



Annual Report 2012-13

OUR
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18th

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

Auditors

M/s K.N. Gulgutia & 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

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: intrasoft@itlindia.com

Corporate Office

Suite 301,
145, Rash Behari Avenue,
Kolkata - 700 029
Tel: 91-33-4023-1234, Fax: 91-33-2464-6584
Email: intrasoft@itlindia.com

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Arvind Kajaria, Managing Director

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At the outset, I would like to extend a word of appreciation to you for the continued support, leading to your Company's continuous growth and success.

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Letter to Shareholders

Dear Shareholders,

I am pleased to present the financial results of your Company for the financial year 2012-13. This year posted an encouraging performance in terms of growth and total revenue. Business demand rose steadily throughout the year and total income on a consolidated basis for the financial year has grown 26.8% to ₹9123 lacs from ₹7192 lacs in the previous year.

Your Company achieved significant growth in its Total Income during the year under review. Your Company experienced growth across all product lines, accordingly increased spending on product & development and sales & marketing expenses to retain market share and to fight in the tough economic conditions across the globe. The margins continued to be under pressure owing to more depreciation charged on account of capital expenditure, increased expenses, additions to the team required to manage larger order flows and market development. We believe that these investments will in the longer term benefit your Company not only to retain clients but also to achieve further growth.

We have managed to carve out our niche in the ever growing E-commerce market. As more and more consumers prefer online shopping owing to their busy schedules, requirements of a more robust and stringent digital infrastructure will be of a paramount importance. Our ability to scale our services, providing a larger selection of products, efficient customer service, quicker delivery schedules and better prices will help us attract larger volumes. As we continue to invest deeper into our services on a daily basis, our top-line and bottom-line will continue to grow.

Being one of the leading online destination for human expressions reaching 95 million visitors annually, e-greetings business continued to do well with all round growth in our products like Studio, Connect and Invites. Drawing from its tag line "Free Greetings for the Planet" the service exemplifies the notion that the best things are free in our planet and so should wishes, greetings and personal expressions be. Its offering of over 37,500 greeting cards covers a mix of 3,000 seasonal & everyday categories. Its applications & widgets for social networks & blogs allow users ubiquitous access across multiple devices and platforms.

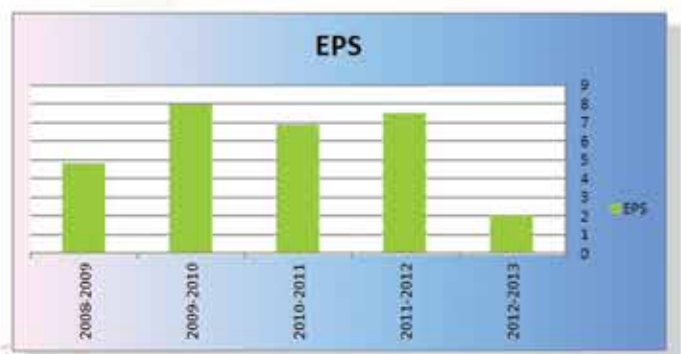
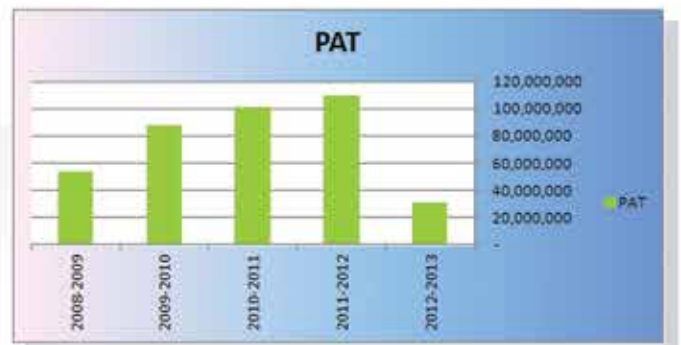
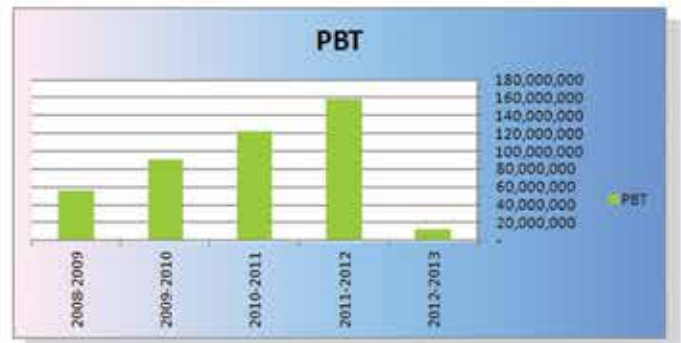
Internet has become a very important tool in our day to day life for every need. Electronic communication, business etc. are booming year by year. There is stiff competition in the e-world, technologies keeps on getting upgraded based on the requirements of the end users and the need to provide safe & convenient platform to the end users is increasing day by day. To maintain the leading position in e-Greetings and to survive in e-commerce business, your Company continued to make investments in technology infrastructure.

We believe that a fundamental measure of our success will be the shareholder value we create over the long term. This value will be a direct result of our ability to extend and solidify our current market position. The stronger our market position, the more powerful our economic model. Stronger Market position can translate directly to higher revenue, higher profitability, greater capital velocity and correspondingly good returns on investments.

With a complete belief in that we will do even better in the coming year, we will ensure that your Company continues to scale new heights. We thank you for standing by us. We also thank our other stakeholders, governments of various countries, vendors and 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 with continuous support of all stakeholders.



Historical Data





Director's

Report

Directors' Report

Dear Shareholders,

The Board of Directors take pleasure in presenting the Eighteenth Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2013:

Financial Results

Your Company's performance during the year as compared with the previous year is summarized below

(₹ in Lacs)

	Consolidated		Standalone	
Particulars	2012-13	2011-12	2012-13	2011-12
Total Income	9,123.10	7,191.94	1,899.03	2,698.75
Profit before Interest and Depreciation	901.58	1,913.48	846.57	1,872.71
Less: Finance Cost	69.62	46.73	22.12	18.03
Depreciation	704.73	277.03	698.61	272.60
Profit before Tax	127.23	1,589.72	125.84	1,582.08
Less: Provision for Income Tax	(178.10)	491.00	(181.82)	488.94
Profit after Tax	305.33	1,098.72	307.66	1,093.14
Add: Balance brought forward	2,755.16	1,827.66	2,758.79	1,836.87
Amount available for appropriations	3,060.49	2,926.38	3,066.45	2,930.01
Appropriations:				
Proposed Final Dividend	147.32	147.32	147.32	147.32
Dividend Tax	25.04	23.90	25.04	23.90
Transferred to General Reserve	2,000.00	0.00	2,000.00	0.00
Balance carried to Balance Sheet	888.13	2,755.16	894.09	2,758.79

Business

During the financial year under review, the Company achieved total consolidated income of ₹ 9123.10 lacs as against ₹ 7191.94 lacs in the previous year, registering a growth of 26.8%. The Company's consolidated net profit for the year under review was ₹ 305.33 lacs in the current year as compared to ₹ 1098.72 lacs of the previous financial year. Profit after Tax (PAT) during the year was lower compared to previous financial year due to higher depreciation charged on account of investments made in technology infrastructure, purchase of corporate office and other tangible assets and increase in all round expenses to maintain business operations. Your Company has invested in technology infrastructure to strengthen its proprietary backend software & systems. These investments have started generating revenues and expected to further generate revenues in the coming financial years.

123Greetings Store, the online gifting e-commerce business, witnessed tremendous growth. During the year 167,693 orders were shipped compared to 128,500 orders in the last financial year registering a growth of 30.5%, averaging approximately 459 orders/day.

123Greetings Store has also expanded its operations in terms of number of products being offered and in terms of number of vendors listed on the approved list of Vendors. During the FY 2012-13, 324,863 products were listed on its websites and various market places. The Company had an active base of 456 vendors as compared to 217 vendors in FY 2011-12.

123Greetings E-cards launched its mobile site located at <http://m.123greetings.com>. The site has been well received by the users and we have seen traction from the day of the launch itself. We will continue to invest in the product and aim to have ubiquitous presence across devices and platforms. Also a new feature "Send Another Card" was inducted on the site to facilitate the users to send more greetings at the click of a button without navigating to another page.

123Greetings Connect, a value added service saw the total number of registered users at 2,110,573 as on 31st March, 2013, notching a growth of 21.8% YoY.

123Greetings Studio, saw the total number of registered users at 23,643 as on 31st March, 2013 as compared to 15,461 last financial year.

As part of the on-going review of operations & existing activities, the management reviewed the entire software resources of the Company. Based on technical assessment, Management found that certain software resources had outlived their utility and had been rendered obsolete due to changes in technology. Management decided to write off these software resources amounting to ₹ 1,498 lacs as an exceptional item as these software resources would not be contributing to future revenues. As the write off would be of a non-cash nature, this would not have any impact on cash flows.

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, dividend policy of the Company 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 2012-13 (Previous year ₹ 1 per Equity Share i.e. 10%).

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 which 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 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 along with declaration pursuant to Clause 49(I)(D) of the Listing Agreements issued by the Managing Director are attached with the Corporate Governance 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 2012-13, 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, 2013 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. Anil Agrawal and Mr. Amit Ruia 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.

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 2013-14. 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

In 2010, the Company had raised ₹ 5365 lacs through Initial Public Offer (IPO) under Book Building Process. As on 31st March, 2013, the IPO proceeds have been fully utilized for the "Objects of the Issue" and amendments thereof as approved by the shareholders. The details of the usage of IPO proceeds are shown in the Corporate Governance Report forming part of this Annual Report.

In accordance with the Listing Agreement, 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

Your Directors take this opportunity to thank the shareholders, vendors, customers, bankers, business associates and others for their consistent support to the Company. Your Directors wish to place on record sincere appreciation to all the employees of the Company for their dedication, hard work and commitment.

For and on behalf of the Board

Place: Mumbai
Date: 28th May, 2013

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director