



123
Greetings

IntraSoft Technologies Limited

Annual Report 2010-11



Giving life

to your

Expressions

16th Annual Report

Board of Directors

Arvind Kalaria	- Managing Director
Sharad Kalaria	- Whole-Time Director
Vishal Agarwal	- Independent Director
Deepak Kanabar	- Independent Director
Rupinder Singh	- Independent Director
Anil Agrawal	- Independent Director (from 30th September, 2010)
Amitava Ghose	- Independent Director (upto 30th September, 2010)

Auditors

M/s K.N.Gutgutia & Co.
Chartered Accountants,
Kolkata

Company Secretary & Compliance Officer

Deepak Agarwal

Registrar and Share Transfer Agents

Link Intime India Private Limited
C-13 Pannalal Silk Mills Compound, L.B.S Marg,
Bhandup (W), Mumbai – 400078
Tel: 91-22-2594-6970, Fax : 91-22-2594-6969
Email: rnt.helpdesk@linkintime.co.in

Bankers

1. HDFC Bank Ltd.
2. Indian Overseas Bank

Registered Office

502A, Prathamesh, Raghuvanshi Mills Compound,
Senapati Bapat Marg, Lower Parel, Mumbai – 400 013
Tel: 91-22-2491-2123, Fax: 91-22-2490-3123
Email: intrasoftware@itlindia.com

Corporate Office

145, Rash Behari Avenue, 5th Floor,
Kolkata - 700 029
Tel: 91-33-2464-3306, Fax: 91-33-2464-6584
Email: intrasoftware@itlindia.com



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Managing Director's Message



Arvind Kojariya, Managing Director

From the helm

"We expect to increase traffic and revenues on our website without a corresponding increase in costs while extending into multiple technologically-driven businesses that generate incremental revenues streams."

Letter to Shareholders

Dear Members,

In a year where challenges were undertaken and converted into opportunities, your Company has achieved encouraging financial results. Total income have grown 54% to ₹ 4766 lacs from ₹ 3090 lacs in the previous year.

The growth in the revenues has lead to higher profitability. On a consolidated basis, profit has grown to ₹ 1221.12 lacs which marks an increase of 35% during the year as compared to the previous year.

This encouraging performance has helped your company, reward the stakeholders with a total dividend of ₹ 1.50 per share (subject to shareholders' approval). The interim dividend of ₹ 1 per share was paid, the Directors have also proposed a final dividend of ₹ 0.50 per share. This makes the dividend payout ratio 15% for 2010-11.

Your Company has concentrated on doing the simple things in the best possible way. We always focused on our users, understood their requirements and worked towards them. Thus with our new initiatives mentioned below we are stepping forward with leaps and bounds to place ourselves at the top in the Industry. We will continue to follow our successful strategy and actively shape our future.

As per the evaluation made in last years' letter to the shareholders, your Company has been successful in achieving those objectives vis-a-vis launching of one of its awaited features called "Studio." This value adding feature helps in extending the website from an English-centricity to other languages and cultures resulting in widening traffic. Studio is a concept that integrates creativity and expressions on a readymade platform that reaches out to 91 million users across 192 countries. It facilitates users to express their art by creating electronic greeting cards from photographs, videos, paintings, music, poetry or any other articulation and posting them on the 123Greetings platform.

Attaining new heights!



Another objective which your Company achieved during the year was addition of a feature to its website called "Invites". Invites is a feature of 123Greetings Connect which enables one to send invitations to friends and family for various occasions including birthdays, wedding, anniversary, personal and professional parties, events and celebrations. The various functions which this feature has includes selecting of pre-designed template for invitation based on selected event category, selecting contacts for events either from existing 123Greetings Connect Address Book, Importing from other sources including Yahoo!, Gmail, and AOL, etc or opt to add contacts manually. One can also track, update, respond or cancel Invites which have been sent or received in the last 30 days.

Your Company has also launched another feature called "Connect". By signing up with Connect, users have the ability to import and store unlimited contacts from Yahoo! Mail, Gmail, Hotmail, Outlook Express, etc., gaining access to their personal Address Book from anywhere in the world. Once the contacts are in the Address Book, users can easily set their contacts' birthdays. Subsequently, users can start receiving alerts before a contact's birthday and also schedule attractive e-cards for such occasions. "Connect" lets users bond with numerous friends and family members from all over the globe. With all the email addresses already fed in, coupled with our powerful reminder service, this would ultimately result in increase in the number of visitors which would attract various advertisers to do business with us.

Your Company has also come up with its Online Store, to fuel its online gifting business. The Online Store currently showcases many global and popular brands which have been approximately more than doubled in the year. This has enabled us to monetize traffic and create additional high value revenue vertical for the Company. The various categories of products sold by us include Fragrances, Electronics, Kitchen & Dining, Toys & Games, Pet Supplies, etc. We are stepping forward to add many more categories of products in the near future. Our Policies like free shipping, special pricing with great discounts has become the backbone for our success.



Managing Director's Message



Your company is taking all the initiatives that are needed to become much more customer-centric. We are also looking aggressively at commencing strategies that shall lead to bigger growth opportunities. We have always invested into the business of the future. Thus as a preparation for the next phase of growth, we are focused on improving operations, developing leadership and a performance culture to ensure lasting and superior growth. Financial management and operating expertise will ensure that we maximize value for our stakeholders in a steady manner.

Closing the year we thank you for always standing by us. We would also thank our clients, government of various countries, our partners and our employees for the continuous support.

We look forward to the same in the future as we take your Company to a higher level of growth.

Reaching new destinations





Directors' Report

Directors' Report

Dear Shareholders,

The Directors take pleasure in presenting the 16th Annual Report on the business and operations of the Company, together with the Audited Accounts for the year ended March 31, 2011.

Financial Results

The Company's performance during the year is summarized below:

(₹ in Lacs)

	Consolidated		Standalone	
Particulars	2010-11	2009-10	2010-11	2009-10
Total Income	4,765.51	3,090.11	2,423.02	1,812.18
Profit before Interest and Depreciation	1,445.86	1,115.55	1,431.95	1,105.86
Less: Interest	9.19	29.68	7.50	19.57
Depreciation	215.54	181.73	211.04	178.41
Profit before Tax	1,221.12	904.14	1,213.41	907.88
Less: Income Tax Expenses	213.44	21.30	212.20	19.19
Profit after Tax	1,007.69	882.84	1,001.21	888.69
Add: Balance brought forward	1,128.36	603.20	1,144.05	613.04
Amount available for appropriations	2,136.05	1,486.04	2,145.26	1,501.73
Appropriations:				
Interim Dividend	147.31	110.49	147.31	110.49
Proposed Final Dividend	73.66	110.49	73.66	110.49
Dividend Tax	36.42	36.70	36.42	36.70
Transferred to General Reserve	51.00	100.00	51.00	100.00
Balance carried to Balance Sheet	1,827.66	1,128.36	1,836.87	1,144.05
Earning Per Share (Basic & Diluted in ₹)	6.87	8.00	6.83	8.06

Business

During the financial year under review, the Company achieved total consolidated income of ₹ 4765.51 lacs as against ₹ 3090.11 lacs in the previous year. The consolidated net profit grew at 14% to ₹ 1007.69 lacs in the current year as compared to ₹ 882.84 lacs in the previous year. The Company's consolidated EPS for the year is ₹ 6.87.

In accordance with the Accounting Standard on Consolidated Statements (AS-21), the Audited Consolidated Financial Statements is attached and forms part of this Annual Report. These statements have been prepared on the basis of financial statements received from our subsidiaries, as approved by their respective boards.

Directors' Report (Contd.)

Subsidiary Companies

The Company has three wholly owned subsidiaries viz 123Greetings.com, Inc. (USA), 123Greetings (Singapore) Pte Ltd. (Singapore) and One Two Three Greetings (India) Private Limited (India).

Pursuant to the General Circular No. 2/2011 dated 8th February 2011 issued by the Ministry of Corporate Affairs, Consolidated Financial Statements of the Company along with duly audited Statements of Accounts of its subsidiaries is presented in the Annual Report. The Company has also attached the statement pursuant to section 212(8) of the Companies Act, 1956 and disclosed the required financial information about each of its subsidiary.

Dividend

Considering the Company's performance during the financial year and to appropriately reward the members while conserving the resources to meet the future requirements, the Board of Directors had declared and paid an Interim Dividend of ₹ 1.00 per Equity Share (10%) on the Paid up Share Capital of the Company for the financial year 2010-11. The Board recommends Final Dividend of ₹ 0.50 per Equity Share (5%) thus making a total Dividend of 15% for the financial year 2010-11 (Previous year 7.5% Interim Dividend and 7.5% Final Dividend).

Transfer to Reserves

Pursuant to Companies (Transfer of Profits to Reserves) Rules 1975, it is proposed to transfer ₹ 51 lacs (5% of the net profit for the year) to the general reserve.

Management's Discussion and Analysis

A detailed review of the operations, performance and future outlook of the Company and its business is given in the Management's Discussion and Analysis and is attached as Annexure-II.

Corporate Governance

The Company has complied with the provisions of Corporate Governance requirements, as stipulated under clause 49 of the Listing Agreement. A separate section on Corporate Governance forming part of the Directors' Report and the certificate from a Practicing Company Secretary confirming the compliance of Corporate Governance requirements is attached with the Directors' Report.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- In the preparation of Annual Accounts for the financial year 2010-11, the applicable Accounting Standards have been followed and there were no material departures;
- The directors had selected such Accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year.

Directors' Report (Contd.)

- Proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- The Annual Accounts for the year ended March 31, 2011 are prepared on a going concern basis.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Rupinder Singh and Mr. Vishal Agarwal shall retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment. The Board of Directors recommends their re-appointment.

During the period under review, Mr. Anil Agrawal was appointed as Director in casual vacancy with effect from 30th September, 2010, in place of Mr. Amitava Ghose, who tendered his resignation due to his other occupation.

The Directors place on record their deep appreciation for the valuable contribution made by Mr. Amitava Ghose during his tenure as a Director of the Company.

Auditors

M/s K. N. Gutgutia & Co., the Statutory Auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting. It is proposed to re-appoint them as Statutory Auditors for the financial year 2011-12. The retiring Auditors have furnished a certificate of their eligibility for re-appointment under Section 224(1B) of the Companies Act, 1956 and have indicated their willingness to continue in the said office.

Auditors' Observations

The observations made by the Auditors in their Report read with relevant notes as given in the Notes on Accounts annexed to the Accounts, are self explanatory and therefore do not call for any further comments under Section 217(3) of the Companies Act, 1956.

IPO Utilization

The Company has till 31st March 2011 spent ₹ 2345 lacs for the purpose stated in the prospectus of the Company, out of the total proceeds of ₹ 5365 lacs raised through Initial Public Offering (IPO). The balance unutilized fund has been invested in Mutual Funds, Bonds, Debentures, etc. With the necessary approval of members, it is proposed to vary the utilization of funds raised through the said IPO due to latest development in the Industry.

In accordance with the Listing Guidelines, the utilization of Issue proceeds has also been disclosed in the Quarterly Financial Results published by the Company.

Public Deposits

During the year under review, the Company had neither accepted nor renewed any deposit from public within the meaning of Section 58A of the Companies Act, 1956.