



123
Greetings

IntraSoft Technologies Limited

Annual Report 2010-11



Giving life

to your

Expressions

16th Annual Report

Board of Directors

Arvind Kajaria - Managing Director
Sharad Kajaria - 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: intrasoft@itlindia.com

Corporate Office

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



CONTENTS

Page No.

Managing Director's Message	---	2-4
Directors' Report	---	5-10
Management Discussion and Analysis	---	11-14
Report on Corporate Governance	---	15-29
Auditors' Report on Consolidated Financial Statements	---	31
Consolidated Financial Statements	---	32-47
Auditors' Report on Standalone Financial Statements	---	49-51
Standalone Financial Statements	---	52-69
Statement Pursuant to section 212 of the Companies Act, 1956	---	70-71

Managing Director's Message



Avinash Kojari, 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)

Particulars	Consolidated		Standalone	
	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.

Directors' Report (Contd.)

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 - I to 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 : Mumbai
Dated: 30th August, 2011

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-Time Director

Directors' Report

ANNEXURE - I TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in report of Board of Directors) Rules, 1998 and forming part of the Directors' report for the year ended March 31, 2011.

I. Conservation of Energy

The Company is engaged in development and delivery of e-cards through internet platform. Considering the nature of the business in which the Company is engaged, energy cost forms an insignificant portion of the total expenses. As energy costs comprise a very small part of the total expenses, the financial impact of these measures is not material. Adequate measures have, however, been taken to conserve energy.

II. Research and Development

1) **Specific areas in which R&D is carried out by the Company:**

Research and Development efforts are being carried out on continuous basis in several areas to improve the areas in which the Company and/or its wholly owned subsidiaries are engaged.

2) **Benefits derived as a result of the above R&D:**

The Company has derived the benefits of increased usage of the portal by the customers.

3) **Future Plan of action:**

R&D efforts will be continued to effect cost saving, further improvement in quality and introduction of new products.

4) **Expenditure on R&D:**

The Company's R&D activities are part of its normal commercial operations. There is no separate R&D department and hence there is no specific capital or recurring R&D expenditure. It is not practical to identify R&D expenditure out of total expenditure incurred by the Company.

III. Technology absorption, adaptation and innovation

1) **Efforts, in brief, made towards technology absorption, adaptation and innovation and benefits derived:**

Our technical people have been attending various seminars and workshops being organized by various institutions. As a result of the efforts taken, the Company has derived benefits of improved quality and brand building.

2) **Information regarding technology imported during last 5 years:**

Not applicable

3) **Foreign Exchange Earnings and Outgo:**

i) **Activities relating to exports:**

The Company is engaged in development and delivery of e-cards globally through internet platform. Constant endeavor is made to ensure increase in usage of Company's services through end users in different countries. During the year the Company has also spread its wings into the business of e-commerce activities.

ii) **Total foreign earnings used and earned:**

Information on foreign exchange earnings and outgo is contained in note No. 3 & 4 of Schedule 14(B) of Standalone Accounts.

For and on behalf of the Board

Place : Mumbai
Dated : 30th August, 2011

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-Time Director

Management’s Discussion and Analysis

ANNEXURE - II TO THE DIRECTORS’ REPORT

Cautionary Statement/Forward Looking Statement

Statement in the Management’s Discussion and Analysis describing the Company’s objectives, projections, estimates, expectations may be forward looking statements within the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operations including, among other, economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, change in the Government regulations, tax laws and other statutes and incidental factors.

Industry Structure And Development

Nearly four years after one of the biggest financial crisis, global economy has started showing a positive growth. Stronger fundamentals in some key emerging markets have led to rebound in the global situation however global financial security is yet to be secured. In US the real GDP increased 2.9 percent in 2010 in contrast to a decrease of 2.6 percent in 2009.

Internet advertising revenues in the United States for the year 2010 amounted to \$ 26.0 billion with a growth of 15% compared to 2009.

According to ComScore Media Metrix, based in US which is a global leader in measuring the digital world and the preferred source of digital marketing intelligence has reported in its monthly publication that E-card sites ranked as the second top gaining category for the month of December 2010 grown at 32% as compared to November 2010, visit to E-Cards also grew by 10 percent in unique visitor’s category in February 2011 as compared to January 2011.

The details of Online Advertisement Category are as under:

Category	2009	2010
Search	47	46
Display/banner	22	24
Classifieds	10	10
Rich Media	7	6
Digital Video	4	5
Lead Generation	6	5
Sponsorship	2	3
Email	1	1

Source – Interactive Advertising Bureau (IAB)

Company’s Business Overview

IntraSoft Technologies Limited developed and evolved an idea considering that human expressions needed to be expressed with speed; sentiment and economy and accordingly designed and developed a website 123greetings.com to provide facilities to users to send greetings to others on various occasions. The Company’s website is providing facilities for expressional deliverables e-cards that are delivered free to users.

123greetings.com is a well established and widely recognized website across the world and in India. Our Website enjoys significant user recall and correlates directly to the services that our users seek, i.e. an easy to use portal to send electronic greetings. The recognition enjoyed by our Website helps to gain the advantage of high recall amongst potential users.

Management's Discussion and Analysis (Contd.)

Our Revenues are derived from advertisers who advertise on our Company's Websites and from the sale of a wide range of products to customers through our Website and other market places. The Company's revenue largely depends on US economy due to presence of large consumer base for both line of business vis-a-vis the e-card business and online gifting solutions.

Through our proprietary technology and insights, we deliver unique content and experiences for our users and create powerful opportunities for advertisers to connect with their target audience, in context and at scale.

Growth Drivers

a) Online Advertising

We believe that the popularity of our Website enhances opportunity for us to attract advertisers to use this platform to advertise their products; Secondly with the efforts of sales and marketing team and through aggressive work for building of brand image and website to attract more advertisement. We have long term plans to strengthen our distribution partnerships with major internet content and service providers through integration, co-branding and joint marketing programs. Latest technology has provided further scope for newer and richer formats for advertisements which include flash, video and audio content which increases the visibility and helps to increase revenues from advertisers.

b) E-Commerce

With the help of our substantial user base, and our emphasis on enabling social expressions on celebratory and social occasions, makes online gift giving and related e-commerce activities a logical next step for our Website. We have therefore offered online gift giving services on our Website and other market places.

Discussion on Financial Condition

In spite of a subdued economic development, our Company performed reasonably well mainly due to effective cost control and favourable input cost.

The financial performance based on the consolidated financial results for the year ended March 31, 2011 is as under:

- Company's gross turnover for the year ended March 31, 2011 increased to ₹ 4765.51 lacs compared to ₹ 3090.11 lacs in the previous year, registering growth of 54%.
- Earnings before tax, depreciation and amortization, interest for the year ended 31st March, 2011 were ₹ 1445.86 lacs as compared to ₹ 1115.55 lacs for the previous year.
- Profit before tax (excluding exceptional items) grew 35% to ₹ 1221.12. Earnings per share (EPS) were ₹ 6.87
- Interest and finance charges for the year ended 31st March, 2011 were ₹ 9.19 lacs as against ₹ 29.68 lacs for the same period last year.
- Return on Capital Employed (ROCE) increased to 9.39% from 8.54%, while Return on shareholders' funds was 10.16% compared to last year's figure of 8.76%.
- The Return on Net Worth for the year ended 31st March, 2011 was 10.16% as compared to 8.76% for the same period in the last year.

Our Strengths

We believe our competitive strength includes:

- Ranks among top online e-card providing websites that enables us to optimize the efficiency of the business;
- Commitment for superior quality and process execution;

Management's Discussion and Analysis (Contd.)

- Strong brand image and long standing client relationship;
- Ability to scale as per the latest updation in the industry and need of the time; and
- Innovation and leadership.

Our Risks and Concerns

Our Company is exposed to normal industry risk factors of competition, economic cycle and uncertainties in the international and domestic markets and credit risk. The Company manages these risks by maintaining a conservative financial profile and by following prudent business and risk management practices.

Our business is seasonal. The social expression industry is a seasonal business, with sales generally being higher in the second half of our fiscal year due to the concentration of major holidays during that period. Consequently, our overall results of operations in the future may fluctuate substantially based on a seasonal demand for our products. The third quarter i.e. October to December account maximum sales volume in the financial year. Generally the Company has generated more than 35% of its annual revenue in the third quarter. Hence, the operations of the Company mainly depend on the performance in the third quarter of the financial year. Occurrence of any internal or external factors during the said period of peak season may affect the business of the Company.

Another factor i.e. significant Inventory Risk may adversely affect our E-commerce business and consequently our operating results. This risk is developed as a result of seasonality, new product launches, changes in product cycles, pricing, obsolescence of products and consumer spending patterns. We endeavour to accurately predict these trends and avoid inventory risk factors to adversely affect our operating results.

Our Strategies

We seek to maintain our position amongst the leading provider of electronic greeting cards in India and the world and further enhance our position as one of the leading providers of internet based expressions. In order to achieve these objectives, we plan to implement the following strategies:

- **Continued emphasis on innovation and customization of our services**

We continuously work to enhance the utility and features of our existing services and create new services and features which contain current and topical content and are customized for our diverse groups of users based on their geographic location, interests and other criteria. This will enable us to increase our business from our existing users and will also assist us in acquiring new users by targeting specific demographic and interest groups.

To facilitate this mode of delivery, we have incorporated several value added distributive services on our platform. These include additional computer widgets which are under development and a new affiliates feature which allows affiliates to license and include topic specific content from our content bank on their respective websites by paying a portion of their revenues from such content to us.

- **Enhancement of our advertising revenue streams**

We are also focusing on capturing a greater share of our existing advertisers' online advertising budgets. Advancement in technology have permitted advertisements in newer and richer formats which include flash, video and audio content which yield increased revenues from advertisers due to the increased visibility received from such advertisements. Our Website which supports such latest technology media advertisements would help us to further enhance our advertisement revenues.

Management's Discussion and Analysis (Contd.)

- **Expand the scope and geographical presence of our business**

With respect to the international markets, we intend to customize our services available in the website to the extent necessary to cater to the local conditions of those markets, and include content in foreign languages. In the current financial year, we intend to focus on East Asian markets including China and Japan. These facilities with local customization will enable us to meet the competition in such markets effectively.

- **E-Commerce**

With the technology upgradation and with widespread Internet usage, the growth in trade conducted electronically has grown considerably in recent past. The evolution of traditional commerce to social commerce for small, mainstream and luxury brands has made its baby steps in this past year, but expected to grow at an impressive rate in coming years.

We focus on selection, price, and convenience. We have designed our website based on the categories of products to be sold. We also provide easy-to-use functionality, fast and reliable fulfillment, and timely customer service for our users.

We are very hopeful on this aspect of our business and intend to keep investing in this activity enabling us to achieve growth in coming years.

Internal Control System and Its Adequacy

The Company has system of internal controls and necessary checks and balances which are being strengthened so as to ensure:

- a) That its assets are authorised, recorded and reported properly;
- b) That transactions are authorised, recorded and reported properly; and
- c) That the accounting records are properly maintained as per policy framed by the Company.

The Company has an extensive system of internal controls which ensures optimal utilization and protection of resources, IT security, accurate reporting of financial transactions and compliance with applicable laws and regulations.

Human Resource

The Company considers its organizational structure to be evolving consistently over time while continuing with its efforts to follow good HR practices. Adequate efforts of the staff and management personnel are directed on imparting continuous training to improve the management practices. Our Passion is to improve daily living and to create a workplace where every person can achieve his or her full potential.

We encourage individuals to go beyond the scope of their work, undertake voluntary projects that enable them to learn, and contribute innovative ideas in meeting goals of the Company. The Company strongly believes that its intrinsic strength lies in the quality of its dedicated and motivated employees.

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance is to observe the highest level of ethics in all its dealings, to ensure the efficient conduct of the affairs of the Company to achieve its goal of maximizing value for all stakeholders. Through the Governance mechanism in the Company, the Board together with its Committees undertake its fiduciary responsibilities towards all its stakeholders, including shareholders, employees, the government, lenders and society by ensuring transparency, accountability and equality, in all facets of its operations and decision making.

2. Board of Directors

a) Composition of the Board:

The Board has an ideal combination of Executive and Non Executive Directors, which is in conformity with the requirement of Clause 49 of the Listing Agreement with the Stock Exchanges in this regards. As on March 31, 2011, the Board comprises of Six (6) Directors of which Two (2) are Executive Directors and Four (4) are Non Executive Independent Directors. The Chairman of the Board is Executive Director and all Directors, except the Managing Director and Whole Time Director, are liable to retire by rotation.

The composition of the Board and other relevant details relating to Directors for the year ended 31st March, 2011 are given below:

Name of the Director	Relationship with other Directors	Designation	Category of Directorship	Other Companies		
				Board Directorship*	Committee Membership#	Committee Chairmanship#
Mr. Arvind Kajaria	Brother of Mr. Sharad Kajaria	Managing Director	Promoter, Executive; Non Independent	-	-	-
Mr. Sharad Kajaria	Brother of Mr. Arvind Kajaria	Whole-Time Director	Promoter, Executive; Non Independent	-	-	-
Mr. Vishal Agarwal	None	Director	Non-Executive; Independent	-	-	-
Mr. Rupinder Singh	None	Director	Non-Executive; Independent	-	-	-
Mr. Anil Agrawal ^	None	Director	Non-Executive; Independent	-	-	-
Mr. Deepak Kanabar	None	Director	Non-Executive; Independent	-	-	-
Mr. Amitava Ghose@	None	Director	Non-Executive; Independent	-	-	-

* Directorships in Private and Foreign Companies, if any are excluded.

Memberships of only Audit Committee and Shareholders' Grievance Committee have been considered.

@ Resigned with effect from 30th September, 2010.

^ Appointed as Director with effect from 30th September, 2010 in place of Mr. Amitava Ghose.

Report on Corporate Governance (Contd.)

b) Appointment/Re-appointment of Directors:

Pursuant to the provisions of Sections 255 & 256 of the Companies Act, 1956, Mr. Vishal Agarwal and Mr. Rupinder Singh shall retire by rotation at the ensuing Annual General Meeting.

The Board has recommended the re-appointment of Mr. Vishal Agarwal and Mr. Rupinder Singh as Directors. The detailed resume of the aforesaid proposed appointees is provided in the notice of the Annual General Meeting.

c) Board Meetings and Annual General Meeting:

During the financial year 2010-11, 9 Board Meetings were held i.e. on 7th April, 2010, 28th April, 2010, 9th June, 2010, 11th August, 2010, 30th September, 2010, 29th October, 2010, 9th November, 2010, 1st February, 2011 and 26th March, 2011. The previous Annual General Meeting of the Company was held on 28th September 2010. The details of attendance of Directors in Board Meetings and the previous Annual General Meeting are as follows:

Name of the Director	No. of Board Meetings Held	No. of Board Meetings Attended	Attendance at Last Annual General Meeting
Mr. Arvind Kajaria	9	9	Yes
Mr. Sharad Kajaria	9	9	Yes
Mr. Vishal Agarwal	9	8	Yes
Mr. Rupinder Singh	9	9	No
Mr. Amitava Ghose@	5	5	No
Mr. Deepak Kanabar	9	0	No
Mr. Anil Agrawal#	4	4	No

Appointed with effect from 30th September, 2010

@ Resigned with effect from 30th September, 2010

The gap between two Meetings was not in excess of four months.

Agenda papers containing all necessary information / documents were made available to the Board Members in advance to enable them to discharge their responsibilities effectively and take informed decisions. Where it was not practicable to attach or send the relevant information as a part of Agenda papers, the same were tabled at the Meetings.

d) Code of Conduct:

The Board has laid down a code of conduct for all Board Members and Senior Management of the Company. The Company has obtained confirmation from all members of the Board and Senior Management of the Company for the compliance of the Code. As required by Clause 49 of the Listing Agreement, the declaration on compliance of the Company's code of conduct duly signed by Mr. Arvind Kajaria, Managing Director is attached and forms part of this Annual Report.

3. Audit Committee

a) Constitution of Audit Committee:

As on 31st March 2011, the Audit Committee comprises of two Non-Executive Independent Directors and one Executive Director. All the members of the Audit Committee have good knowledge of finance, accounts and company law. The Chairman of the Committee is an Independent Director, a Member of Institute of the Chartered Accountants of India and has expertise in accounting and related financial management areas.

Report on Corporate Governance (Contd.)

b) Composition of Audit Committee and Number of Meetings Attended:

During the Financial Year 2010-11, 4 Audit Committee Meetings were held i.e. on 28th April 2010, 11th August 2010, 9th November, 2010 and 1st February 2011. The composition of the Audit Committee and the details of number of meetings attended by members of the Committee for the year ended 31st March 2011 are as under:

Committee Members Attending the Meeting	Designation	No. of Meetings Attended
Mr. Vishal Agarwal	Chairman	4
Mr. Rupinder Singh	Member	4
Mr. Arvind Kajaria	Member	4

c) Attendees:

The Audit Committee invites such of the executives, as it considers appropriate to be present at its meetings.

d) The Terms of Reference of the Audit Committee:

The terms of reference of the Audit Committee are in accordance with all the items listed in Clause 49(II)(D) and (E) of the Listing Agreement and Section 292A of the Companies Act, 1956 is as follows:

- i) To interact with the auditors periodically about internal control systems, the scope of audit including the observations and review of the quarterly, half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.
- ii) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- iii) Recommending, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fee.
- iv) Approve payment for any other services rendered by the statutory auditors.
- v) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the Directors' Responsibility Statement included in the Director's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - (b) Changes, if any, in accounting policies and practices and reasons for the same.
 - (c) Major accounting entries based on the exercise of judgment by management.
 - (d) Significant adjustments made in the financial statements arising out of audit findings.
 - (e) Compliance with listing and other legal requirements relating to financial statements.
 - (f) Disclosure of any related party transactions.
 - (g) Qualifications in the draft audit report.
- vi) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- vii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- viii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

Report on Corporate Governance (Contd.)

- ix) Discussion with internal auditors on any significant findings and follow up thereon.
- x) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- xi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- xii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- xiii) Review of information as prescribed under Clause 49 (II)(E) of the Listing Agreement.

e) Powers of the Audit Committee:

The Audit Committee has the following powers:

- i) To investigate any activity within its terms of reference as above.
- ii) To seek information from any employee.
- iii) To obtain outside legal or other professional advice, if necessary.
- iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

4. Remuneration Committee

a) Constitution and composition of Remuneration Committee:

Presently, the Remuneration Committee comprises of three members. All the members are Non-Executive, Independent Directors. The composition of the Remuneration Committee as on 31st March, 2011 is as under:

Committee Members attending the meeting	Designation
Mr. Rupinder Singh	Chairman
Mr. Vishal Agarwal	Member
Mr. Deepak Kanabar	Member

No meeting of the Remuneration Committee was held during the financial year 2010-11.

b) Terms of reference:

The Committee has the mandate to review and recommend compensation payable to the Executive Directors and Senior Management of the Company. It also administers the Company's stock option plans, if any, including the review and grant of the stock options to eligible employees under plans. The Committee may review the performance of the Executive Directors, if any and for the said purpose may lay down requisite parameters for each of the Executive Directors at the beginning of the year.

c) Remuneration Policy:

i) **Management Staff:**

Remuneration of employees largely consists of basic remuneration and perquisites. The components of the total remuneration vary for different grades and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by them, their individual performance, etc.

ii) **Non-Executive Directors:**

The Company pays sitting fees to all the Non-Executive Directors of the Company. The sitting fees paid is within the limits prescribed under the Companies Act, 1956.

Report on Corporate Governance (Contd.)

Details of the Sitting fees paid during the year 2010-11 for attending the Board Meetings and Committee Meetings are as under:

Name of the Non-Executive Director	Sitting Fees paid (₹)
Mr. Vishal Agarwal	1,80,000
Mr. Rupinder Singh	2,20,000
Mr. Amitava Ghose	1,00,000
Mr. Deepak Kanabar	-
Mr. Anil Agrawal	1,00,000
Total	6,00,000

iii) Executive Directors:

Mr. Arvind Kajaria and Mr. Sharad Kajaria are Executive Directors. The remuneration of the aforesaid Executive Directors are in accordance with the approvals obtained from the Board of Directors/Shareholders.

Details of remuneration paid to Executive Directors during year ended March 31, 2011 are given below:

Name of the Executive Director	Designation	Salary & Allowances (₹)	Contribution to PF (₹)	Total (₹)
Mr. Arvind Kajaria	Managing Director	24,00,000	Nil	24,00,000
Mr. Sharad Kajaria	Whole-Time Director	21,00,000	Nil	21,00,000

5. Shareholders'/Investors' Grievance Committee

a) Constitution and Composition of Shareholders' Grievance Committee:

The Shareholders'/Investors' Grievance Committee primarily deals with the matters to look into investor's complaints viz. transfer of shares, non-receipt of declared dividends, etc. and takes necessary steps for redressal thereof.

During the year the Committee was re-constituted due to resignation of Mr. Vishal Agarwal from the Chairmanship and membership of this Committee. Mr. Anil Agrawal, Independent Director was appointed as Chairman of the said Committee and Mr. Rupinder Singh was admitted as the member of the said Committee.

Four Shareholders'/Investors' Grievance Committee Meetings were held during the financial year 2010-11 i.e. on 19th April, 2010, 3rd September, 2010, 17th February, 2011 and 29th March, 2011. The present composition of the Shareholders'/Investors' Grievance Committee and details of number of meeting attended by the members of the Company are as under:

Name of Director	Designation	No. of Meetings held	No. of Meetings Attended
Mr. Vishal Agarwal#	Chairman	3	3
Mr. Anil Agrawal*	Chairman	1	1
Mr. Deepak Kanabar	Member	4	NIL
Mr. Arvind Kajaria	Member	4	4
Mr. Rupinder Singh**	Member	1	1

upto 26th March, 2011

* appointed Chairman w.e.f. 26th March, 2011

** w.e.f. 26th March, 2011

Report on Corporate Governance (Contd.)

- b) During the year under review, Mr. Rajendra Kumar Chotia, Company Secretary and Compliance Officer of the Company resigned with effect from 30th September, 2010. Mr. Deepak Agarwal was appointed as Company Secretary with effect from 1st February, 2011 and is the Compliance Officer of the Company.
- c) During the year 2010-11, the Company has received 135 complaints from shareholders / investors. There were no complaints pending as at end of the year. The breakup of the complaints received is as follows:

Sr. No.	Period	Related to IPO	Others
1.	01.04.2010 to 30.06.2010	98	11
2.	01.07.2010 to 30.09.2010	11	5
3.	01.10.2010 to 31.12.2010	0	8
4.	01.01.2011 to 31.03.2011	1	1
	Total	110	25

- d) Share Transfers in Physical Mode:

Shares received for physical transfer are generally registered and returned within a period of 15 days from the date of receipt, if the documents are in order. The Shareholders'/Investors Grievance Committee of the Company meets as often as required.

6. General Body Meetings

- i) Location, time and date of holding of the last three Annual General Meetings (AGM) are given below:

Financial Year	Date	Time	Location of the Meeting
2007-08	05.09.08	11:00 A.M.	5, Lake Temple Road, Kolkata - 700 029
2008-09	19.09.09	11:00 A.M.	145, Rash Behari Avenue, 5th Floor, Kolkata - 700 029
2009-10	28.09.10	3.00 P.M	Orchid Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai - 400 013

- ii) Special Resolutions during previous three Annual General Meetings:

Financial Year	Particulars of Special Business Passed
2007-08	Nil
2008-09	Re-appointment of Mr. Arvind Kajaria as Managing Director of the Company for 5 years with effect from 01.04.09
2009-10	Nil

- iii) During the year 2010-11, no resolution was passed by Postal Ballot.
- iv) No resolution is proposed to be passed through Postal Ballot.

Report on Corporate Governance (Contd.)

7. Means of Communication

- i) The quarterly results of the Company are published in one English and one Regional language leading newspaper. The quarterly results are further submitted to the Bombay Exchange Limited and National Stock Exchange of India Limited immediately after the conclusion of the respective meetings. The Company also displays all financial results and information in relation to Shareholders on its website www.itindia.com. The Company also publishes separate press release on the quarterly and yearly results of the Company for which intimation is sent to stock exchanges.
- ii) No presentations were made to institutional investors or to the analysts during the year under review.
- iii) The Management Discussion and Analysis Report is attached and forms part of this Annual Report.

8. General Shareholder Information

- i) Annual General Meeting:
Day, Date and Time : Thursday, 29th September, 2011 at 3.00 P.M.
Venue : Orchid Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai - 400 013.
- ii) Financial Calendar:
The Company follows April-March as its financial year.
Reporting for Unaudited Financial Results for the quarter ended:
30th June, 2011 : By 11th August, 2011
30th September, 2011 : By 14th November, 2011
31st December, 2011 : By 14th February, 2011
31st March, 2012 : By 14th May, 2012
AGM for the year ending
31st March, 2012 : By 30th September, 2012
- iii) Book Closure: 21st September, 2011 to 29th September, 2011 (both days inclusive)
- iv) The Payment of Final Dividend for the Financial year 2010-11, if approved, will be made on or before 27th October, 2011.
- v) Listing on Stock Exchanges:
The Company's shares are listed on Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). The Listing fees for the year 2011-12 have been paid to both the Stock Exchanges where the securities of the Company are listed.
- vi) Stock Code/Symbol:
BSE – 533181
NSE – ISFT

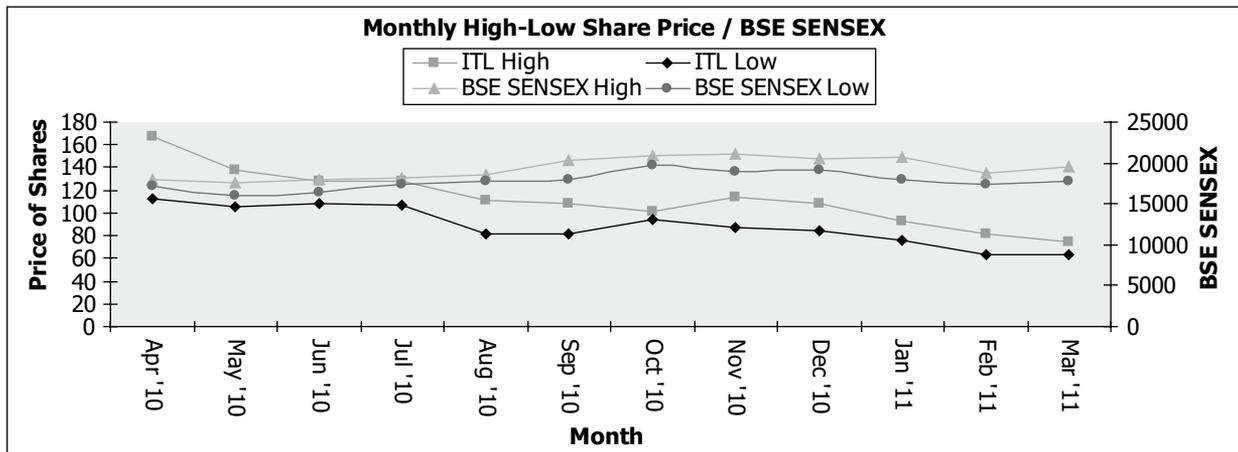
Report on Corporate Governance (Contd.)

vii) Market Price Data:

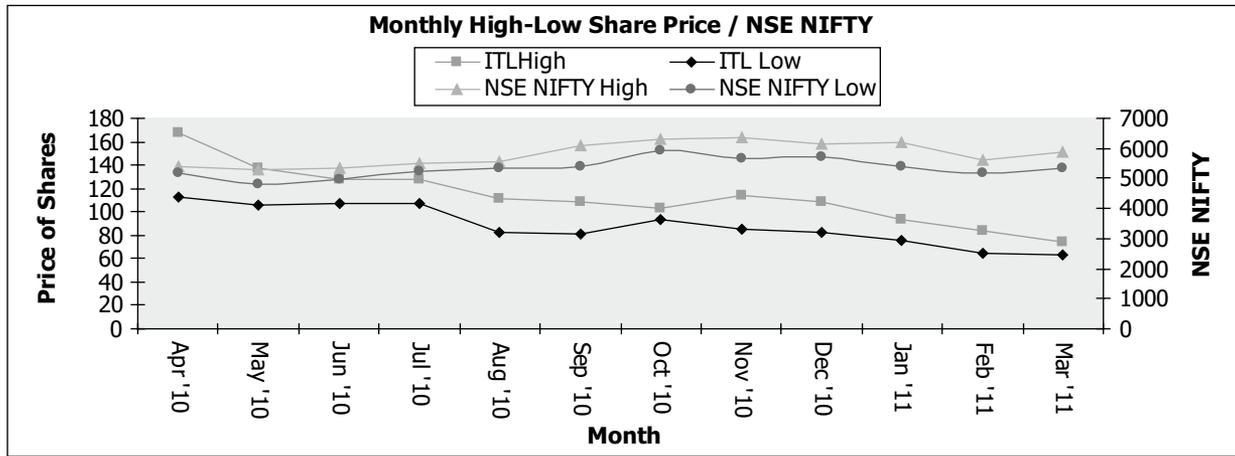
Monthly High and Low of the closing price and trading volume on BSE/NSE depicting liquidity of the Company's Equity Shares on the said Exchanges is given herewith:

Month	Bombay Stock Exchange Limited			National Stock Exchange of India Limited		
	High (Rs.)	Low (Rs.)	No. of Shares	High (Rs.)	Low (Rs.)	No. of Share
Apr-10	167.15	113.20	2,77,50,577	167.40	113.35	3,43,86,711
May10	138.00	105.00	55,68,456	137.80	105.50	59,18,771
Jun-10	127.50	108.30	22,99,741	127.95	107.00	29,33,631
Jul-10	127.50	106.60	21,13,161	127.20	107.20	16,66,110
Aug-10	110.75	81.55	26,88,772	111.40	82.00	31,19,516
Sep-10	108.00	81.60	13,44,492	109.00	81.25	39,01,835
Oct-10	101.95	94.30	2,43,152	102.50	94.00	6,16,612
Nov-10	113.50	87.00	1,73,929	114.70	85.10	7,68,915
Dec-10	108.85	84.10	90,412	109.00	83.00	3,80,894
Jan-11	93.50	76.60	1,25,432	93.75	75.25	2,58,353
Feb-11	81.90	63.70	1,39,690	84.05	64.10	2,82,189
Mar-11	73.95	63.15	4,25,904	74.00	63.10	3,18,715

viii) Performance in comparison to broad-based indices of BSE Sensex and S&P CNX NIFTY with price of Intrasoft Technologies Limited is as under:



Report on Corporate Governance (Contd.)



ix) Share Transfer System:

Applications for transfer of shares held in physical form are processed by the Registrars and Share Transfer Agents of the Company. They attend to share transfer formalities at least once in 15 days.

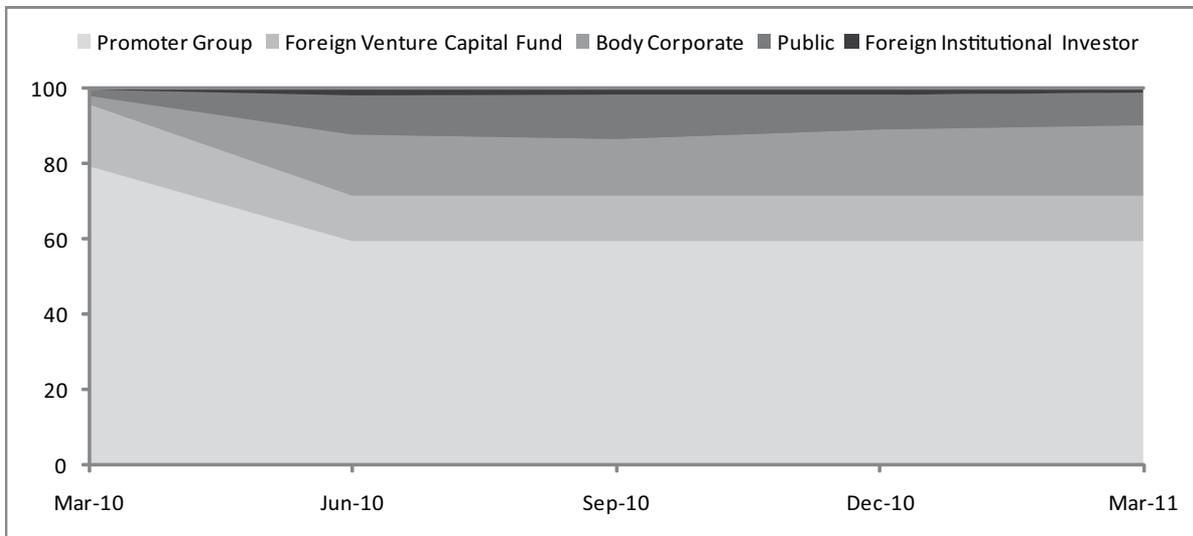
Shares held in the dematerialised form are electronically traded in the Depository and the Registrars and Share Transfer Agents of the Company periodically receive from the Depository the position of the beneficiary holdings so as to enable them to update their records for sending all corporate communications, dividend warrants, etc.

Physical shares received for dematerialisation are processed and completed within a period of 21 days from the date of receipt. Bad deliveries are immediately returned to Depository Participants under advice to the concerned shareholders.

x) Categorywise Shareholding as at March 31, 2011:

Sr. No.	Category	No. of Shares held	%
1.	Promoter Group	70,00,014	47.52
2.	Trust – Promoter Group	17,50,000	11.88
3.	Foreign Institutional Investors	1,26,003	0.86
4.	Mutual Fund	17,500	0.12
5.	Insurance Companies	114	0.01
6.	Foreign Venture Capital Investor	17,97,635	12.20
7.	Overseas Body Corporate	23,625	0.16
8.	Body Corporate	27,32,888	18.55
9.	Clearing Members	43,810	0.29
10.	NRIs	29,864	0.19
11.	Public	12,10,225	8.22
	Total	1,47,31,678	100.00

Report on Corporate Governance (Contd.)



xi) Distribution of Shareholding as at 31st March, 2011:

Shareholding of Nominal Value (Rs.)	No. of Shareholders	% of Total	Share Capital Amount (Rs.)	% of Total
1 - 5,000	8645	99.34	9697360	6.58
5,001 - 10,000	17	0.20	1195280	0.81
10,001 - 50,000	25	0.29	5359560	3.64
50,001 - 100,000	3	0.03	2314440	1.57
100,001 and above	12	0.14	128750140	87.40
TOTAL	8702	100	147316780	100

xii) Dematerialisation of Shares and Liquidity:

The Company has established electronic connectivity with both depositories viz. National Securities Depositories Limited and Central Depository Services (I) Limited under **ISIN INE566K01011**. The equity shares of the Company are traded at Bombay Stock Exchange Ltd. (BSE) and National Stock Exchange of India Limited (NSE).

Report on Corporate Governance (Contd.)

xiii) Adoption of Green Initiative:

Ministry of Corporate Affairs (MCA) vide Circular bearing Nos. 17/2011 and 18/2011 dated 21.04.2011 and 29.04.2011 respectively has taken steps towards "Green Initiative", by allowing paperless compliances by serving documents through electronic mode (e-mail) by companies to its shareholders. As an enlightened corporate citizen, going forward we propose to send all future shareholders' communications like Notices, Company's Annual Report etc. through electronic mode. This will also ensure prompt receipt of communication; avoid loss in postal transit and saving of huge cost incurred in printing and postage.

You are requested to support "Green Initiative" taken by MCA and your Company's desire to participate in the same. We therefore request you to kindly provide your e-mail address to our Registrar, Link Intime India Private Limited.

As directed by MCA vide its above circulars, the Company would also make available the Notices, Annual Reports etc. on the Company's website viz. <http://www.itlindia.com> for perusal and download by the shareholders.

The Shareholders who still hold the shares in the physical mode are requested to convert their respective holding in dematerialisation form and get their e-mail registered with the Company / Registrar & Share Transfer Agent to enable your Company to actively participate in the said Green Initiative.

xiv) Unclaimed Dividend:

The members are informed that pursuant to provision of Section 205A of the Companies Act, 1956, the dividend declared by the Company from time to time and which remains unclaimed for a period of Seven (7) years, shall be transferred by the Company to Investor Education & Protection Fund (IEPF) established by the Central Government under the provisions of the said Section.

Members who have not claimed the dividend for these periods are requested to lodge their claim with the Company, or the Registrar of the Company, as no claim shall be entertained for the unclaimed dividends after transferred of the said unclaimed dividend to IEPF.

xv) Details of unclaimed shares in terms of Clause 5A of Listing Agreement:

In terms of Clause 5A of the Listing Agreement, the Company has initiated process of sending notices to the shareholders whose share certificates are unclaimed and lying with the Registrar of the Company. Details of unclaimed certificates lying with our Registrar are stated below:

Particulars	No. of Shares
Aggregate number of Shareholders and the outstanding shares lying at beginning of the year	172 shareholders 51,322 shares
No. of shareholders who approached Registrars/Company claiming shares	159 shareholders, 38,047 shares
Aggregate number of Shareholders and the outstanding shares lying with Registrar at end of the year	13 shareholders, 13,275 shares

xvi) The Company has not issued any GDRs/ADRs. There were no outstanding convertible warrants as on March 31, 2011.

xvii) Registrar and Share Transfer Agents:

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (W),

Mumbai – 400 078

Tel.: 022-2594-6970 Fax: 022-25962691

Report on Corporate Governance (Contd.)

xviii) Unit Locations:

The Company is engaged in e-cards through internet platform. The Registered Office of the Company is located in Mumbai and the Corporate Office is situated in Kolkata.

xix) Address for Correspondence:

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares:

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai – 400 078
Tel.: 022-2594-6970 Fax: 022-25962691
Email: rnt.helpdesk@linkintime.co.in

xx) For general correspondence:

Intrasoft Technologies Limited

A-502, Prathamesh,
Raghuvanshi Mills Compound,
Senapati Bapat Marg,
Lower Parel, Mumbai – 400 013
Tel No. 022-24912123
Fax No. 022- 24903123

9. Usage of IPO funds

The position of IPO proceeds and utilization thereof vis-à-vis the 'Objects of the Issue' as stated in the prospectus dated 30th March, 2010 upto 31st March, 2011 is as follows:

Gross Proceeds	₹ 53,65,00,000
Less: IPO expenses	₹ <u>5,24,04,166</u>
Net Proceeds through IPO	₹ 48,40,95,834
Utilisation as per Objects of Issue	₹ <u>18,20,88,808</u>
Balance funds unutilized	₹ <u>30,20,07,026</u>

Report on Corporate Governance (Contd.)

Break-up details of utilisation as per Objects of Issue is as under:

Sr. No.	As per Prospectus		Actual Utilisation	
	Project	₹ (In Lacs)	Project	₹ (In Lacs)
1.	Branding & Promotion	2015.62	Branding & Promotion	322.63
2.	Purchasing a Corporate Office at Kolkata	1300.00	Purchasing a Corporate Office at Kolkata	NIL
3.	Investment in technology infrastructure	200.00	Investment in technology infrastructure	185.25
4.	General Corporate Purpose	1323.38	General Corporate Purpose	1313.01
5.	Issue Related Expenses	526.00	Issue Related Expenses	524.04

The unutilized funds of the said IPO are invested in Debt (income) funds, Mutual funds, NCDs, ICDs etc.

The Company obtains IPO Usage Certificate from Statutory Auditor on quarterly basis and placed before the Audit Committee on quarterly basis.

Break-up of unutilised fund:

Particulars	₹ (In Lacs)
Investments in Mutual Funds, Inter-Corporate Deposit, Non Convertible Debentures and other interest bearing securities	3020.06
Bank Balance in Company's current account	0.01
Total	3020.07

10. Other Disclosures

- The Company did not have any related party transactions, i.e. transactions of the Company of material nature, with its promoters, Directors or the Management, their subsidiaries or relatives, etc., which may have potential conflict with the interests of the Company at large. Related Party transactions have been disclosed in the Notes to Accounts in the financial statements as at 31st March, 2011
- Details of Shareholdings of the Non-Executive Directors as on 31st March, 2011 is as under

Name of the Director	No. of Shares held
Mr. Vishal Agarwal	NIL
Mr. Rupinder Singh	NIL
Mr. Amitava Ghose*	NIL
Mr. Deepak Kanabar	NIL
Mr. Anil Agrawal#	NIL

* Upto 30th September, 2010

w.e.f. 30th September, 2010

Report on Corporate Governance (Contd.)

- c. The Company has complied with the requirements of Regulatory Authorities on Capital Markets and no penalty/stricture was imposed on the Company during the last three years.
- d. The Company has complied with the mandatory requirements of Corporate Governance. The Company has adopted non-mandatory requirements relating to Remuneration Committee.

11. Non-mandatory Requirements

I. The Board

- (a) An office for the use of the Chairman is made available whenever required.
- (b) At present there is no policy fixing the tenure of Independent Directors.

II. Remuneration Committee

Particulars of constitution of Remuneration Committee and terms of reference has been furnished earlier in the Report.

III. Shareholders' Rights

During the year, the Company has not sent any half yearly financial results or summary of the significant events to shareholders of the Company.

IV. Audit Qualifications

The financial accounts of the Company are free of qualifications from auditors.

V. Training of Board Members

There is no formal policy at present for training of the Board Members of the Company as the members of the Board are eminent and experienced professional persons.

VI. Mechanism for evaluating Non-Executive Board Members

There is no formal mechanism existing at present for performance evaluation of Non-Executive Directors.

VII. Whistle Blower Policy

The Company has not implemented the whistle blower policy.

Report on Corporate Governance

CODE OF CONDUCT DECLARATION

Pursuant to Clause 49 sub-clause I (D) of the Listing Agreement entered into with the Stock Exchanges, I hereby declare that the Company has obtained affirmative compliance with the code of conduct from all the Board members and senior management personnel of the Company.

Place: Mumbai
Date: 30th August, 2011

Arvind Kajaria
Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
Intrasoft Technologies Limited

We have examined the compliance of conditions of Corporate Governance by Intrasoft Technologies Limited ("the Company") for the year ended March 31, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management; our examinations were limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with most of the conditions of Corporate Governance as stipulated in the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Rathi & Associates

Company Secretaries

Sd/-

Himanshu Kamdar

PARTNER

CP No. 3030

FCS 5171

Place: Mumbai
Date: 30th August, 2011

Auditors' Report on Consolidated Financial Statements

To the Board of Directors of IntraSoft Technologies Limited

1. We have examined the attached Consolidated Balance Sheet of IntraSoft Technologies Limited and its subsidiaries as at 31st March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto.
2. These Financial Statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate Financial Statements and other Financial information regarding components. Our responsibility is to express an opinion on these Financial Statements based on our audit.
3. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the Audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatements. An audit includes examining on a test basis evidence supporting the amounts and disclosure in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by Management as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
4. The Financial Statements for the year ended 31st March, 2011 of two foreign subsidiary companies whose total assets of ₹ 79,758,136/- and total revenue of ₹ 295,938,444/- have been audited by other auditors whose report have been furnished to us and so far it relates to the amount included in respect of these subsidiaries, is based solely on the report of the other Auditor.
5. We report that the Consolidated Financial Statements have been prepared by the Management of IntraSoft Technologies Limited in accordance with Accounting Standard 21, in respect of 'Consolidated Financial Statements' notified by the Companies "Accounting Standards" Rules, 2006 on the basis of separate audited Financial Statements of IntraSoft Technologies Limited and its Subsidiaries
6. On the basis of the information and explanations given to us and based on our audit and on consideration of the separate audit reports of the individual Financial Statements of the Company and its subsidiaries read together with significant accounting policies and notes thereon, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in case of the Consolidated Balance Sheet, of the state of affairs of IntraSoft Technologies Limited and its Subsidiaries as at 31st March, 2011;
 - ii) in case of the Consolidated Profit & Loss Account, of the Profit of operation of IntraSoft Technologies Limited and its Subsidiaries for the year ended on that date; and
 - iii) in case of the Consolidated Cash Flow Statement, of the Cash Flows of IntraSoft Technologies Limited and its subsidiaries for the year ended on that date.

6C, Middleton Street
Kolkata, the 30th August, 2011

For **K. N. GUTGUTIA & CO.**
Chartered Accountants
Firm Registration No. 304153E

K. C. SHARMA
Partner
Membership No. : 50819

IntraSoft Technologies Limited

Consolidated Balance Sheet as at 31st March, 2011

	Schedule	As at 31 st March, 2011 ₹	As at 31 st March, 2010 ₹
I. SOURCES OF FUNDS			
A. SHAREHOLDERS' FUNDS			
(a) Share Capital	1	147,316,780	110,316,780
(b) Share Application Money- Pending Allotment		-	536,500,000
(c) Reserve & Surplus	2	844,516,864	361,215,973
B. LOAN FUNDS			
Secured Loans	3	108,447,462	63,540,960
C. DEFERRED TAX LIABILITY			
(Refe Note B2 of Schedule 14)		14,790,105	3,896,584
TOTAL		1,115,071,211	1,075,470,297
II. APPLICATION OF FUNDS			
A. FIXED ASSETS			
(a) Gross Block	4	245,537,031	129,171,996
(b) Less : Depreciation		88,392,408	66,842,613
(c) Net Block		157,144,623	62,329,383
(d) Capital work In progress		164,721,781	125,311,029
		321,866,404	187,640,412
B. INVESTMENTS			
	5	463,762,305	10,000,000
C. CURRENT ASSETS, LOANS & ADVANCES			
(a) Inventories		17,023,130	2,463,668
(b) Sundry Debtors		54,713,042	64,848,099
(c) Cash & Bank Balances		31,112,577	4,652,451,703
(d) Other Current Assets		18,683,352	2,188,054
(e) Loans & Advances		249,918,286	49,513,640
		371,450,387	4,771,465,164
Less : Current Liabilities and Provisions			
(a) Current Liabilities	7	30,741,141	3,962,706,089
(b) Provisions		11,266,744	27,795,697
		42,007,885	3,990,501,786
NET CURRENT ASSETS			
Miscellaneous Expenditure		-	96,866,507
(To the extent not written off or adjusted)			
(Refer note no 14 of Schedule 14)			
TOTAL	14	1,115,071,211	1,075,470,297

Significant Accounting Policies and Notes to Accounts

Schedule 1-7 and 14 referred to above are an integral part of the Balance Sheet.

As per our report of even date attached herewith

For K. N. GUTGUTIA & CO.
Chartered Accountants

For and on behalf of the Board

K. C. Sharma
(Partner)
Membership No. : 50819

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-Time Director

Deepak Agarwal
Company Secretary

Place : Kolkata

Place : Mumbai

Date : 30th August, 2011

Date : 30th August, 2011

Consolidated Profit and Loss Account for the year ended 31st March, 2011

	Schedule	As at 31 st March, 2011 ₹	As at 31 st March, 2010 ₹
INCOME			
Revenue	8	476,550,603	309,010,742
		<u>476,550,603</u>	<u>309,010,742</u>
EXPENDITURE			
Cost of Revenue	9	163,426,339	53,675,158
Product and Content Development	10	3,221,064	11,609,194
Sales and Marketing Expenses	11	97,391,784	55,835,077
General and Administrative Expenses	12	67,925,909	76,336,204
		<u>331,965,096</u>	<u>197,455,633</u>
		<u>144,585,507</u>	<u>111,555,109</u>
EBIDTA			
Financial Expenses	13	919,126	2,967,592
Depreciation and Amortisation		21,553,983	18,172,859
Profit Before Taxation		<u>122,112,398</u>	<u>90,414,658</u>
Provision for Taxation			
Current Tax		21,647,627	15,644,483
MAT Credit Entitlement		(11,198,933)	(15,433,527)
Income Tax related to Earlier Year		1,390	90,929
Deferred Tax Liability / (Asset)		10,893,521	1,829,313
Profit After Taxation		<u>100,768,793</u>	<u>88,283,460</u>
Add : Balance Brought Forward From Previous Year		112,836,218	60,320,396
Profit Available For Appropriation		<u>213,605,011</u>	<u>148,603,856</u>
APPROPRIATIONS			
Interim Dividend		14,731,678	11,048,758
Proposed Dividend		7,365,839	11,048,758
Dividend Tax		3,641,671	3,670,122
Transferred to General Reserve		5,100,000	10,000,000
Balance carried to Balance Sheet		182,765,823	112,836,218
		<u>213,605,011</u>	<u>148,603,856</u>
Earning per share of Rs. 10 each			
Basic & Diluted		6.87	8.00
(Refer Note B20 of Schedule 14)			
Significant Accounting Policies and Notes to Accounts	14		
Schedule 8-14 referred to above are an integral part of the Profit and Loss Account.			

As per our report of even date attached herewith

For K. N. GUTGUTIA & CO.
Chartered Accountants

For and on behalf of the Board

K. C. Sharma
(Partner)
Membership No. : 50819

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-Time Director

Deepak Agarwal
Company Secretary

Place : Kolkata

Place : Mumbai

Date : 30th August, 2011

Date : 30th August, 2011

IntraSoft Technologies Limited

Consolidated Cash Flow Statement for the year ended 31st March, 2011

	For the year ended 2011 ₹	For the year ended 2010 ₹
A) Cash Flow From Operating Activities:		
Net profit before tax and exceptional item	122,112,398	90,414,658
Adjustments for:		
Depreciation	21,553,983	18,172,859
Miscellaneous Expenditure written off	17,493,912	17,480,068
Loss on sale of Fixed Assets	-	2,142,239
Exchange differences on translation of Foreign Currency	(546,200)	(591,733)
Interest Paid	919,126	2,967,592
Dividend Received	(13,387,624)	-
Interest Received	(35,046,106)	(16,983,188)
Operating profit before working capital changes	113,099,489	113,602,495
(Increase) / Decrease in Debtors	10,807,136	(15,089,321)
Increase / (Decrease) in Creditors	(31,367,605)	23,483,012
(Increase) / Decrease in Inventory	(14,558,075)	(2,463,668)
(Increase)/ Decrease in Advance & Deposit	(11,264,335)	(1,378,722)
Cash generated from operations	66,716,610	118,153,796
Income Taxes (Paid) / Refunded	(24,530,889)	(17,725,911)
Net Cash Flow From Operating Activities:	42,185,721	100,427,885
B) Cash Flow From Investing Activities:		
Purchase of Fixed Assets	(116,363,033)	(35,853,338)
(Increase) / Decrease in Miscellaneous Expenditure	-	(37,500,000)
(Increase) / Decrease in Capital Work-in-progress	(39,410,752)	(21,079,375)
Investment in Mutual Fund & NCD	(453,762,305)	-
Loan to Body Corporates	(175,000,000)	-
Loan to Subsidiaries	-	-
Sale of Fixed Assets	-	839,250
Dividend Received	13,387,624	-
Interest Received	18,550,807	18,041,185
Net Cash From/ (used in) Investing Activities:	(752,597,659)	(75,552,278)
C) Cash Flow From Financing Activities:		
Share Issue Expenses	(11,751,008)	(37,160,486)
Loan from Body Corporates	60,000,000	-
Proceeds from Secured Loans	(15,093,497)	43,362,053
Dividend Paid	(36,653,547)	(42,798)
Tax on Dividend	(6,116,870)	-
Share Application Money Received	-	4,436,893,140
Share Application Money Refunded	(3,900,393,140)	-
Interest Paid	(919,126)	(2,967,592)
Net Cash From Financing Activities:	(3,910,927,188)	4,440,084,317
Net Increase / (Decrease) in Cash and Cash Equivalents	(4,621,339,126)	4,464,959,924
Cash and Cash Equivalents at the Beginning of the Year	4,652,451,703	187,491,779
Cash and Cash Equivalents at the End of the Year	31,112,577	4,652,451,703

The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard -3 on "Cash Flow Statements" issued under Section 211(3C) of The Companies Act, 1956

As per our report of even date attached herewith

For K. N. GUTGUTIA & CO.

Chartered Accountants

K. C. Sharma

(Partner)

Membership No. : 50819

Place : Kolkata

Date : 30th August, 2011

For and on behalf of the Board

Arvind Kajaria

Managing Director

Place : Mumbai

Date : 30th August, 2011

Sharad Kajaria

Whole-Time Director

Deepak Agarwal

Company Secretary

Consolidated Schedules to the Accounts for the year ended 31st March, 2011

	As at 31st March, 2011	As at 31st March, 2010
	₹	₹
SCHEDULE - 1: SHARE CAPITAL		
AUTHORISED CAPITAL		
25,250,000 Equity Shares of ₹ 10 /- each	252,500,000	252,500,000
	252,500,000	252,500,000
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
14,731,678 (Previous Year 11,031,678) Equity Shares of ₹ 10/- each fully paid up)	147,316,780	110,316,780
Out of above -		
(a) 319,149 Equity Shares of ₹ 10/- each fully paid up have been allotted to shareholders of One Two Three India.Com Ltd. pursuant to Scheme of Amalgamation without payment being received in cash		
(b) 10,305,724 Equity Shares of ₹ 10/- each fully paid up as Bonus Shares by way of capitalization of General Reserve & Share Premium Account		
	147,316,780	110,316,780
SCHEDULE - 2: RESERVE & SURPLUS		
Capital Reserve		
As per last Balance Sheet	9,613,960	9,613,960
Share Premium Account		
As per last Balance Sheet	102,122,182	3,035,037
Add : On Conversion of 1.5% Compulsorily Convertible Cumulative Participating Preference Shares	-	193,644,385
Less : Utilized for Issue of Bonus share	-	94,557,240
Add : On Issue of Equity Shares during the year	499,500,000	-
Less : Share Issue Expenses	48,911,494	-
	552,710,688	102,122,182
Translation Reserve		
As per last Balance Sheet	1,643,613	2,141,192
Add/(Less): During the year	(105,111)	(497,579)
	15,38,502	1,643,613
General Reserve		
As per last Balance Sheet	135,000,000	125,000,000
Add : Transfer from Profit & Loss Account	5,100,000	10,000,000
Less: Miscellaneous Expenditure adjusted (Refer note B14 of Schedule 14)	42,212,109	-
	97,887,891	135,000,000
Balance of Profit & Loss Account	182,765,823	112,836,218
	844,516,864	361,215,973
SCHEDULE - 3: LOAN FUNDS		
Secured Loan		
Car Loan from Bank & Others (Secured against Hypothecation of Motor Car)	3,517,462	2,021,596
Overdraft from Bank	44,930,000	61,519,364
Secured against Hypothecation of Mutual Fund / Fixed Deposit		
Loan from Body Corporates (Secured against Hypothecation of Non Convertible Debenture/ Bonds)	60,000,000	-
	108,447,462	63,540,960

ASSETS	SCHEDULE - 4 : FIXED ASSETS										Amount in ₹	
	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As on 01.04.2010	Consolidated Adjustment	Additions	Disposals	As on 31.03.2011	As on 01.04.2010	Consolidated Adjustment	From 01.04.2010 To 31.03.2011	Deduction on Sale/ Disposal	As on 31.03.2011	As on 31.03.2010	
Tangible												
Computers & Accessories	35,006,868	-	1,163,932	-	3,617,800	27,178,871	-	3,375,732	-	30,554,603	7,827,997	
Furniture & Fixtures	4,393,671	165	157,207	-	4,551,043	2,139,514	66	416,227	-	2,555,807	22,541,157	
Office Equipments	12,661,801	1,837	1,677,280	-	14,340,918	7,653,180	(4,254)	1,088,086	-	8,737,012	5,008,621	
Motor Car	6,575,366	-	3,390,960	-	9,966,326	3,489,438	-	820,594	-	4,310,032	3,085,928	
Intangible												
Website 123India.Com	6,347,701	-	-	-	6,347,701	6,347,701	-	-	-	6,347,701	-	
Softwares	64,186,589	-	109,973,654	-	174,160,243	20,033,909	-	15,853,344	-	35,887,253	44,152,680	
TOTAL	129,171,996	2,002	116,363,033	-	245,537,031	66,842,613	(4,188)	21,553,983	-	88,392,408	157,144,623	62,329,383
Previous Year	104,356,808	(451,555)	35,853,338	10,586,595	129,171,996	56,648,041	(373,182)	18,172,859	7,605,105	66,842,613	62,329,383	

Consolidated Schedules to the Accounts for the year ended 31st March, 2011

	As at 31 st March, 2011 ₹	As at 31 st March, 2010 ₹
SCHEDULE - 5: INVESTMENTS (Long Term)		
Equity Shares Fully Paid up (Quoted - at cost) - Other than trade		
IntraSoft Technologies Ltd. (1,750,000 Equity Shares of ₹ 10/- each held in Trust in terms of the Scheme of Amalgamation)	10,000,000	10,000,000
Non Convertible Debentures / Bonds		
Debentures/ Bonds Fully Paid up (Quoted - at cost) - Other than trade		
30 units -10.25% Amtex Auto Limited of ₹ 1,000,000 each	30,000,000	-
20 units - 10.00% Brassco Estates Pvt. Ltd. of ₹ 1,000,000 each	20,000,001	-
50 units -11.75% J P Associates Ltd of ₹ 1,000,000 each	51,573,250	-
32 units- 11.50% Magma Fincorp Limited of ₹ 1,000,000 each	32,000,000	-
10 units - 11.00 % Premier Finance and Trading Co. Ltd. of ₹ 5,000,000 each	50,321,519	-
50 units- 10.75% Shriram Trading Finance Co. Ltd. of ₹ 1,000,000 each	50,319,150	-
50 units - 10.20% Srei Infrastructure Ltd of ₹ 1,000,000 each	49,600,000	-
Mutual Funds		
1000000 units of Birla Sun Life Fixed Term Plan 0Series CF of ₹ 10 each	10,000,000	-
2000000 units of ICICI Prudential MF FMP of ₹ 10 each	20,000,000	-
1000000 units of IDFC Fixed Maturity Plan of ₹ 10 each	10,000,000	-
2000000 units of IDFC FMP Yearly Series 42 NFO of ₹ 10.each	20,000,000	-
1000000 units of Kotak NFO FMP of ₹ 10 each	10,000,000	-
2478241.128 units of Reliance Regular Saving Fund- Debt Plan of ₹ 10 each	30,441,341	-
500000 units of SBI MF- SDFS of ₹ 10 each	5,000,000	-
1000000 units of Tata Fixed Maturity Pan -Long Term of ₹ 10 each	10,000,000	-
4880388.8830 units of Templeton India Income Opportunities Fund of ₹ 10 each	52,007,044	-
250000 units of UTI Fixed Term Income Fund Series IX-1 of ₹ 10 each	2,500,000	-
	463,762,305	10,000,000
Book Value of Quoted Investments	293,813,920	-
Investment in Mutual Fund	169,948,385	-
	463,762,305	-
Mutual Value of Quoted Investments	412,747,056	-
NAV of Investments in Quoted Mutual Funds	170,069,874	-
	582,816,930	-
SCHEDULE - 6: CURRENT ASSETS, LOANS & ADVANCES		
A. CURRENT ASSETS		
INVENTORIES		
Stock in Trade	17,023,130	2,463,668
	17,023,130	2,463,668
Sundry Debtors, Unsecured -Considered Good		
Debts outstanding for a period exceeding six months	2,495,341	9,589,467
Other Debts	52,217,701	55,258,632
	54,713,042	64,848,099
CASH & BANK BALANCES		
Cash In Hand (As Certified by the Management)	37,382	44,853
Balances with Scheduled Banks	-	-
In Current Account	28,356,988	40,471,150
In Fixed Deposit	2,500,000	175,000,000
In Escrow & ASBA Bank (a/c Share Application Money)	-	4,436,893,140
In Unpaid Dividend Account	9,438	42,560
HDFC Interim Dividend	139,265	-
HDFC Final Dividend	69,504	-
	31,112,577	4,652,451,703
OTHER CURRENT ASSETS		
Accrued Interest on Fixed Deposits / NCD & Bonds	18,683,352	2,188,054
	18,683,352	2,188,054

IntraSoft Technologies Limited

Consolidated Schedules to the Accounts for the year ended 31st March, 2011

	As at 31st March, 2011	As at 31 st March, 2010
	₹	₹
B. LOANS & ADVANCES		
Advances recoverable in cash or in kind or for value to be received	10,631,703	5,886,183
Advance Income Tax & TDS (Net of Provisions)	7,437,592	4,555,721
Advance for Fringe Benefit Tax (Net of Provisions)	10,119	10,119
Loan to Wholly Owned Subsidiary Company	-	-
Loan to Body Corporates	175,000,000	-
MAT Credit Entitlement	41,663,872	30,464,939
Security Deposits	15,175,000	8,596,678
	249,918,286	49,513,640
SCHEDULE - 7: CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors		
Dues of Micro enterprises and Small enterprises (Refer note B16 of Schedule 14)	-	-
Other than Micro enterprises and Small enterprises	15,132,248	24,055,371
Share Applicable Money Refundable	-	3,900,393,140
Unpaid Dividend *	218,207	42,560
Other Liabilities	15,390,686	38,215,018
	30,741,141	3,962,706,089
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 st March 2011		
B. PROVISIONS		
For Gratuity	2,239,674	1,732,806
For Leave Encashment	466,308	295,253
For Proposed Dividend	7,365,839	11,048,758
For Interim Dividend	-	11,048,758
For Tax on Dividend	1,194,923	3,670,122
	11,266,744	27,795,697
	42,007,885	3,990,501,786
SCHEDULE - 8 : REVENUE		
IT Enabled Services	427,504,041	292,027,554
Other Income (Refer note B10 Schedule 14)	49,046,562	16,983,188
	476,550,603	309,010,742
SCHEDULE - 9 : COST OF REVENUES		
Web space and Bandwidth Charges	19,575,616	22,437,297
Ad Serving charges	2,486,349	2,782,353
Cost of Goods Sold	141,364,374	28,455,508
	163,426,339	53,675,158
SCHEDULE - 10 : PRODUCT AND CONTENT DEVELOPMENT		
Salaries, Bonus & other allowances	2,761,657	11,348,032
Contribution to Provident and Other Funds	152,607	256,162
Content Purchase	306,800	5,000
	3,221,064	11,609,194

Consolidated Schedules to the Accounts for the year ended 31st March, 2011

	As at 31st March, 2011	As at 31 st March, 2010
	₹	₹
SCHEDULE - 11 : SALES AND MARKETING EXPENSES		
Salaries, Bonus & other allowances	16,732,248	10,273,866
Contribution to Provident and Other Funds	282,560	356,979
Travelling	1,414,676	1,076,987
Communication & Correspondence	296,323	210,143
Commission on Delivery	17,563,641	15,054,246
Commission on Sale	3,070,942	3,561,268
Pay Pal Fees	470,242	209,697
Discount Allowed	6,667	11,919
Dues & Subscription	561,554	178,805
Delivery Discount	3,231,757	291,445
Shipping & Handling	3,305,990	704,143
Advertising, Banking & Promotion Marketing & Referral Fees	50,342,117	23,860,324
Legal & Professional Fees	113,067	45,255
	97,391,784	55,835,077
SCHEDULE - 12 : GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries, Bonus & other allowances	14,742,486	12,680,212
Contribution to Provident and Other Funds	466,488	406,034
Gratuity	569,752	532,815
Travelling & Conveyance	5,625,222	3,149,206
Communication & Correspondence	1,304,666	1,037,513
Donation	42,000	-
Power & Fuel	1,320,005	1,306,787
Foreign Exchange Loss (Net of Gain)	416,949	2,395,307
Insurance	166,194	205,903
Internet Connectivity Charges	416,063	467,051
Subscription & Membership Fees	756,224	14,938,735
Legal & Professional Fee	6,989,368	2,339,512
Directors' Fee	600,000	720,000
<u>Auditors Remuneration</u>		
Statutory Audit Fee	625,425	425,062
Tax Audit Fee	63,613	52,109
Other Services (Certificates)	68,000	771,186
Loss on sale of Fixed Assets	-	2,142,239
Recruitment & Relocation	203,127	367,968
Rent	7,558,305	8,290,715
Rates & Taxes	294,210	16,700
Repairs (Others)	1,658,561	2,023,464
Miscellaneous Expenses	5,912,229	4,040,316
Vehicle Running & Maintenance	633,110	547,302
Miscellaneous Expenditure Written off	17,493,912	17,480,068
	67,925,909	76,336,204
SCHEDULE - 13		
Financial Expenses		
Interest to Bank	592,454	2,709,161
Interest to others	326,672	258,431
	919,126	2,967,592

Consolidated Schedules to the Accounts for the year ended 31st March, 2011

SCHEDULE - 14 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(A) BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements relates to the parent Company IntraSoft Technologies Limited ("Parent") and its three wholly owned subsidiary companies, (a) One Two Three Greetings (India) Pvt. Ltd., incorporated in India, (b) 123 Greetings (Singapore) Pte. Ltd. incorporated in Singapore, (c) 123 Greetings. com, Inc. incorporated in U.S.A.

1. BASIS OF ACCOUNTING AND PRINCIPLES OF CONSOLIDATION

- I. The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date of the Parent Company i.e. 31st March, 2011.
- II. The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006.
- III. The financial statements of the parent and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealized profits or losses have been fully eliminated.

2. FIXED ASSETS

Fixed Assets are stated at their original cost including other expenses related to acquisition and installation.

Expenses incurred towards cost of assets not ready for use as at the balance sheet date are disclosed under capital work-in-progress.

3. DEPRECIATION

Depreciation is charged in the accounts on the following basis.

- I) Depreciation on all assets, except for Software as stated in Para (II) , is provided on written down value method and the fixed assets of 123 Greetings.com,Inc. ₹ 425,102/- which is applied on the straight-line method basis on useful life of assets as estimated by the Management.
- II) (a) Software installed for operating system and administrative purposes is depreciated @ 40%.
(b) Software for Development of Software / rendering software services is depreciated over its useful life of 60 months as estimated by the management.
- III) Depreciation on assets added / disposed off during the year is provided on pro-rata basis.

4. INVESTMENTS

Long-term Investments are valued at cost less provision for diminution, other than temporary, if any. The cost is determined by taking purchase price and other direct expenses related to acquisition. Current Investments are carried at lower of cost or fair value

5. RECOGNITION OF INCOME AND EXPENDITURE

Items of Income and Expenditure are accounted for on accrual basis.

6. FOREIGN CURRENCY TRANSACTIONS

- I) Foreign Currency transactions are recorded on the basis of exchange rates prevailing on the date of their occurrence.
- II) Monetary current assets and monetary current liabilities (other than those covered by forward contracts) denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the profit and loss account. The translation of financial statements of the foreign subsidiaries from the local currency to the functional currency of the parent is performed for balance sheet items using the exchange rate in effect at the balance sheet date and for revenue, expense items using a weighted average exchange rate for the respective periods and the resulting difference is presented as foreign currency translation reserve included in "Reserves and Surplus".

7. EMPLOYEES BENEFITS

- i) The Company makes monthly contribution to ESI and Provident Fund in respect of employees covered under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 at the rate specified in the Act and the same is charged to revenue.

Consolidated Schedules to the Accounts for the year ended 31st March, 2011

- ii) Leave pay due to employees in respect of unavailed leave is encashed or provided for at the end of the year on accrual basis.
- iii) Gratuity paid during the year is debited to liability account at the time of payment and liability on account of gratuity is provided on the date of Balance Sheet on actuarial valuation at the end of the year.

8. TAXATION

Provision for Income Tax is made on taxable income for the year at current rates. Current tax represents the amount of Income tax payable in respect of taxable income for the year.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. In the year in which the MAT credit become eligible to be recognised as an asset in accordance with the recommendation contained in the Guidance Note issued by the ICAI, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement.

Deferred tax represents the effect of timing difference between taxable income and accounting income for the year that originate in one period and are capable of reversal in one or more subsequent years. The deferred tax asset is recognized and carried forward only to the extent if there is a reasonable certainty that the assets will be realized in future. However where there is unabsorbed depreciation or carried forward business loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty with supporting evidences of realization of the assets.

9. PROVISIONS, CONTINGENT LIABILITIES, AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

10. USE OF ESTIMATES

The preparation of financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures related to contingent liabilities and assets as at the balance sheet date and the reported amount of income and expenses during the year, actual results could differ from those estimates.

11. IMPAIRMENT OF ASSETS

All assets other than investments and deferred tax assets are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying values exceed their recoverable amount, the impairment are recognized and the assets are written down to the recoverable amount.

12. MISCELLANEOUS EXPENDITURE

The Expenditure having the impact on the working of the Company in subsequent years or benefit of which shall continue in one or more subsequent years is recognized as Miscellaneous Expenditure. Such Expenditure is written off in equal installment in five years starting from the year in which they have been incurred.

13. SHARE ISSUE EXPENSES

The Share Issue Expenses is being adjusted against Share Premium Account.

14. INVENTORIES

Inventories are valued at cost or net realizable value which ever is lower.

(B) NOTES ON ACCOUNTS

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
1. Contingent Liabilities not provided for in respect of outstanding Bank Guarantee	125,000	2,625,000
2. The Deferred Tax Liability comprise of the following		
(a) Deferred Tax Liability		
Timing difference for depreciation on Fixed Assets	16,157,190	4,949,511
(b) Deferred Tax Asset		
Expenses allowable under the Income Tax Act on actual payment basis	(1,367,085)	(1,052,927)
Provision for Deferred Tax (Net)	14,790,105	3,896,584

Consolidated Schedules to the Accounts for the year ended 31st March, 2011

The Company has not recognized deferred tax asset in respect of brought forward unabsorbed losses of the amalgamated Company eligible for adjustment under Income Tax Act against the taxable Income of the Company in future as there is no virtual certainty with supporting evidences of realization of the same.

	As at March 31, 2011	As at March 31, 2010
	₹	₹
3. Remuneration and perquisites to		
(a) Managing Director		
Salary	2,400,000	2,400,000
(b) Whole Time Director		
Salary	2,100,000	2,100,000

4. Related Party Transactions
a) Names of related parties and nature of relationship where control exists:
i) Key Management Person and their relative

Mr. Arvind Kajaria	Managing Director
Mr. Sharad Kajaria	Whole Time Director
Mrs. Padma Kajaria	Mother of above named Key Management Person

ii) Subsidiary Company

Wholly owned Subsidiary Companies	Names	Country of Incorporation
	123 Greetings.com, Inc	USA
	123 Greetings (Singapore) Pte Ltd	Singapore
	One Two Three Greetings (India) Pvt Ltd	India

iii) Enterprise where KMP have significant Influence or control

IntraSoft Technologies Beneficiary Trust

b) Transactions and balances with related parties:

Name of the Party	Nature of Transaction	As at March 31, 2011	As at March 31, 2010
		₹	₹
Transactions with Subsidiaries Company			
123 Greetings.com, Inc.	Sale of IT Enabled Services	70,687,280	47,749,288
	Amount Received	89,265,867	33,937,539
	Amount Receivable	11,224,862	29,803,449
One Two Three Greetings (India) Pvt. Ltd.	Sale of IT Enabled Services	116,746,814	99,493,500
	Amount Received	133,330,858	102,043,638
	Amount Receivable	2,458,923	21,370,184
	Unsecured Loan	5,000,000	-
123 Greetings (Singapore) Pte. Ltd.	Sale of IT Enabled Services	1,022,053	409,728
	Technical / Support Fees	849,625	834,038
	Amount Received	1,992,523	1,110,734
	Amount Receivable	29,960	150,805
Arvind Kajaria	Dividend Payment	7,000,035	-
Sharad Kajaria	Dividend Payment	7,000,000	-
Padma Kajaria	Dividend Payment	3,500,000	-
IntraSoft Beneficiary Trust	Dividend Payment	4,375,000	-
Transactions with Key Managerial Personnel			
Mr. Arvind Kajaria	Director's Remuneration	2,400,000	2,400,000
Mr. Sharad Kajaria	Director's Remuneration	2,100,000	2,100,000

Consolidated Schedules to the Accounts for the year ended 31st March, 2011

5. Fixed Deposit with Bank of ₹ Nil (Previous Year ₹ 2,500,000/-) earmarked towards Bank Guarantee given to Bombay Stock Exchange on which lien has been created.
6. The Company has taken loan from Barclays Investments & Loans (India) Ltd. of ₹ 60,000,000 (Previous Year ₹ NIL) against Hypothecation of Non Convertible Debentures/Bonds of ₹ 100,000,000
7. Investment with Mutual Fund in Reliance Regular Saving Fund- Debt – 1239120.564 units and Templeton India Income Opportunities Fund Units 4880388.883 earmarked for Stand By Letter of Credit facility to be utilized by a subsidiary Company on which lien has been created
8. Minimum Alternative Tax (MAT) credit available to the Company as per provision of section 115JAA of the Income Tax Act, 1961 ₹ 41,663,872/- (Previous Year ₹ 30,464,939/-) has been recognised as MAT Credit Entitlement and carried forward for set off in future years.
9. Details of Miscellaneous Expenditure (to the extent not written off or adjusted)

	As at 31 st March 2011 ₹	As at 31 st March 2010 ₹
(a) Capital Increase fees		
As per last Account	501,557	746,799
Less : Written off during the year	259,092	245,242
Less : Transfer to General Reserve (Refer Note B14)	242,465	-
	Nil	501,557
(b) Deferred Revenue Expenditure		
As per last Account	59,204,464	38,939,290
Add : During the year	-	37,500,000
Less : Written off during the year	17,234,820	17,234,826
Less: Transfer to General Reserve (Refer note B14)	41,969,644	-
	Nil	59,204,464
(c) Share Issue Expenses		
As per last Account	37,160,486	-
Add : During the year	11,751,008	37,160,486
Less : Adjusted against Share Premium	48,911,494	-
	Nil	37,160,486
Total	Nil	96,866,507

10. Other Income represents interest received from bank on Fixed Deposit, Debentures and bonds (Gross) ₹ 35,046,106/- (Previous Year ₹ 16,983,188/-) TDS ₹ 1,812,685/- (Previous Year ₹ 2,743,076/-) Dividend ₹ 13,387,624 (Previous Year ₹ NIL), Gain on Redemption of Mutual Fund ₹ 576,376 (Previous Year ₹ NIL) and Miscellaneous Income ₹ 36,456 (Previous year ₹ NIL).
11. As per requirements of AS-17 issued by the Companies Associated Standard Reules, 2006 no disclosure is required as the Company is operating in single business/geographical segment of Internet based delivery of services.
12. The Company had filed a Prospectus with the Registrar of Companies, Mumbai on March 30, 2010 in respect of Public Offer of 37,00,000 Equity Shares of ₹ 10/- each for cash at a price of ₹ 145/- per Equity Share aggregating ₹ 53,65,00,000/-. The offer opened on March 23, 2010 and closed on March 26, 2010. The allotment for the same has been approved by the Board of Directors at their meeting held on April 07, 2010. After allotment, the paid up capital of the Company has increased to 14,731,678 Equity Shares of ₹ 10/- each fully paid up

Consolidated Schedules to the Accounts for the year ended 31st March, 2011

- 13.** The position of IPO proceeds and utilization there of vis-a-vis the 'Objects of issue' as stated in Prospectus dated March 30, 2010 upto March 31,2011 is as follows:
- Fund raised through IPO ₹ 5365.00 Lacs
 - IPO Expenses ₹ 524.04 Lacs
 - Net proceeds through IPO ₹ 4840.96 Lacs
 - Utilisation as per objects of issue : ₹ 1820.89 Lacs
 - Balance fund unutilized ₹ 3020.07 Lacs.
- The unutilized funds were invested in debts (income) funds, Mutual Funds, NCDs, ICDs and balance in Company's current bank account.
- 14.** As per the revised Schedule VI, Postal 1 as issued by the Ministry of Company Affairs under the Companies Act, 1956 there is no mention of Deferred Revenue Expenditure (to the interest not written off), the management has decided to adjust the remaining deferred revenue expenditure (to the extent not written off) amounting to ₹ 42,212,109/- as on 31.03.2011 from General Reserve Account.
- 15.** The followings tables set out the funded status and amount recognised in the companies' financial statement as at March 31, 2011 for the defined benefit plans:

Gratuity			
	Particulars	As at 31st March 2011 ₹	As at 31st March 2010 ₹
I.	Change of Benefit Organization		
	Liability at the beginning of the year	1,732,806	1,687,875
	Interest cost	142,956	128,276
	Current Service Cost	530,081	580,786
	Past Service Cost (Non Vested Funds)	-	-
	Past Service Cost (Vested Funds)	217,074	-
	Benefit Paid	(62,884)	(487,884)
	Actuarial (Gain)/Loss on obligation	(320,359)	(176,247)
	Curtailments and Settlements	-	-
	Liability at the end of the year	2,239,674	1,732,806
II.	Fair Value of Plan Assets		
	Fair Value of Plan Assets at the beginning of the year	-	-
	Expected Return on Plan Assets	-	-
	Contributions	62,884	487,884
	Benefit Paid	(62,884)	(487,884)
	Actuarial (Gain)/Loss on Plan Assets	-	-
	Fair Value of Plan Assets at the end of the year	-	-
	Total Actuarial Gain / (Loss) to be Recognised	-	-
III.	Actual Return on Plan Assets		
	Expected Return on Plan Assets	-	-
	Actuarial (Gain)/Loss on Plan Assets	-	-
	Actual Return on Plan Assets	-	-

Consolidated Schedules to the Accounts for the year ended 31st March, 2011

	Particulars	As at 31 st March 2011	As at 31 st March 2010
IV.	Amount Recognised in the balance Sheet		
	Liability at the end of the year	2,239,674	1,732,806
	Fair Value of Plan Assets at the end of the year	-	-
	Difference	(2,239,674)	(1,732,806)
	Unrecognized Past Service Cost	-	-
	Amount Recognised in the Balance Sheet	(2,239,674)	(1,732,806)

V.	Expenses Recognised in the Income Statement		
	Current Service Cost	530,081	580,786
	Interest cost	142,956	128,276
	Expected Return on Plan assets	-	-
	Net Actuarial (Gain) / Loss to be Recognised	(320,359)	(176,247)
	Past Service Cost (Non Vested Benefit) Recognised	-	-
	Past Service Cost (Vested Benefit) Recognised	217,074	-
	Effect of Curtailment or settlement	-	-
	Expenses Recognised in the Profit and Loss Account	569,752	532,815

VI.	Balance Sheet Reconciliation		
	Opening Net Liability	(1,732,806)	(1,687,875)
	Expense as above	(569,752)	532,815
	Employers Contribution	62,884	(487,884)
	Effect of Curtailment or settlement	-	-
	Amount Recognised in the Balance Sheet	(2,239,674)	(1,732,806)

VII.	Actuarial Assumption		
	Discount Rate Current	8.25%	7.50%
	Rate of Return on Plan Assets Current	-	-
	Salary Escalation Current	5.00%	5.00%

16. The Company has not received information from its vendors service providers regarding the status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures' directives relating to their outstanding amount and interest has not been made.

Consolidated Schedules to the Accounts for the year ended 31st March, 2011

- 17.** Disclosure of Loans and Advances as per the requirement of clause 32 of the listing agreement with the stock exchange in India.

	Amount Outstanding at the year end	Maximum amount outstanding during the year	Amount Outstanding at the year end	Maximum amount outstanding during the last year
	March 31, 2011	March 31, 2011	March 31, 2010	March 31, 2010
	₹	₹	₹	₹
Loans and advances in the nature of loan to subsidiaries				
a) 123 Greetings.com, INC.	NIL	34,007,500	NIL	NIL
b) One Two Three Greetings (I) Pvt. Ltd	5,000,000	5000,000	NIL	NIL
Loans and advances in the nature of loans where there is :				
a) No Repayment schedule or repayment beyond seven years.	Yes	Yes	NA	NA
b) No interest or Interest below Section 372A of the Companies Act, 1956. As per general rules of the Company.	Yes	Yes	NA	NA
Loans and advances in the nature of loans to the Firms/Companies in which directors are interested				
a) Shares of the Subsidiary Company	NIL	NIL	NIL	NIL
b) Shares of a Subsidiary (including sub/ fellow subsidiary)	NIL	NIL	NIL	NIL

- 18.** During the year ended, the Company has purchased and redeemed/ switchover following units :

	Units Purchased	Purchase Value	Units Redeemed	Redemption / switch Value
Fortis Money Plus Institutional Plan - Daily Dividend	52,470,955	524,872,336	52,470,955	524,879,882
HDFC Cash Management Fund - Treasury Advantage	10,015,842	100,473,916	10,015,842	100,473,916
HDFC - CMF Wholesale	10,56,109	10,594,356	1,056,109	10,594,356
HDFC Short term Opportunities Fund	10,048,300	100,483,000	10,048,300	100,493,048
ICICI Prudential Flexible Income Plan - Daily Dividend	953,490	100,817,222	953,490	100,817,222
J M Money Manager Fund	1,013,166	10,143,613	1,013,166	10,143,613
Reliance Medium Term Fund - Daily Dividend	5,881,852	100,555,550	5,881,852	100,555,550
Reliance Medium Term Fund - Daily Dividend II	176,710	3,021,014	176,710	3,021,014
Reliance Medium Term Fund - Daily Dividend III	5,934,425	101,454,332	5,934,425	101,454,332
Reliance Monthly Interval Fund- Series II	10,129,494	101,313,294	10,129,494	101,343,865
Reliance Regular Savings Fund - Debt Plan	2,351,908	30,000,000	2,351,908	30,163,928
Reliance Money Manager Fund - Debt Plan	2,087	2,089,348	2,087	2,089,348
Templeton India Income Opportunities Fund - Growth	4,780,617	50,000,000	4,780,617	50,364,283

Note : There are Nil Units for the previous period

19. The Company has been approved as STP unit under the scheme of The Government of India.

20. Earning Per Share:

(a) Net Income available to Equity Shareholders (₹) (Numerator)	100,768,793	88,283,460
(b) Weighted average no. of Equity Shares outstanding (Denominator)	14,660,709	11,031,678
(c) Earning per Share (₹) Basic & Diluted	6.87	8.00

21. Figures for the previous year are re-grouped / re-arranged wherever considered necessary to confirm to current year's presentation.

Signatures on Schedules 1 to14 are forming part of the Consolidated Accounts.

As per our report of even date attached herewith

For K. N. GUTGUTIA & CO.
Chartered Accountants

For and on behalf of the Board

K. C. Sharma
(Partner)
Membership No. : 50819

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-Time Director

Deepak Agarwal
Company Secretary

Place : Kolkata

Place : Mumbai

Date : 30th August, 2011

Date : 30th August, 2011

AUDITORS' REPORT

To The Members of Intrasoft Technologies Limited

1. We have audited the attached Balance Sheet of **INTRASOFT TECHNOLOGIES LIMITED** as at 31st March, 2011, Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended, issued by the Central Government of India in terms of Sub-Section (4A) of the Section 227 of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above we report that :-
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of those books.
 - (c) The Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the company has complied with the Accounting Standards as referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from the directors of the Company as at 31st March, 2011 and taken on record by the Board of Directors, we report that no director is disqualified from being appointed as a director of the Company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the annexed accounts read together with the schedules give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :-
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date and.
 - (iii) In the case of the Cash Flows Statement of the Cash Flows for the year ended on that date.

For **K. N. GUTGUTIA & CO.**
Chartered Accountants
Firm Registration No. 304153E

6C, Middleton Street
Kolkata, the 30th August, 2011

K. C. SHARMA
Partner
Membership No. : 50819

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 3 of our Report of even date)

With reference to the Annexure referred to in paragraph 3 of the Auditors' Report to the members of INTRASOFT TECHNOLOGIES LIMITED on the financial statements for the year ended 31st March, 2011, we report that;

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
(b) Fixed Assets have been physically verified by the management during the year. In our opinion, the frequency of verification of the fixed assets by the management is reasonable having regard to the size of the company and the nature of its assets and no material discrepancies were noticed on such physical verification.
(c) In our opinion and according to the information and explanations given to us, no fixed assets has been disposed off by the company during the year.
- ii. The company's nature of operations does not require to hold inventories.
- iii. The Company has neither granted nor taken any loans, secured or unsecured to / from Companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956 and hence clause 4 (iii) (b) to (g) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase of fixed assets, services and sale of services. During the course of our audit, no major weakness has been noticed in internal control procedures.
- v. The Company has not entered into contracts or arrangements particulars of which need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
- vi. The Company has not accepted any deposits from the public.
- vii. The Company has an internal audit system which, in our opinion, is commensurate with its size and nature of its business.
- viii. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of services carried out by the company.
- ix. (a) The company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other statutory dues with appropriate authorities, wherever applicable. There is no outstanding statutory dues at the end of the financial year for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us no disputed amount is outstanding in respect of income-tax, sales-tax, wealth-tax, service tax customs duty, excise duty and cess at the end of the financial year.
- x. The Company has neither accumulated losses at the end of the financial year nor it has incurred any cash losses during the financial year and in the financial year immediately preceding such financial year.
- xi. The Company has taken loans from the bank and others against hypothecation of motor cars and certain investments of the Company (Refer Note B8 of Schedule 14) and is regular in payment of installments of the same.

ANNEXURE TO THE AUDITORS' REPORT (Contd.)

- xii. Based on our examination and according to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- xiv. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- xv. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from Banks or Financial Institutions and hence clause 4 (XV) of the Companies (Auditors Report) Order, 2003 is not applicable.
- xvi. The Company has not taken any term loans during the year from Bank / Financial Institution.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long term investment.
- xviii. The Company has not made any preferential allotment of shares to and companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. The Company has not issued any debentures.
- xx. The Company has raised money by Public Issue during the previous year which was lying in Share Application Money pending allotment/ Escrow Account in Banks and against which the shares were allotted during the year. Disclosure of end use of the money raised by the public issue is disclosed in note no B20 (a) of Schedule 14.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For **K. N. GUTGUTIA & CO.**
Chartered Accountants
Firm Registration No. 304153E

6C, Middleton Street
Kolkata, the 30th August, 2011

K. C. SHARMA
(Partner)
Membership No. : 50819

IntraSoft Technologies Limited

Balance Sheet as at 31st March, 2011

	Schedule	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
I. SOURCES OF FUNDS			
A. SHAREHOLDERS' FUNDS			
(a) Share Capital	1	147,316,780	110,316,780
(b) Share Application Money - Pending Allotment		-	536,500,000
(c) Reserve & Surplus	2	843,899,370	361,141,263
B. LOAN FUNDS			
Secured Loans	3	63,517,462	43,488,124
C. DEFERRED TAX LIABILITY			
(Refer note B2 of Schedule 14)		14,790,557	3,889,184
TOTAL		1,069,524,169	1,055,335,351
II. APPLICATION OF FUNDS			
A. FIXED ASSETS			
(a) Gross Block	4	240,566,897	125,414,504
(b) Less : Depreciation		84,697,532	63,593,592
(c) Net Block		155,869,365	61,820,912
(d) Capital work-in-progress		164,721,781	125,311,029
		320,591,146	187,131,941
B. INVESTMENTS			
	5	493,479,305	20,717,000
C. CURRENT ASSETS, LOANS & ADVANCES			
(a) Sundry Debtors	6	13,989,393	54,334,885
(b) Cash & Bank Balances		11,536,244	4,630,330,800
(c) Other Current Assets		18,683,352	2,188,054
(d) Loans & Advances		237,915,919	46,535,120
		282,124,908	4,733,388,859
Less : Current Liabilities and Provisions			
(a) Current Liabilities	7	15,418,711	3,954,956,639
(b) Provisions		11,252,479	27,795,697
		26,671,190	3,982,752,336
NET CURRENT ASSETS			
Miscellaneous Expenditure		-	96,849,887
(To the extent not written off or adjusted) (Refer note B21 of Schedule 14)			
TOTAL		1,069,524,169	1,055,335,351

Significant Accounting Policies and Notes to Accounts 14

Schedules 1-7 and 14 referred to above are an integral part of the Balance Sheet.

As per our report of even date attached herewith

For K. N. GUTGUTIA & CO.
Chartered Accountants

For and on behalf of the Board

K. C. Sharma
(Partner)
Membership No. : 50819

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-Time Director

Deepak Agarwal
Company Secretary

Place : Kolkata
Date : 30th August, 2011

Place : Mumbai
Date : 30th August, 2011

Profit and Loss Account for the year ended 31st March,2011

	Schedule	For the year ended 31st March, 2011	For the year ended 31st March, 2010
		₹	₹
INCOME			
Revenue	8	242,301,840	181,218,431
		<u>242,301,840</u>	<u>181,218,431</u>
EXPENDITURE			
Cost of Revenue	9	227,622	214,698
Product and Content Development	10	2,914,264	11,604,194
Sales and Marketing Expenses	11	40,527,775	8,393,179
General and Administrative Expenses	12	55,437,661	50,420,116
		<u>99,107,322</u>	<u>70,632,187</u>
		143,194,518	110,586,244
EBIDTA			
Financial Expenses	13	749,964	1,957,570
Depreciation and Amortisation		21,103,939	17,840,849
Profit Before Taxation		121,340,615	90,787,825
Provision for Taxation			
Current Tax		21,517,277	15,429,393
MAT Credit Entitlement		(11,198,933)	(15,433,528)
Income Tax related to Earlier Year		-	90,929
Deferred Tax Liability/(Asset)		10,901,373	1,831,933
Profit After Taxation		100,120,898	88,869,098
Add : Balance Brought Forward From Previous Year		114,405,121	61,303,661
Profit Available For Appropriation		<u>214,526,019</u>	<u>150,172,759</u>
APPROPRIATIONS			
Interim Dividend		14,731,678	11,048,758
Proposed Dividend		7,365,839	11,048,758
Dividend Tax		3,641,671	3,670,122
Transferred to General Reserve		5,100,000	10,000,000
Balance carried to Balance Sheet		183,686,831	114,405,121
		<u>214,526,019</u>	<u>150,172,759</u>
Earning per share of ₹ 10 each			
-- Basic & Diluted		6.83	8.06
(Refer note B15 of Schedule 14)			
Significant Accounting Policies and Notes to Accounts	14		

Schedules 8-14 referred to above are an integral part of the Profit & Loss Account

As per our report of even date attached herewith

For K. N. GUTGUTIA & CO.
Chartered Accountants

For and on behalf of the Board

K. C. Sharma
(Partner)
Membership No. : 50819

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-Time Director

Deepak Agarwal
Company Secretary

Place : Kolkata

Place : Mumbai

Date : 30th August, 2011

Date : 30th August, 2011

Cash Flow Statement for the year ended 31st March, 2011

	For the year ended 31st March, 2011 ₹	For the year ended 31st March, 2010 ₹
A) Cash Flow From Operating Activities:		
Net profit before tax and exceptional item	121,340,615	90,787,825
Adjustments for:		
Depreciation	21,103,939	17,840,849
Miscellaneous Expenditure written off	17,477,292	17,477,298
Loss on sale of Fixed Assets	-	2,142,239
Interest Paid	749,964	1,957,570
Dividend Received	(13,379,067)	-
Interest Received	(34,986,719)	(16,983,188)
Operating profit before working capital changes	112,306,024	113,222,593
(Increase) / Decrease in Debtors	40,345,492	(22,104,454)
Increase / (Decrease) in Creditors	(38,656,777)	22,232,884
(Increase)/ Decrease in Advance & Deposit	331,250	(1,949,107)
Cash generated from operations	114,325,989	111,401,916
Income Taxes (Paid) / Refunded	(22,030,393)	(15,728,689)
Net Cash Flow From Operating Activities:	92,295,596	95,673,227
B) Cash Flow From Investing Activities:		
Purchase of Fixed Assets	(115,152,392)	(35,809,287)
(Increase) / Decrease in Miscellaneous Expenditure	-	(37,500,000)
Investment in Mutual Fund & NCD	(453,762,305)	-
Investment in Shares	(19,000,000)	-
Loan to Body Corporates	(175,000,000)	-
Loan to Subsidiaries	(5,000,000)	-
(Increase) / Decrease in Capital Work - in - progress	(39,410,752)	(21,079,375)
Sale of Fixed Assets	-	839,250
Dividend Received	13,379,067	-
Interest Received	18,491,421	18,041,183
Net Cash From/ (used in) Investing Activities:	(775,454,961)	(75,508,229)
C) Cash Flow From Financing Activities:		
Share Issue Expenses	(11,751,008)	(37,160,486)
Dividend Paid	(36,653,547)	(42,798)
Tax on Dividend	(6,116,870)	-
Proceeds from Secured Loan	(39,970,662)	32,741,256
Loan from Body Corporates	60,000,000	-
Share Allotment	-	-
Share Application Money Received	-	4,436,893,140
Share Application Money Refunded	(3,900,393,140)	-
Interest Paid	(749,964)	(1,957,570)
Net Cash From Financing Activities:	(3,935,635,191)	4,430,473,542
Net Increase / (Decrease) in Cash and Cash Equivalents	(4,618,794,556)	4,450,638,540
Cash and Cash Equivalents at the Beginning of the Year	4,630,330,800	179,692,260
Cash and Cash Equivalents at the End of the Year	11,536,244	4,630,330,800

The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard -3 on "Cash Flow Statements" issued under section 211(3C) of The Companies Act ,1956

As per our report of even date attached herewith

For K. N. GUTGUTIA & CO.
Chartered Accountants

For and on behalf of the Board

K. C. Sharma
(Partner)
Membership No. : 50819

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-Time Director

Deepak Agarwal
Company Secretary

Place : Kolkata

Place : Mumbai

Date : 30th August, 2011

Date : 30th August, 2011

Schedules to the Accounts for the year ended 31st March, 2011

	As at 31st March, 2011 ₹	As at 31st March, 2010 ₹
SCHEDULE - 1 : SHARE CAPITAL		
AUTHORISED CAPITAL		
25,250,000 Equity Shares of ₹ 10 /- each	252,500,000	252,500,000
	252,500,000	252,500,000
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
14,731,678 (Previous Year 11,031,678) Equity Shares of ₹ 10 /- each fully paid up	147,316,780	110,316,780
(Out of above -		
(a) 319,149 Equity Shares of ₹ 10/- each fully paid up have been allotted to shareholders of One Two Three India.Com Ltd. pursuant to Scheme of Amalgamation without payment being received in cash		
(b) 10,305,724 Equity Shares of ₹ 10/- each fully paid up as Bonus Shares by way of capitalization of General Reserve & Share Premium Account		
	147,316,780	110,316,780
SCHEDULE - 2 : RESERVE & SURPLUS		
Capital Reserve		
As per last Balance Sheet	9,613,960	9,613,960
Share Premium Account		
As per last Balance Sheet	102,122,182	3,035,037
Add : On Conversion of 1.5% Compulsorily Convertible Cumulative Participating Preference Shares	-	193,644,385
Less : Utilized for Issue of Bonus share	-	94,557,240
Add : On Issue of Equity Shares during the year	499,500,000	-
Less : Share Issue Expenses	48,911,494	-
	552,710,688	102,122,182
General Reserve		
As per last Balance Sheet	135,000,000	125,000,000
Add : Transfer from Profit & Loss Account	5,100,000	10,000,000
Less : Miscellaneous Expenditure adjusted (Refer note B21 of Schedule 14)	42,212,109	-
	97,887,891	135,000,000
Balance of Profit & Loss Account		
	183,686,831	114,405,121
	843,899,370	361,141,263
SCHEDULE - 3 : LOAN FUNDS		
Secured Loan		
Car Loan from Bank & Others (Secured against Hypothecation of Motor Car)	3,517,462	2,021,596
Overdraft from Bank (Secured against Hypothecation of Fixed Deposit)	-	41,466,528
Loan from Body Corporate (Secured against Hypothecation of Non Convertible Debenture/ Bonds)	60,000,000	-
	63,517,462	43,488,124

Schedules to the Accounts for the year ended 31st March, 2011

SCHEDULE 4 : FIXED ASSETS											
Amount in ₹											
ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As on 01.04.2010	Additions	Disposals	As on 31.03.2011	As on 01.04.2010	From 1.4.2010 to 31.03.2011	Deduction on Sale/ Disposal	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010	
Tangible											
Computers & Accessories	34,895,688	1,163,932	-	36,059,620	27,110,056	3,358,786	-	30,468,842	5,590,778	7,785,632	
Furniture & Fixtures	4,045,722	157,207	-	4,202,929	1,866,009	401,259	-	2,267,268	1,935,661	2,179,713	
Office Equipments	9,363,439	466,639	-	9,830,078	4,746,480	669,956	-	5,416,436	4,413,642	4,616,959	
Motor Car	6,575,366	3,390,960	-	9,966,326	3,489,438	820,594	-	4,310,032	5,656,294	3,085,928	
Intangible											
Website 123India.Com	6,347,701	-	-	6,347,701	6,347,701	-	-	6,347,701	-	-	
Softwares	64,186,589	109,973,654	-	174,160,243	20,033,909	15,853,344	-	35,887,253	138,272,990	44,152,680	
TOTAL	125,414,505	115,152,392	-	240,566,897	63,593,593	21,103,939	-	84,697,532	155,869,365	61,820,912	
Previous Year	100,191,812	35,809,287	1,05,86,595	125,414,504	53,357,849	17,840,849	7,605,106	63,593,592	61,820,912		

Schedules to the Accounts for the year ended 31st March, 2011

	As at 31 st March, 2011 ₹	As at 31 st March, 2010 ₹
SCHEDULE - 5 : INVESTMENTS (Long Term)		
Equity Shares Fully Paid up (Quoted - at cost) - Other than trade		
IntraSoft Technologies Ltd (1,750,000 Equity Shares of ₹ 10/- each held in Trust in terms of the Scheme of Amalgamation)	10,000,000	10,000,000
Non Convertible Debentures / Bonds		
Debentures/ Bonds Fully Paid up (Quoted - at cost) - Other than trade		
30 units -10.25 % Amtex Auto Limited of ₹ 1,000,000 each	30,000,000	-
20 units - 10.00% Brassco Estates Pvt. Ltd. of ₹ 1,000,000 each	20,000,001	-
50 units -11.75 % J P Associates Ltd. of Rs 1,000,000 each	51,573,250	-
32 units- 11.50 % Magma Fincorp Limited of ₹ 1,000,000 each	32,000,000	-
10 units - 11.00 % Premier Finance and Trading Co. Ltd. of ₹ 5,000,000 each	50,321,519	-
50 units- 10.75% Shriram Trading Finance Co. Ltd. of ₹ 1,000,000 each	50,319,150	-
50 units - 10.20 % Srei Infrastructure Ltd. of ₹ 1,000,000 each	49,600,000	-
Mutual Funds		
1000000 units of Birla Sun Life Fixed Term Plan Series CF of ₹ 10 each	10,000,000	-
2000000 units of ICICI Prudential MF FMP of ₹ 10 each	20,000,000	-
1000000 units of IDFC Fixed Maturity Plan Yearly SR 35 Growth of ₹ 10 each	10,000,000	-
2000000 units of IDFC FMP Yearly Series 42 NFO of ₹ 10. each	20,000,000	-
1000000 units of Kotak NFO FMP of Rs 10 each	10,000,000	-
2478241.128 units of Reliance Regular Saving Fund - Debt Plan of ₹ 10 each	30,441,341	-
500000 units of SBI MF - SDFS of ₹ 10 each	5,000,000	-
1000000 units of Tata Fixed Maturity Pan -Long Term of ₹ 10 each	10,000,000	-
4880388.8830 units of Templeton India Income Opportunities Fund of ₹10 each	52,007,044	-
250000 units of UTI Fixed Term Income Fund Series IX-1 of ₹ 10 each	2,500,000	-
Equity Shares Fully Paid up (Unquoted - at cost) - Other than trade		
123 Greetings.com, Inc, A wholly owned subsidiary company incorporated in USA (10,000,000 Common Stock Shares of US \$0.01 each)	4,315,000	4,315,000
One Two Three Greetings (India) Private Limited A wholly owned subsidiary company incorporated in India (100,000 Equity Shares of ₹ 10 each)	20,000,000	1,000,000
123 Greetings (Singapore) Pte. Ltd. A wholly owned subsidiary company incorporated in Singapore (200,000 shares @ SGD 1.00 each)	5,402,000	5,402,000
	493,479,305	20,717,000

Schedules to the Accounts for the year ended 31st March, 2011

	As at 31 st March, 2011 ₹	As at 31 st March, 2010 ₹
SCHEDULE - 5 : INVESTMENTS (Contd.)		
Book value of Quoted Investments	293,813,920	-
Investment in Mutual Funds	169,948,385	-
	463,762,305	-
Book value of Unquoted Investments	29,717,000	20,717,000
	29,717,000	20,717,000
Market Value of Quoted Investments	412,747,056	-
NAV of investments in Quoted Mutual Fund	170,069,874	-
	582,816,930	-
SCHEDULE - 6 : CURRENT ASSETS, LOANS & ADVANCES		
A. CURRENT ASSETS		
Sundry Debtors, Unsecured -Considered Good		
Debts outstanding for a period exceeding six months	-	
Other Debts	13,989,393	54,334,885
[includes ₹ 13,713,745, (Previous Year ₹ 51,324,437) due from wholly Owned Subsidiaries]		
	13,989,393	54,334,885
CASH & BANK BALANCES		
Cash In Hand (As Certified by the Management)	37,284	20,461
Balances with Scheduled Banks		
In Current Account	8,780,753	18,374,639
In Fixed Deposit	2,500,000	175,000,000
In Escrow & ASBA Bank (a/c Share Application Money)	-	4,436,893,140
In Unpaid Dividend Account	9,438	42,560
HDFC Interim Dividend	139,265	-
HDFC Final Dividend	69,504	-
	11,536,244	4,630,330,800
OTHER CURRENT ASSETS		
Accrued Interest on Fixed Deposits / NCD & Bonds	18,683,352	2,188,054
	18,683,352	2,188,054
B. LOANS & ADVANCES		
Advances recoverable in cash or in kind or for value to be received	8,126,109	6,049,573
Advance Income Tax & TDS (Net of Provisions)	2,121,590	1,608,474
Advance for Fringe Benefit Tax (Net of Provisions)	10,119	10,119
Loan to Wholly Owned Subsidiary Company (Max. amount outstanding during the year ₹ 39,007,500/- (Previous year ₹ NIL))	5,000,000	-
Loan to Body Corporates	175,000,000	-
MAT Credit Entitlement	41,663,872	30,464,939
Security Deposits	5,994,229	8,402,015
	237,915,919	46,535,120

Schedules to the Accounts for the year ended 31st March, 2011

	As at 31st March, 2011	As at 31st March, 2010
	₹	₹
SCHEDULE - 7 : CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors		
Dues of Micro enterprises and Small enterprises (Refer note B14 of Schedule 14)		
Other than Micro enterprises and Small enterprises	4,034,657	19,793,618
Share Application Money Refundable	-	3,900,393,140
Unpaid Dividend *	218,207	42,560
Other Liabilities	11,165,847	34,727,321
	15,418,711	3,954,956,639
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31st March 2011		
B. PROVISIONS		
For Gratuity	2,225,409	1,732,806
For Leave Encashment	466,308	295,253
For Interim Dividend	-	11,048,758
For Proposed Dividend	7,365,839	11,048,758
For Tax on Dividend	1,194,923	3,670,122
	11,252,479	27,795,697
	26,671,190	3,982,752,336
SCHEDULE - 8 : Revenue		
IT Enabled Services (TDS ₹ 3,537,208 Previous Year ₹ 4,057,374)	193,359,678	164,235,243
Other Income (Refer note B16 of Schedule 14)	48,942,162	16,983,188
	242,301,840	181,218,431
SCHEDULE - 9 : Cost of Revenues		
Web space and Bandwidth Charges	227,622	214,698
	227,622	214,698
SCHEDULE - 10 : Product and Content Development		
Salaries, Bonus & other allowances	2,761,657	11,348,032
Contribution to Provident and Other Funds	152,607	256,162
	2,914,264	11,604,194

Schedules to the Accounts for the year ended 31st March, 2011

	As at 31 st March, 2011 ₹	As at 31 st March, 2010 ₹
SCHEDULE - 11 : Sales and Marketing Expenses		
Salaries, Bonus & other allowances	10,307,864	7,910,624
Contribution to Provident and Other Funds	282,560	306,743
Travelling	47,962	175,812
Commission on Sale	13,755	-
Branding & Promotion	29,250,000	-
Market Place Fee, Marketing & Referral Fees	625,634	-
	40,527,775	8,393,179
SCHEDULE - 12 : General and Administrative Expenses		
Salaries, Bonus & other allowances	11,389,379	9,247,286
Contribution to Provident and Other Funds	190,648	124,963
Gratuity	555,487	532,815
Travelling & Conveyance	5,192,857	2,857,725
Communication & Correspondence	812,183	566,371
Donation	42,000	-
Power & Fuel	1,117,040	1,162,192
Foreign Exchange Loss	419,663	2,382,357
Insurance	94,990	60,874
Internet Connectivity Charges	416,063	467,052
Legal & Professional Fee	4,520,675	657,489
Directors Fee	600,000	720,000
Auditors Remuneration		
Statutory Audit Fee	75,000	36,000
Tax Audit Fee	18,750	12,000
Other Services (For Certificates)	68,000	28,000
Loss on sale of Fixed Assets	-	2,142,239
Recruitment & Relocation	182,054	351,889
Rent	5,740,008	6,451,673
Rates & Taxes	290,720	13,000
Repairs (Others)	1,604,820	1,962,973
Miscellaneous Expenses	3,996,922	2,618,618
Vehicle Running & Maintenance	633,110	547,302
Miscellaneous Expenditure Written off	17,477,292	17,477,298
	55,437,661	50,420,116
SCHEDULE - 13 : Financial Expenses		
Interest to Bank	423,292	1,789,933
Interest to others	326,672	167,637
	749,964	1,957,570

Schedules to the Accounts for the year ended 31st March, 2011

SCHEDULE - 14

(A) SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONCEPT

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India and are in compliance with mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government.

The financial statement are prepared under the historical cost convention and on an accrual basis of accounting.

2. FIXED ASSETS

Fixed Assets are stated at their original cost including other expenses related to acquisition and installation.

Expenses incurred towards cost of assets not ready for use as at the balance sheet date are disclosed under capital work-in-progress.

3. DEPRECIATION

Depreciation is charged in the accounts on the following basis.

I) Depreciation on all assets, except for Software as stated in para (II), is provided on written down value method applying the rates of schedule XIV (as amended) of the Companies Act, 1956.

II) (a) Software installed for operating system and administrative purposes is depreciated @ 40%.

(b) Software for Development of Software / rendering software services is depreciated over its useful life of 60 months as estimated by the management.

III) Depreciation on assets added / disposed off during the year is provided on pro-rata basis.

4. INVESTMENTS

Long-term Investments are valued at cost less provision for diminution, other than temporary, if any. The cost is determined by taking purchase price and other direct expenses related to acquisition. Current Investments are carried at lower of cost or fair value.

5. RECOGNITION OF INCOME AND EXPENDITURE

Items of Income and expenditure are accounted for on accrual basis.

6. FOREIGN CURRENCY TRANSACTIONS

I) Foreign Currency transactions are recorded on the basis of exchange rates prevailing on the date of their occurrence.

II) Monetary current assets and Monetary current liabilities (other than those covered by forward contracts) denominated in foreign currency as on the Balance Sheet date are restated in the accounts on the basis of exchange rates prevailing at the Balance Sheet date and exchange difference arising there from are charged to the Profit and Loss Account.

7. EMPLOYEES BENEFITS

I. The Company makes monthly contribution to ESI and Provident Fund in respect of employees covered under the respective Acts at the rate specified in the act and the same is charged to revenue.

II. Leave pay due to employees in respect of unavailed leave is encashed or provided for at the end of the year on accrual basis.

III. Gratuity paid during the year is debited to liability account at the time of payment and liability on account of gratuity is provided on the date of Balance Sheet on actuarial Valuation at the end of the year.

8. TAXATION

Provision for Income Tax is made on taxable income for the year at current rates. Current tax represents the amount of Income tax payable in respect of taxable income for the year.

Schedules to the Accounts for the year ended 31st March, 2011

Minimum Alternative Tax (MAT) credit is recognised as an assets only when and to the extent there is convincing evidence that the company will pay normal Income Tax during the specified period. In the year in which the MAT credit become eligible to be recognised as an asset in accordance with the recommendation contained in the Guidance Note issued by the ICAI, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement.

Deferred tax represents the effect of timing difference between taxable income and accounting income for the year that originate in one period and are capable of reversal in one or more subsequent years. The deferred tax asset is recognized and carried forward only to the extent if there is a reasonable certainty that the assets will be realized in future. However where there is unabsorbed depreciation or carried forward business loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty with supporting evidences of realization of the assets.

9. PROVISIONS, CONTINGENT LIABILITIES, AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

10. USE OF ESTIMATES

The preparation of financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosures related to contingent liabilities and assets as at the balance sheet date, and the reported amount of income and expenses during the year. Actual results could differ from those estimates.

11. IMPAIRMENT OF ASSETS

All assets other than, investments and deferred tax assets are reviewed for impairment, wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets whose carrying values exceed their recoverable amount, the impairment are recognized and the assets are written down to the recoverable amount.

12. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)

The Expenditure having the impact on the workings of the company in subsequent years or benefit of which shall continue in one or more subsequent years is recognised as Miscellaneous Expenditure. Such Expenditure is written off in equal installment in five years starting from the year in which they have been incurred.

13. SHARE ISSUE EXPENSES

The Share Issue Expenses is being adjusted against Share Premium Account.

(B) NOTES ON ACCOUNTS

Particulars	As at March 31, 2011 ₹	As at March 31, 2010 ₹
1. Contingent Liabilities not provided for In respect of outstanding Bank Guarantee	125,000	2,625,000
2. The Deferred Tax Liability comprise of the following		
(a) Deferred Tax Liability		
Timing difference for depreciation on Fixed Assets	16,153,234	4,942,111
(b) Deferred Tax Asset		
Expenses allowable under the Income Tax Act on actual payment basis	(13,62,677)	(1,052,927)
Deferred Tax Liability (Net)	<u>14,790,557</u>	<u>3,889,184</u>

Schedules to the Accounts for the year ended 31st March, 2011

The company has not recognised deferred tax asset in respect of brought forward unabsorbed losses of the amalgamated company eligible for adjustment under Income Tax Act against the taxable Income of the company in future as there is no virtual certainty with supporting evidences of realization of the same.

	As at March 31, 2011 ₹	As at March 31, 2010 ₹
3. Earnings in Foreign Exchange		
IT Enabled Services	72,165,253	49,151,743
4. Expenditure in Foreign Currency		
Travelling Expenses	2,040,777	935,373
Subscription and Membership Fee	66,995	70,495
	2,107,772	1,005,868
5. Remuneration and perquisites to		
(a) Managing Director		
Salary	2,400,000	2,400,000
(b) Whole Time Director		
Salary	2,100,000	2,100,000

6. Related Party Transactions

a) Names of related parties and nature of relationship where control exists:

i) Key Management Person and their relative

Mr. Arvind Kajaria	Managing Director
Mr. Sharad Kajaria	Whole-Time Director
Mrs. Padma Kajaria	Mother of above named Key Management Person

ii) Subsidiary Company Names Country of Incorporation

Wholly owned Subsidiary Companies		
	123 Greetings.com, Inc.	USA
	123 Greetings (Singapore) Pte. Ltd.	Singapore
	One Two Three Greetings (India) Pvt. Ltd.	India

iii) Enterprise where KMP have significant Influence or control

Intrasoft Technologies Beneficiary Trust

b) Transactions and balances with related parties:

Name of the Party	Nature of Transaction	As at March 31, 2011 ₹	As at March 31, 2010 ₹
Transactions with Subsidiaries Company			
123 Greetings.com, Inc.	Sale of IT Enabled Services	70,687,280	47,749,288
	Amount Received	89,265,867	33,937,539
	Amount Receivable	11,224,862	29,803,449
One Two Three Greetings (India) Pvt. Ltd.	Sale of IT Enabled Services	116,746,814	99,493,500
	Amount Received	133,330,858	102,043,638
	Amount Receivable	2,458,923	21,370,184
	Unsecured Loan (Given)	5,000,000	-
123 Greetings (Singapore) Pte. Ltd.	Sale of IT Enabled Services	1,022,053	409,728
	Technical / Support Fees	849,625	834,038

Schedules to the Accounts for the year ended 31st March, 2011

Name of the Party	Nature of Transaction	As at March 31, 2011 ₹	As at March 31, 2010 ₹
	Amount Received	1,992,523	1,110,734
	Amount Receivable	29,960	150,805
Transactions with Related Parties			
Arvind Kajaria	Dividend Payment	7,000,035	-
Sharad Kajaria	Dividend Payment	7,000,000	-
Padma Kajaria	Dividend Payment	3,500,000	-
IntraSoft Beneficiary Trust	Dividend Payment	4,375,000	-
Transactions with Key Managerial Personnel			
Mr. Arvind Kajaria	Director's Remuneration	2,400,000	2,400,000
Mr. Sharad Kajaria	Director's Remuneration	2,100,000	2,100,000

7. Fixed Deposit with Bank of NIL (Previous Year ₹ 2,500,000/-) earmarked towards Bank Guarantee given to Bombay Stock Exchange on which lien has been created.
8. The company has taken loan from Barclays Investments & Loans (India) Ltd. of ₹ 60,000,000 (Previous Year ₹ NIL) against Hypothecation of Non Convertible Debentures / Bonds of ₹ 100,000,000
9. Investment with Mutual Fund in Reliance Regular Saving Fund- Debt – 1239120.564 units and Templeton India Income Opportunities Fund Units 4880388.883 earmarked for Stand By Letter of Credit facility to be utilized by a subsidiary company on which lien has been created.
10. Minimum Alternative Tax (MAT) credit available to the company as per provision of section 115JAA of the Income Tax Act, 1961 ₹ 41,663,872/- (Previous Year ₹ 30,464,939/-) has been recognised as MAT Credit Entitlement and carried forward for set off in future years.
11. The followings tables set out the funded status and amount recognised in the companies' financial statement as at March 31, 2011 for the defined benefit plans:

Gratuity			
	Particulars	As at March 31, 2011 ₹	As at March 31, 2010 ₹
I.	Change of Benefit Organization		
	Liability at the beginning of the year	1,732,806	1,687,875
	Interest cost	142,956	128,276
	Current Service Cost	515,816	580,786
	Past Service Cost (Non Vested Funds)	-	-
	Past Service Cost (Vested Funds)	217,074	-
	Benefit Paid	(62,884)	(487,884)
	Actuarial (Gain)/Loss on obligation	(320,359)	(176,247)
	Curtailments and Settlements	-	-
	Liability at the end of the year	2,225,409	1,732,806

Schedules to the Accounts for the year ended 31st March, 2011

Particulars	As at March 31, 2011 ₹	As at March 31, 2010 ₹
II. Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	-	-
Expected Return on Plan Assets	-	-
Contributions	62,884	487,884
Benefit Paid	(62,884)	(487,884)
Actuarial (Gain)/Loss on Plan Assets	-	-
Fair Value of Plan Assets at the end of the year	-	-
Total Actuarial Gain / (Loss) to be Recognised	-	-
III. Actual Return on Plan Assets		
Expected Return on Plan Assets	-	-
Actuarial (Gain)/Loss on Plan Assets	-	-
Actual Return on Plan Assets	-	-
IV. Amount Recognised in the balance Sheet		
Liability at the end of the year	2,225,409	1,732,806
Fair Value of Plan Assets at the end of the year	-	-
Difference	(2,225,409)	(1,732,806)
Unrecognized Past Service Cost	-	-
Amount Recognised in the Balance Sheet	(2,225,409)	(1,732,806)
V. Expenses Recognised in the Income Statement		
Current Service Cost	515,816	580,786
Interest cost	142,956	128,276
Expected Return on Plan assets	-	-
Net Actuarial (Gain) / Loss to be Recognised	(320,359)	(176,247)
Past Service Cost (Non Vested Benefit) Recognised	-	-
Past Service Cost (Vested Benefit) Recognised	217,074	-
Effect of Curtailment or settlement	-	-
Expenses Recognised in the Profit and Loss Account	555,487	532,815
VI. Balance Sheet Reconciliation		
Opening Net Liability	(1,732,806)	(1,687,875)
Expense as above	(555,487)	532,815
Employers Contribution	62,884	(487,884)
Effect of Curtailment or settlement	-	-
Amount Recognised in the Balance Sheet	(2,225,409)	(1,732,806)
VII. Actuarial Assumption		
Discount Rate Current	8.25%	7.50%
Rate of Return on Plan Assets Current	-	-
Salary Escalation Current	5.00%	5.00%

Schedules to the Accounts for the year ended 31st March, 2011

12. The Company has been approved as STP unit under the scheme of The Government of India.
 13. Details of Miscellaneous Expenditure (to the extent not written off or adjusted)

		As at March 31, 2011 ₹	As at March 31, 2010 ₹
(a)	Capital Increase fees		
	As per last Account	484,937	727,409
	Less : Written off during the year	242,472	242,472
	Less : Transfer to General Reserve (Refer note B)	242,465	-
		NIL	484,937
(b)	Deferred Revenue Expenditure		
	As per last Account	59,204,464	38,939,290
	Add : During the year	-	37,500,000
	Less : Written off during the year	17,234,820	17,234,826
	Less : Transfer to General Reserve (Refer note B)	41,969,644	-
		NIL	59,204,464
(c)	Share Issue Expenses		
	As per last Account	37,160,486	-
	Add : During the year	11,751,008	37,160,486
	Less : Adjusted against Share Premium	48,911,494	-
		-	37,160,486
	Total	NIL	96,849,887

14. The Company has not received information from its vendors / service providers regarding their status under Micro, Small & Medium Enterprises Development Act, 2006 and hence disclosures' relating to their outstanding amount and interest has not been made.
 15. Earning Per Share:

(a)	Net Income available to Equity Shareholders (₹) (Numerator)		100,120,899	88,869,098
(b)	Weighted average no. of Equity Shares outstanding (Denominator)		14,660,709	11,031,678
(c)	Earning per Share (₹)	Basic Diluted	6.83	8.06

16. Other Income represents interest received from bank on Fixed Deposit, Debentures and Bonds (Gross) ₹ 34,986,719/- (Previous Year ₹ 16,983,188/-) TDS ₹ 1,812,685 (Previous Year ₹ 2,743,076/-), Dividend ₹ 13,379,067/- (Previous Year NIL) & Gain on Redemption of Mutual Fund ₹ 576,376/- (Previous Year NIL).

Schedules to the Accounts for the year ended 31st March, 2011

17. Disclosure of Loans and Advances as per the requirement of clause 32 of the listing agreement with the stock exchange in India.

	Amount Outstanding at the year end	Maximum amount outstanding during the year	Amount Outstanding at the year end	Maximum amount outstanding during the last year
	March 31,2011	March 31,2011	March 31,2010	March 31,2010
Loans and advances in the nature of loan to subsidiaries				
a) 123 Greetings.com, INC.	NIL	34,007,500	NIL	NIL
b) One Two Three Greetings (I) Pvt. Ltd.	5,000,000	5,000,000	NIL	NIL
Loans and advances in the nature of loans where there is :				
a) No Repayment scheduled or repayment beyond seven years	YES	YES	NA	NA
b) No interest or Interest below Section 372A of the Companies Act, 1956 as per general rules of the company.	YES	YES	NA	NA
Loans and advances in the nature of loans to the Firms/Companies in which directors are interested:				
a) Shares of the Subsidiary Company	NIL	NIL	NIL	NIL
b) Shares of a Subsidiary (including sub/ fellow subsidiary)	NIL	NIL	NIL	NIL

18. As per requirements of AS-17 issued by the Companies (Accountants Standard) Rules 2006, no disclosure is required as the Company is operating in single business/geographical segment of Internet based delivery of services.
19. The Company had filed a Prospectus with the Registrar of Companies, Mumbai on March 30, 2010 in respect of Public Offer of 37,00,000 Equity Shares of ₹ 10/- each for cash at a price of ₹ 145/- per Equity Share aggregating ₹ 53,65,00,000/-. The offer opened on March 23, 2010 and closed on March 26, 2010. The allotment for the same has been approved by the Board of Directors at their meeting held on April 07, 2010. After allotment, the paid up capital of the company has increased to 14,731,678 Equity Shares of ₹ 10/- each fully paid up.
20. The position of IPO proceeds and utilization there of vis-a-vis the 'Objects of issue' as stated in Prospectus dated March 30,2010 upto March 31, 2011 is as follows:
- Fund raised through IPO ₹ 5365.00Lacs
 - IPO Expenses ₹ 524.04Lacs
 - Net proceeds through IPO ₹ 4840.96 Lacs
 - Utilisation as per objects of issue : ₹ 1820.89 Lacs
 - Balance fund unutilized ₹ 3020.07 Lacs.

The unutilized funds were invested in debts (income) funds, Mutual Funds, NCDs, ICDs and balance in company's current bank account.

Schedules to the Accounts for the year ended 31st March, 2011

21. As per the revised Schedule VI, Part I as issued by The Ministry of Company Affairs under the Companies Act, 1956 there is no mention of Deferred Revenue Expenditure (to the extent not written off), the management has decided to adjust the remaining deferred revenue expenditure (to the extent not written off) amounting to ` 42,212,109 as on 31.03.2011 from General Reserve Account.
22. During the year ended, the Company has purchased and redeemed/ switchover following units :

	Units Purchased	Purchase Value	Units Redeemed	Redemption / switch Value
Fortis Money Plus Institutional Plan - Daily Dividend	52,470,955	524,872,336	52,470,955	524,879,882
HDFC Cash Management Fund - Treasury Advantage	10,015,842	100,473,916	10,015,842	100,473,916
HDFC - CMF Wholesale	10,56,109	10,594,356	1,056,109	10,594,356
HDFC Short term Opportunities Fund	10,048,300	100,483,000	10,048,300	100,493,048
ICICI Prudential Flexible Income Plan - Daily Dividend	953,490	100,817,222	953,490	100,817,222
J M Money Manager Fund	1,013,166	10,143,613	1,013,166	10,143,613
Reliance Medium Term Fund - Daily Dividend	5,881,852	100,555,550	5,881,852	100,555,550
Reliance Medium Term Fund - Daily Dividend II	176,710	3,021,014	176,710	3,021,014
Reliance Medium Term Fund - Daily Dividend III	5,934,425	101,454,332	5,934,425	101,454,332
Reliance Monthly Interval Fund- Series II	10,129,494	101,313,294	10,129,494	101,343,865
Reliance Regular Savings Fund - Debt Plan	2,351,908	30,000,000	2,351,908	30,163,928
Reliance Money Manager Fund - Debt Plan	2,087	2,089,348	2,087	2,089,348
Templeton India Income Opportunities Fund - Growth	4,780,617	50,000,000	4,780,617	50,364,283

Note : There are Nil Units for the previous period

23. Figures for the previous year are re-grouped / re-arranged wherever considered necessary to confirm to current year's presentation.

As per our report of even date attached herewith

For K. N. GUTGUTIA & CO.
Chartered Accountants

For and on behalf of the Board

K. C. Sharma
(Partner)
Membership No. : 50819

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-Time Director

Deepak Agarwal
Company Secretary

Place : Kolkata
Date : 30th August, 2011

Place : Mumbai
Date : 30th August, 2011

Annual Report 2010-2011

Balance Sheet Abstract and company's general business profit as per Part IV of Schedule VI of the Companies Act, 1956

Registration Details

I. CIN L24133MH1996PLC197857 State Code

1	1
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 Balance Sheet Date

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II. Capital Raised during the year (Amount in ₹ Thousands)

Public Issue <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td>5</td><td>3</td><td>6</td><td>5</td><td>0</td><td>0</td></tr></table> Bonus Issue <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>		5	3	6	5	0	0			N	I	L			Rights Issue <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table> Private Placement <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>			N	I	L					N	I	L		
	5	3	6	5	0	0																							
		N	I	L																									
		N	I	L																									
		N	I	L																									

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)

Total Liabilities <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td>1</td><td>0</td><td>6</td><td>9</td><td>5</td><td>2</td><td>4</td></tr></table>		1	0	6	9	5	2	4	Total Assets <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td>1</td><td>0</td><td>6</td><td>9</td><td>5</td><td>2</td><td>4</td></tr></table>		1	0	6	9	5	2	4
	1	0	6	9	5	2	4										
	1	0	6	9	5	2	4										

Sources of Funds

Paid up Capital <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td>1</td><td>4</td><td>7</td><td>3</td><td>1</td><td>7</td></tr></table> Reserves & Surplus <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td>8</td><td>4</td><td>3</td><td>8</td><td>9</td><td>9</td></tr></table> Deferred Tax <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td> </td><td>1</td><td>4</td><td>7</td><td>9</td><td>1</td></tr></table>		1	4	7	3	1	7		8	4	3	8	9	9			1	4	7	9	1	Share Application Money <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table> Secured Loans <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td> </td><td>6</td><td>3</td><td>5</td><td>1</td><td>7</td></tr></table>			N	I	L					6	3	5	1	7
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	8	4	3	8	9	9																														
		1	4	7	9	1																														
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Application of Funds

Net Fixed Assets <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td>1</td><td>5</td><td>5</td><td>8</td><td>6</td><td>9</td></tr></table> Investments <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td>4</td><td>9</td><td>3</td><td>4</td><td>7</td><td>9</td></tr></table> Misc. Expenditure <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>		1	5	5	8	6	9		4	9	3	4	7	9			N	I	L			Capital work in progress <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td> </td><td>1</td><td>6</td><td>4</td><td>7</td><td>2</td><td>2</td></tr></table> Net Current Assets <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td> </td><td>2</td><td>5</td><td>5</td><td>4</td><td>5</td><td>4</td></tr></table> Accumulated Losses <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>			1	6	4	7	2	2			2	5	5	4	5	4			N	I	L		
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		1	6	4	7	2	2																																						
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IV. Performance of company (Amounts in ₹ Thousands)

Revenue** <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td>2</td><td>4</td><td>2</td><td>3</td><td>0</td><td>2</td></tr></table> ** Includes Other Income Profit Before Tax <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td>1</td><td>2</td><td>1</td><td>3</td><td>4</td><td>1</td></tr></table> Earnings Per Share in ₹ <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td> </td><td>6</td><td>.</td><td>8</td><td>3</td></tr></table>		2	4	2	3	0	2		1	2	1	3	4	1			6	.	8	3	Total Expenditure <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td>1</td><td>2</td><td>0</td><td>9</td><td>6</td><td>1</td></tr></table> Profit After Tax <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td>1</td><td>0</td><td>0</td><td>1</td><td>2</td><td>1</td></tr></table> Dividend Rate % <table border="1" style="width: 100%; text-align: center;"><tr><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table>		1	2	0	9	6	1		1	0	0	1	2	1			N	I	L		
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	1	0	0	1	2	1																																				
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V. Generic names of Principal Products / Services of Company (as per monetary terms)

Item Code <table border="1" style="display: inline-table;"><tr><td> </td><td>N</td><td>A</td><td> </td><td> </td><td> </td></tr></table>		N	A				Product Description <table border="1" style="display: inline-table;"><tr><td>I T Enabled Services</td></tr></table>	I T Enabled Services
	N	A						
I T Enabled Services								

For and on behalf of the Board

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-Time Director

Deepak Agarwal
Company Secretary

Place : Mumbai
Date : 30th August, 2011

IntraSoft Technologies Limited

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

	Name of Subsidiary Company	123 Greetings. com, Inc	123Greetings (Singapore) Pte. Ltd.	One Two Three Greetings (India) Private Limited
1.	Financial year of the Subsidiary ended on	31 st March, 2011	31 st March, 2011	31 st March, 2011
2	Date from which it became subsidiary company	27 th May, 1999	12 th April, 2007	31 st January, 2007
3	Country of Incorporation	USA	Singapore	India
4.	Equity Shares of ₹ 10 each			
	a) Number of Shares	10,000,000 Common Stock of US \$0.01 each	200,000 Shares of SGD 1.00 each	20,00,000 Equity Shares of ₹ 10/- each
	b) Percentage Holding	100.00 %	100.00 %	100.00 %
5(a)	Net aggregate amount of Profit/(Loss) of the subsidiary, so far as they concern members of the Holding Company. For the Financial Year of the Subsidiary a) Dealt with in the accounts of the Holding Company. b) Not dealt with in the accounts of the Holding Company.	Nil ₹ 129,127	Nil ₹ 53,644	Nil ₹ 168,284
5(b)	Net aggregate amount of Profit/(Loss) of the Subsidiary for the previous financial years so far as they concern members of the Holding Company a) Dealt with in the accounts of the Holding Company. b) Not dealt with in the accounts of the Holding Company.	Nil ₹ 2,096,996	Nil ₹ (3,090,762)	Nil ₹ 511,074

For and on behalf of the Board

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-Time Director

Deepak Agarwal
Company Secretary

Place : Mumbai

Date : 30th August, 2011

FINANCIAL INFORMATION PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES FOR FINANCIAL YEAR 2010-11

(₹ In lacs)

Particulars	Subsidiary Companies		
	123 Greetings.com, Inc.*	123 Greetings (Singapore) Pte. Ltd.*	One Two Three Greetings (India) Private Limited
Capital	44.93	68.48	200.00
Reserves	23.19	(39.61)	6.79
Total Assets	767.01	30.44	321.37
Total Liabilities	698.89	1.57	114.58
Investments	-	-	-
Turnover	2,922.94	36.45	1,168.82
Profit / (Loss) before Taxation	1.73	.54	2.48
Provision for Taxation	.44	-	.86
Profit / (Loss) after Taxation	1.29	.54	1.68
Proposed Dividend	-	-	-

Basis of Conversion:

Revenue items at average exchange rate prevailing during the year and for Balance Sheet items, the exchange rate prevailing as at the Balance Sheet date.

Currency	Exchange rate as at 31 st March, 2011	Average Exchange rate for the year
1 USD	44.93	45.57
1 SGD	34.24	33.89

For and on behalf of the Board

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-Time Director

Deepak Agarwal
Company Secretary

Place : Mumbai

Date : 30th August, 2011

Creating *smiles!*





123
Greetings

IntraSoft Technologies Limited

502A, Prathamesh, Raghuvanshi Mills Compound,
Senapati Bapat Marg, Lower Parel, Mumbai : 400 013

Tel: 91-22-2491-2123, Fax: 91-22-2490-3123

www.itlindia.com Email: intrasoft@itlindia.com