D) of the listing agreement. The committee acts as a link between the management, the statutory Auditors and the board of directors.

(ii) Composition of the Committee

The current Audit Committee consists of three Directors as under:-

- 1. Shri Arun Tulsian Chairman (Independent)
- 2. Shri Hemant Mehta Executive Director
- 3. Shri Sunil Ranasaria Independent Director

During the year, the committee was reconstituted as Mr. Rajan K. Vasa and Mr. Vikram Singh Gahlot resigned as member of the Committee and Directorship of company w.e.f. 11th October, 2007 and 29th January, 2008 respectively. However, Mr. Hemant Mehta has been appointed as member of committee w.e.f. 11th October, 2007.

All the three existing Directors have financial expertise and knowledge. The Company Secretary, Smt. Sanjoly Jalan acts as the Secretary to the Committee. At the invitation of the committee, the Statutory Auditors, Managing Director, head of Finance Department attend the Audit Committee Meeting to answer and clarify the queries that are raised by the Committee Meetings.

(iii) Number of meetings and attendance of members in the meeting :

During the year under review, four meetings of Audit Committee were held on 29th June, 2007, 31st July, 2007, 29th October, 2007 and 29th January, 2008 to consider, discuss and review the quarterly results, annual accounts and other financial matters to be placed before the Board for their approval.

The attendance of the members is as under:-

Sr. No.	Name	No. of meeting attended
1.	Shri Arun Tulsian Chairman (Independent)	4/4
2.	Shri Hemant Mehta Executive Director	2/4
3.	Shri Sunil Ranasaria Independent Director	4/4

(iv) Role of the Committee

The role of the audit committee include the following:

- 1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- 3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- 4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.

Contech Software Limited

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(v) **Review of information by the Committee**

The Audit Committee reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions.
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor are subject to review by the Audit Committee

(B) **Remuneration Committee**

(i) **Terms of Reference :**

The remuneration Committee recommends remuneration, promotions, increments etc. for the Managing Directors, Executive Directors and Whole-Time Directors. The recommendations so made by the Board of Director are subject to the approval of the shareholders.

(ii) **Composition of the Remuneration Committee**

The Remuneration Committee consists of 3 independent Directors namely:-

- | | | |
|-------------------------|---|----------|
| 1. Shri Hemant Mehta | : | Chairman |
| 2. Shri Arvind Baldwa | : | Member |
| 3. Shri Nikhil Rajpuria | : | Member |

During the year under review, there was one meeting of remuneration committee held on 30th June, 2008 for consideration of remuneration of Shri Jamnadas Maheshwari who was appointed as Managing Director wherein all the three Directors were present. No remuneration was paid to any Director till date.

(C) **Shareholders/Investors Grievance Committee**

(i) **Composition of the Committee**

On account of resignation and appointment of new directors, the committee was reconstituted and at present consists of 3 members as under:-

- | | | |
|-----------------------------|---|----------|
| 1. Shri Nikhil Rajpuria | - | Chairman |
| 2. Shri Jamnadas Maheshwari | - | Member |
| 3. Shri Hemant Mehta | - | Member |

Smt. Sanjoly Jalan is designated as the Compliance Officer, as required by SEBI/Listing Agreement.

Mr. Rajan K. Vasa and Dr. Kalyanbhai Vasa resigned as member of committee and member on Board w.e.f. 11th October, 2007 and Mr. Hemant Mehta and Mr. Jamnadas Maheshwari has been appointed as member w.e.f. 11th October, 2007 and 30th June, 2008 respectively.

(ii) **Terms of Reference of the Committee**

The committee supervises the mechanism for redressal of investor grievances and ensures cordial investor relations. Apart from looking into redressal of shareholder's and investor's grievances, the main functions of the committee are:-

- a. Transfer/Transmission of shares
- b. Issue of duplicate share certificate/dividend warrants etc.

- c. Complaints relating to non-receipt of annual report, dividend
- d. Split-up/consolidation/sub-division of shares
- e. Any other query/matter which may be brought forward by the compliance officer

The Registrar of Share Transfer Agent – M/s. Pinnacle Share Registry Pvt. Ltd attends to all the Shareholders/ Investors complaints on regular basis. The routine correspondence and letters received from the shareholders are replied back in time directly by the Company Secretary whereas the complaints of serious nature are brought at the meeting and taken care thereof.

(iii) **Number of complaints:**

During the year under review, the complaints received are as under:-

Opening Balance as on 1.04.2007	:	Nil
Complaints received during the year	:	Nil
Closing Balance as on 31.03.2008	:	Nil

4. GENERAL BODY MEETINGS

Location and time of last 3 annual General Meetings :

The details about the Location, time and venue of Last 3 annual General Meetings are as under:-

Particulars	Date	Time	Venue
22nd Annual General Meeting	21.09.2005	11.00 am	103, Kashi Parekh Complex Swastik Cross Roads, C.G. Road, Navrangpura, Ahmedabad – 380 009
23rd Annual General Meeting	30.09.2006	11.00 am	4th Floor Pushpak, Panchvati Cross Roads, C.G. Road, Ellisbridge, Ahmedabad -380 006
24th Annual General Meeting	29.09.2007	12.00 am	4th Floor Pushpak, Panchvati Cross Roads, C.G. Road, Ellisbridge, Ahmedabad -380 006

Notes :

All the resolutions, including Special Resolutions set out in the respective notices were passed by the shareholders.

5. DISCLOSURES

[a] **Disclosure on materially significant related party transactions:**

There are no material significant party transactions entered into by the Company with its Promoters, Directors or the Management, their subsidiaries or relative etc. that may have potential conflict with the interest of the Company at large. Suitable disclosure as required by the Accounting Standard (AS18) have been made in the Annual Report.

[b] **Compliance on Accounting Standards**

The guidelines/Accounting Standards laid down by the Institute of Chartered Accounts of India (ICAI) are duly complied by the company in preparation of financial statements.

[c] **Risk Management :**

The Company has laid down procedures to inform the Board Members about the risk assessment and minimization procedure. These procedures are periodically reviewed to ensure that executive management control risk through means of a properly defined framework

[d] **Capital Issues:**

There are no capital issues during the year under review.

[e] **Details of Non-Compliance of by the Company:**

There has been neither any non-compliance, any penalty nor stricture imposed on the company by stock exchange(s) or SEBI or any Statutory Authority and nor for any other matter related to capital markets, during the last three years.

6) CEO/CFO CERTIFICATION

A certificate from the Chief Executive Officer (CEO) on financial statements is issued pursuant to the provisions of clause 49 of the Listing agreement and is annexed to the Corporate Governance Report and forms part of the Annual Report.

7) MEANS OF COMMUNICATION

The Board of Directors of the Company approves and takes on record the Un-audited Quarterly Result and Audited Annual Results in the proforma prescribed by the Stock Exchange and announces forthwith the results to all the Stock Exchanges where the equity shares of the company are listed. The same are normally published in Western Times (English and Gujarati Edition) During the year under review, the company had approved the Quarterly results on 29th June, 2007, 31st July, 2007, 29th October, 2007 and 29th January, 2008.

Contech Software Limited

8) ADDITIONAL INFORMATION FOR SHAREHOLDERS

1] Annual General Meeting :

The details of the 25th Annual General Meeting to be held is as under:-

Date : 18th August, 2008

Day : Monday

Time : 3.00 P.M.

Venue : 604, Avdshesh House, Opp: Guru Govind Gurudwara,
Sarkhej – Gandhingar Highway, Thaltej, Ahmedabad–54.

2] Financial Calendar:

A] 25th Annual General Meeting to be held on at 604, Avdshesh House, Opp: Guru Govind Gurudwara, Gandhinagar-Sarkhej Highway, Thaltej, Ahmedabad – 380054. Opp: Guru Govind Gurudwara, Gandhinagar-Sarkhej Highway, Thaltej, Ahmedabad – 380054.

B] Quarterly Results :

Quarter	Date of Announcement In Board Meeting (F.Y.2006-2007)	Tentative Dates of Board Meeting for (F.Y.2007-2008)
Ist Quarter Results	31st July, 2007	Last week of July 2008
IInd Quarter Results	29th October, 2007	Last week of October 2008
IIIrd Quarter Results	29th January, 2008	Last week of January 2009
IVth Quarter Results	-	Last week of April 2009

3] Book Closure Date

The Shares Transfer books and Register of Members will remain closed from 11th August 2008 to 18th August 2008 (both days inclusive).

4] Listing on Stock Exchanges:

Stock Exchange

Stock Code

The Bombay Stock Exchange Limited

532397

Demat ISIN Numbers in NSDL & CDSL For Equity Shares: **INE971A01014**

5] Share Prices Data :

Month	High (Rs.)	Low (Rs.)	Volume No. of Shares
April,2007	9.00	7.95	18507
May, 2007	8.60	6.75	38448
June, 2007	9.90	6.60	79426
July, 2007	12.88	8.60	144869
August, 2007	13.50	9.97	87117
September, 2007	16.92	12.71	264410
October, 2007	15.26	10.85	709793
November, 2007	13.17	10.75	46763
December, 2007	17.38	12.25	299978
January, 2008	20.20	12.60	472195
February, 2008	15.64	11.92	242294
March, 2008	14.14	11.00	200350

*the share price data is of BSE Limited

6] Registrar and Share Transfer Agents:

Entire Share Transfer work and dematerialization / rematerialization work is handled by R & T Agent, PINNACLE SHARE REGISTRY PRIVATE LIMITED, Ahmedabad.

7] Share Transfer System:

The Company's shares are traded in the Stock Exchanges compulsorily in demat mode. The request for dematerialization of shares are also processed by the R&T agent within stipulated period and unloaded with the concerned depositories. The Company has formed Share Transfer committee of Directors, which meets every 15 days for effecting transfer of shares and other related matters.

8] **Distribution of Holdings as on 31st March, 2008**

No. of equity shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	6110	92.94	737890	13.37
501 - 1000	211	3.21	182579	3.31
1001 - 2000	99	1.51	150846	2.73
2001 - 3000	38	0.58	95031	1.72
3001 - 4000	21	0.32	75275	1.36
4001 - 5000	19	0.29	89606	1.62
5001 - 10000	33	0.50	271708	4.92
10001 and above	43	0.65	3915265	70.95
TOTAL	6574	100	5518200	100

9] **Dematerializations of shares and liquidity**

As on 31st March, 2008, 93.63% of the total Equity Shares are held in dematerialized form with National Securities Depository Ltd (NSDL) and Central Depository Services Limited (CDSL). The details of which is as under:-

Mode of Holding	No. of Shares	% of Holding
NSDL	2600038	47.12
CDSL	2566783	46.51
PHYSICAL	351379	6.37
TOTAL	5518200	100.00

10] **Shareholding Pattern of the Company as on 31st March, 2008**

Category	No of Shares held	% of Share Holding
1) Promoters Holding :		
i. Indian Promoters relatives & associates (including Body Corporates)	1922709	34.84
ii) Foreign Promoters :	-	-
Sub Total (A)	1922709	34.84
2) Non Promoters Holding :		
i. Mutual Funds and UTI	0	0
ii. Banks & Financial Institutions		
Sub Total (B)	0	0
3) Others	3595491	65.16
i. Private Corporate Bodies		
ii. Indian Public		
iii. NRIs / OCBs / FIIs		
Sub Total (C)	3595491	65.16
Grand Total(A+B+C)	5518200	100

11) **Address for correspondence**

a) **Company**

Contech Software Limited
604, Avdhesh House, Opp. Shri Govind Gurudwara,
Sarkhej-Gandhinagar Highway, Thaltej, Ahmedabad-380 054
Telefax : [079] 26859223, Email : contechsoftware@gmail.com

b) **Registrar & Share Transfer Agents**

Pinnacle Shares Registry Private Limited,
Near Ashoka Mills, Naroda Road,
Ahmedabad – 380 025
Phone No. [079] 22204226,22200338 Fax No. [079] 22202963

Contech Software Limited

Certificate by Chief Executive Officer (CEO)

We hereby certify that :

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2008 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We further confirm that :
 - (i) there were no significant changes in internal control over financial reporting during the year;
 - (ii) there were no significant changes in accounting policies during the year and
 - (iii) there were no instances of significant fraud of which we are aware and the involvement therein, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : 30th June, 2008

Jamnaprasad Maheshwari
Managing Director

Auditors' certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement.

To
The members
Contech Software Ltd

1. We have reviewed the implementation of Corporate Governance by Contech Software Ltd(" the Company") during the year ended 31st March, 2008, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.
2. The compliance of conditions on Corporate Governance is the responsibility of the Management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company.
3. We state that no major investor grievances are pending for period exceeding one month against the Company as per the records maintained by the Shareholders / Investors Grievance Committee and certified by the Company.
4. On the basis of our review and according to the information and explanations provided to us, the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) with the Stock Exchange have been complied with in all material respect by the Company.

For, SHAH MOHNOT SINGHAL & CO.
Chartered Accountants

Place : Ahmedabad
Date : 30th June, 2008

Anandraj Shah
Partner
(M/ No. 71066)

Auditor's Certificate on Corporate Governance

To the members of Contech Software Limited

We have examined the compliance of conditions of Corporate Governance by Contech Software Limited for the year ended on March 31, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For, Shah Mohnot Singhal & Co.
Chartered Accountants

Place : Ahmedabad.
Date : 30th June, 2008

Anandraj shah
Partner
(M/No. 71066)

Contech Software Limited

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of **CONTECH SOFTWARE LIMITED** (the Company), as at March 31, 2008 and also the Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express and opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by managements, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) in our opinion, proper book of accounts as required by law have been kept by the company so far as appears from our examination of those books;
- (iii) the Balance Sheet , Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) on the basis of written representations received from the directors, as on March 31, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms Section 274 (1) (g) of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the **Balance Sheet**, of the state of affairs of the Company as at March 31, 2008;
 - (b) in the case of the **Profit and Loss Account**, of the **Profit** for the year ended on that date; and
 - (c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For, Shah Mohnot Singhal & Co.
Chartered Accountants

Anandraj shah
Partner
(M/No. 71066)

Place : Ahmedabad.
Date : 30th June, 2008

ANNEXURE TO THE AUDITORS' REPORT ANNEXURE referred to in Para 1 of our Report

- I)
 - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) Fixed assets have been physically verified by the management at reasonable intervals and no discrepancies between physical inventories and book records were noticed on such verification.
 - c) The Company has not disposed off a Substantial Part of its Fixed Assets during the year.
- II)
 - a) The Company has not granted loan, unsecured, to one company covered in Register maintained under Section 301 of the Companies Act, 1956.
 - b) In view of para (a) above we have not to express our opinion relating to interest and other terms and conditions of loans.
 - c) The Company has not taken any loans, secured or unsecured from the companies, firms or other parties covered in Register maintained u/s. 301 of the Companies Act 1956.

- III) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets. The activities of the Company do not involve purchase of inventory and the sale of goods. On the basis of our examination and information and according to the explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.
- IV In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the Register maintained under Section 301 of the Act have been so entered.
- V According to the information and explanations given to us, we find that the company has not accepted any public deposits as per Sections 58A and 58AA of the Companies Act, 1956 and the Companies Rules, 1975 with regard to the deposits accepted from the public. To the best of our information and according to the explanations given to us, no order has been passed by the Company Law Board.
- VI In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- VII According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance and Income Tax applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty, Excise Duty and cess were in arrears, as at **March 31, 2008** for a period of more than six months from the date they became payable.
- VIII The Company has accumulated a loss which exceeds fifty percent of its Net Worth. The Company has not incurred cash losses during the Financial Year covered by our audit and cash losses incurred during the immediately preceding Financial Year amounted to **Rs. 795636**
- IX Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution or banks.
- X The Company has not granted any loans and advances on the basis of Security by way of pledge of shares, debentures and other securities, during the year under audit.
- XI In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the Provisions of Clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- XII In our opinion, the Company is not dealing in or trading in shares. Securities, debentures and other investments. Accordingly, the Provisions of Clause 4 (xiv) of the Companies (Auditor Report) Order, 2003 are not applicable to the Company.
- XIII Based on the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- XIV During the period no term loans from Bank / Financial Institutions taken no comments are required to express.
- XV Based on the information and explanations given to us and on an overall examinations of the balance sheet of the Company, in our opinion, there are no funds raised on a short term basis which have been used for long term investment, and vice versa.
- XVI In our opinion and according to the information given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 during the Year.
- XVII During the Period Covered by our audit report, the Company has not issued any debentures.
- XVIII The Company has not raised any money by public issue during the year.
- XIX During the course of our examinations of the books of account carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For, Shah Mohnot Singhal & Co.
Chartered Accountants

Anandraj shah
Partner
(M/No. 71066)

Place : Ahmedabad.
Date : 30th June, 2008

Contech Software Limited

BALANCE SHEET AS AT 31ST MARCH, 2008

(Rupees)

	SCHEDULE	AS AT 31.03.2008	AS AT 31.03.2007
SOURCES OF FUNDS :			
Shareholders' Funds			
Share Capital	1	55040000	55040000
Reserves and Surplus	2	5467796	5467796
		<u>60507796</u>	<u>60507796</u>
Loans Funds			
Secured		0	0
Unsecured		0	0
		<u>0</u>	<u>0</u>
Total		<u><u>60507796</u></u>	<u><u>60507796</u></u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	30025282	29980282
Less : Depreciation		19248260	17753905
Net Block		<u>10777022</u>	<u>12226377</u>
Investments			
		0	0
Deferred Tax Asset			
		3250287	0
Current Assets, Loans and Advances			
Inventories	4	4450000	0
Sundry Debtors	5	15744416	0
Cash and Bank Balance	6	85971	229876
Loans and Advances	7	124928328	8008044
		<u>145208715</u>	<u>8237920</u>
Current Liabilities and Provisions			
Liabilities	8	129761654	7247725
Net Current Assets		<u>15447061</u>	<u>990195</u>
Profit & Loss Account			
		31033426	47291224
Total		<u><u>60507796</u></u>	<u><u>60507796</u></u>
Notes to the financial statement			
Schedules referred to above and notes attached there to form an integral part of the Balance Sheet	13		

As per our attached report of even date

For, Shah Mohnot Singhal & co.
Chartered Accountants

Anandraj Shah
Partner
(M/No. 71066)

Place : Ahmedabad
Date : 30th June, 2008

For and on behalf of the Board of Directors

Jamanaprasad P Maheswari
Managing Director

Hemant Mehta
Director

Place : Ahmedabad
Date : 30th June, 2008

25th Annual Report 2007-08

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

(Rupees)

	SCHEDULE	YEAR ENDED 31.03.2008	YEAR ENDED 31.03.2007
INCOME :			
Sales & Services	9	23499242	350000
Other Income		90	7000
Closing Stock		4450000	0
Total		<u>27949332</u>	<u>357000</u>
EXPENDITURE :			
Purchase	10	12233773	0
Employees Emoluments		45384	0
Administrative Expenses	11	1164068	648943
Financial Expenses	12	4242	17479
Loss on sale of assets/ investment		0	486214
Depreciation		1494355	116435
Total		<u>14941822</u>	<u>1269071</u>
Profit / (Loss) before Taxation		13007510	-912071
Add: Deferred Tax Asset		3250287	0
Profit / (Loss) after Taxation		16257797	-912071
Adjustments for earlier Year		0	-9679
		<u>16257797</u>	<u>-921750</u>
Balance brought forward		<u>-47291223</u>	<u>-46369473</u>
Profit / loss carried to Balance Sheet		<u>-31033426</u>	<u>-47291223</u>

Notes to the financial statement

13

Schedules referred to above and notes attached there to form an integral part of the Balance Sheet

As per our attached report of even date

**For, Shah Mohnot Singhal & co.
Chartered Accountants**

For and on behalf of the Board of Directors

**Jamanaprasad P Maheswari
Managing Director**

**Anandraj Shah
Partner
(M/No. 71066)**

**Hemant Mehta
Director**

Place : Ahmedabad
Date : 30th June, 2008

Place : Ahmedabad
Date : 30th June, 2008

Contech Software Limited

SCHEDULE FORMING PART OF ACCOUNTS

	As At 31.03.2008 Rupees	As At 31.03.2007 Rupees
SCHEDULE - 1 Share Capital :		
Authorised :		
6000000 Equity Shares of Rs. 10/- each	60000000	60000000
Issued, Subscribed and Paid up :		
5518200 Equity Shares of Rs. 10/- each fully paid up	55182000	55182000
Less : Calls In Arrears (Others)	142000	142000
	<u>55040000</u>	<u>55040000</u>
Total	<u>55040000</u>	<u>55040000</u>

SCHEDULE - 2 Reserves And Surplus :

Capital Reserve:	5467796	5467796
Total	<u>5467796</u>	<u>5467796</u>

SCHEDULE - 3 Fixed Assets

Assets	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 01.04.07	Addition	Deduction	As at 31.03.08	As at 01.04.07	For the period	Written Back	Upto 31.03.08	As at 31.03.08	As at 31.03.07
Plant and Machinery (Software)	29980282	0	0	29980282	17753905	1493209	0	19247114	10733168	12226377
Office Equipment	0	5800	0	5800	0	84	0	84	5716	0
Computer	0	39200		39200	0	1062	0	1062	38138	0
Total	29980282	45000	0	30025282	17753905	1494355	0	19248260	10777022	12226377
Previous Year	31722208	0	1741926	29980282	18412722	116435	775252	17753905	12226377	13309487

SCHEDULE - 4 Inventories

Work in Progress (Software In Process)	4450000	0
Total	<u>4450000</u>	<u>0</u>

SCHEDULE - 5 Sundry Debtors :

(Unsecured, considered good, unless otherwise stated.)

Exceeding Six Months	0	0
Others	15744416	0
Total	<u>15744416</u>	<u>0</u>

SCHEDULE - 6 Cash And Bank Balances :

Cash on Hand	2148	162294
Balance with Scheduled Banks: In Current Account.	83823	67582
Total	<u>85971</u>	<u>229876</u>

25th Annual Report 2007-08

	As At 31.03.2008 Rupees	As At 31.03.2007 Rupees
SCHEDULE - 7 Loans And Advances :		
Advances recoverable in cash or kind	124858196	7937912
Advance Income Tax & TDS	70132	70132
Total	124928328	8008044
SCHEDULE - 8 Current Liabilities :		
Sundry Creditors		
- Due to SSI Units	0	0
- Advance received from Customers	117028299	7219635
- For Goods and Expense	12666909	28090
Duties & Taxes Payable	66446	0
Total	129761654	7247725
SCHEDULE - 9 Sales & Services :		
Software	11000000	3500000
Paper	12499242	0
Total	23499242	3500000
SCHEDULE - 10 Purchases :		
Paper	12233773	0
Total	12233773	0
SCHEDULE - 11 Administrative Expenses :		
Office & General Expenses	3277	259838
Rent, Rates & Taxes	172439	0
Legal & Professional Expenses	662000	13724
Consulting Expenses	165000	0
Conveyance Expenses	2380	24000
Sales Tax Assessment Expenses	22414	0
Travelling (Local / Foreign)	0	114554
Printing & Stationery	25880	7620
Audit Fees	28090	28090
Professional Tax	1000	0
Post & Telephone Expenses	2920	0
Share Registry Expenses	78668	201117
Total	1164068	648943
SCHEDULE - 12 Financial Expenses :		
Bank Charges & Hire Charges	1608	17479
Bank Interest	2634	0
Total	4242	17479

Contech Software Limited

SCHEDULE - 13 NOTES FORMING PART OF THE ACCOUNTS

1) Significant Accounting Policies

I. Basis of Preparation of financial statements:

The financial statements are prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles comprising the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956. The company follows mercantile system of accounting and recognizes significant items of income and expenditure on an accrual basis.

II. Income Recognition:

Revenue from Software Sales is recognized on proportionate completion method and on the basis of invoices raised as per the terms of the contract.

III. Fixed Assets & Depreciation:

Fixed Assets are stated at cost, after reducing accumulated depreciation until the date of the balance sheet. Direct costs are capitalized until the assets are ready for use and include financing costs relating to any specific borrowing attributable to the acquisition of the fixed assets.

Depreciation is provided on written down value method at the rates specified in schedule XIV to the Companies Act, 1956 only on those Fixed Assets, which are put to use during the year. Depreciation on addition is provided from the month of installation & depreciation on sale of Assets is provided till the month of sale.

IV. Investments:

The company had not made any investment during the year.

V. Inventories :

Work in progress (Software in process) are valued at cost. Cost is determined on the basis of certified by Software Developer and Management.

V. Taxes on Income:

Current tax is determined as per the provisions of the Income Tax Act, 1961

Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

2) Notes on Accounts

i. The previous year's figures have been recast/restated, wherever necessary, to conform to the current year's classification.

ii. Company has not provided for depreciation on software packages/designs purchased/developed as the same were either out of date or were not put to use.

iii. Segment Reporting:

The company's business activity falls under segment of software services and under the segment of trading activity.

iv. Deferred Tax:

The provision on account of Deferred Tax is calculated as under:

Particulars	Rs.in lacs	
	Current Year	Previous Year
Opening Deferred Tax Asset	0	0
Add : Effect of Timing Difference on account of Depreciation	32.50	0
Balance Deferred Tax asset	32.50	0

v. Related Party Disclosures

A. Related party disclosures, as required by AS-18, "Related Party Disclosures", are given below:

I. Relationships:

(i) Promoter Group Company: Nil.

(ii) Directors :

Shri Jamna Prasad Maheshwari	Managing Director
Shri Sunil Ranasaria	Director
Shri Arun Tulsian	Director
Shri Hemant Chinubhai Mehta	Director
Shri Arvind Baldwa	Director
Shri Nikhil Kamalnayan Rajpuria	Director

B. No transactions were carried out with the related parties in the ordinary course of business.

vi. Auditor Remuneration includes:

	2007-2008	2006-2007
	Rs.	Rs.
Audit Fees	28090	28090
Taxation Matter	Nil	11224
Total	28090	39314

- vii. Traveling (local/foreign) includes directors travelling of Rs. Nil - (P.Y. Rs.1,14,554).
- viii. In the opinion of the Board, the Current Assets, Loans & Advances are approximately of the value stated, if realized in the ordinary course of business. The provisions for depreciation and for all known Liabilities are adequate and not in excess of the amount reasonably necessary.
- ix. The company is primarily engaged in the development and maintenance of computer software. The production and sales of such software cannot be expressed in any generic unit. Hence it is not possible to give quantitative of such software. During the year company also have paper sales and giving quantitative details of sales and certain other information as required under paragraph 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956 as below

a) Particular in respect of sales of paper dealt in by the company.

	2007-2008		2006-2007	
	Qty (KGS)	Amount (Rs.)	Qty (KGS)	Amount (Rs.)
Opening stock	Nil	Nil	Nil	Nil
Purchase	314774	1,22,33,773	Nil	Nil
Sales	314774	1,24,99,242	Nil	Nil
Closing stock	Nil	Nil	Nil	Nil

b) Particulars in respect of sales of software / services dealt in by the company:

	2007-2008	2006-2007
	Amount(Rs)	Amount(Rs)
Sales (Software)	11440000	350000
Software under Process	4450000	0
c) Expenditure in foreign currency on Travelling and other expenditure	0	114554
d) Earnings in foreign currency from Software Development Services	0	0

As per our attached report of even date

For, Shah Mohnot Singhal & co.
Chartered Accountants

Anandraj Shah
Partner
(M/No. 71066)

Place : Ahmedabad
Date : 30th June, 2008

For and on behalf of the Board of Directors

Jamanaprasad P Maheswari
Managing Director

Hemant Mehta
Director

Place : Ahmedabad
Date : 30th June, 2008

Contech Software Limited

BALANCE SHEET ABSTRACT AND A COMPANY'S GENERAL BUSINESS PROFILE:

I Registration Details

Registration No	6041	State Code	04
Balance Sheet Date	31.03.2008		

II Capital Raised during the year (Amount in Thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III Position of Mobilisation and Deployment of Funds (Amount in Thousands)

Total Liabilities	60508	Total Assets	60508
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Sources of Funds:

Paid up Capital	55040	Reserves & Surplus	5468
Secured Loans	NIL	Unsecured Loans	NIL

Application of Funds:

Net Fixed Assets	10778	Investments	NIL
Net Current Assets	15447	Misc. Expenditure	NIL
Accumulated Losses	31033		

IV Performance of Company (Amount in thousands)

Total Income	27949	Total Expenditure	14942
Profit Before Tax	13007	Profit After Tax	16258
Earning per Share in Rs.	NIL	Dividend Rate %	NIL

V Generic Names of Three Principal Products/Services Of Company (as per monetary terms)

Item Code No. (ITC Code)	8524.90
Products Description	COMPUTER SOFTWARE

As per our attached report of even date

For, Shah Mohnot Singhal & co.
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Place : Ahmedabad
Date : 30th June, 2008

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Jamanaprasad P Maheswari
Managing Director

Hemant Mehta
Director

Place : Ahmedabad
Date : 30th June, 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31-3-2008

	2007-2008 Rs. (Lacs)	2006-2007 Rs. (Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit (Loss) before Tax	130.07	-9.12
Adjustments for :		
Loss on sale of fixed asset/investment(Net)	0	4.86
Depreciation and amortization	14.94	1.16
Adjustments of earlier years:	0	-0.09
Operating Profit before Working Capital changes	145.01	-3.19
Adjustments for		
Increase/Decrease in Trade Debtors	-157.44	9.25
Increase/Decrease in Current Liability	1225.14	72.20
Increase /Decrease in Stock	-44.5	
Cash Generated from Operations	0	78.26
Net Cash from operating Activities (A)	0	78.26
B. CASH FLOW FROM INVESTING ACTIVITIES		
Increase/Decrease in Loans & advances	-1169.20	-78.81
Proceeds on sale of fixed assets/investment	-0.46	4.81
Net Cash (used in)/Surplus from investing activities (B)	-1169.66	-74.00
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/Decrease in Borrowings	0	-2.80
Call in arrears received	0	0.03
Net cash (used in)/surplus form financing activities (C)	0	-2.77
Net Cash increase in Cash & Cash equivalents (A+B+C)	-1.45	1.49
Cash & Cash equivalents at the beginning of the year	2.30	0.81
Cash & Cash equivalents at the end of the year	0.85	2.30

As per our attached report of even date
For, Shah Mohnot Singhal & co.
Chartered Accountants

Anandraj Shah
Partner
(M/No. 71066)

Place : Ahmedabad
Date : 30th June, 2008

For and on behalf of the Board of Directors
Jamanaprasad P Maheswari
Managing Director

Hemant Mehta
Director

Place : Ahmedabad
Date : 30th June, 2008

CONTECH SOFTWARE LTD

Registered Office: 604, Avdhesh House, Opp. Shri GuruGovind Gurudwara,
S.G. Highway, Thaltej, Ahmedabad 380054. Gujarat. INDIA

ATTENDANCE SLIP

ANNUAL GENERAL MEETING

Regd. Folio No. / DP Client ID No. of Shares held.....

I certify that I am a member / proxy for the member of the company.

I hereby record my presence at the 25th ANNUAL GENERAL MEETING of the Company at the Registered Office of the Company situated at 604, Avdhesh House, Opp. Shri GuruGovind Gurudwara, S.G. Highway, Thaltej, Ahmedabad 380054 (Gujarat) at 3.00 p.m. on Monday, August 18, 2008.

(Member's / Proxy's name in block letters)

(Member's / Proxy's Signature)

Note: Please fill the attendance slip and hand it over at the ENTRANCE OF THE COMPANY
Members are requested to bring their copies of the Annual Report to the meeting.

CONTECH SOFTWARE LTD

Registered Office: 604, Avdhesh House, Opp. Shri GuruGovind Gurudwara,
S.G. Highway, Thaltej, Ahmedabad 380054. Gujarat. INDIA

PROXY FORM

Regd. Folio No. / DP Client ID No. of Shares held.....

I / We

of Being a member / s of the above named Company, hereby
appoint.....of.....or failing him

.....of.....or failing him
.....of.....as my / our proxy

to vote for me / us and on my / our behalf at the 25th Annual General Meeting to be held
on 3.00 a.m. on Monday, 18th August, 2008 at any adjournment thereof.

Signed thisday of2008

Affix
One Rupee
Revenue
Stamp

Note: The instrument of proxy should be deposited at the Registered office of the Company
not less than 48 (forty-eight) hours before the time of holding the meeting.

Book - Post

25th ANNUAL REPORT

2007-2008

Please paste
Shareholder's Address Slip

13
10/10/09

Address for Correspondence:

THE COMPANY SECRETARY
Contech Software Ltd
604, Avdesh House
Opp. Shri GuruGovind Gurudwara
S.G. Highway, Thaltej
Ahmedabad 380054
Gujarat, INDIA
Telefax: +91 79 26859223
Email: contechsoftware@gmail.com

Contech Software Ltd.