

**IntraSoft Technologies Limited**

## Forward Looking Statement

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written and oral – that we periodically make contain forward looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

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₹ **939.01 Cr.**

Revenue from Operations in 2016-17 increased from ₹ 716.87 Crores in 2015-16

₹ **13.80 Cr.**

Profit after Tax in 2016-17 from ₹ 7.10 Crores (before exceptional net gain of ₹ 34.41 Crores) in 2015-16

₹ **35.68 Cr.**

Free Cash flow in 2016-17 improved from ₹ -45.27 Crores in 2015-16

**~50%**

123Stores grew by ~50% during the calendar year 2016 as compared to 22% for web only retailers overall (Internet Retailers Top 500 Guide, 2017), increasing our market share year on year.



View online summary and download the full report at <http://www.itlindia.com/annual-reports.html>

### Equity Share information

- Market capitalisation (31 March 2017): ₹ 485 Crores
- Proposed a dividend: ₹ 2 per share (Face value ₹ 10)
- Promoters holding: 47.52%
- Foreign Portfolio Investor holding: 9.83%
- National Stock Exchange (NSE): ISFT
- Bombay Stock Exchange (BSE): 533181



# We believe

We are in the right business, at the right time with the right acumen.

The wave of digitalisation is evolving businesses, brands and customer aspirations across the world. With digitalisation gaining momentum every day and the young population having easier access and better knowledge of the internet, the opportunities are expected to keep growing.

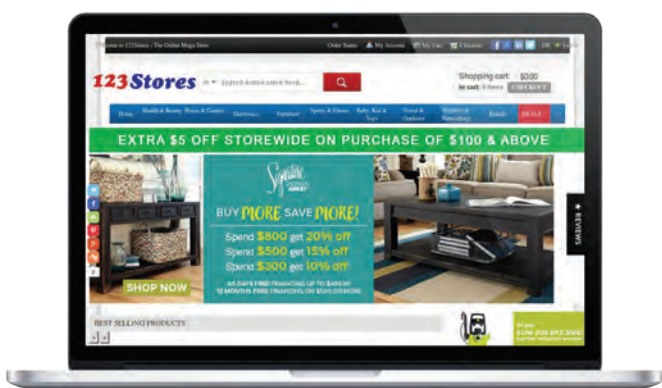
**Brands are product focused, while online marketplaces are customer focused. We help bridge this gap. As a technology-driven multi-channel retailer, we empower our customers with plentiful choices, faster**

**delivery times and competitive prices.**

**The efficiency of our business model depends on a very large extent on our technological architecture and our in-house talent and teamwork. We work with real-time customer data that help us gauge customer aspirations and preferences.**

Our insight helps chart our efficiency curve and serve our customers better every time they engage with us.

We are building our momentum on our insight, and we are inspired to capitalise on the global digital revolution.



## Growing Our Prominence **Everyday**

At IntraSoft Technologies, our business leverages the power of the internet to provide a unique shopping experience to millions of customers. We own and operate 123stores.com. 123stores.com is a multi-channel e-commerce retail platform, with a strong technology backbone that primarily serves the US market.

We are ranked #223 on the Internet Retailers 2017 Top 500 list and is ranked #1,641 in Inc.5000 list (2014) of fastest growing private US companies. 123Stores was also ranked 19th among the fastest growing web only retailers, having grown 50% from US\$ 95.2 million in 2015 to US\$ 142.1 million in 2016.

We offer our customers a wide product range, attractive price points, along with speed and convenience of delivery at their doorsteps. Our proprietary technology, efficient supply chain and deep relationships with suppliers enable us to provide our customers a better price-value proposition and faster delivery. The outcome is repeat business and growing revenues.

We have shop-in-shop partnerships with leading retailers (Amazon.com (US), Amazon Canada,

eBay.com, Sears.com, New Egg, Rakuten (buy.com), Jet.com) and sell our products on their online marketplaces. We reach approximately 95% of the total online shoppers in the US. We also sell our products on our own website, [www.123stores.com](http://www.123stores.com).



**28.66 Lacs**

Orders

**1,900+**

Suppliers

**6.25 Lacs**

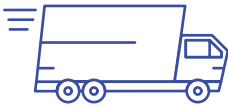
Unique Products

**800+**

Cities Pan-USA Reach

## Our Business Model

### Supplier Partners



We work with over 1,900 brand owners/manufacturers and offer over 6.25 lacs unique products.

Distribution Centres comprise East Coast (New York) and West Coast (Nevada)

### 123 Stores



123Stores is a data-driven, multi-channel online retailer, developing innovative solutions to complex logistical challenges.

### Shop-in-shop Partners



Amazon.com: We are a Platinum Seller, with a Seller Rating of 97 out of 100.

eBay.com: We are a Titanium Power Seller.

Rakuten.com: We have 2,00,000+ products listed on the portal.

Sears.com: We are a Preferred Seller, selling close to 3,00,000 products.

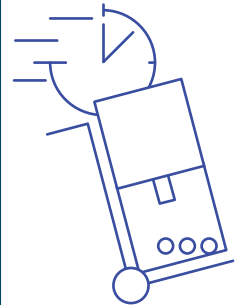
We rank among the top sellers on other marketplaces like Jet.com, Newegg, and Amazon Canada.

### Our Markets

USA and Canada



### Order Fulfilment



We also have deep relationships with UPS and FedEx (leaders in the logistics industry) as well as partnerships with several regional carriers.

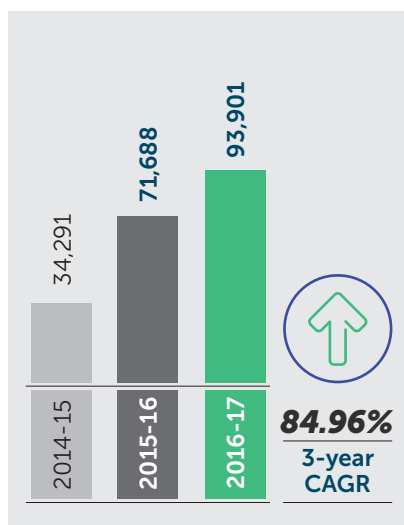
Assured delivery to 95% of US zip codes in 2-3 business days.

# Key Performance Indicators

## Net Revenue

(₹ in lacs)

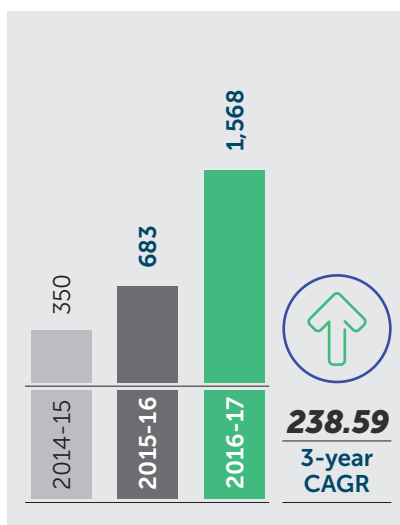
Net revenue rose owing to greater scale and higher sales.



## Operating Profit

(₹ in lacs)

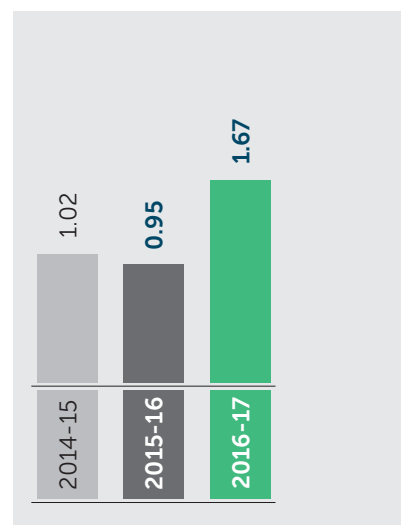
Operating profit strengthened owing to better control of key cost components and higher automation.



## Operating profit margins

(%)

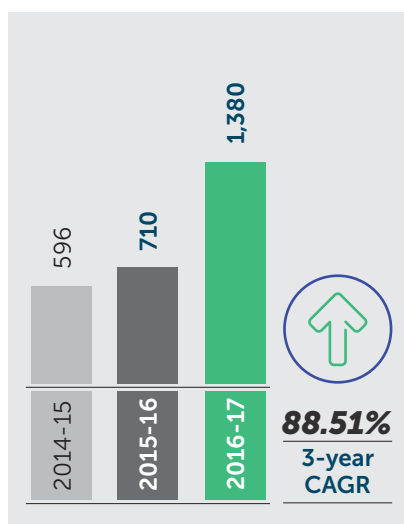
Operating profit margins grew on account of higher operational profits.



## Net Profit

(₹ in lacs)

Net profit (before exceptional income) surged owing to better cost management and steady realisations.



## Net Profit Margins

(%)

Net profit strengthened due to better profit growth.



## Book Value/ Share

(₹)

The Company's book value per share has consistently increased in line with rising profits.



### Consistent dividend payout

(%)

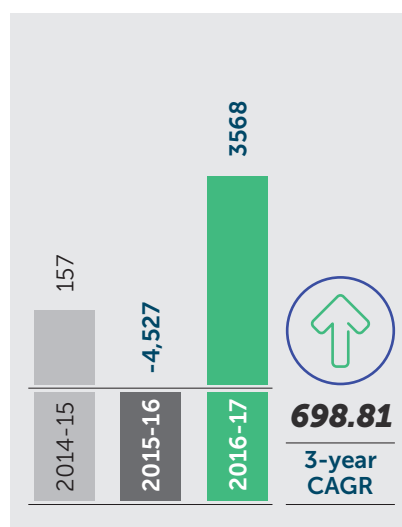
Dividend per share reflects strong earnings and cash performance.



### Free cash flow

(₹ in lacs)

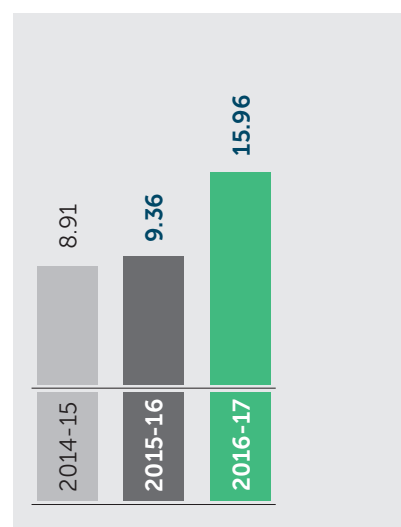
Free cash increased consistently which would help the business to scale and take full advantage of evolving market opportunities.



### Return on equity (ROE)

(%)

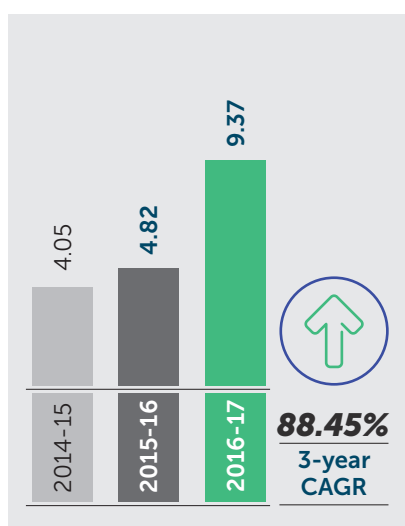
Return on equity (based on PBT) grew reflecting better earnings for our shareholders.



### Earnings per share

(₹)

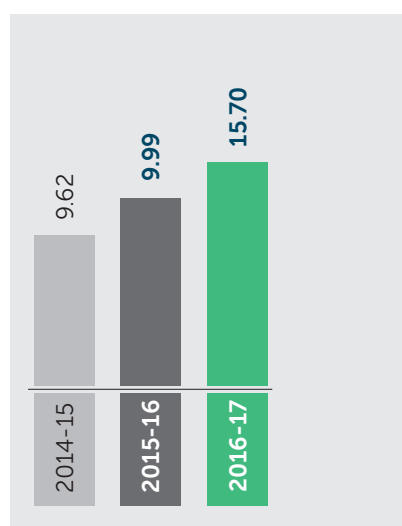
Earnings per share grew on account of higher profitability.



### Return on capital employed (ROCE)

(%)

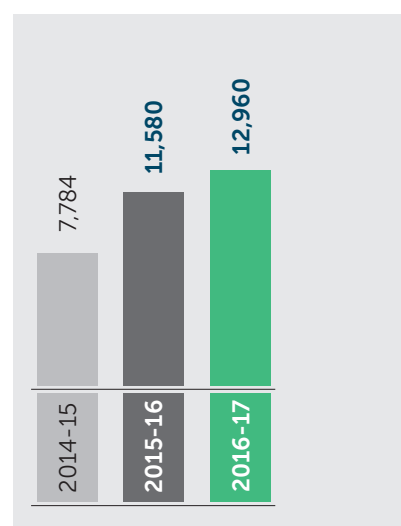
Return on capital employed (based on EBIT) grew on account of effective utilisation of capital.



### Net Worth

(₹ in lacs)

The increased net worth is a testimony to the stable earnings over a period of time.







## Efficient Working **Capital Model**

We have achieved a capital-efficient working capital model with a constant focus on strengthening our efficiency ratios.

We continued to increase investments in our proprietary technology, leading to higher levels of automation enabling us to improve the Inventory Turnover (average Trailing Twelve Months). This improvement enabled us to reduce our working capital significantly. Additionally, a faster turning inventory leads to lower levels of risk of obsolescence and wear and tear.

Our data analytics team greatly improved the algorithms which helped us increase our inventory turns. This innovation has not only

freed up capital but we were able to warehouse more SKUs making them eligible for faster delivery thereby positively impacting sales. The focus for this year has been to increase cash flow generation and we have been able to achieve that through a mix of increased inventory efficiency, better terms from our suppliers and a substantial reduction in vendor advance during the year. These measures have greatly enhanced our ability to scale and we believe we will continue to generate enough free cash flow to grow the business.

2016-17 was a transformational year for us as we generated more than ₹ 35 Crores of Free Cash Flow during the year enabling us to move to higher levels of growth in the future without any foreseeable requirements of equity dilution.

Our Working Capital Cycle continues to improve. While we started the year with a 22 days of working capital requirement, we ended the year with an 18 days requirement, a 20% improvement.





## Working Capital Management

Inventory holding days	32	27
Accounts receivable days	4	4
Accounts payable days	14	13
Working capital days	22	18

■ 2015-16
 ■ 2016-17



Our

# TECHNOLOGY

performs ingeniously at a gigantic scale



*At the centre of our core value proposition is our new-age, e-commerce platform. It is a set of complex algorithms designed to automate every process in the entire supply chain. The platform has the flexibility to integrate diverse formats and generate relevant output with speed and precision.*