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Contech
Software Limited
ISO 9001.CMM Level 3

Contech

CUSTOMER SAYS ABOUT US.....

Celestica Ltd., U.K.

"Celestica Ltd. had the pleasure of outsourcing the project of USB Host Protocol Stack development (USB Specification 1.1) on ARM Thumb family's Samsung S3C44BOX 32 bit processor, Philips ISP1161 USB Host controller and using the Accelerated Technologies ATI Nucleus Plus RTOS. For this project Contech Software Ltd. has been working very closely with us for last 6 months and has provided us complete USB Host stack, which includes High level and detailed design with UML methodology and finally testing with CATC analyzer.

We have found Contech's approach very professional and reliable. They have been very quality conscious and have executed our project within the expected time line and budget. Their capabilities in the Embedded technology arena are found very good. We feel that because of their project and life cycle management we had considerable cost saving in our product development. Their experience if off shore and on shore development has resulted in timely execution with expected quality.

Celestica Ltd. is happy to have Contech Software Ltd. as our development partner. We would not hesitate to have their services in future as they have proved to be very valuable to us."

Mr. Graham Ball
Design Center Manager

RAD Data Communications Limited, Israel

"We have found Contech's approach very professional and reliable. They have been very quality conscious and have executed our project within the defined time cycle. Their capabilities in the area of telecom have been found to be good. We feel that because of their project and life cycle management we have had considerable cost savings in our product development. We would not hesitate to have their services in futures as they have proved to be very valuable to us."

Alex Broder,
R & D Manager

Aisys Intelligent Systems, Israel

"Aisys had the pleasure of outsourcing their development of Driveway 2000 for MPC8240 to Contech Software Ltd. For this project our team has been working very closely with the team of Contech for that last six months and we are very happy with a tremendous emphasis on quality and life cycle. Aisys is happy to have Contech Software Ltd. as our development partner. We would not hesitate to have their services in the future as they have proved to be valuable to us."

Avi Cohen,
R & D Manager

Energy Technologies, Switzerland

"ETSA has been working closely with Contech for past three years. They helped us build our software product from concept to delivery. Over the year they helped us in absorbing new technologies. We appreciate their professionalism, responsiveness and quality output."

Kaizad Irani,
Manager, Information & Technology

Dynalco Controls, USA

"Overall, we are quite pleased with the work you have done. At times, it's difficult for us to 'jump' on testing the product versions for a number of reasons (vacation, other project priorities, unavailable manpower, etc.). At times, we are quick to point out the problems and slow to point out the good and hard work you have done for us. You have been quite responsive to our requests and I'm sure we'll provide you with additional work in the future."

Jean J. Labrosse,
Senior Technical Member

Azonix Corporation, USA

"Contech has been providing software development, testing, maintenance & hardware engineering services to Azonix. We have found Contech's approach professional and reliable. Quality and time consciousness of their team has helped us in our product release cycles. Their project & life cycle management skills combined with on-shore & off-shore efforts have brought significant cost savings to Azonix."

Hasmukh Shah,
President



Contech Software Limited Annual Report 2001-2002

ANNUAL REPORT 2001-2002**BOARD OF DIRECTORS**

Rajan K. Vasa, *Chairman & Managing Director*
Bharat D. Shah, *Director*

Dr. Kalyanbhai L. Vasa, *Director*
Kamlesh A. Shah, *Director*

MANAGEMENT COUNCIL

Rajan Vasa, *Chairman & Managing Director*
Kaushal Shah, G.M. - Finance & Adm.
Amit Shah, G.M. - Quality & Systems

Hayavadan Panchamukhi, *Chief Technology Officer*
Ketan Parekh, G.M. - Projects
Nandita Das, *Manager - Human Resources*

OVERSEAS OFFICES**Contech America, Inc.**

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 Italy,
 E-mail : cslitaly@contechsoftware.com

Contech Software UK

Burnhill Business Centre
 Provident House, Burrell Row, High Street,
 Bechenhem, Kent BR3 1AT, UK.
 E-mail: csluk@contechsoftware.com

AUDITORS

Hemant R. Vora & Co.
Chartered Accountants
 Ahmedabad

BANKERS

UTI Bank Limited
 "Sakar-1", Ashram Road
 Ahmedabad.

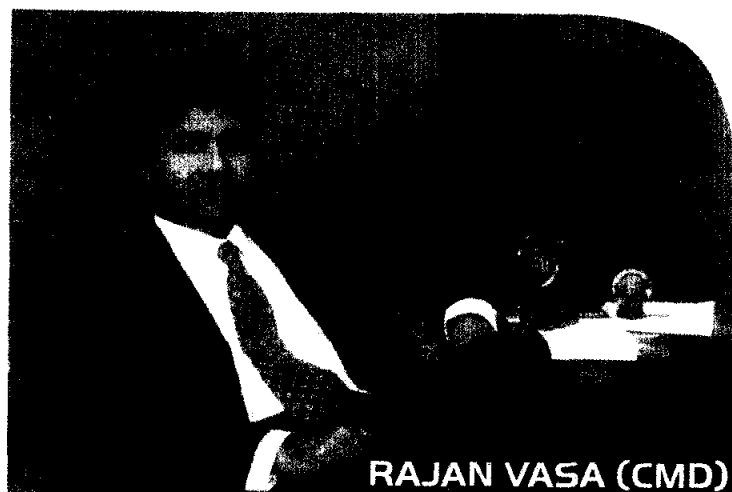
REGISTERED OFFICE,**DEVELOPMENT CENTER &****CORPORATE HEAD QUARTERS**

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 Gujarat, INDIA
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Contech



RAJAN VASA (CMD)

TOWARDS THE GLOBAL FUTURE

Contech Software Limited (CSL) is an innovative, fast growing software services company registered with Software Technology Parks of India (STPI) at Gandhinagar, Gujarat. With clients in the USA, UK, Israel, Italy and India. Contech is well on its way to becoming a truly global company.

CSL's world-class, 24,000 sq. ft. development center, set on a 2-acre campus at Gandhinagar, - housing state-of-the-art Lucent / Avaya certified CAT 6 networks, high-speed connectivity, high-end audio-video conferencing equipment, fully digital exchange, a dedicated training wing, modern library, cafeteria and recreational facilities - is a hub for high value software development.

CSL specializes in providing customized offshore and onsite software solutions in the technology areas of Business Applications and Embedded Technologies.

VISION

To be globally identified as a quality-conscious source of innovative software and embedded solutions, and to perpetually align technologies and solutions towards the individual priorities of each customer.

MANAGING DIRECTOR'S MESSAGE

The year 2001-02 has been a challenging year for the IT industry all over the world and your company has not been an exception. Global slowdown, slump in the US economy and falling technology spends, accentuated by the tragedy of September 11, have all taken their toll on the industry. However your company succeeded in meeting its targets in most adverse environment. To us, the more important thing is how your company treated the adverse global circumstances of fiscal year 2001-02 as an opportunity to restructure and move towards becoming a finely aligned, integrated, services provider in Embedded and E-Business. Clients have always been central to your company. Since last year, we have come a long way - towards the inevitable global future. Every employee redoubled the effort to satisfy the customers, to drive the growth and profitability. One thing I would like to mention is that your company's vision is to be globally respected corporation that provides best of the solutions, leveraging technology, delivered by best in class people. This is what we want to share with you in rest of the letter.



INFRASTRUCTURE

Your company firmly believes that World Class infrastructure and its internal IT initiatives are key drivers of scalable and sustained corporate excellence. The continuous focus is on information infrastructure like:

- Drive information availability to a global work force,
- Enable scalable, sustained excellence in execution,
- Enhance employee and process productivity, and
- Further strengthen our client partnerships.

This is in addition to last year focus of building an ideal 24000 sq. ft. workspace for around 300 software professionals, a dedicated training center, a modern library and recreation room.

HUMAN RESOURCE MANAGEMENT

The key strength of your company is its employees. Your company has been able to create a favourable work environment that encourages innovation. Your company has put in place a scalable recruitment and human resource management process, enabling it to attract and retain high-caliber employees.

Entry-level engineers are put through intensive technical training. Also continuous training is planned through out the year for engineers at all level. Process improvements have also been made in the areas of recruitment, training and visa processing. Further all confirmed employees are eligible for your company's Employee Stock Option Plan (ESOP).

CONTECH WORLDWIDE

Starting with a wholly owned subsidiary in the USA, we have since opened a branch office in UK and Italy. We have also established marketing alliances in Israel, Italy and USA. Through our increasing global presence, we can be clued in to the latest in our overseas markets and be in close touch with our clients. This will help us satisfy their needs better.

TECHNICAL ALLIANCES

In a globalized environment, a company is known by the companies it is seen with. Such an apparent impression however stems from the undeniable fact that a good partner or associate always adds depth and scope to one's activities. Towards this end, we are in the process of forging technical alliances with Sun, Intel, Motorola, in addition to the ones we have with Microsoft, Oracle, WindRiver and Rational.

QUALITY ROADMAP

Your company firmly believes that quality is one of the most critical components for competitive success in the global market. Your company has achieved high maturity through adherence to highly evolved processes, which have been systematically benchmarked against world-class operating models, viz. ISO



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9001, SEI CMM. In fact as promised during previous year, your company became is the first company from Gujarat which is assessed at SEI CMM level 3 KPMG International for both of its division viz. Embedded and E-Business. Software Engineering Institute (SEI) Capability Maturity Model (CMM) is the world-class benchmark in software process management.

To address the challenges of the future and to ensure the performance in an integrated manner, your company is planning to reach the milestone of SEI CMM level 5 in the next year.

CLIENTS

A positive offshoot of all that organic growth has been our clientele. We have added several new customers in UK, Israel and also in India. With all the horsepower that we have added to our infrastructure, quality and other facilities expanding and upgrading to world-class standards, it is only a matter of time before many more global customers decide to work with us.

FUTURE

We are very confident about our future. Going forward, we have identified several areas of strengths which will help our growth plans. Some of them are outlined below:

- The ability to understand a client's requirement and to offer a credible technology solution addressing the problem.
- Ability to maintain skill sets on selected technologies and ensuring depth.
- SEI CMM level 3 quality process.
- The ability to attract and retain high quality people.
- Flexible, client focussed organization structure.

With all the above strengths I would simply say, focussed approach with these strengths will help your company to emerge as a strong IT solution provider company.

CREDITS

The fact that we have come this far owes its existence to many individuals, organizations and government agencies. Your directors thank the company's clients, vendors, investors and bankers, STPI – Gandhinagar, Reserve Bank of India, Customs Department, Information Technology Department of Govt. of Gujarat, Gujarat Informatics Ltd., for their continued support during the year and look forward to their continued support in the future. Your directors place on record their appreciation of the contribution made by employees at all levels, who, through their competence, hard work, solidarity, cooperation and support, have enabled the company to achieve consistent growth.



NOTICE

NOTICE IS HEREBY GIVEN THAT the **NINETEENTH** Annual General Meeting of **CONTECH SOFTWARE LIMITED** will be held at E-3/1, 2,3 & E-2/3, GIDC Electronics Estate, Gandhinagar - 382 044 (Gujarat) on 26th August, 2002 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March, 2002, Profit and Loss Account for the year ended on that date and the Auditor's and Director's Report thereon.
2. To appoint a Director in place of Shri Kalyan Vasa who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

For and on behalf of the Board of Directors

Rajan Vasa
Chairman & Managing Director

Gandhinagar : 3rd May, 2002

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
 2. The Register of Members and Share Transfer Books of the Company will remain closed from 20th August, 2002 to 26th August, 2002 (Both days inclusive) for the purpose of Annual General Meeting.
 3. Members are requested to notify the Company immediately the changes, if any, in the address in full with the postal area, pin code number, quoting their folio numbers.
- Shareholders are requested to bring their copy of the Annual report to the Meeting.

For and on behalf of the
Board of Directors

Rajan Vasa
Chairman & Managing Director

Gandhinagar : 3rd May, 2002



DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting their 19th Annual Report together with Audited Accounts for the financial year ended on 31st March, 2002.

Financial Results	2001-2002 (Rs.)	2000-2001 (Rs.)
A] Profit before Interest, Depreciation and Taxes	2,14,66,562	2,49,77,365
B] Less : Depreciation Interest	1,56,00,242 1,45,658	81,88,184 6,26,749
C] Profit before taxes	57,20,662	1,61,62,432
D] Less : Provision for taxes	0	0
	57,20,662	1,61,62,432
E] Prior Period Adjustments (net)	(1,20,729)	4,41,293
Excess/Short Provision of Taxation	13,880	0
Deferred Tax	(12,29,000)	0
	43,84,813	1,66,03,725
F] Add : Balance brought forward from previous year	1,92,22,071	1,01,18,346
Profit available for Appropriation	2,36,06,884	2,67,22,071
Less : Appropriations		
- General Reserves	0	75,00,000
	0	75,00,000
Balance carried forward to Balance Sheet	2,36,06,884	1,92,22,071

Results of Operations:

Due to global economic slowdown, particularly in IT sector, your company had almost stagnant growth during the period under review. Total software revenues during the year was Rs. 789.32 lacs as against Rs. 756.19 lacs in the earlier year. Your company continues to focus on Offshore software development, re-engineering, testing and maintenance. The Company has added 12 new clients from countries like UK, Israel, USA and India. During the year your company has identified domestic market as a focus area.

Dividend:

The Company has developed a road map for growth and consolidation. The Management has decided to skip the dividend in order to conserve the cash which can be utilized for growth, which in turn will improve shareholders value.



Subsidiary Company and Branch Offices:

As informed to you during the last year, US subsidiary was fully operationalise and has crossed the barrier of break even point. Your company has also operationalise the UK and Italy branch offices for the marketing and customer support. Due to the intensive effort the company has also added new customers in this territory.

Deposits:

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

Directors:

Shri Subhash Chandra Bhatnagar has ceased to be director w.e.f. 22nd October, 2001. Board places on record their appreciation for the contribution made by Shri Subhash Chandra Bhatnagar during his tenure with the Company.

Employees Stock Option Scheme (ESOP):

The company currently has two stock option plans. These are summarized below:

2000-01 Stock Option Plan:

As of 31st March, 2002 options to acquire 53100 shares were outstanding. No options were issued under this plan during current year.

2001-02 Stock Option Plan:

As of 31st March, 2002 options to acquire 54300 shares were outstanding. No options were issued under this plan during current year.

During the year Company has issued 2192 stock options (1 stock option = 25 shares) under regular scheme and 92 stock options (1 stock option = 25 shares) under growth scheme, to eligible employees. The details of the option granted during the year is as under:

Description	Details
1. Total No. of Shares	57,100 Equity Shares
2. The pricing formula	Rs. 10 per share under regular scheme Rs. 10 per share under growth scheme
3. Options granted during the year	2192 options representing 54800 shares under regular scheme and 92 options representing 2300 shares under growth scheme
4. Option exercised during the year	Nil
5. Total number of options in force including Senior Management	2172 options representing 54300 shares under regular scheme and 92 options representing 2300 shares under growth scheme
6. Grant to senior management	184 options representing 4600 shares under regular scheme and 92 options representing 2300 shares under growth scheme
7. Employees holding 5% or more of the total number of options granted during the year	Nil

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Listing:

Company's shares continues to be listed at Mumbai, Ahmedabad, Bangalore and Hyderabad Stock Exchanges. The share are traded in demat and under compulsory rolling settlement w.e.f. from 2nd April, 2002.

Corporate Governance:

Pursuant to clause 49 of the listing agreement, a report on corporate governance and a certificate from the auditors of the Company is given in the Annexure-B and Annexure C respectively, which forms part of this report.

Directors responsibility statement:

Pursuant to the amended provisions in Sec. 217 of the Companies Act, 1956, the Directors of the Company state that :

- (i) in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures ;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the company for that period;
- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act.
- (iv) for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (v) the directors had prepared the annual accounts on a going concern basis.

Energy, Technology, Foreign Exchange:

Details of energy conservation and research and development activities undertaken by the Company along with the information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure "A" to the Director's Report.

Particulars of Employees:

As there are no employees drawing remuneration more than Rs. 200000/- per month, the information as per section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) is NIL.

Auditors:

The auditors, Hemant R. Vora & Co. Chartered Accountants, retire at the ensuing Annual General Meeting. The Company has received letter from them confirming that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956.

Acknowledgment:

Your directors place on record their appreciation of contributions made by employees at all levels enabling the company to achieve the enhance performance during the year under review.

Your directors also appreciate the valuable co-operation and continued support extended by the Company's Bankers and Business Associates.

For and on behalf of the
Board of Directors

Rajan Vasa
Chairman & Managing Director

Gandhinagar : 3rd May, 2002

