

# Archies Limited

(NSE :ARCHIES) (BSE: 532212)

Date : 17-4-2018



**CMP : 39**

**Buy**

- Archies Limited (Archies), incepted in 1979, by Promoter cum Chairman & MD Mr. Anil Moolchandani in Delhi. They initially sold song books, posters and leather patches until their main product, greeting cards, was introduced in 1980.
- Archies today has become one of the largest manufacturers and sellers in greeting cards and other social expression products such as gifts and posters in India. Archies has a market share of about 50% of India's greeting cards market.
- Being a renowned and leading company in the Social Expressions Industry, Archies is all set to grow with its revamped business model with its strategy of expanding online. Archies has tied up with PayTm, Talash.com & major ecommerce portal “Amazon.in” for expansion on market place too wider the reach.
- Archies has brand associations with Hallmark, Garfield, Cow Parade, Boofle, UFUMA, GB Eye, Smiley World, Pyramid International, Forever Friends, Qualatex, etc.

## **Investment Highlights:**

1. Archies is the leader in the Social Expression Industry, which is still unorganized in India along with only few serious players having nationwide presence, giving big opportunities in future with developing economy. They currently operate 230+ exclusive outlets in 15 states 66 cities and nearly 300 franchise outlets across India and neighboring countries.
2. Strong brand with inexpensive valuation with super connects between generations through its social expression products. Also has reasonable financial strength.
3. Strong growth visibility in online shopping. Over the last few years, Archies has had made significant work in online shopping at [www.archiesonline.com](http://www.archiesonline.com). And now with ties with online platforms like PayTm & Amazon, we expect Revenue to boost creasting turnaround phase for the company.
4. Overseas market opportunity. Presently company is exporting its products to Sri Lanka, Bangladesh, UAE, UK, Mauritius, Kuwait, Egypt, Kenya Uganda, Zambia, Russia, Botswana, Oman, Rwanda, Libya and Ethiopia. Archies plans to take active participation in exhibitions and fairs to reach new markets and thus enhancing sales

## **Opportunities:**

With expectation of improvement in economy, Archies plans to open more stores in future, which will boost Revenues of the company in coming quarters.

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## Threats:

Rent is one of the largest components in retail business as rentals for premium locations are significantly on an upward trend so it is affecting the bottom line of the company. Technology in the form of SMS and e-greeting had its toll on the growth of the greeting card business.

## Financial Snapshot:

(Source: Published Results, BSE)

INR Mn.	Q3FY18	Q2FY18	QoQ(%)	Q3FY17	YoY(%)	FY17	FY16	YoY(%)
Total Operating Income	43.64	40.77	7.91%	49.71	-12.22%	185.55	195.73	-5.20%
PBDIT	3.37	1.66	102.53%	1.41	139.20%	1.40	11.53	-87.85%
PAT	1.27	0.23	452.61%	0.10	1183.84%	-3.60	2.89	-224.51%
EPS	0.38	0.07	-	0.03	-	-1.07	0.86	-

- In Q3FY18, Archies Ltd reported EPS of Rs. 0.38 against Rs.0.03, showcasing increasing profitability that suggest turnaround phase for the company. Total revenue stood at Rs.43.63 Cr. However, operating profits increased 140.71% due to huge fall in cost of manufacturing & Employee costs. Going ahead, strong performance is expected supported by increasing revenues.

## Valuations:

Archies Ltd is one the leading player in its industry hold market cap of Rs. 131.57 Cr. At CMP of Rs. 39, we are able to see good volumes rising in the counter comparing SMA for last 50 and 150 days, the stock is sailing in its rising trend to make new heights from its previous highs. Positive quarterly financial trend and Mildly Bullish technicals, makes it looks Mildly Positive for this Micro Cap stock.. We recommend a BUY rating to our investors with target of Rs. 60 in horizon of 12 months.

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