



## **ARCHANA SOFTWARE LIMITED**



**22<sup>ND</sup> ANNUAL REPORT  
2015 – 2016**

**Boards of Directors**

Whole Time Director	<b>Chikalpat Yogesh Pai</b>
Non Executive Director	<b>S.Vasanth Kumar</b>
Independent Director	<b>S.Sonaachalam</b>  <b>V.Paranthaman</b>  <b>P. Parimala</b> Women Director

<b><u>Auditors</u></b>  <b>A. SARAVANAN.</b> Chartered Accountant 191-G, Annai Gardens, T.T.P. Mill Road, AB Nagar, Gandhi Nagar (PO), Tirupur – 641 603	<b><u>Secretarial Auditor</u></b>  <b>P THIRUMALAIKUMAR,</b> Company Secretary in Practice Flat No.S-2, II Floor, “Mahalakshmi” No.82/40, A P Kovil Street, Vadapalani, Chennai- 600026
<b><u>Bankers</u></b>  Tamilnadu Mercantile Bank Ltd, Kamaraj Road, Tirupur.  HDFC Bank Ltd I.T.C Centre, Anna Salai, Chennai.  IDBI Ltd. 115, Annasalai, Saidapet, Chennai.	<b><u>Registered Office</u></b>  'Land Marvel Nest' , 1 <sup>st</sup> Floor, No.3, First Main Road, Indira Nagar, Adyar, Chennai – 600 020.  <b><u>Email id :</u></b> <a href="mailto:archanasoftware@gmail.com">archanasoftware@gmail.com</a> <a href="mailto:vasanth@archanasoftware.com">vasanth@archanasoftware.com</a>  Website : <a href="http://www.archanasoftware.com">www.archanasoftware.com</a>
<b>CIN:L17120TN1994PLC029226</b>	
Annual General Meeting on 20 <sup>th</sup> September 2016 @ N.M.S.Marriage Hall, 61 F Main Road, Velachery, Chennai-600 042	

<b><u>Listing</u></b>  <b>BSE Ltd</b> Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai - 400 001	<b><u>Registrar &amp; Share Transfer Agent</u></b> 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: <a href="mailto:sharexindia@vsnl.com">sharexindia@vsnl.com</a>
<b><u>Stock Code</u></b> <b>530565</b>	<b><u>ISIN Number</u></b> <b>INE149B01015</b>

## **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 31<sup>st</sup> March 2016.

## **FINANCIAL RESULTS**

**Rs. in Lacs**

<b>Particulars</b>	<b>2015-2016</b>	<b>2014-2015</b>
Sales Income	192.28	549.10
Profit / (Loss) before Tax	(10.07)	(0.46)
Profit / (Loss) after Tax	(10.29)	2.42
Balance carried to Balance Sheet	(658.55)	(648.26)

## **DIVIDEND**

No dividend has been recommended for the year.

## **TRANSFER TO RESERVES IN TERMS OF SECTION 134 (3) (J) OF THE COMPANIES ACT, 2013**

The board does not proposed any amount to carry to any specific reserves.

## **OPERATIONS as STATE OF COMPANY'S AFFAIRS**

During the year, your company has clocked a turnover of Rs.1.92 crores and Net loss of Rs.10.29 lakhs. Your directors are confident of registering substantial increase in turnover and profits in the coming years.

## **CHANGES IN NATURE OF BUSINESS**

There is no significant changes had been made in the nature of the company during the financial year

## **MANAGEMENT DISCUSSION & ANALYSIS**

### **Overview of the Economy**

In 2015-2016, world economy continued its recovery from the recession in the last decade; the global growth of 3.4% showed a continued path to improvement taking into account growth of 3.4% in 2013. India's economy also showed a continued cyclical upswing; in FY 2015-16, India's GDP grew significantly compared to FY15. While these higher numbers partially reflect the change in base year used for calculation of GDP, the overall growth demonstrates a strong recovery. Due to record-low oil prices and focus on fiscal policy by the new Government at the centre, inflation has eased. It has also allowed easing of interest rates. Strong investor sentiment and record FII inflows have helped stabilize the currency.

However, deadlock in the parliament on key reforms and the prospect of taxation under MAT has led to short-term jitters in the market. Lack of pickup in credit growth due to high banking NPAs is a worrying sign. While the markets have reached record levels, showing great optimism, it remains to be seen whether it will be seen in the performance of industry sector. Looking ahead, the outlook for FY 2016-17 appears optimistic. Policy initiatives, pick-up in investments and continued low oil prices are likely to continue the momentum. While a lot will depend on the ability of the Government to drive 2nd generation reforms and remove structural bottle-necks, the intent and continued support to industrial growth in the country is unquestioned.

In FY 2016-17, India is likely to accelerate GDP growth rate to 7%- 7.6%. The increase in growth rate is expected to be contributed majorly by the industrial sector. Unclogging of domestic policy logjam as well as improvement in private consumption demand is likely to drive the growth. Though addressing supply-side constraints (e.g. in mining, power, and steel sectors) will be the key to continue this momentum and achieve the increase in growth rate. The prospects of long-term growth in India remain strong. India brings to the table a rare set of strengths: A long standing tradition of stable democratic governments, capable private sector, huge consumer base and restless entrepreneurs. Given India's demographic transition, the country will still be a relatively young nation 20 years from now. This is likely to generate significant volumes of savings and investment over the coming years. All of the above will create a huge market opportunity for companies who are willing to take long-term bets on the Indian consumer.

### **Indian Textile Industry**

Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textile industry also plays a pivotal role through its contribution to industrial output, employment generation and export earnings of the country. It contributes about 4% of India's GDP, 14% to India's industrial production and 13% to the country's export earnings & 27% of the foreign exchange inflows. Textile Industry provides employment to 45 million people, which makes it the 2nd largest employment provider in the country after Agriculture. Globally, India has the 2nd largest textile manufacturing capacity; the Indian textiles industry accounts for about 24 per cent of the world's spindle capacity and eight per cent of global rotor capacity. It is now the 2nd largest textile exporter in the world. The size of the Indian textiles and apparel industry is expected to reach USD 223 billion by 2021. While Indian textile industry has strong presence across the value chain, manufacturing value chain is

unbalanced. India is 2nd largest producer of man-made staple fibre. With 50 million spindles, India is one of the world's leading and most cost efficient producer of the spun yarn. While it has 2nd largest no. of looms globally, the organized mill sector contributes only 5%. India needs to upgrade its loom as well as processing machinery.

### **Opportunities and Threats**

The demand for the company's product are on the stable, the premium products are more visible and are adding to the revenue of the company. Association with Indian Premier League has given a wider reach to the company's products.

### **Future Outlook**

The company is trying to do well in the domestic market. On the whole the outlook for the company continues to remain positive.

### **Risks and Concern**

Proper and unhindered availability of labor force is an issue to meet the increasing demand coupled with an even price fluctuation in yarn prices and govt policies are some of the issues that need to be taken care of, your company is taking efforts to cut down dependence on outside forces. Your Company has a well documented Risk Management Policy. This policy is reviewed by the Management periodically and is appropriately modified wherever necessary.

### **Transparency in Sharing Information**

Transparency refers to sharing information and acting in an open manner. Processes, instructions and information are directly accessible to those concerned with them and enough information is provided to understand and monitor them. Your Company believes in total transparency in sharing information about its business operations with all its stakeholders.

Your Company strives to provide maximum possible information in the Management Discussion and Analysis in the Annual Report and also through other means to keep the stakeholders informed about the business performance.

### **Internal Control Systems**

The Company has adequate internal control procedure commensurate with the nature of its business and the size of its operations for the smooth conduct of its businesses. Internal audit is conducted at regular intervals and covers the key areas of operations. It is an independent, objective and assurance function responsible for evaluating and improving the effectiveness of risk management, control and governance processes. An Audit Committee consisting of three independent non-executive directors, inter alia, monitors performance of Internal Audit on a periodical basis through review of the audit plans, audit findings and promptness of issue resolution through follow-ups.

### **Human Resources**

Your Company continues to be focused towards employee empowerment. We acknowledge the commitment and dedication of our team. With expanding operations, we continue to build our team, with on-board training across various processes..

### **Cautionary statement**

Estimates and expectations stated in this Management Discussion and Analysis may be a “forward-looking statement” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expected or implied. Important factors that could make a difference to your Company’s operations include economic conditions affecting demand/supply, price conditions in the domestic and international markets, changes in the Government regulations, tax laws, other statutes and other incidental factors.

#### **MATERIAL CHANGES AND COMMITMENTS OCCURRED BETWEEN THE DATE OF BALANCE SHEET AND THE DATE OF AUDIT REPORT**

No significant material changes and commitments have occurred between the date of the balance sheet and the date of the audit report

#### **SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS/COURTS/TRIBUNALS**

There are no significant and material orders passed by Regulators/Court/Tribunals against the company.

#### **ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Company has in place proper and adequate internal control systems commensurate with the nature of its business, size and complexity of its operations. Internal control systems comprising of policies and procedures are designed to ensure liability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedure, applicable laws and regulations, and that all assets and resources are acquired economically, used.

#### **FUTURE PLAN**

Relationship with the customers in the textile business has opened up a new business avenue for the company. Your directors are exploring the opportunities to venture into textile products to increase the business volume

#### **Subsidiaries / Joint Ventures**

There are no subsidiaries and Joint venture Companies.

#### **CONSERVATION OF ENERGY, TECHNOLOGY, ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

##### **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.

## MANAGERIAL REMUNERATION

1. Details of Managerial Remuneration required to be Disclosed in Boards Report as per Section 197(12) of the Companies Act 2013 and read with Rule 5(1) of the Companies Appointment and Remuneration of Managerial Personnel) Rules, 2014:-

Name of the Director	Designation	Remuneration Paid in FY 2015-2016 (in RS)	Remuneration Paid in FY 2014-2015 (in RS)	% increase of remuneration in 2016 as compared to 2015 previous year	Ratio/Times per Median of employee remuneration
S VasanthKumar	Non-executive Director	NIL	NIL	NA	NA
V Paranthaman	Independent Director	NIL	NIL	N A	NA
Chikalpat Yogesh Pai	Wholetime Director	120000	NIL	N A	NA
S Sonaachalam	Independent Director	NIL	NIL	NA	NA
P Parimala	Independent Director	NIL	NIL	NA	NA
**V Ramani	Independent Director	NIL	NIL	NA	NA
K P Appusamy	CEO	72000	NIL	NA	NA
G Narendiran	CFO	60000	NIL	NA	NA

\*\*Mr. V. Ramani resigned from directorship on 8<sup>th</sup> June 2015

There is no employee who is withdrawing remuneration more than 60 Lacs per annum, more than 5 Lacs per month and more than remuneration of Managing Director or Whole Time Director

- The board confirms that the remunerations paid to the directors is as per the remuneration policy.

**2. STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH RULE 5(2) And RULE 5 (3) of COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

**A. Employed throughout the year and in receipt of remuneration in aggregate of not less than Rs. 60 Lakhs per annum**

---- None ----

**B. for part of the year and in receipt of remuneration of more than Rs. 5 Lakhs per month**

---- None ----

**C. If employed throughout the FY or part thereof, was is in receipt of remuneration in excess of that drawn by the Managing Director or WTD or Manager and holds himself or along with his spouse and dependent children, not less than 2% of equity shares of the Company.**

---- None ----

**RISK MANAGEMENT POLICY**

The risk management policy of the company rectifies the risk and controlling mitigating factors. The risk as identified by the company does not threaten the existence of the company

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors confirm:

1. That in the preparation of Annual Accounts, the applicable Accounting Standards have been followed and no material departures have been made from the same.
2. 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.
3. 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.



4. That they have prepared the annual accounts on the 'going concern' basis
5. The Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively
6. The Directors had devised proper system to ensure that systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively

## **DETAILS OF MEETINGS OF THE BOARD OF DIRECTORS**

The Board met 9 (Nine times) on the following dates during the financial year 2015 -16

<b>Date of Board meeting</b>	<b>Few Main Agendas discussed</b>
30 <sup>th</sup> April 2015	Adoption of Un-Audited Quarterly & Annual Financial Results for the year ended 31 <sup>st</sup> March 2015
15 <sup>th</sup> June 2015	Accepted and relieved Mr. V Ramani from the Independent Directorship of the Board of the Company.
23 <sup>rd</sup> July 2015	<p>1.To conduct the Postal Ballot Pursuant to Section 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014, for seeking the approval of Shareholders of the Company by way of Postal Ballot on the following matters:</p> <p>a. Modification / Addition of new objects in Object Clause of MOA.</p> <p>b. Adoption of New Articles of Association in conformity with the provisions of the new Companies Act 2013.</p> <p>c. Appointment of Mr. V Paranthaman as an Independent Director of the Company.</p> <p>d. Appointment of Ms. P Parimala as an Independent Woman Director.</p> <p>e. Authorization for Related Parties Transactions;</p> <p>2. Appointment of Scrutinizer to conduct the</p>

	Postal Ballot in fair and transparent manner.
30 <sup>th</sup> July 2015	Adoption of Unaudited Financial Results for the Quarter ended 30 <sup>th</sup> June 2015
28 <sup>th</sup> August 2015	Adoption of AGM Notice, proposed AGM transactions, draft resolutions, Audited Accounts, Auditors Reports, Notes on Accounts, Annexures to the Auditors Report, Directors Report etc.
30 <sup>th</sup> October 2015	Adoption of Unaudited Financial Results for the Quarter & half yearly ended 30 <sup>th</sup> September 2015
4 <sup>th</sup> December 2015	Business Review
30 <sup>th</sup> January 2016	Adoption of Unaudited Financial Results for the Quarter ended 31 <sup>st</sup> December 2015
24 <sup>th</sup> March 2016	Business Review

## **CORPORATE GOVERNANCE:**

A report on Corporate Governance, pursuant to clause 49, is annexed hereto and forms part of this report. A certificate from Mr. A. Saravanan, 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.

## **ANNUAL RETURN**

An extract of Annual Return as on 31 March 2016 pursuant to Section 92 ( 3) of the Companies Act, 2013 and forming part of the report is attached separately as **Annexure-A**

## **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.

## **COMMITTEES OF THE BOARD**

Currently, the Board has 5 committees. The Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Corporate Social Responsibility Committee and Stakeholders Relationship committee.