

we



brand
new

LOVE STORY. LOVE

.....
*New identity becomes the starting point of
a new love story.*

— ANNUAL REPORT —
2011-2012



The most special way to say you care



Board of Directors

Anil Moolchandani
Chairman-cum-Managing Director

Jagdish Moolchandani
Executive Director

Pramod Arora
Joint Managing Director

Vijayant Chhabra
Executive Director

Sunil Behl
Director

Arun Singhal
Director

Ajit Ganpatlal Shah
Director

Prem Kumar Chadha
Director

Company Secretary
Vikas Kumar Tak

Auditors
M/s Uberoi Sood & Kapoor

Bankers
Citibank N.A.
ICICI Bank Ltd.
Indusind Bank Ltd.

Registered Office
191F, Sector-4, IMT Manesar, Gurgaon,
Haryana-122050

Corporate Office
C-113, Naraina Industrial Area Phase-1, New
Delhi-110028

CONTENTS

PG•2

WE LOVE
A CHANGE.

PG•4

WE LOVE
A LITTLE EXTRA.

PG•8

WE LOVE
A SMILE.

PG•10

WE LOVE
A CONVENIENT LIFE.

PG•12

WE LOVE
A SPECIAL SOMETHING.

PG•14

WE LOVE
A HELPING HAND.

PG 16 ♥ From The Chairman's Desk

PG 18 ♥ Notice

PG 23 ♥ Director's Report

PG 28 ♥ Report on
Corporate Governance

PG 36 ♥ Auditors Report

PG 39 ♥ Balance Sheet

WE



change.

Conventional wisdom says, "Why fix it if it ain't broke?" The Archies logo has been the symbol of love, friendship and self expression to generations who have grown up between the aisles of Archies Galleries around the country. Although simple, the logo is still one of the most recognisable amongst the home-grown brands. It evokes trust, respect and a sense of nostalgia in a great many people. Then why did we decide to let go of it? Because it was time to let go of the past. Because it was time to forge new relationships. Because it was time to change.

In our various interactions with people who have sworn by Archies for years, the one unani-

mous thing that stood out was that Archies meant love. So logically, the ubiquitous symbol of love, the heart, found its way into the new logo. The colour combination of red and white was chosen for red denotes love and passion and in contrast with white has great visibility.

The heart with the 'a' now has the potential to become a mnemonic for Archies that can be carried forward everywhere.

With the new logo, Archies is once again set to revolutionise the market that we created from scratch years ago. We are set to offer more to the people who have loved us all these years. We are set to write yet another chapter of our great success story.



WE

'The more the merrier' goes the saying and we couldn't agree more. It's human nature to never be satisfied and always demand more. Be it the extra piece of chocolate from your sibling, the extra day off from the boss, the extra discount from the shopkeeper or from life in general. At Archies, we know this, and are therefore always striving to give you everything we possibly can. Case in point being our relationship with Hallmark, which began last year. After bringing in the \$4bn global behemoth to India, we have been working hard to improve the distribution and availability of the products. In addition to that, we are also working on bringing into India the unique and innovative products that make Hallmark the global leader. The current tally of exclusive Hallmark stores stands at 14 with a presence in

Delhi/NCR, Mumbai, Bangalore and Pune. Apart from the flagship stores, Hallmark products are also available at over 500 locations including exclusive Archies Stores and franchise outlets. Looking forward, we are excited to bring into India more products from the Hallmark range. The more exciting ones include Blooming Expressions and Story Buddies. Blooming Expressions, as the name suggests, is a mechanised flower that blooms at the press of a button to reveal a special message for a special person. The Story Buddies range is a unique offering for kids that include a storybook and an interactive character soft toy from the story that responds when key words are read aloud. Along with these, special Snoopy and Garfield merchandise will also be introduced.





little
extra.





we

♥
a



Smile.

It's often said that the shortest distance between two people is a smile. Nothing brings people closer better than a simple smile does. It can disarm a sworn enemy. It can turn a complete stranger into a friend. It can confuse an approaching frown. No wonder, then, that smiling and spreading smiles is somewhere near the top of our priority list. And to achieve that, we entered into a tie-up with the famous Smiley Company last year.

Created in 1971 by Frank Loufrani, a journalist, to highlight happy stories in the newspaper he used to write for, then copyrighted globally, the Smiley logo is today a brand with

presence all around the world. Having been used by individuals to express themselves to becoming the symbol of a music revolution, the brand Smiley is more than just an icon. It's a spirit, a philosophy that constantly reminds people how powerful a smile can be. By bringing cool and funky Smiley World merchandise to our consumers, we are doing our bit to ensure the smiles continue. The Smiley World line-up, designed and launched by us, includes products like wall clocks, zodiac key chains, soft toys, mugs, sippers, photo albums, notebooks and a lot more.



we



*convenient
life.*



Ever wondered how wonderful it would be if everything you needed was just an arm's length away? Everything you need stacked around in a circle so that you wouldn't have to move. Well, we can't do much about other things, but we certainly try to be as close to our customers as possible. This is why we are constantly upgrading and adding more and more merchandises on www.archiesonline.com, so that one can always buy their favourite Archies products conveniently. Our virtual gallery now boasts of a huge selection that includes cards,

gifts, perfumes, deodorants, soft toys, clocks & watches, fashion accessories and much more.

In our endeavor to be closer to the customer, it isn't only the online space that we are focusing on. Over the last year, we have made a conscious effort to open as many Archies stores or franchise outlets as possible.

This effort has fructified in form of new store openings, deeper in the heartland of India by way of further penetration into tier II & III cities.







special something.

Little things in life often turn out to be the biggest ones. A small gesture from a loved one can brighten up your day in such a way that you always remember it. Imagine being under the weather and receiving a 'Get Well Soon' card from your childhood buddy. Half your troubles vanish because of the warmth you feel inside. The warmth that comes from feeling loved. The warmth that comes from being cared for. The warmth that comes from feeling special. And all this through a simple greeting card.

Everyone wants to feel loved and at Archies, we believe the best way to express your love for someone is through a greeting card. A greeting card says a lot in just a few words. It

says that someone took the effort of taking out time, going to the store and selecting the perfect card for you. It says that you are special. And since a greeting card plays such an important role in our relationships, we consider greeting cards special.

Gone are the days when cards used to be ink on paper. Today, greeting cards are a piece of art unto themselves. From employing the best writers and designers to using special papers and following intricate processes like die-cuts, foiling, glittering and many others, at Archies we do all we can to give you the very best greeting cards.





We



Love is about a lot of things. Helping one another is one of them. As a brand synonymous with love, we believe it is our responsibility to help those in need and spread happiness. That is why we have entered into a licensing agreement with the United Nations International Children's Emergency Fund (UNICEF) under which we produce and distribute UNICEF cards and paper products through our vast retail network. Proceeds from the sales of these products support UNICEF's efforts towards fulfilling the rights of all children in India - their right to survival, to development, to education and to protection from violence, exploitation and abuse. The UNICEF products



launched by Archies include everyday greeting cards, targeted at business enterprises, a first for an NGO offering, which normally focuses on Season's Greetings. The normal offering of Seasons' Greetings, Calendars and Diaries round off the range.

Apart from UNICEF, we also have long standing tie-ups with HelpAge and CRY. These charitable organisations help bring smiles to many underprivileged adults and children. All Archies stores market greeting cards and social expressions stationery bearing the HelpAge and CRY logos. The organisations receive royalty from the sales of these products.

helping hand.



FROM THE CHAIRMAN'S DESK

Dear Friends,

As another eventful year at Archies Limited comes to an end, it gives me immense pleasure to present this Annual Report to you.

The past year has been an important one in our journey. After persisting with our old logo for many years, we finally underwent a major change and redesigned our logo to create a new brand identity. The new logo combines the symbol of love, the heart, with the 'archies' name. The colours red and white bring in a sense of passion and serve the practical purpose of being highly visible in a cluttered world. The new logo holds the potential to carry forward our success story.

Apart from the change in our corporate identity, the last year also saw us forging new relationships and bring in new products into the Indian market. Following our passion of offering newer ways of expressing oneself to our customers, we collaborated with the world famous Smiley Company and brought in their wide range of products. We also continued to expand on our range of Hallmark products and are poised to introduce the Indian market, to Hallmark Innovations like Blooming Expressions and Story Buddies.

Cow Parade, the world famous public art event, came to India through exclusive collectible figurines that are available exclusively at Archies stores.

To be closer to our customers, we opened up more outlets and added substantially to our franchise outlets. By strengthening our online products portfolio at www.archiesonline.com, our online presence also grew stronger.

Our partnerships with UNICEF, HelpAge and CRY strengthened considerably and we are happy that our efforts helped brighten a few lives this past year.

The World Economy last year has been under tremendous stress and the Indian economy has not been any exception. Despite the difficult scenario Archies has crossed the Rs 200 Cr Turnover mark.

All in all, it has been a good year. Here's wishing for a greater one ahead.

Yours Truly

Anil Moolchandani
Chairman & Managing Director
Archies Limited

Year At A Glance

(₹. in Lacs)

S. No.	Particulars	2011-2012	2010-2011
1.	TOTAL TURNOVER	20113.12	18818.77
2.	OTHER INCOME	86.03	119.25
3.	TOTAL EXPENDITURE	18066.54	16695.40
4.	PROFIT BEFORE DEPRECIATION, INTEREST AND TAX (PBDIT)	2132.61	2242.62
5.	PBDIT AS A % OF TOTAL TURNOVER	10.60	11.92
6.	INTEREST	282.23	188.41
7.	DEPRECIATION	459.04	453.26
8.	PROFIT BEFORE TAX (PBT)	1391.34	1600.95
9.	PBT AS A % OF TOTAL TURNOVER	6.92	8.51
10.	EXTRAORDINARY ITEM	0.00	0.00
11.	PROFIT BEFORE TAX AFTER EXTRAORDINARY ITEM	1391.34	1600.95
12.	PROVISION FOR TAXATION	441.19	518.21
13.	PROFIT AFTER TAX (PAT)	950.15	1082.74
14.	PAT AS A % OF TOTAL TURNOVER	4.72	5.75
15.	PAID UP EQUITY SHARE CAPITAL	675.62	675.62
16.	RESERVES (EXCLUDING REVALUATION RESERVES)	9862.75	9069.64
17.	NET WORTH	10538.37	9745.26
18.	EARNING PER SHARE OF FACE VALUE RS 2 (IN RS.)	2.81	3.21
19.	BOOK VALUE PER SHARE OF FACE VALUE RS 2 (IN RS.)	31.20	28.85
20.	DIVIDEND (%)	20	20
21.	AMOUNT OF DIVIDEND	135.12	135.12
22.	RETURN ON AVERAGE NET WORTH (%)	9.37	11.75
23.	RETURN ON AVERAGE CAPITAL EMPLOYED (%)	14.57	16.44

NOTICE

NOTICE is hereby given that the Twenty Second Annual General Meeting of the members of Archies Limited will be held at Manesar Club, Sector-5, IMT Manesar Gurgaon Haryana 122050, on Thursday, the 27th day of September, 2012 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and Profit & Loss Account for the year ended on that date along with the Reports of the Auditors and the Directors thereon.
2. To declare dividend @ 20% equivalent to Rs. 0.40/- per equity share of Face value of Rs 2/- each for the financial year 2011-12.
3. To appoint a Director in place of Mr. Sunil Behl, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ajit Ganpatlal Shah, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Uberoi Sood & Kapoor, Chartered Accountants, New Delhi, as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. Increase in Payment of Director Sitting Fee

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution :

"RESOLVED THAT the Articles of Association of the Company be amended by substituting the following new article 87 (1) in place of the existing Article 87 (1)

The new Article 87 (1) will read as follows:

"Subject to the provisions of the Companies Act, 1956 and Rules made there under, each Director including a Managing Director shall be paid sitting fees for each meeting of the Board or a committee thereof, attended by him a sum not exceeding Rs. 7500/- (Rupees Seven Thousand Five Hundred)."

7. Appointment of Mr. Prem Kumar Chadha as Director of the Company

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as Ordinary Resolution :

"RESOLVED THAT pursuant to the requirements of sections 257 of the Companies Act, 1956, and such other provisions, as may be applicable Mr. Prem Kumar Chadha, who was appointed as an Additional Director with effect from 14th November, 2011 under the provisions of Section 260 of the Companies Act, 1956, and who holds such office up to the date of this Annual General Meeting of the Company and in respect of whom a notice under the provisions of Section 257 of the Companies Act, 1956 has been received proposing his candidature for the office of Director, be and is hereby appointed as a Director, liable to retire by rotation."

8. Increase in the remuneration of Relative of Directors

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 314 (1B) of the Companies Act, 1956 read with the Director's Relatives (Office or Place of Profit) Rules, 2011, and other applicable provisions, if any, and any amendments or modifications thereof, consent of the Company be and is hereby accorded for increase in remuneration of Mr. Karan Moolchandani, a relative of Mr. Anil Moolchandani, Chairman and Managing Director of the Company, from his existing remuneration of Rs. 35,000/- per month to such amount as the Board of Directors may fix or vary from time to time subject to a maximum remuneration not exceeding Rs. 2,50,000/- p.m. inclusive of basic salary, other monthly allowances and perquisites and benefit in whatsoever from given."

9. Increase in the remuneration of Relative of Directors

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution :

"RESOLVED THAT pursuant to the provisions of sections 314 (1B) of the Companies Act, 1956 read with the Director's Relatives (Office or Place of Profit) Rules, 2011, and other applicable provisions, if any, and any amendments or modifications thereof, consent of the Company be and is hereby accorded for increase in remuneration of Mr. Raghav Moolchandani, a relative of Mr. Jagdish Moolchandani, Executive Director of the Company, from his existing remuneration of Rs. 50,000/- per month to such amount as the Board of Directors may fix or vary from time to time subject to a maximum remuneration not exceeding Rs. 2,50,000/- p.m. inclusive of basic salary, other monthly allowances and perquisites and benefit in whatsoever from given."

10. Increase in the remuneration of Relative of Directors

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution :

"RESOLVED THAT pursuant to the provisions of sections 314 (1B) of the Companies Act, 1956 read with the Director's Relatives (Office or Place of Profit) Rules, 2011, and other applicable provisions, if any, and any amendments or modifications thereof, consent of the Company be and is hereby accorded for increase in remuneration of Mr. Vikrant Chhabra, a relative of Mr. Vijayant Chhabra, Executive Director of the Company, from his existing remuneration of Rs. 33,000/- per month to such amount as the Board of Directors may fix or vary from time to time subject to a maximum remuneration not exceeding Rs. 1,25,000/- p.m. inclusive of basic salary, other monthly allowances and perquisites and benefit in whatsoever from given."

By Order of the Board

Place : New Delhi
Date : August 01, 2012

Vikas Kumar Tak
Company Secretary

Notes :-

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The relevant explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business proposed to be transacted at the meeting as item no 6, 7, 8, 9 and 10 is annexed hereto
3. The proxy, in order to be effective, must be deposited at the Corporate Office of the Company, C-113, Naraina Industrial Area, Phase-I, New Delhi-110 028 or its Registrar and Share Transfer Agents, M/s Link Intime India (Private) Limited, A-40, 2nd Floor, Naraina Industrial Area, Phase-II, Near Batra Banquet, New Delhi-110 028 not less than **forty eight** hours before the commencement of the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2012 to 27th September, 2012 (both days inclusive) in connection with the AGM and for the purpose of Dividend.
5. Dividend @ Rs 0.40/- per share (20%) for the year ended 31st March, 2012 as recommended by the Board if declared at AGM will be payable to those members whose name appears on the Company's Register of Members at the close of business hours on 27th September, 2012.
6. Members holding shares in physical form are advised to notify to the Registrar and Share Transfer Agent of the company of any change in their addresses immediately.
7. Members holding shares in De-mat form are advised to notify to their respective Depository Participant of any changes in their addresses and particulars of their bank accounts immediately
8. Members / Proxies are requested to produce the attached attendance slip, duly completed and signed, for admission to the meeting hall.
9. Pursuant to the provisions of Section 205A of the Companies Act, 1956, any dividend, which remains unpaid or unclaimed for a period of seven years shall be transferred to Investor Education and Protection Fund.
Members who have not encashed their dividend warrants are requested to send back their warrants for revalidation or lodge their claims to our Registrar and Share Transfer Agent.
Members are advised that once the unclaimed dividend is transferred to the above Fund, no claim shall lie from the company in respect thereof.
10. Details of the Directors seeking re-appointment as per clause 49 of the listing Agreement are as under:

Name of Director	Mr. Sunil Behl	Mr. Ajit Ganpatlal Shah	Mr. Prem Kumar Chadha
Age	53 years	60 years	74 years
Expertise in specific functional areas	Over 28 years' experience in the field of Finance, Taxation and Audit	Over 29 years' experience in the field of Marketing & Advertising	Over 36 years' of Experience in the Manufacturing, Supply Chain and General Management Functions in the Unilever Group in India, UK, Japan and the Netherlands and thereafter he retired in 1998 as Senior Vice President, Manufacturing and Supply Chain, Unilever NV, Rotterdam after 36 years service with the Unilever group
Qualifications	FCA	MBA	Graduate in Mechanical Engineering
List of other Companies in which Directorships held	Nil	Nil	1) Sona Koya Steering System Ltd 2) SOWIL Ltd
Chairman/Member of Committees of the Board of other Companies in which he is a director	Nil	Nil	Sona Koya Steering System Ltd.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 6

Presently the Articles of Association of the Company provides for the payment of Directors sitting Fees of Rs. 5000/- (Rupees Five Thousand only) for each meeting attended. It is proposed to increase the sitting fees to Rs. 7500/- (Rupees Seven Thousand Five hundred only) per Meeting of the Board or the Committee.

The increase is well within the limits specified in the rules framed under section 310 of the Companies Act, 1956.

Increase in Sitting Fee payable to Directors requires the approval of the members of the Company. The Directors recommend the resolution at Item No. 6 for the approval of the members as Special Resolution.

The Directors may be deemed to be interested in this resolution to the extent of sitting fee received by them.

Item No. 7

The Board of Directors of the Company had appointed Mr. Prem Kumar Chadha as an Additional Director w.e.f. 14th November 2011 pursuant to section 260 of the Companies Act to hold office upto the date of this Annual General Meeting of the Company. The Company has received a notice in writing together with requisite deposit, proposing Mr. Prem Kumar Chadha for the office of Director under the provision of section 257 of the Companies Act, 1956.

Mr. Prem Kumar Chadha is graduate in Mechanical Engineering. He joined Hindustan lever Ltd. as a Management Trainee in 1962 and worked in various capacities in manufacturing and general management functions. In 1980, he was appointed to the Board of Hindustan Lever Ltd.

In 1985, he was transferred to Unilever's subsidiary in Japan where he worked as Technical Director, before moving to Europe in 1991. He worked as the Head of Technology for Unilever worldwide from 1991 to 1996 based in the Netherlands. He retired in 1998 as Senior Vice President, Manufacturing and Supply Chain, Unilever NV, Rotterdam after 36 years service with the Unilever group.

Mr. Prem Kumar Chadha holds Directorship in the following other Companies :

Name of the Companies	Position Held
Sona Koyo Steering System Ltd.	Director
SOWIL Ltd.	Director

Mr. Prem Kumar Chadha is also Member/Chairman of Committees of Board of the following other companies:

Name of the Companies	Name of the Committee	Chairman/Member
Sona Koyo Steering System Ltd.	1. Remuneration Committee 2. Audit Committee	Chairman Member

With the joining of Mr. Prem Kumar Chadha as Director liable to retire by rotation, the Company would be benefited from his experience and expertise.

Appointment of Mr. Prem Kumar Chadha requires the approval of the members of the Company under section 257 of the Companies Act, 1956. The Director recommend the resolution at item no. 7 for the approval of the members as Ordinary Resolution.

None of the Directors of the Company except Mr. Prem Kumar Chadha is in any way concerned or interested in this Resolution.

Item No. 8

On the recommendation of Remuneration Committee, the Board of Directors at its meeting held on 1st August, 2012, approved the increase of remuneration, of Mr. Karan Moolchandani, who is already holding the post of Manager-Imports of the Company, subject to the approval of shareholders as required under Section 314 (1B) of the Companies Act, 1956.

Mr. Karan Moolchandani is son of Mr. Anil Moolchandani, Chairman cum Managing Director of the Company. He holds a, BBA Degree from IILM, (University of Bradford), Lodhi Road, New Delhi.

Mr. Karan Moolchandani, who had joined the Company as Manager-Imports has gained a lot of insight into the workings of the Company and has been actively participating and making valuable contribution in his field, to the Company and the Board had recommended to increase his salary so that to compensate him at par with the market

Pursuant to the provisions of Section 314 (1B) of the Companies Act, 1956, it is necessary to obtain the prior consent of the Company by a Special Resolution to continue to hold an office or place of profit in the company by a relative of a Director of the Company, on increase of Remuneration.

The above remuneration as mentioned in item no. 8 is subject to the condition that the total remuneration payable to Mr. Karan Moolchandani will not exceed the limit as set out under Section 314 (1B) of the Companies Act, 1956 read with the Director's Relatives (Office or Place of Profit) Rules, 2011 which will require the permission of Central Government.

Increase in the remuneration requires approval of the members of the Company under section 314 (1B) of the Companies Act, 1956. The Directors recommend the resolution at item No. 8 for the approval of the members as Special Resolution.

None of the Directors except Mr. Anil Moolchandani is interested in the said resolution.

Item No. 9

On the recommendation of Remuneration Committee, the Board of Directors at its meeting held on 01st August, 2012 approved the increase of remuneration, of Mr. Raghav Moolchandani, who is already holding the post of Manager of the Company, subject to the approval of shareholders as required under Section 314 (1B) of the Companies Act, 1956.

Mr. Raghav Moolchandani is son of Mr. Jagdish Moolchandani, Executive Director of the Company. He holds a BBA Degree from Western Michigan University, USA

Mr. Raghav Moolchandani, who had joined the Company as Manager had gained a lot of insight into the workings of the Company and has been actively participating and making valuable contribution in his field, to the Company and the Board had recommended to increase his salary so that to compensate him at par with the market.

Pursuant to the provisions of Section 314 (1B) of the Companies Act, 1956, it is necessary to obtain the prior consent of the Company by a special Resolution to continue to hold an office or place or profit in the company by a relative of a Director of the Company, on increase of Remuneration.

The above remuneration as mentioned in item no. 9 is subject to the condition that the total remuneration payable to Mr. Raghav Moolchandani will not exceed the limit as set out under Section 314(1B) of the Companies Act, 1956 read with the Director's Relatives (Office or Place of Profit) Rules, 2011 which will require the permission of Central Government.

Increase in the remuneration requires approval of the members of the Company under section 314 (1B) of the Companies Act, 1956. The Directors recommend the resolution at item No. 9 for the approval of the members as Special Resolution.

None of the Directors except Mr. Jagdish Moolchandani is interested in the said resolution.

Item No. 10

On the recommendation of Remuneration Committee, the Board of Directors at their meeting held on 01st August, 2012, approved the increase of remuneration, of Mr. Vikrant Chhabra, who is already holding the post of Shop Manager of the Company, subject to the approval of shareholders as required under Section 314(1B) of the Companies Act, 1956.

Mr. Vikrant Chhabra is the brother of Mr. Vijayant Chhabra, Executive Director of the Company. He has a vast experience in retail shop management and has been actively participating and making valuable contribution in his field, to the Company and the Board had recommended to increase his salary so that to compensate him at par with the market.

Pursuant to the provisions of Section 314 (1B) of the Companies Act, 1956, it is necessary to obtain the prior consent of the Company by a Special Resolution to continue to hold an office or place of profit in the company by a relative of a Director of the Company, on increase of Remuneration.

The above remuneration as mentioned in item no. 10 is subject to the condition that the total remuneration payable to Mr. Vikrant Chhabra will not exceed the limit as set out under Section 314(1B) of the Companies Act, 1956 read with the Director's Relatives (Office or Place of Profit) Rules, 2011 which will require the permission of Central Government.

Increase in the remuneration requires approval of the members of the Company under section 314(1B) of the Companies Act, 1956. The Directors recommend the resolution at item No. 10 for the approval of the members as Special Resolution.

None of the Directors except Mr. Vijayant Chhabra is interested in the said resolution.

By Order of the Board

Place : New Delhi
Date : August 01, 2012

Vikas Kumar Tak
Company Secretary

Directors' Report

To The Members,

Your Directors have great pleasure in presenting Twenty Second Annual Report of the Company together with the Audited Annual Accounts for the year ended 31st March, 2012.

FINANCIAL HIGHLIGHTS

	FOR THE YEAR ENDED	
	(Rs. in Lacs)	
	31st March 2012	31st March 2011
Income from Operations	20113.12	18818.77
Other Income	86.03	119.25
Total Expenditure	18066.54	16695.40
Operating Profit (PBDIT)	2132.61	2242.62
Interest	282.23	188.41
Depreciation	459.04	453.26
Profit before Tax (PBT)	1391.34	1600.95
Provision for taxation		
Current	371.50	494.73
Deferred	69.69	23.48
Net Profit / (Loss) (PAT)	950.15	1082.74
APPROPRIATIONS		
Transfer to General Reserve	150.00	150.00
Final Dividend (Proposed)	135.12	135.12
Tax on Dividend	21.92	21.92
Profit carried to Balance Sheet	643.11	775.70

PERFORMANCE REVIEW

Tough and challenging year led to not meeting growth targets. During the year under review your Company recorded a turnover of Rs. 20113.12 Lacs as compared to Rs. 18818.77 Lacs in the previous financial year, up by 6.88%. The Net Profit for the same period stands at Rs. 950.15 Lacs as against Net profit of Rs. 1082.74 Lacs in the previous year.

The turnover of the company has increased due to the following factors :

- The Turnover of the Gift segment is Rs. 12320.72 Lacs as compared to Rs. 11276.12 Lacs previous year, up by 9.26%.
- The Turnover of the Greeting card segment is Rs. 5291.01 Lacs as compared to Rs. 5164.68 Lacs previous year, up by 2.45%.
- The stationery sale is Rs. 2355.04 Lacs as compared to Rs. 2208.75 Lacs in the previous year, up by 6.62%.

The Company owned / managed stores have significantly contributed towards the growth of turnover and the profits.

RETAIL EXPANSION PLAN

During the year under review, the Company continued with its efforts to expand its retail outlets emphasizing more on high street shops. The Company made efforts to boost sales through different schemes and campaigns. The Company opened total 44 retail stores and closed 19 non performing stores during the year. As on 31st March, 2012 the number of company owned/managed stores were 225. Your Company has plans to open 45 more stores during the year 2012-13 including Hallmark Stores.

DIVIDEND

Board of Directors recommended a dividend of 20% equivalent to Rs. 0.40/- on each fully paid-up equity share of Rs. 2/- for the year ended 31st March, 2012. The dividend will entail an outflow of Rs. 135.12 Lacs excluding taxes. The dividend, in the opinion of the Board represents a prudent balance between the need for the Company to reward its shareholders as well as the need to plough back the profits for the Company's own requirements.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

The information as required under section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure 'A' to the Directors' Report.

PARTICULARS OF EMPLOYEES

None of the Employees drew salary more than Rs. 5,00,000/- per month or Rs. 60,00,000/- in a year as required under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the company, Mr. Sunil Behl and Mr. Ajit Ganpatlal Shah retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

During the year under review, Mr. Rohinton H. Kanga, due to health reasons resigned from the Board of Directors w.e.f 01st August, 2011. Mr. Prem Kumar Chadha who has varied experience & exposure was appointed as additional director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 w.e.f. 14th November, 2011. Mr. Prem Kumar Chadha will act as Independent Non Executive Director.

Mr. Prem Kumar Chadha who has been appointed as an Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956 will hold office upto the date of this Annual General Meeting. The company has received notice in writing signifying their intention to propose the appointment of Mr. Prem Kumar Chadha for the office of director of the Company. Your directors have recommended the resolution for the approval of shareholders.

AUDITORS

M/s Uberoi Sood and Kapoor, Chartered Accountants, the Statutory Auditors of the company retire at the conclusion of the ensuing Annual General Meeting of the company and have confirmed their eligibility and willingness to accept the office of the auditors, if re-appointed.

PUBLIC DEPOSITS

During the year, your Company has not accepted and/or renewed any public deposits in terms of the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975. No Public Deposits were pending for repayment.

INDUSTRIAL RELATIONS

The relations between the Company and its employees continued to be cordial and harmonious throughout the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of the knowledge and belief and according to the information and explanation obtained, your Directors make the following statements in terms of section 217(2AA) of the Companies (Amendment) Act, 2000:

- (i) That in the preparation of the annual accounts for the year ended 31st March 2012, the applicable Accounting Standards have been followed, along with proper explanation relating to material departures, if any;
- (ii) That such accounting policies as mentioned in the Notes to Accounts, have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 and of the profit or loss of the Company for the year ended on that date;

- (iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- (iv) That the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance and Management Discussion and Analysis Report together with a certificate from the Company's Auditors confirming compliance is set out in the annexure forming part of this report.

In compliance with the new Corporate Governance requirements, the Company has implemented a Code of Conduct for all its Board Members and Senior Management Personnel, who have affirmed compliance thereto. The said Code of Conduct has been posted on the Company's website.

ACKNOWLEDGMENT

Your Directors would like to take this opportunity to express their sincere thanks to its valued franchisees, distributors, C & F agents, collaborators, bankers and all other business associates for their continued co-operation and patronage.

The Directors would also like to express their deep sense of appreciation to all the employees who are committed to strong work ethics, excellence in performance and commendable teamwork and have thrived in a challenging environment. The Directors wish to express their gratitude to the valued shareholders for their unwavering trust and support.

For and on behalf of the Board

Sd/-

Anil Moolchandani

Chairman-cum-Managing Director

Sd/-

Pramod Arora

Joint Managing Director

Place : Delhi
Date : 01st August, 2012

MANAGEMENT DISCUSSION & ANALYSIS REPORT

This report contains statements that the Company's beliefs, may be considered to be "Forward Looking Statements" that describe our objectives, plans or goals. All these forward looking statements are subject to certain risks and uncertainties, including, but not limited to, government action, local & global, political or economic developments, changes in legislation, technology risks, risk inherent in the Company's growth strategy, dependence on certain suppliers and other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements.

These forward looking statements included in this report are made only as on the date of this report and we undertake no obligation to publicly update these forward looking statements to reflect subsequent events or circumstances.

Industry Structure and Development

The business of Greetings & Gifts is referred to as 'Social Expressions Industry' worldwide. This industry is still unorganized in India. There are number of small players whose operations are restricted in their respective regions. Besides them, there are very few serious players having nationwide presence.

Greeting Cards are more of a fashion than culture in India and the Industry is driven by retailers and distributors rather than consumers.

The Company, which pioneered the concept in the Indian market, is the leader with more than 50% share of the organized sector.

The emergence of e-greeting and SMS has affected the growth of the greeting cards business in general. However, this segment has the potential to bounce back in the years to come.

The Company has developed into a gifting solution destination for the consumers and has enhanced its reach with opening of retail outlets in various cities in India. As on 31.03.2012 the Company is having 225 Company owned and operated retail outlets and is planning to open more stores.

This business is based on sentiments both at the micro and macro level.

Opportunities and Threats

All growing businesses thrive on opportunities. Your Company's very existence can be traced back to discovering and capitalizing on hitherto unexploited opportunities for us to pursue and we are optimistic that we will be able to achieve greater heights and set standards for others to follow.

Organized retailing has already taken its first step in India and a number of shopping malls have come up in different parts of the country. Huge retail space is being created across the country and this offers a good opportunity for your Company. The retail industry has shown tremendous growth in last few years and many well known Business Houses have entered this segment.

However during last year there has been stress on the retail sector as the rental costs are increasing day by day and the opening of new malls is affecting the footfall in existing malls.

Your Company has tied up with UNICEF a world renowned UN Agency working in the field of Child Education & welfare during the year. The tie up will enable your company to manufacture, retail and distribute UNICEF greeting cards and paper products in India.

Our UNICEF, HelpAge and CRY card divisions are geared up to increase their share in the Corporate Card Segment.

A Huge retail space is being created in India with large format stores such as Hyper Markets, super departmental stores. There is an opportunity available for us to join hands with these large format stores for selling our products through these kinds of stores, which have tremendous dedicated footfalls. Our industry is already a part and parcel of such formats in the West.

Modern Trade is another area where we have ventured and are hopeful that the returns will improve in the years to come. Archies may go for opening of large format stores by tying up with like-minded retailers with synergetic products.

Overseas markets offer vast opportunities, which are to be explored. While we are hopeful that we will be able to shape our future, yet we are alive to the threats that we face and are geared to overcome them. Technological changes like e-greetings, SMS text messaging service pose a threat to our greeting cards business. Your Company has already initiated various measures to combat these developments.

Risks and Concerns

Macro-economic factors like a downturn in the economy, unforeseen political and social upheavals, natural calamities are likely to affect the business of your company as also the industry at large.

Change in Government's fiscal policy also has a bearing on the Company's performance.

Lack of organized players, as well as organized market is another area of concern.

Slowdown in retail space creation due to the global and local uncertainties affect the retail expansion plans.

Retailers' needs and expectations are as different as the customers they serve, which is also challenge to growth.

Product Wise Performance

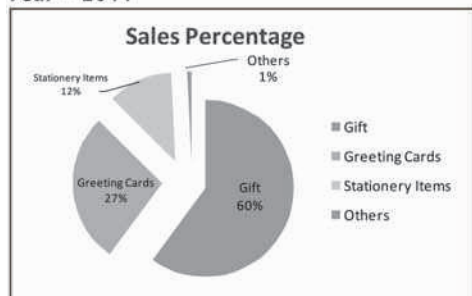
The Turnover of the Gift segment was Rs. 12320.72 lacs during the year under review as compared to Rs. 11276.12 lacs, last year up by 9.26%. The Gifts segment contributed about 61.26% of the total turnover during the current year as compared to 59.92% in the previous year.

The Greeting Cards sale was Rs. 5291.01 lacs during the year under review as compared to Rs. 5164.68 lacs during the last year. The contribution of greeting cards sales to the total turnover now stands at 26.31% as compared to 27.44% in the previous year. During the year under review the sales of Greeting Cards increased by 2.45% in value terms.

The Stationery items sale was Rs. 2355.04 lacs during the year under review as compared to Rs. 2208.75 lacs during the Last Year up by 6.62%. The contribution of Stationery items sales to the total turnover stands about 11.71% as compared to 11.74% in the previous year.

Contributions of Segment in Total Sales

Year - 2011



Year - 2012



Outlook

In spite of growth of 2.45% in the Greeting Cards business during the year, it is still under pressure. But the company is working on various strategies to counter the negative effects. With tieup with UNICEF and Hallmark we are quite confident that Greeting Cards business should show further positive signs in the coming years.

The turnover of the Gifts segment has been higher than the Greeting Card segment. During the year under review the Gift segment has shown a growth of 9.26%. The Company has a positive outlook in the gift segment and expects a good growth in the future.

The Stationery segment is also expected to perform well.

The company's efforts to open company owned/managed stores will continue in the upcoming shopping malls and high streets across the country on selective basis. Tie up with Hallmark has opened the opportunity to open Hallmark Stores in India which will be owned / managed by your Company.

The main concentration is on the core business of Greeting Cards, gifts and retail and every effort of the Company is aimed at maximizing the profitability of the company.

Your company has plans to open additional 130 stores in various shopping malls and high streets across the country in phased manner over a period of next 3 years. The management expects that the Company will benefit only if it opens retail stores in selective malls and also open shops on high streets with premium locations.

Your Company has plans to expand its business overseas.

Internal Control Systems and their Adequacy

The Company has adequate Internal Control systems for business processes including components, packing material, trading goods, plants and machinery, equipments and other assets and with regard to the sale of goods. The internal control system is supplemented by an extensive internal audit, which is conducted by independent firm of Chartered Accountants. Internal audits are undertaken on a continuous basis covering various areas across the chain like manufacturing, operations, sales and distribution, marketing and value finance etc. The Management and Audit Committee regularly review reports of the internal auditors, and corrective action initiated to strengthen the controls and enhance the effectiveness of the existing systems.

Financial performance with respect to operating performance

The Company recorded a turnover of Rs. 20113.12 lacs for the financial year 2011-12 as compared to Rs. 18818.77 lacs in the previous year up by 6.88%. The sale of Gifts was up by 9.26%, Greeting Cards sale was up by around 2.45% and Stationery were up by 6.62%.

Inventory as at 31st March 2012 stands at Rs. 4555.48 lacs as against Rs. 5625.65 lacs during previous year.

Debtors as at 31st March 2012 stand at Rs. 1675.52 lacs as against Rs. 1627.51 lacs during the previous year.

Human Resources / Industrial Relations

Industrial Relations at Archies have always been cordial. This is because all employees, managers and workmen have always lived in the value of teamwork and belongingness, alike. Last year was no different. The Industrial Relations continued to be cordial and amicable. All the employees of the Company continue to work as one cohesive team devoted to a common goal of spreading happiness and prosperity.

As at March 31, 2012 the total employees strength of the Company stands at 1517.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

A Company as an entity deals with a number of social groups. It employs shareholders funds, employs workmen and deals with customers and suppliers. It is a part of the social community and is accountable to all its constituents like any human being.

Your directors have always strived to live the values of trusteeship and your company has always realized its responsibilities and has set high standards of corporate governance.

To create shareholders wealth on a sustainable and long term basis, it is imperative for the management to institutionalise a 'Framework of Corporate Governance and Code of Practices' as an enabling methodology to strengthen decision-making process and enhance effective, harmonious and transparent functioning of the Board of

Directors, its Committees and the executive management to meet challenges and to make the best of opportunities in the years ahead.

Even before the Code of Governance was made mandatory by SEBI, your company had been maintaining good standards of corporate Governance.

Now, as the Code is in place, your company will comply with the Code in letter and spirit.

2. BOARD OF DIRECTORS

Composition :

The Board of your Company consists of persons with experience and expertise in their respective fields. It consists of four Executive Directors and four non-executive independent Directors.

The Composition of the Board as at 31st March, 2012 is as follows:

Name of the Director	Category	*Other Directorships held	#Committee memberships/ chairmanship held in other Companies
Mr. Anil Moolchandani	Chairman-Cum-Managing-Director	Nil	Nil
Mr. Jagdish Moolchandani	Promoter Executive Director	Nil	Nil
Mr. Pramod Arora	Joint Managing Director	Nil	Nil
Mr. Vijayant Chhabra	Executive Director	Nil	Nil
Mr. Arun Singhal	Non-Executive Independent Director	2	Nil
Mr. Prem Kumar Chadha	Non-Executive Independent Director	2	1
Mr. Sunil Behl	Non-Executive Independent Director	Nil	Nil
Mr. Ajit Ganpatlal Shah	Non-Executive Independent Director	Nil	Nil

* Number of directorships in other Companies excludes alternate directorships, directors held in the Private Limited Companies, Foreign Companies and in Companies under Sec-25 the Companies Act, 1956.

In accordance with clause 49, Membership / Chairmanship of only the Audit Committees and Shareholders' / Investors' Grievance Committees in public limited companies have been considered.

Mr. Anil Moolchandani, Chairman-cum-Managing-Director and Mr. Jagdish Moolchandani, Executive Director, are related as brothers.

ATTENDANCE RECORD OF THE DIRECTORS AT BOARD MEETINGS AND ANNUAL GENERAL MEETING

The Board met Four times during the year under review. Meetings were held on 25th May 2011, 01st August 2011, 14th November 2011 and 30th January 2012.

The attendance of the Directors at the meetings is as follows:

Name of the Director	No. of Board Meetings Attended	Whether Attended the AGM held on 30/09/2011
Mr. Anil Moolchandani	3	Yes
Mr. Jagdish Moolchandani	4	Yes
Mr. Pramod Arora	4	Yes
Mr. Vijayant Chhabra	3	Yes
Mr. Arun Singhal	4	Yes
Mr. Rohinton H. Kanga (Upto 01st August, 2011)	0	N.A.
Mr. Sunil Behl	4	No
Mr. Ajit Ganpatlal Shah	3	Yes
Mr. Prem Kumar Chadha (Appointed w.e.f 14th November, 2011)	1	N.A.

N.A. - Not Applicable

3. AUDIT COMMITTEE

The Company has constituted an Audit Committee comprising of three non-executive independent Directors, in accordance with the provisions of clause 49 of the Listing Agreement with the Stock

Exchanges read with Section 292A of the Companies Act, 1956.

The Audit Committee met four times during the year under review. Meetings were held on 25th May 2011, 01st August 2011, 14th November 2011 and 30th January 2012. The necessary quorum was present at all the Meetings.

Details of Audit Committee :

Name of the member	Category	Position	No. of meetings held	No. of meetings attended
Mr. Sunil Behl	Independent Director	Chairman	4	4
Mr. Rohinton H. Kanga (Upto 01st August 2011)	Independent Director	Member	4	Nil
Mr. Arun Singhal	Independent Director	Member	4	4
Mr. Prem Kumar Chadha (Appointed w.e.f 14th November 2011)	Independent Director	Member	4	Nil

The Company Secretary acted as Secretary to the Committee. The Chief Financial Officer and the representative of the Statutory Auditors are regularly invited to the Audit Committee meetings.

The terms of reference include :

1. Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
3. Reviewing with the management, the annual and periodical financial statements before submission to the Board, focussing primarily on:
 - i. Any changes in accounting policies and practices.
 - ii. Major accounting entries based on exercise of judgment by management.

- iii. Qualifications in draft audit report.
 - iv. Significant adjustments arising out of audit.
 - v. The going concern assumption.
 - vi. Compliance with the Accounting Standards.
 - vii. Compliance with Stock Exchange and legal requirement concerning financial statements.
 - viii. Any related party transaction i.e. transactions of the Company of material nature, with promoters or the management, the subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.
 - ix. Matters required to be included in the Directors' Responsibility Statement under Section 217 (2AA) of the Companies Act, 1956
4. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
 5. Reviewing the company's financial risk management policies.

4. REMUNERATION COMMITTEE OF DIRECTORS

The Remuneration Committee was comprising of the following independent Directors at the start of Financial year 2011-12:

Mr Sunil Behl	- Chairman
Mr Arun Singhal	- Member
Mr Rohinton H. Kanga	- Member

Mr. Rohinton H. Kanga has resigned from the remuneration committee w.e.f 01st August, 2011.

The role of the Remuneration Committee, inter alia, includes to determine, review and recommend appointment, re-appointment of the Managerial Personnel and revision in the terms of their appointment and remuneration from time to time.

One meeting of the Remuneration Committee was held on 25th May, 2011.

Details of Meeting(s) of Remuneration Committee

Date of Meeting	Members	Meeting attended
25.05.2011	Mr. Sunil Behl	1
	Mr. Arun Singhal	1
	Mr. Rohinton H. Kanga	Nil

Shareholders of the Company at the Annual General Meeting approved the remuneration of the executive directors from time to time.

Details of remuneration/sitting fees paid to the Directors during the financial year 2011-2012 :
Executive Directors
(Rs.)

Particulars	Mr. Anil Moolchandani Chairman-cum-Managing Director	Mr. Jagdish Moolchandani Executive Director	Mr. Pramod Arora Joint Managing Director	Mr. Vijayant Chhabra Executive Director
Salary & Allowances	3340000	3315000	3448103	2715000
Contribution to Provident Fund	9360	9360	9360	9360
Total	3349360	3324360	3457463	2724360
Service Contract	Five Years w.e.f. 1/07/2011	Five Years w.e.f. 1/07/2011	Five Years w.e.f. 1/10/2009	Five Years w.e.f. 21/05/2009
Notice Period	Six months by either party	Six months by either party	Six months by either party	Three months by either party

NON-EXECUTIVE DIRECTORS

The company pays sitting fee to all Non-Executive Directors for attending meetings of the Board and its committees. The details of the sitting fees paid to the Non-Executive Directors during the financial year 2011-12 are given below :

Directors	Sitting Fees (Rs.)
Mr. Sunil Behl	34000
Mr. Arun Singhal	34000
Mr. Rohinton H. Kanga	Nil
Mr. Ajit Ganpat Lal Shah	15000
Mr. Prem Kumar Chadha	5000
Total	88000

5. INVESTORS' GRIEVANCE COMMITTEE

The composition of the Shareholders/Investors Grievance Committee is as under :

Mr. Arun Singhal	Chairman
Mr. Jagdish Moolchandani	Member
Mr. Pramod Arora	Member

6. GENERAL BODY MEETINGS

The venue and time of the last three Annual General Meetings are as per details given hereunder:

Date	Venue	Time	No of Special Resolutions passed
30th September' 2011	Manesar Club Sector-5, IMT Manesar Gurgaon, Haryana-122050	11.00 A.M.	Two
30th September' 2010	Manesar Club Sector-5, IMT Manesar Gurgaon, Haryana-122050	11.00 A.M.	One
26th September' 2009	Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi 110054	10.00 A.M.	Two

Compliance officer :

Mr. Vikas Kumar Tak

Company Secretary

The role of the Committee is in accordance with the listing agreement. It primarily includes :

- To look into complaints received from shareholders like transfer of shares, non-receipt of balance sheet, non-receipt of dividend or any other complaints.
- To look into the action taken by the company for the redressal of grievances.
- One meeting of the Shareholder's/Investor's Grievance Committee was held as on 31st March 2012.
- Status Report of Investor's Grievances i.e. revalidation of dividend warrant, non-receipt/pending dividend, change of address, change of mandate, non-receipt of shares and miscellaneous, as on March 31, 2012 is as under :

No. of Complaints (opening)	Nil
No. of Complaints received	8
No. of Complaints resolved	8
No. of Complaints pending	Nil

7. DISCLOSURES

The Company has not entered into any transaction of material nature with the promoters, the Directors or the management, their subsidiaries or relatives etc. that may have any potential conflict with the interests of the Company.

However, the particulars of transactions between the Company and related parties are provided in the Notes to the Accounts in the financial statements.

A Risk Management Committee is in place. Risks are identified across all business processes of the company on ongoing basis and they are systematically categorized. Each risk when identified is mapped to the concerned department for further action.

There has not been any non-compliance by the company and no penalty or strictures imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India or any statutory authority on any matter relating to capital markets during the last three years.

The Company has complied with all mandatory requirements of clause 49 of listing Agreement.

The Management discussion and analysis report forms part of Directors' Report.

8. MEANS OF COMMUNICATION

The Company regularly intimates un-audited as well as audited financial results to the Stock Exchanges for dissemination immediately after these are taken on record by the Board.

The financial results of the Company are generally published in leading financial daily as well as in a regional language newspaper and are displayed on the Company's website, www.archiesonline.com.

Besides, financial results, the Company also keeps its shareholders updated about material events and plans through appropriate mode of communication.

9. GENERAL SHAREHOLDERS' INFORMATION

I) Annual General Meeting

Date	27th September, 2012
Time	11.00 A.M.
Venue	Manesar Club Sector-5, IMT Manesar, Gurgaon Haryana-122050.

II) Financial Calendar

Financial Year	April 1 to March 31
During the year ended March 31, 2012 results were published on the following dates :	
Annual Audited Financial Result	26th May 2011 (Business Standard & (Mint, All Editions; and Business Standard, (Hindi) Delhi Edition)

First Quarter Results	02nd August 2011 (Business Standard All Editions; and Business Standard, (Hindi), Delhi Edition) 03rd August 2011 (The Hindu Business Line, All Editions), 04th August 2011 (Mint, All Editions)
Second Quarter Results	15th November 2011 (Business Standard, The Hindu Business Line, & Mint, All Editions; and Business Standard (Hindi), Delhi Edition)
Third Quarter Results	31st January 2012 (Business Standard All Editions; and Veer Arjun (Hindi), Delhi Edition), 01st February 2012 (The Hindu Business Line, All Editions), 02nd February 2012 (Mint, All Editions)

III) Book Closure Dates

24th September to 27th September 2012
(Both Days Inclusive)

IV) Dividend Payment Dates

At the meeting of Board of Directors held on 26th May, 2012, a final dividend @ 20% i.e. Rs. 0.40/- per share has been recommended, subject to the approval of shareholders in general meeting. The same, if approved, will be paid on or after 1st October, 2012.

V) Listing at Stock Exchanges

The company's shares are listed on the following stock exchanges :

National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor, Plot No. C/1 G Block,
Bandra Kurla Complex, Bandra (E), Mumbai-400051

The Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001

The Company has paid listing fee to National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd. for the year 2012-2013.

VI) Stock Code

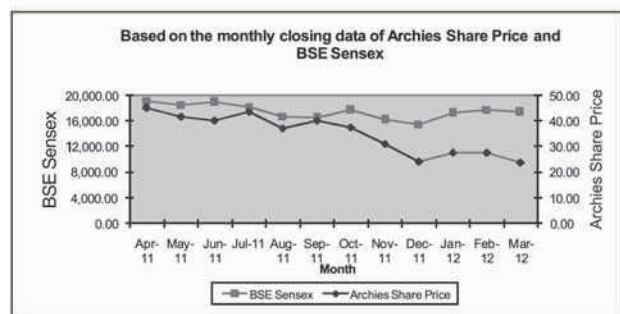
The Bombay Stock Exchange Ltd. 532212
National Stock Exchange of India Ltd. ARCHIES
ISIN NO. INE731A01020

VII) Market Price Data

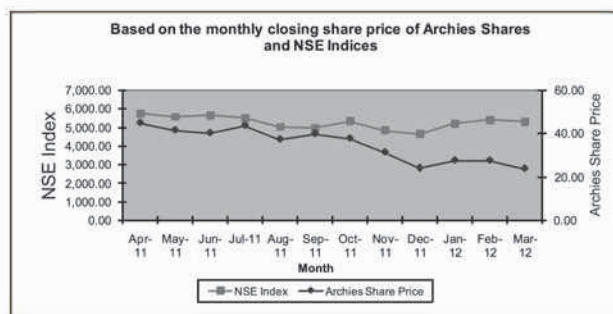
Monthly high & low price of shares of your Company and no. of shares traded at Bombay and National Stock Exchanges are as under :

Month	BSE			NSE		
	High	Low	No. of shares traded	High	Low	No. of shares traded
April 2011	48.70	37.50	1498851	48.65	37.25	3427213
May 2011	47.90	40.40	1140323	47.20	40.20	2913260
June 2011	42.80	36.10	337441	42.85	36.05	938373
July 2011	44.35	38.20	506468	44.40	38.10	1511313
August 2011	44.45	35.70	411344	44.40	35.85	1274520
September 2011	43.10	36.00	387086	44.00	36.55	1119115
October 2011	39.90	35.10	164339	39.65	36.50	602788
November 2011	39.70	28.00	277093	37.85	29.30	860046
December 2011	35.60	23.00	857833	33.75	23.50	2568102
January 2012	32.50	22.25	972722	32.25	22.25	2282953
February 2012	32.70	25.30	1571119	32.80	24.60	4655364
March 2012	27.50	23.00	399391	27.50	23.00	879061

VIII) Performance in comparison to broad based indices



Based on the monthly closing data of Archies Share price and BSE Sensex.



Based on the monthly closing share price of Archies Shares and NSE Index.

IX) Registrar and Transfer Agent

The name and address of Registrar and Transfer Agent is as under :

LINK INTIME INDIA (PRIVATE) LIMITED.
A-40, 2nd Floor,
Naraina Industrial Area, Phase-II,
New Delhi - 110028
Tele Nos: 011-41410592-93-94
Fax No: 011-41410591
E-mail : delhi@linkintime.co.in
Contact Person: Mr. Swapan Kumar

X) Share Transfer System

With a view to expediting the process of share transfers, the Board has delegated the powers to "Share Transfer Committee" which meets very frequently depending upon the number of requests for Share Transfers received and shares are transferred within the stipulated time provided the documents are complete in all respects.

Share Certificates for transfer can be lodged by the shareholders with our Registrar and Transfer Agent at the above-mentioned address.

XI) Distribution of Shareholdings :

No. of Equity Shares Held	AS ON MARCH 31							
	2012				2011			
	No. of Shareholders	% of total Shareholders	No. of Shares	% of total Shareholdings	No. of Shareholders	% of total Shareholders	No. of Shares	% of total Shareholdings
1 — 500	9,996	81.150	15,61,629	4.623	9,726	95.39	29,37,658	8.696
501 — 1000	1,182	9.596	10,47,077	3.100	230	2.256	9,09,658	2.692
1001 — 2000	461	3.742	7,29,084	2.158	103	1.010	8,04,167	2.381
2001 — 3000	195	1.583	5,05,990	1.498	47	0.461	6,04,222	1.789
3001 — 4000	117	0.950	4,38,315	1.298	16	0.157	2,82,653	0.837
4001 — 5000	95	0.771	4,63,595	1.372	22	0.216	5,16,011	1.528
5001 — 10000	119	0.966	9,16,841	2.714	21	0.206	7,04,190	2.085
10001 & above	153	1.242	28,117,469	83.237	31	0.304	27,021,441	79.992
Total	12,318	100.00	3,37,80,000	100.00	10,196	100.00	3,37,80,000	100.00

XII) Categories of Shareholders :

Category	AS ON MARCH 31					
	2012			2011		
	No. of Shareholders	No. of Shares held	% of total Shares	No. of Shareholders	No. of Shares held	% of total Shares
Individuals	11776	8066316	23.88	9533	6978109	20.66
Body Corporates/Clearing Member/Trusts/H.U.F.	438	4635412	13.72	579	5770830	17.08
NRIs / OCBs / FII/FFIs	94	148172	0.44	75	101461	0.30
Mutual Funds/Banks/ Insurance Company/FIs	2	75500	0.22	1	75,000	0.22
Promoters	8	20854600	61.74	8	2,08,54,600	61.74
Total	12,318	3,37,80,000	100.00	10,196	3,37,80,000	100.00

XIII) Dematerialisation of shares and liquidity

As on 31st March, 2012, 98.87% of total shareholding is held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Only 1.13% of the total shareholding is held in physical form as on 31st March, 2012.

The Company's shares are regularly traded on BSE and NSE.

XIV) Outstanding GDR/ ADR/ Warrant or any convertible instruments, conversion date and impact on equity

NA

XV) Plant Locations

The plant is located at Plot No. 260, Sector-6, IMT Manesar, Gurgaon, Haryana and Plot No. 191F, Sector-4, IMT Manesar, Gurgaon, Haryana

XVI) Address for correspondence

ARCHIES LIMITED
C-113, Naraina Industrial Area
Phase-I, New Delhi-110028
Tel : 011 - 41412222, 41410000
Fax : 011 - 41410060, 41410070
Email : vikas.tak@archiesonline.com

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the members of
Archies Limited

We have examined the compliance of conditions of Corporate Governance by Archies Limited for the year ended on 31 March 2012 as stipulated in clause 49 of Listing Agreement of the said company with stock exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

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

For UBEROI SOOD & KAPOOR
CHARTERED ACCOUNTANTS
(Registration No. 001462N)

Place : New Delhi
Date : 01 August, 2012

S. D. SHARMA
(PARTNER)
(M. No. 80399)

DECLARATION REGARDING COMPLIANCE BY DIRECTORS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT AND ETHICS FOR DIRECTORS AND MANAGEMENT

This is to confirm that the company has adopted a code of conduct for its directors and senior management personnel. The Code is available on Company's web site.

This is further confirmed that the company has, in respect of the financial year ended March 31, 2012, received from the senior management personnel and members of the Board of Directors, a declaration of compliance with the Code of Conduct as applicable to them.

Place : New Delhi

Anil Moolchandani

Pramod Arora

Date : 01st August, 2012

Chairman-cum-Managing Director

Joint Managing Director

CEO AND CFO CERTIFICATION

We, Anil Moolchandani, Chairman-cum-Managing Director and Dilip Seth, Chief Financial Officer responsible for the finance function certify that:

- (a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2012 and to the best of our knowledge and belief :
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept the responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee, and steps have been taken to rectify these deficiencies.
- (d) i. There has not been any significant change in internal control over financial reporting during the year under reference;
 - ii. There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; except as mentioned in the notes to accounts.
 - iii. We are not aware of any instance during the year, of any significant fraud and the involvement therein of the management or any employee having a significant role in the company's internal control system over financial reporting.

Place : New Delhi

Dilip Seth

Anil Moolchandani

Date : 01st August, 2012

Chief Financial Officer

Chairman-cum-Managing Director

AUDITORS' REPORT

To the Members,

ARCHIES LIMITED

We have audited the attached Balance Sheet of ARCHIES LIMITED as at 31 March, 2012 and also the Statement of Profit and Loss for the year ended on that date annexed thereto, incorporating the Branch Auditors' Report of Mumbai, Pune, Goa, Indore, Ahmedabad, Chennai, Chandigarh, Hyderabad, Ludhiana, Kolkata, Bhubaneswar, Ernakulam and Bangalore branches and the Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books and proper returns adequate for the purposes of our audit have been received from the branches. The Branch Auditor's Reports have been appropriately dealt with in the accounts;

- (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 our opinion, the Balance Sheet, Statement of Profit and Loss and Cash flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (e) On the basis of written representations received from the Directors, as on 31 March 2012 and taken on record by the Board of Directors, we hereby certify that none of the directors of the company as on 31 March, 2012 is disqualified for appointment as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 on the said date;
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2012;
 - (b) In the case of the Statement of Profit and Loss, 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.

For UBEROI SOOD & KAPOOR
 CHARTERED ACCOUNTANTS
 (FIRM REGISTRATION NO. 001462N)

S.D. SHARMA
 PARTNER
 (M. No. 80399)

Place: NEW DELHI
 Date: 26th May, 2012

Annexure to the Auditors' Report

Annexure referred to in paragraph 1 of the Auditors' Report to the Members of Archies Limited on the accounts for the year ended 31 March, 2012.

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the management has physically verified the fixed assets at reasonable intervals. No material discrepancies were noticed on such verification as compared to the available records.
- (c) The company has not disposed off any substantial part of fixed assets during the year.
2. (a) As explained to us, the inventory has been physically verified by the management at reasonable intervals.
- (b) 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) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clauses (iii)(b) to sub-clauses (iii)(d) of paragraph 4 of the order are not applicable to the company.
- (b) The company has taken interest free unsecured loans from two parties covered in the register maintained under Section 301 of the Companies Act, 1956. The balance outstanding from them as at 31.03.2012 is Nil (Maximum amount outstanding during the year is ₹ 54.00 Lacs)
- (c) The terms and conditions on which loans have been taken as per (b) above are not, prima facie, prejudicial to the interest of the company.
- (d) The company has repaid the principal amount as stipulated, during the year of the loans as per (b) above.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to the sale of goods and services.

5. (a) 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) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public under the provisions of Sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under.
7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the records with a view to determining whether they are accurate or complete.
9. (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it, were outstanding, as at 31 March, 2012 for a period of more than six months from the date they became payable.
- (b) According to the records of the company, there are no dues on account of any dispute of Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess except the following:-

Nature of the Statutory Dues	Amount (₹. in Lacs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax	340.27	Block Period Ending 31.03.2000	High Court Delhi
Entry Tax VAT and CST	1.89	01.04.2005 to 31.08.2008	Joint Commissioner of Sales Tax (Puri Range) Bhubaneswar.

10. The company has neither accumulated losses at the end of the financial year nor has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. The company has not defaulted in repayment of dues to financial institutions or banks.
12. Based on our examination of documents and records, we are of the opinion that the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of Clause (xiii) of Paragraph 4 of the order are not applicable to the company.
14. Based on our examination of the records, the company is not dealing or trading in shares, securities, debentures and other investments.
15. The company has not given any guarantee for loans taken by others from bank or financial institutions.
16. According to the information and explanations given by the management, term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the company has not used funds raised on short-term basis for long-term investment.
18. The company has not made any preferential allotment of shares to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The company has not issued any debentures.
20. The company has not raised any money by public issues during the year.
21. According to the information and explanations given to us, we report that no fraud on or by the company has been noticed or reported during the year.

For UBEROI SOOD & KAPOOR

Chartered Accountants
(FIRM REGISTRATION NO. 001462N)

S.D. SHARMA

Partner

(M.No. 80399)

Place : New Delhi

Dated : 26th May, 2012

BALANCE SHEET AS AT 31 MARCH, 2012

(₹ in Lacs)

	NOTE	31 MARCH 2012	31 MARCH 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	675.62	675.62
Reserves and Surplus	4	9862.75	9069.64
		10538.37	9745.26
Non-Current Liabilities			
Long-Term borrowings	5	91.42	238.99
Deferred Tax Liabilities (net)	6	710.90	641.21
Other Long Term Liabilities	7	673.32	476.19
Long-Term Provisions	8	76.00	95.59
		1551.64	1451.98
Current Liabilities			
Short-Term borrowings	9	525.20	1030.33
Trade Payables	10	459.73	612.22
Other Current Liabilities	11	1310.64	2067.19
Short-Term Provisions	12	244.08	213.70
		2539.65	3923.44
		14629.66	15120.68
ASSETS			
Non-Current Assets			
Fixed Assets	13		
Tangible Assets		6568.01	6032.46
Capital Work-in-Progress		64.10	62.24
		6632.11	6094.70
Long-Term Loans and Advances	14	1180.37	1130.45
Other Non-Current Assets	15	60.66	47.43
		7873.14	7272.58
Current Assets			
Inventories	16	4555.48	5625.65
Trade Receivables	17	1675.52	1627.51
Cash and Bank Balances	18	140.74	156.43
Short-Term Loans and Advances	19	384.78	438.51
		6756.52	7848.10
		14629.66	15120.68
Summary of Significant Accounting Policies			
	2		

The accompanying notes (1-37) are an integral part of the financial Statements

As per our report of even date

For UBEROI SOOD & KAPOOR
Chartered Accountants
(Registration No. 001462N)

S.D. Sharma

(Partner)

M. No. 80399

New Delhi

26th May, 2012

For and on behalf of the Board

Anil Moolchandani

Chairman - cum - Managing Director

Dilip Seth

Chief Financial Officer

Pramod Arora

Joint Managing Director

Vikas Kumar Tak

Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2012

(₹ in Lacs)

	NOTE	31 MARCH 2012	31 MARCH 2011
INCOME			
Revenue from Operations (Gross)	20	20185.71	18842.19
Less : Excise Duty		72.59	23.42
Revenue from Operations (Net)		20113.12	18818.77
Other Income	21	86.03	119.25
TOTAL REVENUE		20199.15	18938.02
EXPENSES			
Cost of Materials Consumed	22	1629.34	1678.73
Purchases of Traded Goods	23	4681.24	6175.35
Changes in Inventories of Manufactured Goods, Work-in-Progress and Traded Goods	24	1239.09	(724.30)
Employee Benefits Expense	25	2723.25	2363.74
Finance Costs	26	376.29	265.92
Depreciation	13	459.04	453.26
Other Expenses	27	7699.56	7124.37
TOTAL EXPENSES		18807.81	17337.07
Profit Before Tax		1391.34	1600.95
Tax Expense			
Current Tax		371.50	494.73
Deferred Tax	6	69.69	23.48
Profit for the Year		950.15	1082.74
Earning Per Equity Share			
Basic & Diluted (Refer Note '33')		2.81	3.21
Summary of Significant Accounting Policies	2		

The accompanying notes (1-37) are an integral part of the Financial Statements

As per our report of even date

For and on behalf of the Board

For UBEROI SOOD & KAPOOR
Chartered Accountants
(Registration No. 001462N)

S.D. Sharma
(Partner)
M. No. 80399
New Delhi
26th May, 2012

Anil Moolchandani
Chairman - cum - Managing Director

Dilip Seth
Chief Financial Officer

Pramod Arora
Joint Managing Director

Vikas Kumar Tak
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

(₹ in Lacs)

	31 MARCH 2012	31 MARCH 2011
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax	1391.34	1601.42
Adjustments for:		
Depreciation	459.04	453.25
Interest Paid	282.23	191.32
Profit / Loss on Deletion of Tangible Fixed Assets	94.73	47.35
Interest Received	(22.30)	(46.87)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2205.04	2246.47
Adjustments for:		
Trade Receivables	(48.01)	(316.36)
Inventories	1070.17	(980.64)
Other receivables	(10.56)	(300.42)
Trade Payable and Other Liabilities	(700.53)	637.80
Taxes Paid (Net)	(365.06)	(291.41)
Net Cash Flow from Operating Activities (A)	2151.05	995.44
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Payment towards Capital Expenditure	(1108.64)	(1192.58)
Proceeds from Sale of Tangible Fixed Assets	25.39	48.24
Interest Received	22.30	46.87
Fixed Deposit placed with banks having original maturity over three months (Net)	(10.20)	17.66
Net Cash Flow Used in Investing Activities (B)	(1071.15)	(1079.81)
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Short-Term Borrowings (Net)	(505.13)	692.95
Proceeds from Long-Term Borrowings (Net)	(147.57)	(434.47)
Interest Paid	(282.23)	(191.32)
Dividend Paid (Including Tax on Dividend)	(157.63)	(157.47)
Net Cash Flow Used in Financing Activities (C)	(1092.56)	(90.31)
Net Increase/Decrease in Cash and Cash equivalents (A+B+C)	(12.66)	(174.68)
Cash and Cash equivalents (Opening)	133.45	308.13
Cash and Cash equivalents (Closing)	120.79	133.45

Summary of Significant Accounting Policies

2

For and on Behalf of the Board

Anil Moolchandani
Chairman - cum - Managing Director

Pramod Arora
Joint Managing Director

Dilip Seth
Chief Financial Officer

Vikas Kumar Tak
Company Secretary

AUDITORS CERTIFICATE

We have verified the above Cash Flow Statement of Archies Limited derived from the audited financial statement for the year ended 31st March, 2012 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the listing agreement with the Stock Exchanges.

For Uberoi Sood & Kapoor
Chartered Accountants
(Registration No. 001462N)

S.D. Sharma
(Partner)
M No. 80399

New Delhi
26th May, 2012

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH, 2012

1. GENERAL INFORMATION

The Company was incorporated under the name "Archies Greetings and Gifts Pvt. Ltd." in the year 1990 and changed its name to "Archies Greetings and Gifts Ltd." in 1995, further in 2002 the name of the Company was changed to "Archies Limited". The Company domiciled in India, is a public limited Company and its shares are listed on N.S.E. and B.S.E. The Company is into social expression industry and deals in Greeting Cards, Gifts and Stationery Products. It has set up a state of the art plant at IMT Manesar, Gurgaon, Haryana for manufacturing of Greeting Cards and Stationery products. The Company has 17 branches spread all over India and performs its operations through a systematic distribution network comprising of company owned stores, Franchisee, Distributors and Retailers.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation of Financial Statements

The Financial Statements have been prepared to comply with all material aspects of the notified accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The Financial Statements have been prepared under the historical cost convention on an accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current - non current classification of assets and liabilities.

The preparation of the Financial Statements in conformity with accounting principles requires that :

- (i) The management makes estimates and assumptions that affect the reported amounts of assets and liabilities;
- (ii) Disclosure of contingent assets and liabilities as of the date of the Financial Statements.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates.

Advertisement, Postage, Packing & Forwarding and Business Promotions & Development expenses are shown at net figures after reducing the recovered amounts.

2.2. Revenue Recognition

Revenue from sale of goods/job work is recognised when the sales/job work has been completed with the passing of title and are recorded net of returns, trade discounts, rebates, sales tax and excise duty.

Interest income is recognised on proportionate basis inclusive of tax deducted at source thereof.

Royalties accrue in accordance with the terms of the relevant agreement and are recognised on that basis.

Dividend income is recognised when the right to receive dividend is established.

2.3. Tangible Fixed Assets

Tangible Fixed Assets are stated at cost of acquisition and subsequent improvements thereto including borrowing costs, tax, duties, freight and other incidental expenses related to acquisition and installation.

CENVAT credit wherever claimed has been reduced from the cost of acquisition.

The Company capitalises assets taken on Finance Lease, in accordance with the Accounting Standard 19 (Accounting For Leases)

2.4. Capital Advances

Advances paid towards acquisition of fixed assets, not received before the year-end are disclosed under Capital Advances.

2.5. Capital Work in Progress

The costs of assets not ready for use, before the year-end, are disclosed under Capital Work in Progress.

2.6. Depreciation

Depreciation is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Individual assets costing upto Rs. 5000/- are depreciated in the year of purchase.

2.7. Investments

(i) Current Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as Current Investments. All other investments are classified as Non Current Investments. Current Investments are carried at lower of cost and fair value determined on an individual investment basis.

(ii) Non Current Investments

Non Current Investments are carried at cost and provision for diminution in value is made only if such decline is other than temporary in the opinion of the management.

2.8. Miscellaneous Expenditure

Miscellaneous Expenditure is being written off in accounting period in which incurred.

2.9. Valuation of Inventories

- i) Manufactured Goods, Work-in-Progress, Traded Goods and Raw Materials are valued at lower of cost and net realisable value.
- ii) Other Misc. Inventories are valued at cost.
- iii) The valuation of inventory is being done based on FIFO (First in First Out) method.

The finished goods, which are not saleable, are categorised as dead stock, which are taken and valued at net realisable value. The Company has consistently followed the method of valuation of inventory.

2.10. Branch Accounting

Stock is being transferred to the branches at a Mark-up to the Cost Price and is valued accordingly by the Branch but at the time of consolidation, the same is valued at as per valuation basis adopted by the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH, 2012

2.11 Foreign Exchange Transactions

- i) Transactions in foreign currency are accounted at the exchange rate prevailing at the time of transaction.
- ii) Outstanding monetary items denominated in foreign currency are translated at the year-end exchange rates.
- iii) Any gain or Loss on account of exchange differences is charged to the Statement of Profit and Loss.
- iv) The premium or discount arising on forward contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or expense for the year.
- v) In view of notification dated 29.12.2011 amending AS-11, the capital cost of respective fixed assets are adjusted for increase or decrease in liabilities incurred for the purpose of acquiring such fixed assets due to application of exchange rate prevailing at the Balance Sheet date.

2.12 Retirement Benefits to Employees

- i) Leave encashment is being given to the employees every year in the month of April while retaining upto 30 days Credit. Unpaid leave upto 30 days is charged to the Statement of Profit and Loss on the basis of actuarial valuation.
Leave beyond 30 days is recognised on accrual basis as short term leave.
- ii) Contributions are made by the company to the Provident Fund on a monthly basis and charged to the Statement of Profit and Loss.
- iii) Gratuity due to employees is covered by the Group Gratuity Policy under Cash Accumulation Scheme of Life Insurance Corporation of India (LIC). The contributions in respect of such scheme, based on the advices received from LIC, are made to the Gratuity Fund Trust. The liability towards gratuity is provided on the basis of actuarial valuation carried out by an independent Actuary in accordance with the Accounting Standard 15 (Employee Benefits).

2.13 Provisions and Contingent Liabilities

The Company recognises a provision when there is a present obligation as a result of a past event and it is probable that it would involve an outflow of resources and a reliable estimate can be made of the amount of such obligation. Such provisions are not discounted to their present value and are determined based on the management's estimation of the obligation required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect management's current estimates.

A disclosure for a Contingent Liability is made where it is more likely than not that a present obligation or possible obligation may result in or involve an outflow of resources. When no present or possible obligation exists and the possibility of an outflow of resources is remote, no disclosure is made.

2.14 Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax asset in respect of unabsorbed depreciation and carry forward of losses, if any, are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such losses.

2.15 Segment Reporting

(i) Primary Segment

The company operates in three primary business Segments-Greeting Cards, Stationery and Gifts.

(ii) Secondary Segment

The company has operations within India as well as entities located in other countries. Its reportable segment is based on geographical location of its customers.

2.16 Impairment of Assets

At each balance sheet date, the company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the statement of profit and loss to the extent the carrying amount exceeds the recoverable amount.

2.17 Leases

Operating lease payments are recognised as an expense in the Statement of Profit and Loss as per the terms of the agreements which are representative of the time pattern of the user's benefit.

2.18 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, except where the results would be anti-dilutive.

2.19 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investment with maturity of three months or less.

2.20 Previous Year Figures

Till the year ended 31 March 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956 for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the Financial Statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH, 2012

(₹ in Lacs)

	31 MARCH 2012	31 MARCH 2011
3. SHARE CAPITAL		
Authorised (No. in Lacs)		
750 (31 March 2011, 750) Equity shares of ₹ 2/- each	1500.00	1500.00
Issued, Subscribed and Paid-Up		
337.80 (31 March 2011, 337.80) Equity shares of ₹ 2/- each fully paid up	675.60	675.60
Forfeited shares	0.02	0.02
	675.62	675.62

Details of shareholders holding more than 5% shares in the Company

	31 MARCH 2012		31 MARCH 2011	
	No. of Equity Shares Held	% of Holding	No. of Equity Shares Held	% of Holding
a) Anil Moolchandani	67.94	20.11	67.94	20.11
b) Jagdish Moolchandani	42.53	12.59	42.53	12.59
c) Pushpa Moolchandani	29.64	8.78	29.64	8.78
d) Varun Moolchandani	20.31	6.01	20.31	6.01
e) Karan Moolchandani	18.52	5.48	18.52	5.48
f) Raghav Moolchandani	18.08	5.35	18.08	5.35

(₹ in Lacs)

	31 MARCH 2012	31 MARCH 2011
4. RESERVES AND SURPLUS		
a) Capital Reserve		
Forfeiture of Share Warrants	159.50	159.50
Closing Balance	159.50	159.50
b) Securities Premium Account		
Opening Balance	737.95	737.95
Closing Balance	737.95	737.95
c) General Reserve		
Opening Balance	5460.52	5310.52
Add: Transferred from Surplus in Statement of Profit and Loss during the year	150.00	150.00
Closing Balance	5610.52	5460.52
d) Surplus in Statement of Profit and Loss		
Opening Balance	2711.67	1806.07
Add : Previous Year's Tax Adjustments	0.00	129.90
Add : Profit for the year	950.15	1082.74
	3661.82	3018.71
Less : Appropriations		
Transfer to General Reserve	150.00	150.00
Proposed Dividend ₹ 0.40 (31 March 2011, ₹ 0.40) each Equity Share	135.12	135.12
Tax on Dividend	21.92	21.92
Closing Balance	3354.78	2711.67
Total (a) + (b) + (c) + (d)	9862.75	9069.64

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH, 2012

(₹ in Lacs)

		31 MARCH 2012	31 MARCH 2011
5.	LONG - TERM BORROWINGS		
	Secured Loans		
a)	Term Loans - ICICI Bank Ltd. i and iv	0.00	143.75
b)	Term Loans - Religare Finvest Ltd. ii and iv	54.81	70.24
c)	Vehicle Loans iii and iv		
	- Banks	30.71	9.33
	- Others	5.90	15.67
		91.42	238.99
i.	Subservient charge by way of hypothecation of the Stock, Book Debts and all Movable Fixed Assets, both present and future. Personal Guarantee of Mr. Anil Moolchandani, CMD and Mr. Jagdish Moolchandani, ED.		
ii.	Secured by exclusive charge on the specific asset by way of hypothecation.		
iii.	Against hypothecation of Vehicle.		
iv.	The loan is repayable in Equated Installments from the date of loan.		
v.	The charges stated above are also applicable for securing the current portion of Long Term Liabilities as per Note no. 11		
6.	DEFERRED TAX LIABILITIES (NET)		
	Deferred Tax Liabilities		
	Related to Fixed Assets a)	761.43	708.06
	Deferred Tax Assets		
	Employee Benefits	42.88	59.02
	Provision for Doubtful Advances	7.65	7.83
	b)	50.53	66.85
	(a-b)	710.90	641.21
	Deferred Tax Charged to Statement of Profit and Loss	69.69	23.48
7.	OTHER LONG-TERM LIABILITIES		
	Security Deposit	673.32	476.19
	(Received from Franchisee, Agents & Distributors)		
		673.32	476.19
8.	LONG - TERM PROVISIONS		
	Provision for Employee Benefits (Refer Note 36)		
	Provision for Leave Encashment	46.32	40.55
	Provision for Gratuity	29.68	55.04
		76.00	95.59
9.	SHORT - TERM BORROWINGS		
	Loans repayable on demand (Secured)		
	WCDL, Cash Credit, Buyer's Credit, Packing Credit from Banks i and ii	525.20	1030.33
		525.20	1030.33
i.	Pari passu first charge in favour of ICICI bank Ltd., Citibank N.A. and Indusind Bank Ltd. by way of hypothecation of Stocks, Book Debts and Plant and Machinery, both present and future, except assets specifically hypothecated.		
ii.	Personal Guarantee of Mr. Anil Moolchandani, CMD and Mr. Jagdish Moolchandani, ED.		
10.	TRADE PAYABLES		
	Trade payables	459.73	612.22
		459.73	612.22

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH, 2012

(₹ in Lacs)

	31 MARCH 2012	31 MARCH 2011
11. OTHER CURRENT LIABILITIES		
Current Maturities of Long-Term Borrowings	239.21	570.53
Advance from customers	37.88	33.68
Interest Accrued But Not Due	4.07	6.78
Statutory Liabilities	128.75	124.06
Accrued Salary & Other Benefits	242.20	227.99
Expenses Payable	179.04	392.71
Unclaimed Dividend	5.01	5.60
Other Payable for Expenses	474.48	705.84
	1310.64	2067.19
12. SHORT-TERM PROVISIONS		
Provision For Employee Benefits (Refer Note 36)		
Leave Encashment	15.04	17.70
Gratuity	72.00	38.96
Proposed Dividend	135.12	135.12
Provision for Dividend Tax	21.92	21.92
	244.08	213.70

13. TANGIBLE FIXED ASSETS

(₹ in Lacs)

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK		
	AS AT 01 APRIL 2011	ADDITONS	DISPOSALS & ADJUSTMENTS	OTHER ADJUSTMENTS (EXCHANGE FLUCTUATION)	AS AT 31 MARCH 2012	AS AT 01 APRIL 2011	FOR THE YEAR	DISPOSALS/ ADJUSTMENTS	OTHER ADJUSTMENTS (EXCHANGE FLUCTUATION)	AS AT 31 MARCH 2012	AS AT 31 MARCH 2012	AS AT 31 MARCH 2011	
LAND	536.34	0.00	0.00	0.00	536.34	0.00	0.00	0.00	0.00	0.00	536.34	536.34	
FACTORY BUILDINGS	1931.05	9.91	0.00	17.61	1958.57	124.36	64.62	0.00	0.26	189.24	1769.33	1806.69	
BUILDING (OTHER THAN FACTORY)	37.45	289.61	0.00	0.00	327.06	0.10	1.22	0.00	0.00	1.32	325.74	37.35	
PLANT & MACHINERY	1658.74	67.99	5.93	0.00	1720.80	844.82	79.95	1.71	0.00	923.06	797.74	813.92	
FURNITURE & FITTINGS	2955.49	521.38	170.20	0.00	3306.67	833.80	195.72	76.72	0.00	952.80	2353.87	2121.69	
OFFICE EQUIPMENT	422.52	81.61	2.99	0.00	501.14	90.53	26.80	0.43	0.00	116.90	384.24	331.99	
COMPUTERS	627.85	52.06	112.61	0.00	567.30	404.59	66.66	112.57	0.00	358.68	208.62	223.26	
VEHICLES	235.92	74.53	39.88	0.00	270.57	79.66	23.38	20.07	0.00	82.97	187.60	156.26	
POLLUTION CONTROL EQUIPMENT	9.06	0.00	0.00	0.00	9.06	4.10	0.43	0.00	0.00	4.53	4.53	4.96	
TOTAL	8414.42	1097.09	331.61	17.61	9197.51	2381.96	458.78	211.50	0.26	2629.50	6568.01	6032.46	
CAPITAL WORK IN PROGRESS											64.10	62.24	
GRAND TOTAL	8414.42	1097.09	331.61	17.61	9197.51	2381.96	458.78	211.50	0.26	2629.50	6632.11	6094.70	
PREVIOUS YEAR	7310.66	1285.13	181.91	0.54	8414.42	2015.02	453.25	86.32	0.01	2381.96	6094.70		

Furniture and fittings include fitments in shops and offices.

(i) Capital Work in Progress includes :

Borrowing cost - Nil (31 March 2011, ₹ 3.41)

(ii) Addition to Tangible Fixed Assets include borrowing cost - Nil. (31 March 2011, ₹ 2.91)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH, 2012

(₹ in Lacs)

	31 MARCH 2012	31 MARCH 2011
14. LONG-TERM LOANS AND ADVANCES		
(Unsecured and Considered Good)		
Advances to Suppliers	23.57	23.57
Less : Provisions for Doubtful Advances	23.57	23.57
	0.00	0.00
Capital Advance	5.70	13.62
Security Deposits	1153.94	1094.17
Prepaid Expenses	1.19	1.56
Advance to Staff	2.04	3.70
Others	17.50	17.40
	1180.37	1130.45
15. OTHER NON-CURRENT ASSETS		
Long-Term Deposits with Banks with maturity more than 12 months (i)	53.20	43.21
Interest Accrued on Bank Deposits	7.46	4.22
	60.66	47.43
(i) Deposited Against Margin Money and Sales Tax Department		
16. INVENTORIES		
(Refer note 2.9)		
Raw Materials (Refer Note 22)	566.32	407.24
Work in Progress (Refer Note 24)	65.80	201.76
Manufactured Goods (Refer Note 24)	919.96	1158.73
Traded Goods (Refer Note 24)	2993.17	3857.53
Other Misc. Inventories	10.23	0.39
	4555.48	5625.65
17. TRADE RECEIVABLES		
(Unsecured & Considered Good)		
Outstanding for a period exceeding six months from the date they are due for payment	100.00	78.70
Other debts	1575.52	1548.81
	1675.52	1627.51
18. CASH AND BANK BALANCES		
(a) Cash and Cash Equivalents		
Balances with Banks		
In Current Accounts	70.57	101.78
In Deposit Account with original maturity of less than 3 months (i)	7.00	0.00
Interest Accrued on Bank Deposits	0.00	0.00
Cash Balance on Hand	43.22	31.67
	120.79	133.45
(b) Other Bank Balances		
Short-term Deposits with banks with maturity more than 3 months but less than 12 Months (i)	18.48	21.18
Interest Accrued on Bank Deposits	1.47	1.80
	140.74	156.43
i) Deposited against Margin Money and Sales Tax Department		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH, 2012

(₹ in Lacs)

	31 MARCH 2012	31 MARCH 2011
19. SHORT-TERM LOANS AND ADVANCES		
(Unsecured and Considered Good)		
Advances to Suppliers	302.61	343.72
Advances to Staff	9.04	7.29
Special Additional Duty Recoverable	13.17	24.07
Prepaid Expenses	23.16	12.82
Advance Tax (Net)	7.37	13.82
Others Loan and Advances	29.43	36.79
	384.78	438.51
20. REVENUE FROM OPETATIONS		
Sale of Products		
Manufactured Goods	6646.90	6418.41
Traded Goods	13496.88	12390.23
Other Operating Revenues		
Scrap Sales	7.98	11.42
Other	33.95	22.13
Revenue from Operations (Gross)	20185.71	18842.19
Less : Excise Duty (i)	72.59	23.42
Revenue from Operations (Net)	20113.12	18818.77
(i) Excise duty on sales amounting to ₹ 72.59 (31 March 2011, ₹ 23.42 has been reduced from sales in Statement of Profit and Loss and excise duty on increase/decrease in stock amounting to ₹ 13.07 (31 March 2011, ₹ 5.44) has been considered as (income)/expense in note 27 of financial statements.		
Details of Goods Sold - Manufactured Goods		
Greeting Cards	5162.17	5103.58
Stationery Items	1456.64	1214.03
Others	28.09	100.80
	6646.90	6418.41
Details of Goods Sold - Traded Goods		
Greeting Cards	168.30	61.53
Stationery Items	931.53	1017.72
Gift Items	12320.72	11276.12
Others	76.33	34.86
	13496.88	12390.23
21. OTHER INCOME		
Exchange Difference	52.91	31.04
Interest Received (i)	19.04	43.58
Interest Charged (Late Payment)	3.26	3.29
Miscellaneous Income	10.67	13.73
Profit on Sale of Tangible Fixed Assets	0.15	27.61
	86.03	119.25

(i) Tax Deducted at Source ₹ 1.91 (31 March 2011, ₹ 0.13)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH, 2012

(₹ in Lacs)

	31 MARCH 2012	31 MARCH 2011
22. COST OF MATERIALS CONSUMED		
Opening Stock	407.24	150.82
Add : Purchases	1788.42	1935.15
	2195.66	2085.97
Less : Closing Stock	566.32	407.24
	1629.34	1678.73
Details of Material Purchased		
Paper & Paper Board	940.62	1273.22
Misc. Raw Material	847.80	661.93
	1788.42	1935.15
Details of Material Consumed		
Paper & Paper Board	770.47	1056.54
Misc. Raw Material	858.87	622.19
	1629.34	1678.73
Details of Inventory		
Paper & Paper Board	486.46	316.31
Misc. Raw Material	79.86	90.93
	566.32	407.24

Value of Imported & Indigenous Raw Material Consumed

Particulars	31 MARCH 2012		31 MARCH 2011	
	%	Value (₹ in Lacs)	%	Value (₹ in Lacs)
Imported	23	378.45	17	286.15
Indigenous	77	1250.89	83	1392.58
	100	1629.34	100	1678.73

	31 MARCH 2012	31 MARCH 2011
23. PURCHASES OF TRADED GOODS		
Traded Goods	4681.24	6175.35
	4681.24	6175.35
Details of Purchases of Traded Goods		
Greeting Cards	38.80	17.58
Stationery Items	424.51	473.49
Gift Items	4206.89	5661.67
Others	11.04	22.61
	4681.24	6175.35

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH, 2012

(₹ in Lacs)

	31 MARCH 2012	31 MARCH 2011
24. CHANGES IN INVENTORIES OF MANUFACTURED GOODS, WORK-IN-PROGRESS AND TRADED GOODS		
Opening Stock		
Manufactured Goods	1158.73	1440.69
Work-in-Progress	201.76	119.67
Traded Goods	3857.53	2933.36
	5218.02	4493.72
Closing Stock		
Manufactured Goods	919.96	1158.73
Work-in-Progress	65.80	201.76
Traded Goods	2993.17	3857.53
	3978.93	5218.02
(Increase)/ Decrease in Stock	1239.09	(724.30)
Details of Inventory of Manufactured Goods		
Greeting Cards	642.61	756.48
Stationery Items	277.35	402.25
	919.96	1158.73
Details of Inventory of Work-in-Progress		
Greeting Cards	51.58	162.52
Stationery Items	13.23	36.21
Others	0.99	3.03
	65.80	201.76
Details of Inventory of Traded Goods		
Greeting Cards	15.36	79.30
Stationery Items	419.35	450.59
Gift Items	2530.56	3285.34
Others	27.90	42.30
	2993.17	3857.53
25. EMPLOYEE BENEFITS EXPENSE		
Salary, Wages and Other Benefits	2485.29	2116.81
Contribution to Provident and Other Funds	196.13	208.75
Staff Welfare Expenses	41.83	38.18
	2723.25	2363.74
26. FINANCE COSTS		
Financial Charges	84.98	77.51
Interest	282.23	188.41
Exchange Difference	9.08	0.00
	376.29	265.92

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31 MARCH, 2012

(₹ in Lacs)

	31 MARCH 2012	31 MARCH 2011
27. OTHER EXPENSES		
Advertisement	251.67	198.93
Bad Debts	3.46	3.99
Branch Management Expenses	8.77	1.85
Business Promotion & Development	375.00	340.40
Commission on Sales	1205.41	1216.90
Communication Expenses	79.70	81.26
Computer Expenses	24.07	26.91
Consumables (i)	47.67	38.55
Conveyance	114.66	95.71
Director's Sitting Fees	0.88	1.39
Discount Allowed	115.01	137.22
Electricity & Water Expenses	481.92	437.79
Exchange Difference	27.73	13.93
Excise Duty	13.07	5.44
Freight & Cartage (Outward)	47.91	46.40
Freight & Cartage Inward	340.37	376.26
General Expenses	60.44	70.88
Insurance	41.18	29.07
Jobwork	166.54	243.40
Legal & Professional Charges (ii)	110.31	114.61
Licence Fees	5.55	4.87
Loss in Transit Damages	17.46	8.58
Loss on Sale / Deletion of Tangible Fixed Assets	94.88	74.96
Meeting & Conference Expenses	3.12	31.81
Office Maintenance	69.56	45.11
Postage, Packing & Forwarding	108.41	113.11
Power	68.53	67.59
Printing & Stationery	30.95	34.19
Rates & Taxes	15.05	14.26
Rent (Refer Note 37)	2711.01	2323.60
Repair & Maintenance		
- Machinery	61.86	70.14
- Building	9.95	15.77
- Vehicles	71.06	54.85
- Others	163.92	128.66
Shop Maintenance	594.86	487.32
Travelling Expenses	79.96	95.48
Watch & Ward Expenses	77.66	73.18
	7699.56	7124.37

i) Value of Imported & Indigenous Raw Material Consumed

Particulars		31 MARCH 2012		31 MARCH 2011
	%	Value (₹ in Lacs)	%	Value (₹ in Lacs)
Indigenous	100	47.67	100	38.55

ii) Figures under the head "Legal & Professional Charges" Includes amount paid to the Auditors of the Company
(₹ in Lacs)

	31 MARCH 2012	31 MARCH 2011
a) For Statutory and Tax Audit	14.61	12.13
b) For the Company Law and Other Matters	0.00	2.76
c) Branch Auditors	4.54	4.09
d) For Branch other Matters	0.09	0.23

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH, 2012
28. CAPITAL AND OTHER COMMITMENT

Capital Commitment - Estimated amount of contracts remaining to be executed on Capital Account (net of advances) and not provided for ₹ 70.99 Lacs (Previous year ₹ 192.99 Lacs)

Other Commitment - Estimated amount of contracts remaining to be executed on Other Commitment (net of advances) and not provided for ₹ 112.96 Lacs (Previous year ₹ 209.69 Lacs)

29. CONTINGENT LIABILITIES :

	(₹ in Lacs)	
	31 MARCH 2012	31 MARCH 2011
a) Income Tax Demand (Block Period)	340.27*	Nil
b) Service Tax on Rent Paid	Nil	2.64
c) Dispute of Rent Escalation and CAM Charges	0.88	27.27
d) Dispute of VAT/CST/Entry Tax	1.89	1.89

*On 7 January 2000 Income Tax Department carried out search & seizure operation and a demand was raised to the tune of ₹ 340.27 Lacs, which is disputed by the Company. The Company had filed an appeal against the order with CIT (Appeals) and the demand has been reduced to ₹ 74.82 Lacs. The Company had filed an appeal against the order of CIT (Appeals) with Hon'ble Income Tax Appellate Tribunal. The Income Tax Department has also filed an appeal against the order of CIT (Appeals) with Hon'ble Income Tax Appellate Tribunal (ITAT). The Hon'ble ITAT vide its order dt. 31 May 2010, dismissed the appeal filed by the Income Tax Department and partly allowed the appeal filed by the Company. The Income Tax Department has filed an appeal in Hon'ble High Court of Delhi against the order of the Hon'ble ITAT.

30. VALUE OF IMPORTS CALCULATED ON CIF BASIS

	(₹ in Lacs)	
	31 MARCH 2012	31 MARCH 2011
Raw Material	419.65	287.24
Traded Goods	2396.27	3310.60
Artwork & Designs	56.13	52.39
Capital Goods	49.30	107.90

31. EXPENDITURE IN FOREIGN CURRENCY

	31 MARCH 2012	31 MARCH 2011
Travelling	16.55	31.60
Royalty	62.26	39.28
Spare Parts (Machinery)	0.03	5.39

32. EARNINGS IN FOREIGN CURRENCY DURING THE YEAR

	31 MARCH 2012	31 MARCH 2011
Export of Goods calculated on FOB Basis	401.11	626.88

33. EARNING PER SHARE (AS - 20)

	31 MARCH 2012	31 MARCH 2011
Profit after Tax (₹ in Lacs)	950.15	1082.74
Weighted Average Number of Equity Shares (No. in Lacs)	337.80	337.80
Nominal value per Equity Share (₹)	2/-	2/-
Basic & Diluted Earning Per Share (₹)	2.81	3.21

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH, 2012

34. SEGMENT REPORTING (AS - 17)

The Company's financial reporting is organised into three major operating divisions viz. Greeting Cards, Stationery Items, Gifts and others. These divisions are the basis on which the company is reporting its primary segment information as follows :-

i) Information about Business Segments

(₹ in Lacs)

S.NO.	PARTICULARS	31 MARCH 2012	31 MARCH 2011
	Segment Revenue		
a	Greeting Cards	5291.01	5164.68
b	Stationery	2355.04	2208.75
c	Gifts	12320.72	11276.12
d	Others	104.42	135.67
	Income From Operations	20071.19	18785.22
	Segment Results		
	Profit before Dep., Interest, Finance Charge & Tax		
a	Greeting Cards	1009.95	1189.37
b	Stationery	230.25	307.83
c	Gifts	1574.43	1339.53
d	Others	6.88	12.44
	Total	2821.51	2849.17
	Less: Depreciation	459.04	453.26
	Less: Interest and Finance Charges	376.29	265.92
	Less: Other unallocable exp.	594.84	529.04
	net of unallocable Income		
	Profit before Tax	1391.34	1600.95
	Capital Employed		
	(Segment Assets-Segment Liabilities)	12090.01	11197.24
	Total	12090.01	11197.24

(ii) Information about Geographical Segment

(₹ in Lacs)

Particulars	Sales Revenue By Geographical Market		Carrying Amount of Segment Assets		Additions to Tangible Fixed Assets	
	31 MARCH 2012	31 MARCH 2011	31 MARCH 2012	31 MARCH 2011	31 MARCH 2012	31 MARCH 2011
East	1533.32	1303.50	350.91	348.32	2.75	0.96
West	5022.38	4957.09	2249.87	2310.52	129.31	127.52
North	8972.07	8027.31	10165.23	10482.11	896.73	1027.81
South	3603.66	3387.77	1661.52	1783.38	73.75	102.43
Central	538.65	482.67	202.13	196.35	12.16	26.95
Export	401.11	626.88	NIL*	Nil*	Nil*	Nil*
Total	20071.19	18785.22	14629.66	15120.68	1114.70	1285.67

* No specific assets are held for export.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH, 2012

(iii) Notes to Segment information

Segment Revenue and Expense

- Joint revenues and expenses are allocated to the business segments on a reasonable basis to the extent possible.

Segment Assets and Liabilities

- Segment Assets include all Operating Assets used by Segment comprising Non-Current Assets and Current Assets. Segment Liabilities include all Operating Liabilities principally of Current Liabilities.

Capital Employed

- Due to the nature of business and common manufacturing facilities for various Segments, a reasonable allocation of Capital Employed to various Segments is currently not practicable.

35. RELATED PARTY DISCLOSURES (AS-18)

(i) List of Related Parties with whom transactions have taken place and Relationships :-

S. No.	Name of Related Party	Relationship
1.	Mr. Anil Moolchandani (Chairman-Cum-Managing Director) Mr. Jagdish Moolchandani (Executive Director) Mr. Pramod Arora (Joint Managing Director) Mr. Vijayant Chhabra (Executive Director)	Key Management Personnel
2.	Mrs. Neeru Moolchandani w/o Mr. Anil Moolchandani Mrs. Pushpa Moolchandani w/o Mr. Jagdish Moolchandani Mr. Varun Moolchandani s/o Mr. Anil Moolchandani Mr. Karan Moolchandani s/o Mr. Anil Moolchandani Mr. Raghav Moolchandani s/o Mr. Jagdish Moolchandani Mrs. Veena K. Talreja Sister of Mr. Anil Moolchandani & Mr. Jagdish Moolchandani Mr. Vikrant Chhabra Brother of Mr. Vijayant Chhabra	Relatives of Key Management Personnel
3.	Empire Greetings & Gifts Pvt. Ltd. M/s Rattanjee Andani Corp.	Enterprises over Which Key Management Personnel or their Relatives Exercise Significant Influence

ii) Transactions During The Year With Related Parties :

(₹ in Lacs)

S. NO.	NATURE OF TRANSACTION	KEY MANAGEMENT PERSONNEL		RELATIVES OF KEY MANAGEMENT PERSONNEL		ENTERPRISES OVER WHICH KEY MANAGEMENT PERSONNEL OR THEIR RELATIVES EXERCISE SIGNIFICANT INFLUENCE		TOTAL	
		31 MARCH 2012	31 MARCH 2011	31 MARCH 2012	31 MARCH 2011	31 MARCH 2012	31 MARCH 2011	31 MARCH 2012	31 MARCH 2011
1	Purchase of Goods					397.63	521.40	397.63	521.40
2	Sale of Goods			0.00	0.00	0.00	0.26	0.00	0.26
3	Commission on Sales			4.55	3.37	20.10	19.61	24.65	22.98
4	Reimbursement of Expenses			0.00	0.00	3.77	8.26	3.77	8.26
5	Rent Paid	104.10	104.91	78.37	84.99	92.23	84.00	274.70	273.91
6	Salary	128.56	122.36	16.34	15.98			144.90	138.34
7	Unsecured Loans Received	54.00	80.00					54.00	80.00
8	Repayment of Unsecured Loans	54.00	80.00					54.00	80.00
	Debit Balances Outstanding								
	Outstanding receivables					12.60	12.60	12.60	12.60
	Credit Balance Outstanding								
	Outstanding Payable	6.78	5.80	0.87	2.31	3.33	3.39	10.98	11.50

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH, 2012

36. EMPLOYEE BENEFITS

a) The principal assumptions used in actuarial valuation are as below:

	31 MARCH 2012	31 MARCH 2011
Discount Rate	8.60%	8.00%
Expected rate of return on Plan Assets	9.25%	9.25%
Expected rate of increase in compensation level	6.00%	5.00%

b) Changes in the present value of the obligations

(₹ in Lacs)

	31 MARCH 2012		31 MARCH 2011	
Particulars	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Opening Present Value of obligations	58.25	226.33	41.06	156.64
Interest Cost	4.66	18.11	3.20	12.22
Past Service Cost	-	-	-	33.76
Current Service Cost	13.54	28.59	13.90	24.64
Benefits Paid	(20.77)	(13.63)	(15.83)	(13.87)
Actuarial Loss/(gain) on obligations	5.68	13.44	15.92	12.94
Closing Present Value of Obligations	61.36	272.84	58.25	226.33

c) Changes in Fair Value of Plan Assets

(₹ in Lacs)

	31 MARCH 2012		31 MARCH 2011	
Particulars	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Opening Fair Value of Plan Assets	-	132.33	-	103.46
Addition due to difference identified in the plan assets at the beginning of the period	-	-	-	2.21
Expected return on Plan Assets	-	13.49	-	9.47
Employer contribution	-	38.96	-	29.64
Benefits Paid	-	(13.62)	-	(13.87)
Actuarial gain/(loss) on Plan Assets	-	-	-	1.42
Closing Fair Value of Plan Assets	-	171.16	-	132.33

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH, 2012
d) Fair Value Of Plan Assets

(₹ in Lacs)

Particulars	31 MARCH 2012		31 MARCH 2011	
	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Opening Fair Value of Plan Assets	-	132.33	-	103.46
Addition due to difference identified in the plan assets at the beginning of the period	-	-	-	2.21
Actual return on Plan Assets	-	13.49	-	10.89
Employer contribution	-	38.96	-	29.64
Benefits Paid	-	(13.62)	-	(13.87)
Fair Value of Plan Assets at the end of period	-	171.16	-	132.33
Funded Status	(61.36)	(101.68)	(58.25)	(94.00)
Excess of Actual over Expected Return Plan Assets on	-	-	-	1.42

e) Actuarial Gain/Loss Recognised

(₹ in Lacs)

Particulars	31 MARCH 2012		31 MARCH 2011	
	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Actuarial gain/(loss)				
-Obligation	(5.68)	(13.44)	(15.92)	(12.94)
-Plan Assets	-	-	-	(1.42)
Total (Gain)/Loss recognised	5.68	13.44	15.92	11.51

f) Amount Recognised in the Balance Sheet

(₹ in Lacs)

Particulars	31 MARCH 2012		31 MARCH 2011	
	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Closing Present Value of obligations	61.36	272.84	58.25	226.33
Fair value of Plan Assets as at the end of the year	-	171.16	-	132.33
Funded Status	(61.36)	(101.68)	(58.25)	(94.00)
Net Liability Recognized in Balance Sheet	61.36	101.68	58.25	94.00

g) Expenses Recognised in The Statement of Profit And Loss

(₹ in Lacs)

Particulars	31 MARCH 2012		31 MARCH 2011	
	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Current Service Cost	13.54	28.59	13.90	24.64
Past Service Cost	-	-	-	33.77
Interest Cost	4.66	18.11	3.20	12.22
Expected return on Plan Assets	-	(13.49)	-	(9.47)
Net Actuarial (Gain)/Loss Recognised during the year	5.68	13.44	15.92	11.51
Total Expense recognised in Statement of Profit and Loss	23.88	46.65	33.03	72.67

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH, 2012

h) Amount for the Current Period

(₹ in Lacs)

Particulars	31 MARCH 2012		31 MARCH 2011	
	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Present Value of Obligation	61.36	272.84	58.25	226.33
Plan Assets	-	171.16	-	132.33
Surplus (Deficit)	(61.36)	(101.68)	(58.25)	(94.00)
Experience adjustments on plan liabilities- (Loss)/Gain	(4.69)	(8.68)	(18.60)	9.04
Experience adjustments on plan assets- (Loss)/Gain	-	-	-	1.42

i) Reconciliation Statement Of Expenses in the Statement of Profit and Loss

(₹ in Lacs)

Particulars	31 MARCH 2012		31 MARCH 2011	
	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Present Value of obligation as at the end of period	61.36	272.84	58.25	226.33
Present Value of obligation as at the beginning of period	(58.25)	(226.33)	(41.06)	(156.64)
Benefits paid :				
(i) Directly paid by the enterprise	20.77	-	15.84	-
(ii) Payment made out of the fund	-	13.63	-	13.87
Actual return on plan assets	-	(13.49)	-	(10.89)
Expense recognised in the Statement of Profit & Loss	23.88	46.65	33.03	72.67

j) Movement in the Liability Recognised in the Balance Sheet

(₹ in Lacs)

Particulars	31 MARCH 2012		31 MARCH 2011	
	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Opening Net Liability	58.25	94.00	41.06	53.18
Expenses as above	23.88	46.65	33.03	72.67
Benefits paid directly by the enterprise	(20.77)	-	(15.84)	-
Contributions paid into the fund	-	(38.96)	-	(29.64)
Addition due to difference identified in the plan assets at the beginning of the period	-	-	-	(2.21)
Closing Net liability	61.36	101.68	58.25	94.00

k) Classification of Liability Into Current & Non-current Liability

(₹ in Lacs)

Particulars	31 MARCH 2012		31 MARCH 2011	
	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Current Liability	15.04	72.00	17.70	38.96
Non-Current Liability	46.32	29.68	40.55	55.04
Closing Net Liability	61.36	101.68	58.25	94.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH, 2012

37. OPERATING LEASE (AS-19)

The Company has entered into operating lease arrangements for premises. Lease payments recognised in the statement of profit and loss under non-cancelable operating leases in respect of these assets is ₹ 2711.01 Lacs (31 March 2011, ₹ 2323.60 Lacs), which includes contingent rents of ₹ 37.02 Lacs (31 March 2011, ₹ 12.51 Lacs). The Lease Agreements are further renewable after its expiry of initial term with a mutual consent, subject to revision in Lease rentals.

		(₹ in Lacs)
	31 MARCH 2012	31 MARCH 2011
Lease Rent Payable not later than one year	2566.64	2368.12
Lease Rent Payable later than one year but not later than five years	8324.77	8128.30
Lease Rent Payable later than five years	3230.67	3640.46

As per our report of even date

For UBEROI SOOD & KAPOOR
Chartered Accountants
(Registration No. 001462N)

S.D. Sharma
(Partner)

M. No. 80399

New Delhi

26th May, 2012

For and on behalf of the Board

Anil Moolchandani
Chairman - cum - Managing Director

Dilip Seth
Chief Financial Officer

Pramod Arora
Joint Managing Director

Vikas Kumar Tak
Company Secretary

ARCHIES LIMITED

Regd. Office : 191F, Sector - 4, IMT Manesar Gurgaon, Haryana - 122050

PROXY FORM

Regd. Folio No./DP Client ID.

I/We of in the district of
being a member / members of the Company hereby appoint of
in the district of or failing him/her of in the
district as my/our proxy to vote for me / us on my/our behalf at the TWENTY SECOND ANNUAL
GENERAL MEETING of the Company to be held at Manesar Club, Sec-5, IMT Manesar, Gurgaon, Haryana - 122050.
India, and at any adjournment thereof, 11:00 a.m. on Thursday, September 27, 2012.

Signed this day of 2012.

Signature

Affix
1 Rupee
Revenue
Stamp

Note : This form in order to be effective, should be duly stamped, completed and signed and must be deposited at the
Corporate Office of the Company, C-113, Naraina Industrial Area, Phase-I, New Delhi-110 028 or its Registrar and
Share Transfer Agent, M/s Link Intime India (Private) Limited, A-40, 2nd Floor, Naraina Industrial Area, Phase-II, Near
Batra Banquet Hall, New Delhi-110028, not less than 48 hours before the meeting.



ARCHIES LIMITED

Regd. Office : 191F, Sector - 4, IMT Manesar Gurgaon, Haryana - 122050

ATTENDANCE SLIP

Twenty Second Annual General Meeting - September 27, 2012

Regd. Folio No./DP Client ID.

No. of Shares held

I certify that I am a member/proxy for the member of the Company.

I hereby record my presence at the TWENTY SECOND ANNUAL GENERAL MEETING of the Company at Manesar Club, Sec-5,
IMT Manesar, Gurgaon, Haryana - 122050. India, and at any adjournment thereof, 11:00 a.m. on Thursday, September 27, 2012.

Member's / Proxy's Name
(In Block Letters)

Signature of Member / Proxy

- Notes :
1. Please fill up this Attendance Slip and hand it over at the entrance of the meeting hall.
 2. Members are requested to bring their copies of the Annual Report at the meeting.
 3. Please note that no gifts/company products will be distributed at the meeting.