

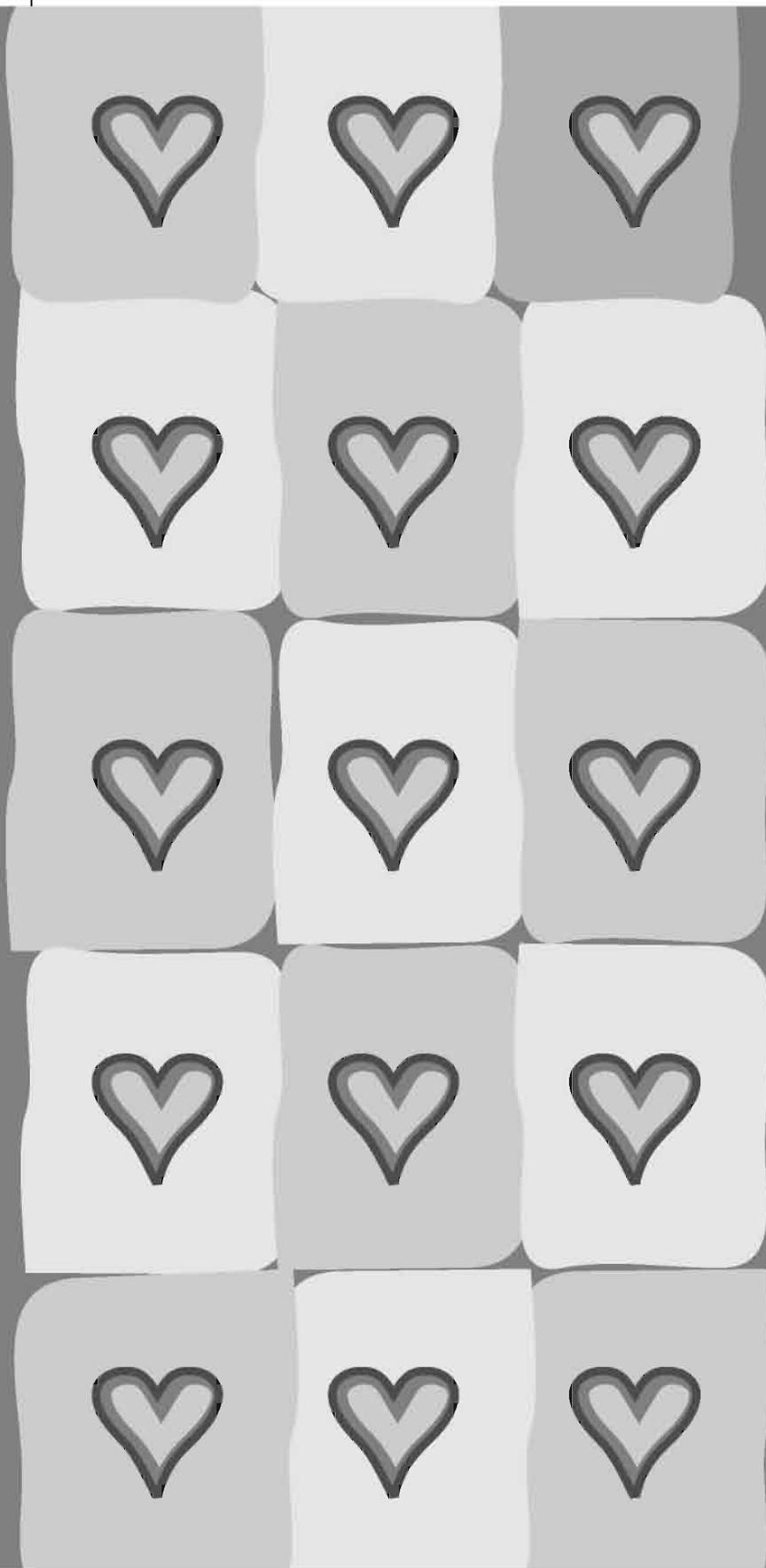
TWO STORIES.
ONE LOVE.

ARCHIES AND HALLMARK
COME TOGETHER.

ANNUAL REPORT
2010-11

ARCHIES 

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

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-I, New Delhi-110 028.

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**HALLMARK
MEETS ARCHIES,
THE WORLD'S
LEADER JOINS
HANDS WITH
INDIA'S LEADER.**





It's the time-honoured tradition of bringing people together that has always inspired us to walk new paths and cross new frontiers.

We share the same passion. We love being known for meaningful little moments. We understand what it takes to bond millions of people in love. That's why we see it as a sustainable partnership of great opportunities, and intend to take the time and resources to really commit to it for a long term.

While our diverse backgrounds will bring forward many points of view, the variety should lead to new challenges in everything we do.

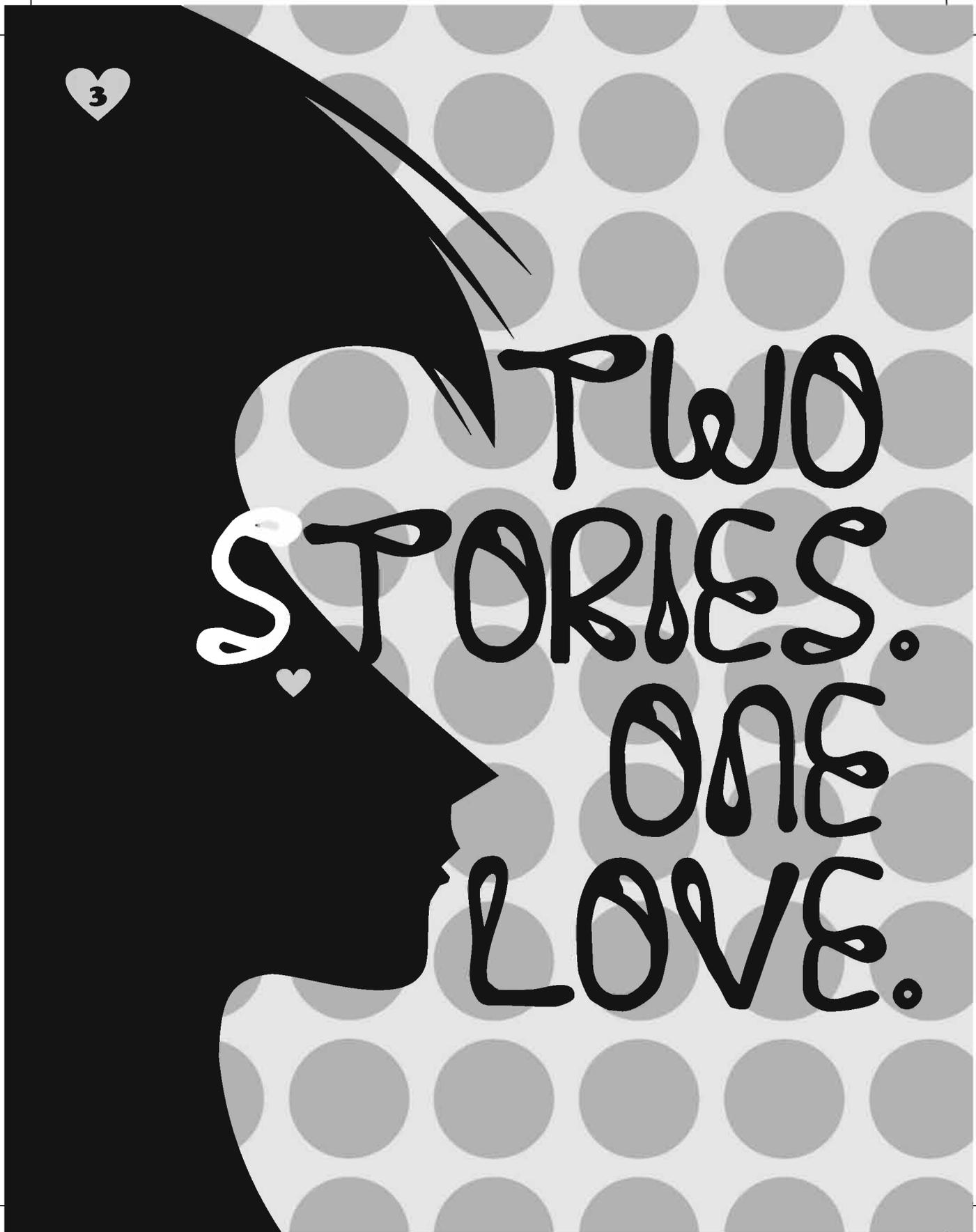
Hallmark is looking at India as a great opportunity to grow and with Archies as a partner, will bring the very best and innovative products to India. This will give more ideas and choices to the consumers every day.

To maximize the expected target audience of mature consumers, there will be a separate distribution and retail channel for Hallmark. By next year we have plans to open over 25 Hallmark stores in the major cities of the country.

As the world celebrates the momentous occasion of Hallmark's 100th birthday, we will strive to bring the timeless values of Hallmark to the Indian consumer. Along with that we will continue to add strength to the Archies brand with the opening of 40 odd new stores in the the current financial year and add new and innovative products to our portfolio. In a world that is constantly changing, our aim is to be relevant to our consumers and their lives and help them cherish the memories they create.

3

TWO
STORIES.
ONE
LOVE.



ARCHIES AND HALLMARK COME TOGETHER, IN INDIA.

Archies and Hallmark started with a common belief that giving can make a difference and change the world for better. Perhaps it's not surprising, that our paths had to merge sooner or later. That's why we have joined hands, in India, to help hundreds and thousands of people express their feelings through the evocative words of our greeting cards and heart-warming gifts. The fact that last year was Hallmark's centennial year makes our new partnership even more memorable.

Archies has a nationwide network of specialty retail stores where consumers can find just the right cards, gifts, wrapping papers and more to celebrate milestones as well as everyday moments. Hallmark makes the world a more caring place by helping people express what's in their hearts - a privilege few other companies in the world enjoy. Hallmark greeting cards and other products are found in more than 40,000 retail outlets in the U.S., including the network of flagship Hallmark Gold Crown stores.

Hallmark Cards, Inc. today has worldwide consolidated net revenue of \$41 billion for 2010. While retailing through over 500 outlets and franchisees in over 100 cities across India, Archies is the only company of its kind in the country to be listed on the BSE and NSE.





TWO STORIES.

A century ago in 1910, when very few people exchanged cards, the three Hall brothers decided to get into the greeting card business. Today, the greeting cards business has become big with Hallmark Cards, Inc. leading the pack. Contributing to sales is the fact that the company came out with dozens of holidays, from Secretary's Day and Boss' Day to Grandmother's Day and Mother's Day, with a line of cards especially designed for each event.

Globally, an emotional moment in one's life is often referred to as a "Hallmark Moment", while in India, Archies is synonymous with the joy of people giving and connecting. We have helped people communicate, celebrate life events, and commemorate important occasions because an Archies card is, "the most special way to say you care." Now, with our new partnership, our shared dream of bringing people together has just come a step closer.

Together we believe life is a special occasion. Our common goal will be to provide the inspiration, ideas and solutions to help people pause, recognize, linger and capture the meaningful moments they share with others. Listen to our customers' emotional needs so we can help provide the solutions to meet those needs. This research is the inspiration for new products and services. No wonder, the new Hallmark stores we will set up will also offer products for decorating and entertaining – along with ideas for how to use them.

ONE DREAM.

TWO STORIES.





Sometimes, in the blur of life, it's hard to pause long enough to tell a loved one you're thinking of them. But, with a card or a gift, it's easier to show someone you care. Our business is built on helping people form emotional connections to make a genuine difference in others' lives. That's not only true of our products, but also of the way we go about creating them.

People often think of Archies or Hallmark as a company that helps customers celebrate special people on special days. We are also about celebrating all of those perfectly imperfect moments shared in between the milestones, and spontaneous moments that can happen on any day.

It's not just profits and revenue that pushes us. What drives us is that every time someone buys a Hallmark or an Archies Card, two people have found a whole new way to express the little joys of life. They unite in happiness. What ties our customers to our brands is that they feel a connection. And most importantly, they discover a new bond for each other.



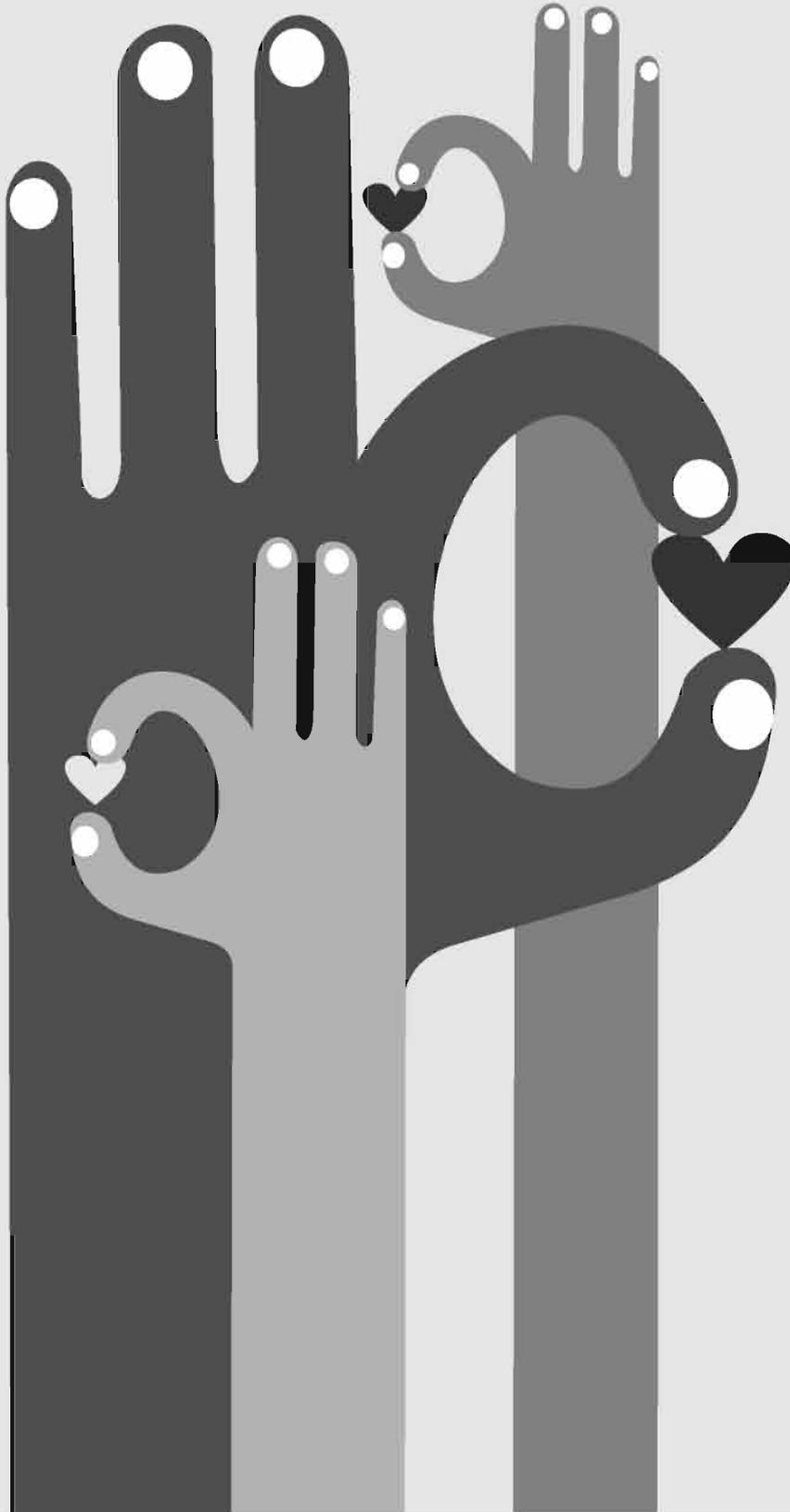
TWO

STORIES.

ONE WAY

OF SELLING

BRANDS.



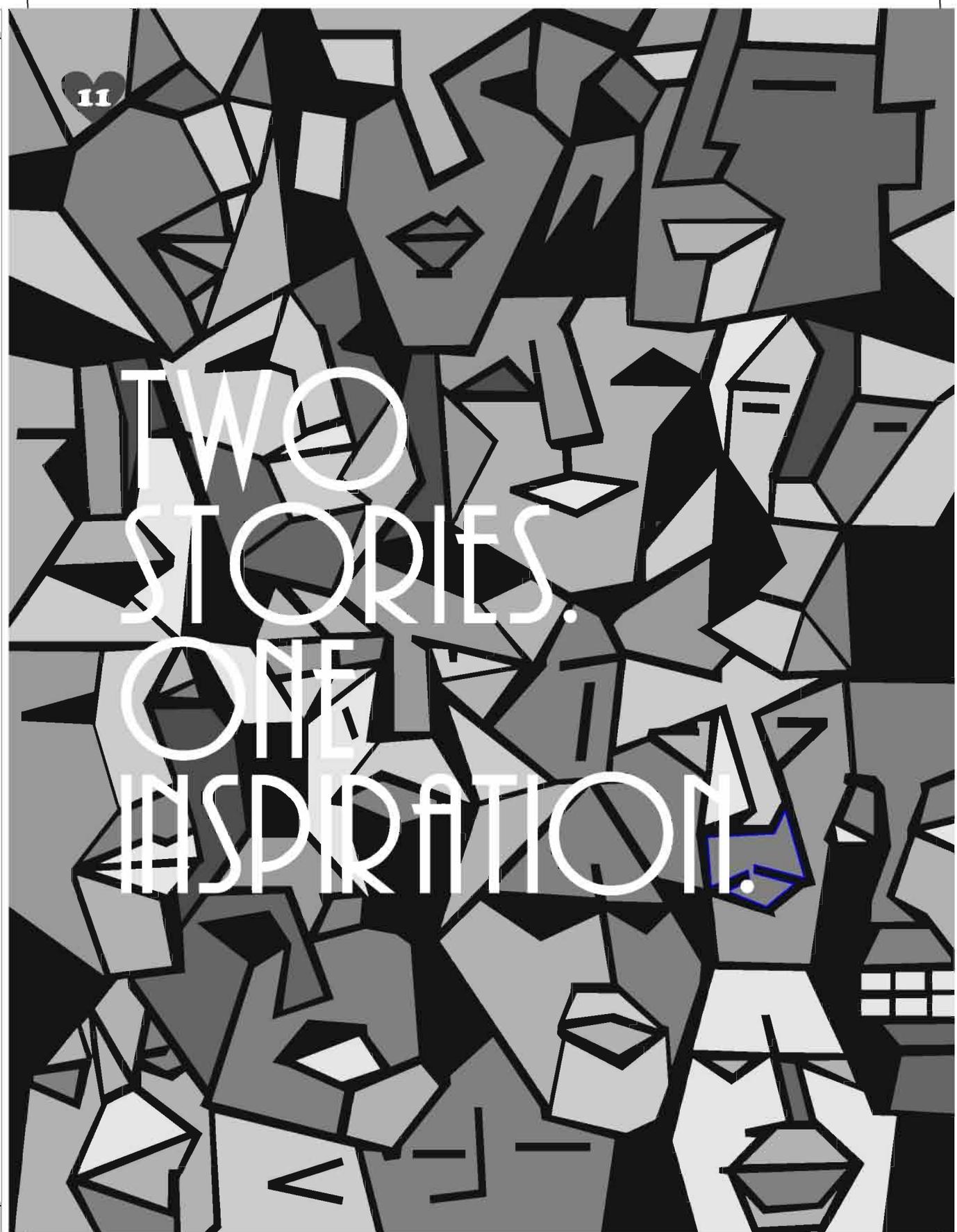
▲ Hallmark or Archies shop is not just a business centre, but it's about the experience. In India, Hallmark will operate out of a separate retail network. The plan is to have 10 Hallmark Gold Crown stores in India by the end of the first year of operations.

To connect with a far wider audience and bring more footfalls into our shops, we have been engaging bloggers and using social media to start conversations. People are plugging in and turning to social networking as a means of communication. After all, it connects people who share interests and activities across political, economic and geographic borders.

Social networking sites such as Facebook and Twitter are great ways to expand knowledge base and build brand image. That's why to understand new trends, Archies is now a part of the Social Web Community. We have created our own site - Archies Online - to make it possible to reach out to one and all. Now in a second, we know what's on everyone's minds, what moves them, what catches their fancy and in the process help Archies to communicate without a pause.

In addition, through our social network presence, we intend to provide a platform where users of our products can interact, share ideas and suggest changes, so that we all can move up the evolutionary curve. After all, co-created value will lead to personalised, enriching experiences for the customer and learning and enhanced market performance drivers for us.

TWO
STORIES.
ONE
INSPIRATION.



As they say - send a card, brighten someone's day. It's a well-known fact that every single person in the world, no matter what his age, feels great when he receives an unexpected card in the mail. We believe greeting cards and gifts are the most effective ways to communicate important feelings to people you care about. This is what inspires Archies and Hallmark to do what we love.

What motivates us to make lovers out of strangers? Friends out of acquaintances? It's about the joy of bringing people closer. Of shared happiness. It's what drives us forward in our chosen paths. It's what makes us feel a part of people's lives. Because we believe it's a wonderful life and deserves to be celebrated at every moment. For most people, the best parts of their lives are the little moments that happen in between the big milestones, when they can pause for a while and 'be in the moment.' We believe the collective emotional might of our brands can help people make the most of those little moments.

Because a human being needs to connect, communicate and celebrate. Like a Hallmark card or an Archies gift.

Year At A Glance

(₹. in Lacs)

S. No.	Particulars	2010-2011	2009-2010	2008-2009
1.	Total Turnover	18807.18	15621.05	13870.54
2.	Other Income	152.80	82.09	94.10
3.	Total Expenditure	16716.89	13906.72	12731.61
4.	Profit before Depreciation, Interest and Tax (PBDIT)	2243.09	1796.42	1233.03
5.	PBDIT as a % of Total Turnover	11.93	11.50	8.89
6.	Interest	188.41	132.37	162.08
7.	Depreciation	453.26	326.42	301.95
8.	Profit Before Tax (PBT)	1601.42	1337.63	769.00
9.	PBT as a % of Total Turnover	8.51	8.56	5.54
10.	Extraordinary Item	0.00	0.00	582.61
11.	Profit before tax after extraordinary item	1601.42	1337.63	186.39
12.	Provision for Taxation	518.68	457.42	295.06
13.	Profit after Tax (PAT)	1082.74	880.21	-108.67
14.	PAT as a % of Total Turnover	5.76	5.63	-0.78
15.	Paid up Equity Share Capital	675.62	675.62	675.62
16.	Reserves (excluding revaluation reserves)	9069.64	8014.04	7291.91
17.	Net Worth	9745.26	8689.66	7967.53
18.	Earning Per Share of Face value Rs 2 (in Rs.)	3.21	2.61	-0.32
19.	Book Value Per Share of Face value Rs 2 (in Rs.)	28.85	25.72	23.59
20.	Dividend (%)	20	20	0.00
21.	Amount of Dividend	135.12	135.12	0.00
22.	Return on Average Net Worth (%)	11.75	10.57	-1.36
23.	Return on Average Capital Employed (%)	16.44	14.80	3.55

NOTICE

NOTICE is hereby given that the Twenty First Annual General Meeting of the members of Archies Limited will be held at Manesar Club, Sector-5, IMT Manesar Gurgaon Haryana 122050, on Friday, the 30th day of September, 2011 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 2011 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 2010-11.
3. To appoint a Director in place of Mr. Arun Singhal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vijayant Chhabra, 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. Re-appointment of Mr. Anil Moolchandani as Chairman Cum Managing Director:

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 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any statutory amendments or re-enactment thereof, and subject to such other approvals, as may be necessary, consent of the Company be and is hereby accorded for the re-appointment of Mr. Anil Moolchandani as Chairman Cum Managing Director of the Company for a period of five years with effect from 01st July, 2011 including payment of remuneration on the terms and conditions set out in the explanatory statement attached to and forming part of notice of AGM with the liberty to the Board of Directors to alter and vary the terms and conditions not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification or re-enactment thereof."

"RESOLVED FURTHER that in the event of absence or inadequacy of profits, Mr. Anil Moolchandani shall be paid the same remuneration and perquisites as minimum remuneration as set out in the explanatory statement hereto, subject to the ceiling as specified under paragraph 1 (B) of Section II in Part II of Schedule XIII of the Companies Act, 1956 having regard to the effective capital of the company."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorized to do all acts, deeds, matters and things as it may, in its absolute discretion, deem desirable, necessary, expedient, usual or proper to give effect to this resolution."

7. Re-appointment of Mr. Jagdish Moolchandani as Executive Director:

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 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any statutory amendments or re-enactment thereof, and subject to such other approvals, as may be necessary, consent of the Company be and is hereby accorded for the re-appointment of Mr. Jagdish Moolchandani as Executive Director of the Company for a period of five years with effects form 01st July, 2011 including payment of remuneration on the terms and conditions set out in the explanatory statement attached to and forming part of notice of AGM with the liberty to the Board of Directors to alter and vary the terms and conditions not exceeding the limits specified under Schedule XIII of the Companies Act, 1956 or any statutory modification or re-enactment thereof."

"RESOLVED FURTHER that in the event of absence or inadequacy of profits, Mr. Jagdish Moolchandani shall be paid the same remuneration and perquisites as minimum remuneration as set out in the explanatory statement hereto, subject to the ceiling as specified under paragraph 1 (B) of Section II in Part II of Schedule XIII of the Companies Act, 1956 having regard to the effective capital of the company."

"RESOLVED FURTHER that the Board of Directors be and is hereby authorised to do all acts, deeds, matter and things as it may in its absolute discretion, deem desirable, necessary, expedient, usual or proper to give effect to this resolution."

By Order of the Board

Place : New Delhi
Date : August 01, 2011

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 and 7 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 27th September, 2011 to 30th September, 2011 (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, 2011 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 30th September, 2011.
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. Arun Singhal	Mr. Vijayant Chhabra	Mr. Jagdish Moolchandani	Mr. Anil Moolchandani
Age	48 years	45 years	57 years	58 years
Expertise in specific functional areas	Over 22 years' experience in the field of Capital Market, Income Tax, ROC matters, Company Audits, Bank Audits, Insurance Company Audits etc.	Over 22 years' experience in the field of Marketing.	Over 35 years' of Management Experience in Social Expression Industry and one of the promoters of the Company.	Over 35 years' of Management Experience in Social Expression Industry and one of the promoters of the Company.
Qualifications	B.Com (Hons), FCA	B.Com (Hons)	B.A.	B.A.
List of other Companies in which Directorships held	Database Investment Service (I) Ltd. Sunita Gupta Share Brokers Ltd.	Nil	Nil	Nil
Chairman/Member of Committees of the Board of other Companies in which he is a director	Nil	Nil	Nil	Nil

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

Item No. 6

The shareholders of the company at the Annual General Meeting held on 29th September, 2006 approved the re-appointment and remuneration of Mr. Anil Moolchandani as Chairman Cum Managing Director of the Company for a period of five years from 01st July, 2006. The period of appointment of Mr. Anil Moolchandani, Chairman Cum Managing Director expired on 30th June, 2011.

Mr. Anil Moolchandani has been associated with the Company since inception and under the dynamic leadership of him; the Company was able to reach at this level.

The Board of Directors and Remuneration Committee has recommended for reappointment of Mr. Anil Moolchandani, on remuneration, keeping in view the responsibilities shouldered by him and in line with the remuneration levels in the industry. The Board of Directors in their meeting held on 25th May 2011 had reappointed Mr. Anil Moolchandani, as Chairman Cum Managing Director of the Company with effect from 1st July 2011 for a period of five years as under.

1. Basic Salary : Rs. 2,75,000/- per month with the authority to the Board of Directors to revise the basic salary from time to time taking into account the performance of the Company subject however to the ceiling of Rs. 4,00,000/- per month
2. Perquisites : In addition to the basic salary he will be entitled to other perquisites as per existing agreement (restricted to an amount not exceeding 60% of basic salary) such as housing, gas, electricity, water, medical reimbursement, leave travel concession, club fees, personal medical/accident insurance, contribution to provident fund, superannuation fund, gratuity, earned leaves and any other benefits, facilities, allowances and expenses as may be allowed as per the rules of the company and subject to the provisions of the Income Tax Act, 1961 and rules made thereunder.

All other terms and conditions of the existing appointment shall remain unchanged.

Minimum Remuneration : The above remuneration shall also be paid as minimum remuneration to Mr. Anil Moolchandani in the event of absence or inadequacy of profit in any year during his remaining tenure subject to the ceilings specified under Schedule XIII of the Companies Act, 1956 having regard to the effective capital of the Company.

Reappointment of a Managing Director requires approval of the members of the Company under section 198, 309, 310 and read with schedule XIII of the Companies Act, 1956. The Directors recommend the resolution at item No. 6 for the approval of the members as Special Resolution.

Except Mr. Anil Moolchandani and Mr. Jagdish Moolchandani, no other director is interested in the resolution.

Item No. 7

The shareholders of the company at the Annual General Meeting held on 29th September, 2006 approved the re-appointment and remuneration of Mr. Jagdish Moolchandani as Executive Director of the Company for a period of five years from 01st July, 2006. The period of appointment of Mr. Jagdish Moolchandani, Executive Director expired on 30th June, 2011

Mr. Jagdish Moolchandani has been associated with the Company since inception and has contributed immensely towards the growth and development of the Company.

The Board of Directors and Remuneration Committee had recommended for reappointment of Mr. Jagdish Moolchandani, on remuneration, keeping in view the responsibilities shouldered by him and in line with the remuneration levels in the industry. The Board of Directors in their meeting held on 25th May 2011 had reappointed Mr. Jagdish Moolchandani as Executive Director of the Company with effect from 1st July 2011 for a period of five years as under.

1. Basic Salary : Rs. 2,75,000/- per month with the authority to the Board of Directors to revise the basic salary from time to time taking into account the performance of the Company subject however to the ceiling of Rs. 4,00,000/- per month
2. Perquisites : In addition to the basic salary he will be entitled to other perquisites as per existing agreement (restricted to an amount not exceeding 60% of basic salary) such as housing, gas, electricity, water, medical reimbursement, leave travel concession, club fees, personal medical/accident insurance, contribution to provident fund, superannuation fund, gratuity, earned leaves and any other benefits, facilities, allowances and expenses as may be allowed as per the rules of the company and subject to the provisions of the Income Tax Act, 1961 and rules made thereunder.

All other terms and conditions of the existing appointment shall remain unchanged.

Minimum Remuneration : The above remuneration shall also be paid as minimum remuneration to Mr. Jagdish Moolchandani in the event of absence or inadequacy of profit in any year during his remaining tenure subject to the ceilings specified under Schedule XIII of the Companies Act, 1956 having regard to the effective capital of the Company.

Reappointment of a Executive Director requires approval of the members of the Company under section 198, 309, 310 and read with schedule XIII of the Companies Act, 1956. The Directors recommend the resolution at item No. 7 for the approval of the members as Special Resolution.

Except Mr. Anil Moolchandani and Mr. Jagdish Moolchandani, no other director is interested in the resolution.

By Order of the Board

Place : New Delhi
Date : August 01, 2011

Vikas Kumar Tak
Company Secretary

DIRECTORS' REPORT

To The Members,

Your Directors have great pleasure in presenting Twenty First Annual Report of the Company together with the Audited Annual Accounts for the year ended 31st March, 2011.

FINANCIAL HIGHLIGHTS

	FOR THE YEAR ENDED	
	(Rs. In Lacs)	
	31st March 2011	31st March 2010
Net Sales	18807.18	15621.05
Other Income	152.80	82.09
Total Expenditure	16716.89	13906.72
Operating Profit (PBDIT)	2243.09	1796.42
Interest	188.41	132.37
Depreciation	453.26	326.42
Profit before Tax (PBT)	1601.42	1337.63
Provision for taxation		
Current	495.20	433.00
Deferred	23.48	24.42
Net Profit / (Loss) (PAT)	1082.74	880.21
APPROPRIATIONS		
Transfer to General Reserve	150.00	100.00
Final Dividend (Proposed)	135.12	135.12
Tax on Dividend	21.92	22.96
Profit carried to Balance Sheet	775.70	622.13

PERFORMANCE REVIEW

During the year under review your Company recorded a turnover of Rs. 18807.18 lacs as compared to Rs. 15621.05 lacs in the previous financial year, up by 20.40%. The Net Profit for the same period stands at Rs. 1082.74 lacs as against Net profit of Rs. 880.21 lacs in the previous year up by 23.01%.

The sale of greeting cards during the current year stands at Rs. 5165.02 lacs (in value) and 280.39 lacs Nos. (in volume) as against Rs. 4610.30 lacs (in value) and 309.64 lacs Nos. (in volume) in the previous year, which is up by 12.03%.

The gifts sale has increased to Rs. 11276.12 lacs as compared to Rs. 9004.40 lacs in the previous year, which is up by 25.23%.

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

- The Turnover of the Gift segment is Rs. 11276.12 lacs as compared to Rs. 9004.40 lacs previous year, up by 25.23%.
- The Turnover of the Greeting card segment is Rs. 5165.02 lacs as compared to Rs. 4610.30 lacs previous year, up by 12.03%.
- The stationery sale is Rs. 2230.37 lacs as compared to Rs. 1883.13 lacs in the previous year, up by 18.44%.

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

TIE UPS

The company has entered into a license agreement with Hallmark Cards Inc the \$4 billion global market leader in Social Expressions to bring exclusive Hallmark retail outlets

across the country. The company plans to create a similar chain of Hallmark stores (as in the United States) all across India. These stores will retail exclusive Hallmark products, including cards, stationery and gifts, including the powerful and synergetic brands like Crayola art products, the William Arthur range of luxury stationery, and merchandise of world famous characters like Snoopy & Garfield among others. Hallmark, has over 40,000 retail stores and 3,200 Hallmark Gold Crown stores in the USA alone. Headquartered in Kansas City, Hallmark has completed over 100 years in the business and has grown from its humble beginnings to becoming a global behemoth. It is a technology leader in the category and has many innovations and firsts to its credit, including sound cards. The current plan is for Archies to open Hallmark stores, alongwith the ongoing expansion of the Archies retail footprint.

During the year Your Company has also been awarded a license by The Smiley Company owner of world renowned Smiley Brand and logo to produce a new range of gifts, accessories, plush and stationery for its Smiley World-Express Yourself brand.

Your Company has been appointed as a licensing partner for UNICEF products in India. As part of the partnership Archies Ltd. will manufacture, retail and distribute UNICEF greeting cards and paper products. Royalty from these products will go to fund UNICEF's programs in India.

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 48 retail stores and closed 8 non performer stores during the year. As on 31st March, 2011 the number of company owned/managed stores were 200. Your Company has plans to open 50 more stores during the year 2011-12 including Hallmark Stores.

DIVIDEND

Your Directors recommend a dividend of 20% equivalent to Rs. 0.40/- on each fully paid-up equity share face value of Rs. 2/- for the year ended 31st March, 2011. 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.

SPLITTING OF EQUITY SHARES

The shareholders at the Annual General Meeting held on 30th September 2010 approved the split of each equity share of the face value of Rs. 10/- each into 5 equity shares of face value of Rs. 2/- each on the recommendation of Board of Directors and the shares of the Company were split on 3rd November, 2010, record date fixed for the purpose.

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. Arun Singhal and Mr. Vijayant Chhabra retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

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 2011, 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, 2011 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.

AUDITORS' REPORT

The auditors in their report have made remarks relating to the utilization of funds raised on short term basis for long term investment. Your directors wish to explain that the company has during the year opened 48 new retail outlets and all the capital expenditure for these new outlets has been procured through internal accruals and in this course short term funds have also been used for the furniture and fixtures for these retail outlets for temporary period.

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

Place : Delhi
Date : 25th May, 2011

Sd/-
Anil Moolchandani
Chairman-cum-Managing Director

Sd/-
Framod Arora
Joint Managing Director

ANNEXURE 'A' TO THE DIRECTORS' REPORT

A) Conservation of Energy

Energy conservation continues to be an area of emphasis and is regularly monitored. The Company's plant has been designed in such a manner so as to achieve a high efficiency in the utilization of energy. The key areas with respect to reduction of energy were identified and necessary steps initiated.

B) Technology Absorption

Efforts made in Technology Absorption are as per Form B.

Form B

Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company
2. Benefits derived as a result of the above R & D.
3. Future plan of action.
4. Expenditure on R & D:
 - (a) Capital
 - (b) Recurring
 - (c) Total
 - (d) Total R & D expenditure as a percentage of total turnover

Not applicable as the Company has no R & D Department

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation.

The Company has a tie-up with world major American Greetings Inc. and Hallmark Cards Inc. for sourcing of designs. The company also remains in touch with number of other Companies across the world, which helps in keeping abreast with the

latest happening in the world in printing technology, latest designing trends in cards & various other paper products, latest fashions in the gift segment etc.

2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.

As a result of these efforts, the Company has been able to achieve higher production, accuracy and perfection in printing and to develop and introduce latest products.

3. In case of imported technology (imported during the last 5 years), following information may be furnished:
 - (a) Technology imported
 - (b) Year of import
 - (c) Has technology been fully absorbed?
 - (d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.

Not applicable

Foreign Exchange earnings and outgo

- a) Activities relating to exports initiatives taken to increase exports, development of new export markets for products and services; and export plans;

During the year, the Company exported its products to Sri Lanka, Bangladesh, Nepal, UAE, UK, Mauritius, Kuwait, Egypt, Kenya, Uganda, Zambia, Russia, Botswana, Singapore, Oman and Ethiopia. Plans are also underway to take active participation in exhibitions and fairs to reach new markets and thus enhancing sales.

b) Total foreign exchange used and earned

	FOR THE YEAR ENDED	
	31st March 2011	31st March 2010
(A) TOTAL FOREIGN EXCHANGE EARNED	626.88	350.75
(B) TOTAL FOREIGN EXCHANGE USED	3834.40	3063.72

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, 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.

The 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 31.03.2011 the Company is having 200 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.

Our 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.

In the current year your Company has joined hands with Hallmark a \$ 4 billion world-leader in Social expression Company the event marks a milestone in a relationship which will see Hallmark Cards in India. The company entered into a license agreement, to open up exclusive Hallmark stores in the country which will retail exclusive Hallmark products, including cards, stationery and gift items. These outlets will be owned / managed by your company.

During the year Your Company has also been awarded a license by The Smiley Company, owner of world renowned Smiley Brand and logo to produce a new range of gifts, accessories, plush and stationery for its Smiley World-Express.

UNICEF a world famous organization of UN has appointed Archies Ltd as a licensing partner for UNICEF products in India. As part of the partnership Archies Ltd. will manufacture, retail and distribute UNICEF greeting cards and paper products. Royalty from these products will go to fund UNICEF's programs in India.

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.

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. 11276.12 lacs during the year under review as compared to Rs. 9004.40 lacs, last year up by 25.23%. The Gifts segment contributed about 59.96% of the total turnover during the current year as compared to 57.64% in the previous year.

The Greeting Cards sale was Rs. 5165.02 lacs during the year under review as compared to Rs. 4610.30 lacs during the last year. The contribution of greeting cards sales to the total turnover now stands at 27.46% as compared to 28.51% in the previous year. During the year under review the sales of Greeting Cards increased by 12.03% in value terms.

The Stationery items sale was Rs. 2250.37 lacs during the year under review as compared to Rs. 1883.13 lacs during the Last Year up by 18.44%. The contribution of Stationery items sales to the total turnover stands about 11.86% as compared to 12.06% in the previous year.

Contributions of Segment In Total Sales

YEAR - 2010



YEAR - 2011



Outlook

In spite of growth of 12.03% 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 tie up 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 25.23%. 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 150 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.

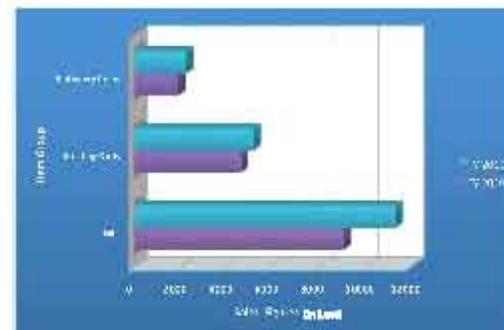
Internal Control Systems and their Adequacy

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. 18807.18 lacs for the financial year 2010-11 as compared to Rs. 15627.05 lacs in the previous year up by 20.40%. The sale of Gifts was up by 25.23%, Greeting Cards sale was up by around 12.03% and Stationery were up by 18.44%.

Year wise Comparison of Segment Sales



Inventory as at 31st March 2011 stands at Rs. 5625.65 lacs as against Rs. 4845.01 lacs during previous year.

Debtors as at 31st March 2011 stand at Rs. 1827.51 lacs as against Rs. 1311.15 lacs during the previous year.

Cost of consumption of our main raw material (i.e. paper and paperboard) was Rs. 59.89 per Kg in financial year 2010-11 as against Rs. 54.30 per Kg in the previous year.

Human Resources / Industrial Relations

Industrial Relations at Arches 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, 2011 the total employees strength of the Company stands at 1656.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

A Company as an entity deals with a number of social groups. It deploys 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 Corporate 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, 2011 is as follows:

Name of the Director	Category	*Other Directorships held	#Committee membership/ 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. Rohinton H. Kanga	Non-Executive Independent Director	Nil	Nil
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.

The Committees considered for the purpose are those prescribed under clause 49 of the Listing agreement.

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 Seven times during the year under review. Meetings were held on 17/04/2010, 29/05/2010, 31/07/2010, 01/9/2010, 30/09/10, 30/10/2010 and 27/01/11.

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

Name of the Director	No. of Board Meetings Attended	Whether Attended the AGM held on 30/09/2010
Mr. Anil Moolchandani	7	Yes
Mr. Jagdish Moolchandani	7	Yes
Mr. Pramod Arora	6	No
Mr. Vijayant Chhabra	4	Yes
Mr. Arun Singhal	6	Yes
Mr. Rohinton H. Kanga	5	Yes
Mr. Sunil Behl	6	Yes
Mr. Ajit Ganpatlal Shah	3	No

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 29/05/2010, 31/07/2010, 30/10/2010 and 27/01/11. 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	Independent Director	Member	4	3
Mr. Arun Singhal	Independent Director	Member	4	4

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
4. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

- 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. REMUNERATION COMMITTEE OF DIRECTORS

The Board of the Company in its meeting held on 27th June, 2008 constituted a Remuneration Committee comprising of the following independent Directors :

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

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.

Details of remuneration/sitting fees paid to the Directors during the year :

Executive Directors

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	3337446.50	3337446.50	3178622.50	2434846.50
Contribution to Provident Fund	9360	9360	9360	9360
Total	3346806.50	3346806.50	3187982.50	2444206.50
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 fees 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 year 2010-11 are given below :

Directors	Sitting Fees (Rs.)
Mr. Sunil Behl	44,000/-
Mr. Arun Singhal	44,000/-
Mr. Rohinton H. Kanga	35,500/-
Mr. Ajit Ganpat Lal Shah	15,000/-
Total	1,38,500/-

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' 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
25th September' 2008	Shah Auditorium, 2, Raj Niwas Marg, Civil Lines, Delhi 110054	3.30 P.M.	Seven

In the financial year 2010-11 two Special Resolution were put through postal ballot for shifting of registered office of the company and for alteration in the object clause of the Company, which was duly passed on 24th May, 2010 and the company has received necessary approval dated 23rd August, 2010 from the Hon'ble Company Law Board under section 17 of the Companies Act, 1956 for shifting of registered office of the company from the Union Capital Territory of Delhi to the State of Haryana.

The Company had invited for voting for below mentioned 2 (Two) special resolutions by Postal Ballots and the same were passed by way of Postal ballots on 24th May, 2010 Ms. Pooja Bhatia, Practising Company secretary acted as scrutinizer and Mr. Jagdish Moolchandani Executive Director of the Company, after receiving the scrutinizer's report, announced that the special resolution as proposed in the Postal Ballot notice was duly passed with the requisite majority. The voting pattern was as under.

S. No.	Item	No of Valid postal Ballot Forms Received	Votes in favour of Resolution	Votes against the Resolution
1	Special Resolution u/s 17 of the Companies Act, 1956, for amendment in Object Clause of the Memorandum of Association of the Company	134	4176075	110
2.	Special Resolution u/s 17 of the Companies Act, 1956, for Change of Registered office from NCT of Delhi to the State of Haryana	134	4172288	3897

Compliance officer :

Mr. Vikas Kumar Tak Company Secretary

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

1. To look into complaints received from shareholders like transfer of shares, non-receipt of balance sheet, non-receipt of dividend or any other complaints.
2. To look into the action taken by the company for the redressal of grievances.
3. One meeting of the Shareholder's/Investor's Grievance Committee was held as on 31st March 2011.
4. 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, 2011 is as under :

No. of Complaints (opening)	Nil
No. of Complaints received	2
No. of Complaints resolved	2
No. of Complaints pending	Nil

Procedure for Voting by Postal Ballots : The Postal Ballot Form and the draft Resolution(s) along with the Explanatory Statement pertaining the said Resolution(s) explaining in detail the material facts and the self-addressed, postage prepaid envelope, were sent to all the members, under Certificate of Posting.

The members were required to carefully read the instructions printed in the Postal Ballot Form, fill up the Form, give their assent or dissent on the resolution(s) at the end of the Form and sign the same, and return the form duly completed in the attached self-addressed, postage prepaid envelope so as to reach the scrutinizer before the close of working hours of the last date fixed for the purpose. Postal Ballot Forms received after this date were to be strictly treated as if the form has not been received from the member.

The scrutinizer appointed for the purpose scrutinized the postal ballots received and submitted his report to the Company. Voting rights were reckoned on the basis of number of shares and paid-up value of shares registered in the name of the shareholders on the relevant dates.

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 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 30th September, 2011
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, 2011 results were published on the following dates :
Annual Audited Financial Result 31st May 2010 (Business Standard, All Editions and Veer Arjun; Delhi Edition)
First Quarter Results 02nd August 2010 (Mint, All Editions; and Business Standard, Delhi Edition), 03rd August 2010 (Business Standard, All Editions)
Second Quarter Results 01st November 2010 (Mint, All Editions; and Business Standard, Delhi Edition), 02nd November 2010 (Business Standard, All Editions)
Third Quarter Results 29th January 2011 (Mint, All Editions, and Veer Arjun; Delhi Edition); 01st February 2011 (Business Standard, All Editions)

III) Book Closure Dates

27th September to 30th September 2011 (Both Days Inclusive)

IV) Dividend Payment Dates

At the meeting of the Board of Directors held on 25th May, 2011, 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 4th October, 2011.

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 2011-2012.

VI) Stock Code

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

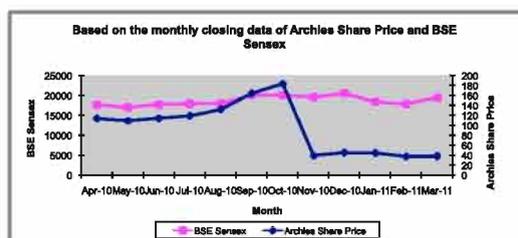
VII) Market Price Data

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 2010	119.30	92.20	2269259	119.20	93.50	4368258
May 2010	117.90	97.35	1779893	117.45	97.05	3443467
June 2010	116.25	100.00	401047	115.85	102.00	828899
July 2010	131.75	112.00	955392	131.95	112.25	2206506
August 2010	141.75	115.70	1314022	141.60	116.10	3721651
September 2010	192.80	131.15	5424131	192.60	130.25	15450511
October 2010	199.00	166.00	1726727	198.90	165.50	4911558
November 2010	192.00	32.55	4973237	191.50	32.00	13666374
December 2010	46.95	34.00	2660552	46.90	32.20	10305478
January 2011	46.30	41.20	1304606	46.45	40.00	3961391
February 2011	45.50	35.50	580669	45.35	35.70	1830925
March 2011	40.90	33.50	529898	40.90	33.05	1549877

Notes : The Company had sub divided each Rs 10/- Equity Share into 5 Equity Shares of Rs 2/- each on 03.11.2010 record date fixed for the purpose.

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.

Notes : The Company had sub divided each Rs 10/- Equity Share into 5 Equity Shares of Rs 2/- each on 03.11.2010 record date fixed for the purpose.

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 :

AS ON MARCH 31								
Shares holding of Nominal Value of (Rs)	2011				2010			
	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 — 2500	9,334	91.546	21,79,229	6.451	8,461	88.181	5,32,584	7.883
2501 — 5000	392	3.844	7,58,429	2.245	579	6.034	2,29,342	3.395
5001 — 10000	230	2.256	9,09,658	2.693	289	3.012	2,32,581	3.443
10001 — 20000	103	1.010	8,04,167	2.381	125	1.303	1,86,812	2.765
20001 — 30000	47	0.461	6,04,222	1.789	51	0.532	1,27,305	1.884
30001 — 40000	16	0.157	2,82,653	0.837	23	0.240	80,164	1.187
40001 — 50000	22	0.216	5,16,011	1.528	18	0.188	86,927	1.287
50001 — 100000	21	0.206	7,04,190	2.085	23	0.240	1,66,039	2.458
100001 & ABOVE	31	0.304	27,021,441	79.992	26	0.271	51,14,246	75.699
TOTAL	10,196	100.00	3,37,80,000	100.00	9,595	100.00	67,56,000	100.00

XII) Categories of Shareholders :

AS ON MARCH 31						
Category	2011			2010		
	No. of Shareholders	No. of Shares held	% of total Shares	No. of Shareholders	No. of Shares held	% of total Shares
Individuals	9533	6978109	20.66	8,884	13,70,061	20.28
Body Corporates/Clearing Member/Trusts/H.U.F.	579	5770830	17.08	654	11,32,992	16.77
NRIs / OCBs / FIIs/FFIs	75	101461	0.30	48	26,947	0.40
Mutual Funds/Banks/ Insurance Company/FIs	1	75,000	0.22	1	15,000	0.22
Promoters	8	2,08,54,600	61.74	8	42,11,000	62.33
Total	10,196	3,37,80,000	100.00	9,595	67,56,000	100.00

Notes : The Company had sub divided each Rs 10/- Equity Share into 5 Equity Shares of Rs 2/- each on 03.11.2010 record date fixed for the purpose.

XIII) Dematerialisation of shares and liquidity

As on 31st March, 2011, 98.81% of total shareholding is held in dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Only 1.19% of the total shareholding is held in physical form as on 31st March, 2011.

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 2011 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 further state that such compliance is neither an assurance as to the future viability of the company nor 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 : 25/05/2011

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, 2011, 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
Date : 25/05/2011

Anil Moolchandani
Chairman-cum-Managing Director

Pramod Arora
Joint Managing Director

CEO AND CFO CERTIFICATION

We, Anil Moolchandani, Chairman-cum-Managing Director and Dilip Seth, General Manager (Finance), responsible for the finance function certify that:

- (a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2011 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
Date : 25/05/2011

Dilip Seth
General Manager (Finance)

Anil Moolchandani
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, 2011 and also the Profit and Loss Account for the year ended on that date annexed thereto, incorporating the Branch Auditors' Report of Mumbai, Pune, Indore, Ahmedabad, Chennai, Chandigarh, Hyderabad, Ludhiana, Kolkata, Bhubaneshwar, 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account 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 2011 and taken on record by the Board of Directors, we hereby certify that none of the directors of the company as on 31 March, 2011 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 read together with the Accounting Policies and Notes to 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, 2011;
 - (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

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

Place : NEW DELHI
Date : 25th May, 2011

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, 2011.

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 31.03.2011 is Rs. Nil (Maximum amount outstanding during the year is Rs. 80.00 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. The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of the products of the company.
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, 2011 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 Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess except the following:-

Nature of the Statutory Dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Entry Tax VAT and CST	1.89 Lacs	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. The 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 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
(REGISTRATION NO. 001462N)

Place : New Delhi
Dated : 25th May, 2011

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

BALANCE SHEET AS AT 31 MARCH, 2011

(₹. in Lacs)

	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR
SOURCES OF FUNDS			
Shareholders' Funds			
(a) Capital	A	675.62	675.62
(b) Reserves and Surplus	B	9069.64	8014.04
		9745.26	8689.66
Loan Funds			
Secured Loans	C	1839.85	1495.74
Deferred Tax Liabilities		641.21	617.73
		12226.32	10803.13
APPLICATION OF FUNDS			
Fixed Assets:			
(a) Gross Block	D	8414.42	7310.66
(b) Less: Depreciation		2381.96	2015.02
(c) Net Block		6032.46	5295.64
(d) Add : Capital work-in-progress		69.09	162.18
		6101.55	5457.82
Current Assets, Loans and Advances			
(a) Inventories	E	5625.65	4645.01
(b) Sundry Debtors		1627.51	1311.15
(c) Cash and Bank Balances		203.86	372.10
(d) Other Current Assets		1092.27	978.77
(e) Loans and Advances		469.84	380.91
		9019.13	7687.94
Less: Current Liabilities & Provisions			
(a) Current Liabilities	F	2585.07	2090.31
(b) Provisions		309.29	252.32
Net Current Assets		6124.77	5345.31
		12226.32	10803.13
Significant Accounting Policies			
Notes to Accounts			

This is the Balance Sheet referred to in our report of even date

FOR UBEROI SOOD & KAPOOR
Chartered Accountants
(Registration No. 001462N)
S.D. Sharma
(Partner)
M. No. 80399
New Delhi
25th May, 2011

The Schedules referred to above form an integral part of the Balance Sheet For and on behalf of the Board

Anil Moolchandani
Chairman - cum - Managing Director

Dilip Seth
General Manager - Finance

Pramod Arora
Joint Managing Director

Vikas Kumar Tak
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2011

(₹. in Lacs)

	SCHEDULE	CURRENT YEAR	PREVIOUS YEAR
INCOME			
Sales		18807.18	15621.05
Other Income	G	152.80	82.09
		18959.98	15703.14
EXPENDITURE			
Cost of Goods Sold	H	8392.86	7150.22
Administrative, Selling & Distribution Expenses	I	6322.52	5293.60
Establishment Expenses	J	1924.00	1393.77
Financial Expenses	K	265.92	201.50
Profit Before Depreciation and Tax		2054.68	1664.05
Depreciation		453.26	326.42
Profit Before Tax		1601.42	1337.63
Provision for Taxation			
Current		495.20	433.00
Deferred		23.48	24.42
Net Profit Available For Appropriation		1082.74	880.21
APPROPRIATIONS			
Proposed Dividend		135.12	135.12
Transfer to General Reserve		150.00	100.00
Tax on Dividend		21.92	22.96
Profit carried to Balance Sheet		775.70	622.13
		1082.74	880.21
Basic & Diluted Earning Per Share (In Rs.)		3.21	2.61
(Refer Note 13, Schedule 'M')			
Significant Accounting Policies	L		
Notes to Accounts	M		

This is the Profit and Loss Account referred to in our report of even date

FOR UBEROI SOOD & KAPOOR
Chartered Accountants
(Registration No. 001462N)
S.D. Sharma
(Partner)
M. No. 80399
New Delhi
25th May, 2011

The Schedules referred to above form an integral part of the Profit and Loss Account For and on behalf of the Board

Anil Moolchandani
Chairman - cum - Managing Director

Dilip Seth
General Manager - Finance

Pramod Arora
Joint Managing Director

Vikas Kumar Tak
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2011

(₹. in Lacs)

	CURRENT YEAR	PREVIOUS YEAR
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and Extraordinary Items	1601.42	1337.63
Adjustments for:		
Depreciation	453.26	326.42
Interest Paid	191.32	133.30
Profit / Loss on Deletion of Fixed Assets	47.35	64.10
Interest Received	(46.87)	(8.93)
Dividend Income	0.00	(0.20)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2246.48	1852.32
Adjustments for:		
Sundry Debtors	(316.36)	(130.02)
Inventories	(980.64)	(234.12)
Other receivables	(276.34)	75.02
Trade Payable and Other Liabilities	552.15	182.68
Taxes Paid	(291.39)	(448.95)
Net Cash from Operating Activities (A)	933.90	1296.93
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1192.58)	(1018.72)
Sale of Fixed Assets	48.24	12.66
Interest Received	46.87	8.93
Dividend Income	0.00	0.20
Net Cash Used in Investing Activities (B)	(1097.47)	(996.93)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Short Term Borrowings (Net)	692.95	287.18
Proceeds from Long Term Borrowings (Net)	(363.76)	(502.01)
Loan from Vehicle Finance Company (Net)	14.92	(7.56)
Interest Paid	(191.32)	(133.30)
Dividend Paid (Including Tax on Dividend)	(157.46)	(0.91)
Net Cash Used in Financing Activities (C)	(4.67)	(356.60)
Net Increase/Decrease in Cash and Cash equivalents (A+B+C)	(168.24)	(56.60)
Cash and Cash equivalents as at 01.04.10 (O. Bal)*	372.10	428.70
Cash and Cash equivalents as at 31.03.11 (C. Bal)*	203.86	372.10

* Note : Cash & Cash Equivalent Includes Cash & bank Balances and Current Investments

For and on Behalf of the Board

Anil Moolchandani
Chairman - cum - Managing Director

Pramod Arora
Joint Managing Director

Dilip Seth
General Manager - Finance

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, 2011 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

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON 31 MARCH, 2011

(₹. in Lacs)

	CURRENT YEAR	PREVIOUS YEAR
SCHEDULE 'A'		
CAPITAL		
Authorised		
7,50,00,000 Equity Shares of ₹. 2/- each (Previous Year 1,50,00,000 Equity Shares of ₹. 10/- each)	1500.00	1500.00
Issued, Subscribed and Paid-Up		
3,37,80,000 Equity Shares of ₹. 2/- each fully paid up. (Previous Year 67,56,000 Equity Shares of ₹. 10/- each fully paid up.)	675.60	675.60
Forfeited shares	0.02	0.02
	675.62	675.62

Note : Out of above

1. During this year Company split its equity shares of face value of Rs. 10/- each into five shares of face value of ₹. 2/- each.
2. 1,07,140 Equity Shares of ₹. 2/- each (Previous Year 21,428 Equity Shares of Rs. 10/- each) were allotted as fully paid-up for consideration other than cash, Pursuant to a contract.
3. 2,06,27,675 Equity Shares of ₹. 2/- each (Previous Year 41,25,535 Equity Shares of Rs. 10/- each) were allotted as fully paid-up Bonus Shares by Capitalisation of Reserve from Share Premium Account.

SCHEDULE 'B'

RESERVES AND SURPLUS

i)	Capital Reserve		
	Forfeiture of Share Warrants	159.50	159.50
		159.50	159.50
ii)	Share Premium		
	Balance brought forward from Previous Year	737.95	737.95
		737.95	737.95
iii)	General Reserve		
	Balance brought forward from Previous Year	5310.52	5210.52
	Add: Transferred from Current Year's Profit	150.00	100.00
		5460.52	5310.52
iv)	Profit & Loss A/c		
	Balance brought forward from Previous Year	1806.07	1183.94
	Less :Previous Year's Tax Adjustments	129.90	0.00
	Add/(Less) : Current Year profit after provision for tax and appropriations	775.70	622.13
		2711.67	1806.07
	TOTAL (i) + (ii) + (iii) + (iv)	9069.64	8014.04

(₹. in Lacs)

		CURRENT YEAR	PREVIOUS YEAR
SCHEDULE 'C'			
SECURED LOANS			
A)	Cash Credit, Buyer's Credit, Packing Credit from Scheduled Banks	1030.33	337.38
b)	Term Loans - IndusInd Bank Ltd.	0.00	95.12
c)	Term Loans - ICICI Bank Ltd.	657.30	1032.10
d)	Term Loans - Religare Finvest Ltd.	106.16	0.00
e)	Vehicle Loans		
	- Banks	17.77	20.54
	- Others	28.29	10.60
TOTAL		1839.85	1495.74
Amount Repayable within One Year		571.30	484.90

- Against hypothecation of Stock, Book Debts & charge on Plant & Machinery, both present and future except assets specifically hypothecated, on pari-passu basis with Citibank N.A., ICICI Bank Ltd. and IndusInd Bank Ltd.
- Against hypothecation of exclusive charge over specific Machinery and Movable Fixed Assets.
- Against hypothecation of exclusive charge over specific Assets.
- Personal Guarantee of Mr. Anil Moolchandani, CMD and Mr. Jagdish Moolchandani, ED.
- Against hypothecation of Vehicle.

SCHEDULE 'D'**FIXED ASSETS**

(₹. in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 1.04.2010	ADDITIONS	DISPOSALS / ADJUSTMENTS	AS AT 31.03.2011	AS AT 1.04.2010	FOR THE YEAR	DISPOSALS / ADJUSTMENTS	AS AT 31.03.2011	AS AT 31.03.2011	AS AT 31.03.2010
LAND	536.34	0.00	0.00	536.34	0.00	0.00	0.00	0.00	536.34	536.34
FACTORY BUILDINGS	1774.57	156.48	0.00	1931.05	61.36	63.00	0.00	124.36	1806.69	1713.21
BUILDING (OTHER THAN FACTORY)	0.00	37.45	0.00	37.45	0.00	0.10	0.00	0.10	37.35	0.00
PLANT & MACHINERY	1518.41	185.14	44.81	1658.74	785.81	92.93	33.92	844.82	813.92	732.60
FURNITURE & FITTINGS	2429.55	614.21	88.27	2955.49	684.10	178.37	28.67	833.80	2121.69	1745.45
OFFICE EQUIPMENT	322.62	107.79	7.89	422.52	70.05	22.76	2.28	90.53	331.99	252.57
COMPUTERS	500.80	131.51	4.46	627.85	334.35	74.50	4.26	404.59	223.26	166.45
VEHICLES	219.31	53.09	36.48	235.92	75.68	21.17	17.19	79.66	156.26	143.63
POLLUTION CONTROL EQUIPMENT	9.06	0.00	0.00	9.06	3.67	0.43	0.00	4.10	4.96	5.39
TOTAL	7310.66	1285.67	181.91	8414.42	2015.02	453.26	86.32	2381.96	6032.46	5295.64
CAPITAL WORK IN PROGRESS									69.09	162.18
GRAND TOTAL	7310.66	1285.67	181.91	8414.42	2015.02	453.26	86.32	2381.96	6101.55	5457.82
PREVIOUS YEAR	5264.31	2143.09	96.74	7310.66	1708.58	326.42	19.98	2015.02	5457.82	

Furniture and fittings include fitments in shops and offices.

1. Capital Work in Progress includes :

- Capital advances of Rs. 6.85 (Previous Year Rs. 56.65)
- Borrowing cost of Rs. 3.41 (Previous Year Rs. 10.00)
- Rs. nil (Previous Year Rs. 0.32) on account of exchange difference.

2. Addition include Rs. 2.91 (Previous Year Rs. 0.93) on account of borrowing cost.

3. Addition include Rs. 0.54 (net loss) [Previous Year Rs. 4.65 (net gain) on account of exchange difference.]

(₹. in Lacs)

	CURRENT YEAR	PREVIOUS YEAR
SCHEDULE 'E'		
CURRENT ASSETS, LOANS AND ADVANCES		
a. Inventories (Refer Point 5, Schedule 'L') (As taken, valued & certified by management)		
Raw Materials	407.24	150.82
Work in Progress	201.76	119.66
Finished Goods	5016.26	4374.06
Other Misc. Inventories	0.39	0.47
	5625.65	4645.01
b. Sundry Debtors (Unsecured & Considered Good)		
a) Debts outstanding for a period exceeding six months	100.16	104.13
b) Other debts	1527.35	1207.02
	1627.51	1311.15
c. Cash & Bank Balances		
a) Cash Balance in hand	31.67	25.55
b) Bank Balance with Scheduled Banks		
i) Current Account	101.78	282.58
ii) Fixed Deposit	64.39	59.62
iii) Interest Accrued on Fixed Deposit	6.02	4.35
	203.86	372.10
d. Other Current Assets (Unsecured & Considered Good)		
Security deposit	1092.27	978.77
e. Loans And Advances (Unsecured & Considered Good)		
Advances recoverable in cash or in kind or for value to be received	70.48	59.99
Special Additional Duty Recoverable	24.07	72.76
Advances to Suppliers	374.06	
Less: Provision for Doubtful Advances	23.57	
Advances to Staff	10.99	6.16
Advance Tax	13.81	87.72
	469.84	380.91
TOTAL (a) +(b) +(c) +(d) +(e)	9019.13	7687.94

(₹. in Lacs)

	CURRENT YEAR	PREVIOUS YEAR
SCHEDULE 'F'		
CURRENT LIABILITIES & PROVISIONS		
a. Current Liabilities		
Sundry Creditors		
- Amount due to Micro and Small Enterprises	0.00	0.09
- Amount due to Others	1311.58	1063.51
Statutory Liabilities	124.06	92.17
Advance from Customers	33.68	27.10
Interest Accrued but not Due	6.78	6.81
Investor Education & Protection Fund		
- Unclaimed Dividend	5.60	4.98
Expenses Payable	627.18	478.44
Security Deposit (Received from Franchisees, Agents & Distributors)	476.19	417.21
b. Provisions	2585.07	2090.31
Provision for Gratuity	94.00	53.18
Provision for Leave Encashment	58.25	41.06
Provision for Proposed Dividend	135.12	135.12
Provision for Tax on Dividend	21.92	22.96
	309.29	252.32
SCHEDULE 'G'		
OTHER INCOME		
Interest Received	43.58	4.22
[(Tax Deducted at Source Rs. 0.13) (Previous Year Rs. 0.18)]		
Interest Charged (Late Payment)	3.29	4.71
Scrap Sale	11.42	16.38
Royalty	0.00	0.31
Dividend Income	0.00	0.20
Exchange Difference	31.04	11.64
Miscellaneous Income	35.86	40.77
Brand Promotion Fees	0.00	3.86
Profit on Sale of Fixed Assets	27.61	0.00
	152.80	82.09
SCHEDULE 'H'		
COST OF GOODS SOLD		
Opening Stock	4644.54	4410.34
Purchases	8140.72	6456.08
Jobwork	243.40	181.59
Wages	408.61	291.51
Employees Provident Fund	16.76	10.37
Employees State Insurance	14.37	11.06
Power	67.59	56.43
Consumables	38.55	36.62

	(₹. in Lacs)	
	CURRENT YEAR	PREVIOUS YEAR
Repair & Maintenance - Machinery	70.14	63.33
Excise Duty	27.40	17.13
Freight, Octroi & Cartage Inward	376.26	273.31
	14048.34	11807.77
Less : Closing Stock	5625.26	4644.54
Less : Stock Lost / Damaged in Transit	30.22	13.01
	8392.86	7150.22

SCHEDULE 'I'

ADMINISTRATIVE, SELLING & DISTRIBUTION EXPENSES

Advertisement	198.93	329.71
Business Promotion & Development	340.40	304.19
Commission on Sales	1216.90	1012.60
Computer Expenses	26.91	37.76
Conveyance	95.71	39.65
Communication	81.26	74.53
Branch Management	1.85	2.05
Director's Sitting Fees	1.39	1.13
Discount Allowed	137.22	128.76
Electricity & Water	437.79	354.28
Freight & Cartage (Outward)	46.40	38.62
Bad Debts	3.99	41.50
General Expenses	70.88	20.13
Insurance	29.07	21.46
Legal & Professional Charges	114.61	71.06
Licence Fees	4.87	2.99
Loss on Goods in Transit	8.58	4.54
Loss on Sale / Deletion of Fixed Assets	74.96	64.10
Meeting & Conference	31.81	10.43
Exchange Difference	13.93	16.80
Office Maintenance	45.11	30.05
Postage, Packing & Forwarding	113.11	63.80
Printing & Stationery	34.19	26.16
Rent	2323.60	1838.96
Rates & Taxes	13.79	10.61
Repair & Maintenance		
- Building	15.77	1.22
- Vehicles	54.85	53.54
- Others	128.66	113.92
Shop Maintenance	487.32	448.15
Travelling	95.48	72.41
Watch & Ward Expenses	73.18	58.49
	6322.52	5293.60

	(₹. in Lacs)	
	CURRENT YEAR	PREVIOUS YEAR
SCHEDULE 'J'		
ESTABLISHMENT EXPENSES		
Directors Remuneration	123.26	97.95
Staff Cost	1658.22	1198.42
Employees Provident Fund	69.70	49.94
Employees State Insurance	34.64	20.41
Staff Welfare	38.18	27.05
	1924.00	1393.77
SCHEDULE 'K'		
FINANCIAL EXPENSES		
Finance Charges	77.51	69.13
Interest	188.41	132.37
	265.92	201.50

SCHEDULE 'L'

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of Financial Statements

The Financial Statements are prepared under the historical cost convention in conformity with the mandatory Accounting Standards and the provisions of the Companies Act, 1956, as amended and adopted consistently by the Company.

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

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.

3. Fixed Assets

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.

The Company capitalises assets taken on Finance Lease, in accordance with the Accounting Standard 19 (Accounting For Leases) issued by the Institute of Chartered Accountants of India.

4. 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.

5. Inventories

- i) Finished Goods, Work-in-Progress and Raw Materials are Valued at lower of cost and net realisable value.
- ii) Other Misc. Items 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 this method of valuation of inventory.

6. Retirement Benefits

- 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 Profit & Loss Account 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 Profit and Loss Account.

- 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 (Revised).

7. 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 Profit & Loss Account.
- 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) The profit/loss on foreign exchange derivative transactions is recognised in the year in which the transaction matures.
- vi) In view of notification dated 31.03.09 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.

8. Miscellaneous Expenditure

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

9. 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.

10. Investments

- (i) Long Term Investments
Long-term 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.
- (ii) Current Investments
Current Investments are stated at lower of cost and fair Value.

11. 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 income 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.

12. 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.

13. Lease

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

14. 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 profit and loss account to the extent the carrying amount exceeds the recoverable amount.

SCHEDULE 'M'

NOTES TO ACCOUNTS

- Figures of the previous year have been reworked, regrouped, rearranged and reclassified wherever necessary, to make them comparable with the current year figures. All figures and numbers appearing in these notes are in Lacs.
- Capital commitment-estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for ₹. 192.99 (Previous year ₹. 68.19)
- Directors' Remuneration paid during the Year.

	Current Year Amount (₹.)	Previous Year Amount (₹.)
Chairman-cum- Managing Director		
Salary and Allowances	33.38	24.26
Contribution to Provident Fund	00.09	00.09
	33.47	24.35
Other Wholtime Directors		
Salary and Allowances	89.51	73.32
Contribution to Provident Fund	00.28	00.28
	89.79	73.60

4. Value of Imports calculated on CIF basis.

Raw Material	287.24	93.35
Finished Goods	3310.60	2833.98
Artwork & Designs	52.39	27.83
Capital Goods	107.90	43.79

5. Expenditure in Foreign Currency

Travelling	31.60	24.33
Royalty	39.28	40.44
Spare Parts (Machinery)	5.39	0.00

6. Earnings in foreign currency during the year

Export of Goods calculated on FOB Basis	626.88	350.75
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7. 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)	Key Management Personnel
	Mr. Jagdish Moolchandani (Executive Director) Mr. Pramod Arora (Joint Managing Director) Mr. Vijayant Chhabra (Executive Director)	
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 :-

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	
		AS AT 31.03.2011	AS AT 31.03.2010	AS AT 31.03.2011	AS AT 31.03.2010	AS AT 31.03.2011	AS AT 31.03.2010	AS AT 31.03.2011	AS AT 31.03.2010
1.	PURCHASE OF GOODS					521.40	392.11	521.40	392.11
2.	SALE OF GOODS			0.00	0.00	0.26	0.19	0.26	0.19
3.	COMMISSION ON SALES			3.37	4.39	19.61	18.95	22.98	23.33
4.	REIMBURSEMENT OF EXPENSES			0.00	0.00	8.26	7.73	8.26	7.73
5.	RENT PAID	104.91	112.84	84.99	73.40	84.00	84.00	273.91	270.24
6.	SALARY	123.26	97.95	16.15	11.26			139.41	109.21
7.	UNSECURED LOANS RECEIVED	80.00	165.00					80.00	165.00
8.	REPAYMENT OF UNSECURED LOANS	80.00	165.00					80.00	165.00
	DEBIT BALANCES OUTSTANDING OUTSTANDING RECEIVABLES					12.60	12.60	12.60	12.60
	CREDIT BALANCES OUTSTANDING OUTSTANDING PAYABLE	5.80	5.62	2.31	1.47	3.39	1.78	11.50	8.87

8. Additional Information pursuant to the provision of Para 3 & 4 of Part II of Schedule VI of the Companies Act, 1956.

a)	Particulars	CURRENT YEAR	PREVIOUS YEAR
i)	Licensed Capacity	N.A.	N.A.
ii)	Installed Capacity	N.A.	N.A.

b) Quantitative Information in respect of Opening Stock, Closing Stock, Purchase, Sale & Raw Material Consumed :
OPENING STOCK

Particulars	CURRENT YEAR		PREVIOUS YEAR	
	QUANTITY	VALUE (₹.)	QUANTITY	VALUE (₹.)
Paper & Paper Board	1.52 Kgs	99.63	2.41 Kgs	149.87
Misc. Raw Material	N.A.	51.19	N.A.	50.45
Work - in - Progress	N.A.	119.66	N.A.	168.55
Finished Goods :				
(1) Greeting Cards	208.08 Pcs.	999.07	330.56 Pcs.	1,353.72
(2) Stationery Items	45.66 Pcs.	889.75	54.39 Pcs.	826.44
(3) Gift Items	44.82 Pcs.	2,421.09	38.21 Pcs.	1,784.52
(4) Others	N.A.	64.15	N.A.	76.79
TOTAL		4,644.54		4,410.34

CLOSING STOCK

Particulars	CURRENT YEAR		PREVIOUS YEAR	
	QUANTITY	VALUE (₹.)	QUANTITY	VALUE (₹.)
Paper & Paper Board	4.69 Kgs	316.31	1.52 Kgs	99.63
Misc. Raw Material	N.A.	90.93	N.A.	51.19
Work - in - Progress	N.A.	201.76	N.A.	119.66
Finished Goods :				
(1) Greeting Cards	162.48 Pcs.	835.78	208.08 Pcs.	999.07
(2) Stationery Items	56.97 Pcs.	852.84	45.66 Pcs.	889.75
(3) Gift Items	40.28 Pcs.	3285.34	44.82 Pcs.	2421.09
(4) Others	N.A.	42.30	N.A.	64.15
TOTAL		5625.26		4644.54

PURCHASES

Particulars	CURRENT YEAR		PREVIOUS YEAR	
	QUANTITY	VALUE (₹.)	QUANTITY	VALUE (₹.)
Paper & Paper Board	20.81 Kgs	1273.22	13.57 Kgs	734.84
Misc. Raw Material	N.A.	619.84	N.A.	406.67
Trading Items (Greeting Cards)	0.78 Pcs.	52.98	1.14 Pcs.	82.51
Trading Items (Stationery)	25.34 Pcs.	479.66	18.03 Pcs.	375.59
Trading Items (Gifts)	75.90 Pcs.	5691.90	79.04 Pcs.	4805.93
Trading Items (Others)	N.A.	23.12	N.A.	50.54
TOTAL		8140.72		6456.08

RAW MATERIAL CONSUMED

Particulars	CURRENT YEAR		PREVIOUS YEAR	
	QUANTITY	VALUE (₹.)	QUANTITY	VALUE (₹.)
Paper & Paper Board	17.64 Kgs.	1056.54	14.46 Kgs.	785.08
Misc. Raw Material	N.A.	580.10	N.A.	405.93
TOTAL		1636.64		1,191.01

VALUE OF IMPORTED & INDIGENOUS RAW MATERIAL CONSUMED

Particulars	CURRENT YEAR		PREVIOUS YEAR	
	%	VALUE (₹.)	%	VALUE (₹.)
Imported	15	245.55	14	161.81
Indigenous	85	1391.09	86	1029.20
TOTAL		1636.64		1191.01

SALES

Particulars	CURRENT YEAR		PREVIOUS YEAR	
	QUANTITY	VALUE (₹.)	QUANTITY	VALUE (₹.)
Greeting Cards	280.39 Pcs.	5165.02	309.64 Pcs.	4610.30
Stationery Items	45.66 Pcs.	2230.37	48.24 Pcs.	1883.13
Gift Items	80.44 Pcs.	11276.12	72.43 Pcs.	9004.40
Others	N.A.	135.67	N.A.	123.22
TOTAL		18807.18		15621.05

- 1) N.A. means Not Applicable.
- 2) The above items relate to Company's main products and Principal Raw Materials.
- 3) The purchases are received in various denominations which have been converted into a single unit.

9. In the opinion of the Directors Current Assets, Loans and Advances have the value at which they are stated in the Balance Sheet, if realised in the ordinary course of business.

10. Figure under the head "Legal and Professional Charges" in the Profit and Loss Account includes amounts paid to the Auditors of the Company.

a) For Statutory and Tax Audit (Previous Year ₹. 9.38)	₹. 12.13
b) For the Company Law and Other Matters (Previous Year ₹. 0.22)	₹. 2.76
c) Branch Auditors (Previous Year ₹. 3.98)	₹. 4.09
d) For Branch Other Matters (Previous Year ₹. 0.21)	₹. 0.23

11. Based on the information available with the company, there is no overdue amount at the year end in respect of suppliers covered under the Micro, Small and Medium Enterprises Development Act 2006. Further no interest during the year has been paid or payable under the Act.

12. Contingent Liabilities :

a) Estimated amount of Letters of Credit (Previous Year: ₹ 96.38)	₹. 233.63
b) Estimated amount of Bank Guarantee (Previous Year: ₹ 23.76)	₹. 55.25
c) Income Tax Demand (Block Period) (Previous Year: ₹ 340.27)	₹. NIL
d) Service Tax on Rent Paid (Previous Year: ₹ 1.32)	₹. 2.64
e) Dispute of Rent Escalation and CAM Charges (Previous Year: ₹ 13.69)	₹. 27.27
f) Dispute of VAT/CST/ Entry Tax (Previous Year: ₹ 1.89)	₹. 1.89

13. Earning Per Share (AS - 20):

	Current Year Amount (₹.)	Previous Year Amount (₹.)
Profit after tax	1082.74	880.21
Weighted average number of shares	337.80	337.80
Nominal value per share (₹.)	2/-	2/-
Basic & Diluted Earning Per Share (₹.)	3.21	2.61*

*Refer Note 1 of Schedule A.

14. Accounting for Taxes on Income (AS - 22) :

S.No.	Particulars	Current Year Amount (₹.)	Previous Year Amount (₹.)
(i)	Deferred Tax Liabilities Related to Fixed Assets	708.06	649.76
(ii)	Deferred Tax Assets Disallowances under the Income Tax Act 1961	66.85	32.03
	Net Deferred Tax Liability (i-ii)	641.21	617.73
	Deferred Tax Charged to Profit & Loss Account	23.48	24.42

15. Segment Reporting AS - 17

- (i) 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 :-

Information About Business Segments

S.NO.	PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
1	Segment Revenue/Sales		
a	Greeting Cards	5165.02	4610.30
b	Stationery	2230.37	1883.13
c	Gifts	11276.12	9004.40
d	Others	135.67	123.22
	Income From Operations	18807.18	15621.05
2	Segment Results		
	Profit before Dep., Int. & tax		
a	Greeting Cards	1179.55	1139.04
b	Stationery	303.03	281.51
c	Gifts	1304.26	899.27
d	Others	12.32	9.45
	Total	2799.16	2329.27
	Less: Depreciation	453.26	326.42
	Less: Interest	188.41	132.37
	Less: Other unallocable exp. net of unallocable Income	556.07	532.85
	Profit before Tax	1601.42	1337.63
3	Capital Employed		
	(Segment Assets-Segment Liabilities)	12226.32	10803.13
	Total	12226.32	10803.13

(ii) Information about Geographical Segment

Particulars	Sales Revenue By Geographical Market		Carrying Amount of Segment Assets		Additions to Fixed Assets	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
East	1305.08	1313.50	348.32	269.41	0.96	4.35
West	4963.08	4144.18	2310.52	1827.79	127.52	151.83
North	8037.02	6444.31	10482.11	9546.60	1027.81	1923.89
South	3391.87	3007.17	1783.38	1401.49	102.43	56.46
Central	483.25	361.14	196.35	100.47	26.95	6.56
Export	626.88	350.75	Nil*	Nil*	Nil*	Nil*
Total	18807.18	15621.05	15120.68	13145.76	1285.67	2143.09

* No specific assets are held for export.



(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 fixed assets, Investments and Current assets, loan and advances. Segment liabilities include all operating liabilities principally of current liabilities and provisions.

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.

16. Employee Benefits

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

	CURRENT YEAR	PREVIOUS YEAR
Discount Rate	8.00%	7.80%
Expected rate of return on Plan Assets	9.25%	9.15%
Expected rate of increase in compensation level	5.00%	6.00%

(b) Changes in the present value of the obligations (₹.)

Particulars	CURRENT YEAR		PREVIOUS YEAR	
	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Opening Present Value of obligations	41.06	156.64	35.91	132.51
Interest Cost	3.20	12.22	2.51	9.28
Past Service Cost	-	33.76	-	-
Current Service Cost	13.90	24.64	7.79	18.16
Benefits Paid	(15.83)	(13.87)	(12.94)	(16.27)
Actuarial Loss on obligations	15.92	12.94	7.78	12.96
Closing Present Value of Obligations	58.25	226.33	41.06	156.64

(c) Changes in Fair Value of Plan Assets (₹.)

Particulars	CURRENT YEAR		PREVIOUS YEAR	
	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Opening Fair Value of Plan Assets	-	103.46	-	95.42
Adjustment due to difference identified in the plan assets at the beginning of the period	-	2.21	-	-
Actual return on Plan Assets	-	9.47	-	8.73
Employer contribution	-	29.64	-	16.17
Benefits Paid	-	(13.87)	-	(16.27)
Actuarial gain/(loss) on Plan Assets	-	1.42	-	(0.59)
Closing Fair Value of Plan Assets	-	132.33	-	103.46

d) Fair Value of Plan Assets

(₹.)

Particulars	CURRENT YEAR		PREVIOUS YEAR	
	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Opening Fair Value of Plan Assets	-	103.46	-	95.42
Addition due to difference identified in the plan assets at the beginning of the period	-	2.21	-	-
Actual return on Plan Assets	-	10.89	-	8.15
Employer contribution	-	29.64	-	16.17
Benefits Paid	-	(13.87)	-	(16.27)
Fair Value of Plan Assets at the end of period	-	132.33	-	103.46
Funded Status	(58.25)	(94.00)	(41.06)	(53.18)
Excess of Actual over Expected Return on Plan Assets	-	1.42	-	(0.59)

e) Actuarial Gain/Loss Recognised

(₹.)

Particulars	CURRENT YEAR		PREVIOUS YEAR	
	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Actuarial gain/(loss) on Plan Assets				
-Obligation	(15.92)	(12.94)	(7.78)	(12.96)
-Plan Assets	-	(1.42)	-	0.59
Total Loss recognised	15.92	11.51	7.78	13.55

f) Liability recognised in the Balance Sheet

(₹.)

Particulars	CURRENT YEAR		PREVIOUS YEAR	
	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Closing Present Value of obligations	58.25	226.33	41.06	156.64
Fair value of Plan Assets as at the end of the year	-	132.33	-	103.46
Funded Status	(58.25)	(94.00)	(41.06)	(53.18)
Net Liability Recognized in Balance Sheet	58.25	94.00	41.06	53.18

g) Expenses Recognised in Profit & Loss

(₹.)

Particulars	CURRENT YEAR		PREVIOUS YEAR	
	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Current Service Cost	13.90	24.64	7.79	18.15
Past Service Cost	-	33.77	-	-
Interest Cost	3.20	12.22	2.51	9.28
Expected return on Plan Assets	-	(9.47)	-	(8.73)
Net Actuarial Loss Recognised during the year	15.92	11.51	7.78	13.55
Total Expense recognised in Profit & Loss Account	33.03	72.67	18.09	32.25

17. 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 ₹. 2323.60 (Previous Year ₹. 1838.96), which includes contingent rents of ₹. 12.51 (Previous Year ₹. 27.44). The lease agreements are further renewable after its expiry of initial term with a mutual consent, subject to revision in lease rentals.

Particulars	Current Year Amount (₹.)	Previous Year Amount (₹.)
Lease Rent payable not later than one year	2368.12	2033.88
Payable later than one year but not later than five years	8128.30	7192.46
Payable later than five years	3640.46	3763.55

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)
Membership No. 80399

Anil Moolchandani
Chairman - cum - Managing Director

Pramod Arora
Joint Managing Director

Dillip Seth
General Manager Finance

Vikas Kumar Tak
Company Secretary

New Delhi
25 May, 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I	REGISTRATION DETAILS		
	Registration No.	40220	State Code 55
	Balance Sheet Date	31-03-2011	
II	CAPITAL RAISED DURING THE YEAR		
	Public Issue		Rights Issue
	NIL		NIL
	Bonus Issue		Private Placement
	NIL		NIL
III	POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS		
	Total Liabilities		Total Assets
	₹. 12226.32		₹. 12226.32
	Source of Funds		
	Paid Up Capital		Reserves & Surplus
	₹. 675.62		₹. 9069.64
	(Including Share Forfeiture 2)		
	Secured Loans		Unsecured Loans
	₹. 1839.85		₹. NIL
	Deferred Tax Liability		Equity Shares Warrants
	₹. 641.21		₹. NIL
IV	Application of Funds		
	Net Fixed Assets		Investments
	₹. 6101.55		₹. NIL
	Net Current Assets		Misc. Expenditure
	₹. 6124.77		₹. NIL
	Accumulated Losses		
	₹. NIL		
	PERFORMANCE OF COMPANY		
	Turnover (Sale & Other Income)		Total Expenditure
	₹. 18959.98		₹. 17358.56
	Profit Before Tax		Profit After Tax
	₹. 1601.42		₹. 1082.74
	Earning Per Share (In Rs.)		Dividend
	₹. 3.21		20%
V	GENERIC NAMES OF THE PRINCIPAL PRODUCT OF COMPANY (AS PER MONETARY TERMS)		
	Product Description		Item Code No. (ITC Code)
	Greeting Cards		49090001
	Stationery Items		N.A.
	Gift Items		N.A.



ARCHIES LIMITED

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

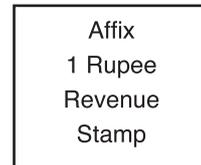
PROXY FORM

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 FIRST 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 Friday, September 30, 2011.

Signed this day of 2011.

Signature



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 First Annual General Meeting - September 30, 2011

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 FIRST 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 Friday, September 30, 2011.

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.**