

EIGHTEENTH ANNUAL REPORT

2011 - 2012

ARCHANA SOFTWARE LIMITED

Regd. & Admn. Office:
Land Marvel Nest F1 3rd Floor,
Indira Nagar ,
Adyar,
Chennai - 600 020.

ARCHANA SOFTWARE LIMITED

Boards of Directors

S.Sonnaachalam.
Director

S.Ravi Shankar.
Director

M.B. Sekar.
Director

Chikalpat Yogesh Pai
Director

Auditors

A SARAVANAN.,
Chartered Accountant
191-G, Annai Gardens,
T.T.P. Mill Road, AB Nagar,
Gandhi Nagar (PO),
Tirupur – 641 603

Bankers

Tamilnadu Mercantile Bank Ltd.
Kamaraj Road
Tirupur.

HDFC Bank Ltd
I.T.C Centre
Anna Salai,
Chennai.

IDBI Ltd.
115, Annasalai
Saidapet
Chennai.

Registered Office

Land Marvel Nest Fl 3rd Floor,
Indira Nagar,
Adyar,
Chennai – 600 020.

NOTICE

Notice is hereby given that the Eighteenth Annual General Meetings of the Company will be held on Thursday, 29th September 2012 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 2012 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.S.Ravi Shankar, who retires by rotation and be eligible offers himself for reappointment.
3. To appoint Auditors and to authorize the Board to fix their remuneration.

By Order of the Board

PLACE: CHENNAI,
DATE : 01.09.2012.


S. SONAACHALAM.
DIRECTOR

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 2012 to 29th September 2012 (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 the folio members.
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 form the Registered Office of the Company on or before 16th September 2012.

By Order of the Board



S. SONAACHALAM
DIRECTOR

PLACE: CHENNAI
DATE : 01.09.2012.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Eighteenth Annual Report on the working of the Company along with the audited Balance Sheet and Profit Loss Account for the year ended 31st March 2012.

FINANCIAL RESULTS

	Rs. In Lacs	Rs. In Lacs
	2011 - 12	2010 - 11
Sales Income	462.44	316.82
Profit/ (Loss) before tax	57.56	47.54
Profit/ (Loss) after tax	57.56	47.54
Balance carried to Balance Sheet	(651.78)	(709.33)

DIVIDEND

No dividend has been recommended for the year.

OPERATIONS

The Company is making all out efforts to market the various software products developed by it – software in the areas of designing and planning in Textile industry, Inventory Management, Hotel Management, Payroll Management etc. And also the company recently launched the e-commerce website called www.theflamingo.co.in for marketing the goods through web. The company's turnover had increased from Rs.316.82 lacs in the previous year to Rs.462.44 lacs in the current year. The software product marketed by the company had good response during the year, hence there is good growth in the turnover of the company during the year. However your directors are confident of registering substantial increase in turnover and profits in the coming years.

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 dot com operation, which was core strength of the company in the past. Since the company had good customers in textile business, now launching a textile product trading dot.com portal, the domain is already finalized, and during the current period it was launched. Which will give additional revenue to the company and good margin. It has started operations in the textile products also which have given tremendous increase in its turnover.

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.2, 00,000/- per month or Rs.24, 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 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.

CORPORATE GOVERNANCE:

A report on Corporate Governance, pursuant to clause 49, is annexed hereto and forms part of this report. A certificate from A. Saravanan, Chartered Accountant, Statutory Auditor 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 provisions of Section 292A of the Companies Act, 1956 as to constitution of Audit Committee with Mr. M.B. Sekar and Mr. S. Ravishankar are being members of the said committee. Mr. S. Sonnaachalam is the Chairman of the committee. The committee met seven 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).

DIRECTORS

a. Re-appointment:

Mr.S.Ravi Shankar, Director of the Company retires by the rotation at this Annual General Meeting and being eligible offers himself for reappointment.

AUDITORS

The Statutory auditor Mr A. Saravanan, Chartered Accountant, retires at the ensuing Annual General Meeting and is eligible for re-appointment.

☐ Regarding auditors qualification on confirmation of balance, effort has been taken to obtain the same, deferred tax assets is only to be created, which is notational hence the same is not considered in the accounts.

ENVIRONMENT COMPLIANCE:

India is the seventh largest country in the world by geographical area. While progress in the environmental front is being made, India still faces some major challenges.. Despite highly evolved environmental laws and regulations in some areas, many environmental practices such as regulation of air pollutants using model seen in western countries are still at a very rudimentary stage in India. Increased environmental regulations will likely become a key area of concern in the near future.

The increasing desire of Indian companies to meet world class standards has caused established companies in India to take on sustainable initiatives as a means of improving their global brand and reputation and the environmental sector is expected to be at the forefront of India's evolving story in the coming years.

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The Company has already considered the prerequisites of environment compliance long way back and is doing new initiative every year. Some of the major initiatives of regular basis are:

Slogan of the Company – “One planet, one earth, one nature which propagates save the earth for better tomorrow”.

By regular training for workers and staff to prevent accident related to mechanical, electrical, chemical, physiological and psychological safety the Company has made Zero incidents as acceptable standard.

The Company has started project to conserve water and energy, minimize generation of waste, minimize carbon foot print, generate pollution prevention awareness throughout the plant and to achieve 100 percent legal compliance.

GENERAL

The Management is grateful to the shareholders, valued customers, bankers and vendors for the continued support and co-operation.

The Director also wishes to place on record their appreciation of the support and co-operation of all employees to enable the company to achieve its growth plans.

On behalf of Board of Directors

PLACE: CHENNAI
DATE : 01.09.2012.


S. SONAACHALAM
DIRECTOR

**REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED
31ST MARCH 2012**

A. Philosophy on code of Governance:

Corporate Governance essentially is the system by which companies are directed and controlled by the management in the best interest of the stakeholders and others. It ensures fairness, transparency and integrity of the management. It further inspires and strengthens investor's confidence and commitment to the company.

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

In compliance with the disclosure requirements of Clause 49 of the Listings Agreement executed with the stock exchanges, the details are set out below:

B. Board of Directors

Composition:

As of 31st March 2012, there were 4 Directors on the Board managing the company's business.

☐ 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.

The Board meeting and AGM total 5(five times) on the following dates during the financial year 2011 - 12

April 30, 2011,

July 31, 2011

October 31, 2011

September 29, 2011

January 31, 2012

The Company has Executive and Independent directors. None of the Directors on the board is a member on more than 10 committees (as specified in Clause 49 of the Listing Agreement with Stock Exchanges) across all the companies in which they are Directors.

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The composition of the Board as on 31st March 2012 as well as names and categories of the directors on the board, their attendance at Board Meetings held during the financial year 2011 – 12 and also at the last Annual General Meeting were as follows:

Name of Directors	Category	Membership Chairmanship held in committees of other companies	No. of Directorships Held	Number of Meeting Attended	Attendance at last AGM
Chikalpat Yogestpal	Independent	-	-	5	YES
M.B.Sekar	Independent	-	-	5	YES
S.Sonnachalam	Whole time director	-	-	5	YES
S.Ravi Shankar	Independent	-	-	5	YES

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 2012 the committee met on the following dates:

April 11, 2011, July 21, 2011, October 17, 2011 January 21, 2012, May 14, 2011, August 12, 2011

November 28, 2011, March 30, 2012, June 25, 2011, September 15, 2011 & December 31, 2011

a) Composition:

Name of the members:

S. Ravi Shankar
M.B. Sekar
Chikalpat Yogesh Pai