



**IntraSoft Technologies Limited**

# Open up to the world



**ANNUAL  
REPORT  
2013-14**

**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 Rula	- Independent Director (resigned w.e.f 16.03.14)

**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 : 91-22-2594-6968  
Email: mt.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: 91-33-2464-8584  
Email: intrasoft@itlindia.com



# Contents

02

Managing Director's Message

04

Historical Data

05

Directors' Report

11

Management Discussion And Analysis

15

Report On Corporate Governance

27

Independent Auditors' Report On Consolidated Financial Statements

28

Consolidated Financial Statements

44

Independent Auditors' Report On Standalone Financial Statements

48

Standalone Financial Statements

64

Statement Pursuant to Section 212 of The Companies Act, 1956

66

Notice





**Arvind Kajaria, Managing Director**

“ This is a matter of pride that we are making our tiny contribution towards the environment and helping people  
“GO GREEN”

## Letter to Shareholders

Dear Shareholders,

It is my pleasure to report the annual results for the financial year 2013-14. Your Company has performed satisfactorily in terms of growth by capturing the opportunities and executing it. Business demand rose steadily during the year and total income for the financial year 2013-14 grew annually at 68 % on a consolidated basis to ₹ 14,840 lakhs.

123Greetings.com is the leading electronic-only cards and invitations website catering to around 95 million visitors annually. Over the last few years, 123Greetings.com was used by over 224 million visitors to send ecards, and estimates show that had these cards been sent as paper cards, they would have cost planet earth over 85,000 trees. The efforts and contributions by the internet community as a whole to replace paper products with electronic alternatives is admirable and can help reduce the adverse impact of climate change and carbon footprint on the environment. This is a matter of pride that we are making our tiny contribution towards the environment and helping people “Go Green” without taking the value of emotional connect away from exchanging greetings.

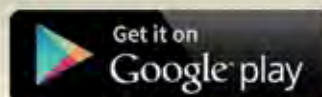
123Greetings.com launched its free mobile site m.123greetings.com last year. Users can view and send over 40,000 ecards easily through 123Greetings’ mobile website from anywhere at their convenience. This user-friendly responsive mobile website loads quickly despite high traffic. Some of its features include easy search, simplified navigation and rich user experience. This year we launched its mobile and tablet app on Android and iOS platforms. We are excited by the growth potential from Apps coupled with additional geographies that we are targeting. Our crowd-sourcing and content curation strategies have enabled us to scale our operations and serve diverse needs of our worldwide customer base. Investments in building the capability further in these areas and strengthening our infrastructure will help us execute these strategies effectively.

123Greetings strengthened its technology and content delivery capabilities to serve its mobile website and apps users enabling over 40,000 ecards, including flash ecards, to be viewable on handheld devices with ease. Further, 123Greetings ecards business increased its addressable market by growing its regional language content library with 118 new ecards across Russian, Mandarin, Spanish, German and Hindi languages for key holidays and occasions.

We have managed to carve out our niche in the ever growing E-commerce market. We have continued to increase our investments in the e-Commerce business through automation of various processes and increasing the team size. While, this has kept the margins under pressure, we are confident of reporting higher revenues and profits in future. 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.

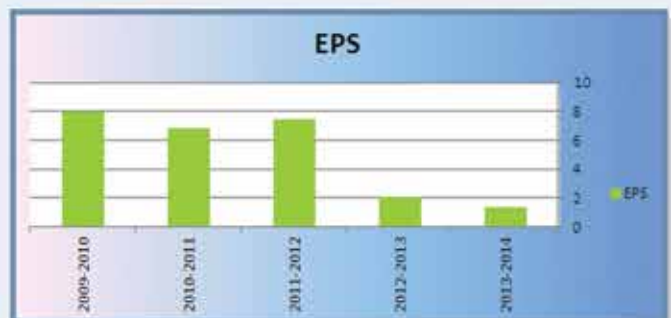
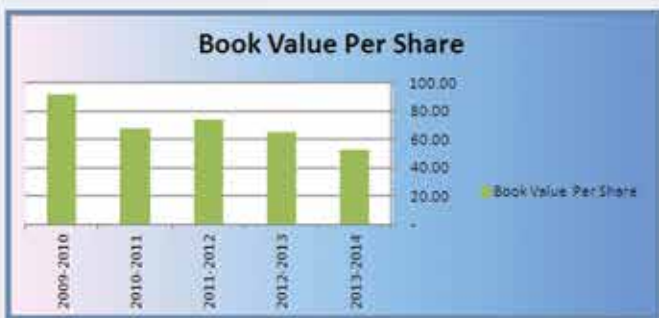
There is stiff competition in the e-world, technologies keeps on getting upgraded, to maintain the leading position in e-Greetings and to survive in e-commerce business, your Company continued to make investments in technology infrastructure. We believe that a fundamental measure of our success will be the shareholder value we create over the long term. 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.

Finally, we would like to take this opportunity to thank you for your continued support. 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 Nineteenth Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2014.

## Financial Results

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

(₹ in Lacs)

	<b>Consolidated</b>		<b>Standalone</b>	
<b>Particulars</b>	<b>2013-14</b>	2012-13	<b>2013-14</b>	2012-13
Total Income	<b>15,301.27</b>	9,123.10	<b>2,317.78</b>	1,899.03
Profit before Interest and Depreciation	<b>274.35</b>	901.58	<b>204.40</b>	846.57
Less: Finance Cost	<b>90.20</b>	69.62	<b>33.26</b>	22.12
Depreciation	<b>402.11</b>	704.73	<b>394.51</b>	698.61
Profit before Tax	<b>(217.96)</b>	127.23	<b>(223.37)</b>	125.84
Less : Provision for Income Tax	<b>(423.79)</b>	(178.10)	<b>(427.92)</b>	(181.83)
Profit after Tax	<b>205.83</b>	305.33	<b>204.55</b>	307.67
Add: Balance brought forward	<b>888.13</b>	2,755.16	<b>894.10</b>	2,758.79
Amount available for appropriations	<b>1,093.96</b>	3,060.49	<b>1,098.64</b>	3,066.46
<b>Appropriations:</b>				
Proposed Final Dividend	<b>147.32</b>	147.32	<b>147.32</b>	147.32
Dividend Tax	<b>25.03</b>	25.04	<b>25.03</b>	25.04
Transferred to General Reserve	<b>500.00</b>	2000.00	<b>500.00</b>	2000.00
Balance carried to Balance Sheet	<b>421.61</b>	888.13	<b>426.30</b>	894.10

## Business

During the financial year under review, the Company achieved total consolidated income of ₹ 15301.27 lacs as against ₹ 9123.10 lacs in the previous year, registering a growth of more than 67%. The Company's consolidated net profit for the year under review was ₹ 205.83 lacs as compared to ₹ 305.33 lacs of the previous financial year. Profit after Tax (PAT) during the year was lower due to cost escalation in General, Administrative and Employee Cost and additional cost incurred to upgrade the system and software to remain competitive and providing better and faster facilities to customers. These expenses were necessary keeping in view the future growth prospect in terms of revenues and profits.

The investments made by the Company in the backend software and systems have yielded the anticipated results. As the Company continued to invest deeper into the services on a daily basis, the revenues and profits is expected to grow in coming years.

123Greetings Store, the online gifting e-commerce business, witnessed tremendous growth. During the year 256,144 orders were shipped compared to 167,693 orders in the last financial year registering a growth of 53 %, averaging approximately 702 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. As on 31st March, 2014, product catalog had 129,129 products, which were listed at 554,397 places across its website & other marketplaces. The Company had an active base of 975 vendors as compared to 456 vendors in FY 2012-13.

123Invitations.com is one of the best sites for sending free online invitations to loved ones. The site has wonderful collections of invitations for every occasion like birthday, anniversary, baby shower, Thanksgiving etc. 123invitations.com lets you create your event's homepage, invite your friends and to organize your guest list. The site is easy to use and gaining popularity among the users.



123Greetings Studio allows the artist to register and make e-greetings for the site. Artist from all over the world are getting registered and share their artwork, the best one are uploaded on the Company's website for the free usage of end users. The content crowd-sourcing platform delivered 7,327 e-cards during the year under review as compared to 2,105 last financial year. 123Greetings Studio, has the total number of registered users at 27,431 as on 31st March, 2014 as compared to 23,643 last financial year.

249.92 lakhs visitors accessed 123Greetings' website during the year under review via handheld devices as compared to 11378 lakhs in the last financial year, with traffic more than doubling in a year. 123Greetings launched its mobile & tablet apps on iOS and Android platforms. During the year under review over 176,711 ecards were sent using apps by our users. 123Greetings strengthened its technology and content delivery capabilities to serve its mobile website and apps users all the ecards, including flash ecards, to be viewable on handheld devices with ease. 123Greetings ecards business increased its addressable market by growing its regional language content library with 118 new ecards across Russian, Mandarin, Spanish, German and Hindi languages for key holidays and occasions.

123Greetings Connect is a service that improves the sending experience of the user at 123Greetings.com. The user gets the reminder of upcoming events, birthday, anniversary etc. It allows the user to import, store and access unlimited contacts insider the address book allowing to send ecards at the click of the button. The total number of registered users stands at 2,333,233 as on 31st March, 2014, notching a growth of 11 % YoY.

Technology is getting advance day-by-day at faster pace, so to keep the technology infrastructure at par, your Company keeps reviewing its operations & existing activities, the management reviewed the entire IT resources of the Company as did in the last financial year. Based on technical assessment, Management found that certain IT resources had outlived their utility and had been rendered obsolete due to changes in technology. Management decided to write off these IT resources amounting to ₹ 1,810 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.

### **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 Equity Share (10%) for the financial year 2013-14 (Previous year ₹ 1 per Equity Share i.e. 10%).

### **Management Discussion and Analysis**

A detailed review of the operations, performance and future outlook of the Company and its business is given in the Management 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](http://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 2013-14, 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, 2014 are prepared on a going concern basis.

## Directors

The tenure of Mr. Arvind Kajaria as Managing Director and Mr. Sharad Kajaria as Whole-time Director has come to an end on 31st March, 2014. Subject to approval of the shareholders, the Board of Directors at its meeting held on 14th February, 2014 and as per the recommendation of Remuneration Committee, re-appointed the said managerial personnel for the period of 3 (three) years w.e.f. 1st April, 2014. As per Section 152 of the Companies Act, 2013 Independent Directors of the Company shall not be considered for determining the period of office of directors who are liable to retire by rotation. Hence, the office of Mr. Arvind Kajaria, Managing Director and Mr. Sharad Kajaria, Whole-time Director was changed to liable to retire by rotation to comply with the provisions of the Act. Accordingly, Mr. Arvind Kajaria, Managing Director retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

As per Companies Act, 2013, 1/3rd of the Company's board strength should comprise of Independent Directors to be appointed pursuant to Schedule IV of the said Act. Accordingly, Mr. Rupinder Singh and Mr. Anil Agrawal are to be appointed as Independent Directors not liable to retire by rotation. The Company has received respective notice under Section 160 of the Companies Act, 2013 from them proposing their candidature for the directorship of the Company. The Board recommends their appointment as Independent Directors for a term of five years.

In order to comply with the provisions of Section 149 of the Companies Act, 2013 to have atleast one woman director on the Board, Mrs. Savita Agarwal was appointed as additional director categorized as Independent Director of the Company w.e.f. 30th June, 2014 and shall hold office upto the date of ensuing Annual General Meeting. It is proposed to appoint Mrs. Savita Agarwal as an Independent Director for a term of five years. The Company has received notice from her under Section 160 of the Companies Act, 2013 proposing her candidature for the directorship of the Company. The Board recommends her appointment as Independent Director for a term of five years.

The Company has received declarations from all the directors of the Company, except executive directors, confirming that they meet with the criteria of Independence as prescribed under the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the stock exchanges.

Mr. Vishal Agarwal, director of the Company tendered his resignation from the Board of Directors of the Company w.e.f. 30th June, 2014 due to other occupation. The Board places on record a sincere thanks to Mr. Vishal Agarwal for his valuable contribution to the Board of the Company by his vast knowledge and experience.

## Auditors

M/s. K. N. Gutgutia & Co., the Statutory Auditors of the Company will hold office till the ensuing Annual General Meeting. As per provisions of Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, an audit firm can be appointed as Statutory Auditors of the Company only for two terms each term consisting of five consecutive years. Further, the audit firm which has been occupying the office of auditors of the Company for more than seven years prior to implementation of the Companies Act, 2013, are eligible to hold office for additional three years only.

M/s. K. N. Gutgutia & Co., the Statutory Auditors of the Company who has already served as auditors of the Company for more than seven years are eligible to hold office of auditors for three years as per provisions of Section 139 of the Companies Act, 2013. Accordingly, M/s. K. N. Gutgutia, Statutory Auditors of the Company who hold office until the conclusion of the ensuing Annual General Meeting, is proposed to be re-appointed as Statutory Auditors of the Company for the financial year 2014-15. The said Auditor have given a written consent and also issued Certificate pursuant to Section 139 of the Companies Act, 2013.