

Heart-throb of Retail

Annual Report 2006-2007



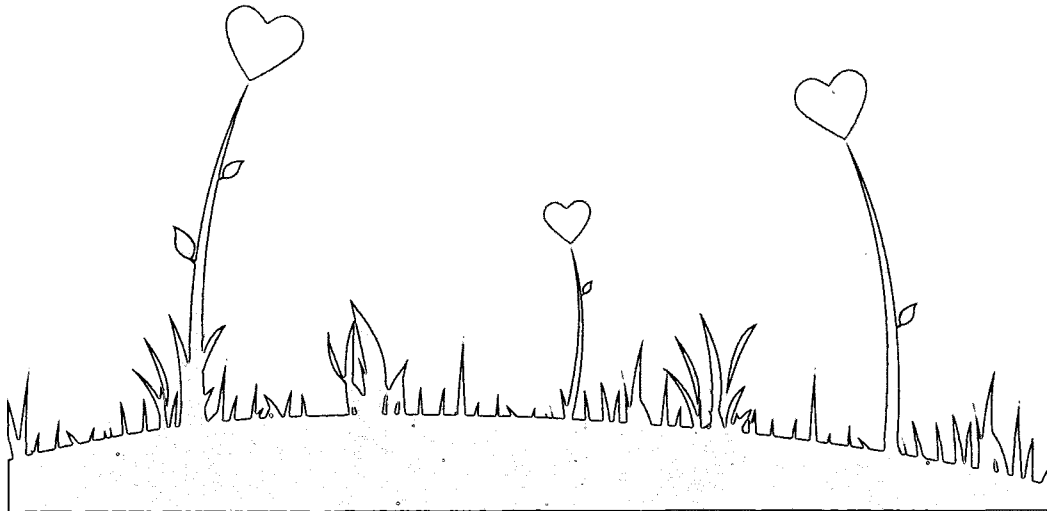
The most special way to say you care



Emotions are our raw material. Giving them words, our work. Words that express the eternal human emotions, give people a reason to smile, even cry. Visually appealing, these words are shelved in over 475 stores in India and abroad. Be it a small town or a city, people speak their heart out with us. We plan to go beyond, as we see a promising growth in retail.

In the last 28 years, we have come a long way. Our collaborations with big companies from around the world prove that our efforts are being noticed. From being just a cards and gifts company, we are well on our way to redefining the rules of the business. And be the heart-throb of retail.

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Board of Directors

Anil Moolchandani

Chairman and 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 Ganpatilal Shah

Director

Company Secretary

Rupa Sarkar

Auditors

M/s Uberot Sood & Kapoor

Bankers

Citibank N.A.

Registered Office

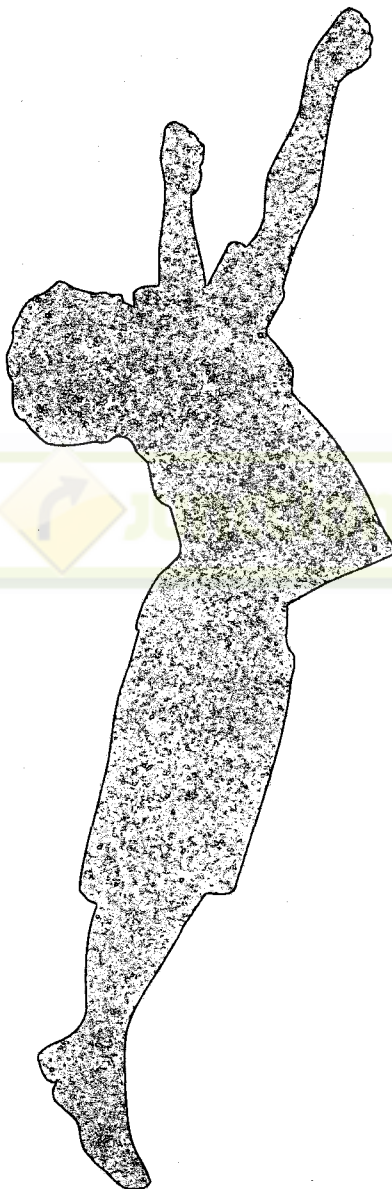
A-17, Naraina Industrial Area

Phase II, New Delhi - 110028

Corporate Office

C-113, Naraina Industrial Area

Phase I, New Delhi - 110028



Heart-throb of Retail

Dear Shareholders (Chairman's Address)

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Dear Shareholders

In the year gone by, we crossed many milestones and successfully worked towards building upon our Superbrand status. We also brought in a new charm into the world of retail with our newest and widest range of cards, gifts and fashion accessories. We now stand on the threshold of new opportunities and a brand new year. Before we step ahead, let's go back and relive the highs of last year.

In the financial year 2006-2007, we bettered upon our performance of the past. We recorded a turnover of Rs. 104.71 crores, a number that speaks about the successes our decisions brought about. We aim to work harder in the coming year, so as to record an even higher growth rate.

In the last 28 years we have emerged as an undisputed leader in the gifting industry. Today we have outgrown the identity of a mere cards & gifts company and have emerged as the Heart-throb of retail. We pump life and love into it, providing people with many ways of expressing their emotions to their loved ones.

We continue to build upon our remarkable relationship with our employees, customers, suppliers, franchisees & shareholders. We have 88

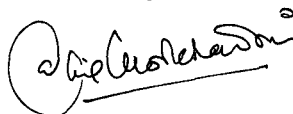
company-owned stores in India. And we intend to take this count to 230 by 2010. With our company-owned stores and franchisees we have now expanded to over 475 stores, in India and abroad.

Our recent venture into Stupid Cupid—A brand of fashion jewellery and accessories for the youth, has already created waves in the market. As of now we have 7 stand alone Stupid Cupid stores and will soon be opening many more.

On top of this, we are adding a wider range to our product offerings. This year we are coming out with a unique collection of hand crafted & musical cards, trendy gift bags and a range of unique and exciting corporate gifts, under the brand name "Giftworks".

With all the achievements of the past year, I look forward to another triumphant year marked with many more memorable moments.

Thanking You,
Yours Faithfully



ANIL MOOLCHANDANI
Chairman and Managing Director

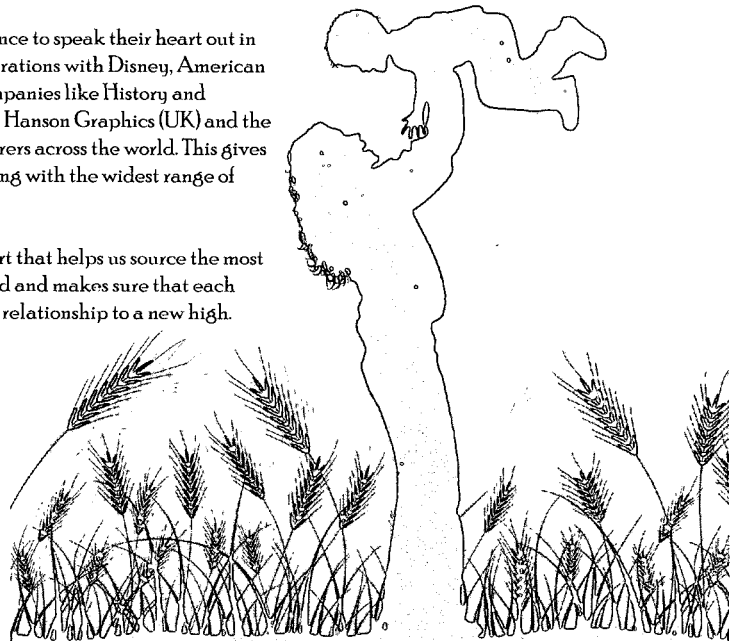
Giving language to love since 1979

Just when emotions come in, words go on a holiday. Even the most genuine emotions often go unexpressed. Since 1979, we have worked towards making everyone experience the beauty of expressions with our range of cards and gifts.

Emotions are the pivot around which we revolve. And we work day in and out to give them an eye-appealing look. We make them work for everyone. Just to let them move closer to their loved ones. And things have worked well. For when people think of expressions they use the beautified emotions that we create. Be it a little teddy or a 'sweet nothings' card, even a porcelain figurine or a tiny Ganesha statue. We are a place where people come for their parents, friends, siblings, spouse, colleagues and business associates. For we have endless ideas for every human relationship.

All this just to give our customers a chance to speak their heart out in the best possible way. We have collaborations with Disney, American Greetings, Russ Berrie (USA), more companies like History and Heraldry (UK), Carlton Cards, Gibson Hanson Graphics (UK) and the very best of soft toy and gift manufacturers across the world. This gives our customers international quality along with the widest range of cards and gifts.

Amidst all this, it's our back-end support that helps us source the most superior products from around the world and makes sure that each heart speaks our language taking each relationship to a new high.

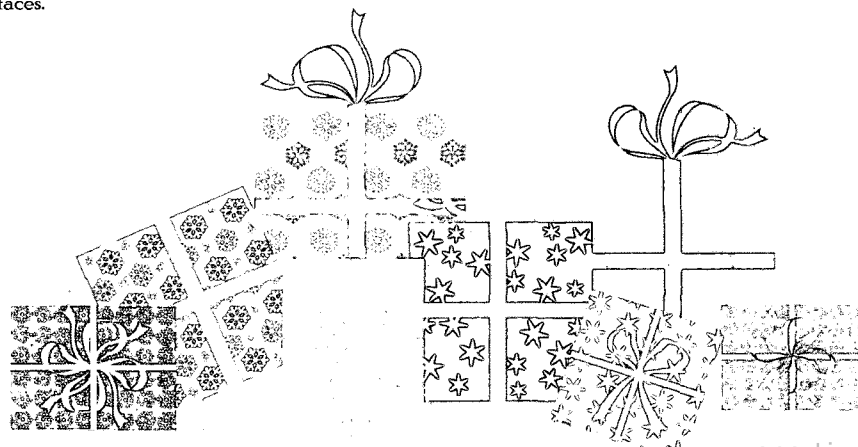


Love keeps us going

We owe our 28 years of existence to emotions. It's these emotions that strengthen human relationships. Each relationship has its own way of expression and each relationship has a special day for itself. We realized this from day one, which is why we have always come up with ways to express oneself, no matter what the occasion or relationship is.

Be it Birthdays, Anniversaries, festivals like Diwali, Holi or Raksha Bandhan, even occasions like Father's Day, Mother's Day and our very own Friendship Day. We have made sure that each occasion brings in a new breath of freshness into relationships. We constantly look around the world to give our customers new and exciting ideas to express their love for their loved ones. We now take expressions an extra yard with our newest range of hand-crafted cards and trendy gift bags. We have just launched our new and exciting range of corporate gifts, under the brand name "Giftworks".

In myriad ways, some say 'I love you', some say 'Happy Birthday', some even share a laugh. With 475 outlets in India and abroad, we have given everyone a reason to speak out. So much so that children, teenagers, youngsters, professionals and even the elderly leave our outlets with a big smile on their faces, just to see a smile on their loved ones faces.



Stylizing emotions

For years we have helped millions express their heartfelt emotions to their loved ones. Then we thought of exploring the love for oneself and Stupid Cupid came into being. A trendy fashion accessories brand that gave style itself a back seat. It completely redefined fashion and has carved a name for itself in just a year. "Self-love is the beginning of a life long romance", said Oscar Wilde and we perpetuate this romance. Launched in 2006, Stupid Cupid has now become a brand that sets the trend. For it has become a way for the young generation to express their attitudes, more importantly, themselves. Such is the popularity, which led us to open 7 stand alone stores in Delhi and set up shop in shops in various Archies Galleries across India. Fashion is nothing more than a fad. This is why we constantly try to innovate, so that our customers find something new and appealing, each time they walk into a Stupid Cupid store.

STUPID  CUPID
FASHION ACCESSORIES BY ARCHIES



Reaching out with love and compassion

Over the years, we have spread love all around the sub-continent. From being a greeting card publisher to the largest retail chain in the social expressions industry, we have come a long way. During these years of upswing, we have also had our eyes and ears open to helping society and mankind develop.

Everyday around us, we can see umpteen people of all ages fighting a battle with life, just to survive. We, at Archies, show our love and compassion and help them live life in a better way, by working in close association with renowned NGOs like HelpAge and CRY in their endeavor to bring a ray of hope in the lives of the most vulnerable sections of society. We make cards and stationery under their name and market the same. Royalty from the sale of these cards and stationery go to the NGOs. Hence we reach out to those who have nobody to look after them. We are dedicated to the cause of removing disparities across the social strata. All this and much more has been made possible only because you were by our side. And not to forget our customers, who have constantly supported us in our endeavor to give the deprived a better life.