



123
Greetings

IntraSoft Technologies Limited

Annual Report 2011-12



Creating Smiles
with every click!

17th Annual Report

Board of Directors

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

Auditors

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

Company Secretary & Compliance Officer

Rakesh Dhanuka

Registrar and Share Transfer Agents

Link Intime India Private Limited
C-13 Pannalal Silk Mills Compound, L.B.S Marg,
Bhandup (W), Mumbai – 400078
Tel: 91-22-2594-6970, Fax : 91-22-2594-6969
Email: rnt.helpdesk@linkintime.co.in

Bankers

HDFC Bank Ltd.
Indian Overseas Bank

Registered Office

502A, Prathamesh, Raghuvanshi Mills Compound,
Senapati Bapat Marg, Lower Parel, Mumbai – 400 013
Tel: 91-22-2491-2123, Fax: 91-22-2490-3123
Email: intrasoft@itlindia.com

Corporate Office (from April 2012)

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



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Arvind Kajaria, Managing Director

“

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

Letter to Shareholders

Dear Shareholders,

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

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

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

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

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

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

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

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

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

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

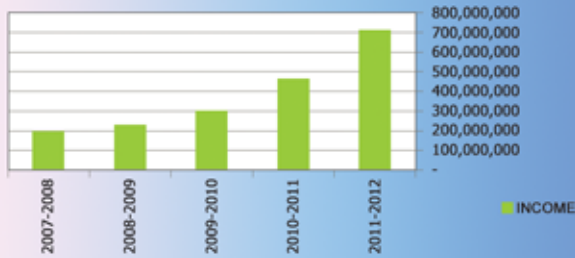
Your Company has an unshakeable conviction that the long-term interests of shareholders are perfectly aligned with the interests of customers. We continue to invest in technologies, domain and process knowledge to become much more customer centric every day. The young, energetic workforce of your company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

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



Historical Data

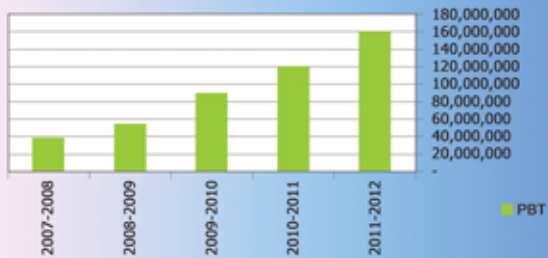
INCOME



EBITDA



PBT



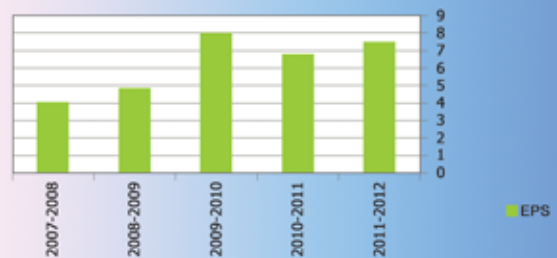
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NET WORTH



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Directors' Report

Directors' Report

Dear Shareholders,

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

Financial Results

(₹ in Lacs)

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

Business

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

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

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

In accordance with the Accounting Standard on Consolidated Statements (AS-21), the audited Consolidated Financial Statements is attached and forms part of this Annual Report. These statements have been prepared on the basis of financial statements received from the subsidiaries, as approved by their respective boards.

Subsidiary Companies

The Company has three wholly owned subsidiaries viz 123Greetings.com, Inc. (USA), 123Greetings (Singapore) Pte. Ltd. (Singapore) and One Two Three Greetings (India) Private Limited (India).

Dividend

Considering the Company's performance during the financial year and to appropriately reward the members while conserving the resources to meet the future requirements, the Board of Directors recommends Dividend of ₹ 1 per Equity Share (10%) for the financial year 2011-12 (Previous year 10% Interim Dividend and 5% Final Dividend).

Management's Discussion and Analysis

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

Corporate Governance

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

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

The Company has complied with the provisions of Corporate Governance requirements, as stipulated under clause 49 of the Listing Agreement. A separate section on Corporate Governance forming part of the Directors' Report and the certificate from a Practicing Company Secretary confirming the compliance of Corporate Governance requirements is attached with the Directors' Report.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, to the best of their knowledge and belief confirm that:

- In the preparation of Annual Accounts for the financial year 2011-12, the applicable Accounting Standards have been followed and there were no material departures;
- The directors have selected such Accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year.
- Proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Annual Accounts for the year ended 31st March, 2012 are prepared on a going concern basis.

Directors

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

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

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Rupinder Singh and Mr. Vishal Agarwal shall retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. The Board of Directors recommends their re-appointment.

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

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

to act as Directors of the Company if appointed.

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

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

Auditors

M/s. K. N. Gutgutia & Co., the Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. It is proposed to re-appoint them as Statutory Auditors for the financial year 2012-13. The retiring Auditors have furnished a certificate of their eligibility for re-appointment under Section 224(1B) of the Companies Act, 1956 and have indicated their willingness to continue in the said office.

Auditors' Observations

The observations made by the Auditors in their Report read with relevant notes as given in the Notes on Accounts annexed to the Accounts, are self explanatory and therefore do not call for any further comments under Section 217(3) of the Companies Act, 1956.

IPO Utilization

The Company has, till 31st March 2012 spent ₹ 4,628 lacs for the objects stated in the prospectus of the Company, and as amended subsequently, out of the total proceeds of ₹ 5,365 lacs raised through Initial Public Offering (IPO). The un-utilized fund has been invested in Non-Convertible Debentures and the balance fund is lying in Company's Bank account.

In accordance with the Listing Guidelines, the utilization of Issue proceeds has also been disclosed in the Quarterly Financial Results published by the Company.

Public Deposits

During the year under review, the Company had neither accepted nor renewed any deposit from public within the meaning of Section 58A of the Companies Act, 1956.

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

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

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

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

Acknowledgements

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

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

For and on behalf of the Board

Place: Kolkata
Date: 16th August, 2012

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director

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 31st March, 2012.

I. Conservation of Energy

The Company is engaged in development and delivery of e-cards and e-commerce 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 are 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:

The Company operates in the internet / information technology industry where developments happen on a continuous basis. Regular evaluation of developments in the industry being carried out by the Company and adopt and adapt such developments based on their suitability to the business in which the Company is engaged in. These actions help the Company 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:

Research and Development Activities allow us to enhance quality, productivity and customer satisfaction through continuous improvements / innovation which ultimately results in increased traffic on the website of the Company and thus benefits the Company.

3) Future Plan of action:

To enable to make its website much more customer-centric, the Company is continuously working on findings/ and evaluating new technologies, processes, frameworks and methodologies.

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. Hence, there is no specific budget earmarked for R&D expenditure. It is also 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:

The technical team of the Company 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 endeavour is made to ensure increase in usage of Company's services through end users in different countries. The Company's e-commerce Operations have also begun to scale new heights.

ii) Total foreign earnings used and earned:

Information on foreign exchange earnings and outgo is contained in note nos. 2.24 and 2.25 of Standalone Financial Statements.

For and on behalf of the Board

Place: Kolkata
Date: 16th August, 2012

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director

ANNEXURE - II TO THE DIRECTORS' REPORT

Management Discussion and Analysis

Cautionary Statement/Forward Looking Statement

Statement in the Management's Discussion and Analysis reflects current expectations of the company and are inherently uncertain. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include, among others, changes in global economic conditions and consumer spending, world events, the rate of growth of the Internet and online commerce, change in the Government regulations, tax laws and other statutes and incidental factors.

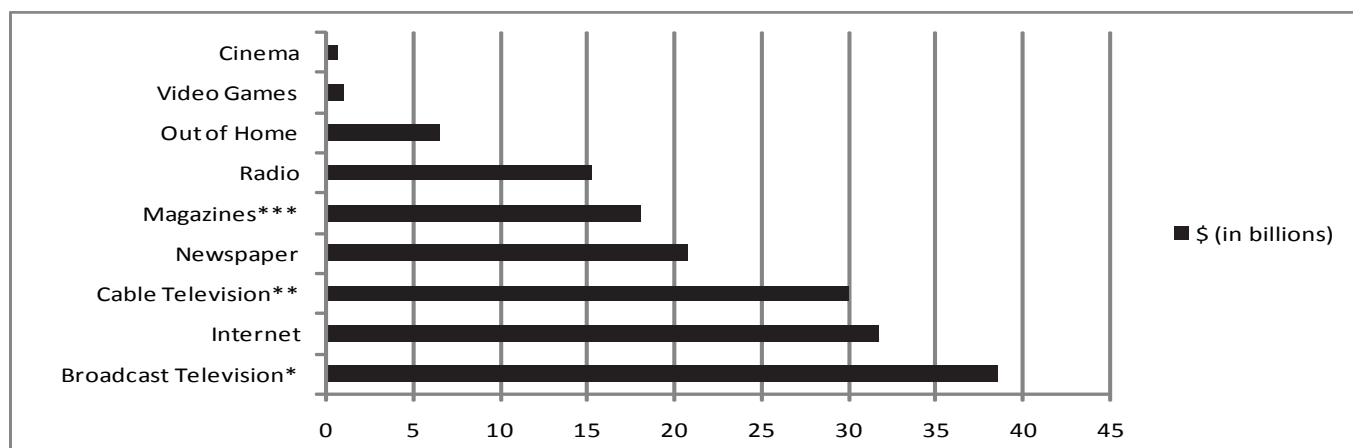
Industry Structure and Developments

Today's buzzword is "Technology" and "Online". The global Internet audience continues to grow rapidly including a large base of mobile broadband users. This vast base of Internet users encourages businesses to innovate and to offer an ever-evolving array of online services. With the blessings of Information Technology, sale of event tickets, travel, apparel, gift items and consumer products has grown considerably in last few years. Today consumers are more focused than ever on finding the value for money and best prices. Consequently, E-commerce firms have been able to establish well in the market due to high value at low prices.

Another sector in IT which has received overwhelming response is Advertisement through websites. Internet Advertising Revenue Report 2011 published by Interactive Advertising Bureau (IAB) has provided the following details about the Online Advertising Industry –

1. Internet advertising revenues in the United States totaled \$31.7 billion for the year 2011, with Q3 2011 accounting for approximately \$7.8 billion and Q4 2011 totaling to approximately \$9.0 billion.
2. Internet advertising revenues for the full year of 2011 increased 22% over 2010.
3. Internet advertising surpassed Cable TV in ad revenue.
 - Internet has continued to grow in significance when compared to other U.S. ad supported media †.
 - In 2011, Internet advertising revenues surpassed those of Cable Television (as defined below, including both National Cable Networks and Local Cable television).
4. Internet advertising revenue growth outpaced other media outlets over the past seven years.

Advertising Revenue Market Share by Media, 2005-2011



† The total U.S. advertising market includes other segments not charted here.

* Broadcast Television includes Network, Syndicated and Spot television advertising revenue.

** Cable Television includes National Cable Networks and Local Cable television advertising revenue.

*** Magazine includes Consumer and Trade magazines.

Sources: IAB Internet Advertising Revenue Report; PwC

Business Performance

The Company is into business of providing E-Greeting Cards and E-commerce services. With the increasing internet speed, people are finding new ways of internet communication. E-cards are the quickest mode for sending greeting across the world with minimum cost. The Company provides electronic greeting card services through our principal website, www.123greetings.com. Presently the Company is offering over 20,000 electronic greeting cards covering over 3,000 every-day and seasonal categories.

E-commerce stands for electronic commerce and pertains to selling goods through the Electronic medium. We serve consumers with our website <http://store.123greetings.com> by providing a wide range of products such as Fragrances, Home & Garden, Electronics, Furniture and many more. <http://store.123greetings.com> brings to consumers the very best of gifts that they can send to family & friends. We have over 5000 different top selling fragrances, a wide range of patio and room heaters and a large collection of watches at our disposal. Our vendor list exceeds 200. Our team is working to add more products to our catalog and bring the best of branded products to our customers.

The Company's revenue largely depends on the US economy due to presence of large consumer base for our business.

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. Moreover through the efforts of the sales and marketing team and aggressive work for building of brand image, the website attracts more advertisements. With over 3,000 seasonal & everyday categories, that covers many different cultures and highest visibility during peak buying periods such as Christmas, advertising opportunities at www.123greetings.com stands out due to its reputation, reach and vision. Our result oriented approach, advertiser friendliness and support in terms of strategic planning and consultation help us provide our advertisers in depth insights as well as unique perspectives that results in an optimization of their campaigns and brand objectives. Our unique perspective of adding a dash of humor, with a dollop of emotion and a sprinkling of creativity has given our content the flexibility to remain eternal in a world idolized in dynamism. Vision, focus and experience have made us a most sought after Consumer Internet Company.

b) E-Commerce

<http://store.123greetings.com> brings to consumers the very best of gifts that they can send to family & friends. Our differentiators are that we sell only top brands, provide low price guarantee, safe and secure shopping experience, widest range of products, free shipping, 30 days return policy, privacy policy, dedicated warehouses across the United States and last but not the least our dedicated customer service.

Our dedicated customer service relentlessly provides services such as shipping out within 1-2 days; optimum delivery time depending upon the shipping method chosen by the consumer; customer centric returns, replacements, refunds and cancellation terms and conditions.

Discussion on Financial Performance

The performance of the Company was encouraging for the year ended 31st March, 2012.

The following is the financial performance based on the consolidated financial results for the year ended 31st March, 2012:

- Company's total income for the year ended 31st March, 2012 increased to ₹ 7,191.94 lacs compared to ₹ 4,765.51 lacs in the previous year, registering growth of 51%.
- Earnings before tax, depreciation and amortization, interest for the year ended 31st March, 2012 was ₹ 1,913.48 lacs as compared to ₹ 1,445.86 lacs for the previous year.
- Profit before tax grew 30% to ₹1,589.72 lacs. Earnings per share (EPS) resulted to ₹ 7.46.
- Return on Capital Employed (ROCE) was 8.76% compared to last year's figure of 9.39%, while Return on shareholders' funds was 10.12% compared to last year's figure of 10.16%.

Outlook

As is common in the technology world, consumers tend to experiment with newer products. Users have shifted to social networking sites and are not spending that much time on search engines anymore. Therefore, our Facebook application gained that much more importance because lesser people are now finding us through search engines.

Mobile devices seem to be gaining increasing prominence. We have, therefore, begun to work on our mobile application which will be compatible with all smart phones. It should be ready for launch in the near future. So, while users may change the access device from time to time, we want to remain the preferred destination for E-cards.

Moreover, as the global Internet audience continues to grow rapidly, well-conceived, Internet-based businesses are proving their value. Consumers have become devoted fans of buying over the Internet. Businesses of all types are finding that the Internet creates true operating efficiencies and drives profitability. "Efficiency" is the most important factor in the success of the E-commerce business.

Our Risks and Concerns

Our businesses viz. E-greeting cards and E-commerce services are rapidly evolving and intensely competitive. Our E-greeting cards business is affected by seasonality, which historically has resulted in higher sales volume during special eve such as Christmas, New Year and Valentine's Day.

Hence, major risk factors which are associated with our business are:

- Firstly uncertainties in the international markets and credit crunch are major risks associated with our businesses.
- Secondly, occurrence of any internal or external factors during the period of peak season may affect the business of the Company

We have taken steps to mitigate risks viz.:

- The Company manages these risks by maintaining a conservative financial profile and by following prudent business and risk management practices.
- The E-Commerce business environment is very dynamic and we have to continuously improve and innovate out systems and processes to remain at par with the market.
- Moreover E-Commerce creates time zone issues and the customer support needs to match the opening hours. Therefore it is pertinent that we maintain a 24 X 7 dedicated customer support team and relentlessly continue developing our back office operations.

Another factor i.e. Inventory Risk may adversely affect our E-commerce business and consequently our operating results. If we do not stock or restock popular products in sufficient amounts such that we fail to meet customer demand, it could significantly affect our revenue and our future growth. If we overstock products, we may be required to take significant inventory markdowns or write-offs, which could reduce profitability.

Our Strategies

Today, we stand amongst the leading service providers of E-greeting cards worldwide and want to further consolidate our position. With regards to E-commerce, the world is showing tremendous growth in the line of business. Many large players have moved online with credible offerings and have devoted substantial energy and resources to building awareness, traffic, and sales. Our Company is aiming to create a leading stand in E-commerce.

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

- E-Greetings Cards Business

We believe that a fundamental measure of our success is our ability to extend and solidify our market leadership position. The stronger our market leadership, the more powerful our economic model. Market leadership can translate directly to higher revenue, higher profitability, greater capital velocity, and correspondingly stronger returns on invested capital. We invest into the business and advanced technologies after thorough study of current market scenario and will continue to do so considering the long term market leadership.

- E-Commerce Business

The Company has developed and successfully tested proprietary software which made back end systems like fulfilling orders, shipping and customer support not only robust but also scalable. This has enabled us to retain and increase sales to existing customers, attract new customers, and satisfy our customers' demands. We shall continue to further fine tune these systems so that we will further develop our capability of delivering an even higher growth without the need for corresponding investment. We are also further refining our processes to further make inventory management systems more robust.

Opportunities and Threats

With the revenues of Internet Advertising increasing year on year, there is a long term potential of growth in the E-Greeting cards business.

The E-marketplace has become an acceptable alternative to traditional trading marketplace. The opportunity of growth in this sector is incomprehensible. However, due the faceless and borderless nature of the business, the threat of loss of reputation of business due to unethical business practices by scrupulous vendors looms over the industry. Therefore a robust customer privacy and information security policy is the topmost priority of <http://store.123greetings.com>.

Internal Control System and Its Adequacy

The Company remains committed to ensuring an effective internal control environment and has put in place adequate controls that are commensurate with the size of the business and the nature of operations. These control systems are being continuously strengthened to ensure that –

1. The assets are adequately safeguarded, optimally utilized and properly reported.
2. Best practices are adopted for recording transactions and maintenance of accounting records.
3. Operational Security is optimum.
4. Laws and regulations are complied with.
5. The highest standards of corporate governance are practiced.

Human Resource

Our fundamentals are our people. With flexibility inherently inculcated into our employee management systems, talent is given the perfect platform to outshine the rest. Through our principle of work culture, we have ensured that mediocrity is avoided while true value additions are identified and nurtured. We have created an ambience of professionalism mixed with fun and creativity which helps in enhancing and elevating an individual as well as the organization to the next level of achievement. Adequate efforts are directed on imparting continuous training to employees.

As on 31st March 2012, the employee strength of the company is 165.

Report on Corporate Governance
1. Company's Philosophy on Corporate Governance

Corporate Governance is the system affecting the way companies are directed and controlled. It is the framework by which the various stakeholder interests are balanced. The Company's philosophy on Corporate Governance is to ensure that resources are utilized in a manner that meets stakeholders' aspirations and society at large. Through the Governance mechanism in the Company, the Board together with its Committees undertakes its fiduciary responsibilities to all its stakeholders, including shareholders, employees, the government, lenders and society by ensuring trusteeship, transparency, accountability and equality, in all phases 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 Independent Directors, which is in conformity with the requirement of Clause 49 of the Listing Agreement with the Stock Exchanges. As on 31st March 2012, the Board consist 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 an Executive Director and as per Clause 49 of the Listing Agreement one half of the Board comprises of independent directors. All Directors, except the Managing Director and Whole-time Director, are liable to retire by rotation.

The composition of the Board during the year ended 31st March 2012 and other relevant details relating to Directors are given below:

Name of the Director	Designation	Category of Directorship	Other Companies		
			Board Director-ship*	Committee Member-ship#	Committee Chairmanship#
Mr. Arvind Kajaria	Managing Director	Promoter, Executive; Non Independent	-	-	-
Mr. Sharad Kajaria	Whole-time Director	Promoter, Executive; Non Independent	-	-	-
Mr. Vishal Agarwal	Director	Non-Executive; Independent	-	-	-
Mr. Rupinder Singh	Director	Non-Executive; Independent	-	-	-
Mr. Anil Agrawal	Director appointed in casual vacancy	Non-Executive; Independent	1	-	-
Mr. Deepak Kanabar@	Director	Non-Executive; Independent	-	-	-
Mr. Amit Ruia^	Director appointed in casual vacancy	Non-Executive; Independent	-	-	-

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

Membership & Chairmanship of only Audit Committee and Shareholders' Grievance Committee have been considered.

@ Resigned with effect from 9th March, 2012.

^ Appointed as Director in casual vacancy with effect from 9th March, 2012 in place of Mr. Deepak Kanabar.

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 and being eligible offer themselves for re-appointment.

The Board has recommended the re-appointment of Mr. Vishal Agarwal and Mr. Rupinder Singh as Directors to the shareholders.

During the year under review, Mr. Amit Ruia was appointed as Director in casual vacancy with effect from 9th March, 2012, in place of Mr. Deepak Kanabar, who tendered his resignation due to his other occupation.

The tenure of Mr. Anil Agrawal and Mr. Amit Ruia, both Directors appointed in casual vacancy, will expire at the ensuing Annual General Meeting. Notices have been received from Members of the Company under Section 257 of the Companies Act, 1956 proposing their candidature for the office of director of the Company. The brief resume of the aforesaid proposed appointees is provided at the end of this report.

c) Board Meetings and Annual General Meeting:

During the financial year 2011-12, 7 Board Meetings were held i.e. on 5th May, 2011, 11th August, 2011, 30th August, 2011, 14th November, 2011, 6th January, 2012, 7th February, 2012, and 9th March, 2012. The Annual General Meeting of the Company was held on 29th September 2011. 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	7	7	Yes
Mr. Sharad Kajaria	7	7	No
Mr. Vishal Agarwal	7	3	Yes
Mr. Rupinder Singh	7	5	Yes
Mr. Deepak Kanabar@	7	0	No
Mr. Anil Agrawal	7	7	No
Mr. Amit Ruia#	1	1	No

@ Resigned with effect from 9th March 2012

Appointed with effect from 9th March, 2012

The gap between any 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. All the Board Members and Senior Management personnel have affirmed compliance with the code for the year ended 31st March, 2012. 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 2012, the Audit Committee comprises of two (2) Non-Executive Independent Directors and one (1) Executive Director. All the members of the Audit Committee have good knowledge of Finance and Accounts. The Chairman of the Committee is Mr. Vishal Agarwal, Independent Director, member of the Institute of Chartered Accountants of India.

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

During the Financial Year 2011-12, five (5) Audit Committee Meetings were held on 5th May 2011, 11th August 2011, 30th August, 2011, 14th November, 2011 and 7th February 2012. The composition of the Audit Committee during the year ended 31st March 2012 and the details of number of meetings attended by members of the Committee are as under:

Committee Members	Designation	No. of Meetings Attended
Mr. Vishal Agarwal	Chairman	5
Mr. Rupinder Singh	Member	4
Mr. Arvind Kajaria	Member	5

c) Attendees:

The Audit Committee invites such executives and personnel, 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 Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956 which are as follows:

- i) To interact with the auditors periodically about internal control systems, the scope of audit including the observations of auditors and review 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 to the Board, 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 Board'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, the statement of uses/application of fund raised through an Initial Public Offer (IPO) on a quarterly basis as a part of quarterly review of financial results.
- viii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- ix) 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.
- x) Discussion with internal auditors on any significant findings and follow up thereon.
- xi) 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.

- xii) 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.
- xiii) 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.
- xiv) 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

The Remuneration Committee determines and recommends to the Board the remuneration payable to the Executive Directors. The remuneration payable to Executive Directors is approved by the shareholders.

During the year the Committee was re-constituted with the induction of Mr. Anil Agrawal as a Member of Remuneration Committee in place of Mr. Deepak Kanabar, who resigned from the office of director of the Company.

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 is as under:

Committee Members	Designation
Mr. Rupinder Singh	Chairman
Mr. Vishal Agarwal	Member
Mr. Deepak Kanabar #	Member
Mr. Anil Agrawal@	Member

Resigned with effect from 9th March, 2012

@ Appointed with effect from 9th March, 2012

During the financial year ended 31st March, 2012, One (1) meeting of Remuneration Committee was held on 7th February, 2012 to consider Re-appointment of Mr. Sharad Kajaria as Whole-time Director of the Company.

Attendance at the meeting held was as follows:

Name of the Director	Attendance
Mr. Rupinder Singh	Yes
Mr. Vishal Agarwal	Yes
Mr. Deepak Kanabar	No

b) Terms of reference:

The Committee has the mandate to review and recommend compensation payable to the Executive Directors 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 pattern, qualifications and experience of the employee, responsibilities handled by him, his individual performance, etc.

ii) Non-Executive Directors:

Non-Executive Directors of the Company are paid sitting fees for attending Board Meetings and Committee Meetings. The payment of sitting fees is made as per limits prescribed under the Companies Act, 1956.

Details of the Sitting fees paid during the year 2011-12 for attending the Board Meetings and Committee Meetings are as under:

Name of the Non-Executive Director	Sitting Fees paid (₹)
Mr. Vishal Agarwal	180,000
Mr. Rupinder Singh	320,000
Mr. Amit Ruia	20,000
Mr. Deepak Kanabar	0
Mr. Anil Agrawal	300,000
Total	820,000

iii) Executive Directors:

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

Details of remuneration paid to Executive Directors during the year ended 31st March, 2012 are given below:

Name of the Executive Director	Designation	Salary & Allowances (₹ in lacs)	Total (₹ in lacs)
Mr. Arvind Kajaria	Managing Director	2,400,000	2,400,000
Mr. Sharad Kajaria	Whole-time Director	2,100,000	2,100,000

Note: No director is related to any other director on the board, except Mr. Arvind Kajaria and Mr. Sharad Kajaria, who are brothers.

5) Shareholders' / Investors' Grievance Committee
a) Constitution and Composition of Shareholders' Grievance Committee:

The Shareholders'/Investors' Grievance Committee primarily looks into various issues relating to shareholders viz. transfer and transmission of shares, non-receipt of declared dividends, etc. and take necessary steps for redressal thereof.

During the year Mr. Deepak Kanabar, member of the Committee resigned from the office of director of the Company and accordingly ceased to be a member of the Committee.

Eight meetings of Shareholders'/Investors' Grievance Committee were held during the financial year 2011-12 i.e. on 30th April, 2011, 15th June, 2011, 18th July, 2011, 27th August, 2011, 24th September, 2011, 14th November, 2011, 12th December, 2011 and 7th January, 2012. 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. Anil Agrawal	Chairman	8	8
Mr. Rupinder Singh	Member	8	6
Mr. Deepak Kanabar#	Member	8	0
Mr. Arvind Kajaria	Member	8	7

Resigned with effect from 9th March, 2012

b) The Company Secretary act as a secretary to the Committee. Mr. Deepak Agarwal, Company Secretary and Compliance Officer of the Company resigned with effect from 9th March, 2012.

Mr. Rakesh Dhanuka was appointed as the Company Secretary and Compliance Officer of the Company with effect from 13th April 2012.

c) During the year 2011-12, the Company has received 13 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.	01.04.2011 to 30.06.2011	1	Nil
2.	01.07.2011 to 30.09.2011	Nil	7
3.	01.10.2011 to 31.12.2011	3	Nil
4.	01.01.2012 to 31.03.2012	Nil	2
	Total	4	9

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
2008-09	19.09.2009	11:00 A.M.	145, Rash Behari Avenue, 5 th Floor, Kolkata 29
2009-10	28.09.2010	3.00 P.M.	Orchid Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai 13
2010-11	29.09.2011	3.00 P.M.	Orchid Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai 13

ii) Special Resolutions during previous three Annual General Meetings:

Financial Year	Particulars of Special Resolution Passed
2008-09	Nil
2009-10	Nil
2010-11	Seeking approval of the shareholders for change in utilization of IPO proceeds including purposes other than those mentioned in the Prospectus

iii) During the year 2011-12, no resolution was passed by Postal Ballot.

iv) No resolution is proposed to be passed through Postal Ballot.

7. Means of Communication

i) The quarterly results of the Company are published in two English and one regional language leading newspaper. The quarterly results are submitted to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited immediately after the conclusion of the Board Meetings. The Company also displays all financial results and information on its website www.itlindia.com. The Company also publishes a separate press release on the quarterly 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 financial year.

iii) The Management Discussion and Analysis Report pursuant to Clause 49 of the Listing Agreement is attached and forms part of this Annual Report.

8. General Shareholder Information

i) Annual General Meeting:

Day, Date and Time : Tuesday, 25th September, 2012 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 Un-audited / Audited Financial Results for the quarter ended:

30 th June, 2012	:	By 10 th August, 2012
30 th September, 2012	:	By 14 th November, 2012
31 st December, 2012	:	By 14 th February, 2013
31 st March, 2013	:	By 30 th May, 2013

AGM for the year ending

31 st March, 2013	:	By 30 th September, 2013
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iii) Book Closure:

Tuesday, 18th September, 2012 to Tuesday, 25th September, 2012 (both days inclusive)

 iv) The Payment date of Dividend for the year 2011-12, subject to Shareholders' approval, will be on or before 24th October, 2012.

v) Listing on Stock Exchanges:

Bombay Stock Exchange Ltd	National Stock Exchange of India Ltd
Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001.	"Exchange Plaza", G - Block, Bandra-Kurla Complex, Bandra(East) Mumbai - 400 051.

Note: Listing fees for the year 2012-13 has been paid to the said Stock Exchanges.

vi) Stock Code/Symbol:

BSE – 533181

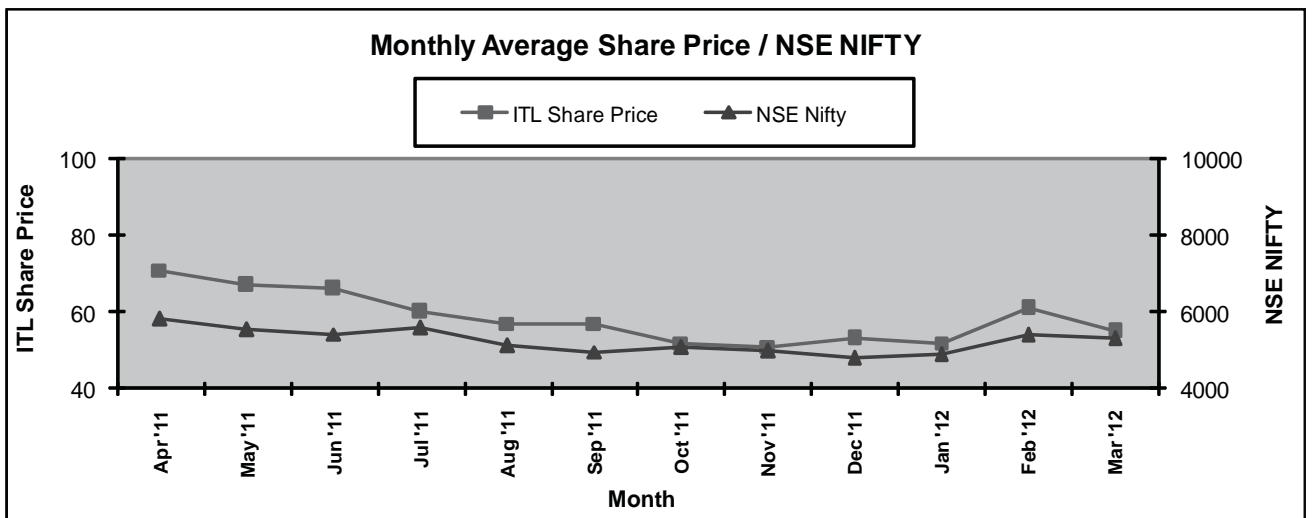
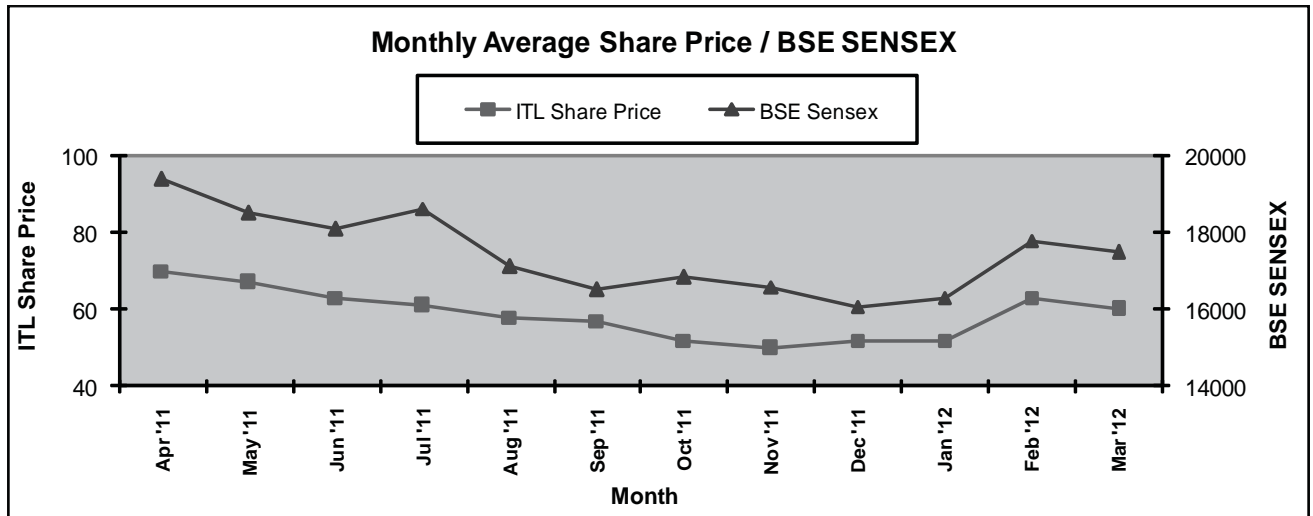
NSE – ISFT

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 (₹)	Low (₹)	No. of Share	High (₹)	Low (₹)	No. of Share
Apr-11	74.30	66.30	183181	75.50	66.20	255529
May-11	71.95	62.50	83982	74.00	60.00	173933
Jun-11	68.95	56.75	13512	72.00	59.00	66968
Jul-11	65.50	57.10	17798	63.00	57.40	150758
Aug-11	63.75	51.95	62451	61.80	53.00	149811
Sep-11	60.45	53.10	7716	60.75	53.15	32711
Oct-11	56.45	47.00	34657	56.00	47.95	80454
Nov-11	54.50	46.00	14325	55.00	46.00	23685
Dec-11	57.45	46.55	10172	59.60	46.50	40719
Jan-12	56.95	48.00	7941	55.80	48.60	111477
Feb-12	74.10	51.70	40961	68.40	54.00	48218
Mar-12	60.95	50.15	8132	58.25	52.00	11557

viii) Performance of the share price of the Company in comparison to the BSE Sensex and NSE NIFTY are as under:



ITL represents IntraSoft Technologies Limited.

ix) Share Transfer System:

Transfer of shares held in demat form is done through the depositories without any involvement of the Company. As regards 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 meet as often as required.

x) Category wise Shareholding as at 31st March, 2012:

Sr. No.	Category	No. of Shares held	Percentage (%)
1.	Promoter and Promoter Group	8750014	59.40
2.	Foreign Institutional Investors	-	-
3.	Mutual Fund	-	-
4.	Insurance Companies	114	0.00
5.	Foreign Venture Capital Investor	1797635	12.20
6.	Overseas Body Corporate	3375	0.02
7.	Body Corporate	3180023	21.59
8.	Clearing Members	18154	0.12
9.	NRIs/NRNs	31705	0.22
10.	Public	950658	6.45
	Total	14731678	100.00

xi) Distribution of Shareholding as at 31st March, 2012:

Shareholding of Nominal Value (₹)	No. of Shareholders	% of Total Shareholders	Share Capital Amount (₹)	% of Total Share Capital
1 - 5,000	7614	96.43	5,169,390	3.51
5,001 - 10,000	154	1.95	1,235,880	0.84
10,001 - 50,000	88	1.11	2,023,390	1.37
50,001 - 100,000	14	0.18	983,250	0.67
100,001 and above	26	0.33	137,904,870	93.61
TOTAL	7896	100.00	147,316,780	100.00

xii) Dematerialization of Shares and Liquidity:

The Company's shares are compulsorily traded in dematerialized form and having connectivity with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Service (India) Limited. The equity shares of the Company are traded at Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE).

Equity Shares of the Company representing 98.90% of the Company's share capital are dematerialized as on 31st March, 2012. Under the depository system, the International Securities Identification Number (ISIN) allotted to the Company's shares is **INE566K01011**.

xiii) Green Initiative:

To support the "Green Initiative" taken by Ministry of Corporate Affairs, and to receive all the documents, notices, including Annual Report and other communications of the Company, members are requested to register their e-mail address with M/s. Link Intime India Private Limited, if shares are held in physical form, or with their depository participant, if shares are held in electronic form. This will ensure prompt receipt of communication, avoid loss in postal transit and saving of huge cost incurred in printing and postage.

xiv) Unclaimed Dividend:

The members are informed that pursuant to provision of Section 205A and 205C of the Companies Act, 1956, the dividend declared by the Company from time to time and which remains unclaimed for a period of seven 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 dividend after transfer 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 reminder 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 shareholders No. of Shares
Number of Shareholders and the aggregate no. of outstanding shares whose share certificates are lying in physical form with our Registrar at the beginning of the year	13 Shareholders 13275 shares
No. of shareholders who approached issuer for claiming the share certificates lying with the Company and their aggregate no. of outstanding shares	3 Shareholders 300 shares
Number of Shareholders and the aggregate no. of outstanding shares whose share certificates are lying in physical form with our Registrar at the end of the year	10 shareholders 12975 shares

xvi) The Company has not issued any GDRs/ADRs. There were no outstanding convertible warrants as on 31st March, 2012.

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: 022-2596-2691

xviii) Unit Locations:

The Registered office of the Company is located in Mumbai whereas 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: 022-2596-2691
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 'Object of the Issue' as stated in the prospectus dated 30th March, 2010 and as amended and approved by Shareholders at the Annual General Meeting held on 29th September, 2011 upto 31st March, 2012 is as follows:

Gross Proceeds	₹ 536,500,000
Less: IPO expenses	₹ <u>52,404,166</u>
Net Proceeds through IPO	₹ 484,095,834
Utilization as per Objects of Issue and amendments thereof	₹ <u>410,395,541</u>
Balance funds unutilized	₹ <u>73,700,293</u>

Details of utilization of IPO proceeds is as under:

Sr. No	As per object of issue and as amended and approved by the Shareholders at the Annual General Meeting held on 29 th September, 2011		Actual Utilization
	Object	₹ (In Lacs)	₹ (In Lacs)
1.	Branding & Promotion	365.62	322.63
2.	Investment in technology Infrastructure	1850.00	1317.23
3.	General Corporate Purpose	2623.38	2464.10
4.	Issue Related Expenses	526.00	524.04

The un-utilized funds of the said IPO as on 31st March, 2012 are invested in Non Convertible Debentures and the balance amount is lying in the Company's bank account.

The Company obtains IPO Usage Certificate from Statutory Auditors of the Company on quarterly basis and placed it before the Audit Committee and Board of Directors.

Details of un-utilized fund:

Particulars	₹ (In Lacs)
Investment in Non-Convertible Debentures	736.99
Balance in Company's bank account	0.01
Total	737.00

10. Other Disclosures

- a) Related Party transactions have been disclosed in the Notes to Accounts in the financial statements as at 31st March, 2012
- b) Shareholdings of the Non-Executive Directors as on 31st March, 2012 is as under

Name of the Director	No. of Shares held
Mr. Vishal Agarwal	NIL
Mr. Rupinder Singh	NIL
Mr. Deepak Kanabar@	NIL
Mr. Anil Agrawal	NIL
Mr. Amit Ruia#	NIL

@ Resigned with effect from March 9, 2012

Appointed with effect from March 9, 2012

- 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 is complying with all the mandatory requirements of Clause 49 of the Listing Agreement. In addition the Company has also adopted the Non mandatory requirements of the constitution of Remuneration Committee as referred in Clause 49 of the Listing Agreement.

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 does not have a whistle blower policy.

**Brief profile of the Directors proposed to be re-appointed /
appointed in the ensuing Annual General Meeting**

Name	Sharad Kajaria	Vishal Agarwal	Rupinder Singh	Anil Agrawal	Amit Ruia
Date of Birth	17th March, 1976	5th October, 1977	2nd January, 1959	7th February, 1959	3rd August, 1982
Qualification	B.Com	B.Com, MBA (Finance), Chartered Accountant	B.Com	B.Com	Chartered Accountant
Area of Expertise	Strategic Planning & System design and development	Audit and Direct Tax matters	Event management and entertainment industry	Capital Market and Stock Exchange operations	Audit and Tax matters
Experience	14 Years	7 Years	22 Years	26 Years	6 Years
Other Directorship	-	-	-	One Two Three Greetings (India) Private Limited	-
Name of the other Companies in Committees of which holds membership/ chairmanship	-	-	-	-	-
Number of Equity Shares held (as on 31st March, 2012)	28,00,000	-	-	-	-

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

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

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 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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 the conditions of Corporate Governance as stipulated in the above mentioned 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/-

Jayesh Shah
Partner
CP No. 2535

Place: Mumbai
Date: 16th August, 2012

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: Kolkata
Date: 16th August, 2012

Arvind Kajaria
Managing Director

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, 2012, the Consolidated Statement of Profit and Loss 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, 2012 of two foreign subsidiary companies whose total assets of ₹ 308,978,198/- and total revenue of ₹ 552,093,619/- 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 Auditors.
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, 2012;
 - ii) in case of the Consolidated Statement of Profit & Loss, 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.

For K. N. GUTGUTIA & CO.

Chartered Accountants

Firm Registration No. 304153E

K. C. SHARMA

Partner

Membership No.: 50819

Place : Kolkata

Date : 16th August, 2012

Consolidated Balance Sheet as at 31st March, 2012

	Note No.	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2.1	147,316,780	147,316,780
(b) Reserves and Surplus	2.2	938,659,981	844,516,864
(2) Non-current Liabilities			
(a) Long-term Borrowings	2.3	900,163	1,427,462
(b) Deferred Tax Liabilities (Net)	2.4	53,786,920	14,790,105
(c) Other Long term Liabilities	2.5	3,310,015	2,568,309
(d) Long-term Provisions	2.6	3,315,283	2,653,876
(3) Current Liabilities			
(a) Short-term Borrowings	2.7	253,250,000	104,930,000
(b) Trade Payables	2.8	12,975,908	11,462,281
(c) Other Current Liabilities	2.9	55,992,315	18,800,551
(d) Short-term Provisions	2.10	17,204,686	8,612,868
TOTAL		<u>1,486,712,051</u>	<u>1,157,079,096</u>
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	2.11	156,209,882	18,871,633
(ii) Intangible Assets	2.11	301,691,359	138,272,990
(iii) Capital Work-in-progress		209,184,645	164,721,781
		<u>667,085,886</u>	<u>321,866,404</u>
(b) Non-current Investments	2.12	346,919,150	463,762,305
(c) Long-term Loans and Advances	2.13	6,155,765	16,184,306
(2) Current Assets			
(a) Current Investments	2.12	71,573,251	-
(b) Inventories	2.14	36,971,360	17,023,130
(c) Trade Receivables	2.15	77,506,508	54,713,042
(d) Cash and bank balances	2.16	56,083,156	31,112,577
(e) Short-term loans and advances	2.17	208,049,471	233,733,980
(f) Other current assets	2.18	16,367,504	18,683,352
TOTAL		<u>1,486,712,051</u>	<u>1,157,079,096</u>

Accounting Policies & Notes on Accounts
Notes are an integral part of the Balance Sheet

1 & 2

As per our report of even date attached herewith

For K.N.GUTGUTIA & CO.

Chartered Accountants

Firm Registration No. 304153E

K.C. Sharma

Partner

Membership No. : 50819

Rakesh Dhanuka

Company Secretary

For and on behalf of the board

Arvind Kajaria

Managing Director

Sharad Kajaria

Whole-time Director

Place : Kolkata

Date : 16th August, 2012

Consolidated Statement of Profit and Loss for the year ended 31st March, 2012

	Note No.	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
I. Revenue from operations	2.19	662,784,284	427,504,041
II. Other income	2.20	56,409,577	49,046,562
III. Total Revenue (I + II)		719,193,861	476,550,603
IV. Expenses:			
Cost of Product & Content Development	2.21	23,936,345	22,368,764
Purchases of Stock-in-Trade		331,924,571	155,923,836
Changes in inventories of Stock-in-Trade	2.22	(19,420,677)	(14,559,462)
Employee benefit expense	2.23	42,803,964	35,707,798
Finance costs	2.24	4,672,960	919,126
Depreciation and amortization expenses		27,703,388	21,553,983
Other expenses	2.25	148,601,268	132,524,160
Total expenses		560,221,819	354,438,205
V. Profit before tax (III-IV)		158,972,042	122,112,398
VI Tax expense:			
(1) Current tax		31,087,570	21,647,627
(2) MAT Credit Entitlement		(20,984,069)	(11,198,933)
(3) Deferred tax		38,996,815	10,893,521
(4) Income tax related to earlier years		-	1,390
		49,100,316	21,343,605
VII. Profit (Loss) for the year from continuing operations(V-VI)		109,871,726	100,768,793
VIII. Earnings per equity share:	2.31		
Basic & Diluted (Par Value of ₹ 10/- each)		7.46	6.87

Accounting Policies & Notes on Accounts 1 & 2
Notes are an integral part of the Statement of Profit and Loss

As per our report of even date attached herewith

For K.N.GUTGUTIA & CO.

Chartered Accountants

Firm Registration No. 304153E

K.C. Sharma

Partner

Membership No. : 50819

For and on behalf of the board

Rakesh Dhanuka
Company Secretary

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director

Place : Kolkata

Date : 16th August, 2012

Consolidated Cash Flow Statement for the year ended 31st March , 2012

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
A) Cash Flow From Operating Activities:		
Net profit before tax	158,972,042	122,112,398
Adjustments for:		
Depreciation	27,703,388	21,553,983
Miscellaneous Expenditure	-	17,493,912
Interest Paid	4,672,960	919,126
Loss on Sale of Fixed Assets	131,906	-
Loss on Sale of NCD	321,519	-
Loss on Sale of Investment	1,089,298	-
Dividend Received	(3,724,360)	(13,387,624)
Gain on redemption of Mutual Funds	(7,877,893)	(576,376)
Exchange differences on translation of Foreign Currency	737,111	(546,200)
Interest Received	(44,362,771)	(35,046,106)
Operating profit before working capital changes	137,663,200	112,523,113
(Increase) / Decrease in Trade Receivables	(22,793,468)	(16,950,590)
Increase / (Decrease) in Trade Payables	1,513,626	38,670,258
Increase / (Decrease) in Other than Trade Payables	33,862,354	(37,074,952)
(Increase) / Decrease in Inventory	(19,420,677)	(14,558,076)
(Increase)/ Decrease in Advance & Deposit	(16,626,633)	(13,130,452)
Cash generated from operations	114,198,402	69,479,301
Income Tax (Paid) / Refunded	(28,933,828)	(45,832,791)
Net Cash Flow From Operating Activities:	85,264,574	23,646,510
B) Cash Flow From Investing Activities:		
Purchase of Fixed Assets	(328,613,658)	(116,363,033)
(Increase)/ Decrease in Capital Work-in-Progress	(44,462,864)	(39,410,752)
Sale/ Purchase of Mutual Fund and NCD	45,269,904	(453,762,305)
Sale of Fixed Assets	150,000	-
Gain on redemption of Mutual Funds (Non Current Investments)	7,877,893	576,376
Loss on Sale of NCD	(321,519)	-
Loss on Redemption of Mutual Fund	(1,089,298)	-
Short Term Loan to Body Corporate	76,000,000	(175,000,000)
Dividend Received	3,724,360	13,387,624
Interest Received	46,678,617	18,550,808
Net Cash From/ (used in) Investing Activities:	(194,786,565)	(752,021,282)
C) Cash Flow From Financing Activities:		
Share Issue Expenses	-	(11,751,008)
Dividend Paid	(7,432,248)	(36,653,549)
Dividend Tax Paid	(1,194,923)	(6,116,870)
Proceeds from Long Term Borrowings	(527,299)	305,832
Proceeds from Short Term Borrowings	148,320,000	62,563,506
Share Application Money Refunded	-	(3,900,393,140)
Interest Paid	(4,672,960)	(919,126)
Net Cash From Financing Activities:	134,492,570	(3,892,964,355)
Net Increase / (Decrease) in Cash and Cash Equivalents(A+B+C)	24,970,579	(4,621,339,127)
Cash and Cash Equivalents at the Beginning of the Year	31,112,577	4,652,451,704
Cash and Cash Equivalents at the End of the Year	56,083,156	31,112,577

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
This is the Cash Flow Statement referred to in our report of even date.

For K.N.GUTGUTIA & CO.

Chartered Accountants

Firm Registration No. 304153E

K.C. Sharma

Partner

Membership No. : 50819

For and on behalf of the board

Rakesh Dhanuka

Company Secretary

Arvind Kajaria

Managing Director

Sharad Kajaria

Whole-time Director

Place : Kolkata

Date : 16th August, 2012

Note: 1**SIGNIFICANT ACCOUNTING POLICIES****1.1 BASIS OF CONSOLIDATION**

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.

1.2 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, 2012.
- 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.

1.3 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.

1.4 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.

1.5 DEPRECIATION

- I. Depreciation on all Fixed assets is provided on straight line value method.
- II. Depreciation on assets added / disposed off during the year is provided on pro-rata basis.

1.6 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.

1.7 INVESTMENTS

Non-current 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.

1.8 INVENTORIES

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

1.9 RECOGNITION OF INCOME AND EXPENDITURE

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

1.10 FOREIGN CURRENCY TRANSACTIONS

- I. Foreign Currency transactions are recorded on the basis of exchange rates prevailing on the date of their occurrence.
- II. Current / Non-Current Monetary Assets and 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 Statement of Profit and Loss. 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".

1.11 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.
- 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.

1.12 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 statement of Profit and Loss 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.

1.13 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.

1.14 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.

1.15 SHARE ISSUE EXPENSES

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

Note: 2 Consolidated Notes on Accounts

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
2.1 Share Capital		
Authorised Capital		
25,250,000 (25,250,000) Equity Shares of Par Value of ₹ 10/-	252,500,000	252,500,000
Issued, Subscribed and Paid Up		
14,731,678 (14,731,678) Equity Shares of Par Value of ₹ 10/- Fully paid-up	147,316,780	147,316,780
	147,316,780	147,316,780

Notes to 2.1:

- The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.
- The reconciliation of the number of shares outstanding are as below:

Number of shares at the beginning	14,731,678	11,031,678
Add : Issue of Equity shares during the year	-	3,700,000
Number of shares at the end	14,731,678	14,731,678

- The details of shareholder holding more than 5% shares are set out below :

Name of Shareholders	As at 31st March, 2012		As at 31st March, 2011	
	No of Shares	%	No of Shares	%
Arvind Kajaria	2,800,014	19	2,800,014	19
Sharad Kajaria	2,800,000	19	2,800,000	19
Intel Capital (Mauritius) limited	1,797,635	12	1,797,635	12
IntraSoft Beneficiary Trust	1,750,000	12	1,750,000	12
Padma Kajaria	1,400,000	10	1,400,000	10
SSL Consolidated Ltd	-	-	782,541	5
Kotak Mahindra Investments Ltd	927,796	6	597,785	4

- Disclosure regarding shares issued otherwise than in cash in last 5 years are as follows :-
 - 319,149 Equity Shares of par value of ₹ 10/- each fully paid up have been allotted to shareholders of One Two Three India.Com Ltd pursuant to Scheme of Amalgamation.
 - 9,455,724 Equity Shares of ₹ 10/- each fully paid up as Bonus by way of capitalization of General Reserve & Securities Premium Account.
- The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
In the current Financial Year 2011-2012, the Board has proposed to pay amounting to ₹ 17,121,525 including Dividend Tax of ₹ 2,389,847, being ₹ 1 per share (10%), as Dividend.
- The position of IPO proceeds and utilization there of vis-a-vis the 'Objects of issue' as amended and approved by shareholders at AGM held on September 29,2011 upto March 31,2012 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 and amendments thereof: ₹ 4103.96 Lacs
 - Balance fund unutilized ₹ 737.00 Lacs.

The unutilized funds were invested in NCDs and balance in current account with bank.

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
2.2 Reserves and Surplus		
Capital Reserve		
As per last Balance Sheet	9,613,960	9,613,960
Securities Premium Reserve		
As per last Balance Sheet	552,710,688	102,122,182
Add : On Issue of Equity Shares during the year	-	499,500,000
Less : Share Issue Expenses	-	(48,911,494)
	552,710,688	552,710,688
General Reserve		
As per last Balance Sheet	97,887,891	135,000,000
Add : Transfer from Surplus	-	5,100,000
Less : Miscellaneous Expenditure adjusted	-	(42,212,109)
	97,887,891	97,887,891
Translation Reserve		
As per last Balance Sheet	1,538,502	1,643,613
Add/ (Less) : During the year	1,392,916	(105,111)
	2,931,418	1,538,502
Surplus		
As per last Balance Sheet	182,765,823	112,836,218
Add : Net profit after tax transferred from Statement of Profit and Loss	109,871,726	100,768,793
	292,637,549	213,605,011
Appropriations:		
Interim Dividend	-	(14,731,678)
Proposed Dividend	(14,731,678)	(7,365,839)
Dividend Tax	(2,389,847)	(3,641,671)
Transferred to General Reserve	-	(5,100,000)
	275,516,024	182,765,823
	938,659,981	844,516,864
2.3 Long Term Borrowings		
Term Loan (Secured)		
From Bank (Car Loan)	900,163	-
From Others (Car Loan)	-	1,427,462
	900,163	1,427,462
Notes to 2.3:		
1) Nature of security - Hypothecation of Motor Car		
2) Repayment of Term Loan:		
From Bank ₹ 900,163 payable 2013-14		
2.4 Deferred Tax Liabilities (Net)		
a) Deferred Tax Liability		
Timing difference for depreciation on Fixed Assets	55,487,409	16,157,190
b) Deferred Tax Asset		
Expenses allowable under the Income Tax Act on actual payment basis	(1,700,489)	(1,367,085)
Provision for Deferred Tax (Net)	53,786,920	14,790,105

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
2.5 Other Long Term Liabilities Other than Trade Payable		
Caution money Deposit From Employees	3,310,015	2,568,309
	<u>3,310,015</u>	<u>2,568,309</u>
2.6 Long-term Provisions		
Provision for Employee Benefits		
Gratuity	2,649,575	2,187,568
Leave Encashment	665,708	466,308
	<u>3,315,283</u>	<u>2,653,876</u>
2.7 Short-term Borrowings		
Loan repayable on demand (Secured)		
From Bank	253,250,000	44,930,000
From Others	-	60,000,000
	<u>253,250,000</u>	<u>104,930,000</u>

Note to 2.7:

- 1) Loan from Barclays Bank PLC has been secured by Investment with Mutual Fund in SBI Debt Fund ,Series-18 Months-9 Growth 1,000,000 units, ICICI Prudential FMP Series 58- 2 years Plan C 3,000,000 units, ICICI Prudential FMP Series 60-27Month Plan I- Growth 1,000,000 units, ICICI Prudential FMP Series 58- 2 years Plan D 2,000,000 units, Reliance Fixed Horizon Fund - XIX- Series21- Growth Plan 3,000,000 units, ICICI Prudential FMP Series 57-3 year- Plan C 2,000,000 units, Kotak Mahindra MF FMP Series 58 Growth 2,000,000 units and Non-Convertible Debenture of Amtex Auto Ltd. 30 nos, Magma Fincorp Ltd. 32 nos, Shriram Transport Finance Company Limited 50 nos, Srei Infrastructure Finance Limited 50 nos and Jaiprakash Associates Ltd 50 nos.
- 2) Loan from Other than Bank - Barclays Investments & Loans (India) Ltd. of ₹ Nil (₹ 60,000,000/-) against Hypothecation of Non Convertible Debentures of ₹ Nil (₹ 100,000,000/-)

2.8 Trade Payables

Micro, Small and Medium Enterprises	-	-
Others	12,975,908	11,462,281
	<u>12,975,908</u>	<u>11,462,281</u>

Note to 2.8:

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.

2.9 Other current liabilities

Current Maturities of long term debts

From Bank	2,851,573	446,172
From Others	1,427,562	1,643,828
	<u>4,279,135</u>	<u>2,090,000</u>
Interest accrued but not due on borrowings	-	149,794
Unpaid Dividend*	151,798	218,207
<u>Other Payables</u>		
Payable to Employees	8,493,880	7,236,421
Advances from Customers	3,622,595	933,190
TDS & Other Govt dues	2,442,067	2,297,492
Contribution to PF & Other Funds	244,585	199,091
Amount due for Capital Goods	29,755,575	3,514,623
Liabilities for Expenses	7,002,680	2,161,733
	<u>51,561,382</u>	<u>16,342,550</u>
	<u>55,992,315</u>	<u>18,800,551</u>

*There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31st March, 2012.

2.10 Short-term Provisions

<u>Provision for Employee Benefits</u>		
Gratuity	73,930	52,106
Leave Encashment	9,231	-
<u>Others</u>		
Proposed Dividend	14,731,678	7,365,839
Tax on Dividend	2,389,847	1,194,923
	<u>17,204,686</u>	<u>8,612,868</u>

2.11 Fixed Assets

(Amount in ₹)

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As on 1.4.2011	Consoli- dated Adjust- ment	Additions	Disposals	As on 31.3.2012	As on 1.4.2011	Conso- li- dated Adjust- ment	From 1.4.2011 to 31.3.2012	Deduction Sale / Disposal/ Adjustment	As on 31.3.2012	As on 31.3.2011
Tangible											
Computers & Accessories	36,170,800	-	2,460,438	-	38,631,238	30,554,603	-	4,300,441	4,877,748	8,653,942	5,616,197
Furniture & Fixtures	4,551,043	37,407	563,790	-	5,152,240	2,555,807	34,138	269,734	893,174	3,185,735	1,995,236
Office Equipments	14,340,918	574,271	815,722	-	15,730,911	8,737,012	449,287	844,614	2,248,736	7,948,734	5,603,906
Land & Building	-	-	126,499,936	-	126,499,936	-	-	343,658	-	126,156,278	-
Motor Car	9,966,326	-	4,422,234	1,992,298	12,396,262	4,310,032	-	920,501	3,099,464	10,265,193	5,656,294
TOTAL	65,029,087	611,678	134,762,120	1,992,298	198,410,587	46,157,454	483,425	6,678,948	11,119,122	42,200,705	18,871,633
Previous Year	58,637,706	2,002	6,389,379	-	65,029,087	40,461,003	(4,188)	5,700,639	-	18,871,633	-
Intangible											
Website 123India.Com	6,347,701	-	-	-	6,347,701	6,347,701	-	-	-	6,347,701	-
Softwares	174,160,243	-	193,851,540	-	368,011,783	35,887,253	-	42,255,435	11,822,264	301,691,359	138,272,990
TOTAL	180,507,944	-	193,851,540	-	374,359,484	42,234,954	-	42,255,435	11,822,264	301,691,359	138,272,990
Previous Year	70,534,290	-	109,973,654	-	180,507,944	26,381,610	-	15,853,344	-	138,272,990	-

Note :- There is a change in basis of charging depreciation from Written down value method to Straight line method and as a result the depreciation of earlier years amounting to ₹ 21,230,995/- has been adjusted from the current years depreciation of ₹ 48,934,383/- and ₹ 1,710,391/- towards the sale of Motor Car. Net depreciation of ₹ 27,703,388/- has been charged to Statement of Profit & Loss. Had the depreciation not been changed the depreciation for the year would have been ₹ 56,546,502/- instead of ₹ 48,934,383/- and profit before tax would have been ₹ 151,359,923/- instead of ₹ 158,972,042/-

2.12 (A) Non-current Investments

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
I Investments other than Trade - Quoted (Fully Paid up) (At Cost)		
a Investments in Equity Instruments		
IntraSoft Technologies Ltd 1,750,000 (1,750,000) Equity Shares of ₹ 10/- each	10,000,000	10,000,000
b Investments in Non-Convertible Debentures		
30 (30) units -10.25 % Amtex Auto Limited of ₹ 1000000 each	30,000,000	30,000,000
Nil (20) units - 10.00% Brassco Estates Pvt Ltd of ₹ 1000000 each	-	20,000,001
Nil (50) units -11.75 % J P Associates Ltd of ₹ 1000000 each	-	51,573,250
32 (32) units- 11.50 % Magma Fincorp Limited of ₹ 1000000 each	32,000,000	32,000,000
Nil (10) units - 11.00 % Premier Finance and Trading Co. Ltd. of ₹ 5000000 each	-	50,321,519
50 (50) units- 10.75% Shriram Trading Finance Co Ltd of ₹ 1000000 each	50,319,150	50,319,150
50 (50) units - 10.20 % Srei Infrastructure Ltd of ₹ 1000000 each	49,600,000	49,600,000
II Investments other than Trade - Unquoted (Fully Paid up) (At Cost)		
Investments in Mutual Funds		
Nil (1000000) units of Birla Sun Life Fixed Term Plan Series CF of ₹ 10 each	-	10,000,000
Nil (2000000) units of ICICI Prudential MF FMP of ₹ 10 each	-	20,000,000
Nil (1000000) units of IDFC Fixed Maturity Plan Yearly SR 35 Growth of ₹ 10 each	-	10,000,000
Nil (2000000) units of IDFC FMP Yearly Series 42 NFO of ₹ 10. each	-	20,000,000
Nil (1000000) units of Kotak NFO FMP of ₹ 10 each	-	10,000,000
Nil (2478241.128) units of Reliance Regular Saving Fund- Debt Plan of ₹ 10 each	-	30,441,341
500000 (500000) units of SBI MF- SDFS of ₹ 10 each	5,000,000	5,000,000
Nil (1000000) units of Tata Fixed Maturity Plan - Long Term of ₹ 10 each	-	10,000,000
Nil (4880388.8830) units of Templeton India Income Opportunities Fund of ₹ 10 each	-	52,007,044
Nil (250000) units of UTI Fixed Term Income Fund Series IX-1 of ₹ 10 each	-	2,500,000
3000000 (Nil) units Reliance Fixed Horizon Fund - Xix - Series 21 of ₹ 10 each	30,000,000	-
3000000 (Nil) units ICICI Prudential Fixed Maturity Plan - Series 58 of ₹ 10 each	30,000,000	-
2000000 (Nil) units ICICI Prudential Fixed Maturity Plan - Series 58 of ₹ 10 each	20,000,000	-
2000000 (Nil) units Kotak FMP Series 58 2 yrs of ₹ 10 each	20,000,000	-
2000000 (Nil) units ICICI Prudential Fixed Maturity Plan - Series 57 of ₹ 10 each	20,000,000	-
1000000 (Nil) units SBI SDFS 18 months - Series 9 of ₹ 10 each	10,000,000	-
1000000 (Nil) units ICICI Prudential Fixed Maturity Plan - Series 60 of ₹ 10 each	10,000,000	-
3000000 (Nil) units ICICI Prudential Fixed Maturity Plan - Series 63 of ₹ 10 each	30,000,000	-
	346,919,150	463,762,305
Notes to 2.12 (A):		
Aggregate amount of Quoted Investments	171,919,150	293,813,920
Aggregate amount of Unquoted Investments	175,000,000	169,948,385
Aggregate Market Value of Quoted Investments	262,846,478	412,747,056
Aggregate NAV of investments in Unquoted Mutual Fund	183,243,450	170,069,874
	446,089,928	582,816,930

- The company has taken loan from Barclays Investments & Loans (India) Ltd. of ₹ Nil (₹ 60,000,000/-) against Hypothecation of Non Convertible Debentures of ₹ Nil (₹ 100,000,000/-)
- Investment with Mutual Fund & Non-Convertible Debentures (except SBI Debt Fund ,Series-18 Months-9 Growth 1,000,000 units, ICICI Prudential FMP Series 58- 2 years Plan C 3,000,000 units,ICICI Prudential FMP Series 60-27Month Plan I- Growth 1,000,000 units, ICICI Prudential FMP Series 58- 2 years Plan D 2,000,000 units,Reliance Fixed Horizon Fund - XIX-Series21- Growth Plan 3,000,000 units, ICICI Prudential FMP Series 57-3 year- Plan C 2,000,000 units, Kotak Mahindra MF FMP Series 58 Growth 2,000,000 units and Non-Convertible Debenture of Amtex Auto Ltd. 30 nos, Magma Fincorp Ltd. 32 nos, Shriram Transport Finance Company Limited 50 nos, Srei Infrastructure Finance Limited 50 nos and Jaiprakash Associates Ltd 50 nos.) are earmarked for Stand By Letter of Credit facility to be utilized by a subsidiary company on which lien has been created.
- The Company has invested in 1,750,000 Equity Shares of ₹ 10/- each of IntraSoft Technologies Limited held in Trust in terms of the Scheme of Amalgamation.

(B) Current Investments**Investments other than Trade - Quoted (Fully Paid up)
(At lower of Cost or fair value)**Investments in Non Convertible Debentures

50 (Nil) units -11.75 % J P Associates Ltd of ₹ 1000000 each	51,573,250	-
20 (Nil) units - 10.00% Brassco Estates Pvt Ltd of ₹ 1000000 each	20,000,001	-
	71,573,251	-

Notes to 2.12 (B):

Aggregate amount of Quoted Investments	71,573,251	-
Aggregate Market Value of Quoted Investments	71,585,016	-

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
2.13 Long term Loans and Advances		
Unsecured, considered Good		
Capital Advances	2,872,927	187,580
Security Deposits	3,282,838	15,260,500
<u>Loans and Advances to related parties</u>		
Other Loans and Advances	-	736,226
	6,155,765	16,184,306
2.14 Inventories (At cost or net realisable value which ever is lower)		
Stock-in-trade	36,971,360	17,023,130
	36,971,360	17,023,130
2.15 Trade Receivables		
Unsecured, Considered good		
More than six months from the due date	2,731,028	2,176,284
Others	74,775,480	52,536,758
	77,506,508	54,713,042
2.16 Cash and Bank Balances		
I. Cash and Cash Equivalents		
<u>Balances with banks</u>		
In Current Account	52,614,670	28,284,735
Cash on hand	5,627	37,382
	52,620,297	28,322,117
II. Other Bank Balances		
<u>In Current Account</u>		
Unpaid Dividend Account	151,733	218,207
Caution money Deposit Account	3,311,126	2,572,253
	3,462,859	2,790,460
	56,083,156	31,112,577
2.17 Short term Loans and Advances		
Loan to Body Corporate	99,000,000	175,000,000
Advance to Employee	672,000	75,750
Advance to Suppliers	19,391,211	5,221,408
Prepaid Expenses	5,782,841	1,112,781
Service Tax Receivable (Net)	15,031,937	3,202,458
Advance Income Tax & TDS (Net of Provisions)	5,283,854	7,437,592
Advance for FBT (Net of Provisions)	10,119	10,119
MAT Credit Entitlement	62,647,941	41,663,872
Other Miscellaneous Advances	229,568	10,000
	208,049,471	233,733,980
Notes to 2.17:		
1) Advance Income Tax & TDS is net of Provisions of ₹ 78,925,801 (₹ 48,071,493)		
2) Advance for FBT is net of Provisions of ₹ 897,994 (₹ 897,994)		
3) Minimum Alternative Tax (MAT) credit available to the company as per provision of section 115JAA of the Income Tax Act ,1961 ₹ 62,647,941 (₹ 41,663,872) has been recognised as MAT Credit Entitlement and carried forward for set off in future years.		
2.18 Other Current Assets		
Accrued Interest on ICD and NCD	16,367,504	18,683,352
	16,367,504	18,683,352

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
2.19 Revenue from Operations		
IT enabled services	662,784,284	427,504,401
	662,784,284	427,504,401
2.20 Other Income		
a <u>Interest Income</u>		
On Fixed Deposits	-	3,641,469
On Inter Corporate Deposits	15,524,921	11,976,834
On Non Convertible Debentures	28,837,850	19,368,416
On Income Tax	175,929	59,387
	44,538,700	35,046,106
b Dividend Income (Non Current Investment)	3,724,360	13,387,624
c Gain on redemption of Mutual Funds (Non Current Investments)	7,877,893	576,376
d Other Miscellaneous Income	268,624	36,456
	56,409,577	49,046,562
Note to 2.20:		
TDS on Interest Income ₹ 2,387,285 (₹ 1,812,685)		
2.21 Cost of Product & Content Development		
a Content Purchases	140,136	306,800
b Webspace and Bandwidth Charges	20,332,323	19,575,615
c Ad Serving Charges	3,463,886	2,486,349
	23,936,345	22,368,764
2.22 Changes in Inventories of stock in trade		
a <u>Opening Stock</u>		
Stock-in-trade	15,448,461	2,463,668
b <u>Less: Closing Stock</u>		
Stock-in-trade	34,869,138	17,023,130
	(19,420,677)	(14,559,462)
2.23 Employees Benefit Expense		
a Salaries and Wages	41,691,538	34,806,143
b Contribution to provident and other funds	1,112,426	901,655
	42,803,964	35,707,798
Notes to 2.23:		
1) Salaries and Wages includes Gratuity ₹ 576,139 (₹ 569,752).		
2) Employee Benefit includes Managerial Remuneration ₹ 4,500,000 (₹ 4,500,000).		
2.24 Finance Cost		
<u>Interest Expenses</u>		
Interest to Bank	2,913,116	678,554
Others	1,759,844	240,572
	4,672,960	919,126

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
2.25 Other Expenses		
a	1,581,388	1,600,990
b	538,491	416,063
c	1,713,528	1,320,005
d	8,725,601	7,839,790
e	5,983,420	1,658,561
f	13,576,538	3,305,990
g	300,439	166,194
h	39,860	294,210
i	2,469,548	29,347,857
j	53,732,719	20,700,981
k	2,728,099	3,070,942
l	18,927,589	17,563,641
m	7,510,364	7,039,899
n	831,266	633,110
o	8,465,905	7,144,798
p	820,000	600,000
q		
	710,670	625,425
	81,696	63,613
	96,310	68,000
r	255,000	42,000
s	9,160,265	416,949
t	-	17,493,912
u	131,906	-
v	321,519	-
w	1,089,298	-
x	8,809,849	11,111,230
	148,601,268	132,524,160
Note to 2.25:		
	13,076,412	2,658,758
	(3,916,147)	(2,241,809)
	9,160,265	416,949

2.26 Contingent liabilities and Commitments
a) Contingent Liabilities

1. Claims against the company not acknowledge as debt	-	-
2. Guarantees	125,000	125,000
3. Other money for which the company is contingently liable	-	-

b) Commitments

1. Capital commitments	-	-
2. Uncalled liability on shares and other investments partly paid	-	-
3. Other commitment	-	-

2.27 Segment Reporting

As per requirements of AS-17 of the Companies (Accounting Standard) Rules, 2006, no disclosure is required as the Company is operating in single business/geographical segment of Internet based delivery of services.

2.28 Disclosure of Related Party Transactions

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

i) Key Management Person and their relatives

Mr. Arvind Kajaria	Managing Director
Mr. Sharad Kajaria	Whole Time Director
Mrs. Padma Kajaria	Mother of the above

ii) Subsidiary Company

Names	Country of Incorporation	
Wholly owned Subsidiary Companies	123 Greetings.com, Inc	USA
Wholly owned Subsidiary Companies	123 Greetings (Singapore) Pte Ltd	Singapore
Wholly owned Subsidiary Companies	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 31st March, 2012 ₹	As at 31st March, 2011 ₹
Transactions with Key Managerial Personnel			
Arvind Kajaria	Dividend Payment	1,400,007	7,000,035
Sharad Kajaria	Dividend Payment	1,400,000	7,000,000
Padma Kajaria	Dividend Payment	700,000	3,500,000
Arvind Kajaria	Director's Remuneration	2,400,000	2,400,000
Sharad Kajaria	Director's Remuneration	2,100,000	2,100,000
Transactions with Enterprise where KMP have significant Influence or control			
IntraSoft Technologies Beneficiary Trust	Dividend Payment	875,000	4,375,000

2.29 Disclosure as per AS-15" Employees Benefits"

The followings tables set out the funded status and amount recognised in the companies' financial statement as at 31st March, 2012 for the defined benefit plans:

Gratuity	As at 31st March 2012 ₹	As at 31st March 2011 ₹
I. Change of Benefit Organization		
Liability at the beginning of the year	2,239,674	1,732,806
Interest cost	190,373	142,956
Current Service Cost	625,128	530,081
Past Service Cost (Non Vested Funds)	-	-
Past Service Cost (Vested Funds)	-	217,074
Benefit Paid	(104,217)	(62,884)
Actuarial (Gain)/Loss on obligation	(227,453)	(320,359)
Curtailements and Settlements	-	-
Liability at the end of the year	2,723,505	2,239,674

Gratuity	As at 31st March 2012 ₹	As at 31st March 2011 ₹
II. Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	-	-
Expected Return on Plan Assets	-	-
Contributions	92,308	62,884
Benefit Paid	(92,308)	(62,884)
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	2,723,505	2,239,674
Fair Value of Plan Assets at the end of the year	-	-
Difference	(2,723,505)	(2,239,674)
Unrecognized Past Service Cost	-	-
Amount Recognised in the Balance Sheet	(2,723,505)	(2,239,674)
V. Expenses Recognised in the Income Statement		
Current Service Cost	625,128	530,081
Interest cost	190,373	142,956
Expected Return on Plan assets	-	-
Net Actuarial (Gain) / Loss to be Recognised	(239,362)	(320,359)
Past Service Cost (Non Vested Benefit) Recognised	-	-
Past Service Cost (Vested Benefit) Recognised	-	217,074
Effect of Curtailment or settlement	-	-
Expenses Recognised in the Statement of Profit and Loss	576,139	569,752
VI. Balance Sheet Reconciliation		
Opening Net Liability	(2,239,674)	(1,732,806)
Expense as above	(576,139)	(555,487)
Employers Contribution	92,308	62,884
Effect of Curtailment or settlement	-	-
Current Defined Benefit Obligation at the end of the period	(73,930)	(52,049)
NON- Current Defined Benefit Obligation at the end of the period	(2,649,575)	(2,173,360)
Amount Recognised in the Balance Sheet	(2,723,505)	(2,225,409)
VII. Actuarial Assumption		
Discount Rate Current	8.25%	8.25%
Rate of Return on Plan Assets Current	0.00%	0.00%
Salary Escalation Current	5.00%	5.00%

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

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
2.31 Earning Per Equity Share		
a. Net Income available to Equity Shareholders (₹) (Numerator)	109,871,726	100,768,793
b. Weighted average no. of Equity Shares outstanding (Denominator)	14,731,678	14,660,709
c. Earning per Share (₹) Basic & Diluted	7.46	6.87

2.32 The revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.

Signature to Note 1 & 2

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

K.C. Sharma
Partner
Membership No. : 50819

Rakesh Dhanuka
Company Secretary

For and on behalf of the board

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director

Place : Kolkata
Date : 16th August, 2012

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, 2012, Statement of Profit & Loss 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 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, Statement of Profit & Loss 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, 2012 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 notes 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, 2012 ;
 - ii. In the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
 - iii. In the case of the Cash Flow Statement of the Cash Flows for the year ended on that date.

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

K. C. SHARMA
Partner

Place : Kolkata
Date : 16th August, 2012

Membership No. : 50819

ANNEXURE TO THE AUDITOR'S 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, 2012, 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 substantial fixed assets has been disposed off by the company during the year which affect the going concern.
- ii. The company's nature of operations does not require to hold inventories and as such clause 4(ii) (a) to (c) of the companies (Auditor's Report) Order, 2003 is not applicable.
- 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 is regular in payment of installments of the same.
- 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 (Auditor's 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 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 earlier year. Disclosure of end use of the money raised by the public issue is disclosed in Point no. 7 of Note 2.1.
- 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

K. C. SHARMA

Partner

Membership No. : 50819

Place : Kolkata

Date : 16th August, 2012

Balance Sheet as at 31st March, 2012

	Note No.	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2.1	147,316,780	147,316,780
(b) Reserves and Surplus	2.2	936,091,872	843,899,370
(2) Non-current Liabilities			
(a) Long-term Borrowings	2.3	900,163	1,427,462
(b) Deferred Tax Liabilities (Net)	2.4	53,756,764	14,790,557
(c) Other Long term Liabilities	2.5	3,310,015	2,568,309
(d) Long-term Provisions	2.6	3,282,969	2,639,668
(3) Current Liabilities			
(a) Short-term Borrowings	2.7	-	60,000,000
(b) Trade Payables	2.8	1,013,054	427,690
(c) Other Current Liabilities	2.9	268,387,569	14,512,712
(d) Short-term Provisions	2.10	17,195,321	8,612,811
TOTAL		1,431,254,507	1,096,195,359
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	2.11	154,291,393	17,596,375
(ii) Intangible Assets	2.11	301,691,358	138,272,990
(iii) Capital Work-in-progress		209,184,645	164,721,781
		665,167,396	320,591,146
(b) Non-current Investments	2.12	376,636,150	493,479,305
(c) Long-term Loans and Advances	2.13	26,155,765	12,003,535
(2) Current Assets			
(a) Current Investments	2.12	71,573,251	-
(b) Trade Receivables	2.14	58,614,403	13,989,393
(c) Cash and Bank Balances	2.15	32,738,534	11,536,244
(d) Short-term Loans and Advances	2.16	184,001,504	225,912,384
(e) Other Current Assets	2.17	16,367,504	18,683,352
TOTAL		1,431,254,507	1,096,195,359

Accounting Policies & Notes on Accounts 1 & 2
Notes are an integral part of the Balance Sheet

As per our report of even date attached herewith

For K.N.GUTGUTIA & CO.

Chartered Accountants

Firm Registration No. 304153E

K.C. Sharma

(Partner)

Membership No. : 50819

Rakesh Dhanuka
Company Secretary

For and on behalf of the board

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director

Place : Kolkata

Date : 16th August, 2012

Statement of Profit and Loss for the year ended 31st March, 2012

	Note No.	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
I. Revenue from operations	2.18	213,909,717	193,359,678
II. Other income	2.19	55,965,477	48,942,162
III. Total Revenue (I + II)		269,875,194	242,301,840
IV. Expenses:			
Employee benefit expense	2.20	33,644,620	25,640,202
Finance costs	2.21	1,802,513	749,964
Depreciation and amortization expenses		27,260,042	21,103,939
Other expenses	2.22	48,959,973	73,467,120
Total expenses		111,667,148	120,961,225
V. Profit before tax (III-IV)		158,208,046	121,340,615
VI. Tax expense:			
(1) Current tax		30,911,881	21,517,277
(2) MAT Credit Entitlement		(20,984,069)	(11,198,933)
(3) Deferred tax		38,966,207	10,901,373
		48,894,019	21,219,717
VII. Profit (Loss) for the year from continuing operations(V-VI)		109,314,027	100,120,898
VIII. Earnings per equity share:	2.31		
Basic & Diluted (Par value of ₹10/- each)		7.42	6.83

Accounting Policies & Notes on Accounts 1 & 2
Notes are an integral part of the Statement of Profit and Loss

As per our report of even date attached herewith

For K.N.GUTGUTIA & CO.

Chartered Accountants

Firm Registration No. 304153E

K.C. Sharma

Partner

Membership No. : 50819

Rakesh Dhanuka
Company Secretary

For and on behalf of the board

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director

Place : Kolkata

Date : 16th August, 2012

Cash Flow Statement for the year ended 31st March, 2012

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
A) Cash Flow From Operating Activities:		
Net profit before tax	158,208,046	121,340,615
Adjustments for:		
Depreciation	27,260,042	21,103,939
Miscellaneous Expenditure	-	17,477,292
Interest Paid	1,802,513	749,964
Loss on Sale of Fixed Assets	131,906	-
Loss on Sale of NCD	321,519	-
Loss on Sale of Investment	1,089,298	-
Dividend Received	(3,724,360)	(13,379,067)
Gain on redemption of Mutual Funds (Non Current Investments)	(7,877,893)	(576,376)
Interest Received	(44,362,770)	(34,986,719)
Operating profit before working capital changes	132,848,301	111,729,648
(Increase) / Decrease in Trade Receivables	(44,625,009)	40,345,492
Increase / (Decrease) in Trade Payables	585,364	338,717
Increase / (Decrease) in Other Than Trade Payables	255,348,020	(36,905,492)
(Increase)/ Decrease in Advance & Deposit	(13,385,523)	331,250
Cash generated from operations	330,771,153	115,839,615
Income Tax (Paid) / Refunded	(29,783,639)	(22,030,393)
Net Cash Flow From Operating Activities:	300,987,514	93,809,222
B) Cash Flow From Investing Activities:		
Purchase of Fixed Assets	(327,655,335)	(115,152,392)
(Increase)/ Decrease in Capital Work-in-Progress	(44,462,864)	(39,410,752)
Purchase of Equity shares in subsidiary	-	(19,000,000)
Purchase of Mutual Fund and NCD	45,269,904	(453,762,305)
Sale of Fixed Assets	150,000	-
Gain on redemption of Mutual Funds (Non Current Investments)	7,877,893	576,376
Loss on Sale of NCD	(321,519)	-
Loss on Sale of Investment	(1,089,298)	-
Short Term Loan to Subsidiaries	(15,000,000)	(5,000,000)
Short Term Loan to Body Corporate	76,000,000	(175,000,000)
Dividend Received	3,724,360	13,379,067
Interest Received	46,678,618	18,491,422
Net Cash From/ (used in) Investing Activities:	(208,828,241)	(774,878,584)
C) Cash Flow From Financing Activities:		
Share Issue Expenses	-	(11,751,008)
Dividend Paid	(7,432,248)	(36,653,549)
Dividend Tax Paid	(1,194,923)	(6,116,870)
Proceeds from Long Term Borrowings	(527,299)	305,832
Proceeds from Short Term Borrowings	(60,000,000)	17,633,506
Share Application Money Refunded	-	(3,900,393,140)
Interest Paid	(1,802,513)	(749,964)
Net Cash From Financing Activities:	(70,956,983)	(3,937,725,193)
Net Increase / (Decrease) in Cash and Cash Equivalents(A+B+C)	21,202,290	(4,618,794,555)
Cash and Cash Equivalents at the Beginning of the Year	11,536,244	4,630,330,799
Cash and Cash Equivalents at the End of the Year	32,738,534	11,536,244

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

This is the Cash Flow Statement referred to in our report of even date.

For K.N.GUTGUTIA & CO.

Chartered Accountants
Firm Registration No. 304153E

K.C. Sharma

Partner

Membership No. : 50819

For and on behalf of the board

Rakesh Dhanuka

Company Secretary

Arvind Kajaria

Managing Director

Sharad Kajaria

Whole-time Director

Place : Kolkata

Date : 16th August, 2012

Note: 1**SIGNIFICANT ACCOUNTING POLICIES****1.1. 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 statements are prepared under the historical cost convention and on an accrual basis of accounting.

1.2. 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.

1.3. DEPRECIATION

Depreciation is charged in the accounts on the following basis.

- i. Depreciation on all assets is provided on Straight line method applying the rates of schedule XIV (as amended) of the Companies Act, 1956.
- ii. Depreciation on assets added / disposed off during the year is provided on pro-rata basis

1.4. 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.

1.5. RECOGNITION OF INCOME AND EXPENDITURE

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

1.6. FOREIGN CURRENCY TRANSACTIONS

- i. Foreign Currency transactions are recorded on the basis of exchange rates prevailing on the date of their occurrence.
- ii. Current / Non Current Monetary assets and 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 therefrom are charged to the Statement of Profit and Loss.

1.7 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.

1.8 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 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 Statement of Profit and Loss 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.

1.9 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.

1.10 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.

1.11 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.

1.12 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.

1.13 SHARE ISSUE EXPENSES

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

Note: 2 Notes on Accounts

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
2.1 Share Capital		
Authorised Capital		
25,250,000 (25,250,000) Equity Shares of Par Value of ₹ 10/-	252,500,000	252,500,000
Issued, Subscribed and Paid Up		
14,731,678 (14,731,678) Equity Shares of Par Value of ₹ 10/- Fully paid-up	147,316,780	147,316,780
	147,316,780	147,316,780

Notes to 2.1:

- The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to one vote per share.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.
- The reconciliation of the number of shares outstanding are as below:

Number of shares at the beginning	14,731,678	11,031,678
Add : Issue of Equity shares during the year	-	3,700,000
Number of shares at the end	14,731,678	14,731,678

- The details of shareholder holding more than 5% shares are set out below :

Name of Shareholders	As at 31st March, 2012		As at 31st March, 2011	
	No of Shares	%	No of Shares	%
Arvind Kajaria	2,800,014	19	2,800,014	19
Sharad Kajaria	2,800,000	19	2,800,000	19
Intel Capital (Mauritius) limited	1,797,635	12	1,797,635	12
IntraSoft Beneficiary Trust	1,750,000	12	1,750,000	12
Padma Kajaria	1,400,000	10	1,400,000	10
SSL Consolidated Ltd	-	-	782,541	5
Kotak Mahindra Investments Ltd	927,796	6	597,785	4

- Disclosure regarding shares issued otherwise than in cash in last 5 years are as follows :-
 - 319,149 Equity Shares of par value of ₹ 10/- each fully paid up have been allotted to shareholders of One Two Three India.Com Ltd pursuant to Scheme of Amalgamation.
 - 9,455,724 Equity Shares of ₹ 10/- each fully paid up as Bonus by way of capitalization of General Reserve & Securities Premium Account.
- The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
In the current Financial Year 2011-2012, the Board has proposed to pay amounting to ₹ 17,121,525 including Dividend Tax of ₹ 2,389,847, being ₹ 1 per share (10%), as Dividend.
- The position of IPO proceeds and utilization there of vis-a-vis the 'Objects of issue' as amended and approved by shareholders at AGM held on September 29,2011 upto March 31,2012 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 and amendments thereof: ₹ 4103.96 Lacs
 - Balance fund unutilized ₹ 737.00 Lacs.

The unutilized funds were invested in NCDs and balance in current account with bank.

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
2.2 Reserves and Surplus		
Capital Reserve		
As per last Balance Sheet	9,613,960	9,613,960
Securities Premium Reserve		
As per last Balance Sheet	552,710,688	102,122,182
Add : On Issue of Equity Shares during the year	-	499,500,000
Less : Share Issue Expenses	-	(48,911,494)
	552,710,688	552,710,688
General Reserve		
As per last Balance Sheet	97,887,891	135,000,000
Add : Transfer from Surplus	-	5,100,000
Less : Miscellaneous Expenditure adjusted	-	(42,212,109)
	97,887,891	97,887,891
Surplus		
As per last Balance Sheet	183,686,831	114,405,121
Add : Net profit after tax transferred from Statement of Profit and Loss	109,314,027	100,120,898
Amount available for Appropriation	293,000,858	214,526,019
Appropriations		
Interim Dividend	-	(14,731,678)
Proposed Dividend	(14,731,678)	(7,365,839)
Dividend Tax	(2,389,847)	(3,641,671)
Transferred to General Reserve	-	(5,100,000)
	275,879,333	183,686,831
	936,091,872	843,899,370

2.3 Long Term Borrowings
Term Loan (Secured)

From Bank (Car Loan)	900,163	-
From Others (Car Loan)	-	1,427,462
	900,163	1,427,462

Notes to 2.3:

1 Nature of security - Hypothecation of Motor Car

2 Repayment of Term Loan:

From Bank ₹ 900,136 payable in 2013-14

2.4 Deferred Tax Liabilities (Net)
a) Deferred Tax Liability

Timing difference for depreciation on Fixed Assets

55,440,257

16,153,234

b) Deferred Tax Asset

Expenses allowable under the Income Tax Act on actual payment basis

(1,683,493)

(1,362,677)

Provision for Deferred Tax (Net)

53,756,764

14,790,557

2.5 Other Long Term Liabilities
Other

Caution Money Deposit From Employees

3,310,015

2,568,309

3,310,015

2,568,309

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
2.6 Long-term Provisions		
Provision for Employee Benefits		
Gratuity	2,617,261	2,173,360
Leave Encashment	665,708	466,308
	3,282,969	2,639,668
2.7 Short-term Borrowings		
Loan repayable on demand (Secured)		
From Others	-	60,000,000
	-	60,000,000

Note to 2.7:

The company has taken loan from Barclays Investments & Loans (India) Ltd. of ₹ Nil (₹ 60,000,000/-) against Hypothecation of Non Convertible Debentures of ₹ Nil (₹ 100,000,000/-)

2.8 Trade Payables

Micro, Small and Medium Enterprises	-	-
Others	1,013,054	427,690
	1,013,054	427,690

Note to 2.8:

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.

2.9 Other current liabilities

Current Maturities of long term debts

From Bank	1,199,866	446,172
From Others	1,427,562	1,643,828
	2,627,428	2,090,000

Interest accrued but not due on borrowings	-	149,794
Unpaid Dividend*	151,798	218,207

Other Payables

Payable to Employees	7,841,464	6,278,370
Advance from Customer (Subsidiaries)	221,917,500	-
TDS & Other Govt dues	1,513,750	1,262,423
Contribution to PF & Other Funds	244,585	199,091
Amount due for Capital Goods	29,755,575	3,514,623
Liabilities for Expenses	4,335,469	800,204
	265,608,343	12,054,711
	268,387,569	14,512,712

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31st March 2012

2.10 Short-term Provisions

<u>Provision for Employee Benefits</u>		
Gratuity	73,796	52,049
<u>Others</u>		
Proposed Dividend	14,731,678	7,365,839
Tax on Dividend	2,389,847	1,194,923
	17,195,321	8,612,811

2.11 Fixed Assets

(Amount in ₹)

ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As on 1.4.2011	Additions	Disposals	As on 31.3.2012	As on 1.4.2011	From 1.4.2011 to 31.3.2012	Deduction Sale/ Disposal/ Adjustment	As on 31.3.2012	As on 31.3.2012	As on 31.3.2011
Tangible										
Computers & Accessories	36,059,620	2,206,990	-	38,266,610	30,468,842	4,262,623	4,845,432	29,886,033	8,380,577	5,590,778
Furniture & Fixtures	4,202,929	352,054	-	4,554,983	2,267,268	249,356	882,180	1,634,444	2,920,539	1,935,661
Office Equipments	9,830,078	322,582	-	10,152,660	5,416,436	416,154	2,248,736	3,583,854	6,568,806	4,413,642
Land & Building	-	126,499,936	-	126,499,936	-	343,658	-	343,658	126,156,278	-
Motor Car	9,966,326	4,422,234	1,992,298	12,396,262	4,310,032	920,501	3,099,464	2,131,069	10,265,193	5,656,294
TOTAL	60,058,953	133,803,796	1,992,298	191,870,451	42,462,578	6,192,292	11,075,812	37,579,058	154,291,393	17,596,375
Previous Year	54,880,215	5,178,738	-	60,058,953	37,211,983	5,250,595	-	42,462,578	17,596,375	-
Intangible										
Website 123India.Com	6,347,701	-	-	6,347,701	6,347,701	-	-	6,347,701	-	-
Softwares	174,160,243	193,851,539	-	368,011,782	35,887,253	42,255,435	11,822,264	66,320,424	301,691,358	138,272,990
TOTAL	180,507,944	193,851,539	-	374,359,483	42,234,954	42,255,435	11,822,264	72,668,125	301,691,358	138,272,990
Previous Year	70,534,290	109,973,654	-	180,507,944	26,381,610	15,853,344	-	42,234,954	138,272,990	-

Note :- There is a change in basis of charging depreciation from Written down value method to Straight line method and as a result the depreciation of earlier years amounting to ₹ 21,187,685/- has been adjusted from the current years depreciation of ₹ 48,447,727/- and ₹ 1,710,391/- towards the sale of Motor Car. Net depreciation of ₹ 27,260,042/- has been charged to statement of Profit & Loss. Had the depreciation not been changed the depreciation for the year would have been ₹ 56,026,293/- instead of ₹ 48,447,727/- and profit before tax would have been ₹ 150,629,480/- instead of ₹ 158,208,046/-

2.12 (A) Non-current Investments

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
I Investments other than Trade - Quoted (Fully Paid up) (At Cost)		
a Investments in Equity Instruments		
IntraSoft Technologies Ltd 1,750,000 (1,750,000) Equity Shares of ₹ 10/- each	10,000,000	10,000,000
b Investments in Non Convertible Debentures		
30 (30) units -10.25 % Amtex Auto Limited of ₹ 1000000 each	30,000,000	30,000,000
Nil (20) units - 10.00% Brassco Estates Pvt Ltd of ₹ 1000000 each	-	20,000,001
Nil (50) units -11.75 % J P Associates Ltd of ₹ 1000000 each	-	51,573,250
32 (32) units- 11.50 % Magma Fincorp Limited of ₹ 1000000 each	32,000,000	32,000,000
Nil (10) units - 11.00 % Premier Finance and Trading Co. Ltd. of ₹ 5000000 each	-	50,321,519
50 (50)units- 10.75% Shriram Trading Finance Co Ltd of ₹ 1000000 each	50,319,150	50,319,150
50 (50) units - 10.20 % Srei Infrastructure Ltd of ₹ 1000000 each	49,600,000	49,600,000
II Trade Investments - Unquoted (Fully Paid up) (At Cost)		
a Investments in Equity Instruments		
123Greetings.com, Inc, A wholly owned subsidiary company incorporated in USA 10000000 (10000000) 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 2000000 (2000000) Equity Shares of ₹ 10 each	20,000,000	20,000,000
123Greetings (Singapore) Pte Ltd A wholly owned subsidiary company incorporated in Singapore 200000 (200000) shares @ SGD 1.00 each	5,402,000	5,402,000
b Investments in Mutual Funds		
Nil (1000000) units of Birla Sun Life Fixed Term Plan Series CF of ₹ 10 each	-	10,000,000
Nil (2000000) units of ICICI Prudential MF FMP of ₹ 10 each	-	20,000,000
Nil (1000000) units of IDFC Fixed Maturity Plan Yearly SR 35 Growth of ₹ 10 each	-	10,000,000
Nil (2000000) units of IDFC FMP Yearly Series 42 NFO of ₹ 10. each	-	20,000,000
Nil (1000000) units of Kotak NFO FMP of ₹ 10 each	-	10,000,000
Nil (2478241.128) units of Reliance Regular Saving Fund- Debt Plan of ₹ 10 each	-	30,441,341
500000 (500000) units of SBI MF- SDFS of ₹ 10 each	5,000,000	5,000,000
Nil (1000000) units of Tata Fixed Maturity Plan -Long Term of ₹ 10 each	-	10,000,000
Nil (4880388.8830)units of Templeton India Income Opportunities Fund of ₹ 10each	-	52,007,044
Nil (2500000) units of UTI Fixed Term Income Fund Series IX-1 of ₹ 10 each	-	2,500,000
3000000 (Nil) units Reliance Fixed Horizon Fund - Xix - Series 21 of ₹ 10 each	30,000,000	-
3000000 (Nil) units ICICI Prudential Fixed Maturity Plan - Series 58 of ₹ 10 each	30,000,000	-
2000000 (Nil) units ICICI Prudential Fixed Maturity Plan - Series 58 of ₹ 10 each	20,000,000	-
2000000 (Nil) units Kotak FMP Series 58 2 yrs of ₹ 10 each	20,000,000	-
2000000 (Nil) units ICICI Prudential Fixed Maturity Plan - Series 57 of ₹ 10 each	20,000,000	-
1000000 (Nil) units SBI SDFS 18 months - Series 9 of ₹ 10 each	10,000,000	-
1000000 (Nil) units ICICI Prudential Fixed Maturity Plan - Series 60 of ₹ 10 each	10,000,000	-
3000000 (Nil) units ICICI Prudential Fixed Maturity Plan - Series 63 of ₹ 10 each	30,000,000	-
	376,636,150	493,479,305
Notes to 2.12 (A):		
Aggregate amount of Quoted Investments	171,919,150	293,813,920
Aggregate amount of Unquoted Investments	204,717,000	199,665,385
Aggregate Market Value of Quoted Investments	262,846,478	412,747,056
Aggregate NAV of investments in Unquoted Mutual Fund	183,243,450	170,069,874
	446,089,928	582,816,930

- The company has taken loan from Barclays Investments & Loans (India) Ltd. of ₹ Nil (₹ 60,000,000/-) against Hypothecation of Non Convertible Debentures of ₹ Nil (₹ 100,000,000/-)
- Investment with Mutual Fund & Non Convertible Debentures (except SBI Debt Fund ,Series-18 Months-9 Growth 1,000,000 units, ICICI Prudential FMP Series 58- 2 years Plan C 3,000,000 units,ICICI Prudential FMP Series 60-27Month Plan I - Growth 1,000,000 units, ICICI Prudential FMP Series 58- 2 years Plan D 2,000,000 units,Reliance Fixed Horizon Fund - XIX- Series21- Growth Plan 3,000,000 units, ICICI Prudential FMP Series 57-3 year- Plan C 2,000,000 units, Kotak Mahindra MF FMP Series 58 Growth 2,000,000 units and Non Convertible Debenture Bonds of Amtex Auto Ltd. 30 nos, Magma Fincorp Ltd. 32 nos, Shriram Transport Finance Company Limited 50 nos, Srei Infrastructure Finance Limited 50 nos and Jaiprakash Associates Ltd 50 nos.) are earmarked for Stand By Letter of Credit facility to be utilized by a subsidiary company on which lien has been created.
- The Company has invested in 1,750,000 Equity Shares of ₹ 10/- each of IntraSoft Technologies Limited held in Trust in terms of the Scheme of Amalgamation.

(B) Current Investments**Investments other than Trade - Quoted (Fully Paid up)
(At lower of Cost or fair value)****Investments in Non Convertible Debentures**

50 (Nil) units -11.75 % J P Associates Ltd of ₹ 1000000 each	51,573,250	-
20 (Nil) units - 10.00% Brassco Estates Pvt Ltd of ₹ 1000000 each	20,000,001	-
	71,573,251	-

Notes to 2.12 (B):

Aggregate amount of Quoted Investments	71,573,251	-
Aggregate Market Value of Quoted Investments	71,585,016	-

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
2.13 Long term Loans and Advances		
Unsecured, considered Good		
Capital Advances	2,872,927	187,580
Security Deposits	3,282,838	6,079,729
<u>Loans and Advances to related parties</u>		
Loan to Wholly Owned Subsidiaries	20,000,000	5,000,000
Other Loans and Advances	-	736,226
	26,155,765	12,003,535
2.14 Trade Receivables		
Unsecured, Considered Good		
More than six months from the due date	-	-
Others	58,614,403	13,989,393
	58,614,403	13,989,393
Note to 2.14:		
Amount due from Wholly owned subsidiaries ₹ 23,737,976 (₹1,1419,940)		
2.15 Cash and Bank Balances		
I. Cash and Cash Equivalents		
<u>Balances with banks</u>		
In Current Account	29,271,357	8,708,500
Cash on hand	4,318	37,284
	29,275,675	8,745,784
II. Other Bank Balances		
<u>In Current Account</u>		
Unpaid Dividend Account	151,733	218,207
Caution Money Deposit Account	3,311,126	2,572,253
	3,462,859	2,790,460
	32,738,534	11,536,244
2.16 Short term Loans and Advances		
Loan to Body Corporate	99,000,000	175,000,000
Advance to Employee	672,000	75,750
Advance to Suppliers	917,916	1,155,828
Prepaid Expenses	4,898,973	257,775
Service Tax Receivable (Net)	14,851,207	5,617,450
Advance Income Tax & TDS (Net of Provisions)	993,348	2,121,590
Advance for FBT (Net of Provisions)	10,119	10,119
MAT Credit Entitlement	62,647,941	41,663,872
Other Miscellaneous Advances	10,000	10,000
	184,001,504	225,912,384

Notes to 2.16:

- 1) Advance Income Tax & TDS is net of Provisions of ₹ 78,814,157 (₹ 47,896,670)
- 2) Advance for FBT is net of Provisions of ₹ 856,426 (₹ 856,426)
- 3) Minimum Alternative Tax (MAT) credit available to the company as per provision of section 115JAA of the Income Tax Act, 1961 ₹ 62,647,941 (₹ 41,663,872) has been recognised as MAT Credit Entitlement and carried forward for set off in future years.

2.17 Other Current Assets

Accrued Interest on ICD and NCD	16,367,504	18,683,352
	16,367,504	18,683,352

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
2.18 Revenue From Operations		
IT enabled services	213,909,717	193,359,678
	213,909,717	193,359,678
2.19 Other Income		
a <u>Interest Income</u>		
On Inter Corporate Deposits & Fixed Deposit	15,524,920	15,618,303
On Non Convertible Debentures	28,838,304	19,368,416
	44,363,224	34,986,719
b Dividend Income (Non Current Investments)	3,724,360	13,379,067
c Gain on redemption of Mutual Funds (Non Current Investments)	7,877,893	576,376
	55,965,477	48,942,162

Note to 2.19:

TDS on Interest Income ₹ 2,387,285 (₹ 1,812,685)

2.20 Employees Benefit Expense

a Salaries and Wages	32,820,873	25,014,387
b Contribution to provident and other funds	823,747	625,815
	33,644,620	25,640,202

Note to 2.20

1) Salaries and Wages includes Gratuity ₹ 557,956 (₹ 555,487).

2) Employee Benefit includes Managerial Remuneration ₹ 4,500,000 (₹ 4,500,000).

2.21 Finance Costs

Interest Expenses

Interest to Bank	42,868	509,392
Others	1,759,645	240,572
	1,802,513	749,964

2.22 Other Expenses

a Webspace and Bandwidth Charges	272,281	227,622
b Communication & Correspondence	726,924	812,183
c Internet Connectivity Charges	538,491	416,063
d Power and Fuel	1,514,792	1,117,040
e Rent	6,849,326	5,740,008
f Repairs to Others	5,927,442	1,604,820
g Insurance	80,565	94,990
h Rates and Taxes	18,000	290,720
i Branding and Promotion	-	29,250,000
j Market Place , Marketing & Referral Fees	5,597,561	625,634
k Commission on sale	80,594	13,755
l Travelling & Conveyance	4,398,946	5,240,819
m Vehicle running & maintenance	831,266	633,110
n Legal and Professional Charges	4,843,467	4,520,675
o Director's Sitting Fees	820,000	600,000
p <u>Auditors Remuneration</u>		
Statutory Audit Fee	80,000	75,000
Tax Audit Fee	32,000	18,750
Other Services	86,750	68,000
q Donation	255,000	42,000
r Net loss on foreign currency translation (other than considered as finance cost)	9,159,680	419,663
s Miscellaneous Expenses written off	-	17,477,292
t Miscellaneous Expenses	5,304,165	4,178,976
u Loss on Sale of Fixed Assets	131,906	-
v Loss on Redemption of Mutual Fund	1,089,298	-
w Loss on sale of Non Convertible Debenture	321,519	-
	48,959,973	73,467,120

Note to 2.22

Net loss on foreign currency translation

Loss on foreign currency translation	13,076,412	2,661,472
Gain on foreign currency translation	(3,916,732)	(2,241,809)
	9,159,680	419,663

	As at 31st March 2012	As at 31st March 2011
	₹	₹
2.23 Contingent liabilities and Commitments		
a Contingent Liabilities		-
1 Claims against the company not acknowledge as debt		
2 Guarantees	125,000	125,000
3 Other money for which the company is contingently liable		-
b Commitments		
1 Uncalled Liability on shares & other investments partly paid	-	-
2 Other commitment	-	-
2.24 Expenditure in foreign currency		
Travelling Expenses	3,434,410	2,040,777
Subscription and Membership Fee	69,362	66,995
	3,503,772	2,107,772
2.25 Earnings in foreign exchange		
IT enabled Services	111,379,205	72,165,253
	111,379,205	72,165,253
2.26 Segment Reporting		
As per requirements of AS-17 of the Companies (Accounting Standard) Rules, 2006, no disclosure is required as the Company is operating in single business/geographical segment of Internet based delivery of services.		
2.27 Disclosure of Related Party Transactions		
a) Names of related parties and nature of relationship where control exists:		
i) Key Management Person and their relatives		
Mr. Arvind Kajaria	Managing Director	
Mr. Sharad Kajaria	Whole-time Director	
Mrs. Padma Kajaria	Mother of the above	
ii) Subsidiary Company		
	Name	Country of Incorporation
Wholly owned Subsidiary Companies	123 Greetings.com, Inc	USA
Wholly owned Subsidiary Companies	123 Greetings (Singapore) Pte Ltd	Singapore
Wholly owned Subsidiary Companies	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	As at
		31st March, 2012 ₹	31st March, 2011 ₹
Transactions with Subsidiaries Company			
123Greetings.com, Inc	Sale of IT Enabled Services	109,672,209	70,852,398
	Amount Received	105,518,904	89,265,867
	Amount Receivable	23,717,876	11,389,980
	Advance Received	189,937,500	-
One Two Three Greetings (India) Pvt. Ltd.	Sale of IT Enabled Services	23,895,200	116,746,814
	Amount Received	58,334,123	133,330,858
	Amount Receivable	-	2,458,923
	Advance Received	31,980,000	-
	Unsecured Loan (Given)	20,000,000	5,000,000
123 Greetings (Singapore) Pte. Ltd	Sale of IT Enabled Services	1,552,705	1,022,053
	Technical / Support Fees	967,813	849,625
	Amount Received	2,667,048	1,992,523
	Amount Receivable	20,100	29,960
Arvind Kajaria	Dividend Payment	1,400,007	7,000,035
Sharad Kajaria	Dividend Payment	1,400,000	7,000,000
Padma Kajaria	Dividend Payment	700,000	3,500,000
IntraSoft Trust	Beneficiary Dividend Payment	875,000	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

2.28 Disclosure as per AS-15" Employees Benefits"

The followings tables set out the funded status and amount recognised in the companies' financial statement as at 31st March, 2012 for the defined benefit plans:

GRATUITY**i. Change of Benefit Organization**

Liability at the beginning of the year	2,225,409	1,732,806
Interest cost	189,160	142,956
Current Service Cost	596,249	515,816
Past Service Cost (Non Vested Funds)	-	-
Past Service Cost (Vested Funds)	-	217,074
Benefit Paid	(92,308)	(62,884)
Actuarial (Gain)/Loss on obligation	(227,453)	(320,359)
Curtailments and Settlements	-	-
Liability at the end of the year	2,691,057	2,225,409

GRATUITY	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
ii. Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	-	-
Expected Return on Plan Assets	-	-
Contributions	92,308	62,884
Benefit Paid	(92,308)	(62,884)
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	2,691,057	2,225,409
Fair Value of Plan Assets at the end of the year	-	-
Difference	(2,691,057)	(2,225,409)
Unrecognized Past Service Cost	-	-
Amount Recognised in the Balance Sheet	(2,691,057)	(2,225,409)
v. Expenses Recognised in the Income Statement		
Current Service Cost	596,249	515,816
Interest cost	189,160	142,956
Expected Return on Plan assets	-	-
Net Actuarial (Gain) / Loss to be Recognised	(227,453)	(320,359)
Past Service Cost (Non Vested Benefit) Recognised	-	-
Past Service Cost (Vested Benefit) Recognised	-	217,074
Effect of Curtailment or settlement	-	-
Expenses Recognised in the Statement of Profit and Loss	557,956	555,487
vi. Balance Sheet Reconciliation		
Opening Net Liability	(2,225,409)	(1,732,806)
Expense as above	(557,956)	(555,487)
Employers Contribution	92,308	62,884
Effect of Curtailment or settlement	-	-
Current Defined Benefit Obligation at the end of the period	(73,796)	(52,049)
NON- Current Defined Benefit Obligation at the end of the period	(2,617,261)	(2,173,360)
Amount Recognised in the Balance Sheet	(2,691,057)	(2,225,409)
vii. Actuarial Assumption		
Discount Rate Current	8.25%	8.25%
Rate of Return on Plan Assets Current	N.A.	N.A.
Salary Escalation Current	5.00%	5.00%

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

2.30 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
	As at 31st March, 2012 ₹	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹	As at 31st March, 2011 ₹
Loans and advances in the nature of loan to subsidiaries				
a) 123Greetings.com, Inc.	Nil	Nil	Nil	34,007,500
b) One Two Three Greetings (India) Pvt. Ltd.	20,000,000	20,000,000	5,000,000	5,000,000
Loans and advances in the nature of loans where there is :				
a) No repayment schedule or repayment beyond seven years	Yes	Yes	Yes	Yes
b) No interest or Interest below Section 372A of the Companies Act, 1956.as per general rules of the company.	Yes	Yes	Yes	Yes
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

	As at 31st March, 2012 ₹	As at 31st March, 2011 ₹
2.31 Earning Per Equity Share		
(a) Net Income available to Equity Shareholders (₹) (Numerator)	109,314,027	100,120,898
(b) Weighted average no. of Equity Shares outstanding (Denominator)	14,731,678	14,660,709
(c) Earning per Share (₹) Basic & Diluted	7.42	6.83

2.32 The revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.

Signature to Note 1 & 2

For K.N.GUTGUTIA & CO.

Chartered Accountants
Firm Registration No. 304153E

K.C. Sharma
Partner
Membership No. : 50819

Rakesh Dhanuka
Company Secretary

For and on behalf of the board

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director

Place : Kolkata
Date : 16th August, 2012

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	31st March 2012	31st March 2012	31st March 2012
2	Date from which it became subsidiary company	27th May, 1999	12th April, 2007	31st January, 2007
3	Country of Incorporation	USA	Singapore	India
4.	i) Number of Shares	10,000,000 Common Stock of US \$0.01 each	200,000 Shares of SGD 1.00 each	2,000,000 Equity Shares of ₹ 10/- each
	ii) 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			
	i) Dealt with in the accounts of the Holding Company.	Nil	Nil	Nil
	ii) Not dealt with in the accounts of the Holding Company.	₹ 334,235	₹ 33,187	₹ 196,992
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			
	i) Dealt with in the accounts of the Holding Company.	Nil	Nil	Nil
	ii) Not dealt with in the accounts of the Holding Company.	₹ 2,226,123	₹ (3,037,118)	₹ 679,358

For and on behalf of the Board

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director

Rakesh Dhanuka
Company Secretary

Place : Kolkata

Dated : 16th August, 2012

FINANCIAL INFORMATION PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES FOR FINANCIAL YEAR 2011-12

(₹ In lacs)

	Subsidiary Companies		
	123 Greetings. com, Inc	123Greetings (Singapore) Pte. Ltd.	One Two Three Greetings (India) Private Limited
Capital	50.65	80.40	200.00
Reserves	29.19	(46.15)	8.76
Total Assets	305.38	35.94	418.52
Total Liabilities	225.54	1.69	209.76
Investments	-	-	-
Turnover	5475.19	45.75	328.69
Profit / (Loss) before Taxation	4.46	0.33	2.85
Provision for Taxation	1.11	-	0.88
Profit / (Loss) after Taxation	3.34	0.33	1.97
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, 2012	Average Exchange rate for the year 2011-12
1 USD	50.65	47.77
1 SGD	40.20	38.08

For and on behalf of the Board

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director

Rakesh Dhanuka
Company Secretary

Place : Kolkata

Dated : 16th August, 2012

Notice

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Members of IntraSoft Technologies Limited will be held on Tuesday, the 25th day of September 2012, at 3.00 P.M. at Orchid Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 013 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited Balance Sheet as at 31st March, 2012, the Statement of Profit and Loss for the year ended on that date along with the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Vishal Agarwal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rupinder Singh who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. K. N. Gutgutia & Co., Chartered Accountants (Firm Registration No. 304153E) as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
“**RESOLVED THAT** Mr. Anil Agrawal who was appointed pursuant to Section 262 of the Companies Act, 1956 with effect from 30th September, 2010, to hold office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice from the member under Section 257 of the Companies Act, 1956 proposing his candidature, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:
“**RESOLVED THAT** Mr. Amit Ruia who was appointed pursuant to Section 262 of the Companies Act, 1956 with effect from 9th March, 2012, to hold office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice from the member under Section 257 of the Companies Act, 1956 proposing his candidature, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
8. To consider and if thought fit, to pass, with or without modification(s) the following resolution as a **Special Resolution**:
“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and 310, and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) as amended or re-enacted from time to time, read with the provisions of Schedule XIII to the Act and in terms of the Articles of Association of the Company, approval of the shareholders of the Company be and is hereby accorded to the re-appointment of Mr. Sharad Kajaria, Whole-time Director of the Company for the period of two years from 1st April 2012 to 31st March 2014 on such remuneration and perquisites as determined by the Board of Directors of the Company upon recommendation of the Remuneration Committee, the details of which are furnished in the explanatory statement of material facts attached hereto, with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and payment of remuneration to Mr. Sharad Kajaria, Whole-time Director of the Company from time to time in such manner as may be agreed to between the Board of Directors and the said Mr. Sharad Kajaria.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year during the currency of tenure of Mr. Sharad Kajaria, Whole-time Director of the Company, he shall be paid remuneration at the same substantive level as specified herein after and that such remuneration shall be treated as the Minimum Remuneration payable to him in accordance with Part II of Section II of Schedule XIII of the Act.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and execute all such agreements, documents and instruments as may be required from time to time for giving effect to the above resolution and matters related thereto."

By Order of the Board of Directors

Rakesh Dhanuka
Company Secretary

Place : Kolkata

Date : 16th August, 2012

Registered Office :

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

Notes:

- a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The duly filled proxy form in order to be effective must be deposited with the Company not less than 48 hours before the time fixed for commencement of the Annual General Meeting.
- b. Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorizing the representatives to attend and vote at the Annual General Meeting.
- c. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
- d. Queries proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office at least seven days prior to the date of Annual General Meeting to enable the management to compile the relevant information to reply the same in the meeting.
- e. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 18th September 2012 to Tuesday, 25th September 2012 (both days inclusive).
- f. Explanatory Statement as required under section 173(2) of the Companies Act, 1956, in respect of special business under item no. 6, 7 & 8 is annexed hereto.
- g. Members are requested to notify immediately about any change in their address/bank mandate to their respective Depository Participant (DP) in respect of shares held in demat form and to the Company's Registrar & Share Transfer Agent, **M/s. Link Intime India Private Limited**, C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (W), Mumbai – 400 078 in respect of shares held in physical form.
- h. The Annual Accounts of the Subsidiary Companies shall be available at the Registered Office of the Company for inspection by any shareholder.
- i. Hard copy of the details of accounts of subsidiaries required by any shareholders can be obtained with a written request to the Company Secretary of the Company at the Registered Office of the Company.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

Mr. Anil Agrawal was appointed as Director with effect from 30th September, 2010 to fill the casual vacancy caused due to resignation of Mr. Amitava Ghose.

Mr. Anil Agrawal is eligible to hold office up to the date of this Annual General Meeting.

The Company has received notice under Section 257 of the Act from a member proposing the appointment of Mr. Anil Agrawal as Director of the Company. Mr. Anil Agrawal does not hold any shares in the Company.

None of the directors except Mr. Anil Agrawal is concerned or interested in this resolution.

The Board recommends this resolution for your approval.

Item No. 7

Mr. Amit Ruia was appointed as Director with effect from 9th March, 2012 to fill the casual vacancy caused due to resignation of Mr. Deepak Kanabar.

Mr. Amit Ruia is eligible to hold office up to the date of this Annual General Meeting.

The Company has received notice under Section 257 of the Act from a member proposing the appointment of Mr. Amit Ruia as Director of the Company.

None of the directors except Mr. Amit Ruia is concerned or interested in this resolution.

The Board recommends this resolution for your approval.

Item No. 8

The Board of Directors of your Company ('the Board') on recommendation of the Remuneration Committee and subject to approval of the Shareholders, re-appointed Mr. Sharad Kajaria as Whole-time Director of the Company for a period of two years with effect from 1st April, 2012. The remuneration proposed to be paid to Whole-time Director has been approved by the Remuneration Committee and is as under:

Remuneration: Basic Salary of Rs. 1,75,000/- per month.

Perquisites:

- i. Leave Travel Concession : Actual for Self & family once in a year.
- ii. Club fees: Maximum of two clubs except entrance fees & life membership fees.
- iii. Car Expenses: Actual running & maintenance expenses will be borne by the Company.
- iv. Telephone Expenses: Telephone expenses will be provided at residence by the Company but personal long distance calls to be billed to the Whole-time Director.
- v. Mobile & Internet Expenses: Actual expenses will be borne by the Company except personal long distance calls.
- vi. Reimbursement of Medical Expenses: Expenditure incurred by the Whole-time Director and his family, subject to a ceiling of one month basic salary in a year or three months basic salary over a period of three years.

As per the provisions of the Companies Act, 1956 read with Schedule XIII under the said Act, approval of the members of the Company is required for re-appointment of Mr. Sharad Kajaria as Whole-time Director of the Company.

None of the directors except Mr. Sharad Kajaria and Mr. Arvind Kajaria are concerned or interested in this resolution.

The Board recommends this resolution for your approval.

Important Communication to Shareholders

Ministry of Corporate Affairs (MCA) vide Circular bearing Nos. 17/2011 and 18/2011 dated 21st April 2011 and 29th April 2011 respectively has taken steps towards Green Initiatives by allowing companies to service the documents including Annual Report to its shareholders through electronic mode.

In support to the said initiative of the MCA, the Company also requested to the shareholders by issuing individual notices to all the shareholders to register their e-mail address with the Company's Registrar and Share Transfer Agent and in response to the said request, many shareholders has registered their e-mail addresses with the Registrar and Share Transfer Agent.

We hereby further request to all the shareholders who have so far not registered their e-mail address with the Registrar and Share Transfer Agent to register their e-mail address and support the Green Initiative movement of MCA. Shareholders can avail the said facility either by filing E-communication Registration Form available on the website of the Company or updating e-mail address with the Depository through their concerned Depository Participant.

We are sure you will also join and support Green Initiative movement of MCA.

INTRASOFT TECHNOLOGIES LIMITED

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

ATTENDANCE SLIP

I/We hereby record my/our presence at the 17th Annual General Meeting of the Company on Tuesday, 25th day of September 2012 at 3.00 P.M. at Orchid Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 013.

Name: _____

Address: _____

Regd. Folio. No.: _____ No. of Shares Held: _____

Client ID: _____ DP ID: _____

Name of Proxy/Representative, if any: _____

Signature of the Shareholder(s)/Proxy/Representative: _____

INTRASOFT TECHNOLOGIES LIMITED

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

PROXY FORM

I / We _____

of _____

being a Shareholder/Shareholders of **INTRASOFT TECHNOLOGIES LIMITED** hereby appoint _____

of _____

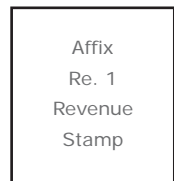
of failing him/her _____

of _____

as my/our Proxy to attend and vote for me/us and on my/our behalf at the 17th Annual General Meeting of the Company to be held on Tuesday, 25th day of September 2012 at 3.00 P.M. at Orchid Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 013 and at any adjournment thereof.

Signed on this _____ day of _____ 2012

(Signature on stamp)



Note:

The Proxy form duly completed and signed must be deposited at the Registered Office of the Company at 502A, Prathamesh, Raghuvanshi Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 not less than 48 hours before the time for holding the Meeting.

Name: _____

Address: _____

Regd. Folio. No. _____ No. of Shares held _____

Client I.D. No. _____ DP. ID. No. _____



Bonded
with
Emotions



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