

TWENTIETH ANNUAL REPORT

2013 - 2014

ARCHANA SOFTWARE LIMITED

REGD. & ADMN. OFFICE:

'LAND MARVEL NEST', F – I,

3, First Main Road ,

INDIRA NAGAR,

ADYAR,

CHENNAI - 600 020.

Boards of Directors

S.Sonaachalam.

Director

Chikalpat Yogesh Pai

Director

S.Vasanth Kumar

Director

V.Ramani

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' , F-I,

3, First Main Road,

Indira Nagar, Adyar,

Chennai – 600 020.

NOTICE

Notice is hereby given that the Twentieth Annual General Meetings of the Company will be held on Monday, 29th September 2014 at 10.00 a.m. at N.M.S.Marriage Hall, 61 F 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 2014 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.Sonaachalam (DIN 00486087) who retires by rotation and be 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 the Section 139 and other applicable provisions if any of the Companies Act,2013 and the rules framed there under, Mr. A. Saravanan, Chartered Accountant (Membership No:026101) be and is hereby re-appointed as Auditor of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and that the Board of Directors be and is hereby authorized to fix the remuneration payable to them exclusive of Service Tax, out of pocket expenses and travelling expenses as may be mutually agreed between them".

SPECIAL BUSINESS :

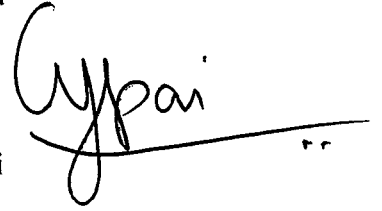
4.To consider and if thought fit , to pass with or without modification , if any, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149,152 and other applicable provisions of the Companies Act, 2013 and the rules framed thereunder read with Schedule IV of the Act as amended from time to time, Mr.S.Vasanth Kumar,(DIN00405757) as a Director of the Company whose term of office is liable to retire by rotation and who has submitted a declaration that he is not disqualified to act as a Director as provided in Section 164 of the Companies Act, 2013 and who is eligible for appointment and against whom the Company has received a notice in writing from a member proposing his name for the office of director be and is hereby appointed as a Director with effect from 29th September 2014 .

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

“RESOLVED THAT pursuant to the provisions of Section 149,152 and other applicable provisions of the Companies Act, 2013 and the rules framed thereunder read with Schedule IV of the Act as amended from time to time, Mr.V Ramani ,(DIN00050922) a non - executive Director of the Company whose term of office is liable to retire by rotation and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for appointment and against whom the Company has received a notice in writing from a member proposing his name for the office of director be and is hereby appointed as an Independent Director with effect from 29th September 2014 for a term of 5 (Five) Consecutive years from the conclusion of this Annual General Meeting duly recommended by the Board.

By Order of the board



Chikalpat Yogesh pai
DIRECTOR

PLACE: CHENNAI,

DATE : 03.09.2014.

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 2014 to 29th September 2014 (both days inclusive).
3. Members are requested to notify change in address, if any, to the Company's Secretarial Department at 'Land Marvel Nest', F-I, 3, First Main Road, Indira Nagar, Adyar, Chennai – 600 020, quoting the folio number.
4. Members/ proxy holders are requested to produce at the entrance, the attached admission slip for admission to the meeting hall.
5. We request the shareholders to register their E-Mail IDs with the Company / Share Transfer Agents. This will enable the Company to service shareholders' requests / queries electronically apart from furnishing of Audited Accounts and any other relevant information / communication.
6. 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 15th September 2014.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

For Item No:2

Mr.S.Sonaachalam aged 47 years holds a graduate in Commerece. He joined the Board on 30-08-2010 and is currently member of the Audit committee and Shareholders / Investors Grievances Committee. The other directorships of Mr.S.Sonaachalam are given below.

Other Directorships

- 1.Shakthi Knitting limited - Director
- 2.Sree poorani Knitters and Private Limited - Director

For Item No:4

Mr. S.Vasanth Kumar aged 47 years holds a graduate in Engineering. He joined the Board on 12-12-2013 and is currently member of the Business Development Committee and Shareholders / Investors Grievances Committee. The other directorships of Mr.S. Vasanth Kumar are given below.

1. Shakthi Knitting limited - Joint Managing Director
2. SKL Medtech Private Limited - Director
- 3.Pillayar Investments and Finance Private Limited - Director
- 4.Perundurai Common Effluent Treatment Plant - Director

The Company has received a requisite notice and deposit from a member under Section 160 of the Companies Act, 2013 signifying the intention to propose the name of Mr. S. Vasanth Kumar as a Director. The necessary resolution is placed before the members for their consideration and approval. None of the Directors and Key Managerial Personnel of the Company and their relatives except Mr. S Vasanth Kumar is concerned or interested in the resolution. The Explanatory statement may also be regarded as the necessary disclosure under clause 49 of the listing aggrement.

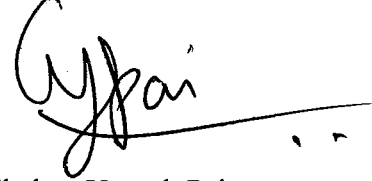
For Item No:5

Mr.V Ramani aged 62 years. He joined the Board on 12-12-2013 and is currently member of the Business Development Committee and Shareholders / Investors Grievances Committee. The other directorships of Mr.V. Ramani are given below.

1. Sattva CFS and Logistics Private limited - Director

The Company has received a requisite notice and deposit from a member under Section 160 of the Companies Act, 2013 signifying the intention to propose the name of Mr. V Ramani as an Independent Director for a term of 5 (five) years from the conclusion of this Annual General Meeting. The necessary resolution is placed before the members for their consideration and approval. None of the Directors and Key Managerial Personnel of the Company and their relatives except Mr. V Ramani is concerned or interested in the resolution. The Explanatory statement may also be regarded as the necessary disclosure under clause 49 of the listing Agreement

By Order of the Board



Chikalpat Yogesh Pai

DIRECTOR

PLACE: CHENNAI

DATE : 03.09.2014.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twentieth Annual Report on the working of the Company along with the audited Balance Sheet and Profit Loss Account for the year ended 31st March 2014.

FINANCIAL RESULTS

	Rs. In Lacs	Rs. In Lacs
	2013 - 14	2012 - 13
Sales Income	547.37	519.76
Profit/ (Loss) before tax	2.02	(00.79)
Profit/ (Loss) after tax	1.88	(00.79)
Balance carried to Balance Sheet	(650.68)	(652.57)

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.519.76 lacs in the previous year to Rs.547.37 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, it will launching the portal shortly, which will 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.

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.5,00,000/- per month or Rs.60,00,000/- 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.
- ii. 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 M/s. Saravanan & Co, Chartered Accountants, Tirupur, Statutory Auditors of the Company regarding compliance of conditions of corporate governance stipulated by the stock exchanges is annexed to this report.

CODE OF CONDUCT

The Company has adopted a code of conduct for the Board of Directors and senior management of the Company and all of them have affirmed compliance of the same.

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 177 of the Companies Act, 2013 as to constitution of Audit Committee with Mr. V.Ramani and Mr. Chikalpat Yogesh Pai are being members of the said committee. Mr. S. Sonaachalam is the Chairman of the 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 is presently listed in the Bombay Stock Exchange (BSE).

DIRECTORS

a. Re-appointment:

Mr.S.Sonaachalam, Director of the Company retires by rotation at this Annual General meeting and being eligible offers himself for appointment.

Resignation : Mr. M.B. Sekar and Mr. S. Ravi Shankar resigned from directorship and all committee on 30th January 2014

AUDITORS

The Statutory auditor Mr.A.Saravanan, Chartered Accountants, Tirupur, retires at the ensuing Annual General Meeting and is eligible for reappointment.

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.

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.

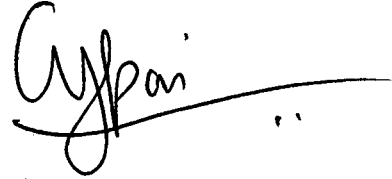
The Company has started project to conserve water and energy, minimize generation of waste, minimize carbon foot print, generate pollution prevention awareness throughout the plant and to achieve 100 percent legal compliance.

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



Chikalpat Yogesh Pai

DIRECTOR

PLACE: CHENNAI

DATE : 03.09.2014.

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED

31ST MARCH 2014

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 Listing Agreement executed with the stock exchanges, the details are set out below:

B. Board of Directors

Composition:

As of 31st March 2014, 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 met 5 (five times) on the following dates during the financial year 2013 -14

April 30, 2013

October 31, 2013

January 30, 2014

July 31, 2013

December 12, 2013

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.

The composition of the Board as on 31st March 2014 as well as names and categories of the directors on the board, their attendance at Board Meetings held during the financial year 2013 – 14 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 Yogesh Pai	Independent	-	-	5	YES
M.B.Sekar (Resigned from all position w.e.f. 30 th January 2014)	Independent	-	-	5	YES
S.Sonnachalam	Whole time director	-	-	5	YES
S.Ravi Shankar (Resigned from all position w.e.f. 30 th January 2014)	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:

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 2014 the committee met on the following dates:

June 26, 2013

September 20, 2013

December 18, 2013

March 12, 2014

Composition:

Name of the members:

S. Ravi Shankar (Resigned w.e.f 30th January 2014)

Chikalpat Yogesh Pai

S.Sonaachalam

2. Audit committee:

a)Term of reference:

1. To provide direction and to oversee the operations of the audit functions in the company.
2. To review the adequacy of internal control system and internal audit function with special emphasis on their quality and effectiveness.
3. To review half yearly and annual financial results before submission to the Board for approval.
4. To investigate into any matter in relation to the items specified in Section 177 of the companies Act 2013.
5. To have full access to information contained in the records of the company and external professional advice, if necessary.
6. To oversee the company's financial process and the disclosure of its financial information to ensure that the financial statements are true and fair.
7. To discuss with statutory auditors before commencement of audit about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.

b)Composition:

The audit committee of directors had met during the period under review and the meetings were held on

April 30, 2013 July 31, 2013
October 31, 2013 January 30, 2014

The composition of the Committee as on 31st March 2014 as well as their attendance at the Meetings held during the financial year 2013 – 14 as follows:

Name of members	No. of meetings attended
-----------------	--------------------------

Chikalpat Yogesh Pai	4
----------------------	---

M.B. Sekar	4
------------	---

(Resigned from all position w.e.f. 30th January 2014)

S. Ravi Shankar	4
-----------------	---

(Resigned from all position w.e.f. 30th January 2014)

All the members of the committee have wide exposure and possess sound knowledge in the area of accounts, finance, audit, internal control etc.

All the members were present at the last Annual General Meeting held on 27th September 2013.

3. Shareholders'/Investors Grievance Committee:

Terms of reference:

To look into redressal of shareholders'/investors' grievances relating to non-receipt of dividend, non-receipt of balance sheet, transfer, etc.

They periodically reviewed the investors complaints received and redressed. During the year, the said committee met 2 times on June 20, 2013 and February 12, 2014 to review the shareholders'/investors' grievances.

b) Composition and Attendance:

Name of members	No. of Meeting Attended
-----------------	-------------------------

M.B.Sekar	2
-----------	---

(Resigned from all position w.e.f. 30th January 2014)

S.Sonaachalam	2
---------------	---

Name, Designation and address of Compliance Officer:

Mr. C.Yogesh Pai

Director,

Archana Software Limited,

'Land Marvel Nest', F-I,

3, First Main Road,

Indira Nagar, Adyar,

Chennai – 600 020.

Status of Investors complaints as on March 31, 2014 are as under:

Complaints as on April 1, 2013	-	Nil
--------------------------------	---	-----

Received during the year	-	1
--------------------------	---	---

Resolved during the year	-	1
--------------------------	---	---

Pending as on March 31, 2014	-	Nil
------------------------------	---	-----

Compliance / correspondence are usually dealt with within 2 weeks of receipts and are completely resolved except in cases where litigation is involved.

Share transfer lodgements are processed within 20 days and returned except In cases where litigation is involved.

4. Details of General Body Meeting:

Year	Location	Date	Time
2010-11	N.M.S. Marriage Hall, No 61F, Main Road, Velacherry, Chennai 42	29.09.2011	10.00 A.M
2011-12	N.M.S. Marriage Hall, No 61F, Main Road, Velacherry, Chennai 42	29.09.2012	10.00 A.M
2012-13	N.M.S. Marriage Hall, No 61F, Main Road, Velacherry, Chennai 42	27.09.2013	10.00 A.M

5. Disclosures:

Related Party Transactions:

There were no transactions of a material nature undertaken by the company with its Promoters, directors, their relatives or the management etc. that may have a potential conflict with the interests of the company at large.

6. Means of Communication:

a. Quarterly / half yearly & annual results are communicated through newspaper advertisements and press releases.

b. The results are generally published in the News Today and Malai Sudar

c. The Management Discussion and Analysis Report for the year 2013-2014 forms part of the Annual Report.

7. General Shareholder Information

1. AGM: Date, time and venue : 29.09.2014, 10.00 AM
N.M.S. Marriage hall,
61f, Main Road,
Vellachery,
Chennai-600 042.

2. Date of Book Closure : 26.09.2014 to 29.09.2014 (both days inclusive)

3. Tentative dates of Board

Meetings for considering

the results (2014-2015) : 1st Quarter, last week of July 2014
2nd Quarter, last week of October 2014
3rd Quarter, last week of January 2015
4th Quarter, last week of April 2015

4. Your Company's Shares is listed in the following stock exchange

The Stock Exchange, Mumbai

Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001

5. Registrar and Share Transfer Agents

M/s. Sharex Dynamic (India) Pvt Ltd,
Unit – 1, Luthra Ind. Premise,
Safed Pool, Andheri Kurla Road ,
Andheri (E), Mumbai – 400 001.
Phone: +91 22 – 2851 5606
Fax: +91 22 – 2851 2885
E-mail: sharexindia@vsnl.com

6. Share Transfer System

A share transfer committee of the Board consisting of a few Directors has been formed to look after the matters relating to the transfer of shares, issue of duplicate share certificates in lieu of mutilated certificates and other related matters.

7. Dematerialization of shares and liquidity:

According to a Notification of the Securities and Exchange Board of India, the equity shares of the company shall be traded compulsorily in demat form by all investors with effect from 24.07.2000. The company had already entered into agreement with the National Securities Depository Limited (NSDL) so as to provide the members an opportunity to hold and trade shares of the Company in electronic form.

As on 31st March 2014, out of total 60,66,700 equity shares of the company, 37,04,100 shares representing 61.06% of total shares have been dematerialized. The detailed breakup of shares as on 30st March 2014 is as follows:

Particulars	No. of shares	Percentage
CDSL	338693	5.58
NSDL	3365407	55.47
PHYSICAL	2362600	38.94
TOTAL	6066700	100.00

8. Stock Market Data

Market price data of the Company's shares in the Bombay Stock Exchange:

Month	The Bombay Stock Exchange	
	High (Rs)	Low (Rs)
April 2013	1.9	1.66
May 2013	2.08	1.81
June 2013		
July 2013	1.81	1.07
August 2013	1.02	0.72
September 2013	0.69	0.56
October 2013	0.76	0.47
November 2013	1.29	0.76
December 2013	1.31	1.25
January 2014	1.8	1.36
February 2014	1.88	1.79
March 2014	1.71	1.33

9. Distribution of shareholding as on 31st March 2014

Total Nominal Value:

Nominal value of each equity share Rs.10 each

Total number of shares:

Type of Shareholder	No. of Shareholder	No. of Share	No. of Share In Demat	% of Holding
Individual	6	252730	150000	4.17
Corporate Bodies	2	1032740	432740	17.02
Corporate Bodies	56	203669	203569	3.36
Individual	6772	4576661	2956491	75.43
Non - Residents	2	900	900	0.015
Grand Total	6838	6066700	3743700	100.00

10. The company has not issued any GDRs/ADRs/Warrants or other instruments, which are pending for conversation.

11. Address for correspondence relating to shares and Secretarial materials.

C. Yogesh pai

Director,

'Land Marvel Nest', - F-I,

3, First main Road, Indira nagar,

Adyar, Chennai – 600 020

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To

The Shareholders

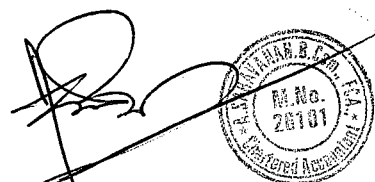
Archana Software Limited

I have examined the Compliance of Conditions of Corporate Governance by Archana Software Limited, Chennai, for the year ended 31st March 2014, as stipulated in clause 49 of the Listing Agreement entered into by the company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation 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 of the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to me, I certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I further state that such compliance is neither an assurance as to future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.



A.SARAVANAN, B.Com., F.C.A.,

Chartered Accountant

(M.No. 026101)

Place: Chennai

Date: 03.09.2014

A. SARAVANAN, B.Com., F.C.A.,
Chartered Accountant (M.No-26101)
No 191-G "Annai Gardens"
Gandhi Nagar Post, Tirupur - 641 603

Declaration of Code of Conduct

To

The members of M/s Archana Software Limited

This is to confirm that the board has laid down a code of conduct for all Board members and senior management of the Company. The code of conduct has also been posted on the web site of the Company.

It is further confirmed that all the directors and senior management personnel of the Company have affirmed compliance with the code of conduct of the company for the year ended 31st March 2014, as envisaged in clause 49 of the Listing Agreement with Stock Exchange.

Place: Chennai

Date: 03.09.2014

CERTIFICATION BY CHIEF EXECUTIVE OFFICER / WHOLETIME DIRECTOR OF ARCHANA SOFTWARE LIMITED

I, C. Yogesh pai whole time Director of M/s Archana Software Limited (the Company), to the best of our knowledge and belief certify that:-

1. I have reviewed the Balance Sheet and Profit and Loss Account and all its Schedules and Notes on Accounts, as well as the Cash Flow Statement and Director's Report.

a. Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit any material fact or contain statements that might be misleading.

b. 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.

2. I also certify, that based on our knowledge and the information provided to me, there are no transactions entered into by M/s Archana Software Ltd., which are fraudulent, illegal or in violation of the Company's Code of Conduct.

3. I am responsible for establishing and maintaining internal controls and procedures for the Company pertaining to financial reporting, and have evaluated the effectiveness of these procedures in M/s Archana Software Ltd. I have disclosed to the auditors and Audit Committee, deficiencies, if any, in the design or operation of such internal controls, of which I am aware and the steps that I have taken or propose to take to rectify these deficiencies.

4. I have disclosed, based on my most recent evaluation, wherever applicable, to the Company's auditors and the Audit Committee of the Company's Board of Directors:-

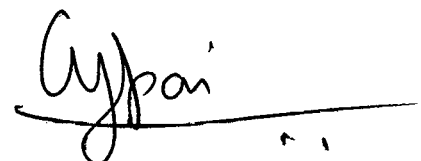
a. Significant changes in internal controls during the year:

b. Significant changes in accounting policies during the year and that the same have been disclosed in the Notes to the financial statements: and

c. Instances, if any, of significant fraud of which I have become aware and the Involvement therein, if any, of the Management or and employee having a significant role in the Company's internal control system.

5. I affirm that I have not denied any personnel, access to the Audit Committee of Company (in respect of matters involving misconduct, if any).

6. I further declare that all the Board members and Senior Management have affirmed compliance with Code of Conduct for the current year.



Chikalpat Yogesh Pai

WHOLE TIME DIRECTOR

Place: Chennai

Date: 03.09.2014

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OUTLOOK

OVERVIEW:

In Financial year 2013-14, We were seeing a continuing trend of global businesses turning to offshore technology service providers to meet their need for variabilization of their cost structures, enhanced cost competitiveness and to increase their efficiency through differentiated solutions. Over the past two decades, India has risen to become leading destination for global sourcing of IT, ITES, BPO and research and development activities. The changing market dynamic requires that we design our organization for Growth. Technology is the core of our IT Services business.

GLOBAL MARKET

The world has learnt its lessons from recession and is actively taking steps to sustain India's advantage and make India's IT industry more resilient to global economic conditions. This optimism is being reflected in all parts of the world.

The cloud as a delivery model is also here to stay, and Indian IT service providers will need to adapt themselves in this new world order. From a growth perspective, the future is still bright and has been impacted by the after effects of recession, witnessed by everyone.

The US and Europe remain the biggest markets for outsourcing software related activities. Majority of the works from this market is being outsourced to destinations in the Asia Pacific region and East Europe.

INDIAN MARKET

- In national level, IT service is the fastest growing segment in the Indian domestic market, growing year-to-year, driven by increasing focus by service providers.
 - Considerable traction in traditional segments – custom application development, application management, IS outsourcing and software testing.
 - Industry re-tooling itself to adjust to rapid change in customer priorities- from Service Level Agreements (SLAs) to increased time-to-market
 - Emerging technologies – cloud computing, mobility, social media and big data/analytics unleashing new opportunities for the industry.
 - ERP software needs are increasing trend both in Indian and Global market. At present medium size organization's also installing the ERP. Previously ERP was installed in big and large organization only.
- ERP software industry continues to dominate the global market place with very huge market share.

Indian Server Message Blocks (SMBs) are undergoing rapid transformation and are looking for greater flexibility to meet market changes. The need to grow revenues and reach their full potential in the shortest possible time span is going to increase their dependence on technology and managed IT services will play a key role.

The industry is expected to generate an increasing share of revenues from the untapped SMB segment through improved pay per use business models and platform solutions. It is also expected to acquire domain expertise and near shoring capabilities to further advance India's value proposition as a global outsourcing hub.

BUSINESS OVERVIEW

The global economy continues to be poised in a delicate balance. While there continues to be concerns around Europe and deceleration in GDP growth of emerging markets, US is showing signs of improvement. Against this backdrop of mixed macro- economic signals, corporate are increasingly leveraging new technologies to become more agile and also achieve business results. Global corporations are increasingly investing in informational technology initiatives to improve their competitiveness. We continue to see customers viewing technology as a key enabler to drive their growth strategies.

Service providers are expected to enhance focus to domestic market to de-risk business and tap into the local growth opportunities.

Your Company has rightly identified the ERP software segment as the focus area. There has been a huge demand for ERP for Small & Medium Enterprises (SME) segment which your company will address in a very substantial manner. The growing demand for ERP solutions in SME is evidenced by the entry of bigger players viz. SAP, Oracle, Microsoft etc. into this area. The company would also continue to exploit various software modules which it has developed and developing, including inventory management, textile design and planning, hotel management, hospital management, etc.

A significant proportion of all Indian businesses fall under the small and medium enterprise segment. So, a broad-based, sustainable growth in the Indian economy can emerge only if the country's SMB enterprises record a healthy growth as they attempt to improve productivity, adopt best practices and bring innovative products to market. Again Indian SMBs are undergoing rapid transformation and are looking for greater flexibility to meet market changes. The need to grow revenues and reach their full potential in the shortest possible time span is going to increase their dependence on technology and managed IT services. The survey shows that currently only 6% SMBs are using managed services, but the adoption is likely to double if plans are widely implemented.

BUSINESS MODEL

The future of the Indian ERP Software Industry looks very positive and we expect excellent opportunities in this field.

Your Company is developing the software in the following areas:

- Accounting with Inventory Management
- Hotel Management
- Pay Roll Management

A brief overview of the business model of your Company in the above divisions is as under :

ACCOUNTING WITH INVENTORY MANAGEMENT:

Your Company shall focus in its inherent creative capabilities to build excellent quality ERP software for the Domestic Market. The horizons of the Indian ERP Software sector space is fast expanding and the use of Hi-end technology has brought new synergies to overall businesses perspective in the software arena.

Now a days ERP Software for accounting with inventory management are helpful because by making a single entry, both records for accounting and inventory are updated simultaneously. Thereby it's becoming more popular among retail and medium scale business peoples as it serves as the effective tools for cost control and cost reduction.

Your Company has identified the potential of the domestic market and intends to target the retail and medium scale business organization by explaining the features of the software. Your company intends to use this huge demand.

HOTEL MANAGEMENT:

In the service sector, your Company shall be developing high quality content for International Clients. India becoming one of most tourists' spots in the world and many Foreigners are visiting India as tourist for knowing the different cultures, for visiting the heritage places in India and for taking better medical treatment considering cost and quality thereof. Hotel Industry in India is grasping this good opportunities and expanding their existing facilities including increasing the number of rooms and identifying and building the new construction with international standard. Your company has identified this and developing the software for hotel management in the area of billing, room booking, cancellation and various report for management purposes.

PAY ROLL MANAGEMENT:

India is identified by the world as good place for commencing the new business considering availability of man power at low cost and other available resources in India. Further, Indian Government opens the market for FDI and FII for developing the infrastructures facilities in India. They are commencing their business activities by forming either subsidiary Indian company and employing various Indian contractors for executing the work. In India, Various labour laws have to be complied with while employing the Labourers in India. In order to complying the said laws and considering the number of labourers employed in the various industry, it require to maintain the details of employees and labourers with their statutory and other deduction they need pay roll management.

In the Pay Roll Management arena, your Company would be focusing on development of ERP software for fulfilling their needs and other statutory compliances in India for labourers and employees.

Archana Software Knowledge center will provide training in the field of ERP software programming and development thereof. Archana with its creative pool of talent shall impart production-oriented training with the blend of the latest technology.

NASSCOM report mention that ERP industry will continue to be a net hirer; direct employment strength is increasing in upward trend. However it also mentions that the number of professionals joining the industry will be lower than this figure. This scenario, they feel will be due to many factors such as lack of proper training institutes, lack of proper trainers , awareness about the industry, accredited courses etc.

The inherent characteristic of this industry is the lack of skilled talent. Archana intends to bridge its resource gap by imparting high quality education in this field.

OPERATIONS OVERVIEW:

The revenue of the company for the FY 2013-14 was increased to Rs.547.37 lacs from Rs.519.76 lacs in FY 2012-13 registering growth rate of 5.31 % over previous year.

THREATS, RISKS & CONCERNS

- **Competition**

As the industry is poised for exponential growth, a lot of Companies are entering this arena and the cost efficient competitors are increasing. Also in the global scenario, there is a huge advent of software companies in China, Korea, Philippines and Singapore. These Countries also have a huge cost advantage like India. Over and above that, the Government in such countries is actively supporting the growth of the Software Industry. However, due to global economic meltdown, companies may reduce or postpone their technology spending. Reduction in spending may result in lower demand and negatively affect our revenues and profitability.

For the past several years, India has achieved healthy economic growth rates. The growth has been contributed by robust service sector performance as well as strong manufacturing output. India is being viewed as a key market among the emerging economies. Several multinational IT companies and Indian IT services companies are focusing on the Indian markets. This could affect our growth and profitability.

- **Scarcity of Human Capital**

This is an inherent problem with this industry. The skill required here has to be combination of creativity and synergizing of technology to bring the best results. There are very few training centers providing training which cater to the needs of the Industry. Also there is a lack of any organized channel of education and awareness as relating to the potential of this industry.

- **Capital Intensive and technology obsolescence**

This Industry is very capital intensive and typically requires high-end systems and storage equipment and proper infrastructure planning. Also the methods, softwares used in this field are dynamically changing and the advent of new technology, techniques and upgrades seem to be very fast. It poses a continuing challenge to companies in this Industry to adapt to newer technologies and also for the personnel to get trained and use these effectively.

INTERNAL CONTROL SYSTEMS:

The Company has an adequate systems and internal controls to safeguard the assets of the company; and to ensure maintenance of proper accounting records. Audit Committee periodically reviews the functioning of the entire system.

FINANCIAL PERFORMANCE:

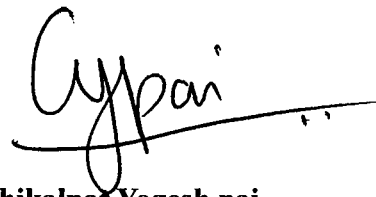
During the year under review, the company has earned operating profit of Rs.1.01 lacs for the year ended 31st March 2014.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

The Company makes efforts to ensure that employees are provided with a congenial work atmosphere. Facilities are equipped with state –of-the-art hardware, software and communication equipment apart from periodic recreational facilities to motivate the team. Continuously improving the quality of people through training in skill development as well as personality development. Management places great emphasis on continuously improving the work environment and ambience to nurture innovation and creativity.

On behalf of the board

For ARCHANA SOFTWARE LIMITED



Chikalpat Yogesh pai

Director

Place : Chennai

Date : 03.09.2014

INDEPENDENT AUDITOR'S REPORT

To the Members of

M/s. Archana Software Limited

Chennai

Report on the financial Statements

I have audited the accompanying financial statements of **M/s. Archana Software Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion


In my opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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, 2014;
- b) in the case of the Statement of Profit and Loss Account, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

- a) I have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In my opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In my opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
- e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.


A. SARAVANAN, B.Com., F.C.A.,
Chartered Accountant (M.No-26101)
No. 191-G "Annai Gardens"
Gandhi Nagar Post, Tirupur - 641 603
A.Saravanan, B.com., F.C.A.,

Chartered Accountants

(M.No. 026101)



Place: Chennai

Date: 03.09.2014

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Archana Software Limited on the accounts of the company for the year ended 31st March, 2014.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. In respect of its fixed assets:

(a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.

(c) In my opinion and according to the information and explanations given to us, there is no major fixed asset has been disposed during the year and therefore does not affect the going concern assumption.

2. In respect of its inventories:

(a) As explained to me, inventories have been physically verified during the year by the management at reasonable intervals.

(b) In my opinion and according to the information and explanations given to me, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) In my opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.

3. (a) According to the information and explanations given to me and on the basis of my examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.

(b) According to the information and explanations given to me and on the basis of our examination of the books of account, The Company has not taken any unsecured loans from its directors, a party covered in the register maintained under section 301 of the Companies Act, 1956.

4. In my opinion and according to the information and explanations given to me, there is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventories & fixed assets and payment for expenses & for sale of goods. During the course of my audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.

5. a) Based on the audit procedures applied by me and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

b) As per information & explanations given to me and in my opinion, the transaction entered into by the company with parties covered u/s 301 of the Act does not exceeds five lacs rupees in a financial year therefore requirement of reasonableness of transactions does not arises.
6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. The provision of section 209(1) (d) of the companies Act, 1956 regarding maintenance of cost records is not applicable to the company.
9. According to the information and explanations given to me, there is no amounts payable in respect of income tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
10. The Company has no accumulated losses at the year end. The company has not incurred cash losses during the year, and also during preceding financial year.
11. Based on my audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank.
12. According to the information and explanations given to me, the Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. In my opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of para 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
15. According to the information and explanations given to me, the Company has not given guarantee for loans taken by others from bank or financial institutions.

16. According to the information and explanations given to me, the company has applied term loan for the purpose to which it was raised.
17. Based on the information and explanations given to me and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. The Company has not made any preferential allotment of shares to any parties covered in the register maintained under section 301 of the Companies Act, 1956.
19. According to the information and explanation given to me, the company has not issued any debentures during the year under audit.
20. The company has not raised any money by way of public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to me, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.


A.SARAVANAN, B.COM., F.C.A.,

Chartered Accountant

A. SARAVANAN B.Com., F.C.A.,
(M.No. 026101) Chartered Accountant (M.No-26101)

No 191-G "Annai Gardens"
Gandhi Nagar Post, Tirupur - 641 603

Place: Chennai

Date: 03.09.2014.

ARCHANA SOFTWARE LIMITED

BALANCE SHEET AS AT 31ST MARCH 2014

Particulars		Note No	As at 31 March, 2014	As at 31 March, 2013
			Amount(Rs.)	Amount(Rs.)
A	EQUITY AND LIABILITIES			
	1 Shareholders' funds			
	(a) Share capital	1	60,439,500	60,439,500
	(b) Reserves and surplus	2	-34,379,058	-34,566,923
	2 Non-current liabilities			
	(b) Deferred tax liabilities (net)	3	3,702,224	3,688,293
	3 Current liabilities			
	(b) Trade payables	4	75,803,146	36,385,064
	(c) Other current liabilities	5	21,471,272	21,492,697
	TOTAL		127,037,083	87,438,631
B	ASSETS			
	1 Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	6	1,113,848	1,261,525
	(b) Non-current investments	7	4,000	4,000
	2 Current assets			
	(b) Inventories	8	9058815	9,058,815
	(c) Trade receivables	9	87,213,012	46,875,946
	(d) Cash and cash equivalents	10	144,573	732,006
	(e) Short term loans and advances	11	29,502,834	29,506,338
	TOTAL		127,037,083	87,438,631

A.SARAVANAN

Chartered Accountant

M.No: 026101

A. SARAVANAN, B.Com., F.C.A.,

Chartered Accountant (M.No-26101)

No 191-G "Annai Gardens"

Gandhi Nagar Post, Tirupur - 641 603

For and on behalf of the Board of Directors

Director

Director

Place : Chennai

Date : 03.09.2014



ARCHANA SOFTWARE LIMITED

Statement of Profit and Loss for the year ended 31 March, 2014

Particulars		Note No.	For the year ended 31 March, 2014	For the year ended 31 March, 2013
			Amount(Rs.)	Amount(Rs.)
A	CONTINUING OPERATIONS			
1	Revenue from Operation	12	54,735,404	51,976,158
	Other Income		1,854	-
	Total revenue		54,737,258	51,976,158
2	Expenses			
	(a) Cost of materials consumed	13	54,052,767	51,428,774
	(f) Depreciation and amortisation expense	6.A	147,676	248,360
	(g) Other expenses	14	335,019	377,665
	Total expenses		54,535,462	52,054,799
	Profit / (Loss) before extraordinary items and tax		201,795	-78,641
	Profit / (Loss) before tax		201,795	-78,641
	Tax expense:			
	Current Tax		-	-
	Deffered Tax		13,931	-
	Profit / (Loss) from continuing operations		187,865	-78,641

A.SARAVANAN
Chartered Accountants
M.No: 026101 A. SARAVANAN B.Com., F.C.A.,
Chartered Accountant (M.No-26101)
No 191/G "Annai Gardens"
Gandhi Nagar Post, Tirupur



For and on behalf of the Board of Directors

[Signature]
Director

[Signature]
Director

Place : Chennai
Date : 03.09.2014

ARCHANA SOFTWARE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	As on 31.03.14 Rs	As on 31.03.13 Rs
Note - 1		
Authorised Share Capital		
70,00,000 Equity Shares of RS.10/- each	70,000,000	70,000,000
Issued Subscribed and Paid up		
60,66,700 Equity Shares of Rs.10/- each	60,667,000	60,667,000
6066700 Equity share of Rs.10/-each	60,667,000	60,667,000
Less: calls unpaid	227,500	227,500
	60,439,500	60,439,500
Note - 2: Reserves and surplus		
General Reserves	250,000	250,000
Profit & loss		
Profit/(Loss) at the Beginning of the year	(65,256,424)	(65,177,783)
Add : Current Year Profits/(Loss)	187,865	-78641
	(65,068,559)	(65,256,424)
Other Reserves		
Share premium	30,667,000	30,667,000
Less: calls unpaid	(227,500)	(227,500)
	30,439,500	30,439,500
Net Reserves and surplus	(34,379,058)	(34,566,924)
Note - 3: Deferred tax (liability) assets		
Unabsorbed depreciation carried forward	3,702,224	3,688,293
Net Deferred tax liability	3,702,224	3,688,293
Note -4 : Trade Payables		
Sundry Creditors:	75,803,146	36,385,064
	75,803,146	36,385,064
Note - 5 : Other Current liabilities		
Advance Received	21,450,000	21,450,000
Audit Fee - Payable	20,000	33,708
TDS Payable	1,272	8,989
Total	21,471,272	21,492,697

ARCHANA SOFTWARE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	As on 31.03.14 Rs	As on 31.03.13 Rs
<u>Note -7 : Investments</u>		
Other Non current investment (specif nature)	4,000	4,000
Investment on share (Zenith Golbal consultant ltd)	4,000	4,000
<u>Note -8 : Inventories</u>		
Stock on Hand	9,058,815	9,058,815
Good in transit		
	9,058,815	9,058,815
<u>Note -9 : Trade Receivables</u>		
Debts due exceeding Six Months	87,213,012	39,659,809
Others		7,216,137
	87,213,012	46,875,946
<u>Note -10 : Cash and Cash equivalents</u>		
Cash in hand	51,236	51,236
Cash at Bank - With Scheduled Banks		
In Current account	93,337	680,770
	144,573	732,006
<u>Note - 11 : Short Term Loans and Advances</u>		
Security deposits : considered good	210,000	210,000
Balances with government authorities		
Vat credit receivable	11,496	15,000
Sree Pooranai Knitters Private Limited	5,500,000	
Other secured:considered goods advance to others	5,928,110	11,428,110
Advance to premises	1,419,508	1,419,508
K.R.C. Housing and infrastructure company	16,368,000	16,368,000
EMD	65,720	65,720
	29,502,834	29,506,338

ARCHANA SOFTWARE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	For the year ended 31.03.14 Rs	For the year ended 31.03.13 Rs
<u>Note - 12 : Revenue from operations:</u>		
Sale of Fabric	53,704,417	20,358,509
Sale of Yarn	1,030,987	31,617,649
Total	54,735,404	51,976,158
<u>Note - 13: Cost of Materials consumed</u>		
Opening stock of Rawmaterials	9,058,815	8,488,344
ADD: Purchases during the year	54,052,767	51,999,245
LESS: Closing stock	9,058,815	9,058,815
Raw Material Consumed	54,052,767	51,428,774
Material consumed comprises		
Fabric purchase	53,081,866	20,158,224
Yarn purchase	960,901	31,831,021
Direct Expenses - certificate charges	10,000	10,000
	54,052,767	51,999,245
<u>Note - 14: Other Expenses</u>		
Advertisement Charges	29959	
Annual custody fees	41,968	42,993
Annual listing fees		28,090
Audit Fee & Expenses	20,000	44,430
Bank charges	450	22,080
E-TDS Filing Charges		31
Office Expenses	16,061	
Salary	90,000	
Service charges	67,543	63,119
Professional charges	58,062	170,422
ROC Filing Charges	7,646	6,500
Travelling & Local Conveyance expenses	3,330	
	335,019	377,665

ARCHANA SOFTWARE LIMITED

DEPRECIATION AS PER COMPANIES ACT.FOR THE YEAR 2013-14

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	AS AT 31.03.13	ADDITIO NS	DELETIO NS	AS AT 31.03.14	UPTO 31.03.13	CURRENT YEAR	ADJUSTM ENT	AS AT 31.03.14	AS AT 31.03.14
Office Equipments	802,107.00	0.00	0.00	802,107.00	128,237.35	38,100.08	0.00	166,337.43	635,769.57
Furniture & Fittings	615,082.00	0.00	0.00	615,082.00	215,047.47	38,934.69	0.00	253,982.16	361,099.84
Air Conditioner	85,000.00	0.00	0.00	85,000.00	23,185.22	4,037.50	0.00	27,222.72	57,777.28
Computer	993,016.00	0.00	0.00	993,016.00	932,731.76	60,284.24	0.00	993,016.00	0.00
Electrical & Fittings	99,839.00	0.00	0.00	99,839.00	34,317.45	6,319.81	0.00	40,637.26	59,201.74
TOTAL	2,595,044.00	0.00	0.00	2,595,044.00	1,333,519.24	147,676.32	0.00	1,481,195.56	1,113,848.44

ARCHANA SOFTWARE LIMITED

Depreciation as per IT. Act for the FY 2013-14

Description	Rate	As ON 01.04.13	Additions		Total Additions	Deletions	Balance as on 31.03.2014	Current Depreciation	Balance as on 31.03.2014
			> 180 days	< 180 days					
			Amount(Rs.)						
Furniture & Fittings	10%	876,415	-	-	-	-	876,415	87,642	788,774
Office Equipments	15%	51,349	-	-	-	-	51,349	7,702	43,647
Air Conditioner	15%	32,057	-	-	-	-	32,057	4,809	27,248
Computer	60%	4,067	-	-	-	-	4,067	2,440	1,627
Total		963,889	-	-	-	-	963,889	102,593	861,296

Deferred Tax

Depreciation as per Co. Act	147,676
Depreciation as per IT. Act	102,593
Difference	45,084

Deferred Tax Liability 13,931

SCHEDULE 'G'

A. Significant Accounting Policies:

1. Basis of Preparation of financial statements

- a) The financial statements have been prepared under the historical cost convention in accordance with generally accepted Accounting Principles and the provisions of the Companies Act, 1956.
- b) Accounting policies not specifically referred to otherwise are consistent throughout the year under audit and in consonance with generally accepted Accounting Principles followed by the company.

2. Fixed Assets:

Fixed Assets are stated at cost less depreciation. Cost comprises of purchase price, import duties, levies and any directly attributable cost of bringing the assets to its working condition for its intended use.

Depreciation is provided on a pro-rata basis, from the date the assets have been installed and put to use on a written down value method at the rates and in the manner specified under Schedule XIV to the Companies Act, 1956.

3. Revenue Recognition:

All Income and Expenditure items having a material bearing on the statements are recognized on accrual basis.

4. Income From operation:

Income From operation consists of the ERP Software product sold and transactions in textile products.

5. Related Party Disclosures:

Particulars of transactions with related parties during the year

Purchase of Goods

From Shakthi Knitting Limited Rs.75,06,550

Sale of Goods

To Shakthi Knitting Limited Rs.2,87,33,275

6. Segment information for the year ended 31st March, 2014

As the company's business is only Software segment and no other segment is there which requires reporting.

7. Earning Per Share

	2013 - 14	2012 - 13
a. Weighted averages number of Equity Shares of Rs.10/- each		
i. number of shares at the beginning of the year	60,43,950	60,43,950
ii. number of share at the end of the year	60,43,950	60,43,950
Weighted average number of equity Share outstanding during the year	61,43,425	61,43,425
a. Net Profit/(Loss) available for equity shareholders	1,87,865	(78,641)
b. Basic and diluted earning per share (in Rupees)		
EPS (diluted)	NIL	NIL

SCHEDULE 'H'

Other Notes on Accounts:

1. Loans and Advances, Advances received, Sundry Debtors and Sundry Creditors shown in the Balance sheet are subject to confirmation.

2. In the opinion of the Board of Directors, Current Assets and Loans & Advances have a value on realization in the ordinary course of business at least equal to the amount of which they are stated.

3. Payment to auditors

	31.03.2014	31.03.2013
	(Rs.)	(Rs.)
Audit Fees	15,000	15,000
Taxation Work	-	-
TOTAL	15,000	15,000

4. For the year-ended 31.03.2014, no provision for contingent liability has been provided for.

5. In view of huge carried forward loss, company has not provided for deferred tax liability for the current year on the difference amount of depreciation between companies act and income tax act.

6. No Provision for Taxation has been made in view of the carried forward losses available for set off.

7. Figures of the previous year have been regrouped wherever necessary to conform to the classification of the current year.

8. All the figures in the financial statements are rounded off to the nearest rupee.

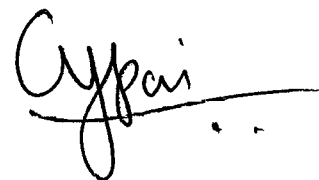
9. The significant Accounting Policies numbering from G(1) to G(7) and other notes on Accounts numbering from H(1) to H(8) above form an integral part of the accounts.

For ARCHANA SOFTWARE LIMITED

Place: Chennai

Date: 03.09.2014.


S.SONAACHALAM
DIRECTOR


CHIKALPAT YOGESH PAI
DIRECTOR

ARCHANA SOFTWARE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDING 31.03.2014

Particulars	31.03.2014		31.03.2013	
	Rs	Rs	Rs	Rs
A. Cash Flow from operating activities				
Net Profit / (loss) before extraordinary items and tax		201795		-78641
Adjustment For				
Depreciation and amortisation	147676	147676	2483601	248360
Operating profit / Loss) before working capital Changes		349471		169719
Changes in working capital				
Adjustment For (increase) – decrease in operating assets:				
Inventories			-570471	
Trade Receivable	-40333562		-11176487	
Long – term loans and advances				
Adjustment for increase /(decrease) in operating liabilities:				
Trade payable	39396657	-936905	12089084	342126
cash generated flow operation activities				
Cash flow before extraordinary item				
Extraordinary item (Net)				
Net Cash flow from / (used in) operating activities (A)		-587434		511845
B.Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances				
Net cash flow from / (usedin) investing activities (B)		0		0
C.Cah flow from financing activities				
Finance cost				
Dividend paid				
Tax on dividend				
Net Cash flow from / (used in) financing activities (c)		0		0
Net increase / (decrease) in cash and cash equivalents (A+B+C)		-587434		511845
Cash and cash equivalents at the beginning of the year		732006		220160
Cash and cash equivalents at the end of the year		144573		732006

**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT,
1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.**

I. Registration

State Code

Balance Sheet Date

2 | 9 | 2 | 2 | 6

1 | 8

3 | 1 | 0 | 3

2 | 0 | 1 | 4

II. Capital Raised during the year [Amount in Rs. Thousands]

Public Issue

| | N | I | L | |

Right Issue

| | N | I | L | |

Bonus Issue

| | N | I | L | |

Private Placement

| | N | I | L | |

III. Position of Mobilisation and deployment of Funds [Amount in Rs. Thousands]

Total Liabilities

| 1 | 2 | 7 | 0 | 3 | 7

Total Assets

| 1 | 2 | 7 | 0 | 3 | 7

Source of Funds

Paid up Capital

| | 6 | 0 | 4 | 3 | 9

Reserves & Surplus

| - | 3 | 4 | 3 | 7 | 9

Secured Loans

| | N | I | L | |

Unsecured Loans

| | N | I | L | |

Application of Funds

Net Fixed Assets

1 1 1 4

Net Current Assets

2 8 6 4 5

Accumulated Losses

Investments

4

Misc. Expenditure

N I L

IV. Performance of the company [Amount in Rs. Thousands]

Turnover

5 4 7 3 7

Profit /Loss before tax

2 0 2

Earning Per Share in Rs.

N I L

Total Expenditure

5 4 5 3 5

Profit After Tax

1 8 8

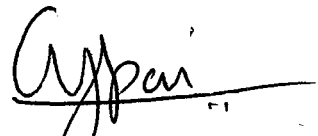
Dividend Rate %

N I L

V. Generic Names of Principle Products / Services of the company as per monetary terms Item Code No. [ITC Code] N.A Product Description SOFTWARE DEVELOPMENT

For ARCHANA SOFTWARE LIMITED


S.SONAACHALAM
DIRECTOR


CHIKALPAT YOGESH PAI
DIRECTOR

CHENNAI,

03.09.2014.

ARCHANA SOFTWARE LIMITED

(Formerly SSL FINANCE LIMITED)

'Land Marvel Nest', F-1, 3, First Main Road, Indira Nagar, Adyar, Chennai-600 020.

ATTENDANCE SLIP

(Please complete this attendance slip and hand it over at the entrance of the meeting hall.)

Member / Proxy(name)

.....

I hereby record my presence at the Twentieth Annual General Meeting held on Monday the 29th September, 2014 at 10 am at the N.M.S. Marriage Hall, 61F Main Road, Velachery, Chennai-600 042.

Registered Folio	
No of Shares held	

DO ID

Names of the Shareholders/ proxy(in block letter)

Signature of the Shareholders/proxy.....

FORM OF PROXY



Registered Folio	
No of Shares held	

I/We.....of.....in the district of.....being membership(s) of the Company named herein above, hereby Mr.....of.....in the district of.....of filing him Mr. ofin the district ofas my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the company held on Monday the 29th September, 2014 at the N.M.S. Marriage Hall, 61F Main Road, Velachery, Chennai-600 042. at 10.00 a.m. and at every adjournment thereof.

Signed this.....day of.....2014.

FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1	Name of the company	Archana Software Limited.
2	Annual financial statement for the year ended	31 st March 2014.
3	Type of Audit observation	Un-qualified
4	Frequency of observation	NIL
5	To be signed by- <ul style="list-style-type: none"> • CEO/ Managing Director • CFO • Auditor of the Company • Audit Committee Chairman 	  A. SARAVANAN.B.Com.,F.C.A., Chartered Accountant (M.No-26101) No 191-G "Annai Gardens" Gandhi Nagar Post, Tirupur - 641 603 