

ANNUAL REPORT
2004-2005

ONE FOR ALL. ALL FOR ONE.

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ARCHIES 

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S OMEBODY ONCE REMARKED: "IT'S LONELY AT THE TOP". WE COULDN'T HELP BUT WONDER WHAT HE MEANT.

AS WE END YET ANOTHER YEAR AT THE TOP-AS THE LEADERS IN THE CARDS AND GIFTS INDUSTRY IN INDIA WE LOOK AROUND. AND WE SEE MILLIONS OF SMILING FACES ALL AROUND US. FACES OF PEOPLE WHO HAVE MADE OUR DREAMS POSSIBLE. OF OUR VERY OWN EMPLOYEES, WHO WORK DAY IN AND OUT TO COME OUT WITH DIFFERENT WAYS TO TOUCH THE SOFT CHORDS WITHIN ONE'S SOUL; OUR BUSINESS ASSOCIATES, WHO HAVE PAIRED WITH US AND FORMED A FORMIDABLE TEAM TO RECKON

WITH; OUR SUPPLIERS FROM AROUND THE WORLD, WHO CONSTANTLY INNOVATE SO AS TO COME OUT WITH BETTER WAYS OF EXPRESSING ONE'S EMOTIONS; OUR FRANCHISEES, WHO HAVE BEEN SPREADING THE WORD OF LOVE ALL OVER; AND OF COURSE, THE MILLIONS OF CUSTOMERS, WHO KEEP COMING BACK FOR MORE, OF MORE.

WITH THIS NOTE, WE WELCOME YOU TO THE WORLD OF EMOTIONS. A WORLD FILLED WITH FUN, LAUGHTER AND CUTE LITTLE TEDDIES. A WORLD WHERE YOU CAN SENSE EVERY FEELING, TOUCH EVERY EMOTION. WE WELCOME YOU TO THE WORLD OF ARCHIES.

Board of Directors

Anil Moolchandani

Chairman cum Managing Director

Jagdish Moolchandani

Executive Director

Pramod Arora

Executive Director

Vijayant Chhabra

Executive Director

Rohinton H. Kanga

Director

Sunil Behl

Director

Arun Singhal

Director

Ajit Ganpatlal Shah

Director

Company Secretary

Ashok Kumar Binder

Auditors

M/s Uberoi Sood & Kapoor

Bankers

Citibank N.A.

Registered Office

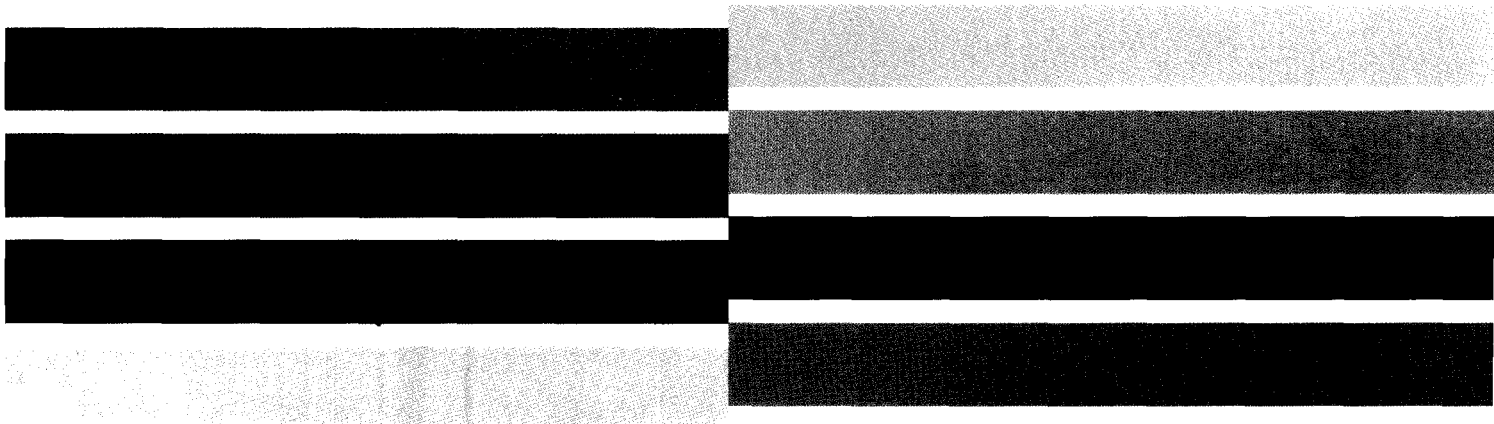
A-17, Naraina Industrial Area
Phase II, New Delhi 110028

Corporate Office

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

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DEAR
SHAREHOLDERS

THE BUSINESS OF
MYRIAD EMOTIONS

AN OPEN
CANVAS

MESSENGERS
OF LOVE

SAYING IT WITH
A CARD

DESTINATION
INDIA

TOGETHER
WE CAN

WE
CARE



YEAR AT A GLANCE

(Rs. in Lakhs)

S. No.	Particulars	2004-2005	2003-2004	2002-2003
1.	TOTAL TURNOVER	7377.03	6682.26	7622.47
2.	OTHER INCOME	97.69	87.78	82.95
3.	TOTAL EXPENDITURE	6303.88	5742.28	6985.26
4.	PROFIT BEFORE DEPRECIATION, INTEREST AND TAX (PBDIT)	1170.84	1027.76	720.16
5.	PBDIT AS A % OF TOTAL TURNOVER	15.87	15.38	9.45
6.	INTEREST	43.26	43.10	66.49
7.	DEPRECIATION	161.70	156.18	151.08
8.	PROFIT BEFORE TAX (PBT)	965.88	828.48	502.59
9.	PBT AS A % OF TOTAL TURNOVER	13.09	12.40	6.59
10.	PROVISION FOR TAXATION	362.36	295.60	195.43
11.	PROFIT AFTER TAX (PAT)	603.52	532.88	307.16
12.	PAT AS A % OF TOTAL TURNOVER	8.18	7.97	4.03
13.	PAID UP EQUITY SHARE CAPITAL	650.62	650.62	650.62
14.	RESERVES (EXCLUDING REVALUATION RESERVES)	4869.70	4416.76	4093.16
15.	NET WORTH	5516.87	5060.14	4732.75
16.	EARNING PER SHARE (IN RS.)	9.28	8.19	4.72
17.	BOOK VALUE PER SHARE (IN RS.)	84.80	77.78	72.74
18.	DIVIDEND (%)	20	25	15
19.	AMOUNT OF DIVIDEND	130.12	162.65	97.59
20.	RETURN ON AVERAGE NET WORTH (%)	11.41	10.88	6.63
21.	RETURN ON AVERAGE CAPITAL EMPLOYED (%)	17.82	16.85	11.54

DEAR SHAREHOLDERS

ANOTHER GLORIOUS YEAR HAS COME TO AN END. AND AS WE STAND ON THE THRESHOLD OF YET ANOTHER PROMISING YEAR, I TAKE A MOMENT TO LOOK BACK, AND GLIMPSE UPON THE YEAR GONE BY.

HEREIN, I MAY STATE THAT DURING THE YEAR 2004-05, THE COMPANY RECORDED A TURNOVER OF RS. 73.77 CRORES, AN INCREASE OF 10.4% FROM LAST YEAR'S 66.82 CRORES.

IT GOES WITHOUT SAYING THAT 26 YEARS IN THE BUSINESS, AND WE PROUDLY STAND AS THE UNDISPUTED LEADERS IN THE CARDS AND GIFTS BUSINESS IN INDIA. IN FACT, TODAY, WE HAVE FAR OUTGROWN THE IDENTITY OF A MERE CARDS AND GIFTS RETAILER. WE HAVE GROWN TO BE PERCEIVED AS AN OPERATION THAT OFFERS COMPLETE GIFTING SOLUTIONS. ARCHIES TODAY, HAS BEEN EMBRACED BY ONE AND ALL AS A TRUE PEOPLE'S COMPANY. WHETHER IT BE OUR VERY OWN EMPLOYEES OR THE VARIOUS SUPPLIERS WHO CATER TO US; OUR MANY BUSINESS ASSOCIATES OR THE GROWING LIST OF FRANCHISEES; AND HOW COULD ONE IGNORE THE MILLIONS OF SATISFIED CUSTOMERS WHO KEEP COMING BACK FOR MORE, OF MORE.

BUT THEN, SOMEBODY ONCE REMARKED: "IF WE DO NOT CHANGE, WE DO NOT GROW. IF WE DO NOT GROW, WE ARE NOT REALLY LIVING." I COULDN'T AGREE MORE. ONE OF THE REASONS, WHY THE BYGONE YEAR SAW A NUMBER OF NEW INNOVATIONS BEING ADOPTED. INNOVATIONS THAT ARE NOT ONLY REFLECTED BY THE NEW RANGE OF PRODUCTS THAT HAVE MADE THEIR WAY INTO OUR STORES, BUT ALSO IN OUR ENTIRE COMMUNICATION. IN OUR ATTEMPTS TO REACH OUT TO THE PEOPLE. OUR PEOPLE.

ONE KEY AREA OF THRUST, DURING THE COMING FINANCIAL YEAR IS TO BROADEN OUR HORIZONS LIKE NEVER BEFORE. BY THE END OF THE FISCAL YEAR 2006-07, WE INTEND TO ACHIEVE AN OVER 100% GROWTH IN THE NUMBER OF STORES THAT ARE DIRECTLY UNDER OUR SUPERVISION AND CONTROL. JUST SO WE COULD GET A FEW INCHES CLOSER TO THE MILLIONS OF HEARTS ACROSS THE SUBCONTINENT.

ALSO WORTHY STATING OVER HERE IS THE FACT, THAT THE GREETING CARDS SEGMENT, WHICH HAS ALWAYS

BEEN OUR FORTE HAS BEEN LOOKING UP. NOT ONLY HAVE THE CARDS MEANT FOR RETAIL BEEN DOING BETTER BUSINESS, CORPORATE CUSTOMERS ARE AMOUNTING TO AN UPSURGE IN THE SALES OF HELPAGE AND CRY CARDS AS WELL.

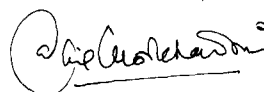
THUS, HAVING ALREADY REACHED THE PINNACLE WHEREIN THE VERY MENTION OF GREETING CARDS, IN INDIA BRINGS TO MIND THE NAME 'ARCHIES', WE RESOLVED TO REINVENT OUR GIFTING SEGMENT. THE VERY FIRST INITIATIVE IN THIS REGARD INVOLVED STEPPING UP OF OUR IMPORTS IN THIS SEGMENT, MOSTLY FROM CHINA. KNOWN TO BE THE HUB OF INNOVATIVE PRODUCTS, WE TIED UP WITH A NUMBER OF NEW BUSINESS PARTNERS FROM THIS REGION. TODAY, VISIT ANY ARCHIES GALLERY AND YOU CAN WITNESS A WHOLE NEW RANGE OF EXTREMELY INNOVATIVE GIFTING IDEAS. ONES THAT NOT ONLY PRESENT A CHOICE OF COLOURFUL VARIETIES, BUT ALSO ARE EXCLUSIVE TO OUR GALLERYS.

NOT ONLY THIS, IN AN ATTEMPT TO ENHANCE THE QUALITY OF OUR PRODUCTS, WE HAVE INVESTED IN NEW AND ADVANCED TECHNOLOGIES FOR THE PRODUCTION PROCESS. THE RECENTLY ACQUIRED AGFA CTP SYSTEM IS ONE SUCH PIECE OF EQUIPMENT THAT WOULD ADD A WHOLE NEW PARADIGM TO QUALITY IN THE YEARS TO COME.

AN EVENTFUL YEAR, THUS, HAS COME TO AN END. AND AS I LOOK FORWARD TO ANOTHER TRIUMPHANT YEAR AHEAD, I PRESENT YOU A FEW GLANCES THROUGH THE EYES OF THE MANY WHO HAVE CONTRIBUTED TO THIS SUCCESS STORY. A SUCCESS STORY CALLED 'ARCHIES'.

THANKING YOU,

YOURS SINCERELY,



ANIL MOOLCHANDANI,

CHAIRMAN-CUM-MANAGING DIRECTOR.



**"WE STILL QUARREL A LOT.
BUT WE PATCH UP A LOT
SOONER NOW."**

- MR. & MRS. VINOD NAYAR,
A BRAND LOYAL COUPLE

THE BUSINESS OF MYRIAD EMOTIONS

IT'S BEEN OVER TWO AND A HALF DECADES NOW, IN THIS BUSINESS-THE BUSINESS OF EMOTIONS. SINCE THE DAY WE SET OUT-WAY BACK IN 1979- WE HAVE BEEN CHURNING OUT A THOUSAND REASONS TO SMILE. AND TO CELEBRATE. NOT JUST MOMENTS, BUT LIFE AS A WHOLE.

THROUGHOUT THIS WHILE, WE HAVE CRAFTED WORDS, FOR MANY AN EMOTION. RENDERED VOICE, TO MANY A FEELING. WORDS THAT HAVE BUILT MANY A NEW RELATIONSHIP. VOICES THAT HAVE STRENGTHENED MANY A BONDING.

MORE OFTEN THAN NOT, WE HAVE WITNESSED IT RIGHT IN FRONT OF OUR VERY OWN EYES. A PLEASANT SUNNY DAY LAST OCTOBER, IN ONE OF OUR GALLERYS IN BANGALORE. IT WAS NOONTIME. PROBABLY THE REASON THERE WAS ONE SINGLE CUSTOMER IN THE STORE-A TALL, THIN GUY. A YOUNG PETITE GIRL WALKED IN, SEEMINGLY LOST IN HER THOUGHTS. BROWSING THROUGH THE GIFTS SECTION, HER EYES CHANCED UPON HIM. AFTER A WHILE, SHE PICKED UP A TRINKET, HAD IT ELABORATELY GIFT-WRAPPED AND AS SHE WAS MOVING OUT, HANDED IT OVER TO THE GUY. BOTH LOOKED AT

EACH OTHER, SMILED, AND WALKED OUT, TOGETHER. NOW WE HAD NO CLUE AS TO WHETHER THEY ALREADY KNEW EACH OTHER OR WAS IT ANOTHER INSTANCE OF LOVE AT FIRST SIGHT. BUT WE KNOW ONE THING FOR SURE: WE HAD A BIG ROLE TO PLAY, BEHIND THOSE SMILES.

AND WHO COULD EVER FORGET THE CHUBBY LITTLE GIRL, WHO CAME IN WEeping FOR HER LOST PUPPY, AND WENT HOME ALL SMILES, WITH ONE OF OUR SOFT TEDDIES CUDDLED UP HER CHEST.

WHETHER IT BE A CUTE LITTLE TEDDY

FOR ONE'S FOUR-YEAR-OLD DAUGHTER, A FUNKY TRINKET FOR ONE'S TEENAGE FRIEND, A COFFEE MUG FOR ONE'S DEAR FATHER, OR AN ELEGANT PICTURE FRAME THAT CAPTURES THOSE NOSTALGIC MOMENTS OF ONE'S AGING GRANDPARENTS. WE HAVE SOMETHING FOR EVERYONE. SOMETHING THAT SPEAKS OUT THOSE RIGHT WORDS. THE ONES THAT MAKE THEIR WAY UP TO THE LIPS. AND THOSE, WHICH COULDN'T.

TODAY, ARCHIES IS ONE OF THE MOST LOVED BRANDS ACROSS THE COUNTRY. THE MOMENT ONE THINKS OF CARDS OR GIFTS, THE VERY FIRST NAME THAT MAKES IT TO THEIR LIPS IS ARCHIES. LITTLE DO THEY KNOW THAT TO A LARGE EXTENT, THEY ARE THE ONES

RESPONSIBLE FOR THE SAME. FOR THERE HAVE BEEN MORE THAN ONE INSTANCE WHEREIN WE HAVE LISTENED TO THEM, LEARNT FROM THEM, OR BLINDLY FOLLOWED THEIR REQUESTS. WAY BACK IN 1979, WE WERE ALIENATED FROM THE VARIOUS FESTIVALS CELEBRATED IN INDIA. UNTIL WE ENCOUNTERED MANY A PERSON, WHO URGED US TO STOCK RAKHIS, AND COME OUT WITH A FEW RAKHI CARDS AS WELL, IF POSSIBLE. LIKEWISE, A HOST OF PEOPLE ALSO ASKED US TO STACK UP DIWALI CARDS, HOLI CARDS, CARDS FOR REGIONAL FESTIVALS SUCH AS PONGAL, ONAM, BIHU. TODAY, THESE CONSTITUTE A HUGE CHUNK OF OUR SALES. SO PHENOMENAL THAT WE HAVE CONSIDERABLY STEPPED UP OUR

OPERATIONS IN THIS DOMAIN.

AND WITH OVER 400 OUTLETS SPREAD ACROSS OVER 100 CITIES AND 6 DIFFERENT COUNTRIES, WE'VE MADE SURE THAT WE REACH OUT TO EVERY CUSTOMER. RATHER THAN THEY HAVING TO REACH OUT TO US. AND HAVE WE ACTUALLY BEEN ABLE TO DO SO? WELL, WE LEAVE IT TO THE 2,40,000 PEOPLE DROPPING BY EACH DAY TO ANSWER THAT ONE.

ALL THIS, BECAUSE WE VALUE OUR CUSTOMERS. THOUGH THERE IS SOMETHING WE VALUE MUCH MORE: THAT PRECIOUS SMILE ON THEIR LIPS, AS THEY STEP OUT.



"THERE IS SO MUCH TO CHOOSE FROM. I WISH I HAD FEW MORE FRIENDS."

REPORT BY ARCHIES

- SIMRAN,
DIE-HARD ARCHIES FAN





**“WHAT WE DID ONCE WE
REACHED THE TOP?
BUILT A FEW MORE STEPS.”**

- MOHIT DHAWAN,
PRODUCT MANAGER, ARCHIES LIMITED.

ARCHIES 

AN OPEN CANVAS

“ALL THE WORLD'S A STAGE.”
LITTLE DID THE BARD OF AVON KNOW,
THAT THIS FAMOUS PHRASE HE COINED-
SOMETIME DURING THE ELIZABETHAN
ERA-WILL, IN THE EARLY STAGES OF
THE 21ST CENTURY, SO APTLY
DESCRIBE THE VAST UNIVERSE WITHIN
WHICH OUR EMPLOYEES OPERATE.

WAY BACK IN 1979, WE
OPENED SHOP WITH 10 HIGHLY
DEDICATED, IMMENSELY EFFICIENT
INDIVIDUALS. 26 YEARS SINCE THE
DAY, WE BOAST OF A STRONG

WORKFORCE OF AROUND 600
EQUALLY DEDICATED, EQUALLY
EFFICIENT INDIVIDUALS. INDIVIDUALS,
WHO HAVE PUSHED US THIS FAR.
SCRIPTED THE VERY ESSENCE OF THIS
SUCCESS STORY. A FAIRY TALE CALLED
ARCHIES.

AND WHY DO WE SAY SO?
WELL, FOR IT IS MUCH MORE THAN
THEIR SKILLS THAT THEY EMPLOY. NOT
ONLY ARE THEY THE BRAINS BEHIND
EVERY SINGLE PRODUCT YOU GET TO
SEE IN OUR GALLERY, THEY ALSO ARE

THE MINDS BEHIND EACH NEW
PRODUCT, EACH NEW INNOVATION. SO
MUCH SO, THAT ONE EMPLOYEE
PROUDLY REMARKS: “THE INNOVATIONS
WE COME UP WITH? I WOULD SAY, ‘WE
SELDOM FAIL TO AMAZE OURSELVES.’”

AND IT IS MUCH MORE THAN
INNOVATIONS. THE HIGH QUALITY-
CONSCIOUSNESS AMONGST THE
WORKFORCE IS ANOTHER REASON WE
CHURN OUT SUCH AMAZING PRODUCTS.
COMPLEMENTING THEIR EFFORTS, WE
ALSO INTRODUCED AGFA CTP SYSTEMS