

PRESS RELEASE



Mumbai, 12 November 2019

INTRASOFT TECHNOLOGIES LIMITED REPORTS **RESULTS FOR Q2 FY 2019-20**

IntraSoft Technologies Ltd. (BSE: 533181, NSE: ISFT) today announced its Results for the Quarter and Half Year ended 30 September 2019.

Q2 FY2019-20 HIGHLIGHTS: (All comparisons are with Q2 FY2018-19 figures)

- Operating Cash Flow of the E-Commerce business for the quarter was \$0.05 million, as against \$1.01 million during the same quarter last year.
- Consolidated Revenue from operations was ₹157.14 Cr. as compared to ₹215.83 Cr.

MANAGEMENT'S STATEMENT ON THE E-COMMERCE BUSINESS

"We are pleased to continue our positive cash flow trend, as we continued our focus internally, on our product (technology) and our business model," said Arvind Kajaria, Managing Director.

"We improved our operational efficiencies, reflected by three inter-linked cost elements – Cost of Goods Sold, Shipping & Handling, and Sales & Marketing. The summation of these costs (as a percentage of revenue) came down 1.52 percentage points YoY and 0.73 percentage points QoQ.

A key metric of our performance, and the first point of impression for brands, is our Rating on the marketplace, which is indicative of the level of supply chain efficiency. Over the quarter, our 30-day Rating (signifying current performance) increased organically from 89% to 94% (currently at 96%), the result of our robust technology.

The industry is currently in the middle of the US-China tariff war. An implication of this being the rise in prices at each level of the supply chain, making demand sluggish. Had we been operating under the earlier model of buy-sell, we would have been caught in the middle of this tariff war. Under the new model, however, the impact was confined to topline, as the brands are temporarily more focused towards grappling with the tariff-related uncertainties, making it difficult to onboard them or increase business with them in the short-term.

Thus, with our model and our internal efficiencies, we believe we can withstand short-term volatilities in the economy and the industry, with least possible impact.”

Revenue

Revenue from operations was \$22.06 million as compared to \$30.28 million.

“The lower level of revenue was also the result of a conscious decision to reduce purchases from non-cash generating brand-partners. We believe we have reached the bottom, and as we build our outreach team we are laying the foundation for future growth.”

Operating Margin

Operating Margin was +0.95% in Q2FY20 as compared to +0.63% in Q2FY19.

“Our focus continues to be on cash flow generation so as to ensure that we can grow on a sustainable basis.”

Accounts Payable

Accounts Payable at the end of 30 September was \$3.92 million, as compared to \$4.24 million last quarter, and \$3.69 million same time last year, reflecting 18.2, 16.4 and 13.5 Accounts Payable Days on an annualized basis respectively.

“Accounts Payable Days increased this quarter, both in relation to the previous quarter and the corresponding quarter last year, indicating consistently increasing brand-partner confidence in our value proposition.”

Inventories

Inventories at the end of 30 September was \$14.2 million, reflecting 5 turns on an annualized basis.

Of the \$14.2 million, \$7.1 million worth of inventories were at the fulfillment centers, \$5.7 million worth of goods were in transit from suppliers to the fulfillment centers & \$1.4 million worth of goods were in transit to the customers.

Accounts Receivable

Accounts Receivable at the end of 30 September was \$1.35 million, reflecting approximately 5.2 Accounts Receivable Days on an annualized basis.

Notes

1. The Company's primary business is in the area of E-Commerce, carried out by its wholly owned subsidiary in the United States of America. Accordingly, the updates for E-Commerce reflect the consolidated performance of the E-Commerce division only, and not the consolidated operations of IntraSoft Technologies Ltd.
2. Accounts Payable reflects amounts due to our suppliers, carriers, fulfillment partners & payment services.
3. Inventories number reflects the total of goods in transit from suppliers to the fulfillment centers, inventories at the fulfillment centers & goods in transit to the customers (as the company recognizes revenue on delivery).
4. Net Working Capital numbers reflect updated numbers based on Accounts Payable & Inventories as per Notes 2 & 3 above.

ABOUT INTRASOFT TECHNOLOGIES LIMITED:

IntraSoft Technologies Limited owns & operates 123Stores, an E-Commerce Retailer.

123Stores, Inc. is a multi-channel E-Commerce Retailer with a strong technology backbone that combines supply chain logistics with real time marketplace data to create a compelling selling platform. The Company is ranked #232 on the Internet Retailer's 2019 Top 1000 list and is ranked #689 in Inc. 5000 (2017) list of fastest growing private US companies.

IntraSoft Technologies Limited also owns & operates 123Greetings.com, the world's leading online destination for human expressions reaching 95 million visitors annually.

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CAUTION CONCERNING FORWARD-LOOKING STATEMENTS:

This document includes certain forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company operates in the future. IntraSoft Technologies Limited may make additional written and oral forward-looking statements and is under no obligation to update or alter its forward-looking statements to reflect actual results, changed assumptions or other factors.



INTRASOFT TECHNOLOGIES LIMITED

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UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2019

₹ In Lakhs

PARTICULARS	Quarter Ended			Half Year Ended		Year Ended
	30.09.2019	30.06.2019	30.09.2018	30.09.2019	30.09.2018	31.03.2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Income						
I Revenue from Operations	15713.71	17086.36	21582.64	32800.07	47411.48	83655.42
II Other Income	157.79	68.55	116.49	226.34	187.17	496.18
III Total Income (I + II)	15871.50	17154.91	21699.13	33026.41	47598.65	84151.60
IV Expenses						
(a) Cost of Goods Sold	11605.22	12489.28	15564.83	24094.50	34120.72	60547.70
(b) Shipping and Handling Expenses	1461.86	1856.31	2717.84	3318.17	6097.30	10152.79
(c) Sales and Marketing Expenses	1773.27	1873.90	2449.02	3647.17	5559.21	9514.98
(d) Employee Benefits Expense	398.86	338.73	425.37	737.59	811.31	1523.92
(e) Finance Costs	130.87	134.68	105.44	265.55	217.08	497.95
(f) Depreciation and Amortisation Expense	99.55	100.25	44.46	199.80	89.93	176.19
(g) Other Expenses	341.95	323.32	385.39	665.27	671.43	1426.14
Total Expenses	15811.58	17116.47	21692.35	32928.05	47566.98	83839.67
V Profit Before Tax (III - IV)	59.92	38.44	6.78	98.36	31.67	311.93
VI Tax expense						
(a) Current Tax	9.67	2.86	8.92	12.53	23.93	58.02
(b) Deferred Tax	-4.59	-3.40	9.32	-7.99	5.03	-210.05
(c) Income Tax (earlier years)	-0.09	-0.09	-100.43	-0.18	-102.16	-102.49
VII Net Profit for the Period (V - VI)	54.93	39.07	88.97	94.00	104.87	566.45
VIII Other Comprehensive Income						
(i) Items that will not be reclassified subsequently to Profit or Loss						
Remeasurement benefit of post employment defined benefit obligations	-2.70	-2.70	-4.50	-5.40	-9.00	17.64
Income tax effect on above	0.73	0.73	1.17	1.46	2.34	-4.54
(ii) Items that will be reclassified subsequently to Profit or Loss						
Gain/ (Loss) on fair value of investments in debt instruments through OCI	4.69	9.99	-4.77	14.68	-10.31	-9.89
Exchange differences on translation of financial statements of foreign operations	101.19	-14.11	241.38	87.08	355.84	165.81
Income tax effect on above	-1.30	-2.78	1.24	-4.08	2.65	2.76
IX Total Comprehensive Income for the Period (VII + VIII)	157.54	30.20	323.49	187.74	446.39	738.23
X Paid up Share Capital (face value of ₹ 10 each, fully paidup)	1473.17	1473.17	1473.17	1473.17	1473.17	1473.17
XI Reserves excluding revaluation reserve/ Other equity				12929.48	12804.82	13096.94
XII Earnings per Share (EPS) (₹)						
Basic and diluted EPS	0.37	0.27	0.60	0.64	0.71	3.85
XIII Additional Information on Standalone Financial Results is as follows:						
Revenue from Operations	139.17	146.55	168.04	285.72	339.51	766.43
Profit/(Loss) before Tax	41.25	2.07	-7.20	43.32	-42.15	196.37
Profit/(Loss) after Tax	34.82	0.85	-20.61	35.67	-54.44	163.89

Consolidated Statement of Assets and Liabilities

₹ In Lakhs

PARTICULARS	As at	As at
	30/09/2019 (Unaudited)	31/03/2019 (Audited)
ASSETS		
Non-current Assets		
Property, Plant and Equipment	1594.45	1665.38
Capital work-in-progress	84.38	82.33
Right of use Assets	1233.68	0.00
Other Intangible Assets	1666.10	1296.24
Financial Assets		
(i) Investments	1507.04	1495.36
(ii) Loans	5.01	6.58
Deferred Tax Assets (Net)	1962.92	1941.92
Income Tax Assets (Net)	55.02	58.60
Other Non-current Assets	541.65	556.33
	8650.25	7102.74
Current Assets		
Inventories	10065.28	9907.64
Financial assets		
(i) Investments	5431.55	5912.35
(ii) Trade Receivables	1025.55	1160.65
(iii) Cash and Cash Equivalents	981.02	1073.75
(iv) Other Bank Balances	90.29	150.38
(v) Loans	3.72	72.13
(vi) Others	0.00	0.27
Current Tax Assets (net)	6.06	4.15
Other Current Assets	182.48	272.00
	17785.95	18553.32
TOTAL ASSETS	26436.20	25656.06
EQUITY AND LIABILITIES		
Equity		
Equity Share Capital	1473.17	1473.17
Other Equity	12929.48	13096.94
	14402.65	14570.11
Non-current Liabilities		
Financial Liabilities		
(i) Borrowings	7208.34	6937.63
(ii) Other Financial Liabilities	980.82	2.01
Provisions	105.78	108.97
Deferred Tax Liabilities (Net)	112.47	94.94
Other Non-current Liabilities	102.49	103.49
	8509.90	7247.04
Current Liabilities		
Financial Liabilities		
(i) Trade Payables		
- total outstanding dues of micro enterprises and small enterprises; and	0.00	0.00
- total outstanding dues of creditors other than micro enterprises and small enterprises	2427.66	2308.12
(ii) Other Financial Liabilities	577.65	498.32
Current Tax Liabilities (Net)	0.00	10.23
Provisions	4.44	4.17
Other Current Liabilities	513.90	1018.07
	3523.65	3838.91
TOTAL EQUITY AND LIABILITIES	26436.20	25656.06

Consolidated Statement of Cash Flows

₹ In Lakhs

PARTICULARS	Half year ended	
	30/09/2019 (Unaudited)	30/09/2018 (Unaudited)
A. Cash flow from operating activities		
Profit before tax	98.36	31.67
Adjustments for:		
Depreciation and Amortisation Expense	199.80	89.93
Loss on sale of property, plant and equipment	0.00	5.09
Net gain on sale of investments measured at FVTPL	-149.87	-79.87
Net gain arising on remeasurement of investments measured at FVTPL	-5.04	-24.27
Foreign exchange loss (net)	3.07	6.84
Finance costs	265.55	217.08
Interest income	-70.35	-77.20
Remeasurement of investment in debt instruments through OCI	14.68	-10.31
Remeasurements benefit of post-employment defined benefit obligations	-5.40	-9.00
Operating profit before working capital changes	350.80	149.96
Adjustments for working capital changes:		
Decrease in trade receivables	138.17	94.04
Decrease/(increase) in inventories	-157.64	1250.36
Decrease/(increase) in loans	69.98	-69.84
Decrease in financial assets	0.27	118.50
Decrease/(increase) in other assets	135.16	-82.47
Increase/(decrease) in provisions	-2.92	3.83
Decrease in financial liabilities	-203.29	-749.99
Increase/ (Decrease) in other liabilities	-505.17	495.82
Increase/ (Decrease) in trade payables	119.54	-1455.11
Cash used in operating activities	-55.10	-244.90
Income tax paid (net of refunds)	-20.91	105.58
Net cash used in operating activities (A)	-76.01	-139.32
B. Cash flow from investing activities:		
Purchase of investments	-494.60	-4130.52
Sale of investments	1119.62	4496.89
Purchase of property, plant and equipment	-0.91	-8.81
Purchase of intangible assets	-344.18	-518.95
Increase in CWP	-2.05	-5.18
Proceeds from sale of property, plant and equipment and intangible assets	-61.40	-51.15
Interest received	70.35	77.20
Maturity of fixed deposits (net)	23.90	50.00
Net cash generated from / (used in) investing activities (B)	310.73	-90.52
C. Cash flow from financing activities:		
Proceeds from/(repayment of) of long-term borrowings	270.71	-374.52
Repayment of lease liabilities (net)	-63.72	0.00
Dividend paid (including taxes thereon)	-355.97	-352.69
Interest paid	-265.55	-217.08
Net cash used in financing activities (C)	-414.53	-944.29
Net decrease in cash and cash equivalents (A+B+C)	-179.81	-1174.13
Cash and cash equivalents at the beginning of the year	1073.75	2128.81
Effect of currency translation on cash and cash equivalents	87.08	355.84
Cash and cash equivalents at the end of the period	981.02	1310.52

NOTES :

- These results have been prepared in accordance with the Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. These results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 12 November 2019.
- The cash flow figures for the corresponding six month period 30 September 2018 have been approved by the Company's Board of Directors, but have not been subjected to audit or review.
- Statutory Auditors of the Company have reviewed the results for the quarter and half year ended 30 September 2019. An unqualified opinion has been issued and the same is being filed with the stock exchanges along with the above results.
- As per the requirements of IND AS 108 as notified under Companies (Indian Accounting Standards) Rules 2015 as specified under Section 133 of the Companies Act, no disclosure is required as the Company is operating in single business segment of Internet based delivery of products and services.
- The Company has adopted Ind AS 116 "Leases" effective 1 April 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules, 2019, using modified retrospective method. This has resulted in recognizing a Right of use asset and a corresponding Lease Liability of ₹ 1,325.92 lacs as at 1 April 2019.
- The Consolidated financial results of the Company for the quarter and half year ended 30 September 2019 are available on the Company's website www.itindia.com.

For IntraSoft Technologies Ltd.
Sd/-
Arvind Kajaria
Managing Director
DIN: 00106901



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