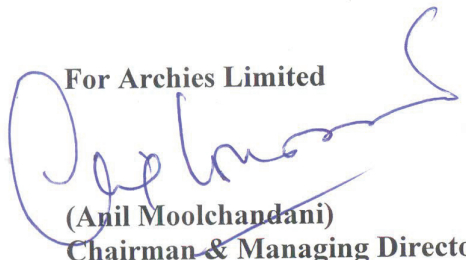


FORM A

(Pursuant to Clause 31(a) of the Listing Agreement)

1.	Name of the Company	Archies Limited
2.	Annual financial statements for the year ended	31 st March, 2013
3.	Type of Audit observation	Un-qualified Audit Report
4.	Frequency of observation	Not Applicable

For Archies Limited



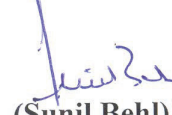
(Anil Moolchandani)
Chairman & Managing Director

For Archies Limited



(Dilip Seth)
Chief Financial Officer

For Archies Limited



(Sunil Behl)
Chairman -Audit Committee

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

S.D. Sharma
Partner

Membership No. 80399

ARCHIES LIMITED

C-113, NARAINA INDUSTRIAL AREA, PHASE - I, NEW DELHI - 110 028 (INDIA)
TEL. : 91-11- 41410000, 41412222, FAX : 91-11- 41410070, 41410060 Website: www.archiesonline.com
REGISTERED OFFICE : PLOT NO. 191-F, SECTOR-4, I.M.T. MANESAR, GURGAON-122050, HARYANA (INDIA)



The Love Affair Continues.

~ ANNUAL REPORT 2012 - 13 ~



The most special way to say you care

Board of Directors

Anil Moolchandani
Chairman-cum-Managing Director

Jagdish Moolchandani
Executive Director

Pramod Arora
Joint Managing Director

Vijayant Chhabra
Executive Director

Sunil Behl
Director

Arun Singhal
Director

Ajit Ganpatlal Shah
Director

Prem Kumar Chadha
Director

Company Secretary
Vikas Kumar Tak

Auditors
M/s Uberoi Sood & Kapoor

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

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

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



Pg: 2 *The most special way to say you
care gets even more special*

Pg: 4 *Congrats!
You have come a long way!*

Pg: 6 *Hard work pays!*

Pg: 8 *Welcome to the family!*

Pg: 10 *Thanks for being there.*

24x7.

Pg: 12 *From the Chairman's Desk*

Pg: 14 *Notice*

Pg: 16 *Director's Report*

Pg: 21 *Report on Corporate Governance*

Pg: 29 *Independent Auditors' Report*

Pg: 33 *Balance Sheet*



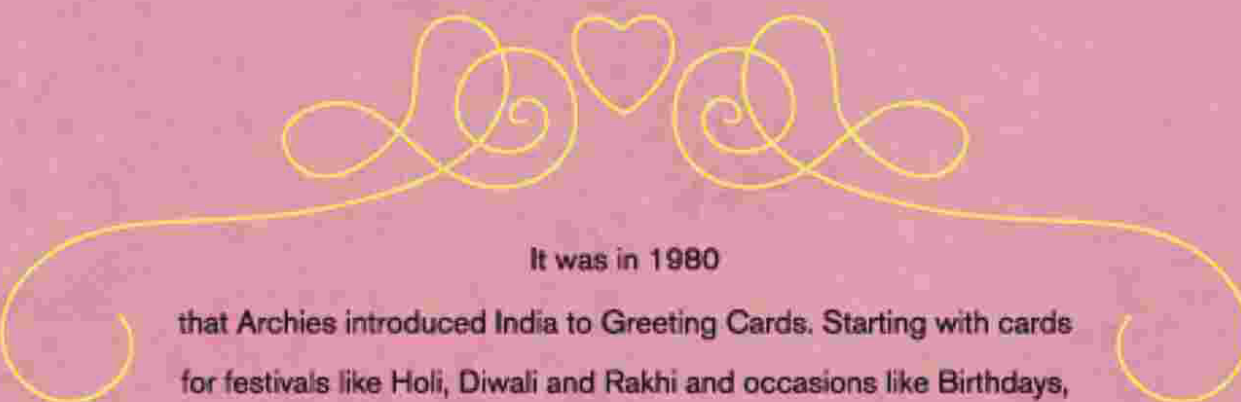
THE MOST

*Special
way
to say*

YOU CARE

gets

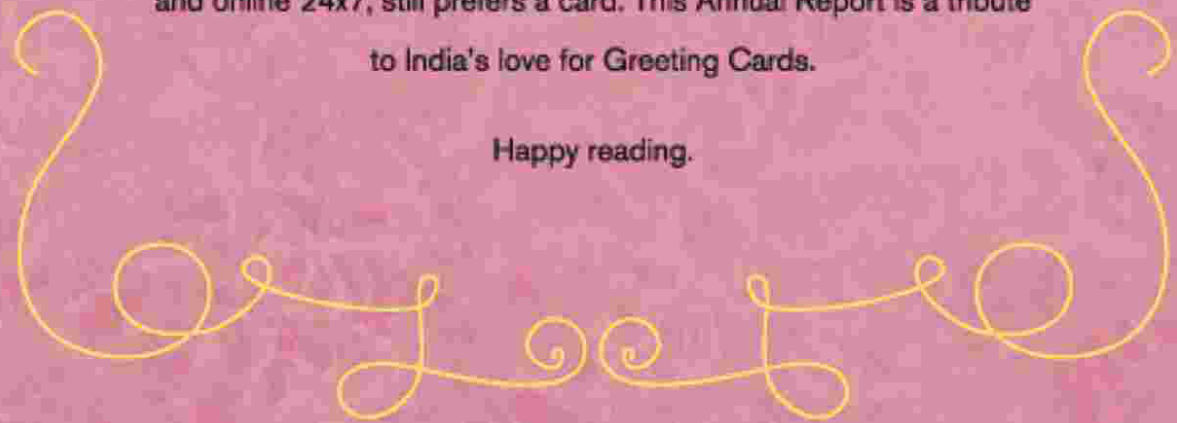
**EVEN MORE
SPECIAL**



It was in 1980
that Archies introduced India to Greeting Cards. Starting with cards
for festivals like Holi, Diwali and Rakhi and occasions like Birthdays,
Anniversaries and New Years, Archies struck a chord with the
people almost instantly. Within no time, an Archies card became an
integral part of all celebrations. No birthday was complete without a
bunch of cards from loved ones. Generations of young boys and
girls expressed their first love with an Archies card. The simple yet
beautifully crafted messages gave voice to the emotions of millions.
Gradually, with time, our range of cards expanded to cover every
occasion, emotion and relation.

Over the years, as the world has changed, so have our cards.
Technological advancements and specialisations in printing
techniques have lead to greeting cards evolving from simple printed
sheets of cardboard to intricate pieces of art. But what hasn't
changed is India's love for greeting cards. When it comes to
relationships that really matter, the generation that stays connected
and online 24x7, still prefers a card. This Annual Report is a tribute
to India's love for Greeting Cards.

Happy reading.






CONGRATULATIONS
You come long

Once upon a time, a card used to be a simple affair. A heart warming visual embellished with beautiful words printed on a simple sheet of thick paper board. Now, no more. Making Greeting cards today is a science in itself. Right from the stage of conceptualization to the packing of the end product, every step involves a degree of specialization. Today, the journey of a card is a long one.

Being responsible for getting across the feelings of tongue-tied teenagers, people at a loss of words to express their emotions or a Son who doesn't know how to tell his Father how much he loves him is no easy task. That is why the creative team puts in countless hours in the conceptualization stage. The nitty-gritties of

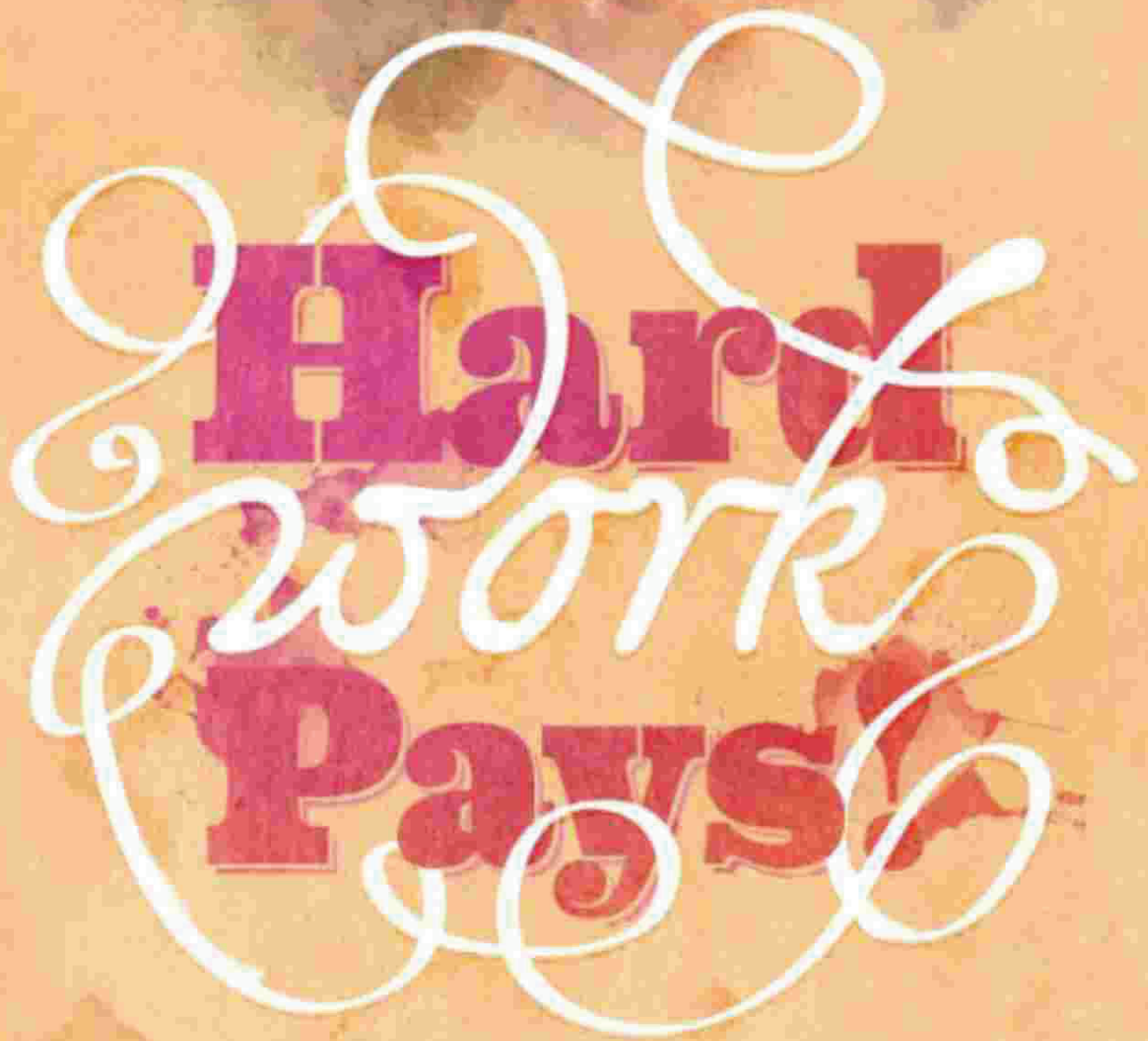


RAIT'S!

*have
a
way!*

relationships and emotions are discussed to arrive at just the right words and designs to express them in. The artworks then make their way to the state of the art printing & finishing facilities where experts with decades of experience deliberate upon the kind of paper to be used, the size of the cards, the glittering and foiling, laser cuts and special fabrications like pop-ups. Only after this long and laborious process is over does a card reach the shelves.

No wonder then, that in this time crunched world, people still take out time to go over hundreds of cards to choose just the right one for their loved ones. It is the hard work that goes in that makes cards relevant even today.



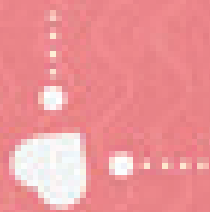
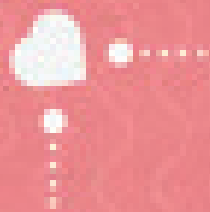
Hard work Pays!



For millions in India, an Archies Store has always been a happy place. Even today, it brings back childhood memories of birthday parties, festivals and friends. At Archies, we are always trying to touch the lives of more and more people, to spread our reach far and wide and make the world a better place through our products. And to achieve that we do all we can to be as close and accessible to the people as possible.

With an expanding retail sector, we have also been increasing our presence across the country. After being largely present in Tier I cities, we are now opening more stores in Tier II & Tier III cities. Cards being more of an impulsive buy, stores are being opened in malls, newer markets and places that have higher footfalls. Along with Archies Stores, Hallmark Stores (as an extension of our Hallmark Licence) are also being opened where the demographics demand. Due to continued efforts and an aggressive approach, a total of 22 Archies stores and 13 Hallmark stores were opened across the country last year.







Welcome

© to the ©



family!

• • •

One of the reasons Archies has remained people's favourite is that we have always strived to bring something new to our stores and people's lives. Through a constant research and feedback process we keep a track of what people want and offer it to them. That is how over the years, we have added many new members to our family and expanded.

After bringing in one global favourite, Smiley, to India last year, this year we have brought another one, Garfield. The world's most famous cat, Garfield was created by Jim Davis in 1978. Today, it has been syndicated in roughly 2,580 newspapers and journals, and holds the Guinness World Record for being the world's most widely syndicated comic strip. His popularity can be gauged from the fact that what started as a comic strip has spawned merchandise grossing between \$750 million to \$1 billion globally.

Under license from Paws, Inc., the international rights holder for Garfield, Archies has introduced cool Garfield merchandise like stuffed cushions, rubber alphabet keychains, 3D alarm clocks, mugs, sippers, 3D fun signs, posters and a lot more to the Indian consumer.

Bringing delight to the consumer has always been our prime motive. The year gone by also saw us introduce a range of "Peanuts" cards and stationery, featuring Snoopy the most beloved dog in the world and his friends. This in addition to a range of highly finished and innovative Musical Cards.

A romantic scene of a couple walking away from the camera on a sandy beach. The man is on the left, wearing a light-colored shirt and shorts, holding a bicycle. The woman is on the right, wearing a light-colored dress. The background shows the ocean and a hazy sky. The entire image has a warm, golden-yellow tint. Overlaid on the image is elegant white script text and decorative swirls.

*Thanks
for being
there.
24X7.*



When it comes to matters of the heart, we know time doesn't matter. And nor do the distances. Nothing should ever come between a loved one and a smile. And through archiesonline.com, we ensure that nothing does.

Despite all our efforts to have an Archies store close to everyone, it is difficult because of the logistics involved. Therefore, apart from opening stores, we are also focusing on strengthening up our online store. Every year, we are adding more and more products to it and working round the clock to streamline all the processes so that shopping on archiesonline.com is a memorable experience. To take care of the large number of orders on key days like Valentine's Day, Rakshabandhan, Diwali, etc., we have created a strong back-end support to ensure timely deliveries.





FROM THE CHAIRMAN'S DESK

Dear Friends,

Another year gone by. A year that began with the promise of a bright new tomorrow, but darkened by storm clouds of the uncertain global and Indian economies. A year, when all sectors of the economy took a beating. A year during which the "feel good" factor vanished from people's lives.

Despite all the doom and gloom of the prevailing economic scenario, we at Archies continued to play a role in the lives of our customers. Our bright new look logo, accompanied by bright new look stores, was well-received, and we are proud to say that we helped bring cheer to a lot of people in their relationships.

Bright new logos and bright new stores do not make a business. Without world-class product to back up a concept, nothing can work. In keeping with our commitment to our customers, we continued to innovate and introduce the best in class products, for every possible social expression need.

Innovative Greeting Cards, in terms of design and effect, from Hallmark and American Greetings, continued to fill greeting card racks in our stores. Ranging from exclusive finishes and design, from hand-crafted to musical cards, these greeting cards were well-received.

The year also saw us launch the world-famous characters "Peanuts" and "Garfield", where leveraging the strengths of our partnerships with global leaders, we created a fabulous range of Greeting Cards, Stationery and Gifts.

The year also saw us make a new series of Television Commercials, both for Archies as well as for Hallmark. These commercials are all about relationships and nurturing them and you can be sure of seeing them touch the emotional chords of everybody across your favourite TV Channels in the coming year.

Here's looking forward to a great year ahead!

Yours truly

Anil Moolchandani
Chairman & Managing Director
Archies Ltd.



Year At A Glance

(₹. in Lacs)

S. No.	Particulars	2012-2013	2011-2012	2010-11
1.	TOTAL TURNOVER	20127.72	20113.12	18818.77
2.	OTHER INCOME	36.95	86.03	119.25
3.	TOTAL EXPENDITURE	18507.33	18066.54	16695.4
4.	PROFIT BEFORE DEPRECIATION, INTEREST AND TAX (PBDIT)	1657.34	2132.61	2242.62
5.	PBDIT AS A % OF TOTAL TURNOVER	8.23	10.60	11.92
6.	INTEREST	118.97	282.23	188.41
7.	DEPRECIATION	487.49	459.04	453.26
8.	PROFIT BEFORE TAX (PBT)	1050.88	1391.34	1600.95
9.	PBT AS A % OF TOTAL TURNOVER	5.22	6.92	8.51
10.	EXTRAORDINARY ITEM	0	0	0
11.	PROFIT BEFORE TAX AFTER EXTRAORDINARY ITEM	1050.88	1391.34	1600.95
12.	PROVISION FOR TAXATION	350.13	441.19	518.21
13.	PROFIT AFTER TAX (PAT)	700.75	950.15	1082.74
14.	PAT AS A % OF TOTAL TURNOVER	3.48	4.72	5.75
15.	PAID UP EQUITY SHARE CAPITAL	675.62	675.62	675.62
16.	RESERVES (EXCLUDING REVALUATION RESERVES)	10395.34	9862.75	9069.64
17.	NET WORTH	11070.96	10538.37	9745.26
18.	EARNING PER SHARE OF FACE VALUE ₹ 2 (IN ₹)	2.07	2.81	3.21
19.	BOOK VALUE PER SHARE OF FACE VALUE ₹ 2 (IN ₹)	32.77	31.20	28.85
20.	DIVIDEND (%)	20	20	20
21.	AMOUNT OF DIVIDEND	135.12	135.12	135.12
22.	RETURN ON AVERAGE NET WORTH (%)	6.49	9.37	11.75
23.	RETURN ON AVERAGE CAPITAL EMPLOYED (%)	10.19	14.57	16.44

NOTICE

NOTICE is hereby given that the Twenty Third Annual General Meeting of the members of Archies Limited will be held at Manesar Club, Sector-5, IMT Manesar Gurgaon Haryana 122050, on Tuesday, the 16th day of July, 2013 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, 2013 and Statement of 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 ₹ 0.40/- per equity share of Face value of ₹ 2/- each for the financial year 2012-13.
3. To consider and if thought fit to pass with or without modification(s) the following resolution as Ordinary resolution:-
"**RESOLVED THAT** Mr. Jagdish Moolchandani, who retires by rotation at the ensuing Annual General Meeting has expressed his desire not to offer himself for re-appointment as Director and the resulting vacancy be not filled up at the meeting."
4. To appoint a Director in place of Mr. Arun Singhal, 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 on such remuneration as may be determined by the Board of Directors in consultation with the Auditors.

By Order of the Board

Place : New Delhi
Date : May 16, 2013

Vikas Kumar Tak
Company Secretary

Notes :-

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. 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 44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase-I, New Delhi-110 028 not less than **forty eight** hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 12th July, 2013 to 16th July, 2013 (both days inclusive) in connection with the AGM and for the purpose of Dividend.
4. Dividend @ ₹ 0.40/- per share (20%) for the year ended 31st March, 2013 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 11th July, 2013.
5. 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.
6. 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.
7. Members / Proxies are requested to produce the attached attendance slip, duly completed and signed, for admission to the meeting hall.
8. 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.

9. Details of the Director seeking re-appointment as per clause 49 of the listing Agreement are as under:

Name of Director	Mr. Arun Singhal
Age	60 years
Expertise in specific functional areas	Over 24 years' experience in the field of Capital Market, Income Tax, ROC matters, Company Audits, Bank Audits, Insurance Company Audits etc.
Qualifications	B.Com (Hons), FCA
List of other Companies in which Directorships held	Database Investment Service (I) Ltd. Sunita Gupta Share Brokers Ltd.
Chairman/Member of Committees of the Board of other Companies in which he is a director	Nil

Directors' Report

To The Members,

Your Directors have great pleasure in presenting Twenty Third Annual Report of the Company together with the Audited Annual Accounts for the year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS

	FOR THE YEAR ENDED	
	(₹ in Lacs)	
	31st March 2013	31st March 2012
Income from Operations	20127.72	20113.12
Other Income	36.95	86.03
Total Expenditure	18401.50	17972.48
Operating Profit (PBDIT)	1763.17	2226.67
Interest & Finance Charge	224.80	376.29
Depreciation	487.49	459.04
Profit before Tax (PBT)	1050.88	1391.34
Provision for taxation		
Current	350.39	371.50
Deferred	(0.26)	69.69
Net Profit / (Loss) (PAT)	700.75	950.15

APPROPRIATIONS

Transfer to General Reserve	150.00	150.00
Final Dividend (Proposed)	135.12	135.12
Tax on Dividend	22.96	21.92
Profit carried to Balance Sheet	392.67	643.11

PERFORMANCE REVIEW

During the year under review your Company recorded a turnover of ₹ 20127.72 Lacs as compared to ₹ 20113.12 Lacs in the previous financial year, up by 0.07%. The Net Profit for the same period stands at ₹ 700.75 Lacs as against Net profit of ₹ 950.15 Lacs in the previous year.

In the challenging market scenario Your Company has managed to maintain marginal improvement in the turnover but there has been dip in the Profitability. The turnover of the company constitutes of:

- The Turnover of the Gift segment is ₹ 12486.48 Lacs as compared to ₹ 12320.72 Lacs previous year, up by 1.35%.
- The Turnover of the Greeting card segment is ₹ 4854.56 Lacs as compared to ₹ 5291.01 Lacs previous year, down by 8.25%.
- The stationery sale is ₹ 2613.29 Lacs as compared to ₹ 2355.04 Lacs in the previous year, up by 10.97%.

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

RETAIL EXPANSION

The Company continues its efforts to boost sales through different schemes and campaigns and continued its effort to open retail outlets across India in malls as well as on high Streets. The Company opened total 35 retail stores and closed 22 non performing stores during the year. As on 31st March, 2013 the number of company owned/managed stores were 238.

Your Company will continue with its efforts to open new outlets across India. It has plans to open 45 more stores including Archies & Hallmark Stores during the year 2013-14.

DIVIDEND

Board of Directors recommended a dividend of 20% equivalent to ₹ 0.40/- on each fully paid-up equity share of ₹ 2/- for the year ended 31st March, 2013. The dividend will entail an outflow of ₹ 135.12 Lacs excluding taxes. The dividend, in the opinion of the Board represents a prudent balance between the need for the Company to reward its shareholders as well as the need to plough back the profits for the Company's own requirements.

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

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

PARTICULARS OF EMPLOYEES

None of the Employees drew salary more than ₹ 5,00,000/- per month or ₹ 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 retires by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Mr. Jagdish Moolchandani a Director of the Company who retires by rotation at the ensuing Annual General Meeting has conveyed his desire not to offer himself 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.

COST AUDITORS

The Company has appointed Cost Auditors-M/s. Harish Bhagat & Associates, Cost Accountants in compliance with Companies (Cost Accounting Records) Rules, 2011 and Companies (Cost Audit Report) Rules, 2011 and pursuant to CAB Order No. F.No. 52/26/CAB-2010 dated 30th June 2011 issued by the Cost Audit Branch under Ministry of Corporate Affairs. The Cost Audit Report shall be filed by the Cost Auditors in the due course for the FY 2012-13.

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 2013, 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, 2013 and of the profit or loss of the Company for the year ended on that date;
- (iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) That the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

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

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

ACKNOWLEDGMENT

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

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

For and on behalf of the Board

Place : Delhi

Date : 16th May, 2013

Anil Moolchandani

Chairman-cum-Managing Director

Pramod 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)

- | | |
|--|--|
| <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> (a) Capital (b) Recurring (c) Total (d) Total R & D expenditure as a percentage of total turnover | <p>Not applicable as the Company has no R & D Department</p> |
|--|--|

Technology absorption, adaptation and innovation

- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | <p>The Company has a tie-up with world major American Greetings Inc. and Hallmark Cards Inc. (which are incidentally the world leaders in the greeting card business) 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.</p> |
|---|---|

- | | |
|---|--|
| <ol style="list-style-type: none"> 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. 3. In case of imported technology (imported during the last 5 years), following information may be furnished: <ol style="list-style-type: none"> (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. | <p>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.</p> |
|---|--|

Not applicable

Foreign Exchange earnings and outgo

- a) Activities relating to exports initiative 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, UAE, UK, Mauritius, Kuwait, Egypt, Kenya, Uganda, Zambia, Russia, Bostwana, Oman, Rwanda, Libya and Ethopia. 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

(₹ in Lacs)

	31st March 2013	31st March 2012
(A) TOTAL FOREIGN EXCHANGE EARNED	377.53	401.11
(B) TOTAL FOREIGN EXCHANGE USED	3284.83	3000.19

MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

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

Industry Structure and Development

The Social Expressions 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.

Technology in the form of e-greeting and SMS had its toll on 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 to come near to the Customers, with opening of retail outlets in various cities in India. As on 31.03.2013 the Company is having 238 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

Your Company continues to increase its Pan-India footprint. The Company's strategy is to increase the number of outlets and therefore improve citywise penetration in new cities and open new stores in tier II & tier III cities.

Even though the realty sector is under stress but organized retailing has been developing in different parts of the country. Huge retail space is being created across the country and your company's constant endeavor is to be present in most of the locations. This offers a good opportunity for your Company.

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

The Government has approved FDI in multi brand retail, which will boost the opening of large format stores such as Hyper Markets, super departmental stores. There is an opportunity available for us to join hands with these large format stores for selling our products through these kinds of stores, which have tremendous dedicated footfalls. Our industry is already a part and parcel of such formats in the West.

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

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

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

Risks and Concerns

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

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

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

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

Rent is one of the largest component in our kind of business. The Rentals for the premiere locations are always on upward trend and are expected to harden once again in the near term.

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

The fluctuation in dollar price is also adversely affecting the cost of imported goods purchased by your Company.

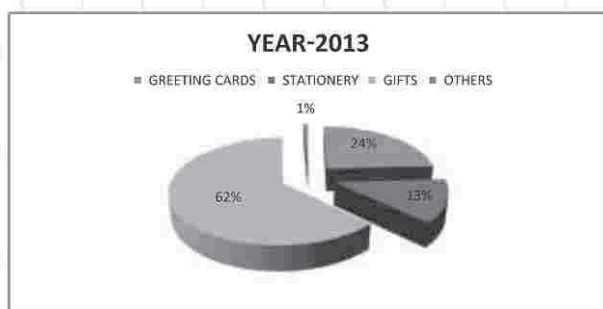
Product Wise Performance

The Turnover of the Gift segment was ₹ 12486.48 lacs during the year under review as compared to ₹ 12320.72 lacs last year, up by 1.35%. The Gifts segment contributed about 62.04% of the total turnover during the current year as compared to 61.26% in the previous year.

The Greeting Cards sale was ₹ 4854.56 lacs during the year under review as compared to ₹ 5291.01 lacs during the last year. The contribution of greeting cards sales to the total turnover now stands at 24.12% as compared to 26.31% in the previous year. During the year under review the sales of Greeting Cards decreased by 8.25% in value terms.

The Stationery Items sale was ₹ 2613.29 lacs during the year under review as compared to ₹ 2355.04 lacs during the Last Year up by 10.97%. The contribution of Stationery items sales to the total turnover stands about 12.98% as compared to 11.71% in the previous year.

Contributions of Segment in Total Sales



Outlook

The Greeting Cards business during the year, is under pressure. But the company is working on various strategies to counter the negative effects. With tieup with UNICEF and Hallmark we are quite confident that Greeting Cards business should show 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 1.35.%. The Company has a positive outlook in the gift segment and expects a good growth in the future.

The Stationery segment has been continuously doing well and in the current year it has grown by 10.97%. We are hopeful that this segment is going to perform better.

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. Your company has opened 13 Hallmark stores during the year and the total no. of Archies and Hallmark Stores opened by your Company in PAN India as on 31.03.2013 is 238.

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

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

Your Company has plans to expand its business overseas.

Internal Control Systems and their Adequacy

The Company has adequate Internal Control systems for business processes including components, packing material, trading goods, plants and machinery, equipments and other assets and with regard to the sale of goods. The internal control system is supplemented by an extensive internal audit, which is conducted by independent firm of Chartered Accountants. Internal audits are undertaken on a continuous basis covering various areas across the chain like manufacturing, operations, sales and distribution, marketing and value finance etc in all the branches of the Company. 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 ₹ 20127.72 lacs for the financial year 2012-13 as compared to ₹ 20113.12 lacs in the previous year up by 0.07%. The sale of Gifts Segment was up by 1.35%, Greeting Cards Segment sale was down by around 8.25% and Stationery were up by 10.97%.

Inventory as at 31st March 2013 stands at ₹ 4412.14 lacs as against ₹ 4555.48 lacs during previous year.

Debtors as at 31st March 2013 stand at ₹ 1856.46 lacs as against ₹ 1675.52 lacs during the previous year.

Human Resources / Industrial Relations

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

As at March 31, 2013 the total employees strength of the Company stands at 1538.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

A Company as an entity deals with a number of social groups. It 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 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, 2013 is as follows:

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

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

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

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

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

The Board met Four times during the year under review. Meetings were held on 26th May 2012, 01st August 2012, 06th November 2012 and 30th January 2013.

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

Name of the Director	No. of Board Meetings Attended	Whether Attended the AGM held on 27/09/2012
Mr. Anil Moolchandani	2	Yes
Mr. Jagdish Moolchandani	4	Yes
Mr. Pramod Arora	4	Yes
Mr. Vijayant Chhabra	4	Yes
Mr. Arun Singhal	4	Yes
Mr. Sunil Behl	4	No
Mr. Ajit Ganpatlal Shah	4	No
Mr. Prem Kumar Chadha	2	Yes

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 26th May 2012, 01st August 2012, 06th November 2012 and 30th January 2013. 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. Arun Singhal	Independent Director	Member	4	4
Mr. Prem Kumar Chadha	Independent Director	Member	4	2

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 :

- 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.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Reviewing with the management, the annual and periodical financial statements before submission to the Board, focussing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.

- Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with the Accounting Standards.
 - Compliance with Stock Exchange and legal requirement concerning financial statements.
 - 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.
 - Matters required to be included in the Directors' Responsibility Statement under Section 217 (2AA) of the Companies Act, 1956
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
 - Reviewing the company's financial risk management policies.

4. REMUNERATION COMMITTEE OF DIRECTORS

The Remuneration Committee was comprising of the following independent Directors at the start of Financial year 2012-13:

Mr Sunil Behl - Chairman
Mr Arun Singhal - 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.

Two meetings of the Remuneration Committee were held on 26th May 2012 and 01st August, 2012.

Details of Meeting(s) of Remuneration Committee

Members	No. of Meetings Held	No. of Meetings attended
Mr. Sunil Behl	2	2
Mr. Arun Singhal	2	2

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

Details of remuneration/sitting fees paid to the Directors during the financial year 2012-2013 :

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	3615000	3615000	3615000	3015000
Contribution to Provident Fund	9360	9360	9360	9360
Total	3624360	3624360	3624360	3024360
Service Contract	Five Years w.e.f. 1/07/2011	Five Years w.e.f. 1/07/2011	Five Years w.e.f. 1/10/2009	Five Years w.e.f. 21/05/2009
Notice Period	Six months by either party	Six months by either party	Six months by either party	Three months by either party

NON-EXECUTIVE DIRECTORS

The company pays sitting fee to all Non-Executive Directors for attending meetings of the Board and its committees. The details of the sitting fees paid to the Non-Executive Directors during the financial year 2012-13 are given below :

Directors	Sitting Fees (₹)*
Mr. Sunil Behl	45090
Mr. Arun Singhal	45090
Mr. Ajit Ganpat Lal Shah	26854
Mr. Prem Kumar Chadha	22545
Total	139579

*- Including Service Tax

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

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 28th March 2013.
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, 2013 is as under :

No. of Complaints opening	Nil
No. of Complaints received	13
No. of Complaints resolved	13
No. of Complaints pending	Nil

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
27th September' 2012	Manesar Club Sector-5, IMT Manesar Gurgaon, Haryana-122050	11.00 A.M.	Four
30th September' 2011	Manesar Club Sector-5, IMT Manesar Gurgaon, Haryana-122050	11.00 A.M.	Two
30th September' 2010	Manesar Club Sector-5, IMT Manesar Gurgaon, Haryana-122050	11.00 A.M.	One

7. DISCLOSURES

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

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

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

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

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

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

8. MEANS OF COMMUNICATION

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

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

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

9. GENERAL SHAREHOLDERS' INFORMATION

I) Annual General Meeting

Date 16th July, 2013
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, 2013 results were published on the following dates :

Annual Audited Financial Result 28th May 2012
(Business Standard, All Editions; and Business Standard, (Hindi) Delhi Edition)
29th May 2012
(The Hindu Business Line, All Editions), 30th May 2012 (Mint, All Editions)

First Quarter Results 02nd August 2012
(Business Standard All Editions; and Veer Arjun (Hindi), Delhi Edition) 03rd August 2012 (Mint, All Editions), 04th August 2012 (The Hindu Business Line, All Editions)

Second Quarter Results 07th November 2012
(Business Standard All Editions; and Veer Arjun (Hindi), Delhi Edition) 08th November 2012 (Mint, All Editions), 09th November 2012 (The Hindu Business Line, All Editions)

Third Quarter Results

31st January 2013
(Financial Express, All Editions; and Veer Arjun (Hindi), Delhi Edition),

III) Book Closure Dates

12th July 2013 to 16th July 2013
(Both Days Inclusive)

IV) Dividend Payment Dates

At the meeting of Board of Directors held on 16th May, 2013, a final dividend @ 20% i.e. ₹ 0.40/- per share has been recommended, subject to the approval of shareholders in Annual General Meeting. The same, if approved, will be paid on or after 20th July, 2013.

V) Listing at Stock Exchanges

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

National Stock Exchange of India Ltd.

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

The Bombay Stock Exchange Ltd.

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001

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

VI) Stock Code

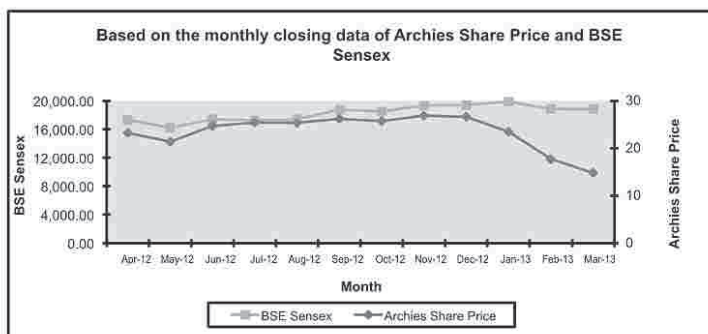
The Bombay Stock Exchange Ltd.	532212
National Stock Exchange of India Ltd.	ARCHIES
ISIN NO.	INE731A01020

VII) Market Price Data

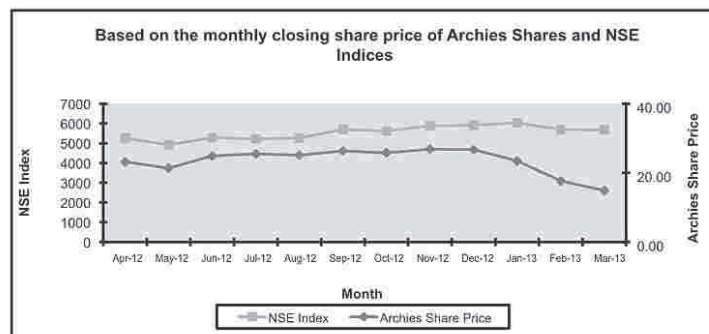
Monthly high & low price of shares of your Company and no. of shares traded at Bombay and National Stock Exchanges are as under :

Month	BSE			NSE		
	High	Low	No. of shares traded	High	Low	No. of shares traded
April 2012	25.05	22.40	438268	25.00	22.55	639706
May 2012	23.40	20.60	175719	23.90	20.75	420981
June 2012	26.05	20.55	893756	26.10	20.20	1771281
July 2012	26.05	22.05	984997	26.40	21.50	2640598
August 2012	27.10	21.70	1056268	27.15	21.60	2615082
September 2012	27.20	24.25	1170944	27.15	24.15	2991658
October 2012	34.70	24.90	5194304	32.25	25.00	10367170
November 2012	29.90	25.20	2528664	30.20	25.15	6037121
December 2012	31.00	26.40	3097569	31.20	26.45	7616819
January 2013	27.65	21.20	1231685	27.70	21.20	3229989
February 2013	24.50	17.60	605830	24.25	17.60	1983159
March 2013	19.80	13.65	481848	19.95	14.05	1312418

VIII) Performance in comparison to broad based indices



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



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

IX) Registrar and Transfer Agent

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

LINK INTIME INDIA (PRIVATE) LIMITED.

44, Community Centre, 2nd Floor,
Naraina Industrial Area, Phase-I,
New Delhi - 110028

Tele Nos: 011-41410592-93-94

Fax No: 011-41410591

E-mail : delhi@linkintime.co.in

Contact Person: Mr. Swapan Kumar

X) Share Transfer System

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

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

XI) Distribution of Shareholdings :

No. of Equity Shares Held	AS ON MARCH 31							
	2013				2012			
	No. of Shareholders	% of total Shareholders	No. of Shares	% of total Shareholdings	No. of Shareholders	% of total Shareholders	No. of Shares	% of total Shareholdings
1— 500	11,964	78.458	20,00,931	5.923	9,996	81.150	15,61,629	4.623
501— 1000	1,667	10.932	14,65,029	4.337	1,182	9.596	10,47,077	3.100
1001— 2000	689	4.518	11,21,069	3.319	461	3.742	7,29,084	2.158
2001— 3000	291	1.908	7,51,850	2.226	195	1.583	5,05,990	1.498
3001— 4000	158	1.036	5,88,055	1.741	117	0.950	4,38,315	1.298
4001— 5000	145	0.951	6,92,008	2.049	95	0.771	4,63,595	1.372
5001— 10000	168	1.102	12,60,516	3.731	119	0.966	9,16,841	2.714
10001 & above	167	1.095	25,90,542	76.674	153	1.242	28,11,749	83.237
Total	15,249	100.00	3,37,80,000	100.00	12,318	100.00	3,37,80,000	100.00

XII) Categories of Shareholders :

Category	AS ON MARCH 31					
	2013			2012		
	No. of Shareholders	No. of Shares held	% of total Shares	No. of Shareholders	No. of Shares held	% of total Shares
Individuals	14615	9914697	29.35	11776	8066316	23.88
Body Corporates/Clearing Member/Trusts/H.U.F.	512	2755346	8.16	438	4635412	13.72
NRIs / OCBs / FIs/FFIs	109	152307	0.45	94	148172	0.44
Mutual Funds/Banks/ Insurance Company/FIs	5	103050	0.30	2	75500	0.22
Promoters	8	20854600	61.74	8	20854600	61.74
Total	15,249	3,37,80,000	100.00	12,318	3,37,80,000	100.00

XIII) Dematerialisation of shares and liquidity

As on 31st March, 2013, 98.95% of total shareholding is held in dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Only 1.05% of the total shareholding is held in physical form as on 31st March, 2013.

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
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 2013 as stipulated in clause 49 of Listing Agreement of the said company with stock exchange(s).

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

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

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

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

Place : New Delhi
Date : 16 May, 2013

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, 2013, 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 : 16th May, 2013

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, Chief Financial Officer responsible for the finance function certify that:

- (a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2013 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 : 16th May, 2013

Dilip Seth
Chief Financial Officer

Anil Moolchandani
Chairman-cum-Managing Director

INDEPENDENT AUDITORS' REPORT

To The Members of ARCHIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of ARCHIES LIMITED ("the Company"), which comprise the Balance Sheet as at 31 March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, incorporating the Branch Auditors' Report of Mumbai, Pune, Goa, Indore, Ahmedabad, Chennai, Chandigarh, Hyderabad, Ludhiana, Kolkata, Bhubaneswar, Ernakulam and Bangalore Branches.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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

- a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches. The branch Auditor's Report have been appropriately dealt with in the accounts;
- c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement 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, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

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

Place: New Delhi
Date: 16 May 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date Re: ARCHIES LIMITED ("the Company")

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) No substantial part of the fixed assets has been disposed off 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 book records were not material.
3. (a) The company has not granted any loans, secured or unsecured, to the 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 not taken any loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, sub-clauses (iii)(f) to sub-clauses (iii)(g) of paragraph 4 of the Order are not applicable to the company.
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, for the purchase of inventory and fixed assets and for 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 of the Act in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public under the provisions of section 58A, 58AA or any other relevant provision of the Companies Act, 1956 and the rules made there under.
7. In our opinion, the company has an internal audit system commensurate with the size and the nature of its business.
8. We have broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the records with a view to determining whether they are accurate or complete.
9. (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it, except in few cases where there is a delay in deposit. 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, custom duty, excise duty, cess and other statutory dues applicable to it, were outstanding as at 31 March, 2013 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 sales tax, wealth tax, service tax, custom duty, excise duty and cess, which have not been deposited except the following:-

Nature of the Statutory Dues	Amount (₹ in Lacs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax	340.27	Block Period Ending 31.3.2000	High Court Delhi

10. The company does not have accumulated losses. The company has not incurred any cash loss 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 a financial institution or banks.
12. Based on our examination of documents and records, we are of the opinion that the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the order are not applicable to the company.
14. Based on our examination of the records, the company is not dealing or trading in shares, securities, debentures and other investments.
15. The company has not given any guarantee for loans taken by others from bank or financial institutions.
16. According to the information and explanations given to us, 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 funds raised on short terms basis have not been used for long term investments.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. The company has not issued any debentures.
20. No money has been raised by public issues by the company during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

Place: New Delhi
Date: 16 May 2013

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

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

BALANCE SHEET AS AT 31 MARCH 2013

(₹ in Lacs)

	NOTE	31 MARCH 2013	31 MARCH 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	675.62	675.62
Reserves and Surplus	4	10395.34	9862.75
		11070.96	10538.37
Non-Current Liabilities			
Long-Term borrowings	5	50.86	91.42
Deferred Tax Liabilities (net)	6	710.64	710.90
Other Long Term Liabilities	7	622.53	673.32
Long-Term Provisions	8	59.21	76.00
		1443.24	1551.64
Current Liabilities			
Short-Term Borrowings	9	352.39	525.20
Trade Payables	10	584.17	459.73
Other Current Liabilities	11	1132.31	1310.64
Short-Term Provisions	12	228.44	244.08
		2297.31	2539.65
		14811.51	14629.66
ASSETS			
Non-Current Assets			
Fixed Assets	13		
Tangible Assets		6468.83	6568.01
Capital Work-in-Progress		116.44	64.10
		6585.27	6632.11
Long-Term Loans and Advances	14	1345.99	1184.96
		7931.26	7817.07
Current Assets			
Inventories	15	4412.15	4555.48
Trade Receivables	16	1856.46	1675.52
Cash and Bank Balances	17	300.64	201.40
Short-Term Loans and Advances	18	311.00	380.19
		6880.25	6812.59
		14811.51	14629.66

Summary of Significant Accounting Policies

2

The accompanying notes (1-36) are an integral part of the financial Statements

As per our report of even date

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

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

New Delhi
16th May, 2013

For and on behalf of the Board

Anil Moolchandani
Chairman - cum - Managing Director

Dilip Seth
Chief Financial Officer

Pramod Arora
Joint Managing Director

Vikas Kumar Tak
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2013

(₹ in Lacs)

	NOTE	31 MARCH 2013	31 MARCH 2012
INCOME			
Revenue from Operations			
Sales of Products (gross)	19	20205.56	20143.78
Less : Excise Duty		119.21	72.59
Sales of Products (net)		20086.35	20071.19
Other Operating Revenues		41.37	41.93
Revenue from Operations		20127.72	20113.12
Other Income	20	36.95	86.03
TOTAL REVENUE		20164.67	20199.15
EXPENSES			
Cost of Materials Consumed	21	1567.77	1629.34
Purchases of Traded Goods	22	6087.51	4681.24
Changes in Inventories of Manufactured Goods, Work-in-Progress and Traded Goods	23	(142.39)	1239.09
Employee Benefits Expense	24	2818.74	2723.25
Finance Costs	25	224.80	376.29
Depreciation	13	487.49	459.04
Other Expenses	26	8069.87	7699.56
TOTAL EXPENSES		19113.79	18807.81
Profit Before Tax		1050.88	1391.34
Tax Expense			
Current Tax		350.39	371.50
Deferred Tax	6	(0.26)	69.69
Profit for the Year		700.75	950.15
Earning Per Equity Share			
Basic & Diluted (Refer Note '32')		2.07	2.81
Summary of Significant Accounting Policies	2		

The accompanying notes (1-36) are an integral part of the financial Statements

As per our report of even date

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

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

 New Delhi
 16th May, 2013

For and on behalf of the Board

 Anil Moolchandani
 Chairman - cum - Managing Director

 Dilip Seth
 Chief Financial Officer

 Pramod Arora
 Joint Managing Director

 Vikas Kumar Tak
 Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

(₹ in Lacs)

	31 MARCH 2013	31 MARCH 2012
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax	1050.88	1391.34
Adjustments for:		
Depreciation	487.49	459.04
Interest Paid	118.97	282.23
Profit / Loss on Sale/Disposal of Tangible Fixed Assets	116.21	94.73
Interest Received	(11.76)	(22.30)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	1761.79	2205.04
Adjustments for:		
Trade Receivables	(180.94)	(48.01)
Inventories	143.33	1070.17
Other receivables	(25.56)	(10.56)
Trade Payable and Other Liabilities	(148.80)	(700.53)
Taxes Paid (Net)	(343.06)	(365.06)
Net Cash Flow from Operating Activities (A)	1206.76	2151.05
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Payment towards Capital Expenditure	(657.49)	(1108.64)
Proceeds from Sale of Tangible Fixed Assets	26.98	25.39
Interest Received	11.76	22.30
Fixed Deposit placed with banks having original maturity over three months (Net)	6.54	(10.20)
Net Cash Flow Used in Investing Activities (B)	(612.21)	(1071.15)
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds/(Repayment) from Short-Term Borrowings (Net)	(172.81)	(505.13)
Proceeds/(Repayment) from Long-Term Borrowings (Net)	(40.56)	(147.57)
Interest Paid	(118.97)	(282.23)
Dividend Paid (Including Tax on Dividend)	(156.43)	(157.63)
Net Cash Flow Used in Financing Activities (C)	(488.77)	(1092.56)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	105.78	(12.66)
Cash and Cash Equivalents (Opening)	120.79	133.45
Cash and Cash Equivalents (Closing)	226.57	120.79

Summary of Significant Accounting Policies

2

For and on Behalf of the Board

Anil Moolchandani
Chairman - cum - Managing Director

Pramod Arora
Joint Managing Director

Dilip Seth
Chief Financial Officer

Vikas Kumar Tak
Company Secretary

AUDITORS CERTIFICATE

We have verified the above Cash Flow Statement of Archies Limited derived from the audited financial statement for the year ended 31 March, 2013 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)
(Membership No. 80399)

New Delhi
16th May, 2013

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH 2013

1. GENERAL INFORMATION

Archies Ltd. is a public limited company, domiciled in India and its shares are listed on N.S.E. and B.S.E. The Company is a leader in the social expression industry in India and deals in Greeting Cards, Gifts and Stationery Products under the Brand name "Archies". The Company has 17 branches spread all over India and performs its operations through a systematic distribution network comprising of company owned stores, Franchisee, Distributors and Retailers. It also exports goods to overseas markets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation of Financial Statements

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

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

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

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

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

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

2.2 Revenue Recognition

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

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

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

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

2.3 Tangible Fixed Assets

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

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

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

2.4 Capital Advances

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

2.5 Capital Work in Progress

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

2.6 Depreciation

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

2.7 Investments

(i) Current Investments

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH 2013

(ii) Non Current Investments

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

2.8 Miscellaneous Expenditure

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

2.9 Valuation of Inventories

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

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

2.10 Branch Accounting

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

2.11 Foreign Exchange Transactions

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

2.12 Employees Benefits

Short-term Employee Benefits

- i) The undiscounted amount of short-term employee benefits expected to be paid in exchange of services rendered by employees is recognised during the period when the employee renders the services. These benefits include salaries, wages and bonus and performance incentives.

Post-employment Benefit Plans

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

2.13 Provisions and Contingent Liabilities

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

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

2.14 Taxes on Income

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH 2013

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

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

2.15 Segment Reporting

(i) Primary Segment

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

(ii) Secondary Segment

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

2.16 Impairment of Assets

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

2.17 Leases

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

2.18 Earnings Per Share

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

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

2.19 Cash and Cash Equivalents

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

2.20 Previous Year Figures

Figures of the previous year have been reworked, regrouped, rearranged and reclassified wherever necessary, to make them comparable with the current year figures.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH 2013

(₹ in Lacs)

	31 MARCH 2013	31 MARCH 2012
3. SHARE CAPITAL		
Authorised (No. in Lacs) 750 (31 March 2012, 750) Equity shares of ₹ 2/- each	1500.00	1500.00
Issued, Subscribed and Paid-Up 337.80 (31 March 2012, 337.80) Equity shares of ₹ 2/- each fully paid up	675.60	675.60
Forfeited shares	0.02	0.02
	675.62	675.62

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

	31 MARCH 2013		31 MARCH 2012	
	No. of Equity Shares Held	% of Holding	No. of Equity Shares Held	% of Holding
a) Anil Moolchandani	67.94	20.11	67.94	20.11
b) Jagdish Moolchandani	42.53	12.59	42.53	12.59
c) Pushpa Moolchandani	29.64	8.78	29.64	8.78
d) Varun Moolchandani	20.31	6.01	20.31	6.01
e) Karan Moolchandani	18.52	5.48	18.52	5.48
f) Raghav Moolchandani	18.08	5.35	18.08	5.35

(₹ in Lacs)

	31 MARCH 2013	31 MARCH 2012
4. RESERVES AND SURPLUS		
a) Capital Reserve		
Forfeiture of Share Warrants	159.50	159.50
Closing Balance	159.50	159.50
b) Securities Premium Account		
Opening Balance	737.95	737.95
Closing Balance	737.95	737.95
c) General Reserve		
Opening Balance	5610.52	5460.52
Add: Transferred from Surplus in Statement of Profit and Loss	150.00	150.00
Closing Balance	5760.52	5610.52
d) Surplus in Statement of Profit and Loss		
Opening Balance	3354.78	2711.67
Add : Previous Years' Tax Adjustments	(10.08)	0.00
Add : Profit for the year	700.75	950.15
	4045.45	3661.82
Less : Appropriations		
Transfer to General Reserve	150.00	150.00
Proposed Dividend ₹ 0.40 (31 March 2012, ₹ 0.40) each Equity Share	135.12	135.12
Tax on Dividend	22.96	21.92
Closing Balance	3737.37	3354.78
Total (a) + (b) + (c) + (d)	10395.34	9862.75

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH 2013

(₹ in Lacs)

		31 MARCH 2013	31 MARCH 2012
5.	LONG - TERM BORROWINGS		
	Secured Loans		
a)	Term Loans - Religare Finvest Ltd.	i and iii 8.20	54.81
b)	Vehicle Loans	ii and iii	
	- Banks	41.96	30.71
	- Others	0.70	5.90
		50.86	91.42
i.	Secured by exclusive charge on the specific asset by way of hypothecation.		
ii.	Against hypothecation of Vehicle.		
iii.	The loan is repayable in Equated Installments from the date of loan.		
iv.	The charges stated above are also applicable for securing the current portion of Long Term Liabilities as per Note no. 11		
6.	DEFERRED TAX LIABILITIES (NET)		
	Deferred Tax Liabilities		
	Related to Tangible Fixed Assets	a) 744.51	761.43
	Deferred Tax Assets		
	Employee Benefits	26.23	42.88
	Provision for Doubtful Advances	7.64	7.65
		b) 33.87	50.53
		(a-b) 710.64	710.90
	Deferred Tax Charged to Statement of Profit and Loss	(0.26)	69.69
7.	OTHER LONG-TERM LIABILITIES		
	Security Deposit	622.53	673.32
	(Received from Franchisee, Agents & Distributors)		
		622.53	673.32
8.	LONG - TERM PROVISIONS		
	Provision for Employee Benefits		
	(Refer Note 35)		
	Provision for Leave Encashment	59.21	46.32
	Provision for Gratuity	0.00	29.68
		59.21	76.00
9.	SHORT - TERM BORROWINGS		
	Loans repayable on demand		
	(Secured)		
	WCDL, Cash Credit, Buyer's Credit,		
	Packing Credit from Banks	i, ii and iii 352.39	525.20
		352.39	525.20
i.	Pari passu first charge in favour of ICICI bank Ltd., Citibank N.A. and Indusind Bank Ltd. by way of hypothecation of Stocks, Book Debts and Movable Fixed Assets, both present and future, except assets specifically hypothecated.		
ii.	Pari passu first charge in favour of ICICI Bank Ltd., Citibank N.A. and Indusind Bank Ltd. on the immovable property situated at Plot No. 260, Sector 6, IMT Manesar, Gurgaon, Haryana.		
iii.	Personal Guarantee of Mr. Anil Moolchandani, CMD and Mr. Jagdish Moolchandani, ED.		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH 2013

(₹ in Lacs)

	31 MARCH 2013	31 MARCH 2012
10. TRADE PAYABLES		
Trade payables	584.17	459.73
	584.17	459.73
11. OTHER CURRENT LIABILITIES		
Current Maturities of Long-Term Borrowings	91.99	239.21
Advance from customers	33.09	37.88
Interest Accrued But Not Due	4.10	4.07
Statutory Liabilities	127.61	128.75
Accrued Salary & Other Benefits	257.18	242.20
Expenses Payable	117.36	179.04
Unclaimed Dividend	5.62	5.01
Other Payable for Expenses	495.36	474.48
	1132.31	1310.64
12. SHORT-TERM PROVISIONS		
Provision For Employee Benefits (Refer Note 35)		
Leave Encashment	18.08	15.04
Gratuity	42.24	72.00
Provision for Income Tax	10.04	0.00
Proposed Dividend	135.12	135.12
Provision for Dividend Tax	22.96	21.92
	228.44	244.08

13. TANGIBLE FIXED ASSETS

(₹ in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01 APRIL 2012	ADDITIONS	DISPOSALS / ADJUSTMENTS	AS AT 31 MARCH 2013	AS AT 01 APRIL 2012	FOR THE YEAR	DISPOSALS / ADJUSTMENTS	AS AT 31 MARCH 2013	AS AT 31 MARCH 2013	AS AT 31 MARCH 2012
LAND	536.34	0.00	0.00	536.34	0.00	0.00	0.00	0.00	536.34	536.34
FACTORY BUILDINGS	1958.57	0.00	0.00	1958.57	189.24	65.42	0.00	254.66	1703.91	1769.33
BUILDING (OTHER THAN FACTORY)	327.06	2.02	0.00	329.08	1.32	5.36	0.00	6.68	322.40	325.74
PLANT & MACHINERY	1698.70	6.48	0.00	1705.18	914.11	80.04	0.00	994.15	711.03	784.59
FURNITURE & FITTINGS	3306.67	348.08	185.92	3468.83	952.80	216.49	67.79	1101.50	2367.33	2353.87
OFFICE EQUIPMENT	523.24	44.66	5.75	562.15	125.85	27.79	2.63	151.01	411.14	397.39
COMPUTERS	567.30	49.22	6.47	610.05	358.68	64.81	6.12	417.37	192.68	208.62
VEHICLES	270.57	81.04	48.17	303.44	82.97	27.15	26.58	83.54	219.90	187.60
POLLUTION CONTROL EQUIPMENT	9.06	0.00	0.00	9.06	4.53	0.43	0.00	4.96	4.10	4.53
TOTAL	9197.51	531.50	246.31	9482.70	2629.50	487.49	103.12	3013.87	6468.83	6568.01
CAPITAL WORK IN PROGRESS									116.44	64.10
GRAND TOTAL	9197.51	531.50	246.31	9482.70	2629.50	487.49	103.12	3013.87	6585.27	6632.11
PREVIOUS YEAR	8414.42	1114.70	331.61	9197.51	2381.96	459.04	211.50	2629.50	6632.11	

Furniture and fittings include fitments in shops and offices.

i) Addition to Factory Building includes ₹ Nil. (31 March 2012, ₹ 17.61) on account of Exchange Fluctuation.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH 2013

(₹ in Lacs)

	31 MARCH 2013	31 MARCH 2012
14. LONG-TERM LOANS AND ADVANCES		
(Unsecured and Considered Good)		
Advances to Suppliers	23.57	23.57
Less : Provision for Doubtful Advances	23.57	23.57
	0.00	0.00
Capital Advance	79.35	5.70
Security Deposits	1244.08	1153.94
Prepaid Expenses	1.09	1.19
Advance to Staff	2.13	2.04
Others	19.34	22.09
	1345.99	1184.96
15. INVENTORIES		
(Refer note 2.9)		
Raw Materials (Refer Note 21)	282.05	566.32
Work in Progress (Refer Note 23)	59.11	65.80
Manufactured Goods (Refer Note 23)	795.14	919.96
Traded Goods (Refer Note 23)	3267.07	2993.17
Other Misc. Inventories	8.78	10.23
	4412.15	4555.48
16. TRADE RECEIVABLES		
(Unsecured & Considered Good)		
Outstanding for a period exceeding six months from the date they are due for payment	111.38	100.00
Other debts	1745.08	1575.52
	1856.46	1675.52
17. CASH AND BANK BALANCES		
(a) Cash and Cash Equivalents		
Balances with Banks:		
In Current Accounts	90.08	70.57
In Deposit Account with original maturity of less than 3 months (i)	73.00	7.00
Interest Accrued on Bank Deposits	0.02	0.00
Cash Balance on Hand	63.47	43.22
	226.57	120.79
(b) Other Bank Balances		
Deposits with banks with maturity more than 3 months but less than 12 Months (i)	39.08	18.48
Interest Accrued on Bank Deposits	2.02	1.47
Deposits with banks with maturity more than 12 months (i)	28.91	53.20
Interest Accrued on Bank Deposits	4.06	7.46
	300.64	201.40

i) Deposited against Margin Money and Sales Tax Department

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH 2013

(₹ in Lacs)

		31 MARCH 2013	31 MARCH 2012
18.	SHORT-TERM LOANS AND ADVANCES (Unsecured and Considered Good)		
	Advances to Suppliers	209.48	302.61
	Advances to Staff	8.65	9.04
	Special Additional Duty Recoverable	8.22	13.17
	Prepaid Expenses	18.56	23.16
	Advance Tax (Net)	0.00	7.37
	Others Loan and Advances	66.09	24.84
		311.00	380.19
19.	REVENUE FROM OPERATIONS		
	Sale of Products (Gross)		
	Manufactured Goods	6053.33	6646.90
	Traded Goods	14152.23	13496.88
		20205.56	20143.78
	Less : Excise Duty (i)	119.21	72.59
	Sale of Products (Net) (a)	20086.35	20071.19
	Other Operating Revenues		
	Scrap Sales	11.38	7.98
	Other	29.99	33.95
		(b)	41.93
	Revenue from Operations (a) + (b)	20127.72	20113.12
(i)	Excise duty on sales amounting to ₹ 119.21(31 March 2012, ₹ 72.59) has been reduced from sales in Statement of Profit and Loss and excise duty on increase/decrease in stock amounting to ₹ 33.48 (31 March 2012, ₹ 13.07) has been considered as (income)/expense in note 26 of financial statements.		
	Details of Goods Sold - Manufactured Goods		
	Greeting Cards	4669.29	5162.17
	Stationery Items	1358.07	1456.64
	Others	25.97	28.09
		6053.33	6646.90
	Details of Goods Sold - Traded Goods		
	Greeting Cards	256.79	168.30
	Stationery Items	1302.91	931.53
	Gift Items	12486.48	12320.72
	Others	106.05	76.33
		14152.23	13496.88
20	OTHER INCOME		
	Exchange Difference	22.91	52.91
	Interest Received (i)	6.42	19.04
	Interest Charged (Late Payment)	5.34	3.26
	Miscellaneous Income	2.06	10.67
	Profit on Sale of Tangible Fixed Assets	0.22	0.15
		36.95	86.03
(i)	Tax Deducted at Source ₹ 0.65 (31 March 2012, ₹ 1.91)		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH 2013

(₹ in Lacs)

	31 MARCH 2013	31 MARCH 2012
21. COST OF MATERIALS CONSUMED		
Opening Stock	566.32	407.24
Add : Purchases	1283.50	1788.42
	1849.82	2195.66
Less : Closing Stock	282.05	566.32
	1567.77	1629.34
Details of Material Purchased		
Paper & Paper Board	377.42	940.62
Misc. Raw Material	906.08	847.80
	1283.50	1788.42
Details of Material Consumed		
Paper & Paper Board	650.12	770.47
Misc. Raw Material	917.65	858.87
	1567.77	1629.34
Details of Inventory		
Paper & Paper Board	213.76	486.46
Misc. Raw Material	68.29	79.86
	282.05	566.32

Value of Imported & Indigenous Raw Material Consumed				
Particulars		31 MARCH 2013		31 MARCH 2012
	%	Value (₹ in Lacs)	%	Value (₹ in Lacs)
Imported	23	364.68	23	378.45
Indigenous	77	1203.09	77	1250.89
	100	1567.77	100	1629.34

	31 MARCH 2013	31 MARCH 2012
22. PURCHASES OF TRADED GOODS		
Traded Goods	6087.51	4681.24
	6087.51	4681.24
Details of Purchases of Traded Goods		
Greeting Cards	94.83	38.80
Stationery Items	535.17	424.51
Gift Items	5440.41	4206.89
Others	17.10	11.04
	6087.51	4681.24

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH 2013

(₹ in Lacs)

	31 MARCH 2013	31 MARCH 2012
23. CHANGES IN INVENTORIES OF MANUFACTURED GOODS, WORK-IN-PROGRESS AND TRADED GOODS		
Opening Stock		
Manufactured Goods	919.96	1158.73
Work-in-Progress	65.80	201.76
Traded Goods	2993.17	3857.53
	3978.93	5218.02
Closing Stock		
Manufactured Goods	795.14	919.96
Work-in-Progress	59.11	65.80
Traded Goods	3267.07	2993.17
	4121.32	3978.93
(Increase)/ Decrease in Stock	(142.39)	1239.09
Details of Inventory of Manufactured Goods		
Greeting Cards	528.03	642.61
Stationery Items	267.11	277.35
	795.14	919.96
Details of Inventory of Work-in-Progress		
Greeting Cards	56.22	51.58
Stationery Items	2.89	13.23
Others	0.00	0.99
	59.11	65.80
Details of Inventory of Traded Goods		
Greeting Cards	60.26	15.36
Stationery Items	357.67	419.35
Gift Items	2835.87	2530.56
Others	13.27	27.90
	3267.07	2993.17
24. EMPLOYEE BENEFITS EXPENSE		
Salary, Wages and Other Benefits	2579.54	2485.29
Contribution to Provident and Other Funds	193.66	196.13
Staff Welfare Expenses	45.54	41.83
	2818.74	2723.25
25. FINANCE COSTS		
Financial Charges	105.83	94.06
Interest	118.97	282.23
	224.80	376.29

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31 MARCH 2013

(₹ in Lacs)

	31 MARCH 2013	31 MARCH 2012
26. OTHER EXPENSES		
Advertisement	346.52	251.67
Bad Debts	1.35	3.46
Branch Management Expenses	10.76	8.77
Business Promotion & Development	324.26	375.00
Commission on Sales	1250.87	1205.41
Communication Expenses	88.64	79.70
Computer Expenses	23.74	24.07
Consumables (i)	32.66	47.67
Conveyance	100.25	114.66
Director's Sitting Fees	1.40	0.88
Discount Allowed	134.09	115.01
Electricity & Water Expenses	558.62	481.92
Exchange Difference	13.00	27.73
Excise Duty	33.48	13.07
Freight & Cartage (Outward)	55.92	47.91
Freight & Cartage Inward	376.27	340.37
General Expenses	45.71	60.44
Insurance	56.61	41.18
Jobwork	146.72	166.54
Legal & Professional Charges (ii)	100.02	110.31
Licence Fees	5.96	5.55
Loss in Transit Damages	11.46	17.46
Loss on Sale / Deletion of Tangible Fixed Assets	116.43	94.88
Meeting & Conference Expenses	10.22	3.12
Office Maintenance	60.37	69.56
Postage, Packing & Forwarding	121.58	108.41
Power	62.08	68.53
Printing & Stationery	33.90	30.95
Rates & Taxes	13.53	15.05
Rent (Refer Note 36)	2819.35	2711.01
Repair & Maintenance		
- Machinery	54.28	61.86
- Building	23.00	9.95
- Vehicles	75.63	71.06
- Others	138.93	163.92
Shop Maintenance	649.97	594.86
Travelling Expenses	92.09	79.96
Watch & Ward Expenses	80.20	77.66
	8069.87	7699.56

i) Value of Imported & Indigenous Consumables

Particulars		31 MARCH 2013		31 MARCH 2012
	%	(₹ in Lacs)	%	(₹ in Lacs)
Indigenous	100	32.66	100	47.67

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

	31 MARCH 2013	31 MARCH 2012
a) For Statutory and Tax Audit	14.89	14.61
b) Branch Auditors	4.78	4.54
c) For Branch other Matters	0.07	0.09

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH 2013

27. CAPITAL AND OTHER COMMITMENT

Capital Commitment - Estimated amount of contracts remaining to be executed on Capital Account (net of advances) and not provided for ₹ 33.00 Lacs (31 March 2012 ₹ 70.99 Lacs)

Other Commitment - Estimated amount of contracts remaining to be executed on Other Commitment (net of advances) and not provided for ₹ 71.24 Lacs (31 March 2012 ₹ 112.96 Lacs)

28. CONTINGENT LIABILITIES :

	31 MARCH 2013	31 MARCH 2012
a) Income Tax Demand (Block Period)	340.27*	340.27*
b) Dispute of Rent Escalation and CAM Charges	6.60	0.88
c) Dispute of VAT/CST/Entry Tax	Nil	1.89

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

There were disputed amount of ₹ 1.89 Lacs as on 31.03.2012 towards the VAT, CST & Entry Tax for the period 01.04.05 to 31.08.08. The disputed order has been set-aside for fresh assessment and the fresh order is awaited. An amount of ₹ 0.38 Lacs is deposited under protest.

29. VALUE OF IMPORTS CALCULATED ON CIF BASIS

	31 MARCH 2013	31 MARCH 2012
Raw Material	82.82	419.65
Traded Goods	3028.00	2396.27
Artwork & Designs	31.66	56.13
Capital Goods	8.27	49.30

30. EXPENDITURE IN FOREIGN CURRENCY

	31 MARCH 2013	31 MARCH 2012
Travelling	33.72	16.55
Royalty	100.36	62.26
Spare Parts (Machinery)	0.00	0.03

31. EARNINGS IN FOREIGN CURRENCY

	31 MARCH 2013	31 MARCH 2012
Export of Goods calculated on FOB Basis	377.53	401.11

32. EARNING PER SHARE (AS - 20)

	31 MARCH 2013	31 MARCH 2012
Profit after Tax (₹ in Lacs)	700.75	950.15
Weighted Average		
Number of Equity Shares (No. in Lacs)	337.80	337.80
Nominal value per Equity Share (₹)	2/-	2/-
Basic & Diluted Earning Per Share (₹)	2.07	2.81

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH 2013

33. SEGMENT REPORTING (AS - 17)

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

i) Information about Business Segments

(₹ in Lacs)

S.NO.	PARTICULARS	31 MARCH 2013	31 MARCH 2012
	Segment Revenue		
a	Greeting Cards	4854.56	5291.01
b	Stationery	2613.29	2355.04
c	Gifts	12486.48	12320.72
d	Others	132.02	104.42
	Income From Operations	20086.35	20071.19
	Segment Results		
	Profit before Dep., Interest, Finance Charge & Tax		
a	Greeting Cards	851.11	1009.95
b	Stationery	244.93	230.25
c	Gifts	1267.20	1574.43
d	Others	10.30	6.88
	Total	2373.54	2821.51
	Less: Depreciation	487.49	459.04
	Less: Interest and Finance Charges	224.80	376.29
	Less: Other unallocable exp. net of unallocable Income	610.37	594.84
	Profit before Tax	1050.88	1391.34
	Capital Employed		
	(Segment Assets-Segment Liabilities)	11070.96	10538.37
	Total	11070.96	10538.37

(ii) Information about Geographical Segment

(₹ in Lacs)

Particulars	Sales Revenue By Geographical Market		Carrying Amount of Segment Assets		Additions to Tangible Fixed Assets	
	31 MARCH 2013	31 MARCH 2012	31 MARCH 2013	31 MARCH 2012	31 MARCH 2013	31 MARCH 2012
East	1600.72	1533.32	391.01	350.91	1.11	2.75
West	4967.86	5022.38	2324.71	2249.87	64.59	129.31
North	8959.19	8972.07	10058.09	10165.23	341.62	896.73
South	3606.45	3603.66	1770.46	1661.52	106.09	73.75
Central	574.60	538.65	267.24	202.13	18.09	12.16
Export	377.53	401.11	NIL*	NIL*	NIL*	NIL*
Total	20086.35	20071.19	14811.51	14629.66	531.50	1114.70

* No specific assets are held for export.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH 2013

(iii) Notes to Segment information

Segment Revenue and Expense

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

Segment Assets and Liabilities

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

Capital Employed

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

34. 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	Relatives of Key Management Personnel
	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	Enterprises over Which Key Management Personnel or their Relatives Exercise Significant Influence
3.	M/s Empire Greetings & Gifts Pvt. Ltd.	
	M/s Rattanjee	
	M/s Andani Corp.	

ii) Transactions During The Year With Related Parties :

(₹ in Lacs)

S. NO.	NATURE OF TRANSACTION	KEY MANAGEMENT PERSONNEL		RELATIVES OF KEY MANAGEMENT PERSONNEL		ENTERPRISES OVER WHICH KEY MANAGEMENT PERSONNEL OR THEIR RELATIVES EXERCISE SIGNIFICANT INFLUENCE		TOTAL	
		31 MARCH 2013	31 MARCH 2012	31 MARCH 2013	31 MARCH 2012	31 MARCH 2013	31 MARCH 2012	31 MARCH 2013	31 MARCH 2012
1	Purchase of Goods	-	-	-	-	396.73	397.63	396.73	397.63
2	Sale of Goods	-	-	-	-	2.12	-	2.12	-
3	Commission on Sales	-	-	4.46	4.55	19.14	20.10	23.60	24.65
4	Reimbursement of Expenses	-	-	-	-	5.17	3.77	5.17	3.77
5	Rent Paid	102.24	104.10	75.55	78.37	93.88	92.23	271.67	274.70
6	Salary	138.97	128.56	17.39	16.34	-	-	156.36	144.90
7	Unsecured Loans Received	-	54.00	-	-	-	-	-	54.00
8	Repayment of Unsecured Loans	-	54.00	-	-	-	-	-	54.00
	Debit Balances Outstanding	-	-	-	-	-	-	-	-
	Outstanding receivables	-	-	-	-	12.60	12.60	12.60	12.60
	Credit Balance Outstanding	-	-	-	-	-	-	-	-
	Outstanding Payable	6.43	6.78	1.94	0.87	2.20	3.33	10.57	10.98

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH 2013

35. EMPLOYEE BENEFITS

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

	31 MARCH 2013	31 MARCH 2012
Discount Rate	8.00%	8.60%
Rate of return on Plan Assets	9.25%	9.25%
Rate of increase in compensation Level	6.00%	6.00%

b) Changes in the present value of the obligations

(₹ in Lacs)

	31 MARCH 2013		31 MARCH 2012	
Particulars	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Opening Present Value of obligations	61.36	272.84	58.25	226.33
Interest Cost	5.28	23.46	4.66	18.11
Current Service Cost	15.03	31.56	13.54	28.59
Benefits Paid	(10.38)	(20.05)	(20.77)	(13.63)
Actuarial Loss/(gain) on obligations	6.00	11.29	5.68	13.44
Closing Present Value of Obligations	77.29	319.11	61.36	272.84

c) Changes in Fair Value of Plan Assets

(₹ in Lacs)

	31 MARCH 2013		31 MARCH 2012	
Particulars	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Opening Fair Value of Plan Assets	-	171.16	-	132.33
Expected return on Plan Assets	-	20.23	-	13.49
Employer contribution	-	105.53	-	38.96
Benefits Paid	-	(20.05)	-	(13.62)
Actuarial gain/(loss) on Plan Assets	-	-	-	-
Closing Fair Value of Plan Assets	-	276.87	-	171.16

d) Fair Value Of Plan Assets

(₹ in Lacs)

	31 MARCH 2013		31 MARCH 2012	
Particulars	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Opening Fair Value of Plan Assets	-	171.16	-	132.33
Actual return on Plan Assets	-	20.23	-	13.49
Employer contribution	-	105.53	-	38.96
Benefits Paid	-	(20.05)	-	(13.62)
Fair Value of Plan Assets at the end of period	-	276.87	-	171.16
Funded Status	(77.29)	(42.24)	(61.36)	(101.68)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH 2013

e) Actuarial Gain/(Loss) Recognised

(₹ in Lacs)

	31 MARCH 2013		31 MARCH 2012	
Particulars	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Actuarial gain/(loss)-Obligation	(6.00)	(11.29)	(5.68)	(13.44)

f) Amount Recognised in the Balance Sheet

(₹ in Lacs)

	31 MARCH 2013		31 MARCH 2012	
Particulars	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Closing Present Value of obligations	77.29	319.11	61.36	272.84
Fair value of Plan Assets as at the end of the year	-	276.87	-	171.16
Funded Status	(77.29)	(42.24)	(61.36)	(101.68)
Net Liability Recognized in Balance Sheet	77.29	42.24	61.36	101.68

g) Expenses Recognised in The Statement of Profit And Loss

(₹ in Lacs)

	31 MARCH 2013		31 MARCH 2012	
Particulars	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Current Service Cost	15.03	31.56	13.54	28.59
Interest Cost	5.28	23.46	4.66	18.11
Expected return on Plan Assets	-	(20.23)	-	(13.49)
Net Actuarial (Gain)/Loss Recognised during the year	6.00	11.29	5.68	13.44
Total Expense recognised in Statement of Profit and Loss	26.31	46.08	23.88	46.65

h) Amount for the Current Period

(₹ in Lacs)

	31 MARCH 2013		31 MARCH 2012	
Particulars	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Present Value of Obligation	77.29	319.11	61.36	272.84
Plan Assets	-	276.87	-	171.16
Surplus (Deficit)	(77.29)	(42.24)	(61.36)	(101.68)
Experience adjustments on plan liabilities-(Loss)/Gain	(4.01)	(1.39)	(4.69)	(8.68)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH 2013
i) Reconciliation Statement Of Expenses in the Statement of Profit and Loss

(₹ in Lacs)

Particulars	31 MARCH 2013		31 MARCH 2012	
	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Present Value of obligation as at the end of period	77.29	319.11	61.36	272.84
Present Value of obligation as at the beginning of period	(61.36)	(272.84)	(58.25)	(226.33)
Benefits paid :				
(i) Directly paid by the enterprise	10.38	-	20.77	-
(ii) Payment made out of the fund	-	20.05	-	13.63
Actual return on plan assets	-	(20.23)	-	(13.49)
Expense recognised in the Statement of Profit & Loss	26.31	46.09	23.88	46.65

j) Movement in the Liability Recognised in the Balance Sheet

(₹ in Lacs)

Particulars	31 MARCH 2013		31 MARCH 2012	
	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Opening Net Liability	61.36	101.68	58.25	94.00
Expenses as above	26.31	46.09	23.88	46.65
Benefits paid directly by the enterprise	(10.38)	-	(20.77)	-
Contributions paid into the fund	-	(105.53)	-	(38.96)
Closing Net liability	77.29	42.24	61.36	101.68

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

(₹ in Lacs)

Particulars	31 MARCH 2013		31 MARCH 2012	
	Leave Encashment Unfunded	Gratuity Funded	Leave Encashment Unfunded	Gratuity Funded
Current Liability	18.08	42.24	15.04	72.00
Non-Current Liability	59.21	0.00	46.32	29.68
Closing Net Liability	77.29	42.24	61.36	101.68

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH 2013**36. 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 ₹ 2819.35 Lacs (31 March 2012, ₹ 2711.01 Lacs), which includes contingent rents of ₹ 54.89 Lacs (31 March 2012, ₹ 37.02 Lacs). The Lease Agreements are further renewable after its expiry of initial term with a mutual consent, subject to revision in Lease rentals.

	31 MARCH 2013 Amount	31 MARCH 2012 Amount
Lease Rent Payable not later than one year	2577.37	2566.64
Lease Rent Payable later than one year but not later than five years	7828.01	8324.77
Lease Rent Payable later than five years	3037.74	3230.67

As per our report of even date

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

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

New Delhi
16th May, 2013

For and on behalf of the Board

Anil Moolchandani
Chairman - cum - Managing Director

Dilip Seth
Chief Financial Officer

Pramod Arora
Joint Managing Director

Vikas Kumar Tak
Company Secretary



ARCHIES LIMITED

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

PROXY FORM

Regd. Folio No./DP Client ID.

I/We of in the district of
being a member / members of the Company hereby appoint of
in the district of or failing him/her of in the
district as my/our proxy to vote for me / us on my/our behalf at the TWENTY THIRD 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 Tuesday, July 16, 2013.

Signed this day of 2013.

Signature

Affix
1 Rupee
Revenue
Stamp

Note : This form in order to be effective, should be duly stamped, completed and signed and must be deposited at the Corporate Office of the Company, C-113, Naraina Industrial Area, Phase-I, New Delhi-110 028 or its Registrar and Share Transfer Agent, M/s Link Intime India (Private) Limited 44, Community Centre, 2nd Floor, Naraina Industrial Area, Phase-I, New Delhi-110 028 not less than 48 hours before the meeting.

✂-----✂



ARCHIES LIMITED

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

ATTENDANCE SLIP

Twenty Third Annual General Meeting - July 16, 2013

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 THIRD 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 Tuesday, July 16, 2013.

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.



The most special way to say you care

ARCHIES LIMITED

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

Email : archies@archiesonline.com

Tel : 0124-4966666, Fax : 011-41410060

Website : www.archiesonline.com