



123
Greetings

IntraSoft Technologies Limited

Annual Report 2011-12



Creating Smiles
with every click!

17th Annual Report

Board of Directors

| | |
|----------------|---|
| Arvind Kajaria | - Managing Director |
| Sharad Kajaria | - Whole-time Director |
| Vishal Agarwal | - Independent Director |
| Rupinder Singh | - Independent Director |
| Anil Agrawal | - Independent Director |
| Amit Ruia | - Independent Director (from 9th March, 2012) |
| Deepak Kanabar | - Independent Director (upto 9th March, 2012) |

Auditors

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

Company Secretary & Compliance Officer

Rakesh Dhanuka

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

HDFC Bank Ltd.
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: intrasoft@itlindia.com

Corporate Office (from April 2012)

Suite 301,
145, Rash Behari Avenue,
Kolkata - 700 029
Tel: 91-33-2464-3306, Fax: 91-33-2464-6584
Email: intrasoft@itlindia.com



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Arvind Kajaria, Managing Director

“

Newer markets are being penetrated and in the existing markets we continue to consolidate our position. The growth momentum is expected to continue through the medium and long term.”

Letter to Shareholders

Dear Shareholders,

It is my pleasure to present the Annual Report of your Company for the year 2011-12. Your Company posted yet another year of encouraging performance in terms of growth and profitability by capturing opportunities and execution on ground. Business demand rose steadily throughout the year and Total Income on a consolidated basis for the financial year has grown 51% to ₹ 7192 lacs from ₹ 4766 lacs in the previous year. The growth in the revenues has lead to higher profitability. On a consolidated basis, net margin has grown to ₹ 1099 lacs, which marks an increase of 9% during the year as compared to the previous year. Your Company has thus continued to deliver sustained value to stakeholders.

This encouraging performance has enabled the Board of Directors to reward the shareholders with a dividend of ₹ 1 per share i.e. 10% for the year 2011-12 (subject to shareholders' approval).

During the year, <http://www.123greetings.com> further consolidated its position as the World's leading online destination for human expressions. While the core business continued to maintain traction, your Company also continued to increase investments in the E-commerce business through automation, thereby increasing its market share.

Your Company has developed and successfully tested proprietary software which made back end systems like fulfilling orders, shipping and customer support not only robust but also scalable. This lead to a quantum jump in the number of executed sales which led to higher income. We continue to believe that as these systems are further fine tuned, we will be capable of delivering an even higher growth without the need for corresponding investment.

Considering the latest developments in the global e-card & e-commerce industry and to facilitate further development of expertise in back office operations, which is the key factor of the industry, your Company has acquired an office premise at Kolkata. The said office will be used for back end operations with induction of substantial work force. The said office is operational from April 2012.

123Greetings Store, the online gifting e-commerce business, witnessed tremendous growth. During the year, a total of 128,500 orders were shipped as compared to 56,810 orders during the last financial year registering a growth of 126.2 %, averaging approximately 352 orders/ day from an active base of 217 vendors.

123Greetings Connect, a value added service launched in June 2010, saw the total number of registered users at 1,732,253 as on March 31, 2012, notching a growth of 51.4 % YoY.

123Greetings Invites, a value added feature that enhances user experience, witnessed a growth of 37.5 % against last year with respect to creation of new events and 56.4 % with respect to invites sent using this feature .

123Greetings Studio, a creative platform launched a year back, observed a remarkable rise in users registering an increase of 72.9 % in this year as compared to last year.

As a part of its social endeavour to increase its reach across the social media platforms, 123Greetings has introduced "Send to Facebook" feature to facilitate users send greetings to their Facebook friends at the click of a button. The feature has received an overwhelming response and helped the website generate additional traffic. 123Greetings Facebook application, which helps people to connect and share greetings on the social media platform, has registered a user base of 1,037,650 users as on March 31, 2012. About 3,819,072 cards were sent by 769,379 users during the year under review.

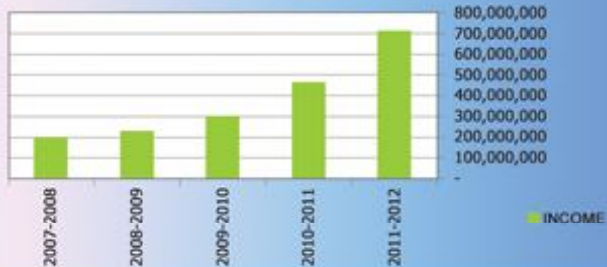
Your Company has an unshakeable conviction that the long-term interests of shareholders are perfectly aligned with the interests of customers. We continue to invest in technologies, domain and process knowledge to become much more customer centric every day. The young, energetic workforce of your company also works relentlessly towards greater customer satisfaction.

As IntraSoft Technologies Ltd. moves to a new financial year, we are confident that the rigorous execution plans of your company will continue to drive value for stakeholders. We thank you for always standing by us. We would also thank our clients, governments of various countries, our partners and our employees for their continuous support. We look forward to the same in the future as we take your Company to a higher level of growth.

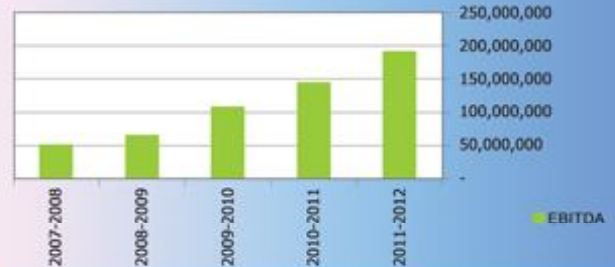


Historical Data

INCOME



EBITDA



PBT



PAT



NET WORTH



EPS





Directors' Report

Directors' Report

Dear Shareholders,

We have the pleasure in presenting the 17th Annual Report of the Company with audited statement of accounts for the year ended 31st March, 2012. The summarized Financial Results are given below:

Financial Results

(₹ in Lacs)

| | Consolidated | | Standalone | |
|---|---------------------|----------|-------------------|----------|
| Particulars | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| Total Income | 7,191.94 | 4,765.51 | 2,698.75 | 2,423.02 |
| Profit before Interest and Depreciation | 1,913.48 | 1,445.86 | 1,872.71 | 1,431.95 |
| Less: Interest | 46.73 | 9.19 | 18.03 | 7.50 |
| Depreciation | 277.03 | 215.54 | 272.60 | 211.04 |
| Profit before Tax | 1,589.72 | 1,221.12 | 1,582.08 | 1,213.41 |
| Less: Provision for Income Tax | 491.00 | 213.44 | 488.94 | 212.20 |
| Profit after Tax | 1,098.72 | 1,007.69 | 1,093.14 | 1,001.21 |
| Add: Balance brought forward | 1,827.66 | 1,128.36 | 1,836.87 | 1,144.05 |
| Amount available for appropriations | 2,926.38 | 2,136.05 | 2,930.01 | 2,145.26 |
| Appropriations: | | | | |
| Interim Dividend | - | 147.31 | - | 147.31 |
| Proposed Final Dividend | 147.32 | 73.66 | 147.32 | 73.66 |
| Dividend Tax | 23.90 | 36.42 | 23.90 | 36.42 |
| Transferred to General Reserve | - | 51.00 | - | 51.00 |
| Balance carried to Balance Sheet | 2,755.16 | 1,827.66 | 2,758.79 | 1,836.87 |

Business

In a span of 17 years since its inception, IntraSoft Technologies Ltd. has grown rapidly to attain leadership position in the global e-card Industry. With increased absorption of newer technologies, internet as a necessity is poised for significant growth. During the year the focus has been to efficiently and effectively utilize technology to create the best online experience. User experience has been continuously enhanced to grow online site traffic, which is critical for business success.

The online gifting E-Commerce business is also growing at a considerable pace with quantum jumps year on year in number of executed sales. This has led to higher revenues from the business. During the year there was a growth in the orders shipped as compared to last year by 126.2%.

During the financial year under review, the Company achieved total consolidated income of ₹ 7,191.94 lacs as against ₹ 4,765.51 lacs in the previous year, registering a growth of 51%. The consolidated net profit grew to ₹ 1,098.72 lacs in the current year as compared to ₹ 1,007.69 lacs in the previous year. The Company's consolidated EPS for the year is ₹ 7.46.

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 the subsidiaries, as approved by their respective boards.

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).

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 recommends Dividend of ₹ 1 per Equity Share (10%) for the financial year 2011-12 (Previous year 10% Interim Dividend and 5% Final Dividend).

Management's Discussion and Analysis

A detailed review on the operations, performance and future outlook of the Company and its business given in the Management's Discussion and Analysis is attached and forms part of this Report.

Corporate Governance

The Company is committed to uphold the values of transparency, integrity, accountability and ethical corporate citizenship across all its business activities. This commitment lays down the foundation of its governance practices which focus on creating sustainable value for the stakeholders.

The Company's board has laid down a Code Of Conduct to which the board and senior management have affirmed compliance. The Code is displayed on the official website of the Company at www.itlindia.com.

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 2011-12, the applicable Accounting Standards have been followed and there were no material departures;
- The directors have 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.
- 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;
- The Annual Accounts for the year ended 31st March, 2012 are prepared on a going concern basis.

Directors

The tenure of Mr. Sharad Kajaria as Whole-time Director of the Company expired on 31st March, 2012. Considering his valuable contribution to the Company, the Board, at its meeting held on 7th February, 2012, has recommended his re-appointment for a fresh tenure of 2 years w.e.f. 1st April, 2012.

Appropriate resolutions seeking approval of shareholders for his re-appointment is appearing in the accompanying Notice of Annual General Meeting of the Company alongwith explanatory statement as required pursuant to Section 173 (2) of the Companies Act, 1956.

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 ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. The Board of Directors recommends their re-appointment.

Mr. Anil Agrawal and Mr. Amit Ruia were appointed as Director in casual vacancy with effect from 30th September, 2010 and 9th March, 2012, in place of Mr. Amitava Ghose and Mr. Deepak Kanabar, respectively. Mr. Anil Agrawal and Mr. Amit Ruia hold office upto the date of ensuing Annual General Meeting in which Mr. Amitava Ghose and Mr. Deepak Kanabar would have retired by rotation if had not resigned.

Notices have been received from Members of the Company under Section 257 of the Companies Act, 1956 signifying Mr. Anil Agrawal and Mr. Amit Ruia as candidates for the office of Director, who have filed their consents

to act as Directors of the Company if appointed.

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

Appropriate resolutions seeking approval of shareholders to their appointments are included in the accompanying Notice of Annual General Meeting of the Company.

Auditors

M/s. K. N. Gutgutia & Co., the Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. It is proposed to re-appoint them as Statutory Auditors for the financial year 2012-13. 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 2012 spent ₹ 4,628 lacs for the objects stated in the prospectus of the Company, and as amended subsequently, out of the total proceeds of ₹ 5,365 lacs raised through Initial Public Offering (IPO). The un-utilized fund has been invested in Non-Convertible Debentures and the balance fund is lying in Company's Bank account.

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.

Conservation of Energy, Research & Development, Technology absorption, Foreign exchange Earnings and Outgo

The particulars prescribed under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in Annexure and forms part of this report.

Particulars as per Section 217(2A) of Companies Act, 1956

As per the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011, none of the employees of the Company has drawn remuneration of ₹ 60 lacs or more if employed throughout the financial year or ₹ 5 lacs or more per month, if employed for a part of the financial year.

Acknowledgements

The Directors wish to place on record their appreciation for the continued support and co-operation by Bankers, Customers and Business Associates and to the Shareholders and Investors for the confidence reposed in the Company's management.

The Directors also convey their appreciation to the employees at all levels for their dedicated services, efforts and collective contribution.

For and on behalf of the Board

Place: Kolkata
Date: 16th August, 2012

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director