

June 09, 2026

Archies Limited: Rating downgraded to [ICRA]B+ (Stable)

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Cash credit	23.10	23.10	[ICRA]B+ (Stable); downgraded from [ICRA]BB- (Stable)
Long-term – Non-fund based	1.00	1.00	[ICRA]B+ (Stable); downgraded from [ICRA]BB- (Stable)
Total	24.10	24.10	

*Instrument details are provided in Annexure II

Rationale

The rating action for the bank facilities of Archies Limited (Archies) factors in the sustained decline in sales adversely impacting its operating profits resulting in weak debt protection metrics. Further, the high working capital intensity due to elevated inventory days continues to result in a stretched liquidity. ICRA expects the company's revenue to remain modest at Rs. 55-58 crore in FY2027 (PY: reduction of 19.5% at Rs. 56.1 crore) affected by lower export orders owing to change in US tariff rates and the ongoing West Asia conflict, amid the structural shift in the gifting and greeting industry towards the digital medium. Archies reported a moderate operating margin of around 3.1% in FY2026 (PY: 10.4%). This was attributable to raw material expenses incurred for fulfilling an export order in Q2 FY2026, which eventually got cancelled because of change in US tariff rates. The operating margin is estimated to moderate further in FY2027. Consequently, the leverage levels are expected to remain high with weak debt coverage metrics. The rating is constrained by the exposure of the company's operations to consumer spending trends and threat from alternative communication media. The rating notes the declining trend in the number of company-owned and operated stores in the recent past, which has impacted the penetration level and sales.

The rating, however, favourably factors in Archies' experienced promoters and its proven operational track record in the organised social expressions market in India, which enabled it to build an established brand presence. The company has a pan-India distribution network of 54 owned and operated stores as of September 2025. Nevertheless, it generates a major share of revenues from its stores in the North Indian states (~82% in H1 FY2026), which makes its business critically dependent on consumer spending and macroeconomic factors impacting the region. The rating draws comfort from the continuation of financial support extended by the promoters, in the past, in the form of unsecured loans of Rs. 5.1 crore as of March 2026.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company's sales and margins will be supported by its established distribution network and brand presence. Further, ICRA expects continued financial support from the promoters through the infusion of unsecured loans to bridge any funding gaps.

Key rating drivers and their description

Credit strengths

Established brand presence in domestic market – Archies has a successful operational track record in the organised social expressions market in India, which enabled it to build an established brand presence. The company has a pan-India distribution network of 54 owned and operated stores as of September 2025. However, it generates a major share of revenues from its stores in the North Indian states (~82% in H1 FY2026), which makes its business critically dependent on consumer spending and macroeconomic factors impacting the region.

Experienced promoters with established track record in the organised social expression industry – Archies and its promoters have been involved in the social expressions industry for more than four decades. The promoters' long presence in the industry has aided the company to establish a strong foothold in the domestic organised social expressions market, which supported its business growth in the past. The brothers, Mr. Anil Moolchandani and Mr. Jagdish Moolchandani, hold key positions and are supported by a professional team. The rating draws comfort from the continuation of financial support extended by the promoters, in the past, in the form of unsecured loans of Rs. 5.1 crore as of September 2025.

Credit challenges

Modest scale of operations and pressure on profitability – Archies' revenues are projected to remain modest at Rs. 55-58 crore in FY2027 (PY: decline of 19.5% at Rs. 56.1 crore) affected by lower export orders due to change in US tariff rates and the ongoing West Asia conflict, amid the structural shift in the gifting and greeting industry towards the digital medium. Archies reported moderate operating margin of around 3.1% in FY2026 (PY: 10.4%) owing to raw material expenses incurred for fulfilling an export order in Q2 FY2026. The same was eventually cancelled on account of the change in US tariff rates and the operating margin is estimated to moderate further in FY2027.

High working capital intensity and weak debt protection metrics – The company's working capital intensity increased to 104.7% in FY2026 from 86.4% in FY2025 owing to rise in inventory levels. It is expected to remain at elevated levels in FY2027. Consequently, the leverage levels are expected to remain high with weak debt coverage metrics.

Exposure to consumer spending trends and intense competition in the segment – The rating is constrained by the exposure of the company's operations to consumer spending trends and threat from alternative communication media. The rating factors in the declining trend in the number of company-owned and operated stores in the recent past, which has impacted the penetration level and sales.

Environmental and social risks

Environmental considerations – PVC, polypropylene and plywood remain the key raw materials for the gifting and stationery manufacturing industry. These are some of the environmentally damaging plastics and are non-biodegradable petroleum-based products. Hence, the company is exposed to the risk of tightening regulations on environment and safety, which can have a potential bearing on the cost structure. However, it is mitigating the environmental concerns by reducing dependence on plywood and trying to minimise wood wastage.

Social considerations – Changing consumer behaviour towards environmentally sustainable products amid the increasing shift towards online sales and the company's limited presence in online channels could impact the demand of its products. Overall, its exposure to environment and social risks remains moderate.

Liquidity position: Stretched

Archies' liquidity position is stretched, reflected by limited cash generation and moderate cash and bank balance of Rs. 0.2 crore as on March 31, 2026. The company has a high average working capital utilisation of around 91-93% during the past 12 months ending March 2026. Further, in the past, the promoters have infused funds in the form of unsecured loans in the company, which is expected to continue as and when need arises.

Rating sensitivities

Positive factors – ICRA could upgrade the rating if there is a material improvement in the scale and profitability, along with improvement in debt coverage metrics and liquidity profile, on a sustained basis.

Negative factors – Pressure could emerge on the rating if a significant decline in sales and profitability results in moderation in credit metrics. Further, any material write-off of inventory or buildup of working capital can exert pressure on the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Retail
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

Archies Greetings & Gifts was promoted by Mr. Anil Moolchandani and Mr. Jagdish Moolchandani in 1979 as a partnership firm. In 1995, it was converted into a public limited company. In November 2002, it was renamed Archies Limited. The company has an established presence in the social expressions industry in India and is a renowned retailer of greeting cards, gifts and stationery items. Its selling and distribution network across India comprises 54 company-owned and operated stores as of September 2025, apart from distributors, franchisees and retailers. Its manufacturing facility is in Manesar, Haryana.

Key financial indicators (audited)

Archies (Standalone)	FY2024	FY2025	FY2026*
Operating income	80.1	69.7	56.1
PAT	-8.2	-1.5	-4.3
OPBDITA/OI	5.9%	10.4%	3.1%
PAT/OI	-10.3%	-2.1%	-7.7%
Total outside liabilities/Tangible net worth (times)	0.7	0.5	0.5
Total debt/OPBDITA (times)^	11.8	6.6	24.6
Interest coverage (times)	0.9	1.5	0.4

Source: Company, ICRA Research; * Result numbers; All ratios as per ICRA's calculations; Amount in Rs. crore
PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	FY2027		FY2026		FY2025		FY2024	
		Amount rated (Rs. crore)	June 09, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based – Cash credit	Long Term	23.10	[ICRA]B+ (Stable)	Jan 23, 2026	[ICRA]BB- (Stable)	Nov 25, 2024	[ICRA]BB- (Stable)	-	-
				-	-	Apr 05, 2024	[ICRA]BB (Negative)	-	-
Non-fund based – Others	Long Term	1.00	[ICRA]B+ (Stable)	Jan 23, 2026	[ICRA]BB- (Stable)	Nov 25, 2024	[ICRA]BB- (Stable)	-	-
				-	-	Apr 05, 2024	[ICRA]BB (Negative)	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ Fis (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, Fis	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026, and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Cash credit	Simple
Long-term – Non-fund based – Others	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-term – Fund-based	-	8.5%	-	23.10	[ICRA]B+ (Stable)
NA	Long-term – Non-fund based	-	-	-	1.00	[ICRA]B+ (Stable)

Source: Company

Annexure III: List of entities considered for consolidated analysis– Not Applicable

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