



123
Greetings

IntraSoft Technologies Limited

Annual Report 2012-13



OUR
MOTTO
is



GROWTH

18th

Annual Report

Board of Directors

Arvind Kajaria - Managing Director
Sharad Kajaria - Whole-Time Director
Vishal Agarwal - Independent Director
Rupinder Singh - Independent Director
Anil Agrawal - Independent Director
Amit Ruia - Independent Director

Auditors

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

Company Secretary & Compliance Officer

Rakesh Dhanuka

Registrar and Share Transfer Agents

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

Bankers

1. HDFC Bank Ltd.
2. Indian Overseas Bank

Registered Office

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

Corporate Office

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

Contents

Managing Director's Message	02
Historical Data	04
Directors' Report	05
Management Discussion And Analysis	10
Report On Corporate Governance	14
Independent Auditors' Report On Consolidated Financial Statements	27
Consolidated Financial Statements	28
Independent Auditors' Report On Standalone Financial Statements	44
Standalone Financial Statements	48
Statement Pursuant to Section 212 of The Companies Act, 1956	64
Notice	66



Arvind Kajaria, Managing Director



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



Letter to Shareholders

Dear Shareholders,

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

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

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

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

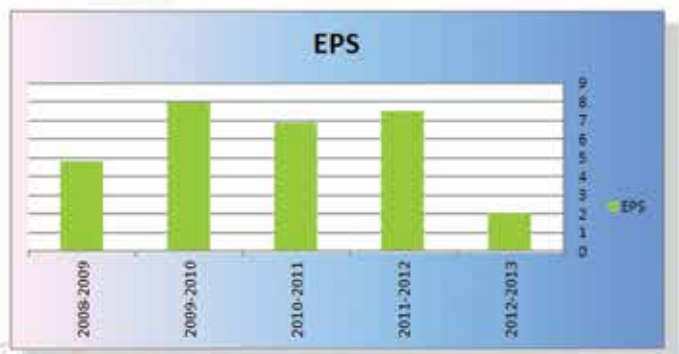
Internet has become a very important tool in our day to day life for every need. Electronic communication, business etc. are booming year by year. There is stiff competition in the e-world, technologies keeps on getting upgraded based on the requirements of the end users and the need to provide safe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

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

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



Historical Data





Director's

Report

Directors' Report

Dear Shareholders,

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

Financial Results

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

(₹ in Lacs)

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

Business

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

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

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

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

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

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

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

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

Subsidiary Companies

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

Dividend

Considering the Company's performance during the financial year, dividend policy of the Company and to appropriately reward the members while conserving the resources to meet the future requirements, the Board of Directors recommends Dividend of ₹ 1 per Equity Share (10%) for the financial year 2012-13 (Previous year ₹ 1 per Equity Share i.e. 10%).

Management's Discussion and Analysis

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

Corporate Governance

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

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

The Company has complied with the provisions of Corporate Governance requirements, as stipulated under Clause 49 of the Listing Agreement. A separate section on Corporate Governance forming part of the Directors' Report and the certificate from a Practicing Company Secretary confirming the compliance of Corporate Governance requirements along with declaration pursuant to Clause 49(I)(D) of the Listing Agreements issued by the Managing Director are attached with the Corporate Governance Report.

Directors' Responsibility Statement

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

- In the preparation of Annual Accounts for the financial year 2012-13, the applicable Accounting Standards have been followed and there were no material departures;
- The directors have selected such Accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year.
- Proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Annual Accounts for the year ended 31st March, 2013 are prepared on a going concern basis.

Directors

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

Auditors

M/s. K. N. Gutgutia & Co., the Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. It is proposed to re-appoint them as Statutory Auditors for the financial year 2013-14. The retiring Auditors have furnished a certificate of their eligibility for re-appointment under Section 224(1B) of the Companies Act, 1956 and have indicated their willingness to continue in the said office.

Auditors' Observations

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

IPO Utilization

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

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

Public Deposits

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

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

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

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

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

Acknowledgements

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

For and on behalf of the Board

Place: Mumbai
Date: 28th May, 2013

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director

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, 2013.

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 and hence the financial impact of the said cost is not material. Adequate measures have, however, been taken to conserve energy.

II. Research and Development

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

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 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 resources 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 by the 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. 2.27 and 2.28 of Standalone Financial Statements.

For and on behalf of the Board

Place: Mumbai
Date: 28th May, 2013

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

In a fast moving and changing world where the technology phases out in a very short time, more and more people going online and spending time on everything from news sites to social media hence growth in online advertising is robust. The expansion of internet-based advertising is transforming the advertising business by providing more efficient method and platform for advertisers and consumers. As per Interactive Advertising Bureau (IAB), Internet advertising revenues in United States was \$36.6 billion during the year 2012. As per the findings of Digital Advertising in India Report (March 2013), by the Internet and Mobile Association of India (IAMAI) and IMRB International, the online advertising market in India reached ₹ 22.60 billion in FY 2012-13. Even though traditional media like television and newspapers still remain the preferred media for seeking information and entertainment and hog majority of the advertising market, the Internet has been steadily increasing its share of the advertising market.

Internet has today become the key ingredient of quick and rapid lifestyle. Be it for communication or explorations, connecting with people or for official purposes, 'internet' has become the central-hub for all. Resultantly, Internet growth has led to a host of new developments, such as decreased margins for companies as consumers turn more and more to internet for online buying goods at the negotiated price as agreed upon by the buyers and sellers. Internet has truly been an effective agent in changing the fundamental ways of doing business. With almost no entry or geographical barriers, the continuous influx of competition will automatically drive down the prices and gives consumers better choices in terms of quality and price. E-commerce provides multiple benefits to the consumers in form of availability of goods at lower cost, wider choice and saves time. People can buy goods with a click of mouse button without moving out of their house or office. Most experts believe that overall e-commerce business will increase exponentially in coming years.

Recent data from ComScore (as compiled in the table below) indicates that US Retail E-commerce spending recovered much faster from the economic downturn and continued to grow at an accelerated rate over the last few years.

Year	E-Commerce Spending(\$ Billions)	Y/Y Percent Change
2008	130	6.0%
2009	130	-0.2%
2010	142	9.8%
2011	162	13.3%
2012	186	15.3%

Business Performance

The primary source of revenue of the Company is online advertising by companies on our website www.123greetings.com and online sales of wide range of products. Company's e-greetings website enable the user to send free online greeting cards, animated cards or e-greetings with quotes to their friends, family, relatives etc. scattered worldwide. Our strong foundation in human expressions has enabled us to understand people, their emotions, their cultures, their religions and all that lies therein. This in turn has enabled us to extend our creative line of offerings to a whole new array of expressional deliverables. Centered on our users, we conduct comprehensive analysis to deploy newer services to meet the needs of the end users.

We serve customers through our retail websites <http://store.123greetings.com> and also by listing products on various market places. We strive to offer our customers the lowest possible prices and free shipping. We provide easy-to-use functionality, fast and reliable fulfillment and timely customer services. We are growing our

operations by increasing products offering and scaling our infrastructure to support our retail business. We offer a wide range of products of different categories such as home appliances, a large collection of watches, top pet supplies, furniture, electronic goods, sporting goods, toys and much more. We have in-house customer service team committed to ensure that all the queries of our customers are answered in a timely manner and customers shopping experience on Company's website is a smooth one.

Growth Drivers

a) Online Advertising

The popularity of our website www.123greetings.com enhances opportunity to attract advertisers to use this platform to advertise their products. The robust efforts of the sales and marketing team, sustained efforts, constant re-invention and a dogged determination to maximize our potential to deliver the best e-cards experience and aggressive work for building of brand image, the website attracts more advertisers. We offer various categories of free e-greetings that cover many different cultures, festivals, days etc. Our result oriented approach, advertiser friendliness and support in terms of strategic planning and consultation help advertisers in depth insights as well as unique perspectives that results in an optimization of their campaigns and brand objectives. Our advertising solutions are aimed at providing a strategic investment option that consistently delivers and is comprehensive, effective and diversified.

b) E-Commerce

123Greetings Store offers various categories of products such as furniture, electronics, home & garden, sports & fitness, health & beauty etc. Further, it provides widest range of products in each category to match all the needs and taste of the consumers at the competitive price with free shipping. We measure the degree to which our customers continue to purchase from us on repeated basis and the strength of our brand. We have invested and will continue to invest aggressively to expand and leverage our customer base, brand and infrastructure. We emphasis on long-term profitability and capital management.

Discussion on Financial Performance

The following is the financial performance based on the consolidated financial results for the year ended 31st March, 2013:

- Company's total income for the year ended 31st March, 2013 increased to ₹ 9123.10 lacs compared to ₹ 7191.94 lacs in the previous year, registering growth of 26.8%.
- Earnings before tax, depreciation and amortization, interest for the year ended 31st March, 2013 was ₹ 901.58 lacs as compared to ₹ 1913.48 lacs for the previous year.
- Profit after tax is ₹ 305.33 lacs. Earnings per share (EPS) resulted to ₹ 2.07.
- Return on Capital Employed (ROCE) was 3.04% compared to last year's figure of 8.76%, while Return on shareholders' funds was 3.21% compared to last year's figure of 10.12%.

During the F.Y. 2012-13, the Company experienced growth across all its products lines and accordingly increased spending on product & development and sales & marketing expenses. Further, depreciation expenses increased significantly due to the additional investment in technology infrastructure and purchase of office premises and other tangible assets which all resulted decline in the net profit of the Company for the financial year 2012-13. Investment made in technology infrastructure for the development of the business of the Company has yielded impressive results, and will further yield more returns, which can be seen by surge in total income of the Company during the financial year 2012-13.

Outlook

The Electronic Commerce i.e. e-commerce industry is one of the most progressive sectors of the economy. E-commerce business continued to grow strongly all over the World despite an uneven macroeconomic environment showing signs of recovery but also cause for continued concern. With the growth rate of e-commerce, it is clear that the online channel has won over the market and will increasingly be relied upon to deliver on the dimensions of lower price, convenience and selection. We believe there are significant opportunities to better serve our customers by reducing delivery times and better tailoring the customer experience.

Competition may intensify as our competitors enter into business combinations or alliances and established companies in other market segments and expand into our market segments. In addition, new and advance technologies, including search, web services, and digital, may increase our competition. The Company is significantly expanding its operations by increasing product offerings and scaling infrastructure to support our retail business. There are good opportunities for acceleration of our business as online shopping is increasing year by year.

Mobile devices seem to be gaining increasing prominence. So, users may change the access device from time to time. To remain the preferred destination for e-cards, we have launched the mobile site. We will continue to invest in the product and aim to have ubiquitous presence across devices & platforms. The long term outlook of the Company remains positive.

Risks and Concerns

Business of the Company is rapidly evolving and intensely competitive and we have many competitors in e-commerce industries. Many of our current and potential competitors have greater resources, longer histories, more customers and greater brand recognition. They may secure better terms from vendors, adopt more aggressive pricing and devote more resources to technology, infrastructure, fulfillment, and marketing. Further, our e-greeting cards business is affected by seasonality, which historically has resulted in higher sales volume during special events such as Christmas, New Year and Valentine's Day.

The Company's revenue largely depends on US economy due to presence of large consumer base there. Hence, the revenue of Company is exposed to foreign exchange fluctuations risk. We are also exposed to significant inventory risks that may adversely affect our operating results due to launch of new products, rapid change in product cycles and pricing, changes in consumer demand and consumer spending patterns, changes in consumer tastes with respect to our products and other factors.

We believe that managing risk is critical for the growth and sustenance of the Company. As such, efforts are on to constantly monitor and assess the internal as well as external risk factors associated with day to day business operations and financial management of the Company and thereby effectively mitigating all possible risk associated therewith.

Our Strategies

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 this 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. Our specific, business-wise strategies are as follows -

- E-Greetings Business

We believe that online communication should reflect the personality, style, feelings and humor of the sender. That's why we have huge collection of e-cards with rich graphics, animations and music to choose from. 123Greetings e-cards keep on adding new and innovative e-cards for the end users and also for enhancing more traffic on its website which will lead to attract more and more advertisers. We invest into the business and advanced technologies after comprehensive study of current market scenario and will continue to do so considering the long term market leadership.

- E-Commerce Business

Increase in operating income primarily resulted from increase in sale of online products and efficiently managing our operating costs, partially offset by investments we make in longer-term strategic initiatives. To increase sale of products, we focus on improving all aspects of the customer experience, including lowering price, improving availability, offering faster delivery and performance time, increasing selection, increasing product categories, expanding product information, improving ease of use, improving reliability and earning customer trust. We believe that advances in technology, specifically the speed and reduced cost of processing power and the advances of wireless connectivity, will continue to improve the consumer experience on the Internet. To best take advantage of these continued advances in technology, we are investing in initiatives to build and deploy innovative and efficient software and devices.

Professional team of the Company makes a thorough study of current market conditions, customers changing taste and spending pattern, upgrading the technology so as to make user friendly websites for the end users.

Opportunities and Threats

We are still in the early stage of learning how to bring new value to our customers through internet commerce and merchandising. Our goal remains to continue to solidify and extend our brand and customer base. This requires sustained investment in systems and infrastructure to support outstanding customer convenience, selection and services while we grow. We believe there are significant opportunities to serve our overseas customers in much

better way such as reducing delivery times, tailoring the customer experience etc. As per ComScore, Inc (Global leader in digital measurement and analytics) 2012 was a year in which e-commerce continued to grow strongly in USA despite an uneven macroeconomic environment evidencing total e-commerce business of \$ 186 Billion. The opportunity of growth in this sector is incomprehensible.

The challenges and hurdles we will face to make our long-term vision for the Company a reality are several-well-funded competition, considerable growth challenges and execution risk, the risks of product and geographic expansion and the need for large continuing investments to meet an expanding market opportunity.

As far as revenue from online advertising is concern, Company enjoys the position of being one of the leader in e-greetings and we still have ample of opportunities to further accelerate the revenue as companies are more opting for online advertising due to majority of the population are getting addicted to internet. But, simultaneously we have stiff competition from other large companies operating in e-commerce and other online industry.

Internal Control System and Its Adequacy

The company has put in place adequate controls that are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies. Regular internal checks are carried out to ascertain the existence of adequate system. The Management also reviews the other control systems and procedures to ensure its application. The emphasis on internal control prevails across functions and processes, covering the entire gamut of various activities. An effective and comprehensive review by the Audit Committee of the Board has strengthened the internal controls and other systems within the organization.

Human Resource

Our people are our key asset. We have been able to create a work environment that encourages pro-activeness and responsibility. The relationship with the employees has been harmonious during the year under review. 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. The progress made by the Company was possible due to sustained efforts of the entire team. Welfare and training at all levels of our employees continue to be areas of major focus for the Company.

As on 31st March, 2013, the employee strength of the company is 194.

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

Corporate Governance is the framework by which the Company ensures transparency in all its dealings and whereby various stakeholders' 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 2013, the Board consists of Six (6) Directors of which Two (2) are Executive Directors representing promoters 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.

All the Directors have informed your Company periodically about their Directorship and membership on the Board Committees of other companies. As per disclosure received from Director(s), none of the Directors holds membership in more than ten (10) Committees and Chairmanship in more than five (5) Committees. All Non Executive Directors are liable to retire by rotation. The appointment of the Managing Director and Whole time Director, including the tenure and terms of remuneration, is in accordance with the recommendation of the Remuneration Committee and approvals obtained from the Board of Directors and Shareholders.

The composition of the Board during the year ended 31st March 2013 and other relevant details relating to Directors are given below:

Name of the Director	Designation	Category of Directorship	Other Companies		
			Board Directorship*	Committee Membership#	Committee Chairmanship#
Mr. Arvind Kajaria	Managing Director	Promoter, Executive	-	-	-
Mr. Sharad Kajaria	Whole-time Director	Promoter, Executive	-	-	-
Mr. Vishal Agarwal	Director	Non-Executive; Independent	-	-	-
Mr. Rupinder Singh	Director	Non-Executive; Independent	-	-	-
Mr. Anil Agrawal	Director	Non-Executive; Independent	1	-	-
Mr. Amit Ruia	Director	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.

b) Appointment/Re-appointment of Directors:

Pursuant to the provisions of Sections 255 & 256 of the Companies Act, 1956, Mr. Anil Agrawal and Mr. Amit Ruia 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. Anil Agrawal and Mr. Amit Ruia as Directors to the shareholders.

c) Board Meetings and Annual General Meeting:

During the financial year 2012-13, 5 Board Meetings were held i.e. on 14th May, 2012, 10th August, 2012, 16th August, 2012, 9th November, 2012, 12th February, 2013. The Annual General Meeting of the Company was held on 25th September 2012. 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	5	5	Yes
Mr. Sharad Kajaria	5	5	No
Mr. Vishal Agarwal	5	4	Yes
Mr. Rupinder Singh	5	5	No
Mr. Anil Agrawal	5	5	No
Mr. Amit Ruia	5	5	No

The Board meets at least once in a quarter to review the quarterly financial results and operations of the Company. In addition to the above, the Board also meets as and when necessary to address specific issues relating to the business. The tentative annual calendar of Board Meetings for approving the accounts for the ensuing year is decided well in advance by the Board and is published as part of the Annual Report.

The gap between any two Meetings was not in excess of four months. The necessary quorum was present in all the meetings.

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, 2013. 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 2013, the Audit Committee comprises of three (3) 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 2012-13, five (5) Audit Committee Meetings were held on 14th May, 2012, 10th August, 2012, 16th August, 2012, 9th November, 2012 and 12th February, 2013. The composition of the Audit Committee during the year ended 31st March 2013 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	4
Mr. Rupinder Singh	Member	5
Mr. Arvind Kalaria	Member	5
Mr. Amit Ruia*	Member	3

* Mr. Amit Ruia was nominated as member of the Audit Committee by the Board of Directors in its meeting held on 10th August, 2012.

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 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.
- xi) To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- xii) 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. No meeting of the Remuneration Committee was held during the year under review.

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. Anil Agrawal	Member

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 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 and his individual performance, etc.

ii) Non-Executive Directors:

Non-Executive Directors of the Company are paid 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 2012-13 for attending the Board Meetings and Committee Meetings are as under:

Name of the Non-Executive Director	Sitting Fees paid (₹)
Mr. Vishal Agarwal	1,60,000
Mr. Rupinder Singh	3,40,000
Mr. Anil Agrawal	3,20,000
Mr. Amit Ruia	1,60,000
Total	9,80,000

iii) Executive Directors:

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

Details of remuneration paid to the Executive Directors during year ended 31st March, 2013 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.

Eleven meetings of Shareholders'/Investors' Grievance Committee were held during the financial year 2012-13 i.e. on 28.05.2012, 27.06.2012, 27.07.2012, 05.09.2012, 29.09.2012, 31.10.2012, 30.11.2012, 28.12.2012, 28.01.2013, 28.02.2013 and 28.03.2013. The 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	11	11
Mr. Rupinder Singh	Member	11	7
Mr. Arvind Kajaria	Member	11	9

b) The Company Secretary act as a secretary to the Committee.

c) During the year 2012-13, the Company has received 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	No. of Complaints
1.	01.04.2012 to 30.06.2012	Nil
2.	01.07.2012 to 30.09.2012	Nil
3.	01.10.2012 to 31.12.2012	1
4.	01.01.2013 to 31.03.2013	2
	Total	3

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
2009-10	28.09.2010	3.00 P.M.	Orchid Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 013
2010-11	29.09.2011	3.00 P.M.	Orchid Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 013
2011-12	25.09.2012	3:00 P.M.	Orchid Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 013

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

Financial Year	Particulars of Special Resolution Passed
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
2011-12	Seeking approval of the shareholders for the re-appointment of Mr. Sharad Kajaria as Whole-time Director of the Company.

iii) During the year 2012-13, 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 English newspaper having nationwide circulation and one regional language newspaper where the Registered Office of the Company is situated. The quarterly results are submitted to the BSE Limited (Bombay Stock Exchange) and National Stock Exchange of India Limited immediately after the conclusion of the Board Meeting. The Company also displays all financial results and other information as required on its website www.itlindia.com. The Company also publishes a separate press release on the quarterly results of the Company for which stock exchange are intimated.
- 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, 24th September, 2013 at 3.00 P.M.

Venue: Imperial Room, 1st Floor, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

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, 2013	:	By 14 th August, 2013
30 th September, 2013	:	By 14 th November, 2013
31 st December, 2013	:	By 14 th February, 2014
31 st March, 2014	:	By 30 th May, 2014

AGM for the year ending

31 st March, 2014	:	By 30 th September, 2014
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iii) Book Closure:

Tuesday, 17th September, 2013 to Tuesday, 24th September, 2013 (both days inclusive)

iv) The Payment date of Dividend for the year 2012-13, if approved by the Shareholders', will be on or before 23rd October, 2013

v) Listing on Stock Exchanges:

BSE Ltd (Bombay Stock Exchange)	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 2013-14 has been paid to the said Stock Exchanges.

vi) Stock Code/Symbol:

BSE – 533181

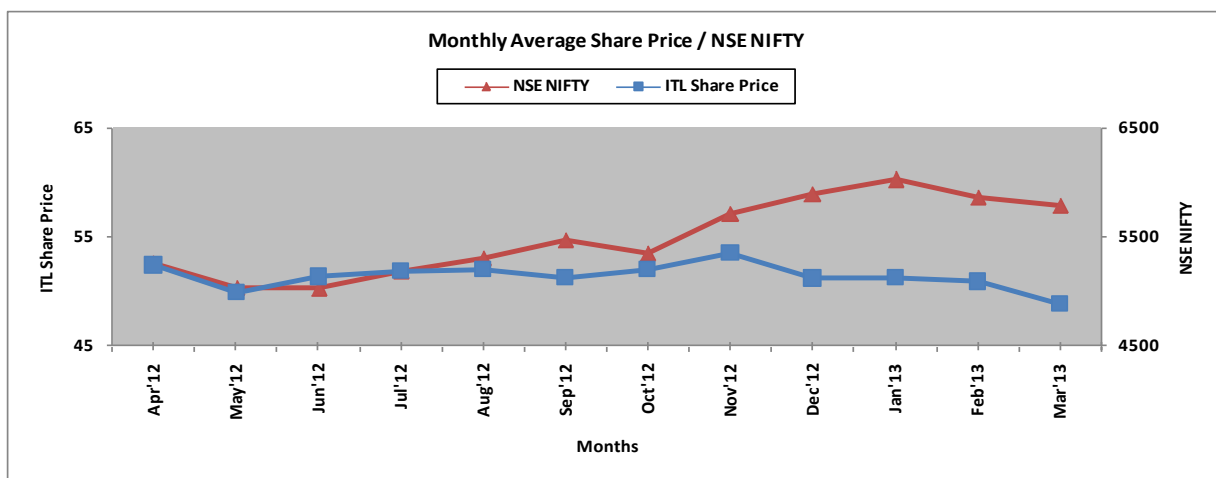
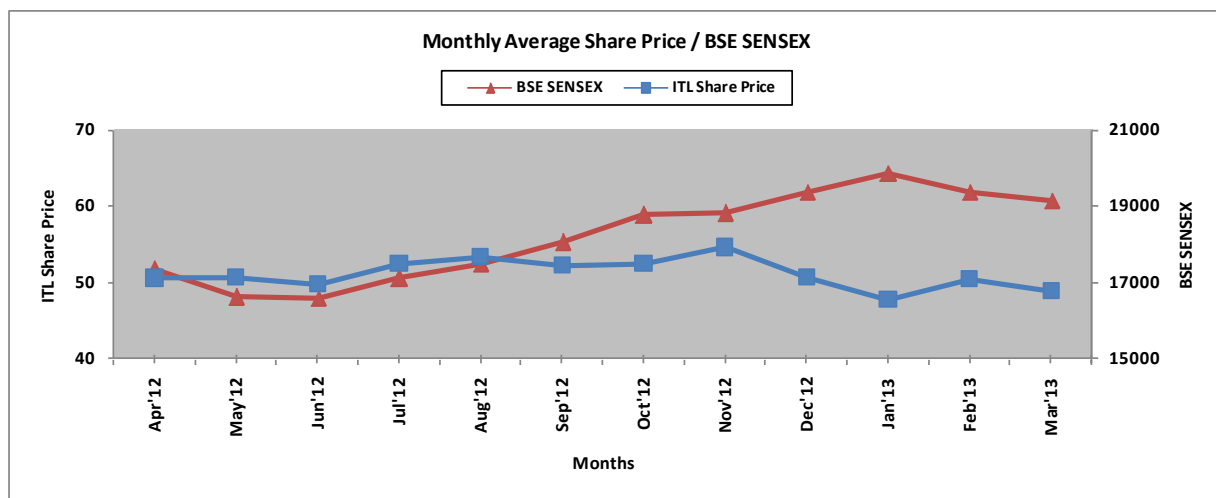
NSE – ISFT

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	BSE Limited			National Stock Exchange of India Limited		
	High (₹)	Low (₹)	No. of Shares Traded	High (₹)	Low (₹)	No. of Shares Traded
Apr-12	56.00	45.20	28424	57.80	47.00	62344
May-12	53.80	47.65	10652	53.20	46.65	24924
Jun-12	53.95	45.70	3194	54.00	48.65	27627
Jul-12	56.00	49.05	4910	54.45	49.25	9790
Aug-12	57.95	48.90	6531	56.70	47.40	18831
Sep-12	55.60	49.00	4631	53.80	48.70	5875
Oct-12	56.00	49.00	34167	55.45	48.60	33026
Nov-12	59.95	49.20	9369	57.00	50.00	24518
Dec-12	53.90	47.60	8918	54.90	47.50	19070
Jan-13	53.40	42.25	4108	54.90	47.70	15179
Feb-13	53.90	47.00	12100	53.60	48.20	58295
Mar-13	51.85	46.00	8895	50.65	47.00	64994

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 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, 2013:

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	3243071	22.02
8.	Clearing Members	11886	0.08
9.	NRIs/NRNs	37886	0.26
10.	Public	887697	6.02
	Total	14731678	100.00

xi) Distribution of Shareholding as at 31st March, 2013:

No. of Shares	No. of Shareholders	% of Total Shareholders	No. of Shares held	% of Total Shares
1 - 500	6880	96.51	467373	3.17
501 - 1000	132	1.85	108470	0.74
1001 - 5000	78	1.09	180815	1.23
5001 - 10000	9	0.13	57124	0.39
10001 and above	30	0.42	13917896	94.47
TOTAL	7129	100.00	14731678	100.00

xii) Dematerialization of Shares and Liquidity:

The Company's shares are compulsorily traded in dematerialized form and are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The equity shares of the Company are traded at BSE Limited (Bombay Stock Exchange) and the National Stock Exchange of India Limited (NSE).

Equity Shares of the Company representing 98.9% of the Company's share capital are dematerialized as on 31st March, 2013. 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 sections.

Pursuant to Investor Education and Protection Fund (Uploading of information regarding Unpaid and Unclaimed amounts lying with companies) Rules, 2012, Company has uploaded list of shareholders

whose dividend are unpaid / unclaimed as on last Annual General Meeting on its website. Members who have not claimed the dividend 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 unpaid / 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 & Share Transfer Agent of the Company. Due to over-sight there was some discrepancy in the details of Unclaimed Share Certificates of the Company lying with our Registrar as detailed below:

Particulars	As per last Annual Report 2011-12	Corrected data as on 31.03.2012	As on 31.03.2013
No. 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	9 Shareholders 13275 Shares	6 Shareholders 12350 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	3 Shareholders 925 Shares	Nil
No. 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	6 Shareholders 12350 Shares	6 Shareholders 12350 Shares

- xvi) The Company has not issued any GDRs/ADRs. There were no outstanding convertible warrants as on 31st March, 2013

- 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 Initial Public Offer (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, 2013 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>484,095,834</u>
Balance funds unutilized	₹ <u>Nil</u>

Details of utilization of IPO proceeds are as under:

Sr. No	As per object of issue and as amended and approved by the Shareholders at the Annual General Meeting held on 29th September, 2011		Actual Utilization
	Object	₹ (In Lacs)	₹ (In Lacs)
1.	Branding & Promotion	365.62	365.62
2.	Investment in technology Infrastructure	1850.00	1850.00
3.	General Corporate Purpose	2625.34*	2625.34
4.	Issue Related Expenses	524.04*	524.04
	Total		5365.00

* Unutilised amount of ₹ 1.96 Lacs under the head "Issue Related Expenses" is clubbed and utilised under the head "General Corporate Purpose" pursuant to approval accorded by the Board of Directors.

The Audit Committee of the Company has periodically reviewed the utilization of funds raised through Initial Public Offer (IPO) and obtained Certificate from the Statutory Auditors of the Company on Utilisation of Funds on quarterly basis. The said certificates were also placed before the Board of Directors for their consideration and noting. The total fund raised through IPO has been fully utilised as per the "Objects of the Issue" and amendments thereof as approved by the members.

10. Other Disclosures

- Related Party transactions have been disclosed in the Note No. 2.30 to Accounts in the Standalone financial statements as at 31st March, 2013
- Shareholdings of the Non-Executive Directors as on 31st March, 2013 is as under

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

- 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.
- 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	Anil Agrawal	Amit Ruia
Date of Birth	7th February, 1959	3rd August, 1982
Qualification	B.Com	Chartered Accountant
Area of Expertise	Capital Market and Stock Exchange operations	Audit and Tax matters
Experience	27 Years	7 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, 2013)	-	-

* Subsidiary of IntraSoft Technologies Ltd.

- 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, 2013 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 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: 28th May, 2013

CODE OF CONDUCT DECLARATION

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

Place: Mumbai
Date: 28th May, 2013

Arvind Kajaria
Managing Director

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To

The Board of Directors of IntraSoft Technologies Limited

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **IntraSoft Technologies Limited** ("the Company") and its subsidiaries, which comprises the consolidated Balance sheet as at 31st March, 2013 and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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, 2013;
- 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.

Emphasis of Matter

Without qualifying our report, we draw attention to Note 2.26 to the financial statements regarding intangible assets written off amounting to ₹ 149,886,816/- due to change in technology and adjusted from General Reserve.

Other Matter

We did not audit the financial statements of the two foreign subsidiaries, whose financial statements reflect total assets(net) of ₹ 313,503,130/- as at 31st March, 2013, total revenues amounting to ₹ 832,936,316/- and net cash outflows amounting to ₹ 8,701,485/- for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For **K. N. GUTGUTIA & CO.**
Chartered Accountants
Firm Registration No. 304153E
K. C. Sharma
Partner
Membership No.: 50819

Place : Kolkata
Date : 28th May, 2013

Consolidated Balance Sheet as at 31st March, 2013

	Note No.	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
I. Equity and Liabilities			
(1) Shareholders' Funds			
(a) Share Capital	2.1	147,316,780	147,316,780
(b) Reserves and Surplus	2.2	803,384,168	938,659,981
(2) Non-current Liabilities			
(a) Long-term Borrowings	2.3	-	900,163
(b) Deferred Tax Liabilities (Net)	2.4	36,487,212	53,786,920
(c) Other Long term Liabilities	2.5	4,339,110	3,310,015
(d) Long-term Provisions	2.6	3,674,619	3,315,283
(3) Current Liabilities			
(a) Short-term Borrowings	2.7	281,350,000	253,250,000
(b) Trade Payables	2.8	17,333,623	12,975,908
(c) Other Current Liabilities	2.9	26,696,629	55,992,315
(d) Short-term Provisions	2.10	17,307,991	17,204,686
TOTAL		1,337,890,132	1,486,712,051
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	2.11	211,006,905	156,209,882
(ii) Intangible Assets	2.11	446,403,943	510,876,004
		657,410,848	667,085,886
(b) Non-current Investments	2.12	286,989,956	346,919,150
(c) Long-term Loans and Advances	2.13	3,262,844	6,155,765
(2) Current Assets			
(a) Current Investments	2.12	110,000,000	71,573,251
(b) Inventories	2.14	5,928,122	36,971,360
(c) Trade Receivables	2.15	32,761,769	77,506,508
(d) Cash and bank balances	2.16	40,239,141	56,083,156
(e) Short-term loans and advances	2.17	185,598,064	208,049,471
(f) Other current assets	2.18	15,699,388	16,367,504
TOTAL		1,337,890,132	1,486,712,051

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

Place : Kolkata

Date : 28th May, 2013

Rakesh Dhanuka

Company Secretary

Place : Mumbai

Date : 28th May, 2013

For and on behalf of the board

Arvind Kajaria

Managing Director

Sharad Kajaria

Whole-time Director

Consolidated Statement of Profit and Loss for the year ended 31st March, 2013

	Note No.	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
I. Revenue from operations	2.19	882,420,958	662,784,284
II. Other income	2.20	29,889,458	56,409,577
III. Total Revenue (I + II)		912,310,416	719,193,861
IV. Expenses:			
Cost of Product & Content Development	2.21	593,987,520	336,440,239
Selling and Marketing Expenses	2.22	117,889,929	92,561,282
Employee benefit expense	2.23	52,509,066	42,803,964
Finance costs	2.24	6,962,354	4,672,960
Depreciation and amortization expenses		70,472,791	27,703,388
Other expenses	2.25	57,766,010	56,039,986
Total expenses		899,587,670	560,221,819
V. Profit before exceptional item and tax (III-IV)		12,722,746	158,972,042
VI. Exceptional Item	2.26	149,886,816	-
Less : Transferred from General Reserve		(149,886,816)	-
		-	-
VII. Profit after exceptional item and before tax (V- VI)		12,722,746	158,972,042
VIII. Tax expense:			
(1) Current tax		2,405,542	31,087,570
(2) Current tax written back (Earlier Year)		(3,171)	-
(3) MAT Credit Entitlement		(1,981,052)	(20,984,069)
(4) MAT Credit Entitlement (Earlier Year)		(1,021,141)	-
(5) Deferred tax		(17,299,708)	38,996,815
(6) Income tax related to earlier years		89,470	-
		(17,810,060)	49,100,316
IX. Profit (Loss) for the year from continuing operations(VII-VIII)		30,532,806	109,871,726
X. Earnings per equity share:	2.32		
Basic & Diluted (Par Value of ₹ 10/- each)		2.07	7.46

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

For and on behalf of the board

K.C. Sharma
Partner
Membership No. : 50819

Rakesh Dhanuka
Company Secretary

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director

Place : Kolkata
Date : 28th May, 2013

Place : Mumbai
Date : 28th May, 2013

Consolidated Cash Flow Statement for the year ended 31st March , 2013

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
A) Cash Flow From Operating Activities:		
Net profit before tax	12,722,746	158,972,042
Adjustments for:		
Depreciation	70,472,791	27,703,388
Interest Paid	6,962,354	4,672,960
Loss on Sale of Fixed Assets	216,365	131,906
Loss on Redemption of Mutual Fund/NCD	1,573,250	1,410,817
Dividend Received	(1,882,750)	(3,724,360)
Gain on redemption of Mutual Funds	(672,698)	(7,877,893)
Exchange differences on translation of Foreign Currency	(1,452,358)	737,111
Interest Received	(27,223,600)	(44,362,771)
Operating profit before working capital changes	60,716,100	137,663,200
(Increase) / Decrease in Trade Receivables	44,744,739	(22,793,468)
Increase / (Decrease) in Trade Payables	4,357,715	1,513,626
Increase / (Decrease) in Other than Trade Payables	(27,994,146)	33,862,354
(Increase) / Decrease in Inventory	33,710,440	(19,420,677)
(Increase)/ Decrease in Advance & Deposit	(13,732,827)	(16,626,633)
Cash generated from operations	101,802,021	114,198,402
Income Tax (Paid) / Refunded	(9,412,494)	(28,933,828)
Net Cash Flow From Operating Activities:	92,389,527	85,264,574
B) Cash Flow From Investing Activities:		
Purchase of Fixed Assets	(211,023,252)	(373,076,522)
Sale / (Purchase) of Mutual Fund and NCD (Net)	21,502,445	45,269,904
Sale of Fixed Assets	221,001	150,000
Gain on redemption of Mutual Funds (Non Current Investments)	672,698	7,877,893
Loss on Redemption of Mutual Fund/NCD	(1,573,250)	(1,410,817)
Short Term Loan received / (Paid) to/ from Body Corporates	49,000,000	76,000,000
Dividend Received	1,882,750	3,724,360
Interest Received	27,891,715	46,678,617
Net Cash Flow From/ (used in) Investing Activities:	(111,425,893)	(194,786,565)
C) Cash Flow From Financing Activities:		
Dividend Paid	(14,672,810)	(7,432,248)
Dividend Tax Paid	(2,389,847)	(1,194,923)
Receipt/ (Payment) Proceeds from Long Term Borrowings	(900,163)	(527,299)
Receipt/ (Payment) Proceeds from Short Term Borrowings	28,100,000	148,320,000
Interest Paid	(6,944,828)	(4,672,960)
Net Cash Flow From Financing Activities:	3,192,352	134,492,570
Net Increase / (Decrease) in Cash and Cash Equivalents(A+B+C)	(15,844,015)	24,970,579
Cash and Cash Equivalents at the Beginning of the Year	56,083,156	31,112,577
Cash and Cash Equivalents at the End of the Year	40,239,141	56,083,156

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

For and on behalf of the board

K.C. Sharma
Partner
Membership No. : 50819

Rakesh Dhanuka
Company Secretary

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director

Place : Kolkata
Date : 28th May, 2013

Place : Mumbai
Date : 28th May, 2013

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, 2013.
- 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 as Assets under Development.

1.5 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.

1.6 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 is 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 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. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

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.

Note: 2 Consolidated Notes on Accounts

	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
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	14,731,678
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, 2013		As at 31st March, 2012	
	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
Kotak Mahindra Investments Ltd	927,796	06	927,796	06

- Disclosure regarding shares issued otherwise than in cash in last 5 years are as follows :-
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 2012-2013, the Board has proposed to pay amounting to ₹ 17,235,327 (₹ 17,121,525) including Dividend Tax of ₹ 2,503,649 (₹ 2,389,847), being ₹ 1 per share (10%), as Dividend.
- The Company had raised ₹ 5365.00 lakhs through an IPO in March, 2010. The amount raised from the said IPO was fully utilised as per the objects of the Issue and amendments there of.

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
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	552,710,688
General Reserve		
As per last Balance Sheet	97,887,891	97,887,891
Add : Transfer from Surplus	200,000,000	-
	297,887,891	97,887,891
Less : Transfer to Statement of Profit & Loss (Refer note 2.26)	149,886,816	-
	148,001,075	97,887,891
Translation Reserve		
As per last Balance Sheet	2,931,418	1,538,502
Add/ (Less) : During the year	1,313,524	1,392,916
	4,244,942	2,931,418
Surplus		
As per last Balance Sheet	275,516,024	182,765,823
Add : Net profit after tax transferred from Statement of Profit and Loss	30,532,806	109,871,726
Less : Transfer to General Reserve	200,000,000	-
Amount available for Appropriation	106,048,830	292,637,549
Appropriations:		
Proposed Dividend	(14,731,678)	(14,731,678)
Dividend Tax	(2,503,649)	(2,389,847)
	88,813,503	275,516,024
	803,384,168	938,659,981
2.3 Long Term Borrowings		
Term Loan (Secured)		
From Bank (Car Loan)	-	900,163
	-	900,163
Notes to 2.3:		
1) Nature of security - Hypothecation of Motor Car		
2) Repayment of Term Loan: From Bank Nil (₹ 900,163)		
2.4 Deferred Tax Liabilities (Net)		
a) Deferred Tax Liability		
Timing difference for depreciation on Fixed Assets	38,455,207	55,487,409
b) Deferred Tax Asset		
Expenses allowable under the Income Tax Act on actual payment basis	(1,967,995)	(1,700,489)
Provision for Deferred Tax (Net)	36,487,212	53,786,920

	As at	As at
	31st March, 2013	31st March, 2012
	₹	₹

2.5 Other Long Term Liabilities

Other than Trade Payable

Deposit From Employees	4,339,110	3,310,015
	4,339,110	3,310,015

2.6 Long-term Provisions

Provision for Employee Benefits		
Gratuity	2,903,294	2,649,575
Leave Encashment	771,325	665,708
	3,674,619	3,315,283

2.7 Short-term Borrowings

Loan repayable on demand (Secured)		
From Bank	281,350,000	253,250,000
	281,350,000	253,250,000

Note to 2.7:

Loan from Barclays Bank Plc has been secured by way of pledge of Investment with Mutual Fund and Non Convertible Debentures.

2.8 Trade Payables

Micro, Small and Medium Enterprises	-	-
Others	17,333,623	12,975,908
	17,333,623	12,975,908

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	900,163	2,851,573
From Others	-	1,427,562
	900,163	4,279,135
Unpaid Dividend *	210,666	151,798
<u>Other Payables</u>		
Payable to Employees	11,142,384	8,493,880
Advances from Customers	2,450,871	3,622,595
TDS & Other Govt dues	1,827,361	2,442,067
Contribution to PF & Other Funds	243,766	244,585
Amount due for Capital Goods	-	29,755,575
Liabilities for Expenses	9,921,418	7,002,680
	25,585,800	51,561,382
	26,696,629	55,992,315

*There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31st March, 2013.

2.10 Short-term Provisions

<u>Provision for Employee Benefits</u>		
Gratuity	69,702	73,930
Leave Encashment	2,962	9,231
Others		
Proposed Dividend	14,731,678	14,731,678
Tax on Dividend	2,503,649	2,389,847
	17,307,991	17,204,686

2.1.1 Fixed Assets

(Amount in ₹)

ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As on 1.4.2012	Con-solidated Adjust-ment	Additions	Disposals	As on 31.3.2013	As on 1.4.2012	Conso-li-dated Adjust-ment	From 1.4.2012 to 31.3.2013	Deduction Sale / Disposal/ Adjust-ment	As on 31.3.2013	As on 31.3.2012
Tangible Assets											
Computers & Accessories	38,631,238	-	34,215,763	9,175,291	63,671,710	29,977,296	-	3,778,099	9,117,369	39,033,684	8,653,942
Furniture & Fixtures	5,152,240	27,461	18,205,732	332,134	23,053,299	1,966,505	22,170	1,388,288	311,252	19,987,588	3,185,735
Office Equipments	15,730,911	393,179	5,355,427	5,204,946	16,274,571	7,782,177	302,675	1,016,573	4,849,236	12,022,382	7,948,734
Land & Building	126,499,936	-	6,821,772	-	133,321,708	343,658	-	2,102,347	-	130,875,703	126,156,278
Motor Car	12,396,262	-	-	-	12,396,262	2,131,069	-	1,177,645	-	9,087,548	10,265,193
TOTAL	198,410,587	420,640	64,598,694	14,712,371	248,717,550	42,200,705	324,845	9,462,952	14,277,857	211,006,905	156,209,882
Previous Year	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	156,209,882	
Intangible Assets											
Website 123India. Com	6,347,701	-	-	-	6,347,701	6,347,701	-	-	-	6,347,701	-
Softwares	368,011,783	-	92,112,691	229,437,730	230,686,744	66,320,424	(36)	61,009,839	79,550,914	47,779,313	301,691,359
Assets under development	209,184,645	-	54,311,867	-	263,496,512	-	-	-	-	263,496,512	209,184,645
TOTAL	583,544,129	-	146,424,558	229,437,730	500,530,957	72,668,125	(36)	61,009,839	79,550,914	446,403,943	510,876,004
Previous Year	345,229,725	-	238,314,404	-	583,544,129	42,234,954	-	42,255,435	11,822,264	510,876,004	

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
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2.12 Current and Non Current Investments

(A) Non-current Investments

I Investments other than Trade - Quoted (Fully Paid up) (At Cost)

Investments in Non Convertible Debentures

30 (30) units -10.25 % Amtex Auto Limited of ₹ 1000000 each	30,000,000	30,000,000
32 (32) units- 11.50 % Magma Fincorp Limited of ₹ 1000000 each	32,000,000	32,000,000
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
	161,919,150	161,919,150

II Investments other than Trade - Unquoted (Fully Paid up) (At Cost)

Investments in Mutual Funds

500000 (500000) units of SBI MF- SDFS of ₹ 10 each	-	5,000,000
1055303.162 (Nil) units UTI Short Term Income Fund Retail Plan ₹ 10 each	20,000,000	-
1716933.258 (Nil) units Reliance Dynamic Bond Fund ₹ 10 each	25,070,806	-
4546.585 (Nil) Franklin Templeton India Short Term Income Retail ₹ 1000each	10,000,000	-
2000000 (2000000) units ICICI Prudential Fixed Maturity Plan - Series 57 of ₹ 10 each	20,000,000	20,000,000
1000000 (1000000) units ICICI Prudential Fixed Maturity Plan - Series 60 - of ₹ 10 each	10,000,000	10,000,000
3000000 (3000000) units ICICI Prudential Fixed Maturity Plan - Series 63 of ₹ 10 each	30,000,000	30,000,000
Nil (3000000) units Reliance Fixed Horizon Fund - Xix - Series 21 of ₹ 10 each	-	30,000,000
Nil (3000000) units ICICI Prudential Fixed Maturity Plan - Series 58 of ₹ 10 each	-	30,000,000
Nil (2000000) units ICICI Prudential Fixed Maturity Plan - Series 58 of ₹ 10 each	-	20,000,000
Nil(2000000) units Kotak FMP Series 58 of ₹ 10 each	-	20,000,000
Nil (1000000) units SBI SDFS 18 months - Series 9 of ₹ 10 each	-	10,000,000
	115,070,806	175,000,000

III Interest in Beneficiary Trust

IntraSoft Beneficiary Trust	10,000,000	10,000,000
	10,000,000	10,000,000
	286,989,956	346,919,150
Aggregate amount of Quoted Investments	161,919,150	161,919,150
Aggregate amount of Unquoted Investments in Mutual Fund	115,070,806	175,000,000
	276,989,956	336,919,150
Aggregate Market Value of Quoted Investments	165,014,084	169,133,978
Aggregate NAV of investments in Unquoted Mutual Fund	126,309,647	183,243,450
	291,323,731	352,377,428

(B) Current Investments

I Investments other than Trade - Quoted (Fully Paid up) (At lower of Cost or fair value)

Investments in Non Convertible Debentures

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

II Investments other than Trade - Unquoted (Fully Paid up) (At Cost)

Investments in Mutual Funds

3000000 (Nil) units Reliance Fixed Horizon Fund - ix - 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	-

IntraSoft Technologies Limited

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
2000000 (Nil) units Kotak FMP Series 58 of ₹ 10 each	20,000,000	-
1000000 (Nil) units SBI SDFS 18 months - Series 9 of ₹ 10 each	10,000,000	-
	110,000,000	71,573,251
Aggregate amount of Quoted Investments	-	71,573,251
Aggregate amount of Unquoted Investments	110,000,000	-
	110,000,000	71,573,251
Aggregate Market Value of Quoted Investments	-	71,585,016
Aggregate NAV of investments in Unquoted Mutual Fund	127,034,400	-
	127,034,400	71,585,016

Note to 2.12:

- Investment in Mutual Fund & Non Convertible Debentures are earmarked for loan and Stand by Letter of Credit facility.
- The beneficial interest in the Trust amounting to ₹ 10,000,000 represents 1,750,000 Equity shares of IntraSoft Technologies Limited shown under 'Non- Current Investment' in the Balance Sheet.

2.13 Long term Loans and Advances Unsecured, considered Good

Capital Advances	2,021,906	2,872,927
Security Deposits	1,240,938	3,282,838
	3,262,844	6,155,765

2.14 Inventories (At cost or net realisable value which ever is lower)

Stock-in-trade	5,928,122	36,971,360
	5,928,122	36,971,360

2.15 Trade Receivables

Unsecured, Considered good		
More than six months from the due date	1,773,857	2,731,028
Others	30,987,912	74,775,480
	32,761,769	77,506,508

2.16 Cash and Bank Balances

I. Cash and Cash Equivalents

Balances with banks		
In Current Account	35,809,345	52,614,670
Cash on hand	4,372	5,627
	35,813,717	52,620,297

II. Other Bank Balances

In Current Account		
Unpaid Dividend Account	210,667	151,733
Employees Deposit Account	4,214,757	3,311,126
	4,425,424	3,462,859
	40,239,141	56,083,156

2.17 Short term Loans and Advances

Loan to Body Corporate	50,000,000	99,000,000
Advance to Employees	778,832	672,000
Advance to Suppliers	27,091,284	19,391,211
Prepaid Expenses	5,847,238	5,782,841
Service Tax Receivable (Net)	23,770,691	15,031,937
Advance Income Tax & TDS (Net of Provisions)	12,204,506	5,283,854
Advance for FBT (Net of Provisions)	10,119	10,119
MAT Credit Entitlement	65,650,134	62,647,941
Other Miscellaneous Advances	245,260	229,568
	185,598,064	208,049,471

Notes to 2.17:

- Advance Income Tax & TDS is net of Provisions of ₹ 81,268,363 (₹ 78,925,801)
- Advance for FBT is net of Provisions of ₹ 856,426 (₹ 897,994)
- Minimum Alternative Tax (MAT) credit available to the company as per provision of section 115JAA of the Income Tax Act, 1961 ₹ 65,650,134 (₹ 62,647,941) has been recognised as MAT Credit Entitlement and carried forward for set off in future years.

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
2.18 Other Current Assets		
Accrued Interest on ICD and NCD	15,699,388	16,367,504
	15,699,388	16,367,504
2.19 Revenue from Operations		
IT enabled services	882,420,958	662,784,284
	882,420,958	662,784,284
2.20 Other Income		
a <u>Interest Income</u>		
On Inter Corporate Deposits	7,377,171	15,524,921
On Non Convertible Debentures	19,613,818	28,837,850
On Income Tax	232,611	175,929
	27,223,600	44,538,700
b Dividend Income (Non- current Investments)	1,882,750	3,724,360
c Gain on redemption of Mutual Funds (Non -current Investments)	672,698	7,877,893
d Other Miscellaneous Income	110,410	268,624
	29,889,458	56,409,577
Note to 2.20:		
TDS on Interest Income ₹ 737,719 (₹ 2,387,285)		
2.21 Cost of Product & Content Development		
a Content Purchases	506,146	140,136
b Webspace and Bandwidth Charges	26,287,206	20,332,323
c Cost of Product	562,591,650	312,503,894
d Ad Serving Charges	4,602,518	3,463,886
	593,987,520	336,440,239
2.22 Sales and Marketing Expenses		
a Advertising, Branding and Promotion	4,295,446	2,469,548
b Market Place , Marketing & Referral Fees	88,091,800	53,732,719
c Commission	9,965,542	21,655,688
d Other Expenses	15,537,141	14,703,327
	117,889,929	92,561,282
2.23 Employees Benefit Expense		
a Salaries and Wages	51,218,038	41,691,538
b Contribution to provident and other funds	1,291,028	1,112,426
	52,509,066	42,803,964
Notes to 2.23:		
1) Salaries and Wages includes Gratuity ₹ 867,190 (₹ 576,139).		
2) Employee Benefit includes Managerial Remuneration ₹ 4,500,000 (₹ 4,500,000). Out of which Remuneration paid to Managing Director ₹ 2,400,000 during the year is subject to approval of the share holders.		
2.24 Finance Cost		
<u>Interest Expenses</u>		
Interest to Bank	5,123,260	2,913,116
Others	1,839,094	1,759,844
	6,962,354	4,672,960

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
2.25 Other Expenses		
a Power and Fuel	2,409,019	1,713,528
b Rent	3,939,398	8,725,601
c Repairs to Others	1,422,968	5,983,420
d Insurance	159,993	300,439
e Rates and Taxes excluding taxes on Income	389,502	39,860
f Travelling & Conveyance	6,151,745	7,510,364
g Legal and Professional Charges	14,081,717	8,465,905
h Director's Sitting Fees	980,000	820,000
i Payments to the Auditors:		
Statutory Audit Fee	816,535	710,670
Tax Audit Fee	96,380	81,696
Limited Review	45,000	38,500
Other Services	71,005	57,810
j Donation	28,200	255,000
k Net loss on foreign currency translation (other than considered as finance cost)	12,263,458	9,160,265
l Loss on sale of Fixed Assets	216,365	131,906
m Loss on Redemption of Mutual Fund/NCD	1,573,250	1,410,817
n Miscellaneous Expenses	13,121,475	10,634,205
	57,766,010	56,039,986

Note to 2.25:
Net loss on foreign currency translation

Loss on foreign currency translation	15,302,221	13,076,412
Gain on foreign currency translation	(3,038,763)	(3,916,147)
	12,263,458	9,160,265

2.26 Exceptional Item

Intangible Assets discarded/ written off	149,886,816	-
Less : Transfer from General Reserve	(149,886,816)	-
	-	-

Note to 2.26

At the year end management has reviewed the existing activities and based on technical assessment, the carrying amount of certain Intangible Assets (Software) amounting to ₹ 149,886,816/- has been written off as it is no longer usable due to change in technology.

2.27 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	-	-

2.28 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.

2.29 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

	<u>Name</u>	<u>Country of Incorporation</u>
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, 2013 ₹	As at 31st March, 2012 ₹
Transactions with Key Managerial Personnel			
Arvind Kajaria	Dividend Payment	2,800,014	1,400,007
Sharad Kajaria	Dividend Payment	2,800,000	1,400,000
Padma Kajaria	Dividend Payment	1,400,000	700,000
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	1,750,000	875,000

	As at 31st March 2013	As at 31st March 2012
	₹	₹
2.30 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, 2013 for the defined benefit plans:		
Gratuity		
I. Change of Benefit Organization		
Liability at the beginning of the year	2,723,505	2,239,674
Interest cost	224,689	190,373
Current Service Cost	756,664	625,128
Past Service Cost (Non Vested Funds)	-	-
Past Service Cost (Vested Funds)	-	-
Benefit Paid	(1,108,460)	(104,217)
Actuarial (Gain)/Loss on obligation	376,598	(227,453)
Curtailments and Settlements	-	-
Liability at the end of the year	2,972,996	2,723,505
II. Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	-	-
Expected Return on Plan Assets	-	-
Contributions	1,108,460	92,308
Benefit Paid	(1,108,460)	(92,308)
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	2,972,996	2,723,505
Fair Value of Plan Assets at the end of the year	-	-
Difference	(2,972,996)	(2,723,505)
Unrecognized Past Service Cost	-	-
Amount Recognised in the Balance Sheet	(2,972,996)	(2,723,505)
V. Expenses Recognised in the Income Statement		
Current Service Cost	756,664	625,128
Interest cost	224,689	190,373
Expected Return on Plan assets	-	-
Net Actuarial (Gain) / Loss to be Recognised	376,598	(239,362)
Past Service Cost (Non Vested Benefit) Recognised	-	-
Past Service Cost (Vested Benefit) Recognised	-	-
Effect of Curtailment or settlement	-	-
Expenses Recognised in the Statement of Profit and Loss	1,357,951	576,139

Gratuity	As at 31st March 2013 ₹	As at 31st March 2012 ₹
VI. Balance Sheet Reconciliation		
Opening Net Liability	(2,705,322)	(2,239,674)
Expense as above	(1,357,192)	(576,139)
Employers Contribution	1,108,460	92,308
Effect of Curtailment or settlement	-	-
Current Defined Benefit Obligation at the end of the period	(69,702)	(73,930)
Non- Current Defined Benefit Obligation at the end of the period	(2,903,294)	(2,649,575)
Amount Recognised in the Balance Sheet	(2,972,996)	(2,723,505)
VII. Actuarial Assumption		
Discount Rate Current	8.50%	8.25%
Rate of Return on Plan Assets Current	0.00%	0.00%
Salary Escalation Current	5.00%	5.00%

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

2.32 Earnings Per Equity Share

a. Net Income available to Equity Shareholders (₹) (Numerator)	30,532,806	109,871,726
b. Weighted average no. of Equity Shares outstanding (Denominator)	14,731,678	14,731,678
c. Earnings per Share (₹)		
Basic & Diluted	2.07	7.46

2.33 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

For and on behalf of the board

K.C. Sharma
Partner
Membership No. : 50819

Rakesh Dhanuka
Company Secretary

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director

Place : Kolkata
Date : 28th May, 2013

Place : Mumbai
Date : 28th May, 2013

INDEPENDENT AUDITORS' REPORT

To

The Members of IntraSoft Technologies Limited

Report on the Financial Statements

We have audited the accompanying financial statement of **INTRASOFT TECHNOLOGIES LIMITED** ("the Company"), which comprises the Balance sheet as at 31st March, 2013, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (ii) In the case of the Statement of Profit & 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.

Emphasis of Matter

Without qualifying our report, we draw attention to Note 2.25 to the financial statements regarding intangible assets written off amounting to ₹ 149,886,816/- due to change in technology and adjusted from General Reserve.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 purposes of our audit;
- b) In our opinion, proper books of account 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 Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit & Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of the written representations received from the Directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 ;

For K. N. GUTGUTIA & CO.

Chartered Accountants
Firm Registration No. 304153E

K. C. Sharma

Partner

Membership No. : 50819

Place : Kolkata

Date : 28th May, 2013

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in point No. 1 of Report on Other Legal and Regulatory Requirements of our Report of even date)

With reference to the Annexure referred to point No. 1 of Report on Other Legal and Regulatory Requirements of the Auditors' Report to the members of **INTRASOFT TECHNOLOGIES LIMITED** on the financial statements for the year ended 31st March, 2013, 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. (a) 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, hypothecation of Non- Convertible debentures and Mutual Funds as stated in note No.2.7 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. In our opinion and according to the information and explanations given to us, term loan has been prima facie applied for the purposes for which the loan was obtained.
- 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 not raised money by Public Issue during the year.
- 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

Place : Kolkata
Date : 28th May, 2013

K. C. Sharma
Partner
Membership No. : 50819

Balance Sheet as at 31st March, 2013

	Note No.	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2.1	147,316,780	147,316,780
(b) Reserves and Surplus	2.2	799,736,068	936,091,872
(2) Non-current Liabilities			
(a) Long-term Borrowings	2.3	-	900,163
(b) Deferred Tax Liabilities (Net)	2.4	36,437,230	53,756,764
(c) Other Long term Liabilities	2.5	4,339,110	3,310,015
(d) Long-term Provisions	2.6	3,623,425	3,282,969
(3) Current Liabilities			
(a) Short-term Borrowings	2.7	10,000,000	-
(b) Trade Payables	2.8	268,746	1,013,054
(c) Other Current Liabilities	2.9	264,554,513	268,387,569
(d) Short-term Provisions	2.10	17,304,833	17,195,321
TOTAL		1,283,580,705	1,431,254,507
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	2.11	209,488,972	154,291,393
(ii) Intangible Assets	2.11	445,435,025	510,876,003
		654,923,997	665,167,396
(b) Non-current Investments	2.12	316,706,956	376,636,150
(c) Long-term Loans and Advances	2.13	16,262,844	26,155,765
(2) Current Assets			
(a) Current Investments	2.12	110,000,000	71,573,251
(b) Trade Receivables	2.14	4,894,984	58,614,403
(c) Cash and Bank Balances	2.15	8,773,013	32,738,534
(d) Short-term Loans and Advances	2.16	156,319,523	184,001,504
(e) Other Current Assets	2.17	15,699,388	16,367,504
TOTAL		1,283,580,705	1,431,254,507

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

For and on behalf of the board

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

Rakesh Dhanuka
Company Secretary

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director

Place : Kolkata
Date : 28th May, 2013

Place : Mumbai
Date : 28th May, 2013

Statement of Profit and Loss for the year ended 31st March, 2013

	Note No.	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
I. Revenue from Operations	2.18	160,252,851	213,909,717
II. Other Income	2.19	29,649,657	55,965,477
III. Total Revenue (I + II)		189,902,508	269,875,194
IV. Expenses:			
Cost of Product & Content Development	2.20	288,629	272,281
Selling and Marketing Expenses	2.21	14,477,274	5,678,155
Employee benefit expense	2.22	44,724,633	33,644,620
Finance costs	2.23	2,211,789	1,802,513
Depreciation and amortization expenses		69,861,178	27,260,042
Other expenses	2.24	45,755,056	43,009,537
Total expenses		177,318,559	111,667,148
V. Profit before exceptional item and tax (III-IV)		12,583,949	158,208,046
VI. Exceptional Item	2.25	149,886,816	-
Less : Transferred from General Reserve		(149,886,816)	-
		-	-
VII. Profit after exceptional item and before tax (V- VI)		12,583,949	158,208,046
VIII. Tax expense:			
(1) Current tax		2,142,508	30,911,881
(2) Current tax written back (Earlier Year)		(3,171)	-
(3) MAT Credit Entitlement		(1,981,052)	(20,984,069)
(4) MAT Credit Entitlement (Earlier Year)		(1,021,141)	-
(5) Deferred tax		(17,319,534)	38,966,207
		(18,182,390)	48,894,019
IX. Profit (Loss) for the year from continuing operations(VII-VIII)		30,766,339	109,314,027
X. Earnings per equity share:	2.34		
Basic & Diluted (Par value of ₹10/- each)		2.09	7.42

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

For and on behalf of the board

K.C. Sharma
Partner
Membership No. : 50819

Rakesh Dhanuka
Company Secretary

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director

Place : Kolkata
Date : 28th May, 2013

Place : Mumbai
Date : 28th May, 2013

Cash Flow Statement for the year ended 31st March, 2013

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
A) Cash Flow From Operating Activities:		
Net profit before tax	12,583,949	158,208,046
Adjustments for:		
Depreciation	69,861,178	27,260,042
Interest Paid	2,211,789	1,802,513
Loss on Sale of Fixed Assets	216,365	131,906
Loss on Redemption of Mutual Fund/NCD	1,573,250	1,410,817
Dividend Received	(1,875,560)	(3,724,360)
Gain on redemption of Mutual Funds (Non Current Investments)	(672,698)	(7,877,893)
Interest Received	(26,990,989)	(44,362,770)
Operating profit before working capital changes	56,907,284	132,848,301
(Increase) / Decrease in Trade Receivables	53,719,419	(44,625,009)
Increase / (Decrease) in Trade Payables	(744,308)	585,364
Increase / (Decrease) in Other than Trade Payables	(2,526,663)	255,348,020
(Increase)/ Decrease in Advance & Deposit	(5,763,505)	(13,385,523)
Cash generated from operations	101,592,227	330,771,153
Income Tax (Paid) / Refunded	(11,798,737)	(29,783,639)
Net Cash Flow From Operating Activities:	89,793,490	300,987,514
B) Cash Flow From Investing Activities:		
Purchase of Fixed Assets	(209,941,961)	(372,118,199)
Sale / (Purchase) of Mutual Fund and NCD (Net)	21,502,445	45,269,904
Sale of Fixed Assets	221,001	150,000
Gain on redemption of Mutual Funds (Non Current Investments)	672,698	7,877,893
Loss on Redemption of Mutual Fund/NCD	(1,573,250)	(1,410,817)
Short Term Loan received/ (Paid) to /from Subsidiaries	7,000,000	(15,000,000)
Short Term Loan received / (Paid) to/from Body Corporates	49,000,000	76,000,000
Dividend Received	1,875,560	3,724,360
Interest Received	27,659,105	46,678,618
Net Cash Flow From/ (used in) Investing Activities:	(103,584,402)	(208,828,241)
C) Cash Flow From Financing Activities:		
Dividend Paid	(14,672,810)	(7,432,248)
Dividend Tax Paid	(2,389,847)	(1,194,923)
Receipt/ (Payment) Proceeds from Long Term Borrowings	(900,163)	(527,299)
Receipt/ (Payment) Proceeds from Short Term Borrowings	10,000,000	(60,000,000)
Interest Paid	(2,211,789)	(1,802,513)
Net Cash Flow From Financing Activities:	(10,174,609)	(70,956,983)
Net Increase / (Decrease) in Cash and Cash Equivalents(A+B+C)	(23,965,521)	21,202,290
Cash and Cash Equivalents at the Beginning of the Year	32,738,534	11,536,244
Cash and Cash Equivalents at the End of the Year	8,773,013	32,738,534

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

For and on behalf of the board

K.C. Sharma
Partner
Membership No. : 50819

Rakesh Dhanuka
Company Secretary

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director

Place : Kolkata
Date : 28h May, 2013

Place : Mumbai
Date : 28h May, 2013

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 statement 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 as Assets under Development.

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 there from 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. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

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.

Note: 2 Notes on Accounts

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
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	14,731,678
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, 2013		As at 31st March, 2012	
	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
Kotak Mahindra Investments Ltd.	927,796	06	9,27,796	06

- Disclosure regarding shares issued otherwise than in cash in last 5 years are as follows :-
94,55,724 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 2012-2013, the Board has proposed to pay amounting to ₹ 17,235,327 (₹ 17,121,525) including Dividend Tax of ₹ 2,503,649 (₹ 2,389,847) being ₹ 1 per share (10%) as Dividend.
- The Company had raised ₹ 5365.00 lakhs through an IPO in March, 2010. The amount raised from the said IPO was fully utilised as per the objects of the Issue and amendments there of.

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
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	552,710,688
General Reserve		
As per last Balance Sheet	97,887,891	97,887,891
Add : Transfer from Surplus	200,000,000	-
	297,887,891	97,887,891
Less : Transfer to Statement of Profit & Loss (Refer note 2.25)	149,886,816	-
	148,001,075	97,887,891
Surplus		
As per last Balance Sheet	275,879,333	183,686,831
Add : Net profit after tax transferred from Statement of Profit and Loss	30,766,339	109,314,027
Less : Transfer to General Reserve	200,000,000	-
Amount available for Appropriation	106,645,672	293,000,858
Appropriations:		
Proposed Dividend	(14,731,678)	(14,731,678)
Dividend Tax	(2,503,649)	(2,389,847)
	89,410,345	275,879,333
	799,736,068	936,091,872

2.3 Long Term Borrowings
Term Loan (Secured)

From Bank (Car Loan)

-	900,163
-	900,163

Notes to 2.3:

1 Nature of security - Hypothecation of Motor Car

2 Repayment of Term Loan: From Bank Nil (₹ 900,163)

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

Timing difference for depreciation on Fixed Assets

38,384,106	55,440,257
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b) Deferred Tax Asset

Expenses allowable under the Income Tax Act on actual payment basis

(1,946,876)	(1,683,493)
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Provision for Deferred Tax (Net)

36,437,230	53,756,764
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2.5 Other Long Term Liabilities
Other

Deposit From Employees

4,339,110	3,310,015
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4,339,110	3,310,015
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	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
2.6 Long-term Provisions		
Provision for Employee Benefits		
Gratuity	2,852,100	2,617,261
Leave Encashment	771,325	665,708
	3,623,425	3,282,969
2.7 Short-term Borrowings		
Loan repayable on demand (Secured)		
From Bank	10,000,000	-
	10,000,000	-

Note to 2.7:

Loan from Barclays Bank Plc has been secured by way of pledge of Investment in Mutual Funds and Non Convertible Debentures shown under note 2.12

2.8 Trade Payables

Micro, Small and Medium Enterprises	-	-
Others	268,746	1,013,054
	268,746	1,013,054

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

<u>Current Maturities of long term debts</u>		
From Bank	900,163	1,199,866
From Others	-	1,427,562
	900,163	2,627,428
Unpaid Dividend*	210,666	151,798
<u>Other Payables</u>		
Payable to Employees	10,684,063	7,841,464
Advance from Customer (Subsidiaries)	246,321,600	221,917,500
TDS & Other Govt dues	1,372,786	1,513,750
Contribution to PF & Other Funds	243,766	244,585
Amount due for Capital Goods	-	29,755,575
Liabilities for Expenses	4,821,469	4,335,469
	263,443,684	265,608,343
	264,554,513	268,387,569

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31st March 2013.

2.10 Short-term Provisions

<u>Provision for Employee Benefits</u>		
Gratuity	69,506	73,796
<u>Others</u>		
Proposed Dividend	14,731,678	14,731,678
Tax on Dividend	2,503,649	2,389,847
	17,304,833	17,195,321

2.1.1 Fixed Assets

(Amount in ₹)

ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on 1.4.2012	Additions	Disposals	As on 31.3.2013	As on 1.4.2012	From 1.4.2012 to 31.3.2013	Deduction Sale/ Disposal/ Adjustment	As on 31.3.2013	As on 31.3.2012
Tangible Assts									
Computers & Accessories	38,266,610	34,215,762	9,175,291	63,307,081	29,886,033	3,718,992	9,117,369	38,819,425	8,380,577
Furniture & Fixtures	4,554,983	18,205,732	35,265	22,725,450	1,634,444	1,350,212	14,164	19,754,958	2,920,539
Office Equipments	10,152,660	5,335,491	1,695,731	13,792,420	3,583,854	594,616	1,337,388	10,951,338	6,568,806
Land & Building	126,499,936	6,821,772	-	133,321,708	343,658	2,102,347	-	130,875,703	126,156,278
Motor Car	12,396,262	-	-	12,396,262	2,131,069	1,177,645	-	9,087,548	10,265,193
TOTAL	191,870,451	64,578,757	10,906,287	245,542,921	37,579,058	8,943,812	10,468,921	209,488,972	154,291,393
Previous Year	60,058,953	133,803,796	1,992,298	191,870,451	42,462,578	6,192,292	11,075,812	154,291,393	
Intangible Assets									
Website 123India.Com	6,347,701	-	-	6,347,701	6,347,701	-	-	6,347,701	-
Softwares	368,011,782	91,051,337	229,437,730	229,625,389	66,320,424	60,917,366	79,550,914	181,938,513	301,691,358
Assets under development	209,184,645	54,311,867	-	263,496,512	-	-	-	263,496,512	209,184,645
TOTAL	583,544,128	145,363,204	229,437,730	499,469,602	72,668,125	60,917,366	79,550,914	445,435,025	510,876,003
Previous Year	345,229,725	238,314,403	-	583,544,128	42,234,954	42,255,435	11,822,264	510,876,003	

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
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2.12 Current and Non-current Investments

(A) Non-current Investments

I Investments other Than Trade - Quoted (Fully Paid up) (At Cost)

Investments in Non Convertible Debentures

30 (30) units -10.25 % Amtex Auto Limited of ₹ 1000000 each	30,000,000	30,000,000
32 (32) units- 11.50 % Magma Fincorp Limited of ₹ 1000000 each	32,000,000	32,000,000
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
	161,919,150	161,919,150

II Investments other Than Trade - Unquoted (Fully Paid up) (At Cost)

Investments in Mutual Funds

Nil (500000) units of SBI MF- SDFS of ₹ 10 each	-	5,000,000
1055303.163 (Nil) units UTI Short Term Income Fund Retail Plan ₹ 10 each	20,000,000	-
1716933.258 (Nil) units Reliance Dynamic Bond Fund ₹ 10 each	25,070,806	-
4546.585 (Nil) Templeton India Short Term Income Retail ₹ 1000 each	10,000,000	-
2000000 (2000000) units ICICI Prudential Fixed Maturity Plan - Series 57 of ₹ 10 each	20,000,000	20,000,000
1000000 (1000000) units ICICI Prudential Fixed Maturity Plan - Series 60 of ₹ 10 each	10,000,000	10,000,000
3000000 (3000000) units ICICI Prudential Fixed Maturity Plan - Series 63 of ₹ 10 each	30,000,000	30,000,000
Nil (3000000) units Reliance Fixed Horizon Fund - ix - Series 21 of ₹ 10 each	-	30,000,000
Nil (3000000) units ICICI Prudential Fixed Maturity Plan - Series 58 of ₹ 10 each	-	30,000,000
Nil (2000000) units ICICI Prudential Fixed Maturity Plan - Series 58 of ₹ 10 each	-	20,000,000
Nil (2000000) units Kotak FMP Series 58 of ₹ 10 each	-	20,000,000
Nil (1000000) units SBI SDFS 18 months - Series 9 of ₹ 10 each	-	10,000,000
	115,070,806	175,000,000

III Trade Investments - Unquoted (Fully Paid up) (At Cost)

Investments in Equity Instruments

123Greetings.com, Inc,

A wholly owned subsidiary company incorporated in USA

10,000,000 (10,000,000) Common Stock Shares of US \$0.01 each
 4,315,000 | 4,315,000 |

One Two Three Greetings (India) Private Limited

A wholly owned subsidiary company incorporated in India

2,000,000 (2,000,000) Equity Shares of ₹ 10 each
 20,000,000 | 20,000,000 |

123Greetings (Singapore) Pte Ltd

A wholly owned subsidiary company incorporated in Singapore

200,000 (200,000) shares @ SGD 1.00 each
 5,402,000 | 5,402,000 |

IV Interest in Beneficiary Trust

IntraSoft Beneficiary Trust

 10,000,000 | 10,000,000 | **39,717,000** | **39,717,000** | **316,706,956** | **376,636,150** |

Aggregate amount of Quoted Investments
 161,919,150 | 161,919,150 |

Aggregate amount of Unquoted Investments in Mutual Fund
 115,070,806 | 175,000,000 |

 276,989,956 | **336,919,150** |

Aggregate Market Value of Quoted Investments
 165,014,084 | 169,133,978 |

Aggregate NAV of investments in Unquoted Mutual Fund
 126,309,647 | 183,243,450 |

 291,323,731 | **352,377,428** |

(B) Current Investments

I 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** |

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
II Trade Investments - Unquoted (Fully Paid up) (At Cost)		
Investments in Mutual Funds		
3000000 (Nil) units Reliance Fixed Horizon Fund - ix - 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 of ₹ 10 each	20,000,000	-
1000000 (Nil) units SBI SDFS 18 months - Series 9 of ₹ 10 each	10,000,000	-
	<u>110,000,000</u>	<u>-</u>
	110,000,000	71,573,251
Aggregate amount of Quoted Investments	-	71,573,251
Aggregate amount of Unquoted Investments	110,000,000	-
Aggregate Market Value of Quoted Investments	-	71,585,016
Aggregate NAV of investments in Unquoted Mutual Fund	127,034,400	-

Note to 2.12

- Investment in Mutual Funds & Non Convertible Debentures are earmarked for Stand by Letter of Credit facility to be utilized by a subsidiary company and loan of ₹ 1,00,00,000 taken by the Company on which lien has been created.
- The beneficial interest in the Trust amounting to ₹ 1,00,00,000 represents 17,50,000 Equity shares of Intra Soft Technologies Limited shown under 'Non- Current Investment' in the Balance Sheet.

2.13 Long term Loans and Advances
Unsecured, considered Good

Capital Advances	2,021,906	2,872,927
Security Deposits	1,240,938	3,282,838
Loans and Advances to related parties		
Loan to Wholly Owned Subsidiaries	<u>13,000,000</u>	<u>20,000,000</u>
	16,262,844	26,155,765

2.14 Trade Receivables
Unsecured, Considered Good

More than six months from the due date	-	-
Others	<u>4,894,984</u>	<u>58,614,403</u>
	4,894,984	58,614,403

Note to 2.14:

Amount due from Wholly owned subsidiaries ₹ 4,894,984 (₹ 23,737,976)

2.15 Cash and Bank Balances
I. Cash and Cash Equivalents
Balances with banks

In Current Account	4,345,057	29,271,357
Cash on hand	2,532	4,318
	<u>4,347,589</u>	<u>29,275,675</u>

II. Other Bank Balances
In Current Account

Unpaid Dividend Account	210,667	151,733
Employees Deposit Account	<u>4,214,757</u>	<u>3,311,126</u>
	4,425,424	3,462,859
	<u>8,773,013</u>	<u>32,738,534</u>

2.16 Short term Loans and Advances

Loan to Body Corporate	50,000,000	99,000,000
Advance to Employees	778,832	672,000
Advance to Suppliers	274,954	917,916
Prepaid Expenses	5,337,610	4,898,973
Service Tax Receivable (Net)	23,605,126	14,851,207
Advance Income Tax & TDS (Net of Provisions)	10,652,748	993,348
Advance for FBT (Net of Provisions)	10,119	10,119
MAT Credit Entitlement	65,650,134	62,647,941
Other Miscellaneous Advances	10,000	10,000
	<u>156,319,523</u>	<u>184,001,504</u>

Notes to 2.16:

- Advance Income Tax & TDS is net of Provisions of ₹ 80,947,888 (₹ 78,814,157)
- Advance for FBT is net of Provisions of ₹ 856,426 (₹ 856,426)
- Minimum Alternative Tax (MAT) credit available to the company as per provision of section 115JAA of the Income Tax Act ,1961 ₹ 65,650,134 (₹ 62,647,941) has been recognised as MAT Credit Entitlement and carried forward for set off in future years.

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
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2.17 Other Current Assets

Accrued Interest on ICD and NCD	15,699,388	16,367,504
	15,699,388	16,367,504

2.18 Revenue From Operations

IT enabled services	160,252,851	213,909,717
	160,252,851	213,909,717

2.19 Other Income

a Interest Income		
On Inter Corporate Deposits & Fixed Deposit	7,377,171	15,524,920
On Non Convertible Debentures	19,613,818	28,838,304
	26,990,989	44,363,224
b Dividend Income (Non-current Investments)	1,875,560	3,724,360
c Gain on redemption of Mutual Funds (Non -current Investments)	672,698	7,877,893
d Other Miscellaneous Income	110,410	-
	29,649,657	55,965,477

Note to 2.19:

TDS on Interest Income ₹ 737,719 (₹ 2,387,285)

2.20 Cost of Product & Content Development

Webpace and Bandwidth Charges	288,629	272,281
	288,629	272,281

2.21 Sales and Marketing Expenses

a Branding and Promotion	4,000,000	-
b Market Place, Marketing & Referral Fees	10,477,274	5,597,561
c Commission on sale	-	80,594
	14,477,274	5,678,155

2.22 Employees Benefit Expense

Salaries and Wages	43,754,718	32,820,873
Contribution to provident and other funds	969,915	823,747
	44,724,633	33,644,620

Note to 2.22

- Salaries and Wages includes Gratuity ₹ 849,007 (₹ 557,956).
- Employee Benefit includes Managerial Remuneration ₹ 4,500,000 (₹ 4,500,000). Out of which Remuneration paid to Managing Director ₹ 2,400,000 during the year is subject to approval of the share holders.

2.23 Finance Costs

Interest to Bank	374,931	42,868
Others	1,836,858	1,759,645
	2,211,789	1,802,513

2.24 Other Expenses

a Power and Fuel	2,230,523	1,514,792
b Rent	1,917,178	6,849,326
c Repairs to Others	1,326,025	5,927,442
d Insurance	139,817	80,565
e Rates and Taxes	386,642	18,000
f Travelling & Conveyance	5,473,795	4,398,946
g Legal and Professional Charges	10,610,867	4,843,467
h Director's Sitting Fees	980,000	820,000
i Payment to the Auditors:		
Statutory Audit Fee	100,000	80,000
Tax Audit Fee	40,000	32,000
Limited Review	45,000	38,750
Other Services (Certificates)	55,501	48,000
j Donation	28,200	255,000
k Net loss on foreign currency translation (other than considered as finance cost)	12,263,458	9,159,680
l Loss on Sale of Fixed Assets	216,365	131,906
m Loss on Redemption of Mutual Fund/NCD	1,573,250	1,410,817
n Miscellaneous Expenses	8,368,435	7,400,846
	45,755,056	43,009,537

	As at 31st March 2013	As at 31st March 2012
	₹	₹
Note to 2.24		
<u>Net loss on foreign currency translation</u>		
Loss on foreign currency translation	15,302,221	13,076,412
Gain on foreign currency translation	(3,038,763)	(3,916,732)
	12,263,458	9,159,680
2.25 Exceptional Item		
Intangible Assets discarded/ Written off	149,886,816	-
Less : Transfer from General Reserve	(149,886,816)	-
	-	-
Note to 2.25		
Management has reviewed the existing activities and based on technical assessment, the carrying amount of certain Intangible Assets (Software) amounting to ₹ 149,886,816/- has been written off during the year as it is no longer usable due to changes in technology.		
2.26 Contingent Liabilities and Commitments		
a <u>Contingent Liabilities</u>		
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 <u>Commitments</u>		
1 Uncalled liability on shares and other investments partly paid	-	-
2 Other commitment	-	-
2.27 Expenditure in foreign currency		
Travelling Expenses	4,722,300	3,434,410
Subscription and Membership Fee	91,312	69,362
	4,813,612	3,503,772
2.28 Expenditure in foreign currency		
IT enabled Services	116,269,451	111,379,205
	116,269,451	111,379,205
2.29 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.		
2.30 Disclosure of Related Party Transactions		
a) Names of related parties and nature of relationship where control exists:		
i) <u>Key Management Person and their relatives</u>		
Mr. Arvind Kajaria	Managing Director	
Mr. Sharad Kajaria	Whole-time Director	
Mrs. Padma Kajaria	Mother of the above	
ii) <u>Subsidiary Company</u>		
	<u>Name</u>	<u>Country of Incorporation</u>
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) <u>Enterprise where KMP have significant Influence or control</u>		
	IntraSoft Technologies Beneficiary Trust	

b) Transactions and balances with related parties:

<u>Name of the Party</u>	<u>Nature of Transaction</u>	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Transactions with Subsidiaries Company			
123Greetings.com, Inc	Sale of IT Enabled Services	114,994,485	109,672,209
	Amount Received	133,850,040	105,518,904
	Amount Receivable	4,862,321	23,717,876
	Advance Received	217,080,000	189,937,500
One Two Three Greetings (India) Pvt. Ltd.	Sale of IT Enabled Services	4,138,400	23,895,200
	Amount Received	1,400,000	58,334,123
	Advance Received	29,241,600	31,980,000
	Unsecured Loan (Given)	13,000,000	20,000,000
123 Greetings (Singapore) Pte. Ltd	Sale of IT Enabled Services	131,251	1,552,705
	Technical / Support Fees	1,100,437	967,813
	Amount Received	1,219,126	2,667,048
	Amount Receivable	32,662	20,100
Transactions with Key Managerial Personnel			
Arvind Kajaria	Dividend Payment	2,800,014	1,400,007
Sharad Kajaria	Dividend Payment	2,800,000	1,400,000
Padma Kajaria	Dividend Payment	1,400,000	700,000
IntraSoft Beneficiary Trust	Dividend Payment	1,750,000	875,000
Mr. Arvind Kajaria	Director's Remuneration	2,400,000	2,400,000
Mr. Sharad Kajaria	Director's Remuneration	2,100,000	2,100,000

2.31 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,2013 for the defined benefit plans:

GRATUITY

i. Change of Benefit Organization

Liability at the beginning of the year	2,691,057	2,225,409
Interest cost	222,012	189,160
Current Service Cost	726,083	596,249
Past Service Cost (Non Vested Funds)	-	-
Past Service Cost (Vested Funds)	-	-
Benefit Paid	(1,108,460)	(92,308)
Actuarial (Gain)/Loss on obligation	390,914	(227,453)
Curtailments and Settlements	-	-
Liability at the end of the year	2,921,606	2,691,057

GRATUITY	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
ii. Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	-	-
Expected Return on Plan Assets	-	-
Contributions	1,108,460	92,308
Benefit Paid	(1,108,460)	(92,308)
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	2,921,606	2,691,057
Fair Value of Plan Assets at the end of the year	-	-
Difference	(2,921,606)	(2,691,057)
Unrecognized Past Service Cost	-	-
Amount Recognised in the Balance Sheet	(2,921,606)	(2,691,057)
v. Expenses Recognised in the Income Statement		
Current Service Cost	726,083	596,249
Interest cost	222,012	189,160
Expected Return on Plan assets	-	-
Net Actuarial (Gain) / Loss to be Recognised	390,914	(227,453)
Past Service Cost (Non Vested Benefit) Recognised	-	-
Past Service Cost (Vested Benefit) Recognised	-	-
Effect of Curtailment or settlement	-	-
Expenses Recognised in the Statement of Profit and Loss	1,339,009	557,956
vi. Balance Sheet Reconciliation		
Opening Net Liability	(2,691,057)	(2,225,409)
Expense as above	(1,339,009)	(557,956)
Employers Contribution	1,108,460	92,308
Effect of Curtailment or settlement	-	-
Current Defined Benefit Obligation at the end of the period	(69,506)	(73,796)
Non - Current Defined Benefit Obligation at the end of the period	(2,852,100)	(2,617,261)
Amount Recognised in the Balance Sheet	(2,921,606)	(2,691,057)
vii. Actuarial Assumption		
Discount Rate Current	8.50%	8.25%
Rate of Return on Plan Assets Current	N.A.	N.A.
Salary Escalation Current	5.00%	5.00%

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

2.33 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, 2013 ₹	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹	As at 31st March, 2012 ₹
Loans and advances in the nature of loan to subsidiaries				
a) 123Greetings.com, Inc.	Nil	Nil	Nil	Nil
b) One Two Three Greetings (India) Pvt. Ltd.	13,000,000	20,000,000	20,000,000	20,000,000
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

2.34 Earnings Per Equity Share	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
(a) Net Income available to Equity Shareholders (₹) (Numerator)	30,766,339	109,314,027
(b) Weighted average no. of Equity Shares outstanding (Denominator)	14,731,678	14,731,678
(c) Earnings per Share (₹) Basic & Diluted	2.09	7.42

2.35 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

For and on behalf of the board

K.C. Sharma
Partner
Membership No. : 50819

Rakesh Dhanuka
Company Secretary

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director

Place : Kolkata
Date : 28th May, 2013

Place : Mumbai
Date : 28th May, 2013

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 2013	31st March 2013	31st March 2013
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. ii) Not dealt with in the accounts of the Holding Company.	 Nil ₹ 537,751	 Nil (₹ 461,555)	 Nil ₹ 147,122
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. ii) Not dealt with in the accounts of the Holding Company.	 Nil ₹ 2,560,358	 Nil ₹ (3,003,930)	 Nil ₹ 876,350

For and on behalf of the Board

Rakesh Dhanuka
Company Secretary

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director

Place : Mumbai
Dated : 28th May, 2013

FINANCIAL INFORMATION PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES FOR FINANCIAL YEAR 2012-13

(₹ In lacs)

	Subsidiary Companies		
	123 Greetings.com, Inc	123Greetings (Singapore) Pte. Ltd.	One Two Three Greetings (India) Private Limited
Capital	54.27	87.10	200.00
Reserves	36.65	(54.60)	10.23
Total Assets	3,100.55	34.47	347.40
Total Liabilities	3,009.63	1.98	137.17
Investments	-	-	-
Turnover	8,310.47	18.89	95.96
Profit / (Loss) before Taxation	7.17	(4.62)	3.40
Provision for Taxation	1.79	-	1.93
Profit / (Loss) after Taxation	5.38	(4.62)	1.47
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, 2013	Average Exchange rate for the year 2012-13
1 USD	54.27	54.31
1 SGD	43.55	43.65

For and on behalf of the Board

Rakesh Dhanuka
Company Secretary

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director

Place : Mumbai

Dated : 28th May, 2013

Notice

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of IntraSoft Technologies Limited will be held on Tuesday, the 24th day of September, 2013 at 3:00 P.M. at Imperial Room, 1st Floor, Sunville, 9, Dr Annie Besant Road, Worli, Mumbai - 400 018 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2013, 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. Anil Agrawal who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Amit Ruia 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 Statutory 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 a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 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 amendment of the terms of appointment of Mr. Arvind Kajaria, Managing Director of the Company by way of payment of remuneration inclusive of salary and perquisites for the period from 1st April, 2012 to 31st March, 2014 (balance tenure of the said Managing Director) as determined by the Board of Directors of the Company upon recommendation of the Remuneration Committee, the details of which are furnished to 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. Arvind Kajaria, Managing 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. Arvind Kajaria.

RESOLVED FURTHER THAT in the event of amendments / modifications / alterations of revision of limits of remuneration as specified under Section 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the said Act during the tenure of Mr. Arvind Kajaria as Managing Director of the Company, the consolidated payable to the said Managing Director shall automatically stands revised to the maximum permissible amount payable to him as Managing Director under the statutory provisions based on then effective capital of the Company.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profit in any financial year during the currency of tenure of Mr. Arvind Kajaria, Managing 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, however subject to limit as specified as Minimum Remuneration 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 : Mumbai
Date : 28th May, 2013

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, 17th September, 2013 to Tuesday, 24th September, 2013 (both days inclusive).
- f. SEBI vide its Circular dated 21st March, 2013 have asked all the listed companies that any payments to the investors shall be made through electronic mode. Members are requested to update their address/bank mandate with their respective Depository Participant (DP) in respect of shares held in demat form and in respect of shares held in physical form with 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.
- g. The Annual Accounts of the Subsidiary Companies shall be available at the Registered Office of the Company for inspection by any shareholder.
- h. 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. Arvind Kajaria was appointed as Managing Director of the Company for a period of 5 years with effect from 1st April, 2009 to 31st March, 2014 vide resolution approved by the Shareholders of the Company at their meeting held on 19th September, 2009. As per the said resolution terms for payment of remuneration to Mr. Arvind Kajaria, Managing Director is as under.

Salary : Rs. 2,00,000/-p.m.

Perquisites

Housing : Furnished residential accommodation.

Leave Travel Concession: For self & family once in a year.

Club Fees : Maximum of 2 (two) clubs except entrance fee & life membership fee.

Car : Actual running & maintenance expenses will be borne by the Company.

Telephone : Telephone will be provided at residence at Company's expense but personal long distance calls will be billed to the Managing Director.

Mobile & Internet : Actual expenses will be borne by the Company except personal long distance calls.

The aforesaid scale of remuneration as approved by the Shareholders was as per the limit prescribed under the provisions of Schedule XIII of the Companies Act, 1956. But as per the said resolution the remuneration payable to the Managing Director shall not be in excess of 5% of the Net Profit in any financial year during tenure of the Managing Director.

During the F.Y. 2012-13, the said Managing Director has been paid remuneration of ₹ 24 lacs which is in excess of 5% of Net Profit of the Company for the Financial Year 2012-13. Due to major capitalization in 2012-13, the

Profit of the Company is lower and hence the remuneration paid to Mr. Arvind Kajaria, Managing Director during the Financial Year 2012-13 is in excess of 5% of the Net Profit of the Company for the said financial year.

As per the provisions of Section 198, 269, 309 and 310, and other applicable provisions, if any, of the Companies Act, 1956 read with the provisions of Schedule XIII to the Act the said Managing Director is entitled to draw managerial remuneration upto Rs. 4 lacs per month without seeking any approval of the Central Government in case of inadequacy of profit. The Board of Directors at its meeting held on 28th May, 2013, as per the recommendation of the Remuneration Committee at its meeting held on 28th May, 2013, approved the payment of remuneration to Mr. Arvind Kajaria, Managing Director in excess of 5% of the Net Profit of the Company for the financial year 2012-13 subject to approval of the Shareholders at the general meeting.

None of the directors except Mr. Arvind Kajaria, Managing Director and Mr. Sharad Kajaria, Whole-time Director is 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 filling 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 18th Annual General Meeting of the Company on Tuesday, the 24th day of September, 2013 at 3:00 P.M. at Imperial Room, 1st Floor, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

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 _____

or failing him/her _____

of _____

as my/our Proxy to attend and vote for me/us and on my/our behalf at the 18th Annual General Meeting of the Company to be held on and at any adjournment thereof.

Signed on this _____ day of _____ 2013



(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 (W), 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. _____

business
income
development
innovation
growth
profit
agreement
teamwork
success
finance
marketing





123
Greetings

IntraSoft Technologies Limited

502A, Prathamesh, Raghuvanshi Mills Compound,
Senapati Bapat Marg, Lower Parel, Mumbai : 400 013
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www.itlindia.com Email: intrasoft@itlindia.com