



IntraSoft Technologies Limited

Open up to the world



ANNUAL
REPORT
2013-14

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 (resigned w.e.f 18.03.14)

Auditors

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

Company Secretary & Compliance Officer

Rakesh Dhanuka

Registrar and Share Transfer Agents

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

Bankers

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



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Notice



Arvind Kalaria, Managing Director

“ This is a matter of pride that we are making our tiny contribution towards the environment and helping people “GO GREEN”.

Letter to Shareholders

Dear Shareholders,

It is my pleasure to report the annual results for the financial year 2013-14. Your Company has performed satisfactorily in terms of growth by capturing the opportunities and executing it. Business demand rose steadily during the year and total income for the financial year 2013-14 grew annually at 68 % on a consolidated basis to ₹ 14,840 lakhs.

123Greetings.com is the leading electronic-only cards and invitations website catering to around 95 million visitors annually. Over the last few years, 123Greetings.com was used by over 224 million visitors to send ecards, and estimates show that had these cards been sent as paper cards, they would have cost planet earth over 85,000 trees. The efforts and contributions by the internet community as a whole to replace paper products with electronic alternatives is admirable and can help reduce the adverse impact of climate change and carbon footprint on the environment. This is a matter of pride that we are making our tiny contribution towards the environment and helping people “Go Green” without taking the value of emotional connect away from exchanging greetings.

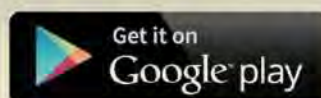
123Greetings.com launched its free mobile site m.123greetings.com last year. Users can view and send over 40,000 ecards easily through 123Greetings’ mobile website from anywhere at their convenience. This user-friendly responsive mobile website loads quickly despite high traffic. Some of its features include easy search, simplified navigation and rich user experience. This year we launched its mobile and tablet app on Android and iOS platforms. We are excited by the growth potential from Apps coupled with additional geographies that we are targeting. Our crowd-sourcing and content curation strategies have enabled us to scale our operations and serve diverse needs of our worldwide customer base. Investments in building the capability further in these areas and strengthening our infrastructure will help us execute these strategies effectively.

123Greetings strengthened its technology and content delivery capabilities to serve its mobile website and apps users enabling over 40,000 ecards, including flash ecards, to be viewable on handheld devices with ease. Further, 123Greetings ecards business increased its addressable market by growing its regional language content library with 118 new ecards across Russian, Mandarin, Spanish, German and Hindi languages for key holidays and occasions.

We have managed to carve out our niche in the ever growing E-commerce market. We have continued to increase our investments in the e-Commerce business through automation of various processes and increasing the team size. While, this has kept the margins under pressure, we are confident of reporting higher revenues and profits in future. 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.

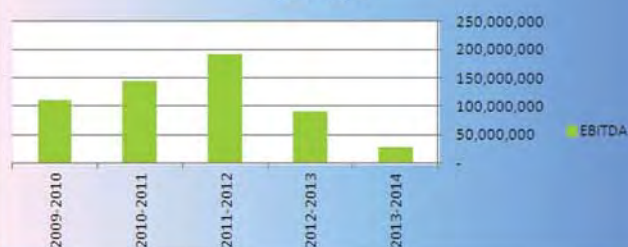
There is stiff competition in the e-world, technologies keeps on getting upgraded, to maintain the leading position in e-Greetings and to survive in e-commerce business, your Company continued to make investments in technology infrastructure. We believe that a fundamental measure of our success will be the shareholder value we create over the long term. 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.

Finally, we would like to take this opportunity to thank you for your continued support. 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

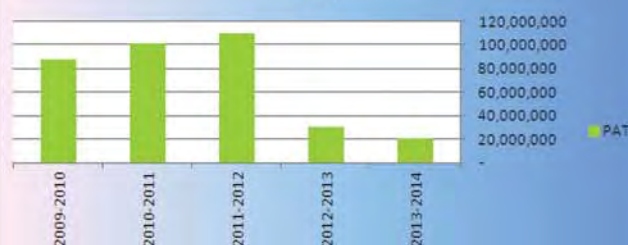
EBITDA



INCOME



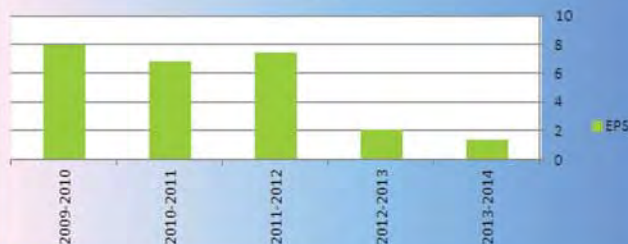
PAT



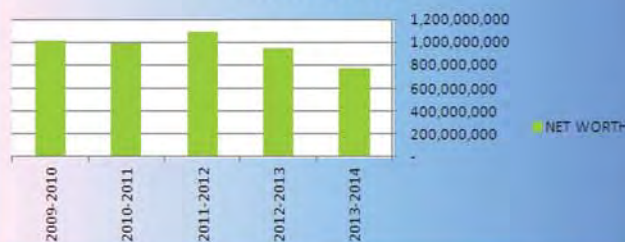
Book Value Per Share



EPS



NET WORTH





Director's
Report

Directors' Report

Dear Shareholders,

The Board of Directors take pleasure in presenting the Nineteenth Annual Report of your Company together with the Audited Accounts for the year ended 31st March, 2014.

Financial Results

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

(₹ in Lacs)

Particulars	Consolidated		Standalone	
	2013-14	2012-13	2013-14	2012-13
Total Income	15,301.27	9,123.10	2,317.78	1,899.03
Profit before Interest and Depreciation	274.35	901.58	204.40	846.57
Less: Finance Cost	90.20	69.62	33.26	22.12
Depreciation	402.11	704.73	394.51	698.61
Profit before Tax	(217.96)	127.23	(223.37)	125.84
Less : Provision for Income Tax	(423.79)	(178.10)	(427.92)	(181.83)
Profit after Tax	205.83	305.33	204.55	307.67
Add: Balance brought forward	888.13	2,755.16	894.10	2,758.79
Amount available for appropriations	1,093.96	3,060.49	1,098.64	3,066.46
Appropriations:				
Proposed Final Dividend	147.32	147.32	147.32	147.32
Dividend Tax	25.03	25.04	25.03	25.04
Transferred to General Reserve	500.00	2000.00	500.00	2000.00
Balance carried to Balance Sheet	421.61	888.13	426.30	894.10

Business

During the financial year under review, the Company achieved total consolidated income of ₹ 15301.27 lacs as against ₹ 9123.10 lacs in the previous year, registering a growth of more than 67%. The Company's consolidated net profit for the year under review was ₹ 205.83 lacs as compared to ₹ 305.33 lacs of the previous financial year. Profit after Tax (PAT) during the year was lower due to cost escalation in General, Administrative and Employee Cost and additional cost incurred to upgrade the system and software to remain competitive and providing better and faster facilities to customers. These expenses were necessary keeping in view the future growth prospect in terms of revenues and profits.

The investments made by the Company in the backend software and systems have yielded the anticipated results. As the Company continued to invest deeper into the services on a daily basis, the revenues and profits is expected to grow in coming years.

123Greetings Store, the online gifting e-commerce business, witnessed tremendous growth. During the year 256,144 orders were shipped compared to 167,693 orders in the last financial year registering a growth of 53 %, averaging approximately 702 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. As on 31st March, 2014, product catalog had 129,129 products, which were listed at 554,397 places across its website & other marketplaces. The Company had an active base of 975 vendors as compared to 456 vendors in FY 2012-13.

123Invitations.com is one of the best sites for sending free online invitations to loved ones. The site has wonderful collections of invitations for every occasion like birthday, anniversary, baby shower, Thanksgiving etc. 123invitations.com lets you create your event's homepage, invite your friends and to organize your guest list. The site is easy to use and gaining popularity among the users.

123Greetings Studio allows the artist to register and make e-greetings for the site. Artist from all over the world are getting registered and share their artwork, the best one are uploaded on the Company's website for the free usage of end users. The content crowd-sourcing platform delivered 7,327 e-cards during the year under review as compared to 2,105 last financial year. 123Greetings Studio, has the total number of registered users at 27,431 as on 31st March, 2014 as compared to 23,643 last financial year.

249.92 lakhs visitors accessed 123Greetings' website during the year under review via handheld devices as compared to 11378 lakhs in the last financial year, with traffic more than doubling in a year. 123Greetings launched its mobile & tablet apps on iOS and Android platforms. During the year under review over 176,711 ecards were sent using apps by our users. 123Greetings strengthened its technology and content delivery capabilities to serve its mobile website and apps users all the ecards, including flash ecards, to be viewable on handheld devices with ease. 123Greetings ecards business increased its addressable market by growing its regional language content library with 118 new ecards across Russian, Mandarin, Spanish, German and Hindi languages for key holidays and occasions.

123Greetings Connect is a service that improves the sending experience of the user at 123Greetings.com. The user gets the reminder of upcoming events, birthday, anniversary etc. It allows the user to import, store and access unlimited contacts insider the address book allowing to send ecards at the click of the button. The total number of registered users stands at 2,333,233 as on 31st March, 2014, notching a growth of 11 % YoY.

Technology is getting advance day-by-day at faster pace, so to keep the technology infrastructure at par, your Company keeps reviewing its operations & existing activities, the management reviewed the entire IT resources of the Company as did in the last financial year. Based on technical assessment, Management found that certain IT resources had outlived their utility and had been rendered obsolete due to changes in technology. Management decided to write off these IT resources amounting to ₹ 1,810 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.

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 Equity Share (10%) for the financial year 2013-14 (Previous year ₹ 1 per Equity Share i.e. 10%).

Management Discussion and Analysis

A detailed review of the operations, performance and future outlook of the Company and its business is given in the Management 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 2013-14, 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, 2014 are prepared on a going concern basis.

Directors

The tenure of Mr. Arvind Kajaria as Managing Director and Mr. Sharad Kajaria as Whole-time Director has come to an end on 31st March, 2014. Subject to approval of the shareholders, the Board of Directors at its meeting held on 14th February, 2014 and as per the recommendation of Remuneration Committee, re-appointed the said managerial personnel for the period of 3 (three) years w.e.f. 1st April, 2014. As per Section 152 of the Companies Act, 2013 Independent Directors of the Company shall not be considered for determining the period of office of directors who are liable to retire by rotation. Hence, the office of Mr. Arvind Kajaria, Managing Director and Mr. Sharad Kajaria, Whole-time Director was changed to liable to retire by rotation to comply with the provisions of the Act. Accordingly, Mr. Arvind Kajaria, Managing Director retires at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

As per Companies Act, 2013, 1/3rd of the Company's board strength should comprise of Independent Directors to be appointed pursuant to Schedule IV of the said Act. Accordingly, Mr. Rupinder Singh and Mr. Anil Agrawal are to be appointed as Independent Directors not liable to retire by rotation. The Company has received respective notice under Section 160 of the Companies Act, 2013 from them proposing their candidature for the directorship of the Company. The Board recommends their appointment as Independent Directors for a term of five years.

In order to comply with the provisions of Section 149 of the Companies Act, 2013 to have atleast one woman director on the Board, Mrs. Savita Agarwal was appointed as additional director categorized as Independent Director of the Company w.e.f. 30th June, 2014 and shall hold office upto the date of ensuing Annual General Meeting. It is proposed to appoint Mrs. Savita Agarwal as an Independent Director for a term of five years. The Company has received notice from her under Section 160 of the Companies Act, 2013 proposing her candidature for the directorship of the Company. The Board recommends her appointment as Independent Director for a term of five years.

The Company has received declarations from all the directors of the Company, except executive directors, confirming that they meet with the criteria of Independence as prescribed under the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the stock exchanges.

Mr. Vishal Agarwal, director of the Company tendered his resignation from the Board of Directors of the Company w.e.f. 30th June, 2014 due to other occupation. The Board places on record a sincere thanks to Mr. Vishal Agarwal for his valuable contribution to the Board of the Company by his vast knowledge and experience.

Auditors

M/s. K. N. Gutgutia & Co., the Statutory Auditors of the Company will hold office till the ensuing Annual General Meeting. As per provisions of Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, an audit firm can be appointed as Statutory Auditors of the Company only for two terms each term consisting of five consecutive years. Further, the audit firm which has been occupying the office of auditors of the Company for more than seven years prior to implementation of the Companies Act, 2013, are eligible to hold office for additional three years only.

M/s. K. N. Gutgutia & Co., the Statutory Auditors of the Company who has already served as auditors of the Company for more than seven years are eligible to hold office of auditors for three years as per provisions of Section 139 of the Companies Act, 2013. Accordingly, M/s. K. N. Gutgutia, Statutory Auditors of the Company who hold office until the conclusion of the ensuing Annual General Meeting, is proposed to be re-appointed as Statutory Auditors of the Company for the financial year 2014-15. The said Auditor have given a written consent and also issued Certificate pursuant to Section 139 of the Companies Act, 2013.

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.

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: Kolkata
Date: 30th June, 2014

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, 1988 and forming part of the Directors' Report for the year ended 31st March, 2014.

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 based industry and wherein new developments and phasing out of technologies happen on a continuous basis and very fast. Regular evaluation of developments in the industry being carried out by the Company and adopt and adapt such developments based on their suitability to the business in which the Company is engaged in. These actions help the Company to improve the areas in which the Company and/or its wholly owned subsidiaries are engaged.

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

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

3. Future Plan of action:

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

4. Expenditure on R&D:

The Company's R&D activities are part of its normal commercial operations. There is no separate R&D department. Hence, there is no specific budget earmarked for R&D expenditure. Considering the continuous expenditure on such account, 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 used and earned is furnished in note nos. 2.27 and 2.28 of Standalone Financial Statements.

For and on behalf of the Board

Place: Kolkata
Date: 30th June, 2014

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director

ANNEXURE - II TO THE DIRECTORS' REPORT

Management Discussion and Analysis

Forward Looking Statement

Statement in the Management Discussion and Analysis reflects current expectations of the Company and are inherently uncertain. Actual results could differ materially for a variety of reasons, including, among others, fluctuations in foreign exchange rates, changes in global economic conditions and consumer spending, world events, the rate of growth of the Internet and online commerce, the amount that the Company invests in business and the timing of those investments change in the Government regulations, tax laws and other statutes and incidental factors.

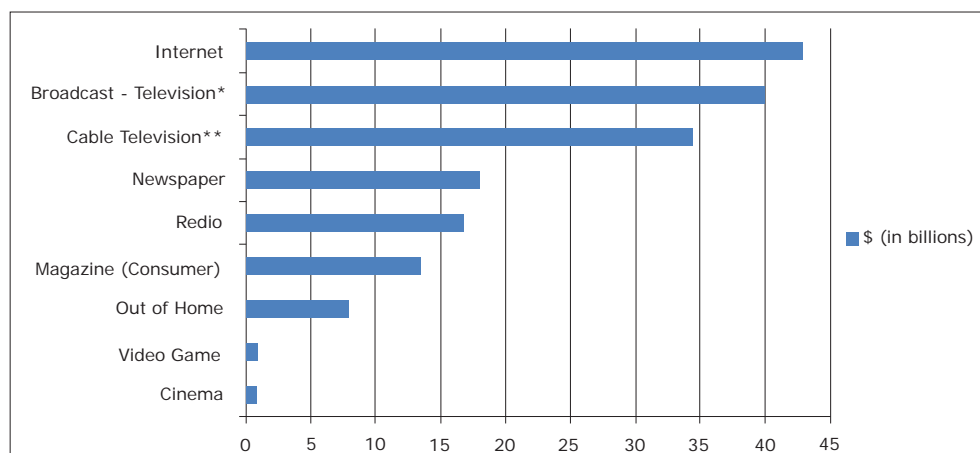
Industry Structure and Developments

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.

Companies are also generating revenues by advertising on their websites. Internet Advertising Revenue Report 2013 published by Interactive Advertising Bureau (IAB) provides the following details about the online advertising Industry –

- i) Internet has continued to grow in share and significance when compared to other U.S. ad-supported media. †
- ii) Internet advertising revenue now represents 57% of all Television (Broadcast and Cable) advertising.

Advertising Revenue Market Share by Media – 2013 (\$ in billions)



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

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

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

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 by the various vendors. 123Greetings.com is the world's leading online destination for human expressions reaching 95 million visitors annually. 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. Company's e-greetings website enables the user to send free online greeting cards, animated cards or e-greetings with quotes to their friends, family, relatives, your loved ones, etc.

We serve customers through our retail websites <http://store.123greetings.com> and focus on selection, price and convenience. We strive to offer our customers the lowest possible price by everyday product pricing and shipping offers. 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.

Growth Drivers

a) Online Advertising

Online Advertising industry offers huge business potential with rising population, growing income level and changing lifestyle. With increasing number of educated people and migration to urban areas, increase adoption in Internet and online advertising is being witnessed. 123greetings.com is one of the leading e-greetings website, to further enhance its popularity, the Company has introduced mobile and tablet apps on IOS and android platforms. This will lead to more popularity of the site which will attract more 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. 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.

b) E-Commerce

We keep endeavoring to provide widest range of products in each category to match all the needs and taste of the consumers at the competitive price with free shipping. 123Greetings Store offers various categories of products such as furniture, electronics, home & garden, sports & fitness, health & beauty etc. We are further increasing our product and service offerings and scaling our infrastructure to support our business. 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 emphasized 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, 2014:

- Consolidated total income for the year ended 31st March, 2014 increased to ₹ 15301.27 lakhs compared to ₹ 9123.10 lakhs in the previous year, registering growth of 68%.
- Earnings before tax, depreciation and amortization, interest for the year ended 31st March, 2014 was ₹ 274.35 lakhs as compared to ₹ 901.58 lakhs for the previous year.
- Consolidated Profit after tax is ₹ 205.83 lakhs. Earnings per share (EPS) resulted to ₹ 1.40.
- Return on Capital Employed (ROCE) was 2.98 % compared to last year's figure of 3.04 %, while Return on shareholders' funds was 2.66 % compared to last year's figure of 3.21 %.

During the F.Y. 2013-14, the total income of the Company has shown considerable improvement and accordingly the expenses on account of Product & Content Development, Sales & Marketing, General and Administrative & Employee Benefit Expenses have increased. While some of the expenses are on the higher side, these expenses were necessary keeping in view the future growth prospect in terms of revenues and profits in the subsequent quarters. Operating EBITDA is down as the Company continued to invest in building up its operations to be able to service higher volumes which is evident from the increased total income on year-to-year basis. This resulted in higher operational costs incurred on additional manpower & systems. Given the nature of online sales, the Company increased its staff and other ancillary functions. These investments are necessary to support a model where returns are higher as the business scales.

Outlook

We have a window of opportunity as larger players marshal the resources to pursue the online opportunity and

as customers, new to purchasing online, are receptive to forming new relationships. The competitive landscape has continued to evolve at a fast pace. Many large players have moved online commerce with credible offerings and have devoted substantial energy and resources to building awareness, traffic, and sales. Our goal is to move quickly to solidify and extend our current position while we begin to pursue the online commerce opportunities in other areas. We see substantial opportunity in the large markets of e-commerce. This outlook is not without risk, it requires serious investment and crisp execution against established franchise leaders.

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 business. There are good opportunities for acceleration of our business as online shopping is increasing year by year.

Online advertising is rapidly developing in the world. Among the various online ad categories, display advertising has always been the leading segment. Sectors such as travel, Banking, Financial Services and Insurance, telecom, auto and online publishers dominated the display advertising segment. Mobile advertising is a relatively new concept and it includes banners, text, click to call, click to SMS, in-game among others. With increasing demand for smart phones and 3G networks, mobile internet data usage is expected to be the growth driver, thereby leading to growth in mobile advertising. The role of social media is also rising due to growing internet access and also on account of social media becoming a standard element of web use. The long term outlook of the Company remains positive.

Risks and Concerns

Though Business of the Company is rapidly evolving, there exist many competitors in e-commerce industries. We have to remain vigilant and maintain a sense of urgency. The challenges and hurdles we will face to make our long-term vision 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. Company's business is highly dependent on efficient technologies and sound infrastructure systems. Therefore, we are required to wisely invest in technology infrastructure so we may continue to fulfil the requirements of the end users. Further, e-commerce business also gets affected by its seasonality, which historically has resulted in higher sales during third quarter i.e. October to December. If we do not list proper products on the Company's website which meets the customer requirements than the revenue and the future growth of the Company could get affected significantly.

Company's e-greeting cards business may get affected if new and innovative cards are not available on the Company's website based on the events and festivals and which also keep attracted to the end users. To maintain and enhance the traffic on its website, Company has to thoroughly study the needs of the end users otherwise this could impact the revenue of the Company from advertisement.

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

We believe that managing risk is critical for the growth and sustainable business. 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. The number of smartphone users is increasing rapidly day by day. Hence, to cover maximum population of smartphone users, Company has introduced mobile & tablet apps of 123Greetings on IOS and android platform. 123Invitations.com, site owned by 123Greetings.com, Inc is one of the best site for sending free online invitations to your loved ones. The site has wonderful invitations for every occasion like baby shower, birthday, anniversary, engagement, wedding, Thanksgiving, Christmas, New Years etc. 123Greetings e-cards keep on adding new and innovative e-cards for the end users. All these will result in creating more traffic on

our 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

The success of the Company's business is highly dependent on efficient and upgraded technology and sound infrastructure. These two factors are integral to our achievement in operations and management of assets. The system infrastructure, internet and database is continuously monitored by a strong IT team. 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. Apart from upgrading technology, 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.

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

Today, online commerce saves customers money and precious time. Our goal remains same to continue to extend our brand and customer base. Many large players have moved online with credible offerings and have devoted substantial energy and resources to building awareness, traffic, and sales. Our goal is to move quickly to solidify and extend our current position while we begin to pursue the online commerce opportunities in other areas. We see substantial opportunity in the large markets we are targeting.

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.

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. And your Company enjoys the position of being one of the leader in e-greetings, we 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. 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. But, simultaneously we have stiff competition from other large companies operating in online business 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

The past year's success is the product of a talented, smart, hard-working group and I take great pride in being a part of this team. Setting the bar high in our approach to hiring has been, and will continue to be, the single most important element of your Company's success. 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. We are incredibly fortunate to have this group of dedicated employees whose sacrifices and passion build your Company.

As on 31st March, 2014, the employee strength of the company is 229.

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 achieve business excellence by enhancing the long term welfare of all its stakeholders. 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 2014, the Board consists of Five (5) Directors of which Two (2) are Executive Directors representing promoters and Three (3) 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. The term of Managing Director and Whole-time Director is liable to retire by rotation.

All the Directors have informed your Company about their Directorship and membership on the Board and 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. 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.

The composition of the Board during the year ended 31st March 2014 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	Executive; Promoter	-	-	-
Mr. Sharad Kajaria	Whole-time Director	Executive; Promoter	-	-	-
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.

** Resigned w.e.f. 18th March, 2014

b) Appointment/Re-appointment of Directors:

The tenure of Mr. Arvind Kajaria as Managing Director and Mr. Sharad Kajaria as Whole-time Director of the Company expired on 31st March, 2014. The Board of Directors of the Company at its meeting held on 14th February, 2014, subject to approval of the Shareholders, re-appointed Mr. Arvind Kajaria as Managing Director and Mr. Sharad Kajaria as Whole-time Director of the Company for a period of 3(three) years.

Pursuant to the provisions of Section 149 read with Schedule IV of the Companies Act, 2013, it is proposed to appoint Mr. Anil Agrawal and Mr. Rupinder Singh, Directors of the Company as Independent Directors.

The Board of Director at its meeting held on 30th June, 2014 appointed Mrs. Savita Agarwal as Additional Director of the Company w.e.f. 30th June, 2014 and who shall hold the office up to the date of ensuing Annual General Meeting. It is also proposed to appoint Mrs. Savita Agarwal as an Independent Director pursuant to the above referred provisions of the Companies Act, 2013.

The Board has recommended the above appointments for the approval of the Shareholders.

c) Board Meetings and Annual General Meeting:

During the financial year 2013-14, Five (5) Board Meetings were held i.e. on 28th May, 2013, 12th August, 2013, 28th September, 2013, 12th November, 2013 and 14th February, 2014. The Annual General Meeting of the Company was held on 24th September, 2013. 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	4	No
Mr. Anil Agrawal	5	5	No
Mr. Amit Ruia*	5	5	No

* Resigned w.e.f. 18.03.2014

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 furnished 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, 2014. 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 Report.

3. Audit Committee

a) Constitution of Audit Committee:

As on 31st March 2014, the Audit Committee comprises of two (2) Non-Executive Independent Directors and one (1) Executive Director. All the members of the Audit Committee have knowledge of Finance and Accounts. Mr. Vishal Agarwal, Chairman, Independent Director, is member of the Institute of Chartered Accountants of India.

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

During the Financial Year 2013-14, Four (4) Audit Committee Meetings were held i.e. on 28th May, 2013, 12th August, 2013, 12th November, 2013 and 14th February, 2014. The composition of the Audit Committee during the year ended 31st March 2014 and the details of number of meetings attended by the members of the Committee are as under:

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

* Resigned w.e.f. 18.03.2014

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) Review of 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.
- xiii) Approval or any subsequent modifications of transactions of with the related parties.
- xiv) Scrutiny of inter-corporate loans and investments.
- xv) Valuation of undertakings or assets of the Company, wherever it is necessary.
- xvi) Evaluation of internal financial controls and risk management systems.
- xvii) To review the functioning of whistle blower mechanism.
- xviii) Approval of appointment of CFO after assessing the qualifications, experience & background etc of the candidate
- xix) Carrying out such other functions as may be specifically referred to the Committee by the Company's Board of Directors.

e) Powers of the Audit Committee:

The Audit Committee has the following powers:

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

4. Remuneration Committee

a) Constitution and composition of Remuneration Committee:

The Remuneration Committee is renamed as "Nomination and Remuneration Committee" in the Meeting of the Board of Directors of the Company held on 30th June, 2014 pursuant to the provision of Section 178 of the Companies Act, 2013. The Nomination and Remuneration Committee has recommended policy relating to the remuneration for the directors, key managerial personnel and other employees and the same is approved by the Board and is placed on the Company's website. During the FY 2013-14 two (2) meetings of the Committee were held on 28th May, 2013 and 14th February, 2014. Presently, the Nomination and Remuneration Committee comprises of three members. All the members are Non-Executive Independent Directors. The Composition of the Committee and the meetings attended by the members during the FY 2013-14 is as under;

Committee Members	Designation	No. of Meetings Attended
Mr. Rupinder Singh	Chairman	2
Mr. Vishal Agarwal	Member	2
Mr. Anil Agrawal	Member	2

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 Directors and senior level employees of the Company and for the said purpose may lay down requisite parameters.

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 ₹ 20,000 for attending each Board Meeting and Committee Meeting.

Details of the Sitting fees paid during the year 2013-14 for attending the Board Meetings and Committee Meetings are as under:

Name of the Non-Executive Director	Sitting Fees paid (₹)
Mr. Vishal Agarwal	2,00,000
Mr. Rupinder Singh	3,20,000
Mr. Anil Agrawal	3,00,000
Mr. Amit Ruia*	1,80,000
Total	10,00,000

* Resigned w.e.f. 18.03.2014

iii) Executive Directors:

Mr. Arvind Kajaria and Mr. Sharad Kajaria are the Executive Directors of the company. 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 Executive Directors during year ended March 31, 2014 are given below:

Name of the Executive Director	Designation	Salary & Allowances (₹ in lacs)	Perquisites	Total (₹ in lacs)
Mr. Arvind Kajaria	Managing Director	24,00,000	28,800	24,28,800
Mr. Sharad Kajaria	Whole-time Director	21,00,000	28,800	21,28,800

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 is renamed as "Stakeholders Relationship Committee" in the Meeting of the Board of Directors of the Company held on 30th June, 2014 pursuant to Section 178 of the Companies Act, 2013. The Committee primarily looks into various issues relating to shareholders viz. transfer and transmission of shares, non-receipt of declared dividends and any other grievances of the investors and take necessary steps for redressal thereof.

Nine (9) meetings of Stakeholders Relationship Committee were held during the financial year 2013-14 i.e. on 3rd May, 2013, 6th July, 2013, 3rd August, 2013, 30th August, 2013, 31st October, 2013, 2nd December, 2013, 3rd January, 2014, 31st January, 2014, and 28th February, 2014. The composition of the Stakeholders Relationship 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
Mr. Anil Agrawal	Chairman	8
Mr. Rupinder Singh	Member	6
Mr. Arvind Kajaria	Member	8

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

- c) During the year 2013-14, 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.	01.04.2013 to 30.06.2013	Nil
2.	01.07.2013 to 30.09.2013	Nil
3.	01.10.2013 to 31.12.2013	Nil
4.	01.01.2014 to 31.03.2014	2
	Total	2

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
2010-11	29.09.2011	3.00 P.M.	Orchid Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018
2011-12	25.09.2012	3.00 P.M.	Orchid Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018
2012-13	24.09.2013	3:00 P.M.	Imperial Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018

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

Financial Year	Particulars of Special Resolution Passed
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.
2012-13	Seeking approval of the Shareholders for the amendment in the terms of appointment of Mr. Arvind Kajaria, Managing Director of the Company.

- iii) During the year 2013-14, 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 and the 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. Also as and when the Company publishes a press release stock exchange are intimated accordingly.
- (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 : Friday, 29th August, 2014 at 3:00 P.M.

Venue: Orchid Room, 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:

30th June, 2014 : By 14th August, 2014

30th September, 2014 : By 14th November, 2014

31st December, 2014 : By 14th February, 2015
 31st March, 2015 : By 30th May, 2015
 AGM for the year ending
 31st March, 2015 : By 30th September, 2015

iii) Book Closure :

Friday, 22nd August, 2014 to Friday, 29th August, 2014 (both days inclusive)

iv) The Payment of Dividend for the year 2013-14, if approved by the shareholders will be made on or after 30th August, 2014

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 2014-15 has been paid to the said Stock Exchanges.

vi) Stock Code/Symbol:

BSE – 533181

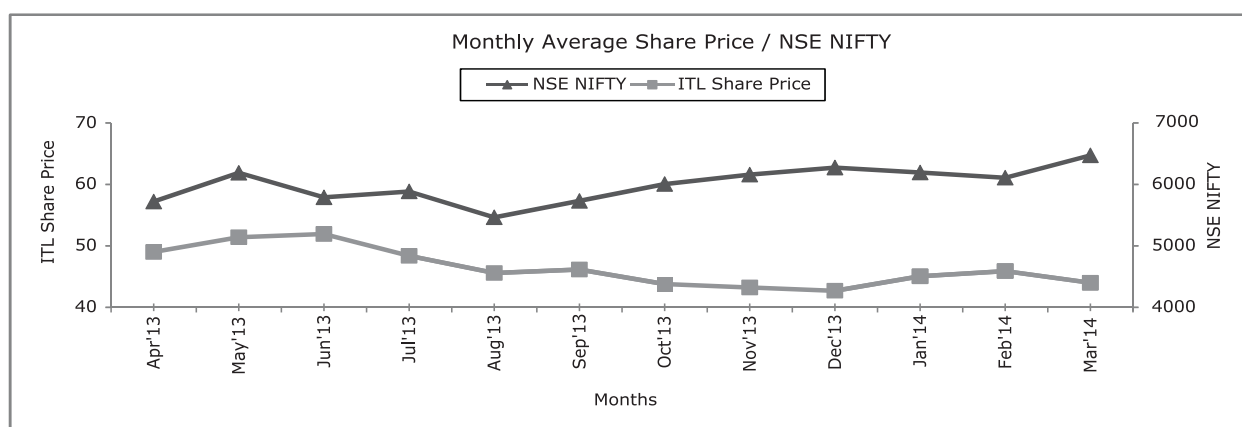
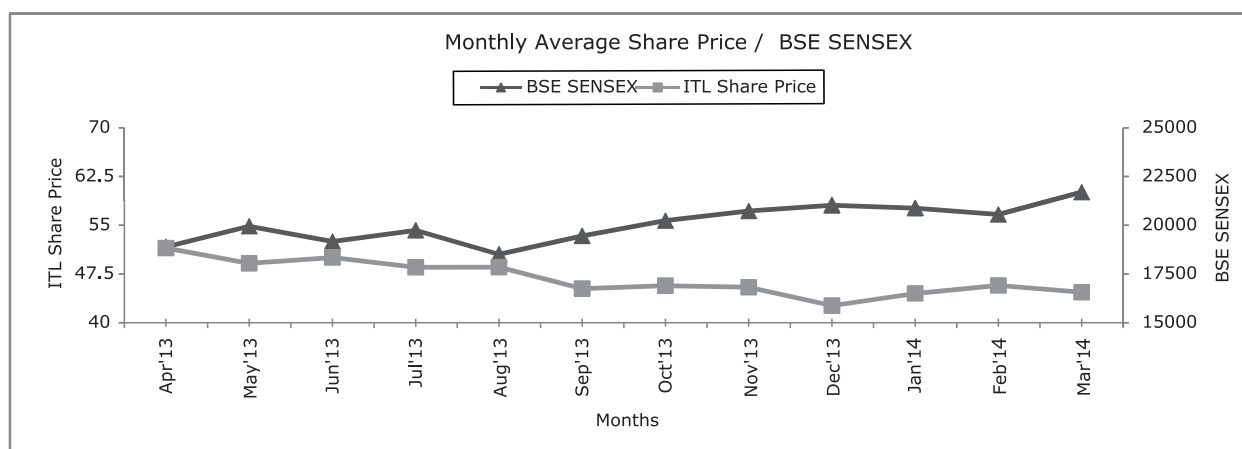
NSE – ISFT

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-13	57.35	45.60	6030	51.95	46.05	9305
May-13	51.15	47.10	3984	57.75	45.05	5606
Jun-13	57.00	43.05	8576	58.85	45.00	17325
Jul-13	50.80	46.25	15774	50.85	45.90	22268
Aug-13	57.00	40.10	860	51.95	39.20	33517
Sep-13	49.00	41.50	14819	49.00	43.30	4053
Oct-13	51.80	39.60	3407	47.50	40.05	8965
Nov-13	49.90	41.00	1480	46.40	40.05	11348
Dec-13	45.00	40.25	6756	45.40	40.00	19739
Jan-14	47.90	41.10	11932	49.10	41.00	7630
Feb-14	49.00	42.45	6946	49.55	42.25	13570
Mar-14	48.25	41.10	155313	47.00	41.00	12068

- 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.

- x) Category wise Shareholding as at 31st March, 2014:

Sr. No.	Category	No. of Shares held	Percentage (%)
1.	Promoter and Promoter Group	87,50,014	59.40
2.	Foreign Institutional Investors	-	-
3.	Mutual Fund	-	-
4.	Insurance Companies	114	0.00
5.	Foreign Venture Capital Investors	17,97,635	12.20
6.	Overseas Body Corporate	3,375	0.02
7.	Body Corporate	32,12,851	21.81
8.	Clearing Members	18,514	0.13
9.	NRIs/NRNs	38,439	0.26
10.	Public	9,10,736	6.18
	Total	1,47,31,678	100.00

xi) Distribution of Shareholding as at 31st March, 2014:

No. of Shares	No. of Shareholders	% of Total Shareholders	No. of Shares held	% of Total Shares
1 - 500	6373	96.60	4,32,635	2.94
501 - 1000	122	1.85	98,415	0.67
1001 - 5000	64	0.97	1,50,389	1.02
5001 - 10000	8	0.12	53,933	0.37
10001 and above	30	0.45	1,39,96,306	95.00
TOTAL	6597	100	1,47,31,678	100

xii) Dematerialization of Shares and Liquidity:

The Company's shares are compulsorily traded in dematerialized form. The equity shares of the Company are traded at BSE Limited and the National Stock Exchange of India Limited (NSE).

Equity Shares of the Company representing 99.06 % of the Company's share capital are dematerialized as on 31st March, 2014. 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 Company has credited the Unpaid Interim Dividend declared by the Board of Directors of the Company for the FY 2006-07 amounting ₹ 6,750/- to the Investor Education and Protection Fund (IEPF) pursuant to Section 205C of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001.

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. The details of unclaimed shares certificates lying with Registrar & Share Transfer Agent is as mentioned below;

Particulars	As on 31.03.2014
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	6 Shareholders 12350 Shares
No. of shareholders who approached the company for claiming the share certificates lying with the Company and their aggregate no. of outstanding shares	Nil
Number of Shareholders and the aggregate no. of outstanding shares whose share certificates are lying in physical form with our Registrar at the end of the year	6 Shareholders 12350 Shares

xvi) The Company has not issued any GDRs/ADRs. There were no outstanding convertible warrants as on 31st March, 2014.

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 Company does not have any Unit.

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. Other Disclosures:

- a) Related Party transactions have been disclosed in the Note No. 2.30 to Accounts in the Standalone financial statements as at 31st March, 2014
- b) Shareholdings of the Non-Executive Directors as on 31st March, 2014 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

**Resigned w.e.f. 18.03.2014*

- c) The Company has complied with the requirements of Regulatory Authorities on Capital Markets and no penalty was imposed on the Company during the last three years.
- d) The Company is complying with all the mandatory requirements of Clause 49 of the Listing Agreement. In addition the Company has also adopted the Non mandatory requirements of the constitution of Remuneration Committee as referred in Clause 49 of the Listing Agreement.

10. Non-mandatory Requirements:

I. The Board

(a) An office for the use of the Chairman is made available whenever required.

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

Pursuant to Section 178 of the Companies Act, 2013, Company has constituted Nomination and Remuneration Committee, the terms of reference of which interalia includes annual performance evaluation of all the directors of the Company.

VII. Whistle Blower Policy

Pursuant to Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, Company has established Whistle Blower Policy for directors and employees of the Company.

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

Name	Arvind Kajaria	Sharad Kajaria	Anil Agrawal	Rupinder Singh	Savita Agarwal
Date of Birth	17th December, 1964	17th March, 1976	7th February, 1959	2nd January, 1959	22nd June, 1972
Qualification	B. Com, Degree in Business Administration from Adelphi University, New York	B.Com	B.Com	B.com	B.Com, Member of the Institute of Chartered Accountant of India
Area of Expertise	Finance, Marketing and Management	Internet Technologies & Software	Capital Market and Stock Exchange operations	Event management and entertainment industry	Finance, MIS and Secretarial
Experience	24 years	16 years	28 Years	24 Years	18 years
Other Directorship	Nil	Nil	One Two Three Greetings (India) Private Limited	Nil	Nil
Name of the other Companies in Committees of which holds membership/ chairmanship	Nil	Nil	Nil	Nil	Nil
Number of Equity Shares held (as on 31st March, 2014)	28,00,014	28,00,000	Nil	Nil	Nil

* 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, 2014 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 Rathí & Associates

Company Secretaries

Sd/-

Jayesh Shah

Partner

CP No. 2535

Place: Mumbai

Date: 30th June, 2014

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.

Sd/-

Arvind Kajaria

Managing Director

Place: Kolkata

Date: 30th June, 2014

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, 2014, 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 but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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, 2014;
- 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 2.25 to the financial statements regarding assets written off amounting to ₹ 18,10,86,528/- 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 ₹ 1,35,08,419/- as at 31st March, 2014, total revenues amounting to ₹ 1,47,56,69,689/- and net cash outflows amounting to ₹ 3,91,00,980/- 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 : 29th May, 2014

Consolidated Balance Sheet as at 31st March, 2014

	Note No.	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2.1	147,316,780	147,316,780
(b) Reserves and Surplus	2.2	626,707,276	803,384,168
(2) Non-current Liabilities			
(a) Long-term Borrowings	2.3	24,025,261	-
(b) Deferred Tax Liabilities (Net)	2.4	-	36,487,212
(c) Other Long term Liabilities	2.5	6,755,492	4,339,110
(d) Long-term Provisions	2.6	4,789,297	3,674,619
(3) Current Liabilities			
(a) Short-term Borrowings	2.7	190,013,649	281,350,000
(b) Trade Payables	2.8	49,541,524	17,333,623
(c) Other Current Liabilities	2.9	48,866,370	26,696,629
(d) Short-term Provisions	2.10	17,333,427	17,307,991
TOTAL		1,115,349,076	1,337,890,132
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	2.11	180,142,563	211,006,905
(ii) Intangible Assets	2.11	4,312,159	182,907,431
(iii) Capital work-in-progress		4,808,807	-
(iv) Intangible Assets under Development		263,496,512	263,496,512
		452,760,041	657,410,848
(b) Non-current Investments	2.12	291,260,128	286,989,956
(c) Deferred tax assets (Net)	2.4	6,324,915	-
(d) Long-term Loans and Advances	2.13	1,087,438	3,262,844
(2) Current Assets			
(a) Current Investments	2.12	-	110,000,000
(b) Inventories	2.14	12,981,258	5,928,122
(c) Trade Receivables	2.15	51,211,310	32,761,769
(d) Cash and bank balances	2.16	83,342,507	40,239,141
(e) Short-term loans and advances	2.17	199,640,654	185,598,064
(f) Other current assets	2.18	16,740,825	15,699,388
TOTAL		1,115,349,076	1,337,890,132

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 : 29th May, 2014

Place : Mumbai

Date : 29th May, 2014

Consolidated Statement of Profit and Loss for the year ended 31st March, 2014

	Note No.	Year Ended 31st March, 2014 ₹	Year Ended 31st March, 2013 ₹
I. Revenue from operations	2.19	1,484,002,207	882,420,958
II. Other income	2.20	46,124,883	29,889,458
III. Total Revenue (I + II)		1,530,127,090	912,310,416
IV. Expenses:			
Cost of Product & Content Development	2.21	1,077,318,008	593,987,520
Selling and Marketing Expenses	2.22	211,907,691	121,207,169
Employee benefit expense	2.23	121,309,239	49,191,826
Finance costs	2.24	9,019,963	6,962,354
Depreciation and amortization expenses		40,211,240	70,472,791
Other expenses	2.25	92,157,260	57,766,010
Total expenses		1,551,923,401	899,587,670
V. Profit before exceptional item and tax (III-IV)		(21,796,311)	12,722,746
VI. Exceptional Item	2.26	181,086,528	149,886,816
Less : Transferred from General Reserve		(181,086,528)	(149,886,816)
		-	-
VII. Profit after exceptional item and before tax (V-VI)		(21,796,311)	12,722,746
VIII. Tax expense:			
(1) Current tax		415,253	2,405,542
(2) Current tax written back (Earlier Year)		-	(3,171)
(3) MAT Credit Entitlement		-	(1,981,052)
(4) MAT Credit Entitlement (Earlier Year)		-	(1,021,141)
(5) Deferred tax		(42,812,127)	(17,299,708)
(6) Income tax related to earlier years		17,318	89,470
		(42,379,556)	(17,810,060)
IX. Profit (Loss) for the year from continuing operations(VII-VIII)		20,583,245	30,532,806
X. Earnings per equity share:	2.32		
Basic & Diluted (Par Value of ₹ 10/- each)		1.40	2.07

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 : 29th May, 2014

Place : Mumbai

Date : 29th May, 2014

Consolidated Cash Flow Statement for the year ended 31st March , 2014

	Year Ended 31st March, 2014 ₹	Year Ended 31st March, 2013 ₹
A) Cash Flow From Operating Activities:		
Net profit before tax	(21,796,311)	12,722,746
Adjustments for:		
Depreciation	40,211,240	70,472,791
Interest Paid	9,019,963	6,962,354
Loss on Sale of Fixed Assets	1,147,045	216,365
Loss on Redemption of Mutual Fund/ NCD	2,951,830	1,573,250
Dividend Received	(5,828,237)	(1,882,750)
Gain on redemption of Mutual Funds (Current Investments)	(21,272,659)	-
Gain on redemption of Mutual Funds (Non-Current Investments)	-	(672,698)
Exchange differences on translation of Foreign Currency	16,547,742	12,078,642
Interest Received	(18,718,222)	(27,223,600)
Operating profit before working capital changes	2,262,391	74,247,100
(Increase) / Decrease in Trade Receivables	(18,449,540)	44,744,739
Increase / (Decrease) in Trade Payables	32,207,900	4,357,715
Increase / (Decrease) in Other than Trade Payables	23,634,324	(27,994,146)
(Increase) / Decrease in Inventory	(6,496,152)	33,710,440
(Increase)/ Decrease in Advance & Deposit	(10,957,538)	(27,263,827)
Cash generated from operations	22,201,385	101,802,021
Income Tax (Paid) / Refunded	(3,883,152)	(9,412,494)
Net Cash Flow From Operating Activities:	18,318,233	92,389,527
B) Cash Flow From Investing Activities:		
Purchase of Fixed Assets	(13,220,030)	(211,023,252)
(Increase)/ Decrease in Capital Work-in-Progress	(4,808,807)	-
Sale / (Purchase) of Mutual Fund and NCD (Net)	105,729,828	21,502,445
Sale of Fixed Assets	437,137	221,001
Gain on redemption of Mutual Funds (Current Investments)	21,272,659	-
Gain on redemption of Mutual Funds (Non Current Investments)	-	672,698
Loss on Redemption of Mutual Fund/ NCD	(2,951,830)	(1,573,250)
Increase in other bank balances	(2,147,136)	(962,565)
Short Term Loan received / (Paid) to/ from Body Corporates	(13,000,000)	49,000,000
Dividend Received	5,828,237	1,882,750
Interest Received	17,676,785	27,891,715
Net Cash Flow From/ (used in) Investing Activities:	114,816,843	(112,388,458)
C) Cash Flow From Financing Activities:		
Dividend Paid	(14,658,238)	(14,672,810)
Dividend Tax Paid	(2,503,649)	(2,389,847)
Receipt/ (Payment) of Other Long Term Liabilities	2,416,382	(900,163)
Receipt/ (Payment) Proceeds from Long Term Borrowings	24,025,261	-
Receipt/ (Payment) Proceeds from Short Term Borrowings	(92,336,351)	28,100,000
Interest Paid	(9,122,251)	(6,944,828)
Net Cash Flow From Financing Activities:	(92,178,846)	3,192,352
Net Increase / (Decrease) in Cash and Cash Equivalents(A+B+C)	40,956,230	(16,806,579)
Cash and Cash Equivalents at the Beginning of the Year	35,813,717	52,620,296
Cash and Cash Equivalents at the End of the Year	76,769,947	35,813,717

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 : 29th May, 2014

Place : Mumbai

Date : 29th May, 2014

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, 2014.
- 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 on fixed assets is provided on straight-line method applying the rates of schedule XIV (as amended) of the Companies Act, 1956. Depreciation for assets purchased / sold during the year is provided on pro-rata basis. Individual low cost assets (acquired for ₹ 5000/- or less) are fully depreciated in the year of purchase. Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available for its use. The management estimates the useful lives for the intangible assets as six (6) years.

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.

1.14 EARNINGS PER SHARE

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax and include the post tax effect of any extra ordinary items. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year.

1.15 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments. The cash flow from operating, investing and financing activities of the Company are segregated.

Note: 2 Consolidated Notes on Accounts

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
2.1 Share Capital		
Authorised Capital		
2,52,50,000 (2,52,50,000) Equity Shares of Par Value of ₹10/-	252,500,000	252,500,000
Issued, Subscribed and Paid Up		
1,47,31,678 (1,47,31,678) Equity Shares of Par Value of ₹ 10/-	147,316,780	147,316,780
Fully paid-up	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, 2014		As at 31st March, 2013	
	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 :-
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 2013-14, the Borad has proposed to pay Dividend amounting to ₹ 17,235,327 (₹ 17,235,327) including Dividend Tax of ₹ 2,503,649 (₹ 2,503,649) 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, 2014 ₹	As at 31st March, 2013 ₹
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	148,001,075	97,887,891
Add : Transfer from Surplus	50,000,000	200,000,000
	198,001,075	297,887,891
Less : Transfer to Statement of Profit & Loss (Refer note 2.26)	181,086,528	149,886,816
	16,914,547	148,001,075
Translation Reserve		
As per last Balance Sheet	4,244,942	2,931,418
Add/ (Less) : During the year	1,061,718	1,313,524
	5,306,660	4,244,942
Surplus		
As per last Balance Sheet	88,813,503	275,516,024
Add : Net profit after tax transferred from Statement of Profit and Loss	20,583,245	30,532,806
Less : Transfer to General Reserve	50,000,000	200,000,000
Amount available for Appropriation	59,396,748	106,048,830
Appropriations:		
Proposed Dividend	(14,731,678)	(14,731,678)
Dividend Tax	(2,503,649)	(2,503,649)
	42,161,421	88,813,503
	626,707,276	803,384,168

2.3 Long Term Borrowings

Term Loan (Secured)

From Bank (Car Loan)	1,158,517	-
From Others (Car Loan)	311,482	-
From Others (Loan Against Property)	22,555,262	-
	24,025,261	-

Note to 2.3:

1) Nature of security:

For Car Loan-Hypothecation of Motor Car

For Loan Against Property-Charge created by way of mortgage of Land & Building

2) Repayment of Term Loan:

From Bank (Car Loan)- ₹ 1,158,517 (Nil) by way of Equated Monthly Instalments (EMI).

From Others (Car Loan)- ₹ 311,482 (Nil) by way of Equated Monthly Instalments (EMI).

From Others (Loan Against Property)- ₹ 22,555,262 (Nil) by way of Equated Monthly Instalments (EMI).

2.4 Deferred Tax Liabilities / (Assets) [Net]

a) Deferred Tax Liability		
Timing difference for depreciation on Fixed Assets	(3,692,283)	38,455,207
b) Deferred Tax Asset		
Expenses allowable under the Income Tax Act on actual payment basis	(2,632,632)	(1,967,995)
Provision for Deferred Tax Liabilities / (Assets) [Net]	(6,324,915)	36,487,212

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
2.5 Other Long Term Liabilities		
Other than Trade Payable		
Deposit From Employees	6,755,492	4,339,110
	<u>6,755,492</u>	<u>4,339,110</u>
2.6 Long-term Provisions		
Provision for Employee Benefits		
Gratuity	3,680,234	2,903,294
Leave Encashment	1,109,063	771,325
	<u>4,789,297</u>	<u>3,674,619</u>
2.7 Short-term Borrowings		
Loan repayable on demand (Secured)		
From Bank	190,013,649	281,350,000
	<u>190,013,649</u>	<u>281,350,000</u>

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	49,541,524	17,333,623
	<u>49,541,524</u>	<u>17,333,623</u>

Note to 2.8:

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

2.9 Other current liabilities

Current Maturities of long term debts		
From Bank	634,882	900,163
From Others	5,840,917	-
	<u>6,475,799</u>	<u>900,163</u>
Unpaid Dividend *	284,106	210,666
<u>Other Payables</u>		
Payable to Employees	12,668,668	11,142,384
Advances from Customers	2,127,823	2,450,871
TDS & Other Govt dues	1,645,440	1,827,361
Contribution to PF & Other Funds	255,446	243,766
Amount due for Capital Goods	-	-
Liabilities for Expenses	25,409,088	9,921,418
	<u>42,106,465</u>	<u>25,585,800</u>
	<u>48,866,370</u>	<u>26,696,629</u>

* It will be credited to Investor Education and Protection Fund as and when due.

2.10 Short-term Provisions

<u>Provision for Employee Benefits</u>		
Gratuity	94,228	69,702
Leave Encashment	3,872	2,962
<u>Others</u>		
Proposed Dividend	14,731,678	14,731,678
Tax on Dividend	2,503,649	2,503,649
	<u>17,333,427</u>	<u>17,307,991</u>

2.11 Fixed Assets

(Amount in ₹)

ASSETS	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As on 1.4.2013	Con-solidated Adjust-ment	Additions	Disposals	As on 31.3.2014	As on 1.4.2013	Consoli-dated Adjust-ment	From 1.4.2013 to 31.3.2014	Deduction Sale / Disposal/ Adjust-ment	As on 31.3.2014	As on 31.3.2013
Tangible Assets											
Computers & Accessories	63,671,710	-	3,746,741	35,743,352	31,675,099	24,638,026	-	5,765,142	7,615,396	8,887,327	39,033,684
Furniture & Fixtures	23,053,299	11,931	1,091,110	447,425	23,708,915	3,065,711	5,933	1,481,368	220,050	4,332,962	19,987,588
Office Equip-ments	16,274,571	249,954	1,179,316	90,174	17,613,667	4,252,189	146,707	1,119,850	42,844	12,137,765	12,022,382
Land & Building*	133,321,708	-	870,703	-	134,192,411	2,446,005	-	2,183,491	-	129,562,915	130,875,703
Motor Car	12,396,262	-	3,454,493	2,610,960	13,239,795	3,308,714	-	1,207,581	1,455,103	10,178,603	9,087,548
TOTAL	248,717,550	261,885	10,342,363	38,891,911	220,429,887	37,710,645	152,640	11,757,432	9,333,393	180,142,563	211,006,905
Capital Work In Progress	-	-	4,808,807	-	4,808,807	-	-	-	-	4,808,807	-
TOTAL	248,717,550	261,885	15,151,170	38,891,911	225,238,694	37,710,645	152,640	11,757,432	9,333,393	184,951,370	211,006,905
Previous Year	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
Intangible Assets											
Website 123India. Com	6,347,701	-	-	-	6,347,701	6,347,701	-	-	-	6,347,701	-
Softwares	230,686,744	101,520	2,877,666	220,044,004	13,621,926	47,779,313	8,460	28,453,808	66,931,814	4,312,159	182,907,431
Assets under development	263,496,512	-	-	-	263,496,512	-	-	-	-	263,496,512	263,496,512
TOTAL	500,530,957	101,520	2,877,666	220,044,004	283,466,139	54,127,014	8,460	28,453,808	66,931,814	15,657,468	446,403,943
Previous Year	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

* Charge is created against Land & Building for availing loan facility shown under Note 2.3

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

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
30 (30) units -10.25 % Amtex Auto Limited of ₹1000000 each	-	30,000,000
32 (32) units- 11.50 % Magma Fincorp Limited of ₹ 1000000 each	-	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
	99,919,150	161,919,150

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

Investments in Mutual Funds

1055303.162 (Nil) units UTI Short Term Income Fund Retail Plan ₹ 10 each	20,000,000	20,000,000
1716933.258 (Nil) units Reliance Dynamic Bond Fund ₹ 10 each	25,070,806	25,070,806
4546.585 (Nil) Franklin Templeton India Short Term Income Retail ₹ 1000 each	10,000,000	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
Birla Sun Life Dynamic Bond Fund Growth	10,000,000	-
Birla Sun Life Short Term Opportunities Fund	10,000,000	-
Morgan Stanley Active Bond Fund- Regular Growth	10,000,000	-
Reliance Liquid Fund Treasury Plan DDR	36,270,172	-
	181,340,978	115,070,806

III Interest in Beneficiary Trust

IntraSoft Beneficiary Trust	10,000,000	10,000,000
	10,000,000	10,000,000
Aggregate amount of Quoted Investments	99,919,150	161,919,150
Aggregate amount of Unquoted Investments in Mutual Fund	181,340,978	115,070,806
Aggregate amount of Interest In Beneficiary Trust	10,000,000	10,000,000
	291,260,128	286,989,956
Aggregate Market Value of Quoted Investments	95,644,961	165,014,084
Aggregate NAV of investments in Unquoted Mutual Fund	203,045,086	126,309,647
	298,690,047	291,323,731

(B) Current Investments

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

Investments in Mutual Funds

3000000 (Nil) units Reliance Fixed Horizon Fund - xix - Series 21 of ₹ 10 each	-	30,000,000
3000000 (Nil) units ICICI Prudential Fixed Maturity Plan - Series 58 of ₹ 10 each	-	30,000,000
2000000 (Nil) units ICICI Prudential Fixed Maturity Plan - Series 58 of ₹ 10 each	-	20,000,000
2000000 (Nil) units Kotak FMP Series 58 - 2 yrs of ₹ 10 each	-	20,000,000
1000000 (Nil) units SBI SDFS 18 months - Series 9 of ₹ 10 each	-	10,000,000
	-	110,000,000
Aggregate amount of Unquoted Investments	-	110,000,000
Aggregate NAV of investments in Unquoted Mutual Fund	-	127,034,400

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 ₹ 1,00,00,000 represents 17,50,000 Equity shares of IntraSoft Technologies Limited shown under 'Non- Current Investment' in the Balance Sheet.

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
2.13 Long term Loans and Advances		
Unsecured, considered Good		
Capital Advances	248,000	2,021,906
Security Deposits	839,438	1,240,938
	1,087,438	3,262,844
2.14 Inventories (At cost or net realisable value which ever is lower)		
Stock-in-trade	12,981,258	5,928,122
	12,981,258	5,928,122
2.15 Trade Receivables		
Unsecured, Considered good		
More than six months from the due date	1,750,572	1,773,857
Others	49,460,738	30,987,912
	51,211,310	32,761,769
2.16 Cash and Bank Balances		
I. Cash and Cash Equivalents		
<u>Balances with banks</u>		
In Current Account	76,669,675	35,809,345
Cash on hand	100,272	4,372
	76,769,947	35,813,717
II. Other Bank Balances		
<u>In Current Account</u>		
Unpaid Dividend Account	284,106	210,667
Employees Deposit Account	6,288,454	4,214,757
	6,572,560	4,425,424
	83,342,507	40,239,141
2.17 Short term Loans and Advances		
Loan to Body Corporate	64,000,000	50,000,000
Advance to Employees	3,109,437	778,832
Advance to Suppliers	18,455,437	27,091,284
Prepaid Expenses	3,409,819	5,847,238
Service Tax Receivable (Net)	29,080,912	23,770,691
Advance Income Tax & TDS (Net of Provisions)	15,655,086	12,204,506
Advance for FBT (Net of Provisions)	10,119	10,119
MAT Credit Entitlement	65,650,134	65,650,134
Other Miscellaneous Advances	269,710	245,260
	199,640,654	185,598,064

Notes to 2.17:

- Advance Income Tax & TDS is net of Provisions of ₹ 8,09,47,888 (₹ 8,09,47,888)
- Advance for FBT is net of Provisions of ₹ 8,56,426 (₹ 8,56,426)
- Minimum Alternative Tax (MAT) credit available to the company as per provision of section 115JAA of the Income Tax Act, 1961 ₹ 6,56,50,134 (₹ 6,56,50,134) has been recognised as MAT Credit Entitlement and carried forward for set off in future years.

2.18 Other Current Assets

Accrued Interest on ICD and NCD	16,740,825	15,699,388
	16,740,825	15,699,388

	Year Ended 31st March, 2014 ₹	Year Ended 31st March, 2013 ₹
2.19 Revenue from Operations		
IT enabled services	1,484,002,207	882,420,958
	1,484,002,207	882,420,958
2.20 Other Income		
a <u>Interest Income</u>		
On Inter Corporate Deposits	5,153,591	7,377,171
On Non Convertible Debentures	13,499,627	19,613,818
On Income Tax	65,004	232,611
	18,718,222	27,223,600
b Dividend Income (Non- current Investments)	5,828,237	1,882,750
c Exchange gain	-	-
d Gain on redemption of Mutual Funds (Current Investments)	21,272,659	-
e Gain on redemption of Mutual Funds (Non -current Investments)	-	672,698
f Other Miscellaneous Income	305,765	110,410
	46,124,883	29,889,458
Note to 2.20:		
TDS on Interest Income ₹ 5,15,357 (₹ 7,37,719)		
2.21 Cost of Product & Content Development		
a Content Purchases	-	506,146
b Designing & Development	2,094,196	-
c Web space and Bandwidth Charges	27,740,136	26,287,206
d Cost of Product	1,041,653,337	562,591,650
e Ad Serving Charges	4,276,517	4,602,518
f Ad Monitoring charges	1,553,822	-
g Dues & Subscription	-	-
	1,077,318,008	593,987,520
2.22 Sales and Marketing Expenses		
a EBE-Sales	3,152,714	3,317,240
b Travelling-Sales	353,111	-
c Advertising, Branding and Promotion	3,659,382	4,295,446
d Market Place , Marketing & Referral Fees	172,527,743	88,091,800
e Commission	11,303,410	9,965,542
f Delivery Discount	5,330,962	-
g Sales Return	304	-
h Shipping & Handling	15,540,184	-
i Other Expenses	39,881	15,537,141
	211,907,691	121,207,169
2.23 Employees Benefit Expense		
a Salaries and Wages	119,317,078	47,900,798
b Contribution to provident and other funds	1,992,161	1,291,028
	121,309,239	49,191,826

Notes to 2.23:

1) Salaries and Wages includes Gratuity ₹ 8,34,695 (₹ 8,49,007).

2) Employee Benefit includes Managerial Remuneration ₹ 45,57,600 (₹ 45,00,000). Out of which Remuneration paid to Managing Director ₹ 24,28,800 during the period is subject to approval of the share holders.

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
2.24 Finance Costs		
<u>Interest Expenses</u>		
Interest to Bank	6,063,121	5,123,260
Others	2,956,842	1,839,094
	9,019,963	6,962,354
2.25 Other Expenses		
a Power and Fuel	4,123,007	2,409,019
b Rent	4,631,993	3,939,398
c Repairs to Others	2,530,888	1,422,968
d Insurance	279,519	159,993
e Rates and Taxes excluding taxes on Income	410,742	389,502
f Travelling & Conveyance	9,967,491	6,151,745
g Legal and Professional Charges	13,659,353	14,081,717
h Director's Sitting Fees	1,000,000	980,000
i Payments to the Auditors :		
Statutory Audit Fee	1,046,260	816,535
Tax Audit Fee	101,624	96,380
Limited Review	37,500	45,000
Other Services	38,464	71,005
j Donation	60,600	28,200
k Net loss on foreign currency translation (other than considered as finance cost)	25,919,692	12,263,458
l Loss on sale of Fixed Assets	1,147,045	216,365
m Loss on Redemption of Mutual Fund/ NCD	2,951,830	1,573,250
n Miscellaneous Expenses	23,209,136	13,121,475
o Prior Period Expenses	105,982	-
p Sundry balances written off	936,134	-
	92,157,260	57,766,010
Note to 2.25:		
<u>Net loss on foreign currency translation</u>		
Loss on foreign currency translation	37,341,699	15,302,221
Gain on foreign currency translation	11,422,007	3,038,763
	(25,919,692)	12,263,458
2.26 Exceptional Item		
Assets discarded/ written off	181,086,528	149,886,816
Less : Transfer from General Reserve	(181,086,528)	(149,886,816)
	-	-

Note to 2.26

Management has reviewed the existing activities and based on technical assessment, the carrying amount of certain IT resources of the company amounting to ₹181,086,528/- has been written off during the FY as it is no longer usable due to changes 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) <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) 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, 2014 ₹	As at 31st March, 2013 ₹
Transactions with Key Managerial Personnel			
Arvind Kajaria	Dividend Payment	2,800,014	2,800,014
Sharad Kajaria	Dividend Payment	2,800,000	2,800,000
Padma Kajaria	Dividend Payment	1,400,000	1,400,000
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	1,750,000

As at 31st March 2014 ₹	As at 31st March 2013 ₹
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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, 2014 for the defined benefit plans:

Gratuity

I. Change of Benefit Organization

Liability at the beginning of the year	2,921,606	2,723,505
Interest cost	262,945.00	224,689
Current Service Cost	985,960.00	756,664
Past Service Cost (Non Vested Funds)	-	-
Past Service Cost (Vested Funds)	-	-
Benefit Paid	(80,768)	(1,108,460)
Actuarial (Gain)/Loss on obligation	(414,210.00)	376,598
Curtailments and Settlements	-	-
Liability at the end of the year	3,675,533	2,972,996

	As at 31st March 2014 ₹	As at 31st March 2013 ₹
II. Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	-	-
Expected Return on Plan Assets	-	-
Contributions	80,768	1,108,460
Benefit Paid	(80,768)	(1,108,460)
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	3,675,533	2,972,996
Fair Value of Plan Assets at the end of the year	-	-
Difference	(3,675,533)	(2,972,996)
Unrecognized Past Service Cost	-	-
Amount Recognised in the Balance Sheet	(3,675,533)	(2,972,996)
V. Expenses Recognised in the Income Statement		
Current Service Cost	985,960.00	756,664
Interest cost	262,945.00	224,689
Expected Return on Plan assets	-	-
Net Actuarial (Gain) / Loss to be Recognised	(414,210.00)	376,598
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	834,695	1,357,951
VI. Balance Sheet Reconciliation		
Opening Net Liability	(2,921,606)	(2,705,322)
Expense as above	(834,695)	(1,357,192)
Employers Contribution	80,768	1,108,460
Effect of Curtailment or settlement	-	-
Current Defined Benefit Obligation at the end of the period	(93,853)	(69,702)
Non- Current Defined Benefit Obligation at the end of the period	(3,581,680)	(2,903,294)
Amount Recognised in the Balance Sheet	(3,675,533)	(2,972,996)
VII. Actuarial Assumption		
Discount Rate Current	8.25%	8.50%
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

	As at 31st March 2014 ₹	As at 31st March 2013 ₹
2.32 Earnings Per Equity Share		
a. Net Income available to Equity Shareholders (₹) (Numerator)	20,583,245	30,532,806
b. Weighted average no. of Equity Shares outstanding (Denominator)	14,731,678	14,731,678
c. Earnings per Share (₹) Basic & Diluted	1.40	2.07

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 : 29th May, 2014

Place : Mumbai

Date : 29th May, 2014

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, 2014, 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 notified under the Companies Act, 1956 ("the Act") read with the general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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 judgement, 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 but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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, 2014 ;
- (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 assets written off amounting to ₹ 18,10,86,528/- 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 notified under the Companies Act, 1956 read with the general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
- e) On the basis of the written representations received from the Directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2014 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 : 29th May, 2014

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, 2014, 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 and mortgage of Land and Building as stated in note No.2.3 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

K. C. Sharma

Partner

Membership No. : 50819

Place : Kolkata

Date : 29th May, 2014

Balance Sheet as at 31st March, 2014

	Note No.	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
I. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2.1	147,316,780	147,316,780
(b) Reserves and Surplus	2.2	621,869,226	799,736,068
(2) Non-current Liabilities			
(a) Long-term Borrowings	2.3	24,025,261	-
(b) Deferred Tax Liabilities (Net)	2.4	-	36,437,230
(c) Other Long term Liabilities	2.5	6,755,492	4,339,110
(d) Long-term Provisions	2.6	4,690,743	3,623,425
(3) Current Liabilities			
(a) Short-term Borrowings	2.7	-	10,000,000
(b) Trade Payables	2.8	91,964	268,746
(c) Other Current Liabilities	2.9	262,260,306	264,554,513
(d) Short-term Provisions	2.10	17,329,180	17,304,833
TOTAL		1,084,338,952	1,283,580,705
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	2.11	179,044,604	209,488,972
(ii) Intangible Assets	2.11	3,481,533	181,938,513
(iii) Capital Work-in-Progress		4,808,807	-
(iv) Intangible Assets under Development	2.11	263,496,512	263,496,512
		450,831,456	654,923,997
(b) Non-current Investments	2.12	320,977,128	316,706,956
(c) Deferred Tax Assets (Net)	2.4	6,354,470	-
(d) Long-term Loans and Advances	2.13	1,087,438	3,262,844
(2) Current Assets			
(a) Current Investments	2.12	-	110,000,000
(b) Trade Receivables	2.14	84,884,682	4,894,984
(c) Cash and Bank Balances	2.15	11,496,496	8,773,013
(d) Short-term Loans and Advances	2.16	191,966,457	169,319,523
(e) Other Current Assets	2.17	16,740,825	15,699,388
TOTAL		1,084,338,952	1,283,580,705

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

1 & 2

As per our report of even date attached herewith

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

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 : 29th May, 2014

Place : Mumbai
Date : 29th May, 2014

Statement of Profit and Loss for the year ended 31st March, 2014

	Note No.	Year Ended 31st March, 2014 ₹	Year Ended 31st March, 2013 ₹
I. Revenue from Operations	2.18	185,718,201	160,252,851
II. Other Income	2.19	46,059,879	29,649,657
III. Total Revenue (I + II)		231,778,080	189,902,508
IV. Expenses:			
Cost of Product & Content Development	2.20	368,047	288,629
Selling and Marketing Expenses	2.21	22,120,617	14,477,274
Employee benefit expense	2.22	115,865,171	44,724,633
Finance costs	2.23	3,325,780	2,211,789
Depreciation and amortization expenses		39,450,669	69,861,178
Other expenses	2.24	72,984,483	45,755,056
Total expenses		254,114,767	177,318,559
V. Profit before exceptional item and tax (III-IV)		(22,336,687)	12,583,949
VI. Exceptional Item	2.25	181,086,528	149,886,816
Less : Transferred from General Reserve		(181,086,528)	(149,886,816)
		-	-
VII. Profit after exceptional item and before tax (V- VI)		(22,336,687)	12,583,949
VIII. Tax expense:			
(1) Current tax		-	2,142,508
(2) Current tax written back (Earlier year)		-	(3,171)
(3) MAT Credit Entitlement		-	(1,981,052)
(4) MAT Credit Entitlement (Earlier Year)		-	(1,021,141)
(5) Deferred tax		(42,791,700)	(17,319,534)
		(42,791,700)	(18,182,390)
IX. Profit (Loss) for the year from continuing operations(VII-VIII)		20,455,013	30,766,339
X. Earnings per equity share:	2.34		
Basic & Diluted (Par value of ₹ 10/- each)		1.39	2.09

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 : 29th May, 2014

Place : Mumbai
Date : 29th May, 2014

Cash Flow Statement for the year ended 31st March, 2014

	Year Ended 31st March, 2014 ₹	Year Ended 31st March, 2013 ₹
A) Cash Flow From Operating Activities:		
Net profit before tax	(22,336,687)	12,583,949
Adjustments for:		
Depreciation and amortization expenses	39,450,669	69,861,178
Interest Paid	3,325,780	2,211,789
Loss on Sale of Fixed Assets	1,147,045	216,365
Loss on Sale of NCD	2,951,830	1,573,250
Dividend Received	(5,828,237)	(1,875,560)
Gain on redemption of Mutual Funds (Non Current Investments)	-	(672,698)
Gain on redemption of Mutual Funds (Current Investments)	(21,272,659)	-
Exchange differences on translation of Foreign Currency	16,540,935	13,531,000
Interest Received	(18,653,218)	(26,990,989)
Operating profit before working capital changes	(4,674,542)	70,438,284
(Increase) / Decrease in Trade Receivables	(79,989,698)	53,719,419
Increase / (Decrease) in Trade Payables	(176,782)	(744,308)
Increase / (Decrease) in Other than Trade Payables	(1,275,982)	(2,526,663)
(Increase)/ Decrease in Advance & Deposit	(19,715,871)	(19,294,505)
Cash generated from operations	(105,832,875)	101,592,227
Income Tax (Paid) / Refunded	(4,296,593)	(11,798,737)
Net Cash Flow From Operating Activities:	(110,129,468)	89,793,490
B) Cash Flow From Investing Activities:		
Purchase of Fixed Assets	(13,220,030)	(209,941,961)
Capital Work-in-progress	(4,808,807)	-
Sale / (Purchase) of Mutual Fund and NCD (Net)	105,729,828	21,502,445
Sale of Fixed Assets	437,137	221,001
Gain on redemption of Mutual Funds (Non Current Investments)	-	672,698
Gain on redemption of Mutual Funds (Current Investments)	21,272,659	-
Loss on Sale of NCD	(2,951,830)	(1,573,250)
Increase in other bank balances	(2,147,136)	(962,565)
Short Term Loan received/ (Paid) to /from Subsidiaries	1,000,000	7,000,000
Short Term Loan received / (Paid) to/ from Body Corporates	(14,000,000)	49,000,000
Dividend Received	5,828,237	1,875,560
Interest Received	17,611,781	27,659,105
Net Cash From/ (used in) Investing Activities:	114,751,839	(104,546,967)
C) Cash Flow From Financing Activities:		
Dividend Paid	(14,658,238)	(14,672,810)
Dividend Tax Paid	(2,503,649)	(2,389,847)
Receipt/ (Payment) of Current Maturities of long term debts	2,416,382	(900,163)
Receipt/ (Payment) Proceeds from Long Term Borrowings	24,025,261	-
Receipt/ (Payment) Proceeds from Short Term Borrowings	(10,000,000)	10,000,000
Interest Paid	(3,325,780)	(2,211,789)
Net Cash From Financing Activities:	(4,046,024)	(10,174,609)
Net Increase / (Decrease) in Cash and Cash Equivalents(A+B+C)	576,347	(24,928,086)
Cash and Cash Equivalents at the Beginning of the Year	4,347,589	29,275,675
Cash and Cash Equivalents at the End of the Year	4,923,936	4,347,589

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 : 29th May, 2014

Place : Mumbai

Date : 29th May, 2014

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 on fixed assets is provided on straight-line method applying the rates of schedule XIV (as amended) of the Companies Act, 1956. Depreciation for assets purchased / sold during the year is provided on pro-rata basis. Individual low cost assets (acquired for ₹ 5000/- or less) are fully depreciated in the year of purchase. Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available for its use. The management estimates the useful lives for the intangible assets as six (6) years

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.

1.12 EARNINGS PER SHARE

The earnings considered in ascertaining the Company's EPS comprises the net profit after tax and include the post tax effect of any extra ordinary items. The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year.

1.13 CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments. The cash flow from operating, investing and financing activities of the Company are segregated

Note: 2 Notes on Accounts

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
2.1 Share Capital		
Authorised Capital		
2,52,50,000 (2,52,50,000) 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/-	147,316,780	147,316,780
Fully paid-up	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, 2014		As at 31st March, 2013	
	No of Shares	%	No of Shares	%
Arvind Kajaria	28,00,014	19	2,800,014	19
Sharad Kajaria	28,00,000	19	2,800,000	19
Intel Capital (Mauritius) limited	17,97,635	12	1,797,635	12
IntraSoft Beneficiary Trust	17,50,000	12	1,750,000	12
Padma Kajaria	14,00,000	10	1,400,000	10
Kotak Mahindra Investments Ltd.	9,27,796	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 2013-14, the Borad has proposed to pay Dividend amounting to ₹ 17,235,327 (₹ 17,235,327) including Dividend Tax of ₹ 2,503,649 (₹ 2,503,649) 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, 2014 ₹	As at 31st March, 2013 ₹
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	148,001,075	97,887,891
Add : Transfer from Surplus	50,000,000	200,000,000
	198,001,075	297,887,891
Less : Transfer to Statement of Profit & Loss (Refer note 2.25)	181,086,528	149,886,816
	16,914,547	148,001,075
Surplus		
As per last Balance Sheet	89,410,345	275,879,333
Add : Net profit after tax transferred from Statement of Profit and Loss	20,455,013	30,766,339
Less : Transfer to General Reserve	50,000,000	200,000,000
Amount available for Appropriation	59,865,358	106,645,672
Appropriations:		
Proposed Dividend	(14,731,678)	(14,731,678)
Dividend Tax	(2,503,649)	(2,503,649)
	42,630,031	89,410,345
	621,869,226	799,736,068
2.3 Long Term Borrowings		
Term Loan (Secured)		
From Bank (Car Loan)	1,158,517	-
From Others (Car Loan)	311,482	-
From Others (Loan Against Property)	22,555,262	-
	24,025,261	-
Notes to 2.3:		
1 Nature of security		
For Car Loan-Hypothecation of Motor Car		
For Loan Against Property-Charge created by way of mortgage of Land & Building		
2 Repayment of Term Loan:		
From Bank (Car Loan)- ₹ 1,158,517 (Nil) by way of Equated Monthly Instalments (EMI).		
From Others (Car Loan)-₹ 311,482 (Nil) by way of Equated Monthly Instalments (EMI).		
From Others (Loan Against Property)-₹ 22,555,262 (Nil) by way of Equated Monthly Instalments (EMI).		
2.4 Deferred Tax Liabilities / (Assets) [Net]		
a) Deferred Tax Liability		
Timing difference for depreciation on Fixed Assets	(3,761,280)	38,384,106
b) Deferred Tax Asset		
Expenses allowable under the Income Tax Act on actual payment basis	(2,593,190)	(1,946,876)
Provision for Deferred Tax Liabilities / (Assets) [Net]		
	(6,354,470)	36,437,230
2.5 Other Long Term Liabilities		
Others		
Deposit From Employees	6,755,492	4,339,110
	6,755,492	4,339,110

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
2.6 Long-term Provisions		
Provision for Employee Benefits		
Gratuity	3,581,680	2,852,100
Leave Encashment	1,109,063	771,325
	4,690,743	3,623,425
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 Investment in Mutual Funds and Non Convertible Debentures shown under note 2.12.

2.8 Trade Payables

Micro, Small and Medium Enterprises	-	-
Others	91,964	268,746
	91,964	268,746

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 (Car Loan)	634,882	900,163
From Others (Car Loan)	224,020	-
From Others (Loan Against Property)	5,616,897	-
	6,475,799	900,163
Unpaid Dividend *	284,106	210,666
<u>Other Payables</u>		
Payable to Employees	12,375,495	10,684,063
Advance from Customer (Subsidiaries)	237,263,922	246,321,600
TDS & Other Govt dues	32,221	1,372,786
Contribution to PF & Other Funds	255,446	243,766
Amount due for Capital Goods	-	-
Liabilities for Expenses	5,573,317	4,821,469
	255,500,401	263,443,684
	262,260,306	264,554,513

* It will be credited to Investor Education and Protection Fund as and when due.

2.10 Short-term Provisions

<u>Provision for Employee Benefits</u>		
Gratuity	93,853	69,506
<u>Others</u>		
Proposed Dividend	14,731,678	14,731,678
Tax on Dividend	2,503,649	2,503,649
	17,329,180	17,304,833

2.11 Fixed Assets

(Amount in ₹)

ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As on 01.04.2013	Additions	Disposals	As on 31.3.2014	As on 01.04.2013	From 1.4.2013 to 31.3.2014	Deduction Sale/ Disposal/ Adjustment	As on 31.3.2014	As on 31.3.2013
Tangible Assets									
Computers & Accessories	63,307,081	3,746,741	35,743,352	31,310,470	24,487,656	5,709,772	7,615,396	22,582,032	38,819,425
Furniture & Fixtures	22,725,450	1,091,110	447,425	23,369,135	2,970,492	1,451,318	220,050	4,201,760	19,754,958
Office Equipments	13,792,420	1,179,316	90,174	14,881,562	2,841,082	676,051	42,844	3,474,289	10,951,338
Land & Building*	133,321,708	870,703	-	134,192,411	2,446,005	2,183,491	-	4,629,496	130,875,703
Motor Car	12,396,262	3,454,493	2,610,960	13,239,795	3,308,714	1,207,581	1,455,103	3,061,192	9,087,548
TOTAL (A)	245,542,921	10,342,363	38,891,911	216,993,373	36,053,949	11,228,213	9,333,393	37,948,769	209,488,972
Capital Work In Progress (B)	-	4,808,807	-	4,808,807	-	-	-	4,808,807	-
TOTAL (A + B)	245,542,921	15,151,170	38,891,911	221,802,180	36,053,949	11,228,213	9,333,393	37,948,769	209,488,972
Previous Year	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
Intangible Assets									
Website 123India.Com	6,347,701	-	-	6,347,701	6,347,701	-	-	6,347,701	-
Softwares	229,625,389	2,877,666	220,044,004	12,459,051	47,686,876	28,222,456	66,931,814	8,977,518	181,938,513
TOTAL (C)	235,973,090	2,877,666	220,044,004	18,806,752	54,034,577	28,222,456	66,931,814	15,325,219	181,938,513
Assets under development (D)	263,496,512	-	-	263,496,512	-	-	-	263,496,512	263,496,512
TOTAL (C+D)	499,469,602	2,877,666	220,044,004	282,303,264	54,034,577	28,222,456	66,931,814	15,325,219	445,435,025
Previous Year	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

* Charge is created against Land & Building for availing loan facility shown under Note 2.3

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
2.12 Current and Non-current Investments		
(A) Non-current Investments		
I Investments other Than Trade - Quoted (Fully Paid up) (At Cost)		
<u>Investments in Non Convertible Debentures</u>		
30 (30) units -10.25 % Amtex Auto Limited of ₹ 1000000 each	-	30,000,000
32 (32) units- 11.50 % Magma Fincorp Limited of ₹ 1000000 each	-	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
	99,919,150	161,919,150
II Investments other Than Trade - Unquoted (Fully Paid up) (At Cost)		
<u>Investments in Mutual Funds</u>		
1055303.162 (Nil) units UTI Short Term Income Fund Retail Plan ₹ 10 each	20,000,000	20,000,000
1716933.258 (Nil) units Reliance Dynamic Bond Fund ₹ 10 each	25,070,806	25,070,806
4546.585 (Nil) Franklin Templeton India Short Term Income Retail ₹ 1000 each	10,000,000	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
Birla Sun Life Dynamic Bond Fund Growth	10,000,000	-
Birla Sun Life Short Term Opportunities Fund	10,000,000	-
Morgan Stanley Active Bond Fund- Regular Growth	10,000,000	-
Reliance Liquid Fund Treasury Plan DDR	36,270,171	-
	181,340,978	115,070,806
III Trade Investments - Unquoted (Fully Paid up) (At Cost)		
<u>Investments in Equity Instruments</u>		
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
	320,977,128	316,706,956
Aggregate amount of Quoted Investments	99,919,150	161,919,150
Aggregate amount of Unquoted Investments in Mutual Fund	181,340,978	115,070,806
Aggregate amount of Unquoted Trade Investments & Interest in Beneficiary Trust	39,717,000	39,717,000
	320,977,128	316,706,956
Aggregate Market Value of Quoted Investments	95,644,961	165,014,084
Aggregate NAV of investments in Unquoted Mutual Fund	203,045,086	126,309,647
Aggregate NAV of Unquoted Trade Investments & Interest in Beneficiary Trust	39,717,000	39,717,000
	338,407,047	331,040,731
(B) Current Investments		
I Trade Investments - Unquoted (Fully Paid up) (At Cost)		
<u>Investments in Mutual Funds</u>		
2000000 (Nil) units Kotak FMP Series 58 - 2 yrs of ₹ 10 each	-	20,000,000
3000000 (Nil) units Reliance Fixed Horizon Fund - Xix - Series 21 of ₹ 10 each	-	30,000,000
3000000 (Nil) units ICICI Prudential Fixed Maturity Plan - Series 58 of ₹ 10 each	-	30,000,000
2000000 (Nil) units ICICI Prudential Fixed Maturity Plan - Series 58 of ₹ 10 each	-	20,000,000
1000000 (Nil) units SBI SDFS 18 months - Series 9 of ₹ 10 each	-	10,000,000
	-	110,000,000

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
Aggregate amount of Unquoted Investments	-	110,000,000
Aggregate NAV of investments in Unquoted Mutual Fund	-	127,034,400

Note to 2.12

1. 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 ₹ NIL (₹ 1,00,00,000) taken by the Company on which lien has been created.

2. The beneficial interest in the Trust amounting to ₹ 1,00,00,000 represents 17,50,000 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	248,000	2,021,906
Security Deposits	839,438	1,240,938
	1,087,438	3,262,844

2.14 Trade Receivables
Unsecured, Considered good

More than six months from the due date	-	-
Others	84,884,682	4,894,984
	84,884,682	4,894,984

Note to 2.14:

Amount due from Wholly owned subsidiaries ₹8,48,84,682 (₹48,94,984)

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

In Current Account	4,830,815	4,345,057
Cash on hand	93,121	2,532
	4,923,936	4,347,589

II. Other Bank Balances
In Current Account

Unpaid Dividend Account	284,106	210,667
Employees Deposit Account	6,288,454	4,214,757
	6,572,560	4,425,424
	11,496,496	8,773,013

2.16 Short term Loans and Advances

Loan to Body Corporate (Unsecured-Considered Good)	64,000,000	50,000,000
Advance to Employees	3,109,437	778,832
Advance to Suppliers	2,018,019	274,954
Prepaid Expenses	1,595,918	5,337,610
Service Tax Receivable (Net)	28,623,489	23,605,126
Advance Income Tax & TDS (Net of Provisions)	14,949,341	10,652,748
Advance for FBT (Net of Provisions)	10,119	10,119
Loans and Advances to related parties		
Loan to Wholly Owned Subsidiaries	12,000,000	13,000,000
MAT Credit Entitlement	65,650,134	65,650,134
Other Miscellaneous Advances	10,000	10,000
	191,966,457	169,319,523

Notes to 2.16:

- 1) Advance Income Tax & TDS is net of Provisions of ₹ 8,09,47,888 (₹ 8,09,47,888)
- 2) Advance for FBT is net of Provisions of ₹ 8,56,426 (₹ 8,56,426)
- 3) Minimum Alternative Tax (MAT) credit available to the company as per provision of section 115JAA of the Income Tax Act, 1961 ₹ 6,56,50,134 (₹ 6,56,50,134) has been recognised as MAT Credit Entitlement and carried forward for set off in future years.

2.17 Other Current Assets

Accrued Interest on ICD and NCD	16,740,825	15,699,388
	16,740,825	15,699,388

	year Ended 31st March, 2014 ₹	Year Ended 31st March, 2013 ₹
2.18 Revenue From Operations		
IT enabled services	185,718,201	160,252,851
	185,718,201	160,252,851
2.19 Other Income		
a Interest Income		
On Inter Corporate Deposits & Fixed Deposit	5,153,591	7,377,171
On Non Convertible Debentures	13,499,627	19,613,818
	18,653,218	26,990,989
b Dividend Income (Non-current Investments)	5,828,237	1,875,560
c Gain on redemption of Mutual Funds (Non -current Investments)	-	672,698
d Gain on redemption of Mutual Funds (Current Investments)	21,272,659	-
e Other Miscellaneous Income	305,765	110,410
	46,059,879	29,649,657

Note to 2.19:

TDS on Interest Income ₹ 5,15,357 (₹ 7,37,719)

2.20 Cost of Product & Content Development

Webspace and Bandwidth Charges

368,047	288,629
368,047	288,629

2.21 Sales and Marketing Expenses

- a Branding and Promotion
- b Market Place , Marketing & Referral Fees

70,335	4,000,000
22,050,282	10,477,274
22,120,617	14,477,274

2.22 Employees Benefit Expense

- a Salaries and Wages
- b Contribution to provident and other funds

114,246,088	43,754,718
1,619,083	969,915
115,865,171	44,724,633

Note to 2.22

1. Salaries and Wages includes Gratuity ₹ 8,34,695 (₹ 8,49,007).

2. Employee Benefit includes Managerial Remuneration ₹ 45,57,600 (₹ 45,00,000). Out of which Remuneration paid to Managing Director ₹ 24,28,800 during the period is subject to approval of the share holders.

2.23 Finance Costs

Interest to Bank

Others

368,938	374,931
2,956,842	1,836,858
3,325,780	2,211,789

2.24 Other Expenses

- a Power and Fuel
- b Rent
- c Repairs to Others
- d Insurance
- e Rates and Taxes
- f Travelling & Conveyance
- g Legal and Professional Charges
- h Director's Sitting Fees
- i Auditors Remuneration
- Statutory Audit Fee
- Tax Audit Fee
- Limited Review
- Other Services (Certificates)
- j Donation
- k Net loss on foreign currency translation (other than considered as finance cost)
- l Loss on Sale of Fixed Assets
- m Loss on Redemption of Mutual Fund / NCD
- n Miscellaneous Expenses
- o Prior Period Expenses

3,849,592	2,230,523
2,475,900	1,917,178
2,503,681	1,326,025
189,985	139,817
403,532	386,642
9,213,881	5,473,795
10,376,775	10,610,867
1,000,000	980,000
100,000	100,000
40,000	40,000
37,500	45,000
23,860	55,501
60,600	28,200
25,919,692	12,263,458
1,147,045	216,365
2,951,830	1,573,250
12,605,110	8,368,435
85,500	-
72,984,483	45,755,056

Note to 2.24Net loss on foreign currency translation

Loss on foreign currency translation

Gain on foreign currency translation

37,341,699	15,302,221
(11,422,007)	(3,038,763)
25,919,692	12,263,458

	Year Ended 31st March 2014 ₹	Year Ended 31st March 2013 ₹
2.25 Exceptional Item		
Assets discarded/ Written off	181,086,528	149,886,816
Less : Transfer from General Reserve	(181,086,528)	(149,886,816)
	-	-

Note to 2.25

Management has reviewed the existing activities and based on technical assessment, the carrying amount of certain IT resources of the company amounting to ₹ 181,086,528/- has been written off during the FY as it is no longer usable due to changes in technology.

2.26 Contingent Liabilities and Commitments
a Contingent Liabilities

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

b Commitments

1 Uncalled liability on shares and other investments partly paid	-	-
2 Other commitment	-	-

2.27 Expenditure in foreign currency

Travelling Expenses	5,742,138	4,722,300
Subscription and Membership Fee	101,641	91,312
	5,843,779	4,813,612

2.28 Earnings in foreign exchange

IT enabled Services	183,468,202	116,269,451
	183,468,202	116,269,451

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) 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:

<u>Name of the Party</u>	<u>Nature of Transaction</u>	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
Transactions with Subsidiaries Company			
123Greetings.com, Inc	Sale of IT Enabled Services	182,129,776	114,994,485
	Amount Received	19,975,306	133,850,040
	Amount Adjusted with Advance	82,132,109	-
	Advance Received	208,882,326	217,080,000
	Amount Receivable	84,884,682	4,862,321
One Two Three Greetings (India) Pvt. Ltd.			
	Sale of IT Enabled Services	2,250,000	4,138,400
	Amount Received	1,389,996	1,400,000
	Amount Receivable	-	-
	Advance Received	28,381,596	29,241,600
	Unsecured Loan (Given)	12,000,000	13,000,000
123 Greetings (Singapore) Pte. Ltd			
	Sale of IT Enabled Services	143,613	131,251
	Technical / Support Fees	1,194,813	1,100,437
	Amount Received	1,371,088	1,219,126
	Amount Receivable	-	32,662
Arvind Kajaria	Dividend Payment	2,800,014	2,800,014
Sharad Kajaria	Dividend Payment	2,800,000	2,800,000
Padma Kajaria	Dividend Payment	1,400,000	1,400,000
IntraSoft Beneficiary Trust	Dividend Payment	1,750,000	1,750,000
Transactions with Key Managerial Personnel			
Mr. Arvind Kajaria	Director's Remuneration	2,428,800	2,400,000
Mr. Sharad Kajaria	Director's Remuneration	2,128,800	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 March 31, 2014 for the defined benefit plans:

GRATUITY**i. Change of Benefit Organization**

Liability at the beginning of the year	2,921,606	2,691,057
Interest cost	262,945	222,012
Current Service Cost	985,960	726,083
Past Service Cost (Non Vested Funds)	-	-
Past Service Cost (Vested Funds)	-	-
Benefit Paid	(80,768)	(1,108,460)
Actuarial (Gain)/Loss on obligation	(414,210)	390,914
Curtailements and Settlements	-	-
Liability at the end of the year	3,675,533	2,921,606

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
ii. Fair Value of Plan Assets		
Fair Value of Plan Assets at the beginning of the year	-	-
Expected Return on Plan Assets	-	-
Contributions	80,768.00	1,108,460
Benefit Paid	(80,768.00)	(1,108,460)
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	3,675,533	2,921,606
Fair Value of Plan Assets at the end of the year	-	-
Difference	(3,675,533)	(2,921,606)
Unrecognized Past Service Cost	-	-
Amount Recognised in the Balance Sheet	(3,675,533)	(2,921,606)
v. Expenses Recognised in the Income Statement		
Current Service Cost	985,960	726,083
Interest cost	262,945	222,012
Expected Return on Plan assets	-	-
Net Actuarial (Gain) / Loss to be Recognised	(414,210)	390,914
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	834,695	1,339,009
vi. Balance Sheet Reconciliation		
Opening Net Liability	(2,921,606)	(2,691,057)
Expense as above	(834,695)	(1,339,009)
Employers Contribution	80,768	1,108,460
Effect of Curtailment or settlement	-	-
Current Defined Benefit Obligation at the end of the period	(93,853)	(69,506)
NON- Current Defined Benefit Obligation at the end of the period	(3,581,680)	(2,852,100)
Amount Recognised in the Balance Sheet	(3,675,533)	(2,921,606)
vii. Actuarial Assumption		
Discount Rate Current	8.25%	8.50%
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, 2014 ₹	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹	As at 31st March, 2013 ₹
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.	12,000,000	12,000,000	13,000,000	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, 2014 ₹	As at 31st March, 2013 ₹
(a) Net Income available to Equity Shareholders (₹) (Numerator)	20,455,013	30,766,339
(b) Weighted average no. of Equity Shares outstanding (Denominator)	14,731,678	14,731,678
(c) Earning per Share (₹) Basic & Diluted	1.39	2.09

2.35 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.**2.36** The Company has transactions with related parties. For the financial year ended March 31, 2013 the Company has obtained the Accountant's Report from a Chartered Accountant as required by the relevant provisions of the Income-tax Act, 1961 and has filed the same with the tax authorities. For the year ended March 31, 2014, Management confirms that it maintains documents as prescribed by the Income Tax Act, 1961 to prove that these transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

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 : 29th May, 2014

Place : Mumbai
Date : 29th May, 2014

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 2014	31st March 2014	31st March 2014
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 ₹ 1,112,777	 Nil (₹ 1,187,163)	 Nil ₹ 23,155
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 ₹ 3,098,109	 Nil ₹ (3,465,485)	 Nil ₹ 1,023,472

For and on behalf of the Board

Rakesh Dhanuka
Company Secretary

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director

Place : Mumbai

Dated : 29th May, 2014

FINANCIAL INFORMATION PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES FOR FINANCIAL YEAR 2013-14

(₹ In lacs)

	Subsidiary Companies		
	123 Greetings. com, Inc	123Greetings (Singapore) Pte. Ltd.	One Two Three Greetings (India) Private Limited
Capital	59.91	95.20	200.00
Reserves	51.42	(71.45)	10.47
Total Assets	3,584.54	26.30	338.21
Total Liabilities	3,473.21	2.55	127.74
Investments	-	-	-
Turnover	14,749.25	7.45	83.33
Profit / (Loss) before Taxation	14.90	(11.87)	0.59
Provision for Taxation	3.77	-	0.35
Profit / (Loss) after Taxation	11.13	(11.87)	0.23
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, 2014	Average Exchange rate for the year 2013-14
1 USD	59.91	60.46
1 SGD	47.60	48.02

For and on behalf of the Board

Rakesh Dhanuka
Company Secretary

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole-time Director

Place : Mumbai

Dated : 29th May, 2014

Notice

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of IntraSoft Technologies Limited will be held on Friday, 29th August, 2014 at 3.00 P.M. at Orchid Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai - 400018 to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 2014 and Statment of Profit & Loss for the year ended as 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. Arvind Kajaria who retires by rotation and being eligible, offers himself for re-appointment.
4. 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

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof, for the time being in force) consent of the Company be and is hereby accorded for the re-appointment of Mr. Arvind Kajaria (DIN: 00106901) as Managing Director of the Company for a period of 3 (three) years with effect from 1st April, 2014 on such terms and conditions as set out in the attached explanatory statement, with the liberty to the Board of Directors to revise, amend, alter or otherwise vary the terms and conditions of the said appointment that may be agreed to between the Board of Directors and Mr. Arvind Kajaria.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profit in any financial year during the currency of the tenure of Mr. Arvind Kajaria as Managing Director, Company shall make payment of remuneration to Mr. Arvind Kajaria at the same substantive level as specified in the attached explanatory statement and that such remuneration shall be considered as the Minimum Remuneration payable to the said Managing Director in accordance with the provisions of the Companies Act, 2013 including any statutory amendments or re-enactment thereof.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution, do all such acts, deeds, matters and things as may be necessary and sign and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters concerned therewith or incidental thereto."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactment thereof, for the time being in force) consent of the Company be and is hereby accorded for the re-appointment of Mr. Sharad Kajaria (DIN: 00108036) as Whole-time of the Company for a period of 3 (three) years with effect from 1st April, 2014 on such terms and conditions as set out in the attached explanatory statement, with the liberty to the Board of Directors to revise, amend, alter or otherwise vary the terms and conditions of the said appointment that may be agreed to between the Board of Directors and Mr. Sharad Kajaria.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profit in any financial year during the currency of the tenure of Mr. Sharad Kajaria as Whole-time Director, Company shall make payment of remuneration to Mr. Sharad Kajaria at the same substantive level as specified in the attached explanatory statement and that such remuneration shall be considered as the Minimum Remuneration payable to the said Whole-time Director in accordance with the provisions of the Companies Act, 2013 including any statutory amendments or re-enactment thereof.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution, do all such acts, deeds,

matters and things as may be necessary and sign and execute all documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this resolution and for matters concerned therewith or incidental thereto."

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution:**

"RESOLVED THAT pursuant to Section 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013, if any, read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications and re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Rupinder Singh (DIN: 02815733), Director of the Company liable to retire by rotation, in respect of whom the Company has received notice in writing from the said Director under Section 160 of the Companies Act, 2013 proposing himself as candidature for the office of Director of the Company, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation, to hold office upto 28th August, 2019."

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution:**

"RESOLVED THAT pursuant to Section 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013, if any, read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications and re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Anil Agrawal (DIN: 00122053), Director of the Company liable to retire by rotation, in respect of whom the Company has received notice in writing from the said Director under Section 160 of the Companies Act, 2013 proposing himself as candidature for the office of Director of the Company, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation, to hold office upto 28th August, 2019."

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as **Ordinary Resolution:**

"RESOLVED THAT pursuant to Section 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2014 read with Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications and re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mrs. Savita Agarwal (DIN: 00062183) who was appointed as Additional Director of the Company w.e.f. 30th June, 2014 pursuant to Section 161 and other applicable provisions of the Companies Act, 2013 and whose term expires at this Annual General Meeting and in respect of whom Company has received notice under Section 160 of the said Act from the said Director proposing her candidature for the office of Director of the Company, be and is hereby appointed as Independent Director of the Company, not liable to retire by rotation, to hold office upto 28th August, 2019."

By Order of the Board of Directors

Rakesh Dhanuka
Company Secretary

Place : Kolkata

Date : 30th June, 2014

Registered Office:

CIN: L24133MH1996197857

A-502, Prathamesh, Raghuvanshi Mills Compound,

Senapati Bapat Marg, Lower Parel (W),

Mumbai – 400 013

Tel: 022 2491 2123 Fax: 022 2490 3123

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

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 at the Registered Office of the Company not less than 48 hours before the time fixed for commencement of the Annual General Meeting.
- b) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- c) The dividend on Equity Shares, if declared at the Meeting, will be credited / dispatched on or after 30th August, 2014 to those members whose names shall appear on the Company's Register of Members on 22nd August, 2014. In respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
- d) 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.
- e) Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
- f) Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, during business hours up to the date of the Meeting.
- g) 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.
- h) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 22nd August, 2014 to Friday, 29th August, 2014 (both days inclusive).
- i) A Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
- j) 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.
- k) Shareholders who have not encashed their dividend warrants for the dividends declared for the financial years 2007-08 to 2012-13 are requested to send a letter along with unclaimed dividend warrant, if any, or letter of undertaking for issue of duplicate dividend warrant / demand draft. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 24th September, 2013 (date of last Annual General Meeting) on the website of the Company (www.itlindia.com) and also on the website of the Ministry of Corporate Affairs.

In terms of Section 205A and 205C of the Companies Act, 1956, any dividend remaining unpaid for a period of seven years from the due date of payment is required to be transferred to the "Investor Education & Protection Fund" (IEPF). Members are requested to encash their Dividend Warrants promptly. It may be noted that once the unclaimed dividend is transferred to the IEPF as above, no claim shall lie with the Company in respect of such amount.
- l) Members who have not registered their e-mail addresses so far are requested to register their e-mail address with their DPs in case of shares held in dematerialised form and with RTA in case of shares held in physical form.

- m) In compliance with the provisions of section 108 of the Act and the Rules framed thereunder, the members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice. The members may transact the business through e-voting as per instructions below;
- A) In case a member receives an e-mail from NSDL:
- i) Open the e-mail and the attached PDF file. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
 - ii) Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>
 - iii) Click on Shareholder – Login.
 - iv) If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
 - v) If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
 - vi) The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
 - vii) Once the e-voting home page opens, click on e-voting: Active Voting Cycles.
 - viii) Select “EVEN” (E-Voting Event Number) of IntraSoft Technologies Ltd. Now you are ready for e-voting as Cast Vote page opens.
 - ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm”, when prompted.
 - x) Upon confirmation, the message “Vote cast successfully” will be displayed.
 - xi) Once the vote on the resolution is cast, the member shall not be allowed to change it subsequently.
 - xii) Institutional Shareholders (i.e. other than individuals, HUF, NRI etc) are required to send scanned copy of the relevant Board Resolution / Authority letter etc together with attested specimen signature of the duly authorized signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to js@rathiandassociates.com with a copy to evoting@nsdl.co.in
 - xiii) In case of any queries you may refer the Frequently Asked Questions (FAQs) – Shareholders and e-voting user manual – Shareholders, available at the download section of www.evoting.nsdl.com.
- B) In case a member receives a physical copy of the Notice of Annual General Meeting:
- i) Initial password is provided in the enclosed attendance slip: EVEN (E-Voting Event Number), User ID and Password.
 - ii) Please follow all steps from Sr. No. (ii) to Sr. No. (xiii) above to cast vote.
- C) Other Instructions:
- i) The e-voting period commences on Thursday, August 21, 2014 from 9:00 A.M. onwards and ends on Saturday, August 23, 2014 at 6:00 P.M. During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on July 18, 2014, may cast their vote electronically.
 - ii) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date July 18, 2014.
 - iii) Mr. Jayesh M. Shah, Practising Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - iv) The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of atleast two witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Managing Director of the Company.
 - v) Members who do not have access to e-voting facility may send duly completed Ballot Form (Attached to this Annual Report) so as to reach the Scrutinizer, Mr. Jayesh M. Shah, Practising Company Secretary, at the Registered Office of the Company not later than August 29, 2014. Ballot Form received after this date will be treated as invalid.
 - vi) A member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

- vii) The results shall be declared on or after the Annual General Meeting (AGM) of the Company. The results declared along with the Scrutinizer's Report shall be available on the Company's website www.itlindia.com and on the website of NSDL www.evoting.nsdl.co.in within two (2) days of passing of the resolution at the AGM of the Company and communicated to the stock exchanges, where the shares of the Company are listed.
- n) The Annual Accounts of the Subsidiary Companies shall be available at the Registered Office of the Company for inspection by any shareholder.
- o) 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 102(1) OF THE COMPANIES ACT, 2013

Item No. 5

The tenure of Mr. Arvind Kajaria as Managing Director expired on 31st March, 2014. The Board of Directors of the Company at its meeting held on 14th February, 2014 as per the recommendation of the Remuneration Committee and subject to approval of the Shareholders, re-appointed Mr. Arvind Kajaria as Managing Director of the Company for a period of 3 (three) years w.e.f. 1st April, 2014.

Based on the recommendation of Remuneration Committee and subject to approval of the Shareholders, the Board of Directors at its meeting held on 30th June, 2014 revised the remuneration and other terms and conditions of the appointment of Mr. Arvind Kajaria as per the applicable provisions of the Companies Act, 2013, Schedule V of the said act and rules made there under.

The specific terms of appointment including remuneration payable to Arvind Kajaria as Managing Director and other main terms and conditions of the appointment are as under:

A. Period of appointment: 3 (three) years i.e. from 1st April, 2014 to 31st March, 2017

B. Basic Salary: Rs. 4,00,000/- (Rupees Four Lakhs only) per month.

C. Perquisites:

- a) Housing: Fully furnished residential accommodation, the cost of which shall not exceed 50% of the basic salary per annum or HRA in lieu thereof.
- b) Provision of a Car: Actual running & maintenance expenses will be borne by the Company.

D. Termination:

Appointment may be terminated by either party by giving to the other party three months' notice.

E. The Managing Director shall be liable to retire by rotation.

F. Other Terms

- 1. Subject to superintendence, control and direction of the Board of Directors of the Company, the Managerial Personnel shall exercise and perform such powers and duties as the Board of Directors of the Company ("the Board") may from time to time determine and shall also do and perform all such other acts, things and deeds which in the ordinary course of business he considers necessary in the interest of the Company.
- 2. The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Companies Act, 2013 with regard to duties of directors.
- 3. The Managerial Personnel shall adhere to the Company's Code of Conduct for Directors and Senior Management.

None of the Directors / Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in resolutions set-out under item no. 5 except Mr. Arvind Kajaria, the appointee and Mr. Sharad Kajaria, Whole Time Director of the Company and other relatives of Mr. Arvind Kajaria are interested in the resolution as set out at Item No. 5 of the Notice.

This explanatory statement may also be regarded as disclosure under Clause 49 of the Listing Agreement.

The Board commends the Special Resolutions set out at Item No. 5 of the Notice for approval by the shareholders.

Item No. 6

The tenure of Mr. Sharad Kajaria as Whole-time Director expired on 31st March, 2014. The Board of Directors of the Company at its meeting held on 14th February, 2014 as per the recommendation of the Remuneration Committee and subject to approval of the Shareholders, re-appointed Mr. Sharad Kajaria as Whole-time Director of the Company for a period of 3 (three) years w.e.f. 1st April, 2014.

Based on the recommendation of Remuneration Committee and subject to approval of the Shareholders, the Board of Directors at its meeting held on 30th June, 2014 revised the remuneration and other terms and conditions of the appointment of Mr. Sharad Kajaria as per the applicable provisions of the Companies Act, 2013, Schedule V of the said act and rules made there under.

The specific terms of appointment including remuneration payable to Mr. Sharad Kajaria as Whole-time Director and other main terms and conditions of the appointment are as under:

A. Period of appointment: 3 (three) years i.e. from 1st April, 2014 to 31st March, 2017

B. Basic Salary: Rs. 3,75,000/- (Rupees Three Lakhs Seventy Five Thousand only) per month.

C. Perquisites:

a) Housing: Fully furnished residential accommodation, the cost of which shall not exceed 50% of the basic salary per annum or HRA in lieu thereof.

b) Provision of a Car: Actual running & maintenance expenses will be borne by the Company.

D. Termination:

Appointment may be terminated by either party by giving to the other party three months' notice.

E. The Whole-time Director shall be liable to retire by rotation.

F. Other Terms

1. Subject to superintendence, control and direction of the Board of Directors of the Company, the Managerial Personnel shall exercise and perform such powers and duties as the Board of Directors of the Company ("the Board") may from time to time determine and shall also do and perform all such other acts, things and deeds which in the ordinary course of business he considers necessary in the interest of the Company.
2. The Whole-time Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Companies Act, 2013 with regard to duties of directors.
3. The Managerial Personnel shall adhere to the Company's Code of Conduct for Directors and Senior Management.

None of the Directors / Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in resolutions set-out under item no. 6 except Mr. Sharad Kajaria, the appointee and Mr. Arvind Kajaria, Managing Director of the Company and other relatives of Mr. Sharad Kajaria are interested in the resolution as set out at Item No. 6 of the Notice.

This explanatory statement may also be regarded as disclosure under Clause 49 of the Listing Agreement.

The Board commends the Special Resolutions set out at Item No. 6 of the Notice for approval by the shareholders.

Information pursuant to Schedule V and other applicable provisions, if any, of the Companies Act, 2013 for the resolutions set out as Item No. 5 & 6 for the respective appointment of Managing Director and Whole-time Director is as follows:

I. General Information:

1. Nature of industry: IT Enabled Services
2. Date or expected date of commencement of commercial production: Not Applicable
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable
4. Financial performance based on given indicators for the last three financial years:

Particulars	2013-14	2012-13	2011-12
Total Income	2,317.78	1,899.03	2,698.75
Profit before Tax	(223.37)	125.84	1,582.08
Less : Provision for Income Tax (including Deferred Tax)	(427.92)	(181.83)	488.94
Profit after Tax	204.55	307.67	1,093.14
Dividend for the year	₹ 1 (10%)	₹ 1 (10%)	₹ 1 (10%)

5. Foreign investments or collaborations, if any: Two Foreign Wholly Owned Subsidiaries viz;
 - a) 123Greetings.com, Inc (USA)
 - b) 123Greetings(Singapore) Pte. Ltd, (Singapore)

The Company do not have any other foreign collaboration.

II. Information about the appointee:

Sr. No.	Particulars	Mr. Arvind Kajaria	Mr. Sharad Kajaria
1.	Background details	Mr. Arvind Kajaria is a Commerce Graduate and also holds Bachelor's degree in Business Administration from Adelphi University, New York. He is one of the Promoters of the Company. He has vast experience in finance, marketing and management.	Mr. Sharad Kajaria is a Commerce graduate. He is one of the Promoters of the Company. He is designated as Whole-time Director of the Company. He is well-versed with all the aspects of the Company's business.
2.	Recognition or awards	Nil	Nil
3.	Past remuneration	2013-14 - ₹ 24.29 lacs p.a.	2013-14 - ₹ 21.29 lacs p.a.
4.	Job profile and his suitability	He is serving as Managing Director of the Company. He looks after day-to-day affairs of the Company including finance, marketing and overall management of the Company. His responsibilities also include providing strategic inputs for the growth of the Company.	He is serving as Whole-time Director of the Company. He has vast experience in internet technologies and software. His responsibilities include strategic planning, system design and development and to look after overall business of the Company.

Sr. No.	Particulars	Mr. Arvind Kajaria	Mr. Sharad Kajaria
5.	Remuneration proposed	As mentioned in the attached explanatory statement.	
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin).	It is not possible to find out comparative remuneration in the industry with respect to profile and position. The remuneration proposed for Managing Director and Whole time Director is purely based on merits.	
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Does not have any pecuniary relationship except remuneration drawn as Managing Director / Whole-time Director and as a shareholder to the extent of their shareholding in the Company. Mr. Arvind Kajaria and Mr. Sharad Kajaria are related to each other.	

III. Other information:

1. Reasons of loss or inadequate profits:

During the year under review the Company incurred more expenses on Product Development and for other software and technology based areas to further improve its technology and thereby to remain competitive in the market and to compete in the future. Further, Sales & Marketing, Employees Cost and Administrative Cost have increased due to increase in the business of the Company. However, inspite of various measures to improve the profitability, but due to stiff competition in e-commerce and e-greetings business the overall margin was under pressure.

2. Steps taken or proposed to be taken for improvement:

The Company has taken several and adequate steps to improve the profit margins such as investing in advance technologies to meet the customer requirements. Apart from that, focus is on improving all aspects of the customer experience such as improving availability, offering faster delivery and performance time, increasing product categories, improving ease of use, improving reliability and earning customer trust. Attract advertisers by using dominance of Company's e-greetings website.

3. Expected increase in productivity and profits in measurable terms:

The Company is very conscious and undertakes constant measures for improving its profit margin. Due to strong competition in online industry, it is extremely difficult to predict profits in measurable terms. But the Company is very much positive from long term perspective as the investment made has started yielding impressive results.

IV. Disclosures:

The remuneration package alongwith relevant details paid to Mr. Arvind Kajaria and Mr. Sharad Kajaria has been mentioned hereinabove and in report on Corporate Governance attached to Directors' Report. There is no severance fee or stock options being granted to Mr. Arvind Kajaria, Managing Director and Mr. Sharad Kajaria, Whole time Director.

Item No. 7 and 8

Mr. Rupinder Singh and Mr. Anil Agrawal were appointed as Independent Directors of the Company as per the provisions of Clause 49 of the Listing Agreement.

Pursuant to Sections 149 and 152 and Schedule IV of the Companies Act, 2013 read with Companies Appointment and Qualification of Directors) Rules, 2014, it is proposed to appoint Mr. Rupinder Singh and Mr. Anil Agrawal as Independent Directors of the Company for a term of 5 (five) consecutive years with effect from 29th August, 2014 to 28th August, 2019. The Company has received notices, pursuant to Section 160 of the Companies Act, 2013, from the said Directors proposing their candidature as Independent Directors.

A brief profile of both the aforesaid Independent Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorship and membership/ chairmanship of Board Committees, shareholding and relationship between directors inter-se as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges, are provided in the Corporate Governance Report forming part of the Annual Report.

In the opinion of the Board, the Independent Directors fulfill the conditions specified in Sections 149 and 152 and Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement and such Independent Directors are independent of the management. Further, both the aforesaid Independent Directors have given a declaration to the Board of Directors to the effect that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and are not disqualified from being appointed as a Director in terms of Section 164 of the Act.

The Board of Directors believes that vast experience and knowledge of the aforesaid directors shall be beneficial for the progress of the Company. Hence in the interest of the Company, the Board recommend the appointment of Mr. Rupinder Singh and Mr. Anil Agrawal as Independent Directors as set out at Item Nos. 7 & 8 of the Notice.

The draft letters of appointment of aforesaid Independent Directors, setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Save and except the Independent Directors and their relatives in their respective appointment, none of the other Directors, Key Managerial Personnel or their relatives are concerned or interested in the proposed Ordinary Resolutions as set out at Item Nos. 7 & 8 of the Notice. This explanatory statement may also be regarded as disclosure under Clause 49 of the Listing Agreement.

The Board commends the Ordinary Resolutions set out at Item Nos. 7 and 8 of the Notice for approval by the shareholders.

Item No. 9

As per Section 149 of the Companies Act, 2013, the Company shall have atleast one woman director on the Board. Keeping in view the said legal requirement, the Board of Directors at its meeting held on 30th June, 2014 appointed Mrs. Savita Agarwal as additional director of the Company categorised as an Independent Director under Section 161 of the said act who shall hold office upto the date of ensuing Annual General Meeting and in respect of whom Company has received notice under Section 160 of the Companies Act, 2013 from the said director proposing herself for the office of director of the Company.

It is proposed to appoint Mrs. Savita Agarwal as Independent Director of the Company under Section 149, Schedule IV and other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement to hold office for a term of 5 (five) consecutive years with effect from 29th August, 2014 to 28th August, 2019. Mrs. Savita Agarwal has confirmed that she is not disqualified from being appointed as Directors in terms of Section 164 of the Act and has given her consent to act as Director of the Company.

The Company has also received declaration from Mrs. Savita Agarwal that she meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act. In the opinion of the Board, Mrs. Savita Agarwal fulfils the conditions for appointment as Independent Director as specified in the Act and rules made thereunder and the Listing Agreement. Mrs. Savita Agarwal is independent of the management.

Brief resume of Mrs. Savita Agarwal is provided in the Corporate Governance Report forming part of the Annual Report. Copy of the draft letter of appointment of Mrs. Savita Agarwal as Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

Except Mrs. Savita Agarwal and her relatives none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested in this resolution.

The Board commends the Ordinary Resolution set out at Item No. 9 of the Notice for approval by the shareholders.

By Order of the Board of Directors

Rakesh Dhanuka
Company Secretary

Place : Kolkata

Date : 30th June, 2014

Registered Office:

CIN: L24133MH1996197857

A-502, Prathamesh, Raghuvanshi Mills Compound,

Senapati Bapat Marg, Lower Parel (W),

Mumbai – 400 013

Tel: 022 2491 2123 Fax: 022 2490 3123

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

INTRASOFT TECHNOLOGIES LIMITED

CIN: L24133MH1996PLC197857

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 19th Annual General Meeting of the Company on Friday, 29th August, 2014 at 3:00 P.M. at Orchid Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai - 4000 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: _____

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 read with Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

INTRASOFT TECHNOLOGIES LIMITED

CIN: L24133MH1996PLC197857

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

Name of the Member(s): _____

Registered Address: _____

Email ID: _____

Folio No. / Client ID: _____

DP ID: _____

I / We, being the members of _____ shares of IntraSoft Technologies Ltd, hereby appoint:

1) Name: _____

Address: _____

Email: _____ or failing him

2) Name: _____

Address: _____

Email: _____ or failing him

3) Name: _____

Address: _____

Email: _____ or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 19th Annual General Meeting of the Company, to be held on Friday, 29th August, 2014 at 3:00 P.M. at Orchid Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai - 4000 018 and at any adjournment thereof in respect of such resolutions as are indicated below;

Sr. No.	Resolutions
1.	To consider and adopt the Balance Sheet as at 31st March, 2014 and Statment of Profit & Loss for the year ended as on that date along with the reports of the Board of Directors and Auditors thereon.
2.	Declaration of Dividend on Equity Shares.
3.	Re-appointment of Mr. Arvind Kajaria who retires by rotation.
4.	Appointment of Statutory Auditors and fixing their remuneration.
5.	Re-appointment of Mr. Arvind Kajaria as Managing Director of the Company.
6.	Re-appointment of Mr. Sharad Kajaria as Whole-time Director of the Company.
7.	Appointment of Mr. Rupinder Singh as Independent Director of the Company.
8.	Appointment of Mr. Anil Agrawal as Independent Director of the Company.
9.	Appointment of Mrs. Savita Agarwal as Independent Director of the Company.

Signed this _____ day of _____ 2014

Signature of Shareholder(s): _____

Signature of Proxy(s): _____

Affix
Revenue
Stamp

INTRASOFT TECHNOLOGIES LIMITED

CIN: L24133MH1996PLC197857

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

Ballot Paper

Sr. No.	Particulars	Details
1	Name of the Shareholder / Proxy / Representative (In block letters)	
2	Postal Address	
3	Folio No./DP ID Client ID	
4	Class of Shares	

I hereby exercise my vote in respect of Ordinary / Special resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

No.	Item No.	No. of Shares held by me	I assent to the resolution	I dissent from the resolution
1.	To consider and adopt the Balance Sheet as at 31st March, 2014 and Statment of Profit & Loss for the year ended as on that date along with the reports of the Board of Directors and Auditors thereon.			
2.	Declaration of Dividend on Equity Shares.			
3.	Re-appointment of Mr. Arvind Kajaria who retires by rotation.			
4.	Appointment of Statutory Auditors and fixing their remuneration			
5.	Re-appointment of Mr. Arvind Kajaria as Managing Director of the Company.			
6.	Re-appointment of Mr. Sharad Kajaria as Whole-time Director of the Company.			
7.	Appointment of Mr. Rupinder Singh as Independent Director of the Company.			
8.	Appointment of Mr. Anil Agrawal as Independent Director of the Company.			
9.	Appointment of Mrs. Savita Agarwal as Independent Director of the Company.			

Place:

Date:

Signature of Shareholder / Proxy / Representative



Exploring new possibilities



IntraSoft Technologies Limited

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

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

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