

26th annual report
2008-'09



(FORMERLY KNOWN AS CONTECH SOFTWARE LTD)

ARMS PAPER LTD.

(formerly known as M/s. CONTECH SOFTWARE LTD.)

COMPANY INFORMATION

BOARD OF DIRECTORS

SHRI JAMNAPRASAD MAHESHWARI	: MANAGING DIRECTOR
SHRI HEMANT MEHTA	: DIRECTOR
SHRI ARVIND BALDWA	: DIRECTOR
SHRI NIKHIL RAJPURIA	: DIRECTOR
SHRI SUNIL RANASARIA	: DIRECTOR (Upto 8th October, 2008)
SHRI ARUN TULSIAN	: DIRECTOR (Upto 8th October, 2008)
SHRI NISHANT KUMAR	: DIRECTOR (w.e.f 8th October, 2008)
SHRI KIRIT PATEL	: DIRECTOR (w.e.f 8th October, 2008)

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

INDIAN OVERSEAS BANK

STADIUM BRANCH, AHMEDABAD

AXIS BANK

ELLISBRIDGE BRANCH, AHMEDABAD

CORPORATION BANK

INDUSTRIAL FINANCE BRANCH, AHMEDABAD

REGISTERED OFFICE

604, AVDHESH HOUSE,
OPP. SHRI GURU GOVIND GURUDWARA, SARKHEJ-GANDHINAGAR HIGHWAY,
THALTEJ, AHMEDABAD-380 054
Telefax No: [079] 26859223 email : contechsoftware@gmail.com

REGISTRAR & SHARE TRANSFER AGENTS

PINNACLE SHARES REGISTRY PVT. LTD,
NEAR ASHOKA MILLS, NARODA ROAD, AHMEDABAD – 380 025
Phone No. [079] 22204226, 22200338 Fax No. [079] 22202963

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NOTICE

NOTICE is hereby given that the **TWENTY-SIXTH** Annual General Meeting of the Members of **M/S.ARMS PAPER LIMITED** will be held on Monday, 31st August, 2009 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, 2009 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 Hemant C. Mehta 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 Kirit Patel who has been appointed as an Additional Director of the company by the Board of Directors with effect from 8th October, 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."

- 5] To consider, and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:-

"RESOLVED THAT Shri Nishant Kumar who has been appointed as an Additional Director of the company by the Board of Directors with effect from 8th October, 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."

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

"RESOLVED THAT in supersession of the ordinary resolution passed at the Annual General Meeting of the Company held on the 18th August, 2008 and in pursuance of 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. 500.00 crores (Rupees five hundred 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 as 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".

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/Proxies should bring the enclosed Attendance Slip duly filled in for attending the meeting along with a copy of the Annual Report. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of Board Resolution authorizing their representatives to attend and vote on their behalf in the meeting.
- 3] Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold the shares in physical form are requested to write their Folio Number(s) in the Attendance Slip for attending the meeting.
- 4] The Explanatory Statement in respect of Items Nos. 4,5 & 6 pursuant to Section 173 [2] of the Companies Act, 1956 is annexed herewith.
- 5] The Register of Members and the Share Transfer Books of the Company will remain closed from 22nd August, 2009 to 31st August, 2009 (both days inclusive).
- 6] 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]
- 7] 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.
- 8] 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.
- 9] 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.
- 10] In all correspondence with the Company or with its Share Transfer Agents, members are requested to quote their folio number and in case their shares are held in the dematerialized form, they must quote their client ID and their DP ID Numbers.
- 11] The shares of the Company are in compulsory demat segment. Those members who still continue to hold shares in physical form, are requested to get their shares dematerialized at the earliest.
- 12] Securities and Exchange Board of India vide its circular has made it mandatory for every participant in the securities/ capital market to furnish income tax Permanent Account Number (PAN). Accordingly, all the shareholders (including joint holders) holding shares in physical form are requested to submit copy of their PAN Card for the purpose of the transfer to our Registrar & Share Transfer Agents, M/s. Pinnacle Share Registry Pvt Ltd.
- 13] 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.
- 14] As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are therefore, requested to bring their copies of the Annual Report to the meeting.

15] 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 :

Sr. No.	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 (upto 8.10.08) & Member - Audit Committee and Shareholders Grievance Committee
2.	Shri. Nishant Kumar	30.07.82	08.10.2008	MBA	5 years as professional	Nil	Chairman-Audit Committee w.e.f.8.10.2008, Member - Remuneration Committee w.e.f 8.10.2008
3.	Shri Kirit Patel	02.08.48	08.10.2008	B.com	10 years	Nil	Chairman-Remuneration Committee w.e.f. 8.10.2008, Member-Audit Committee w.e.f. 8.10.2008

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : 26th June, 2009

Jamnadas Maheshwari
Managing Director

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 4:

Shri Kirit Patel was appointed as an Additional Director by the Board of Directors of the Company on 8th October, 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 along with a deposit of Rs. 500/- from a member of a Company proposing his candidature for the office of a Director.

Shri Kirit Patel is B.Com and is having almost 15 years of experience in paper industry. Your Directors consider that his continuation on the Board will be extremely beneficial to the company.

None of the Directors except Shri Kirit Patel is in any way concerned or interested in the resolution.

ITEM NO. 5

Shri Nishant Kumar was appointed as an Additional Director by the Board of Directors of the company on 8th October, 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 along with a deposit of Rs. 500/- from a member of a Company proposing his candidature for the office of a Director.

Shri Nishant Kumar is MBA and has 5 years of experience as a professional. Your Directors consider that his continuation on the Board will be extremely beneficial to the company.

None of the Directors except Shri Nishant Kumar is in any way concerned or interested in the resolution.

ITEM NO. 6

Under the provisions of Section 293 (1) (d) of the Companies Act, the Board of Directors of a company cannot, except with the consent of the company in general meeting, borrow moneys, 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.

At the Annual General Meeting of the Company held on 18th August, 2008, the shareholders had accorded its consent under Section 293 (1) (d) of the Companies Act, 1956, to the Board of Directors to borrow money upto Rs. 150.00 Crores taking into account the future requirements of finance that may be required for any expansion programmes taken by the Company and for part financing any increase in working capital requirements of the company, a fresh resolution is proposed to increase the said limit of borrowings by the Board of Directors upto Rs.500.00 Crores.

Hence the Board of Directors recommend this resolution for your consent. None of the Directors of the Company is in any way concerned or interested in this resolution

Place : Ahmedabad
Date : 26th June, 2009

For and on behalf of the Board of Directors
Jamnaprasad Maheshwari
Managing Director

DIRECTORS' REPORT

To,
The Members,
ARMS PAPER LTD
AHMEDABAD

Your Directors have pleasure in presenting the 26th Annual Report on the business and operations of the Company together with Audited Accounts for the year ended 31st March, 2009.

1. FINANCIAL HIGHLIGHTS:

Your company's performance for the financial year 2008-09 is summarized below:

	2008-09 (Rs. in lacs)	2007-08 (Rs. in lacs)
Profit before depreciation and taxes	200.77	145.02
Depreciation	0.21	14.94
Profit before Taxes	200.56	130.08
Taxation	(54.10)	(32.50)
Profit after taxation	146.46	162.58
Balance brought forward from last year	(310.33)	(472.91)
Balance carried to Balance Sheet	142.32	310.33

2. OPERATIONS:

Your company has explored the possibilities of starting new business activities along with the existing line of business. In view of this, the company has already started trading of paper since the last year.

The total turnover made by the company from software activities is Rs. 330.75 lacs and from paper trading is Rs. 3760.79 lacs.

3. DIVIDEND:

Your Directors have deemed it prudent not to recommend any dividend on equity shares for the year ended 31st March, 2009, in order to conserve the resources for future years.

4. FIXED DEPOSITS:

Your Company has neither accepted nor renewed any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

5. DIRECTORS:

Shri Kirit Patel and Shri Nishant Kumar appointed as Additional Directors with effect from 8th October, 2008. Shri Sunil Ranasaria and Shri Arun Tulsian resigned from the post of Director with effect from 8th October, 2008.

Your Directors placed on record appreciation for the valuable services rendered to the company by Shri Sunil Ranasaria and Shri Arun Tulsian during their tenure as Directors of the company.

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

6. 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, 2009 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".

7. CHANGE OF NAME OF COMPANY:

Your Company is now engaged in trading of paper since last one year. The major sales proceeds are also generated from sale of paper of various kinds. Hence the company had applied to Registrar of Companies, Gujarat (ROC) for change of name to "Arms Paper Limited" which would suitably reflect the new activity carried out by the company. The approval of the new name was received from ROC vide their letter dated 14th May, 2009.

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

Since the Company is not engaged in any manufacturing activity, particulars under Section 217(1) (e) of the Companies Act, 1956, regarding conservation of energy, technology absorption are not applicable.

There were no foreign exchange transactions during the year.

9. 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 2009 is NIL.

10. CORPORATE GOVERNANCE:

The Company continues to remain committed for high standards of corporate governance. The report on corporate governance as per the requirement of the listing agreement with stock exchanges forms part of this report. The Company has complied with all the requirements of corporate governance. The certificate from the Auditors of the Company confirming compliance to the conditions of the corporate governance requirements is also annexed.

Pursuant to Clause 49 of the Listing Agreement, Management Discussion and Analysis Report and Report on Corporate Governance are given as Annexure to this Report.

For certificate from the statutory auditors of the Company regarding compliance by the Company of the conditions stipulated under Clause 49 of Listing Agreement is attached to this Report.

11. 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, 2009, 5173621 nos. of equity shares forming 93.76% of the equity share capital of the Company stands dematerialized.

12. 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 2009-2010 to Bombay Stock Exchange and annual custody fees to National Securities Depository Ltd. and Central Depository Services (India) Ltd.

13. AUDITORS AND AUDITORS' REPORT :

M/s. Shah Mohnot Singhal & Co., Chartered Accountants Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received confirmation that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956.

Your Directors recommend re-appointment of M/s. Shah Mohnot Singhal & Co. as the Statutory Auditors of the Company for the current financial year and fixation of their remuneration.

14. ACKNOWLEDGEMENT:

Your Directors take this opportunity to acknowledge the co-operation received from Banks, the Reserve Bank of India and other Government Agencies and Shareholders resulting in improved performance during the year under review.

For and on behalf of the Board of Directors

Place : Ahmedabad
Date : 26th June, 2009

Jamnabprasad 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 : 26th June, 2009

Jamnabprasad Maheshwari
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Indian Industry Overview

Indian Paper Industry has witnessed an accelerated growth due to rise in demand and has a turnover of more than 17000 Crores. It is among the top 15 global players. According to the projections of market analysts the demand for paper, paper board & newsprint is likely to be 8.3 million tonnes by year 2010 and 12 million tonnes by 2015. The total installed capacity of the paper mills is 11.2 million tonnes and is growing three times the rate of world average. Studies indicate that even after the completion of all the proposed capacity expansions there will be a shortfall of around a million tonnes by the year 2010.

The per capita consumption of paper is generally considered to be a benchmark of a country's modernization. India's per capita consumption of paper is 7 kg. Every 1 kg increase in consumption will have to be supplemented by 1 million tonnes addition to the production.

Recycled fibre based industries command 39% of the domestic production whereas Agro based command 31% and woodbased industries stand at 30%

Indian Paper Industry employs nearly 3 lakh people directly and another 10 lakh people indirectly.

Company's Performance and Future Outlook

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.330.75 lacs and from paper trading is Rs. 3760.79 lacs.

The Company is quite positive that the financial position of the Company will improve substantially in the years to come.

Risk and concerns

In the normal course of business the Company is exposed to various risk areas. These risks have been considered and the Company is aware of the potential for these risks to occur. Utmost care is being taken to plan and mitigate known risks as well as proactively identify new risks that may occur.

The key risks that affect the functioning of the Company and are actively considered for risk management activities are:

- Economic depression and inflation
- Exchange rate fluctuation
- Increasing costs of raw material, transport and storage
- Compliance and regulatory pressures including changes in tax laws

The Company has a defined risk management strategy in place which includes a Risk Management Team that identifies risks, creates mitigation plans and monitors the occurrence of risk. Appropriate mitigation plans for different risks are created and operationalised across the Company.

Internal Control System and their adequacy

The Company has established suitable internal control systems, which provide reasonable assurance with regard to safeguarding the Company's assets, promoting operational efficiency and ensuring compliance with various legal and regulatory provisions. The Internal Audit Department reviews internal control systems in various business processes and also verifies compliance of the laid down policies and procedures. Reports of the internal auditor are reviewed by the senior management and are also placed before the audit committee of the Board. The statutory auditors also review their findings with the senior management and the audit committee.

Financial and Operative Performance

The financial and operative performances 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

The Company's philosophy on Corporate Governance has been developed with a tradition of fair and transparent governance and disclosure practices, many of which were in existence even before they were mandated by legislation. Transparency, integrity, professionalism and accountability-based values form the basis of the Company's philosophy for corporate governance. The Company strives to improve the corporate governance practices to meet stakeholders' expectations and strictly complies with regulatory guidelines on corporate governance.

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 Non-executive Directors and Independent Directors headed by Managing Director of the Company including two 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 ten times during the Financial Year 2008-09.

(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.	30.04.08	3/5
2.	30.06.08	4/6
3.	30.07.08	5/6
4.	20.08.08	5/6
5.	08.10.08	5/6
6.	25.10.08	5/6
7.	24.11.08	5/6
8.	09.01.09	5/6
9.	31.01.09	6/6
10.	21.03.09	6/6

(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 18th August, 2008 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 Jamnaprasad Maheshwari	Managing Director	9	Yes	Nil	Member –Shareholder's / Investor's Grievance committee
2	Shri Sunil Ranasaria	Independent Director	1	Yes	Nil	Member – Audit Committee (upto 8.10.08)
3	Shri Arun Tulsian	Independent Director	2	Yes	Nil	Chairman – Audit Committee (upto 8.10.08)
4	Shri Hemant Mehta	Non-Executive Director	9	Yes	1	Chairman – Remuneration Committee (upto 8.10.08) Member - Shareholder's / Investor's Grievance Committee & Audit Committee
5	Shri Arvind Baldwa	Non-Executive Director	9	Yes	1	Member – Remuneration Committee (upto 8.10.08)
6	Shri Nikhil Rajpuria	Independent Director	9	No	1	Chairman -Shareholder's / Investor's Grievance Committee & Member - Remuneration Committee
7	Shri Nishant Kumar	Independent Director	5	No	Nil	Chairman – Audit Committee w.e.f. 8.10.08, Member – Remuneration Committee w.e.f. 8.10.08
8	Shri Kirit Patel	Independent Director	6	No	Nil	Chairman-Remuneration Committee w.e.f. 8.10.08, Member – Audit Committee w.e.f. 8.10.08

Note:

- Shri Sunil M. Ranasaria and Shri Arun G. Tulsian have resigned from directorship of the Company with effect from 8th October, 2008.
- Shri Nishant R. Kumar and Shri Kirit M. Patel – appointed as Additional Directors with effect from 8th October, 2008.

Note : As provided in Clause 49 of the Listing Agreement, none of the directors are members of more than ten Board Level Committees nor the Chairman of more than five Committees.

(e) **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

Arms Paper Ltd has constituted the following committees:-

- Audit Committee
- Shareholders/Investors Grievances Committee
- 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 composition of the Committee is in conformity with clause 49(II) (A) of the Listing Agreement.
- Shri Arun Tulsian, Chairman of the Audit Committee was present at the Annual General Meeting held on 18th August, 2008 to reply to shareholders' queries.
- The Audit Committee provides an overview on the reporting process of the Company's financial and accounting mechanism and ensures that disclosures in its financial statements are correct, sufficient and credible.
- The Committee reviews the efficacy of the internal control mechanism and monitors the risk management policies adopted by the Company. The Committee also reviews the report furnished by the internal and statutory auditors and ensures that suitable follow-up actions are taken. Besides, the Committee also examines accounting, taxation and disclosure aspects of all significant transactions.
- All the invitation of the Committee, the Managing Director, the Chief Internal Auditors, the Statutory Auditor and the Chief Financial Officer & Company Secretary, who is acting as Secretary to all Audit Committee also attended the Audit Committee Meetings to answer and clarify the queries raised at the Committee Meetings.

(ii) Composition of the Committee

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

1.	Shri Nishant Kumar	Chairman (Independent)
2.	Shri Hemant Mehta	Non-Executive Director
3.	Shri Kirit Patel	Independent Director

During the year, the Committee was reconstituted as Shri Arun Tulsian and Shri Sunil Ranasaria resigned as member of the Committee and Directorship of Company w.e.f. 8th October, 2008. Shri Nishant Kumar and Shri Kirit Patel were appointed as Chairman and member respectively in the Audit Committee Meeting held on 25th October, 2008.

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, five meetings of Audit Committee were held on 30th April, 2008, 30th June, 2008, 30th July, 2008, 25th October, 2008 and 31st January, 2009 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 Nishant Kumar Chairman (Independent)	2/2
2.	Shri Hemant Mehta Non-Executive Director	5/5
3.	Shri Kirit Patel Independent Director	2/2
4.	Shri Arun Tulsian Independent Director	3/3
5.	Shri Sunil Ranasaria Independent Director	3/3

(B) Remuneration Committee**(i) Terms of Reference :**

The Remuneration Committee recommends remuneration, promotions, increments etc. for the Managing Director and other managerial personnel. The recommendations so made by the Remuneration Committee and confirmed by the Board of Directors 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 Kirit Patel	:	Chairman
2.	Shri Nikhil Rajpuria	:	Member
3.	Shri Nishant Kumar	:	Member

During the year, the Committee was reconstituted as Shri Hemant Mehta and Shri Arvind Baldwa resigned as member of the Committee w.e.f. 8th October, 2008. Shri Kirit Patel and Shri Nishant Kumar were appointed as Chairman and member respectively in the Remuneration Committee Meeting held on 8th October, 2008.

During the year under review, two meetings were held out of which one meeting was held on 30th June, 2008 to consider and review the remuneration to be paid to Shri Jamnadas Maheshwari and other was held on 8th October, 2008 for reconstitution of the Committee.

(iii) Details of Remuneration paid to the Directors

Particulars	Shri Jamnadas Maheshwari Chairman & Managing Director
Salary	135500.00
Contribution to Provident Fund	7020.00
Perquisites	0.00
TOTAL	142520.00
Service Contract	5 years
Period of Contract	30 th June, 2008 to 29 th June, 2013

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

(i) **Composition of the Committee**

The Shareholders/Investors Grievance Committee 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.

(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 01.04.2008	:	Nil
Complaints received during the year	:	Nil
Closing Balance as on 31.03.2009	:	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
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
25 th Annual General Meeting	18.08.2008	03.00 pm	604, Avdhesh House, Opp. Shri Guru Govind Gurudwara, S.G. Highway, Thaltej, Ahmedabad-380 054

Notes :

1. All the resolutions, including Special Resolutions set out in the respective notices were passed by the shareholders.
2. During the year the following resolutions were passed through Postal Ballot vide Notice dated 9th January, 2009:-
 - a. Shifting of existing Sub-Clause 1 of the Clause No. III [A] to the Sub-Clause 53 of Clause No. III [C] under the head "Other Objects" of the Memorandum of Association of the Company.
 - b. Insertion of new Sub-Clause 1 and Sub-Clause 1A to the Clause No. III [A] under the head "Main Objects" of the Memorandum of Association of the Company
 - c. Authorization to the Board of Directors for the disposal of the assets of the Company have been approved by the Shareholders by voting conducted through Postal Ballot, in accordance with the provisions of Section 192A of the Companies Act, 1956.

5. DISCLOSURES

There are no materially significant transactions with the related parties that may have potential conflict with Company's interest at large.

There were no cases of non-compliance, no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

No personnel have been denied access to the Audit Committee.

The Company complies with all the mandatory requirements and one non-mandatory requirement of Clause 49 of Listing Agreement viz. constitution of Remuneration committee of Directors.

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 approved financial results are faxed immediately after the Board Meeting to the Stock Exchanges and are published normally in leading daily newspapers in English and local language i.e Gujarati. During the year under review, the Company had approved the Quarterly results on 30th June, 2008, 30th July, 2008, 25th October, 2008 and 31st January, 2009.

8) ADDITIONAL INFORMATION FOR SHAREHOLDERS
1] Annual General Meeting :

The details of the 26th Annual General Meeting to be held is as under:-

Date : 31st August, 2009

Day : Monday

Time : 3.00 P.M.

Venue : 604, Avdhesh House, Opp: Guru Govind Gurudwara,
Sarkhej – Gandhinagar Highway, Thaltej, Ahmedabad-380 054.

2] Financial Calendar:

A] 26th Annual General Meeting to be held on 31st August, 2009 at 604, Avdhesh House, Opp: Guru Govind Gurudwara, Gandhinagar-Sarkhej Highway, Thaltej, Ahmedabad – 380054.

B] Quarterly Results :

Quarter	Date of Announcement In Board Meeting (F.Y.2008-2009)	Tentative Dates of Board Meeting for (F.Y.2009-2010)
Ist Quarter Results	30 th July, 2008	Last week of July 2008
IInd Quarter Results	25 th October, 2008	Last week of October 2008
IIIrd Quarter Results	31 st January, 2009	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 22nd August 2009 to 31st August 2009 (both days inclusive)

Arms Paper Limited
(formerly known as M/s. CONTECH SOFTWARE LTD.)

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, 2008	18.45	12.25	150111
May, 2008	26.50	17.00	451443
June, 2008	21.90	13.90	54046
July, 2008	17.71	14.26	51005
August, 2008	18.50	15.25	64583
September, 2008	17.10	12.65	36712
October, 2008	14.45	9.51	21234
November, 2008	11.00	6.85	21520
December, 2008	10.00	8.15	4058
January, 2009	8.50	6.18	13775
February, 2009	7.79	5.62	3448
March, 2009	8.55	5.99	6535

*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, 2009**

No. of equity shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
1 - 500	6071	93.08	738050	13.37
501 - 1000	195	2.99	164211	2.98
1001 - 2000	95	1.46	146289	2.65
2001 - 3000	41	0.63	104459	1.89
3001 - 4000	23	0.35	81459	1.48
4001 - 5000	24	0.37	114134	2.07
5001 - 10000	26	0.40	195762	3.55
10001 and above	47	0.72	3973836	72.01
TOTAL	6522	100	5518200	100

9] **Dematerializations of shares and liquidity**

As on 31st March, 2009, 93.76% 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	2589462	46.93
CDSL	2584159	46.83
PHYSICAL	344579	6.24
TOTAL	5518200	100.00

10] Shareholding Pattern of the Company as on 31st March, 2009

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	-	-
ii. Banks & Financial Institutions	-	-
Sub Total (B)	-	-
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**

Arms Paper Limited
604, Avdresh 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

For and on behalf of the Board of Directors

Jamnaprasad Maheshwari
Managing Director

Place : Ahmedabad
Date : 26th June, 2009

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, 2009 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 is 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.

Place : Ahmedabad
Date : 26th June, 2009

For and on behalf of the Board of Directors

Jamnaprasad Maheshwari
Managing Director

Auditor's Certificate on Corporate Governance

To the members of Arms Paper Limited

We have examined the compliance of conditions of Corporate Governance by Arms Paper Limited for the year ended on March 31, 2009, 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 hereby 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 : 26th June, 2009

Anandraj Shah
Partner
(M/No. 71066)

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of **ARMS PAPER LIMITED** (the Company), as at March 31, 2009 and also the Profit and Loss Account for the year ended on that date and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require 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 management, 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 as amended by Companies (Auditor's Report) (amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure herewith 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 books 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 accounts;
- (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, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of 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 financial statements read 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, 2009;
 - (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 : 26th June, 2009

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 transferred Substantial Part of its Plant & Machinery (Software) to stock in trade during the year amount to Rs. 1,07,33,168.
- II)
 - a) The Company has not granted any loan, secured or unsecured, to any company, firm or other party covered in Register maintained under Section 301 of the Companies Act, 1956.
 - b) In view of para (a) above we do not have to express our opinion relating to interest and other terms and conditions of loans.

- c) The Company has not taken any loan, 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. We have neither come across nor have been informed of any instance of major weakness in the aforesaid internal control procedures.
- IV In our opinion and according to the information and explanations given to us, there were no transactions with any party covered under section 301 of the companies Act, 1956 that need to be entered into the Register maintained under Section 301 of the Act.
- 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, VAT, Custom Duty, Excise Duty and cess were in arrears, as at March 31, 2009 for a period of more than six months from the date they became payable.
- VIII The Company has an accumulated loss of Rs 14231702/-. (P.Y. Rs. NIL) The Company has not incurred cash losses during the Financial Year covered by our audit.
- 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 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.
- XI 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.
- XII 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.
- XIII During the period the Company has not availed any term loan.
- XIV Based on the information and explanations given to us and on an over all examination 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.
- XV 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.XVI During the Period Covered by our audit report, the Company has not issued any debentures.
- XVII The Company has not raised any money by way of public issue during the year.
- XVIII 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 not come across any instance of fraud on or by the Company, noticed or reported during the year.

For, Shah Mohnot Singhal & Co.
Chartered Accountants

Anandraj Shah
Partner
(M/No. 71066)

Place : Ahmedabad.
Date : 26th June, 2009

Arms Paper Limited

(formerly known as M/s. CONTECH SOFTWARE LTD.)

BALANCE SHEET AS AT 31ST MARCH, 2009

(Rupees)

	SCHEDULE	AS AT 31.03.2009	AS AT 31.03.2008
SOURCES OF FUNDS :			
Shareholders' Funds			
Share Capital	1	55040000	55040000
Reserves and Surplus	2	5467796	5467796
		<u>60507796</u>	<u>60507796</u>
Loan Funds			
Secured	3	25595664	0
Deferred Tax Liabilities			
		4427	0
Total		<u>86107887</u>	<u>60507796</u>
APPLICATION OF FUNDS			
Fixed Assets			
	4		
Gross Block		79300	30025282
Less : Depreciation		<u>21831</u>	<u>19248260</u>
Net Block		57469	10777022
Investments			
		0	0
Deferred Tax Asset			
		0	3250287
Current Assets, Loans and Advances			
Inventories	5	0	4450000
Sundry Debtors	6	155867291	15744416
Cash and Bank Balance	7	2866171	85971
Loans and Advances	8	42516605	124928328
		<u>201250067</u>	<u>145208715</u>
Current Liabilities and Provisions			
Liabilities	9	129431351	129761654
Net Current Assets		<u>71818716</u>	<u>15447061</u>
Profit & Loss Account			
	16	14231702	31033426
Total		<u>86107887</u>	<u>60507796</u>
Accounting Policies & Notes on Accounts			
	17		

As per our attached report of even date

For, Shah Mohnot Singhal & co.
Chartered AccountantsAnandraj Shah
Partner
(M/No. 71066)Place : Ahmedabad
Date : 26th June, 2009

For and on behalf of the Board of Directors

Jamanaprasad P Maheswari
Managing DirectorHemant Mehta
DirectorPlace : Ahmedabad
Date : 26th June, 2009

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

			(Rupees)
	SCHEDULE	YEAR ENDED 31.03.2009	YEAR ENDED 31.03.2008
INCOME :			
Sales & Services	10	409153803	23499242
Other Income	11	154040	90
Increase/(Decrease) in Stock		(4450000)	4450000
Total		404857843	27949332
EXPENDITURE :			
Purchase	12	359634374	12233773
Employees Emoluments		412258	45384
Administrative Expenses	13	1936027	1164068
Selling & Distribution Expenses	14	18301188	0
Financial Expenses	15	4212535	4242
Depreciation		20685	1494355
Share Registry Expenses		284338	0
Total		384801405	14941822
Profit / (Loss) before Taxation		20056438	13007510
Add/Less :			
Less : Provision for Deferred Tax		(3254714)	3250287
Less : Provision for Taxation		(2155705)	0
Profit / (Loss) after Taxation		14646019	16257797
Add : Mat Credit Entitlement		2155705	0
		16801724	16257797
Balance brought forward		(31033426)	(47291223)
Profit / loss carried to Balance Sheet	16	(14231702)	(31033426)
Accounting Policies & Notes on Accounts	17		

As per our attached report of even date

For, Shah Mohnot Singhal & co.
Chartered AccountantsAnandraj Shah
Partner
(M/No. 71066)Place : Ahmedabad
Date : 26th June, 2009

For and on behalf of the Board of Directors

Jamanaprasad P Maheswari
Managing DirectorHemant Mehta
DirectorPlace : Ahmedabad
Date : 26th June, 2009

SCHEDULE FORMING PART OF ACCOUNTS

	As At 31.03.2009 Rupees	As At 31.03.2008 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 Secured Loan :

Cash Credit Loan From Indian Overseas Bank	25595664	0
(Secured against hypothecation of Stock and Bookdebts)		
Total	<u>25595664</u>	<u>0</u>

SCHEDULE - 4 Fixed Assets

Assets	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 01.04.08	Addition	Deduction	As at 31.03.09	As at 01.04.08	For the period	Adjust- ment	Upto 31.03.09	As at 31.03.09	As at 31.03.08
Plant and Machinery (Software)	29980282	0	29980282	0	19247114	0	19247114	0	0	10733168
Office Equipment	5800	0	0	5800	84	795	0	879	4921	5716
Computer	39200	4300		43500	1062	15740	0	16802	26698	38138
Air Conditioner	0	30000		30000	0	4150	0	4150	25850	0
Total	30025282	34300	29980282	79300	19248260	20685	19247114	21831	57469	10777022
Previous Year	29980282	45000	0	30025282	17753905	1494355	0	19248260	10777022	12226377

	As At 31.03.2009 Rupees	As At 31.03.2008 Rupees
SCHEDULE - 5 Inventories		
Work in Progress	0	4450000
(Software In Process)		
Total	0	4450000
SCHEDULE - 6 Sundry Debtors : (Unsecured, considered good, unless otherwise stated.)		
Exceeding Six Months	86509154	0
Others	69358137	15744416
Total	155867291	15744416
SCHEDULE - 7 Cash And Bank Balances :		
Cash on Hand	3273	2148
Balance with Scheduled Banks:		
In Current Account.	2862898	83823
Total	2866171	85971
SCHEDULE - 8 Loans And Advances :		
Advances recoverable in cash or kind	16821912	124858196
Advances for project	25535000	0
Advance Income Tax & TDS	118205	70132
Deposits	41488	0
Total	42516605	124928328
SCHEDULE - 9 Current Liabilities & Provisions :		
a) Current Liabilities		
Sundry Creditors		
- Advance received from Customers	107679898	117028299
- Bills Payable	18997783	0
- For Goods and Expense	292262	12666909
Other Liabilities		
- Duties & Taxes Payable	2461408	66446
Total	129431351	129761654
SCHEDULE - 10 Sales & Services :		
Software Sales	33075000	11000000
Paper Sales	376078803	12499242
Total	409153803	23499242

Arms Paper Limited
(formerly known as M/s. CONTECH SOFTWARE LTD.)

	As At 31.03.2009 Rupees	As At 31.03.2008 Rupees
SCHEDULE - 11 Other Income :		
Interest on FDR	150763	90
Interest on I.T. Refund	3277	0
Total	154040	90

SCHEDULE - 12 Purchases :

Paper	359634374	12233773
Total	359634374	12233773

SCHEDULE - 13 Administrative Expenses :

Office & General Expenses	1327	3277
Rent, Rates & Taxes	233197	172439
Legal & Professional Expenses	282894	662000
Electricity Expenses	51158	165000
Conveyance Expenses	3130	2380
Miscellaneous Expenses	2598	22414
Insurance Expenses	70643	0
Fringe Benefit Tax	1211	0
Printing & Stationery	772	25880
Audit Fees	38605	28090
Professional Tax	2500	1000
Post & Telephone Expenses	9033	2920
Filling Fees	6800	78668
Repairs & Maintenance/SOC Maintenance	22179	0
Software Consultancy	1210000	0
Total	1936027	1164068

SCHEDULE - 14 Selling & Distribution Expenses :

Freight & Forwarding Paper Sales	1151357	0
VAT Expenses	17149831	0
Total	18301188	0

SCHEDULE - 15 Financial Expenses :

Bank Charges	545024	1608
Bank Interest	3667511	2634
Total	4212535	4242

SCHEDULE - 17 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 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 till 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 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 :** During the year there is NIL stock of Raw Material, Work in Progress and Finished Goods.
- VI. **Taxes on Income:** A provision for current tax has been made at the current tax rate based on assessable income or on the basis of section 115JB of the I.T Act, 1961 (MAT) whichever is higher. Deferred tax is recognized, 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. During the year the name of company has been changed to ARMS PAPERS LTD vide fresh certificate of incorporation consequent upon change of name dated 14th May, 2009 by the Registrar of Companies, Gujarat. The new corporate Identity number is L21098GJ1983PLC006041.
- iv. **Segment Reporting:** The company's business activity falls under segment of software services and under the segment of paper trading activity.
- iv. **Deferred Tax Assets:** The provision on account of Deferred Tax is calculated as under:

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

vi. Deferred Tax Liabilities

As required by the Accounting Standard 22(AS 22) "Accounting for taxes on income" issued by the Institute of Chartered Accountant of India, the company has provided for deferred tax liability during the year amount to Rs. 0.04 lacs (Previous Year deferred tax assets of Rs 32.50 lacs)

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

Particulars	Rs.in lacs	
	2008-09	2007-08
Opening Deferred Tax Liabilities	0	0
Add : Effect of Timing Difference on account of Depreciation	0.04	0
Balance Deferred Tax Liabilities	0.04	0

vii. 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 Tuisian	Director
Shri Hemant Chinubhai Mehta	Director
Shri Arvind Baldwa	Director
Shri Nikhil Kamalnayan Rajpuria	Director

B. No other transactions were carried out with the related parties in the ordinary course of business except salary paid to Shri Jamnadas Maheshwari amount to Rs 1,42,520/- during the year.

viii. Auditor Remuneration includes:

	2008-2009 Rs.	2007-2008 Rs.
Audit Fees	38605	28090
Taxation Matter	Nil	Nil
Total	38605	28090

ix. In the opinion of the Board, the Current Assets, Loans & Advances are approximately of the value stated in the Balance Sheet, except provision made, if realized in the ordinary course of business. The provisions for depreciation and for all known Liabilities are made in accounts.

x. 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 details of such software. During the year Company is also having paper sales and is 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.

	2008-2009		2007-2008	
	Qty (KGS)	Amount (Rs.)	Qty (KGS)	Amount (Rs.)
Opening stock	Nil	Nil	Nil	Nil
Purchase	9785843	359634374	314774	1,22,33,773
Sales	9785843	376078803	314774	1,24,99,242
Closing stock	Nil	Nil	Nil	Nil

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

	2008-2009 Amount(Rs)	2007-2008 Amount(Rs)
Sales (Software)	33075000	11000000
Software under Process	0	4450000
c) Expenditure in foreign currency on Travelling and other expenditure	0	0
d) Earnings in foreign currency from Software Development Services	0	0

Earning Per Share (EPS)

Earning Per Share	31.03.2009	31.03.2008
a. Weighted average number of shares at the beginning and end of the year.	5518200	NIL
b. Net Profit after tax (Rupees)	16801724	NIL
c. Basic and Diluted Earning Per Share (Rupees)	3.04	NIL

xii. Cash Flow Statement

The Cash Flow statement is prepared by the "Indirect method" set out in Accounting Standard 3 on Cash Flow Statement and presented Cash Flow by Operating, Investing and Financial Activities of the company

xiii. Interest expenses have been shown as Net of Interest Received.

As per our attached report of even date

For, Shah Mohnot Singhal & co.
Chartered Accountants

Anandraj Shah
Partner
(M/No. 71066)

Place : Ahmedabad
Date : 26th June, 2009

For and on behalf of the Board of Directors

Jamanaprasad P Maheshwari
Managing Director

Hemant Mehta
Director

Place : Ahmedabad
Date : 26th June, 2009

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

I Registration Details

Registration No	<input type="text" value="6041"/>	State Code	<input type="text" value="04"/>
Balance Sheet Date	<input type="text" value="31.03.2009"/>		

II Capital Raised during the year (Amount in Thousands)

Public Issue	<input type="text" value="NIL"/>	Right Issue	<input type="text" value="NIL"/>
Bonus Issue	<input type="text" value="NIL"/>	Private Placement	<input type="text" value="NIL"/>

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

Total Liabilities	<input type="text" value="86108"/>	Total Assets	<input type="text" value="86108"/>
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Sources of Funds:

Paid up Capital	<input type="text" value="55040"/>	Reserves & Surplus	<input type="text" value="5468"/>
Secured Loans	<input type="text" value="25596"/>	Unsecured Loans	<input type="text" value="NIL"/>

Application of Funds:

Net Fixed Assets	<input type="text" value="57"/>	Investments	<input type="text" value="NIL"/>
Net Current Assets	<input type="text" value="71819"/>	Misc. Expenditure	<input type="text" value="NIL"/>
Accumulated Losses	<input type="text" value="14232"/>		

IV Performance of Company (Amount in thousands)

Total Income	<input type="text" value="409307"/>	Total Expenditure	<input type="text" value="389251"/>
Profit Before Tax	<input type="text" value="20056"/>	Profit After Tax	<input type="text" value="16802"/>
Earning per Share in Rs.	<input type="text" value="3.04"/>	Dividend Rate %	<input type="text" value="NIL"/>

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

Item Code No. (ITC Code)	<input type="text" value="4804.00"/>
Products Description	<input type="text" value="PAPER"/>
Item Code No. (ITC Code)	<input type="text" value="8524.90"/>
Products Description	<input type="text" value="COMPUTER SOFTWARE"/>

As per our attached report of even date

For, Shah Mohnot Singhal & co.
Chartered Accountants

Anandraj Shah
Partner
(M/No. 71066)

Place : Ahmedabad
Date : 26th June, 2009

For and on behalf of the Board of Directors

Jamanaprasad P Maheswari
Managing Director

Hemant Mehta
Director

Place : A.h.medabad
Date : 26th June, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31-3-2009

	2008-2009	2007-2008
	Rs. (Lacs)	Rs. (Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit (Loss) before Tax	200.57	130.07
Adjustments for :		
Loss on sale of fixed asset/investment(Net)	0.00	0.00
Depreciation and amortization	0.21	14.94
Adjustments of earlier years:		
Operating Profit before Working Capital changes	200.78	145.01
Adjustments for		
Increase/Decrease in Trade Debtors	(1401.23)	(157.44)
Increase/Decrease in Current Liability	(3.30)	54.86
Increase /Decrease in Stock	44.50	(44.50)
Increase in Deposits	(0.41)	0.00
Cash Generated from Operations	(1159.66)	(2.07)
Net Cash from operating Activities (A)	(1159.66)	(2.07)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Increase/Decrease in Loans & advances	824.51	(1169.20)
Proceeds on sale of fixed assets/investment	(0.34)	0.00
Sale of fixed assets/investment	107.33	(0.46)
Increase/Decrease in Deferred Tax Assets	0.00	0.00
Net Cash (used in)/Surplus from investing activities (B)	931.50	(1169.66)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/Decrease in Borrowings	255.96	1170.28
Call in arrears received	0.00	0.00
Net cash (used in)/surplus form financing activities (C)	255.96	1170.28
Net Cash increase in Cash & Cash equivalents (A+B+C)	27.80	(1.45)
Cash & Cash equivalents at the beginning of the year	0.86	2.30
Cash & Cash equivalents at the end of the year	28.66	0.85

As per our attached report of even date

For, Shah Mohnot Singhal & co.
Chartered Accountants

Anandraj Shah
Partner
(M/No. 71066)

Place : Ahmedabad
Date : 26th June, 2009

For and on behalf of the Board of Directors

Jamanaprasad P Maheswari
Managing Director

Hemant Mehta
Director

Place : Ahmedabad
Date : 26th June, 2009

ARMS PAPER LTD.

(formerly known as M/s. CONTECH SOFTWARE LTD.)

Registered Office: 604, Avdhesh House, Opp. Shri Guru Govind Gurudwara, Sarkhej - Gandhinagar Highway, Thaltej, Ahmedabad- 380 054 (Gujarat)

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 **26th ANNUAL GENERAL MEETING** of the Company at the Registered Office situated at 604, Avdhesh House, Opp. Shri Guru Govind Gurudwara, Sarkhej - Gandhinagar Highway, Thaltej, Ahmedabad- 380 054 (Gujarat) at 3.00 p.m. on Monday, August 31, 2009.

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

(Member's / Proxy's Signature)**Note:** Please fill in 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.**ARMS PAPER LTD.**

(formerly known as M/s. CONTECH SOFTWARE LTD.)

Registered Office: 604, Avdhesh House, Opp. Shri Guru Govind Gurudwara, Sarkhej - Gandhinagar Highway, Thaltej, Ahmedabad- 380 054 (Gujarat)

PROXY FORM

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

I/We _____ of _____

Being a member / members of the above named Company, hereby appoint

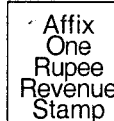
_____ of _____ or failing him

_____ of _____ or failing him

of _____ as my / our proxy to vote for me/us and on my/our behalf at

the 26th Annual General Meeting to be held on 3.00 p.m. on Monday, 31st August, 2009 at any adjournment thereof.

Signed this _____ day of _____ 2009.

**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

Address for Correspondence:

THE COMPANY SECRETARY

Arms Paper Ltd

604, Avdhesh House

Opp GuruGovind Gurudwara

S.G. Highway, Thaltej

Ahmedabad - 380054

Gujarat. INDIA

Telefax: +91 79 26859223