

ARCHIES™
ARCHIES GREETINGS & GIFTS LTD.
ANNUAL REPORT
1998 - 1999



Report  junction.com

FROM THE HEART

1979 ~ 1999

Board of Directors

Anil Moolchandani
Chairman-cum-Managing Director

Jagdish Moolchandani
Director

Pramod Arora
Director

Company Secretary
Manish Kumar Jain

Auditor
M/s. Agarwal Prakash & Co.,
Chartered Accountants

Bankers
Oriental Bank of Commerce
American Express Bank Ltd.
Times Bank Ltd.

**Registered Office/
Franchise Division/Gifts Division**
A-17, Naraina Industrial Area,
Phase-II, New Delhi 110 028.

**Corporate Office & Share Deptt./
Archies Division**
A-37, Naraina Industrial Area,
Phase-I, New Delhi 110 028.

Paper Rose Division
C-168, Naraina Industrial Area,
Phase-I, New Delhi 110 028.

**Gibson Division/
Paper Magic Division**
C-148, Naraina Industrial Area,
Phase-I, New Delhi 110 028.

Stationery Division
A-26, Naraina Industrial Area,
Phase-I, New Delhi 110 028.

Music Division
A-21/8, Naraina Industrial Area,
Phase-II, New Delhi 110 028.

HelpAge Division
A-42, Naraina Industrial Area,
Phase-I, New Delhi 110 028.

OUR IDEOLOGIES



To maintain leadership in the Greeting Cards and Gifts industry.

To place the company's products on the global scene.

To practise absolute honesty, integrity and ethics in all business activities.

To increase consumer satisfaction and loyalty by constant innovation, product extension and quality upgradation.

To follow a continuous process of learning and self improvement to achieve excellence in creative output.

To vest our trust in our people, who are our prime source of strength.

To develop an attitude to excel by learning from past mistakes.

To tap the latent creative that is within all of us.

To provide opportunity for individual initiative and personal growth.

To work with passion, commitment and enthusiasm to bring happiness to millions of people in India and abroad.

To eat, breathe and sleep the world of greeting cards and have fun while doing it.



Dear Shareholders,

Your company has just completed 20 years and the business of spreading happiness has never been more rewarding. The year 1999 has been tremendously successful both in terms of increasing sales and launch of new products.

Despite the all-pervading slump in the economy and the political instability prevalent in the country, Archies has recorded an impressive turnover of Rs. 60 crore this year, as against Rs. 46 crore last year.

Return on net worth stood at 44.50% while return on capital employed reached 63.29%. An outstanding Compounded Annual Growth Rate (CAGR) of 33% in sales and 88% in profits were achieved over the last 2 years and Market Capitalisation increased from Rs. 30 crore to Rs. 330 crore.

The Archies scrip got listed at both NSE and BSE this year and was also included in the revamped list of BSE-200 index. The share price reached an all-time high of Rs. 1245 in 1999, a great achievement for the greeting card industry which has lacked recognition amongst the investor community, till now.

Two interim dividends of 20% each had been announced for the shareholders in October '98 and January '99. A final dividend of 20% recommended by the Board recently, makes it a total dividend of 60% in the current year. The Company has also rewarded its shareholders with the announcement of a bonus issue in the ratio of 1:1. All in all, an impressive performance for a company which has been spreading happiness 'from the heart', since 1979.

The impressive growth of AG&G last year can be attributed to its uncanny knack for putting a finger on the pulse of the consumer and its "Betterment is the Key" drive. A drive for exclusivity, and quantitative as well as qualitative upgradation,

it has benefited every person, division, system and technology at AG&G. As a result, there have been numerous launches and innovations in AG&G's existing product line and franchise network, in the last financial year.

Many new series of cards have been launched this year to woo the customer. One such series, "Classic Elegance" cards, a Gallery exclusive, adds the perfect touch of class and exclusivity to the product range of an Archies Gallery. It has received overwhelming appreciation from the customers with its classy and exotic designs.

With World Cup fever infecting the nation, AG&G has launched a fabulous collection of World Cup Cards and Collectables. The onset of the new Millennium, a "one-in-a-thousand year" event is a wonderful opportunity for AG&G to launch an exclusive range of "Millennium" cards, posters, diaries, etc.

To get closer to the consumer, Archies went regional for the first time in 1999. The launch of 80 Marathi cards in the everyday category and Makar Sakranti and Gurumukhi cards for Baisakhi and Tri-centenary celebrations of the Khalsa Panth have been greeted with overwhelming enthusiasm. AG&G plans to introduce cards in other languages as well, in the future.

One of the key factors responsible for AG&G's success is retailing. A recent drive undertaken to better the franchise network has resulted in the new top-of-the-line Archies Gallery Vision 2000 store. A bigger, more exciting Archies Gallery, the Vision 2000 store provides a fabulous and contemporary showcase for the large, ever-growing range of AG&G products. With its vibrant interiors, customer-friendly displays and 85% of shelf space devoted to Archies products, it offers an unique shopping experience for its customers.

A more recent addition to the gifts division of



AG&G is Archies Parfums - "Virus" and "Prisoner" which have taken the customer by storm. Beautiful fragrances, in innovative packs, they make perfect gifts for both men and women.

Faced with queries from the investor community about the risks inherent in the music and perfume business, AG&G would like to state that the core area of its business is greeting cards and gifts. The ventures into music albums and perfumes merely complement its main business.

Exports is another avenue which has opened up for AG&G. And today with 14 franchisees abroad, Archies appeals to expatriates and foreigners alike. With increasing sales and popularity of Archies products abroad, AG&G can truly claim that "the world is our oyster".

A question, often asked - "Does the greeting cards industry see the Internet as a threat to its business", has only one answer. No. The Internet does not harm the greeting cards business, infact it enhances it, by encouraging families and friends to exchange greetings. This electronic media of exchanging greetings, however new and innovative, cannot replace the actual greeting card which can be treasured and cherished over a long period of time.

Competition, in terms of new players entering the greeting cards and gifts industry benefits the consumer, company and the industry. By bringing out the competitive spirit, it encourages a company to strive for quality and do its best for the consumer. It ensures there are millions of satisfied consumers who now, have a wider array of products at affordable prices to choose from. The entry of new players, launch of new products, competitive prices and satisfied customers act as catalysts in the over-all growth of the industry, by helping it to realise its full potential.

The countdown to the millennium has begun

and AG&G is gearing up with better, brighter and more exciting products to storm the domestic and international market.

Friends, yours is "A company that grows every time you smile". So keep smiling.



Anil Moolchandani
Chairman-cum-Managing Director



Board of Directors
(left to right)
Mr. Pramod Arora,
Mr. Jagdish Moolchandani,
Mr. Anil Moolchandani.

Entry Into Market

	May 28, 1998	July 28, 1998
ASE, CSE, MSE	70.00	70.00
DSE, ZSE, PSE	381.00	381.00
DSE, BSE, NSE	381.50	381.50

ASE, CSE, MSE
DSE, ZSE, PSE
DSE, BSE, NSE

King about...

Gurmukhi greetings

On the occasion of the Te-Card's 10th anniversary, Gurmukhi has launched a special Gurmukhi cards in order to spread the message of peace and brotherhood.



A Valentine gift for Archies' investors

Sanjay Sardona

New Delhi, Feb 16

Archies Greetings and Gifts could have a Valentine gift for its investors, too. The Indian gift could mean an additional dividend of Rs 3.5 per share, coming along with the sale of Archies and gifts on Valentine's Day. The business

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Archies: spreading happiness

are not looking to it as a music business. We are trying to be as relevant as our business cards, gifts. We will for new as for this we use an ability, some good- says Mr. Pramod Anand, a director. They be doing the same as other music companies but our outlook is very different. The way we are... retail pro-

his music director, Jewahar Vairal, who is credited with propelling Daler Mehendi into the superstar category, as a music consultant.

But will the company only stick to pop and rock?

"If an artist of any other genre comes to us, we shall consider it," says Mr. Anand. "I would like to see Mr. Mohinder, a director, and younger brother of the chair man."

Mr. Mohinder, the former Archies, the band in cards and gift cards, is probably the exception.

"Archies Greengrass & Gita Limbaj is the success story of a band."

As a young man passionate about pop music, being cooped up in his father's career as a retail business was probably the worst punishment Anil Mohinder could face.

So he decided to leave the place. On a whim, he bought some posters from Goggles and put them up at the retail outlet. It started...

...that people were not used to communicating their thoughts or their feelings. Letter writing, too, was a disappearing art," says Mr. Anil Mohinder.

So in came cards that could do the job. Cards for birthdays, for weddings, for congratulations for sympathy for all types of occasions. Even if it meant importing concepts that were alien to the Indian ethos. Father's Day and Mother's Day cards captured the imagination of a generation not used to receiving only greeting cards.

...a business, other than software, that'll rake in the millions... the cards and gifts

...even
"There is a
moolah by the arrival of a new million
industry ofcourse!
Archies is in a great, simple business and is the only successful
one of its kind in the country today."
- **Mr. Hozeta Topiwalla,**
Analyst, First Global, in his report dated Nov. 3, 1998.

So, we
Archies
aid have
archive.

Milestones on the road to success

Mr. Anil Merchant (left) and Mr. Prasad Khosla (right) and Mr. Jagdish Merchant (right)



Greeting card industry

11

ASIAN AGE
5 MAY 1998

business began shop as a mail order
operation of products and paraphernalia

1994

under license from Walt Disney Ltd.
USA, the company begins to produce
cards and stationery products with the
Disney characters

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दिवाली का तोहफा है आर्चीज ग्रीटिंग्स का एनएसई व बीएसई में सूचीकरण

"Archies is one of the few shareholder friendly companies in the country today. It is also a debt free company with a high operating profit margin."

- Mr. Ajay Sheth,
Director, Quest Securities, in Business Standard dated Nov. 1, 1999.

[illegible]

Happiness is Forever.

"The only thing constant is CHANGE, itself".
At Archies, change is definitely a constant process. With newer innovations, newer products, constantly setting higher standards, newer benchmarks and greater challenges, Archies is ready to enter the next millennium.

1998-1999, has been the year of improvement with the "Betterment is the Key" campaign. A drive to bring about an improvement in people, their attitude, both within and outside the organisation, in technology and in systems. The single minded focus of all activity this year was the consumer. And the only way to win over the consumer is by ensuring there is a constant process of upgradation and innovation, whereby better products with greater value-addition can be offered.

The distribution and retail networks have been strengthened, better feedback systems have been adopted and state-of-the-art computers and equipment have altogether resulted in a tremendous surge in the standard of quality and

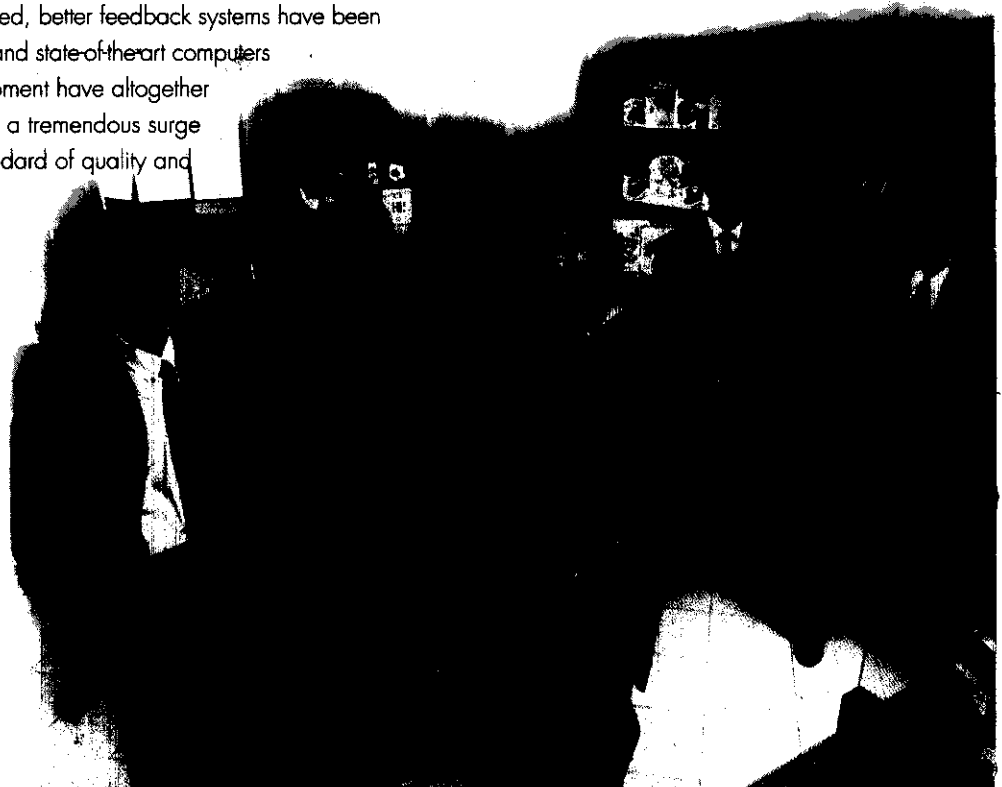
design, not only in the domestic market, but in bringing it at par with the best in the world. Exactly what you could expect from a brand that has been the market leader for the past 20 years.

Boss' Day was a new event introduced this year by Archies, along with another "first" - the launch of cards in regional languages. On the technical side, a new process called "ultra-violet coating" has added a new dimension to the Archies range of cards.

The Millennium itself is a 'one-in-a-thousand year' event which will be celebrated all over the world. A complete new range of "Millennium" cards of exquisite quality and design are being planned to take advantage of the occasion. Plans are also underway to create a whole new line of cards for all occasions in Hindi.

Archies has an exciting year ahead and is ready to take on all challenges, because when one is constantly changing and improving, only the sky is the limit!

*Ms. Vandana Karha
with the Archies team.*



ARCHIES 

Touching hearts in many ways.

"If it's in your heart, it's in a Paper Rose Card!

In 1993, AG&G tied up with American Greetings Inc., USA and successfully launched a new brand of cards in the Indian market. Paper Rose, with its unique range of cards, came along like a breath of fresh air and captured the hearts of its audience.

Constantly innovating and expanding, Paper Rose introduced the ever popular "Scrolls". A simple innovation of the humble card, the design and technical excellence of the Scroll has made it one of the most popular products of Paper Rose.

Setting itself high standards in terms of craftsmanship, quality and exclusivity, Paper Rose has carved a niche for itself in the premium segment of the market, both in India and abroad.

An exclusive product deserves an exclusive showcase. The Paper Rose Shoppe was created to showcase the ever-expanding and unique range of products produced by Paper Rose & AG&G.

With a very successful past, Paper Rose intends to "touch many more hearts", as it continues with its quest for excellence in the future.



Mr. Manjeet Singh in a discussion on Paper Rose Scrolls.


PAPER ROSE

Quality in everything we do.

Jumbo cards, pop-up cards, musical cards. Beautiful designs and memorable verses. What ever the event or occasion, Gibson makes the "design difference". Out-of-the-world cards at down-to-earth prices! The dedication of the team at Gibson, has resulted in a dramatic growth during the last year. Keeping in mind consumer preferences, every card is carefully monitored & reviewed for improvement.

The new releases, "Look who's talking", "Picture Perfect", "Naturally Speaking" and "Floral Fiesta" have been very well received. The Gibson range provides both quality & variety. The success of all the event and festival cards produced by Gibson prove that Gibson is keeping up with the standard of design and quality that the customers have come to expect.

With the determination to constantly improve, Gibson has several innovative plans on the anvil. New cards and new techniques for the new millennium. With the same old Gibson magic!



Mr. C. B. Sharma with his team.

*Fine
Expressions*