

THIRTEENTH ANNUAL REPORT

2006 - 2007

M/s. ARCHANA SOFTWARE LIMITED

Regd. & Admn. Office :

No.64, Velacherry Main Road, Sankaran Avenue,
Velacherry, Chennai - 600 042.

ARCHANA SOFTWARE LIMITED

Board of Directors

D. Ravisankar

Director

V. P. Ramanathan

Director

G. Sekar

Director

M.B.Sekar

Director

Auditors

M/s. Krishnan & Sekaran

Chartered Accountants

43/GD, II Main Road,

Gandhi Nagar

Adyar, Chennai - 600 020

Bankers

Tamilnadu Mercantile Bank Ltd.

T.T.K Road, Chennai-14

HDFC Bank Ltd

I.T.C Centre

Anna Salai, Chennai.

Registered Office

No. 64, Velacherry Main Road,

Sankaran Avenue,

Velacherry, Chennai – 600 042.

Corporate Office

No.9, Bishsop Wallers Avenue(East),

Mylapore, Chennai – 600 004.

ARCHANA SOFTWARE LIMITED

NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meetings of the Company will be held on Saturday, the 29th September 2007 at 10.00 a.m. at N.M.S.Marriage Hall, 61F Main Road, Velachery, Chennai-600 042 for transacting the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account of the Company for the year ended 31st March 2007 and the Balance Sheet as on that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a director in the place of Mr. G. Sekar, who retires by rotation at this Annual General Meeting and be eligible offers himself for reappointment.
3. To appoint Auditors and to authorize the Board to fix their remuneration. M/s Krishnan & Sekaran, Chartered Accountants, have expressed the willingness not to reappoint him as statutory auditors from the financial year 2007-08 onwards due to their various other commitments and M/s. Sri & Co, Chartered Accountants, Chennai, be appointed as auditor in the place of previous auditors.

SPECIAL BUSINESS:

4. Consider and if thought fit, to pass with or without modification, the following resolutions as **ORDINARY**

RESOLUTION :

RESOLVED that pursuant to Section 257 of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, Mr. M.B. Sekar be and is hereby elected as Director of the company.

By Order of the Board

PLACE : CHENNAI
DATE : 24.08.2007.

Sd/-
D. RAVISANKAR
DIRECTOR

ARCHANA SOFTWARE LIMITED

NOTES

1. A member entitled to attend and vote at the meeting, is entitled to appoint a proxy to attend and on a poll to vote instead of himself. The proxy need not be a member of the Company. A blank proxy form is enclosed. The proxy form duly stamped and executed, should be deposited at the Register office of the commencement of the meeting.
2. The Register of the Members and Share Transfer Register of the company will remain closed from the 26th September 2007 to 29th September 2007 (both days inclusive).
3. Members are requested to notify change in address, if any, to the Company's Secretarial Department at No. 64, Velachery Main Road, Sankaran Avenue, Velachery, Chennai – 600 042, quoting their folio number.
4. Members/ proxy holders are requested to produce at the entrance, the attached admission slip for admission to the meeting hall.
5. In the case of joint holders if more than one holder intends to attend the meeting, they must obtain additional admission slips on the request from the Registered Office of the Company on or before 17th September 2007.

By Order of the Board

PLACE : CHENNAI
DATE : 24.08.2007.

Sd/-
D. RAVISANKAR
DIRECTOR

ARCHANA SOFTWARE LIMITED

DIRECTOR'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Thirteenth Annual Report on the working of the Company along with the audited Balance Sheet and Profit and Loss Account for the year ended 31st March 2007.

FINANCIAL RESULTS

	(Rs. in lacs) 2006-07	(Rs. in lacs) 2005-06
Software Income	35.00	0.00
Other Income	0.00	0.01
Profit/ (Loss) before tax	12.65	(2.56)
Profit/ (Loss) after tax	12.65	(2.56)
Balance carried to Balance Sheet	(737.48)	(750.13)

DIVIDEND

No dividend has been recommended for the year.

OPERATIONS

The Company is making all out efforts to market the various software developed by it – software in the areas of designing and planning in Textile industry, Inventory Management, Hotel Management, Payroll Management etc.. Already the efforts of the company have borne fruits and the company had posted a software sale income of Rs.35 lacs as against Nil income in the previous year.

FUTURE PLAN

The company would further push its marketing efforts for the sale of various software programmes it has developed. and would soon restart its software development activities in a big way.

The Company has approached the Bombay Stock Exchange for the revocation of suspension in the trading of its scrips. Your directors are very confident of getting the suspension revoked in the next few months time.

Company has initiated steps for the amalgamation M/s. Shakthi Knitting Limited, Tirupur, into it. Approvals of the Stock Exchanges and other regulating agencies are awaited. On obtaining these approvals, which are expected shortly, the Hon'ble High Court of Madras would be approached for proceeding further in the matter.

ARCHANA SOFTWARE LIMITED

Information Pursuant to Section 217(1) (E) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Since the Company is engaged in the Computer Software Development, the question of conservation of Energy and Technology Absorption does not arise.

B. FOREIGN EXCHANGE EARNING AND OUTGO

There was no foreign exchange expenses and income during the year.

C. PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956.

During the year, no employee was paid more than Rs.1, 00,000/- per month or Rs.12, 00,000/- per annum.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors confirm :

- i. That in the preparation of Annual Accounts, the applicable Accounting Standards have been followed and that no material departures have been made from the same.
- ii. That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company for that period.
- iii. That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company preventing and detecting fraud and other irregularities.
- iv. That they have prepared the annual accounts on the 'going concern' basis.

ARCHANA SOFTWARE LIMITED

CORPORATE GOVERNANCE :

A report on Corporate Governance, pursuant to clause 49, is annexed hereto and forms part of this report. A certificate from M/s. Krishnan & Sekaran, Chartered Accountants, Chennai, Statutory Auditors of the Company regarding compliance of conditions of corporate governance stipulated by the stock exchanges is annexed to this report.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

In accordance with the listing agreement, the Management Discussion and Analysis Report is annexed hereto and forms part of this report.

AUDIT COMMITTEE

Your company has complied with the Provision of Section 292A of the Companies Act, 1956 as to constitution of Audit Committee with Mr. D. Ravisankar, Mr. G. Sekar and Mr. V. P. Ramanathan being members of the said committee. The committee met four times during the year.

PUBLIC DEPOSIT

The Company has not accepted any deposit from the public during the year under review.

LISTING

The Shares of your company are presently listed in the Madras Stock Exchange and Bombay Stock Exchange (BSE). However, trading of company's scrips is suspended for the time being due to non-compliance with some of the procedural requirements. The company has since filed the necessary documents with BSE and it is hopeful of revocation of suspension very shortly.

DIRECTORS

a. Re-appointment :

Mr. G. Sekar, Directors of the Company retires by the rotation at this Annual General Meeting and being eligible offers himself for reappointment.

ARCHANA SOFTWARE LIMITED

b. Appointment :

Mr. M.B. Sekar was appointed as Director of the company by the Board of Directors at its meeting held on 7th March 2007, with effect from the same date in accordance with Section 260 of the Companies Act, 1956 and retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment. Further, for his appointment as Director, the requisite notices together with necessary deposits have been received from a member pursuant to Section 257 of the Companies Act, 1956, proposing the election of Mr. M.B. Sekar as a Director of the company.

AUDITORS

M/s. Krishnan & Sekaran, Chartered Accountants, Chennai, have expressed the willingness not to reappoint him as statutory auditors from the financial year 2007-08 onwards due to their various other commitments.

M/s. Sri & Co, Chartered Accountants, Chennai are appointed as auditors in the place of previous auditor and they shall hold the office till the conclusion of next Annual General Meeting. A certificate to the effect that, if appointed, such appointment will be within the limits under Section 224(1B) of the Companies Act, 1956, has been obtained from them.

GENERAL

The Director wish to place on record their appreciation of the support and co-operation they have received from Bankers and Shareholders at all levels of the Companies.

By Order of the Board

PLACE : CHENNAI
DATE : 24.08.2007.

Sd/-
D. RAVISANKAR
DIRECTOR

ARCHANA SOFTWARE LIMITED

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31ST MARCH 2007

A. Philosophy on code of Governance :

Your company's policy on governance has been

1. To enhance the long-term interest of its shareholders and to provide good management, the adoption of prudent risk management techniques, compliance with the statutory requirements and thereby safeguarding the interest of shareholders, creditors, investors and employees.
2. To identify and recognize the Board of Directors and the Management of our company as the principal instrument through which corporate governance principles are articulated and implemented. Further to identify and recognize accountability, transparency and equality of treatment for stakeholders, as central tenets of good corporate governance

B. Board of Directors

Composition :

As of 31st March 2007, there were 4 Directors on the Board managing the company's business and Mr M.B. Sekar is inducted to the Board with effect from 7th March 2007 and he is liable to retire by rotation at the annual general meeting.

The function, responsibility, role and accountability of the Board are well defined. The Board approves the annual budget. The detail reports of the company's performance are periodically placed before the Board.

During the period under the review, 5 Board Meetings were held namely, on 30.04.2006, 30.07.2006, 30.08.2006, 31.10.2006, 31.01.2007 and 07.03.2007.

The annual general meeting of the company was held on 30th September 2006.

Structure of the Board for the year ended 31st March 2007.

Name Directors	Category	Membership Chairman ship held in committees of other companies	No. of other Director shipsheld	Number of Meetings Attended	Attendance at last AGM
D. Ravisankar	Executive	-	-	5	YES
V.P.Ramanathan	Independent	-	-	5	YES
G. Sekar	Independent	-	-	3	YES
M.B. Sekar	Independent	-	-	-	-

ARCHANA SOFTWARE LIMITED

C. Committees of the Board :

The board of directors has consulted the following committees with commensurate delegation of powers to discharge affairs of the company on a periodical basis as well as to meet the business exigencies of the company.

1. Business Development Committee of Directors:

Term of reference:

a. For administrative convenience and quicker decisions, the committee was constituted in the line with the provisions of section to the needs.

For the year ended 31st march 2007 the committee met on the following dates:

15.04.2006, 16.05.2006, 28.06.2006, 30.07.2006, 30.08.2006, 23.09.2006, 31.10.2006, 29.11.2006, 31.12.2006, 31.01.2007, 31.03.2007.

a) Composition :

Name of the members :

D. Ravisankar
V. P. Ramanathan
G. Sekar

2. Audit committee :

Term of reference:

- 1) To provide direction and to oversee the operations of the audit functions in the company.
- 2) To review the internal audit system with special emphasis on their quality and effectiveness.
- 3) To review half yearly and annual financial results before submission to the Board.
- 4) To investigate into any matter in relation to the items specified in Section 292A of the companies.
- 5) To have full access to information contained in the records of the company and external professional advice, if necessary.

b) Composition:

The audit committee of directors had met during the period under review and the meetings were held on 15.07.2006, 31.10.2006, 31.01.2007 & 15.03.2007.