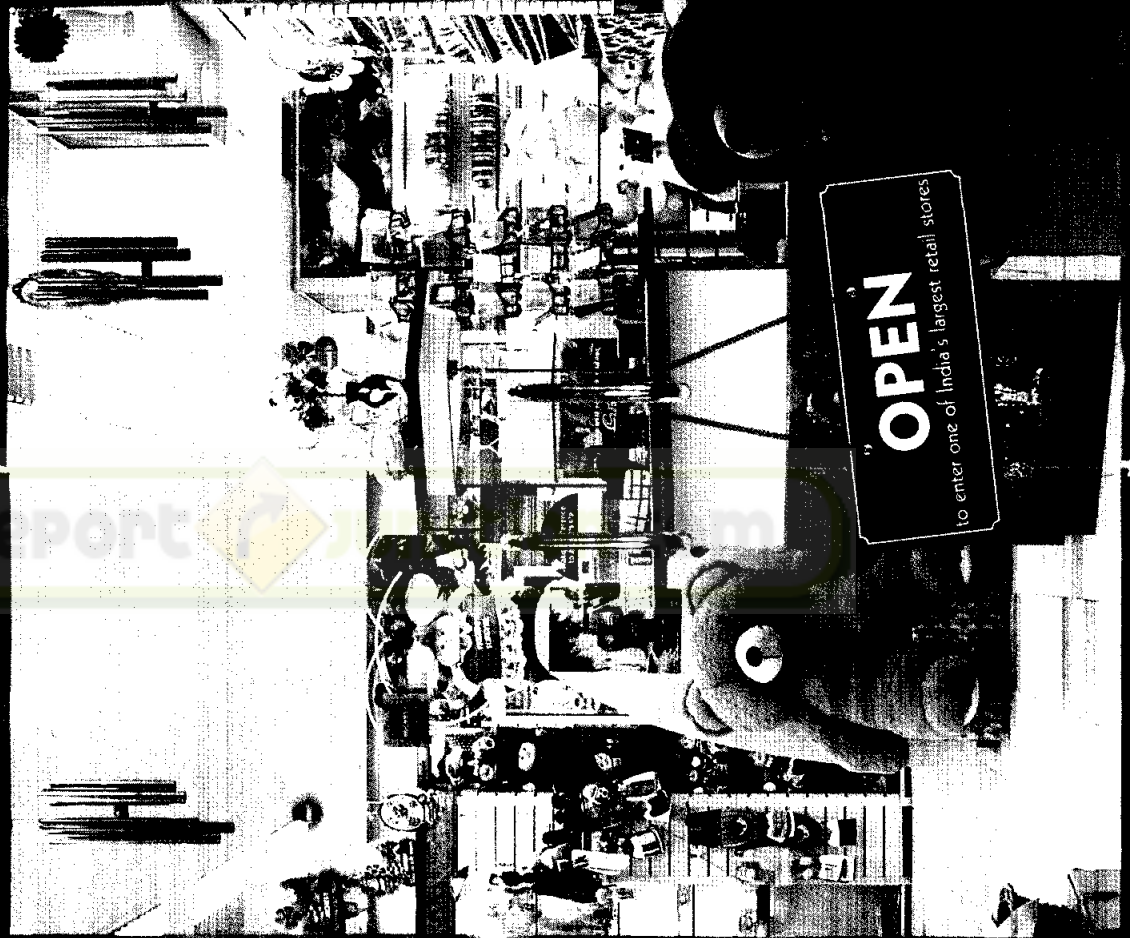


WELCOME TO THE WONDERFUL WORLD OF ARCHIES!

ARCHIES

ARCHIES GREETINGS & GIFTS LTD. ANNUAL REPORT 2001-2002



OPEN

to enter one of India's largest retail stores

A-37, Naraina Industrial Area, Phase I, New Delhi-110028

Year at a glance

Letter to the Shareholders

Franchise-Power of Retail

Cards-We play our cards right

Gifts-The power of Shelf-Esteem

Pursuing the right scent-Parfum

The Unstationeries-Stationeries

Ad-vantage Archies-Advertising

Financial Report-Its all about money, honey

Directors' Report

Management Discussion and Analysis Report

Report on Corporate Governance

Auditors' Report

Balance Sheet

Profit & Loss Account

Schedules to the Accounts

Cash Flow Statement

Statement u/s 212 (1)(e)

Consolidated Financial Statements

Annual Report of Subsidiary Company-

Archies Online.Com.Ltd.

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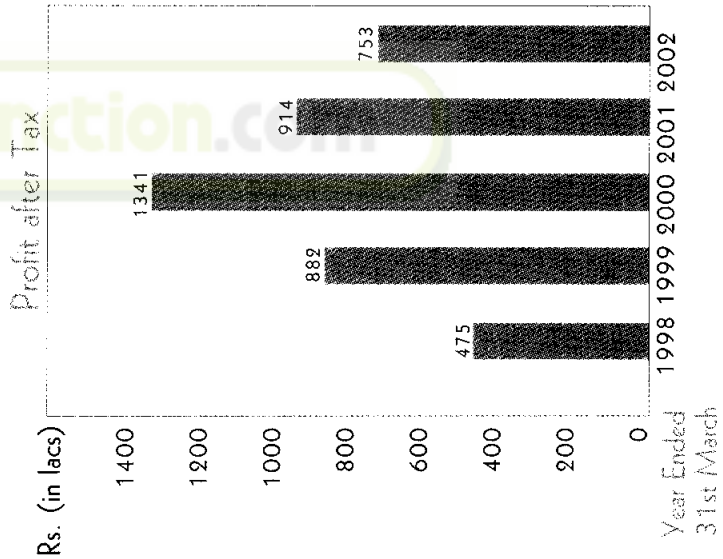
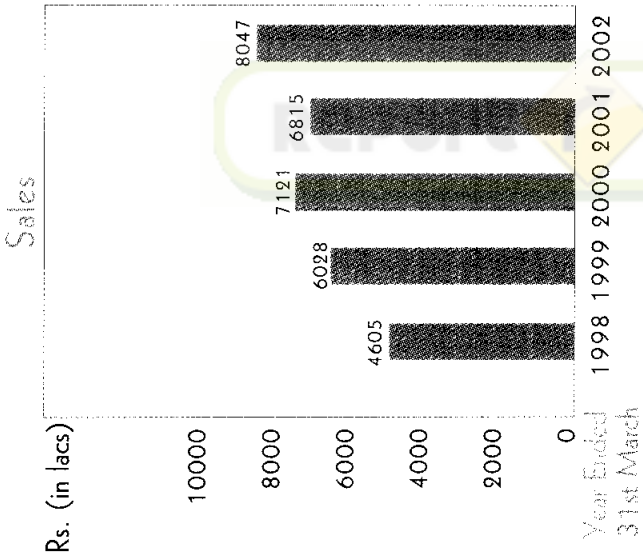
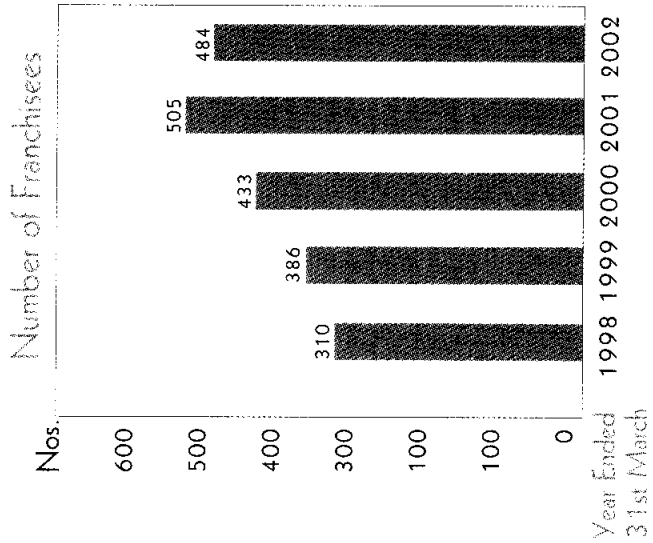
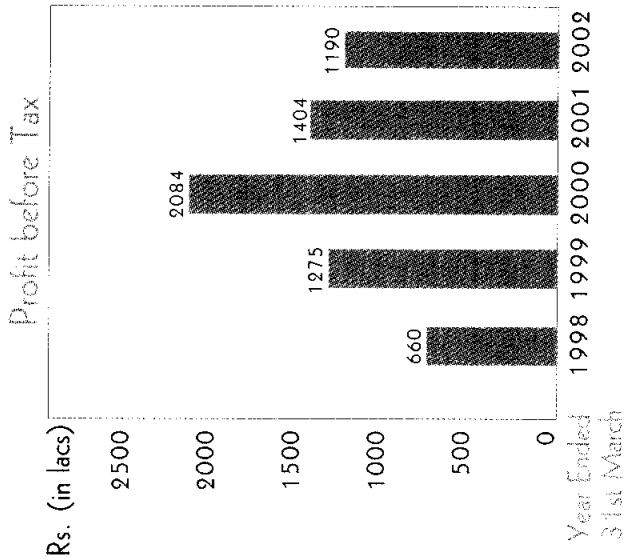
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| Year at a Glance | | | | |
|------------------|---|--------------|--------------|--------------|
| (Rs. in Lakhs) | | | | |
| Serial No. | Particulars | 2001-2002 | 2000-2001 | 1999-2000 |
| 1. | Total Turnover | 8047.48 | 6815.26 | 7121.27 |
| 2. | Other Income | 54.31 | 64.69 | 93.76 |
| 3. | Total Expenditure | 6695.10 | 5275.15 | 5031.64 |
| 4. | Profit before Depreciation, Interest and Tax (PBDIT) | 1406.69 | 1604.80 | 2183.39 |
| 5. | PBDIT as a % of Total Turnover | 17.48 | 23.55 | 30.66 |
| 6. | Interest | 78.90 | 81.92 | 3.14 |
| 7. | Depreciation | 137.40 | 118.40 | 96.52 |
| 8. | Profit before Tax (PBT) | 1190.39 | 1404.48 | 2083.73 |
| 9. | PBT as a % of Total Turnover | 14.79 | 20.61 | 29.26 |
| 10. | Provision for Taxation | 437.23 | 490.00 | 743.00 |
| 11. | Profit after Tax (PAT) | 753.16 | 914.48 | 1340.73 |
| 12. | PAT as a % of Total Turnover | 9.36 | 13.42 | 18.83 |
| 13. | Paid up equity share capital | 650.62 | 650.62 | 650.62 |
| 14. | Reserves (excluding revaluation reserves) | 3893.47 | 3557.55 | 2750.62 |
| 15. | Net Worth | 4529.27 | 4189.56 | 3378.84 |
| 16. | Earning per share (Rs.) | 11.58 | 14.06 | 20.61 |
| 17. | Book value per share (Rs.) | 69.62 | 64.39 | 51.93 |
| 18. | Dividend (%) | 20.00 | 15.00 | 51.00 |
| 19. | Amount of Dividend | 130.12 | 97.59 | 248.86 |
| 20. | Return on Average Net Worth (%) | 17.28 | 24.16 | 47.02 |
| 21. | Return on Average Capital Employed (%) | 27.13 | 37.46 | 72.57 |



Dear Shareholders,

Another eventful year has come to an end. Eventful to the world and businesses alike.

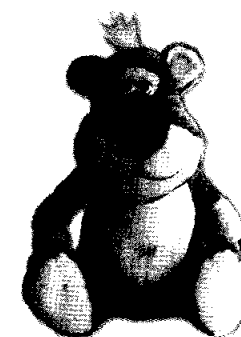
The year that went by has been a difficult year for the Indian industry in general, with dark clouds looming over the world. A number of events contributed to the general atmosphere, starting from Sept.11, 2001 followed by the attack on Indian Parliament on Dec. 13, 2001 and the recent disturbances in Gujarat. Consumer spending was down due to lack of confidence in the economy and a general feeling of instability.

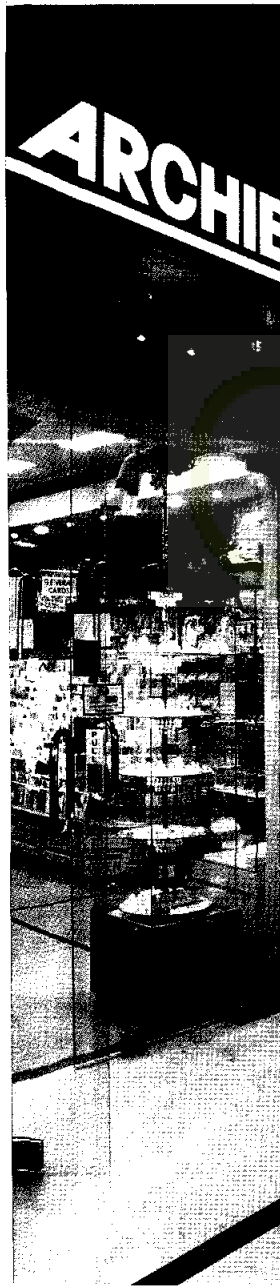
But then, with every dark cloud there is always a silver lining. During the last fiscal, the company recorded an increase of 18% in sales, whereas profit was down by 17.6%. The total turnover of the company grew to Rs.8047 lakhs from Rs.6815 lakhs. The profit after tax stood at Rs.753 lakhs.

No doubt, we were able to grow, but the greeting cards business didn't grow at all - courtesy, newer modes of instant communication. What with convenience and technology being the order of the day. But we strongly believe that greeting cards business will rise again very soon because nothing can replace the only mode of communicating emotions which can be treasured and cherished over a long period of time. And it's just a matter of time when people realize what to do when they really mean something.

New initiatives taken by the company like expansion of gift range and setting up of separate retail distribution for perfums have started paying dividends.

As you are aware that we were in the process of implementing changes in our distribution system by appointing C&F agents. Now that the transition is complete, and we are quite sure that very soon positive results will start flowing in.





Organised retailing, though it is at a nascent stage, has started blooming in India. A number of shopping malls are coming up in different parts of the country. Plans are underway to bud and bloom the Archies flower in these malls.

During the year, we have expanded our Board by inducting Mr. Rohinton Kanga, a veteran advertising professional, Mr. Arun Singhal and Mr. Sunil Behl, both Chartered Accountants & Mr. Ajit Shah, Executive Director, Dhar & Hoon Communications Pvt.Ltd. as independent Directors, to ensure better corporate governance.

In the coming year, we will focus on improving our profit margins and maximizing returns on assets. Our main priority will be to identify growth opportunity to improve our profitability in the years to come. There are great challenges ahead, not only for your company, but for the industry as a whole. We look forward to your valuable suggestions and feedback.

Yours sincerely

Anil Moolchandani
Chairman-cum-Managing Director



power of

Take a look around you, what do you see? A shop? a gallery,
a collection of a few odds and other odds and ends?
You've probably missed the obvious.

Report Junction.com



Did you know that retail is the largest business opportunity that has been the biggest business discovery of the century?

Yes, not IT.

The power of retail has been underplayed or even ignored to a large extent in our country. Though it has been the driving force behind India's largest businesses, no one has realized the full potential of retailing.

At Archies, we didn't miss out on that. In fact we were among the first to capitalize on this opportunity. The result is here for you to see – Archies Gallery. A concept that has captured the heart of millions around the country. It has become an example on how to set up retail; it's a landmark in any city you go. A success story that we began and the masses embraced.

With the soaring popularity the brand received, we didn't rest on our laurels. We have worked continuously to keep the brand alive and relevant to the fast changing needs of today's teenagers. Keeping that in mind, we have initiated certain activities like various promotional schemes across Franchise outlets to promote occasions like Mother's Day, Friendship Day, Valentine's Day, Diwali etc.

Outside premise activities like sponsoring Fashion Shows, Movie Premiere, Live Celebrity Shows & Painting Competitions for kids have also enhanced the brand image.

It is with the reassurance that you are a part of this monumental movement, you can turn the page. Because the power of retailing is on your side.



PLAY

We

our cards right.

What is the first thing that comes to mind when one thinks of Archies?

CARDS.

Report  junction.com