

24th
Annual Report 2006-2007

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Contech Software Limited

AHMEDABAD

Contech Software Limited

ANNUAL REPORT 2006-2007

BOARD OF DIRECTORS

Rajan K.Vasa

Chairman & Managing Director

Dr. Kalyanbhai L. Vasa

Director

Vikram Singh Gahlot, Director

Sunil Ranasaria, Director

Arun Tulsian, Director

AUDITORS

Hemant R. Vora & Co.

Chartered Accountants

Ahmedabad

REGISTERED OFFICE

4th Floor, Pushpak, Panchvati Cross Roads,
C G Road, Ellisbridge, Ahmedabad 380 006, Gujarat, INDIA

Tel: +91-79-65469851 to 53

Fax: +97-79-30028554

CONTECH SOFTWARE LIMITED

4th Floor, Pushpak Panchvati Cross Roads,
C G Road, Ellisbridge, Ahmedabad – 380 006

Contech Software Limited

NOTICE

NOTICE IS HEREBY GIVEN THAT the 24th Annual General Meeting of **CONTECH SOFTWARE LIMITED** will be held at 4th Floor, Pushpak, Panchvati Cross Roads, C G Road, Ellisbridge, Ahmedabad – 380 006, Gujarat, India on 29th September, 2007 at 12.00 Noon to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March, 2007, 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 Mr. Vikram Singh Gahlot who retires by rotation and being eligible, offers himself for reappointment.
3. To consider and if thought fit to pass the following resolution with or without modification as ordinary resolution :

“RESOLVED that M/s Shah Mohnot Singhal & Co, Chartered Accountants be and are hereby appointed as auditors of the Company for the financial year 2007-08 on a remuneration as may be mutually agreed upon by the said auditor and directors of the Company in place of M/s Hemant Vora & Co., Chartered Accountant who have shown their inability to continue as Auditors”

SPECIAL BUSINESS:

4. To consider and if thought fit to pass the following resolution with or without modification as ordinary resolution:

“RESOLVED THAT Mr. Sunil Ranasaria who was appointed as an Additional Director of the Company pursuant to Sec. 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956 in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of the Company.”

5. To consider and if thought fit to pass the following resolution with or without modification as ordinary resolution:

“RESOLVED THAT Mr. Arun Tulsian who was appointed as an Additional Director of the Company pursuant to Sec. 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956 in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of the Company.”

For and on behalf of the Board of Directors

Ahmedabad: 22nd August, 2007

Rajan Vasa
Chairman & Managing Director

Contech Software Limited

NOTE:

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 24th September, 2007 to 29th September, 2007 (Both days inclusive) for the purpose of Annual General Meeting.

Explanatory statement pursuant to sec. 173(2) of the Companies Act, 1956

Item No. 4

Mr. **Sunil Ranasaria** was appointed as additional director on 9th January 2007. He has more than 15 years experience in Plastic Industry. He is also director in Ranasaria Polypack Pvt. Ltd. He is not holding any share in the company. The board recommends his appointment.

Item No. 5

Mr. **Arun Tulsian** was appointed as additional director on 9th January 2007. He is Cost Accountant and has more than 12 years experience in accounts and plastic woven sacks industry. He is not holding directorship in any other company. He is holding 7020 shares in the company. The board recommends his appointment.

For and on behalf of the Board of Directors

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Rajan Vasa

Ahmedabad: 22nd August, 2007

Chairman & Managing Director

Contech Software Limited**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors take pleasure in presenting their 24th Annual Report together with Audited Accounts for the financial year ended on 31st March, 2007.

Financial Results	2006-2007 (Rs.)	2005-2006 (Rs.)
A] Profit/ (Loss) before Interest, Depreciation and Taxes	(7,78,157)	(24,71,756)
B] Add: Depreciation Interest	(1,16,435) (17,479)	(1,67,913) (56,277)
C] Profit / (Loss) before taxes	(9,12,071)	(26,95,946)
D] Adjustments of earlier year	(9,679)	550
	(9,21,750)	(26,95,396)
E] Add: Balance brought forward from previous year	(4,63,69,473)	(4,36,74,077)
Balance carried forward to Balance Sheet	(4,72,91,223)	(4,63,69,473)

Operations:

As the software development activities in the company were halted in the prior year, Company had been looking for a new business opportunity. After various considerations, company come to conclusion to enter the area of Plastics and Packaging Industry as it shows good promise in the domestic and international market. For this purpose Company called for an EGM in February 2007 to adopt other objects as stated in sub-clause 43 and 47 of Clause "C".

Dividend:

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

Deposits:

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

Directors:

Mr. Vikram Singh Gahlot retires by rotation in the ensuing AGM and being eligible offers himself for reappointment. Mr. Arun Tulsian and Mr. Sunil Ranasaria were appointed as additional director's w.e.f. 9th January 2007 and holds office till the conclusion of AGM. Board recommends their appointment as director.

Listing:

Company's share continues to be listed at Mumbai Stock Exchange.

Take over Offer:

The present promoters have entered into a Memorandum of Understanding under which they have agreed to sell their majority shareholding to Tibrewal family. The offer document has been cleared by SEBI and the open offer is expected to be made to the shareholders in the second-third week of July in compliance of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

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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-A respectively, which forms part of this report.

Director's 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 not applicable to the company in the period under review.

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 current auditors of the Company, M/s Hemant R. Vora & Co. Chartered Accountants, submitted their resignation on 15th July '07. The Board after consideration appointed M/s Shah Mohnot Singhal & Co. Chartered Accountants as statutory auditors for the financial year 2007-08 and they hold office till 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.

The auditors have raised substantial doubt about the company's present management's ability to continue as going concern in the foreseeable future. However after takeover of management by Tibrewal family, the company is confident of continuing the operations of the company and maintain the status as going concern.

For and on behalf of the Board of Directors

Ahmedabad: 22nd August, 2007

Rajan Vasa
Chairman & Managing Director

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Annexure "A"

Compliance report on corporate governance

A. Company's philosophy on code of governance:

The company is committed to good corporate governance and has implemented corporate governance norms as prescribe by SEBI. The company respects the rights of its shareholders to information on the performance of the company and considers itself a trustee of its shareholders.

B. Board of directors:

Composition and category of directors of March 31, 2007 is as follows

Name of Director	Executive/ non Executive/ Independent	No. of other Directorships in Public Limited Companies	No. of Other Board Committees of which Member Chairman
Mr. Rajan K Vasa	Executive—CMD	Nil	2
Dr. Kalyanbhai L Vasa	Non-Executive	Nil	2
Mr. Kamlesh A Shah #	Non-Executive	Nil	0
Mr. Vikram Singh Gahlot	Non-Executive	Nil	1
Mr. Sunil Ranasaria *	Non-Executive	Nil	1
Mr. Arun Tulsian *	Non-Executive	Nil	1

* Appointed w.e.f. 9th January 2007

Resigned w.e.f. 26th December 2006

Attendance of each director at the Board meetings and the last AGM

Directors	No. of Board meetings Held	No. of Board meetings attended	Last AGM attendance (Yes/No)
Mr. Rajan K Vasa	7	7	Yes
Dr. Kalyanbhai L Vasa	7	7	Yes
Mr. Kamlesh A Shah	7	0	No
Mr. Vikram Singh Gahlot	7	6	No
Mr. Sunil Ranasaria	2	2	NA
Mr. Arun Tulsian	2	2	NA

- Number of board of directors meetings held, dates on which held
Six board meetings were held during the year. The dates on which the meetings were held are as follows:
30th June 2006, 31st July 2006, 31st October 2006, 26th December 2006, 9th January 2007, 31st January 2007 and 16th March 2007
- None of the non-executive directors of the company have any pecuniary relationships or transactions with the company.
- The non-executive directors of the company are highly respected and accomplished professionals in the corporate and academic worlds.

Contech Software Limited

- There is no compensation package for non-executive directors.
- There is no nominee director on the board as on 31st March, 2007.
- The company has an executive chairman.

C. Audit Committee:

Company has formed audit committee comprising of one independent director, promoter director and the managing director. The audit committee meeting was held on 30th June 2006 and 31st October 2006 during last year.

Composition, name of members

Mr. Vikram Singh Gahlot
Mr. Rajan K Vasa
Mr. Arun Tulsian
Mr. Sunil Ranasaria

D. Investor grievance committee:

Company has formed Investor grievance committee.

The committee oversees the share transfers as well as takes care of investor grievances.

The members of the company's investor grievance committee are:

Mr. Rajan K Vasa
Dr. Kalyanbhai L Vasa

- Number of shareholders complaints received, solved and pending complaints.

Nature of Complaints	Received	Solved	Pending
Non-receipt of share certificates/			
Refund / Demat	7	7	0
Stock Exchange	0	0	0
SEBI	0	0	0

The company has attended to the most of the investors grievances / correspondence with in a period of 10 days from the date of the receipt of the same.

E. General Body Meeting:

Location and time for the last three AGMs

Year	Date	Venue	Time
2003-2004	30 th September, 2004	91, New York Tower - A Thaltej, Ahmedabad 380 054	11.00 A.M.
2004-2005	21 st September, 2005	103, Kashi Parekh Complex Swastik Cross Roads, C G Road Navrangpura, Ahmedabad 380 009	11.00 A.M.
2005-2006	30 th September, 2006	4 th floor, Pushpak Panchvati Cross Roads C G Road, Ellisbridge Ahmedabad 380 006	11.00 A.M.

One Extra Ordinary general meeting was held on 7th February 2007 where in special resolution was passed to adopt other objects as stated in sub-clause 43 and 47 of Clause "C" i. e. Other Objects of Memorandum of Association of the Company."