



123
Greetings

IntraSoft Technologies Limited

Annual Report 2009-10

Lever@ging the internet



15th Annual Report



Board of Directors

Arvind Kajaria	- Managing Director
Sharad Kajaria	- Whole Time Director
Vishal Agarwal	- Independent Director
Amitava Ghose	- Independent Director
Deepak Kanabar	- Independent Director
Rupinder Singh	- Independent Director

Auditors

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

Company Secretary & Compliance Officer

Rajendra Kumar Chotia

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: 91-22-2594-6970, Fax: 91-22-2594-6969
Email: rnt.helpdesk@linkintime.co.in

Bankers

- 1.HDFC Bank Ltd.
- 2.Indian Overseas Bank
- 3.Union Bank of India

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

Corporate Office

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



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A young man and woman are shown in a close-up, joyful embrace. The woman is leaning over the man, and both are laughing heartily with their mouths open. They are outdoors, with a blurred background of green foliage and a hint of blue sky. The woman is wearing a red strap top, and the man is wearing a light blue button-down shirt. The overall mood is one of happiness and carefree fun.

*Giving
life to your
expressions*

Managing Director's

Message

From the helm

"We expect to increase traffic and revenues on our website without a corresponding increase in costs while extending into multiple technologically-driven businesses that generate incremental revenues streams."

Arvind Kalaria, Managing Director



Dear Shareholders,

It gives me pleasure to communicate for the first time with our broad public shareholding following our successful Rs. 5,365 lakhs IPO that was over-subscribed 18.12 times in April, 2010.

Business model

Our Company provides electronic greeting cards that express diverse human emotions. Since these e-cards are provided free to users, our website has grown in popularity and is now the second largest in the world in terms of unique visitors. Over the years, the increasing traffic widened our opportunity to generate website advertising revenues. In line with our traffic growth, our consolidated revenues grew from Rs. 1,493.60 lakhs in 2004-05 to Rs. 3,090.11 lakhs in 2009-10, generating a 15.65 percent CAGR in the five years leading to the year under review.

The time has come to make a quantum leap in the number of visitors accessing our site and corresponding revenues. The proceeds from our IPO will facilitate just this: we will invest in traffic generating initiatives and the emerging revenue opportunities. We expect to report positive developments in this regard in the current year.



Other growth avenues

The Company embarked on a number of initiatives to enhance website traffic and strengthen brand recall.

123Greetings Studio: This initiative intends to extend the website from an English-centricity to other languages and cultures, widening traffic. This concept will provide artists with a platform to design and place cards, draw in richly diverse creativity on the one hand and creating income opportunities for the artist owning the copyright on the other. Besides, we expect to increase card categories from 3,000 to 5,000 in a couple of years, reinforcing our position as the preferred global expressions website.



Online gifting solutions: The Company sees advantages in leveraging its internet capabilities. The company is expanding the online gifting solutions, a space synergic with its existing business – both being forms of expression.

The Company leverages its successful, decade old track record and the globally renowned brand recall of its portal 123greetings.com for attracting global brands. Online gifting currently showcases many global brands, which we expect to more than double in the years to come. This would enable us to monetise traffic and create additional high-value revenue verticals for the Company.

E-invitations: The Company is evaluating the launch of this feature which allows users to send customised event invitation cards that provide information on venue, guest list, menu and likely weather conditions. This is expected to increase traffic and revenues.





What we are

We are a technology-driven Company with a rapidly widening userbase that can be viewed 24x7 across the globe. A technology-evolving environment requires sizeable investments to stay contemporary. However, we have strengthened our viability across the decade through an asset-light strategy in the following ways:

- We converted high capital costs into relatively low operating costs (pay-per-use policy) by leveraging the cloud technology.
- We invested in economical, shared and dependable infrastructure as opposed to expensive direct ownership.
- We created technology-based systems and processes around the open source platform (allows us to use software which are available at low costs).
- We ensured that we featured first across search engines in the 'e-cards' category without spending large sums of money.

Estimates suggests that the overall cost structure (including interest, depreciation and tax) is attractively lower than the prevailing average for others with a similar business model, reinforcing our competitive edge.

Shareholder value

Over the foreseeable future, we expect to increase traffic and hence, revenues on our existing website without corresponding costs while extending into multiple technologically-driven businesses that generate incremental revenues streams.

The combination of the two is likely to translate into enhanced shareholders value.

Our strengths

Leadership: Our website was the second largest (by unique visitors) electronic greeting cards website in the world with 90,838,652 unique visitors from April, 2009 to March, 2010.

(Source: comScore Media Metrix)

Brand: 123greetings.com is an established brand with advertisers comprising major US and India-based organisations from entertainment, retail, information technology and internet verticals. Our website enjoys a daily average of 399,250 visitors, enhancing opportunities for advertisers.

Experience: We possess 13 years of experience and standing in the business, resulting in enduring relations with advertisers and customers.

Footprint: Our website is accessed by millions across 238 countries.

Customised: We provide customised e-card content that captures expressions identifiable with diverse cultures, values, religions and emotions.

Technical edge: Our technical team designs and delivers flexible systems to deploy newer services within shorter time frames. Our technological infrastructure, cloud-compatible applications and scalable systems provide us with the flexibility of catering to varying traffic levels. Our technological expertise also permits us to add audio and animation content which enhances user experience and also host several advanced advertisement formats.

Low-cost model: We created a low-cost business model where large capital expenditure is converted into operating expenditure and systems and processes are built using open-source architecture.





3000

ecard

categories





Directors'

Report

Dear Shareholders,

The Directors of Intrasoft Technologies Limited (ITL) take pleasure in presenting the 15th Annual Report on the operations of the Company, together with the audited accounts for the year ended 31st March, 2010.

Financial Results

(Rupees in Lakhs)

Particulars	Consolidated		Standalone	
	2009-10	2008-09	2009-10	2008-09
Total Income	3,090.11	2,335.15	1,812.18	1,052.44
Profit before Interest and Depreciation	1,115.55	659.04	1,105.86	636.57
Less: Interest	29.68	6.46	19.57	0.91
Depreciation	181.73	98.41	178.41	94.57
Profit before Tax	904.14	554.17	907.88	541.09
Less : Income Tax Expenses, net (including FBT)	21.30	21.35	19.19	18.29
Profit after Tax	882.84	532.82	888.69	522.80
Add: Balance brought forward	603.20	745.36	613.04	765.22
Amount available for appropriations	1,486.04	1,278.18	1,501.73	1,288.02
Appropriations:				
Interim Dividend	110.49	-	110.49	-
Proposed Final Dividend	110.49	-	110.49	-
Dividend Tax	36.70	-	36.70	-
Transferred to General Reserve	100.00	674.98	100.00	674.98
Balance carried to Balance Sheet	1,128.36	603.20	1,144.05	613.04
Earning Per Share (Basic and Diluted in Rs.)	8.00	4.83	8.06	4.74

Financial Review

During the financial year under review, the consolidated net profit grew at 65.69% to Rs.882.84 lakhs in the current year compared to Rs.532.82 lakhs in the previous year. The Company's consolidated EPS for the year is Rs.8.00 as against Rs. 4.83 for the previous financial year. During the financial year 2009-10, the company achieved total consolidated revenues of Rs.3,090.11 lakhs.

Dividend

Considering the performance during the financial year and to appropriately reward the members while conserving the resources to meet the future requirements, the Board of Directors had declared and paid an interim dividend of Rs.0.75/- per Equity Share (7.50%) and the Board recommends a final dividend of Rs.0.75 per Equity Share (7.50%) thus making the total dividend of 15% for the year as against Nil dividend in the previous year.

Shifting of Registered Office of the Company

During the year under review, the Registered office of the Company was shifted from "145, Rash Behari Avenue, 5th Floor, Kolkata – 700029" to "502A, Prathamesh, Raghuvanshi Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013." The Company has obtained necessary approvals from Company Law Board, Eastern Region Bench.



Initial Public Issue

The Company has successfully completed its initial public issue of 3,700,000 Equity Shares of Rs.10/- each fully paid up for cash at a premium of Rs.135/- per equity share. The aforesaid public issue received an overwhelming response and the public issue was oversubscribed by 18.12 times. The High Networth Individual ("HNI") portion was oversubscribed by 17.47 times. The Qualified Institutional Buyers ("QIB") portion was oversubscribed by 21.97 times. An aggregate of 3,700,000 Equity Shares of Rs.10/- each fully paid up was allotted under the public issue by the Board of Directors at their Meeting held on 7th April, 2010. Post completion of the public issue, the total paid up equity share capital of the Company is 14,731,678 Equity Shares of Rs.10/- each fully paid up aggregating Rs. 147,316,780. The equity shares of the Company was listed with effect from 12th April, 2010 on National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

The Board of Directors takes this opportunity to thank all the investors for the confidence shown in the Company and its management.

Changes in share capital (Prior to Initial Public Issue)

- **Conversion of preference shares into equity shares**

The Company allotted an aggregate of 255,805 equity shares of Rs.10/- each arising out of conversion of equivalent number of preference shares pursuant to exercise for conversion opted by Intel Capital (Mauritius) Limited, a Foreign Venture Capital Fund.

- **Bonus shares**

The Company issued an aggregate of 9,455,724 equity shares of Rs.10/- each as Bonus Shares in the ratio of six equity shares for every one equity share held on the record date determined for the purpose.

- **Increase in Authorised Share Capital**

During the year under review, the authorised share capital of the Company was increased to Rs. 25.25 crores. The un-issued preference shares have been re-classified as equity shares.



Subsidiary Companies

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

The Government of India, Ministry of Corporate Affairs, vide its letter dated 30th July, 2010 granted its approval under Section 212(8) of the Companies Act, 1956, exempting the Company from attaching the full text of the financial statements of the subsidiaries of the Company. Pursuant to the said approval, necessary disclosures are made in respect of the said subsidiaries in this Annual Report along with the statement pursuant to Section 212 of the Companies Act, 1956. Any shareholder who wishes to have a copy of the annual accounts and detailed information about the subsidiary company may write to the subsidiary company and/or to the company for the same. The annual accounts of the subsidiary companies will also be kept for inspection by any member at the Registered Offices of the Company and its subsidiaries.

As required by Section 212 of the Companies Act, 1956, the Statement of holding in subsidiaries and Consolidated Accounts pursuant to Accounting Standard (AS 21) issued by the Institute of Chartered Accountants of India, including the financial accounts of the subsidiary companies are forming part of the Annual Report.



Management's Discussion and Analysis

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

Corporate Governance

In view of the securities of the Company getting listed with effect from 12th April, 2010 on National Stock Exchange of India Limited and Bombay Stock Exchange Limited, the Code of Corporate Governance became applicable from the aforesaid date. However, your Company has been in the process of institution and adherence of the code of Corporate Governance prior to listing itself. A report on the Corporate Governance for the year ended 31st March, 2010 is attached to this Report. The Certificate from Practising Company Secretaries on Compliance with Corporate Governance requirements by the Company is attached to the report on Corporate Governance.

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:

- The applicable accounting standards have been followed in the preparation of the annual accounts.
- 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 as at 31st March, 2010 and the profit of the company for the year ended on that date.
- The Directors have taken appropriate and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- The Directors have prepared the attached Statement of Accounts for the year ended 31st March, 2010 on a going concern basis.



Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr Amitava Ghose and Mr. Deepak Kanabar, shall retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment. The Board of Directors recommends their re-appointment.

During the year under review, Mr. Vishal Agarwal, Mr. Amitava Ghose, Mr. Rupinder Singh and Mr. Deepak Kanabar were appointed as Directors by Shareholders at a duly convened Extra-Ordinary General Meeting held on 15th October, 2009.

During the year under review, Ms. Karuna Kajaria due to her other pre-occupations had tendered resignation from the Board of Directors. Your Directors place on record their deep appreciation for the valuable contribution made by the outgoing Director during her association with the Company.

Fixed Deposits

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

Auditors

M/s K.N. Gutgutia & Co., the Statutory Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment. The retiring Auditors have furnished a certificate of their eligibility for re-appointment under Section 224(1B) of the Companies Act, 1956 and have indicated their willingness to continue in the said office.

Auditors' Comments

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.

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 – "A" to this report.

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

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the annexure to the report. However, as per provisions of Section 219(1)(b)(iv) of the said Act, the annual report and accounts are being sent to all members of the Company excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company at its registered office.

Acknowledgements

The Directors wish to place on record their appreciation for the continued support and co-operation by bankers, customers, business associates, shareholders and investors for the confidence reposed in the Company's management. The Directors also convey their appreciation to the employees at all levels for their dedicated services, efforts and collective contribution. Many thanks to the entire team who had rendered their relentless efforts for making the Company's Initial Public Issue a grand success.

For and on behalf of the Board

Place : Mumbai
Date : 11th August, 2010

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole Time Director

Annexure –“A” to the Directors’ report

Information as per section 217(1)(e) read with the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1998 and forming part of the Directors’ report for the year ended 31st March, 2010.

I. Conservation of energy

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

II. Research and Development

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

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

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

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

3) **Future Plan of action**

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

4) **Expenditure on R&D**

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

III. Technology absorption, adaption and innovation

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

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

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

Not applicable.

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

i) **Activities relating to export:**

The company is engaged in development and delivery of ecards globally through internet platform. Constant endeavour is made to ensure increase in usage of company's services through end users in different countries.

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

Information on foreign exchange earnings and outgo is contained in note nos. 3 & 4 of Schedule of Accounts.

For and on behalf of the Board

Place : Mumbai

Date : 11th August, 2010

Arvind Kajaria
Managing Director

Sharad Kajaria
Whole Time Director



The equity shares of Intrasoft Technologies Limited were listed on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited with effect from 12th April, 2010. Accordingly, the Code of Corporate Governance pursuant to Clause 49 of the Listing Agreement has become applicable only with effect from the aforesaid date.

1. Company's Philosophy on Corporate Governance

Corporate Governance is a dynamic concept thriving under a constantly changing environment. Corporate Governance encompasses good corporate practices, laws, procedures, standards and implicit rules that determine the Management's ability to take sound decisions with respect to its various stakeholders viz. its shareholders, creditors, partners, associates, employees and the Government. The objective of Corporate Governance is to maximize long-term shareholder value through an open and transparent disclosure regime enabling every stakeholder to have access to fullest information about the Company and its functioning. Your Company is firmly of the view that Corporate Governance is not an end in itself but a facilitator in maximizing the objective of shareholder's value. Any Corporate which embodies principles of Corporate Governance like openness, transparency, ownership, fairness in its functioning is bound to maximize shareholder's value and also its own corporate values.

In keeping with the above, your Company re-affirms its commitment to excellence in Corporate Governance and constantly strives to benchmark itself against the best, in its relentless pursuit to attain the highest standards of corporate values and ethics. This is done with the objective of generating long-term economic value for the shareholders, whilst concurrently respecting the interest of other stakeholders.

2. Board of Directors

a) Composition of the Board:

As on 31st March, 2010, the Board comprises of six Directors, of which two are Executive and four are Non-Executive. The Chairman of the Board is the Executive Director and 2/3rd of the Board comprises of Independent Directors.

Report on Corporate Governance



The composition of the Board during the year ended 31st March, 2010 and other relevant details relating to Directors are as follows:

Name of the Director	Relation-ship with other Directors	Designation	Category of Directorship	No. of Other Directorships*	No. of Other Committee Memberships #	
					Chair-man	Member
Mr. Arvind Kalaria	Brother of Mr. Sharad Kalaria	Managing Director	Promoter, Executive; Non Independent	-	-	-
Mr. Sharad Kalaria	Brother of Mr. Arvind Kalaria	Whole-Time Director	Promoter, Executive; Non Independent	-	-	-
Mr. Vishal Agarwal	None	Director	Non-Executive; Independent	-	-	-
Mr. Rupinder Singh	None	Director	Non-Executive; Independent	-	-	-
Mr. Amitava Ghose	None	Director	Non-Executive; Independent	-	-	-
Mr. Deepak Kanabar	None	Director	Non-Executive; Independent	-	-	-

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

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

b) Appointment/Re-appointment of Directors:

Pursuant to the provisions of Sections 255 & 256 of the Companies Act, 1956, Mr. Amitava Ghose and Mr. Deepak Kanabar shall retire by rotation at the ensuing Annual General Meeting.

The Board has recommended the re-appointment of Mr. Amitava Ghose and Mr. Deepak Kanabar as Directors to the shareholders. The detailed resume of the aforesaid proposed appointees is provided in the notice of the Annual General Meeting.



c) Board Meetings and Annual General Meeting:

During the financial year 2009-10, 27 Board Meetings were held. The previous Annual General Meeting of the Company for the year ended on 31st March, 2009 was held on 19th September, 2009. 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 Attended	Attendance at Last Annual General Meeting
Mr. Arvind Kalaria	27	Yes
Mr. Sharad Kalaria	27	Yes
Mr. Vishal Agarwal#	11	Not Applicable
Mr. Rupinder Singh#	10	Not Applicable
Mr. Amitava Ghose#	15	Not Applicable
Mr. Deepak Kanabar#	5	Not Applicable
Ms. Karuna Kalaria##	10	Yes

Appointed with effect from 15th October, 2009

Resigned with effect from 19th October, 2009

d) Code of Conduct:

The Board has laid down a code of conduct for all the Board members and senior management of the company.

The Company has obtained the confirmation of the Compliance with the Code from all members of the Board and senior management of the company for the year 2009-10. As required by Clause 49 of the Listing Agreement, the declaration on compliance of the Company's code of conduct signed by Mr. Arvind Kalaria, Managing Director forms a part of this Annual Report.

3. Audit Committee

a) Constitution of Audit Committee:

As on 31st March, 2010, the Committee comprises three Directors majority of whom are Independent Directors. All the members of the Audit Committee have good knowledge of finance, accounts and Company Law. The Chairman of the Committee is an eminent Chartered Accountant and has accounting and related financial management expertise.



b) Composition of Audit Committee and number of Meetings attended:

During the year 2009-10, three Audit Committee Meetings were held on 21st December, 2009, 1st January, 2010 and 26th February, 2010. The composition of the Audit Committee during the year ended 31st March, 2010 and the number of meetings attended were as under:

Committee Members Attending the Meeting	Designation	No. of Meetings Attended
Mr. Vishal Agarwal	Chairman	3
Mr. Rupinder Singh	Member	3
Mr. Arvind Kalaria	Member	3

c) Attendees:

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

d) The terms of reference of the Audit Committee:

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

- i) Hold discussions with the auditors periodically about internal control systems, the scope of audit including the observations and review of the quarterly, half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.
- ii) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- iii) Recommending, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fee.
- iv) Approve payment for any other services rendered by the statutory auditors.



- v) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's Responsibility Statement included in the Directors' Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - (b) Changes, if any, in accounting policies and practices and reasons for the same.
 - (c) Major accounting entries based on the exercise of judgment by management.
 - (d) Significant adjustments made in the financial statements arising out of audit findings.
 - (e) Compliance with listing and other legal requirements relating to financial statements.
 - (f) Disclosure of any related party transactions.
 - (g) Qualifications in the draft audit report.
- vi) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- vii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- viii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 - ix) Discussion with internal auditors on any significant findings and follow up there on.
 - x) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - xi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - xii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 - xiii) Review of information as prescribed under Clause 49 (II)(E) of the Listing Agreement.

e) Powers of the Audit Committee:

The Audit Committee has the following powers:

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



4. Remuneration Committee

a) Constitution and composition of Remuneration Committee:

Presently, the committee comprises of three members. All the members are Non-Executive, Independent Directors. The composition of the Remuneration Committee as on 31st March, 2010 is as under:

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

No meeting of the Remuneration Committee was held during the year 2009-10.

b) Terms of reference:

The committee has the mandate to review and recommend compensation payable to the executive directors and senior management of the company. It shall also administer the company's stock option plans, if any, including the review and grant of the stock options to eligible employees under plans. The committee may review the performance of the Executive Directors, if any and for the said purpose may lay down requisite parameters for each of the executive directors at the beginning of the year.

c) Remuneration Policy:

i) **Management staff:**

Remuneration of employees largely comprises of basic remuneration and perquisites. The components of the total remuneration vary for different grades and are governed by industry patterns, qualifications and experience of the employee, responsibilities handled by him and his individual performance, among others.

ii) **Non-Executive Directors:**

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

The Board of Directors at their Meeting held on 17th November, 2009 had approved payment of sitting fees of Rs.20,000/- for each meeting of the Board with effect from 16th October, 2009. Details of the Sitting fees paid during the year 2009-10 for attending the Board Meetings are as follows:

Name of the Non-Executive Director	Sitting Fees (Rs.)
Mr. Vishal Agarwal	2,20,000
Mr. Rupinder Singh	2,00,000
Mr. Amitava Ghose	3,00,000
Mr. Deepak Kanabar	Nil
Total	7,20,000

The Directors have waived the payment of sitting fees in respect of certain board meetings.



iii) **Executive Directors:**

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

Details of remuneration paid to Executive Directors during year ended 31st March, 2010 are given below:

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

5. Shareholders'/ Investors' Grievance Committee

a) Constitution and Composition of Shareholders' Grievance Committee:

The Shareholders'/Investors' Grievance Committee has been constituted to look into investor's complaints like transfer of shares, non-receipt of declared dividends, etc. and take necessary steps for redressal thereof. The Committee is a Board level committee under the Chairmanship of Mr. Vishal Agarwal, a Non-Executive Director.

Two Shareholders'/Investors' Grievance Committee Meetings were held during the financial year 2009-10 on 23rd December, 2009 and 10th March, 2010. The present composition of the Shareholders'/Investors' Grievance Committee and the number of meeting attended were as under:

Name of Director	Designation	No. of Meetings Attended
Mr. Vishal Agarwal	Chairman	1
Mr. Deepak Kanabar	Member	1
Mr. Arvind Kajaria	Member	2

b) Mr. Rajendra Kumar Chotia, Company Secretary is the Compliance Officer of the Company.

c) During the year 2009-10, the Company has received 13 complaints from shareholders / investors. There were no complaints pending as at end of the year

d) Share Transfers in physical mode:

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



6. General Body Meetings

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

Financial Year	Date	Time	Location of the meeting
2006-07	24th September, 2007	11:00 a.m.	5, Lake Temple Road, Kolkata - 700029
2007-08	5th September, 2008	11:00 a.m.	5, Lake Temple Road, Kolkata - 700029
2008-09	19th September, 2009	11:00 a.m.	145, Rash Behari Avenue, 5 th Floor, Kolkata - 700029

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

Financial Year	Particulars of special business passed
2006-07	Nil
2007-08	Nil
2008-09	Re-appointment of Mr. Arvind Kajaria as Managing Director for 5 years with effect from 1st April, 2009

- iii) During the year 2009-10, no resolutions were passed by Postal Ballot.

- iv) Resolutions if any passed by Postal Ballot shall be in accordance with the provisions of Section 192A of the Companies Act, 1956 read with Companies (Procedure for Passing of Postal Ballot) Rules, 2001.

- v) No Special resolution is proposed to be passed through Postal Ballot.

Means of Communication

- i) Post listing, the financial results of the Company are published in at least one English and one Regional language leading newspaper. The quarterly results is required to be submitted to the Bombay Exchange Limited and National Stock Exchange of India Limited immediately after the conclusion of the respective meetings.
- ii) During the year under review, presentations were made wherever required in connection with the IPO.
- iii) The Management Discussion and Analysis Report forms part of this Annual Report.



8. General Shareholder Information

i) Annual General Meeting:

Day, date and time : Tuesday, 28th September, 2010 at 3:00 pm.
Venue : Sunville-Orchid Room, 9, Dr. Annie Besant Road,
Worli, Mumbai - 400 013.

ii) Financial Calender (tentative and subject to change):

Reporting for Un-audited Financial Results for the quarter ending :

30th June, 2010	: By 14th August, 2010
30th September, 2010	: By 14th November, 2010
31st December, 2010	: By 14th February, 2011
31st March, 2011	: By 15th May, 2011
Annual General Meeting for	
Year ending 31st March, 2011	: By 30th September, 2011

iii) Book Closure: 21st September, 2010 to 28th September, 2010 (both days inclusive)

iv) Listing on Stock Exchanges:

The Company's shares are listed on Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). The Company has paid the listing fees to the Stock Exchange(s) within the prescribed time

v) Stock Code/Symbol:

BSE - 533181
NSE - ISFT

vi) Market price data:

The securities of the Company have been listed on NSE and BSE with effect from 12th April, 2010. Accordingly, the Market Price Data for financial year 2009-10 is not applicable.

vii) Performance in comparison to broad – based indices of BSE Sensex is as under:

The securities of the Company have been listed on NSE and BSE with effect from 12th April, 2010. Accordingly, the Market Price Data for financial year 2009-10 is not applicable.



viii) Share transfer system:

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

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

Physical shares received for dematerialisation are processed and completed within a period of 21 days from the date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders.

ix) Category wise Shareholding as at 31st March, 2010:

Sr. No.	Category	No. of Shares held	%
1.	Promoter Group	87,50,014	79.32
2.	Foreign Institutional Investors	18,15,135	16.45
3.	Private Bodies Corporate	2,52,574	2.29
4.	Indian Public	2,13,955	1.94
	Total	1,10,31,678	100.00

The equity shares under Initial Public Issue have been allotted on 7th April, 2010. Hence, Equity Shares allotted under recently concluded IPO does not form part of above table.

x) Distribution of shareholding as at 31st March, 2010:

Shareholding of nominal value (Rs.)	No. of shareholders	% of total	Share Capital amount (Rs.)	% of total
1 - 5,000	67	72.83	9,44,250	0.86
5,001 - 10,000	8	8.70	5,43,250	0.49
10,001 - 50,000	10	10.87	19,04,910	1.73
50,001 - 100,000	2	2.17	14,47,880	1.31
100,001 and above	5	5.43	10,54,76,490	95.61
TOTAL	92	100.00	11,03,16,780	100.00

xi) Dematerialisation of shares and liquidity:

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



xii) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments conversion date and likely impact on equity:

The Company has not issued any GDRs/ADRs. There were no outstanding convertible warrants as on 31st March, 2010.

xiii) 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.: 91-22-2594-6970, Fax.: 91-22-2594-6969
email : rnt.helpdesk@linkintime.co.in

xiv) Unit Locations:

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

xv) 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.: 91-22-2594-6970, Fax.: 91-22-2594-6969
email : rnt.helpdesk@linkintime.co.in

xvi) For general correspondence:

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
email : investors@itindia.com



9. Other Disclosures

- a. The Company did not have any related party transactions, i.e. transactions of the Company of material nature, with its promoters, directors or the management, their subsidiaries or relatives, etc., which may have potential conflict with the interests of the Company at large. Related Party transactions have been disclosed in the Notes to Accounts in the financial statements as at 31st March, 2010

- b. Shareholdings of the Non-Executive Directors as on 31st March, 2010 is as under:

Name of the Director	No. of Shares held
Mr. Vishal Agarwal	Nil
Mr. Rupinder Singh	Nil
Mr. Amitava Ghose	Nil
Mr. Deepak Kanabar	Nil

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

In accordance with the requirements of circular No.SEBI/CFD/DIL/LA/1/2009/24/04, the Registrar has opened a demat account wherein the unclaimed shares issued under the Initial Public Issue have been credited. Brief particulars in this regard is as under :

- In the aforesaid demat account an aggregate of 7422 equity shares pertaining to 151 shareholders have been credited.
- 136 shareholders have approached for transfer of shares out of the suspense account. After due verification 6710 shares have been transferred out of suspense account
- An aggregate of 712 equity shares in respect of 15 shareholders is outstanding in the suspense account
- The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

10. Non-mandatory Requirements :

I. The Board

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



II. Remuneration Committee

Particulars of constitution of Remuneration Committee and terms of reference thereof has been detailed earlier.

III. Shareholders' Rights

Half yearly financial results including summary of the significant events in last six months are presently, not being sent to shareholders of the Company.

IV. Audit qualifications

The financial accounts of the Company are unqualified.

V. Training of Board Members

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

VI. Mechanism for evaluating non-executive board members

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

VII. Whistle blower policy

The Company has not implemented the whistle blower policy.



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, 2010.

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

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

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

For Rathi & Associates
Company Secretaries

Place : Mumbai
Date : 11th August, 2010

Narayan Rathi
Partner
CP No. 1104

Code of Conduct Declaration

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

Place : Mumbai
Date : 11th August, 2010

Arvind Kajaria
Managing Director



Global economy

The year 2009 witnessed the harsh fallout of the unprecedented global economic turmoil which halted the global economic growth. The IMF estimated that the global economic growth contracted by approximately 0.8%, led by the advanced world which contracted by 3.2% while economic growth of the emerging world registered a 400 bps decline to 1.7% in 2009 (2.1% in 2008). The timely, cumulative stimulated economic efforts of all governments significantly curtailed the depth, span and intensity of the economic catastrophic spread – although the possibility of few noted and sovereign defaults continue to haunt the world in the near term. However the IMF suggests a positive economic rebound in 2010 with the global economy registering a 3.9% growth; advanced economies up by 530 bps to an estimated 2.1% and the emerging world up by 390 bps to about 6%.

The US economy

The overall US economy degrew by 2.4 per cent in 2009-10; with recovery starting from the second half of the year. However growth slowed down in the second quarter of 2010-11 indicating the concerns over the impact of the withdrawal of the huge Government stimulus. Consumer spending, which accounts for about 70 percent of the economy, grew by a mere 1.6 per cent in the first quarter of 2010, against 1.9 per cent in the previous quarter, causing businesses to shift towards cost-effective online medium for promotional activities. Optimism can be drawn from recent IMF forecasts of a 3.1 per cent and 2.6 per cent growth forecasts for the US economy for 2010 and 2011.

Indian economic overview

Double-digit industrial growth of 10.4 per cent saw the Indian economy expanding 7.4 per cent in 2009-10, despite drought and global slowdown, against a 6.7 per cent growth registered during the previous year. The Indian economy's stellar performance was driven by the manufacturing sector's robust performance on the back of government and consumer spending. However, slower growth in services sector raised concerns regarding segments such as information technology; which is expected to record a healthy growth in the coming years owing to economic optimism, expected to attract robust technology spending and deeper internet penetration with the launch of advanced services like 3G and Wimax. Government estimates suggest that the Indian economy will grow 8.5 per cent in 2010-11 driven by better farm output and global recovery.

Electronic cards industry overview

The growth of the greeting cards industry of USA from US\$ 10.0 billion in 2007 to an estimated US\$ 11.4 billion in 2010 (considering 2007 as the base year), indicates the resilience of this business to grow, the global economic slowdown notwithstanding. An increasing number of users preferred the free e-card option over the conventional p-card version, while advertisers perceived attractive value in e-advertising options. (Source: "Greeting Cards and eCards" Report by Mintel International Group Ltd, 2008)

The major revenue source for most web-based businesses continued to be website advertisements, enabling them to deliver their services free. The performance-based pricing model was the most popular (59 percent) followed by the impression-based model (37 percent) and the hybrid model (4 percent).

Online advertisement industry overview

Internet advertisement revenues declined 3.4 percent to US\$ 22.7 billion in 2009-10 on account of low consumer spending. Search based advertisement revenue continued its dominance by accounting for 47 percent of total revenue in 2009 (up from 45 percent in 2008) while display advertising revenue accounted for 35 percent of total revenue in 2009 (up from 33 percent in 2008)



Online advertisement category split up

Category	2008	2009
Search	45	47
Display/banner	21	22
Classifieds	14	10
Rich media	7	7
Digital video	3	4
Lead generation	7	6
Sponsorship	2	2
Email	2	1

(Source: IAB)

Search has remained the leading format since 2004, while the share of sponsorship revenues and classifieds declined from 8 per cent and 18 per cent in 2004 to 2 per cent and 10 per cent in 2009 respectively.

Retail advertisers continue to represent the largest category of Internet ad spending, accounting for 20 percent of revenues for the full year of 2009 or \$4.5 billion, down from the 22 percent (\$5.0 billion) while telecom companies and leisure travel accounted for 16 per cent and 6 per cent of the overall revenue.

(Source: IAB)

Outlook

In spite of stiff competition from internet-based social networking websites, the market for electronic cards appears bright for some good reasons: computer literacy and internet penetration in India and China are on the rise. Active internet users in urban India grew 28 percent to 460 lacs as on March, 2009; internet users in cities with a population of less than 500,000 increased from 5 percent of the population in 2000 to 36 percent of the population in 2009. Growing demand for alternate technology devices like netbooks and smart phones is likely to open new avenues for web-based service providers.

[Source: IMRB & Internet and Mobile Association of India (IAMAI)]

The prospects of online advertisement are bright as evident from the recent Barclays Capital forecasts suggesting 8.9 per cent growth in 2010. Even if we compare internet advertising format against the traditional broadcast and cable television over the past fifteen years; one can realize that internet advertising revenues far outpaced the traditional formats – with US broadcast media and cable media registering ad revenue of US\$ 14.08 billion and US\$ 6.15 billion compared to US\$ 22.67 billion ad revenues of the online format creating ample room for future growth.

(Source: IAB)

Out of that the top three categories were comprised of Christmas (US\$ 3.7 billion), Birthday (US\$ 3.1 billion), and Valentine's Day cards (US\$ 1.3 billion).

(Source: Mintel Report, 2008)



Business Overview

IntraSoft Technologies Limited (which owns 123greetings.com) was incorporated in 1996 with a simple understanding that human expressions needed to be expressed with speed, sentiment and economy. The Company's website is engaged in the business of expressional deliverables –e-cards that are delivered free to users. The Company has a physical presence in four cities across three nations; with its registered office in Mumbai, India. The Company's team comprises 86 members (31st March, 2010); out of which 24 members possess technical and creative competencies. The Company's revenues are derived through online advertising and gifting solutions.

Strategy

The Company plans to leverage its supreme knowledge of the internet for laying out the future business plans. Starting with the plans of introducing the revolutionary 123Greetings studio, where in development of individual user content would be encouraged; to the concept of e-merchandising where in the Company plans to evolve into a full fledged e-commerce entity dealing with global brands. The concept of e-invitation also forms part of the Company's strategy for dealing with customized event invitation cards. The ultimate aim would be to forge tie-ups with some of the leading websites in order to significantly extend brand visibility and reach, providing the required impetus for revenue growth.

Internal control

The internal control systems have been designed to provide reasonable assurances with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding of assets from unauthorised use or losses, execution of transaction with proper authorisation and ensuring compliance with corporate decisions and policies.

The internal audit process is designed to review the adequacy on internal control checks in the system and covers all significant areas of the Company's operation. The Company has also put in place an adequate system of internal controls commensurate with its size and the nature of its operations.

The Company has an Audit Committee details of which are given in the Corporate Governance Report. The Audit

Revenue	EBIDTA	Profit after tax
32.33%	69.27%	65.69%
Growth over 2008-09	Growth over 2008-09	Growth over 2008-09

Revenues grew 32.33% from Rs. 2,335.15 lakhs in 2008-09 to Rs. 3,090.11 lakhs in 2009-10.

Total operating expenses increased 17.81% from Rs. 1,676.10 lakhs in 2008-09 to Rs. 1,974.56 lakhs in 2009-10.

Despite an absolute increase in operational cost, its proportion in the total income declined from 71.78% in 2008-09 to 63.90% in 2009-10. EBIDTA increased 69.27% from Rs. 659.05 lakhs in 2008-09 to Rs. 1,115.55 lakhs in 2009-10; EBIDTA margin strengthened from 28.22% in 2008-09 to 36.10 % in 2009-10. Profit after tax grew 65.69 % from Rs. 532.82 lakhs in 2008-09 to Rs. 882.84 lakhs. As a result, earning per share stood at Rs. 8.00 in 2009-10 against Rs. 4.83 in 2008-09.



Analysis of the Consolidated Balance Sheet

Networth	Free reserves	Gross block
11.36%	85.80%	23.78%
Growth over 2008-09	Growth over 2008-09	Growth over 2008-09

Networth increased 11.36 % from Rs. 3,698.28 lakhs as on 31st March, 2009 to Rs. 4,118.27 lakhs as on 31st March, 2010 on account of conversion of Compulsory Convertible Cumulative Participating Preference Shares, profit plough back and after issue of Bonus Shares.

Derisking approach

A competitive market place and short-term advertisement contracts can strain a free web-based service provider.

The Company embarked on the following initiatives to enhance sustainability: attracted new advertisers, offered advertisements customised around budgets, demographics and psychographics and a focus on developing a merchandising platform. The Company also took initiatives to develop 123studio, a platform to attract submission of 'user generated content' to not only enrich its content but also to bring about a sense of competition amongst all the users, leading to increased traffic that would eventually draw the attention of more and more advertisers and help the Company maximize revenues.

Increased competition from social networking websites is a cause of concern.

The Company is focused on providing credible content and entering into alliances with social networking sites with large traffic, transforming the challenge into an opportunity.

Notes

To the Board of Directors of IntraSoft Technologies Limited

1. We have examined the attached Consolidated Balance Sheet of IntraSoft Technologies Limited and its subsidiaries as at 31st March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto.
2. These Financial Statements are the responsibility of the company's Management and have been prepared by the Management on the basis of separate Financial Statements and other Financial information regarding components. Our responsibility is to express an opinion on these Financial Statements based on our audit.
3. We conducted our Audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the Audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatements. An audit includes examining on a test basis evidence supporting the amounts and disclosure in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by Management as well as evaluating the overall Financial Statement presentation. We believe that our Audit provides a reasonable basis for our opinion.
4. The Financial Statements for the year ended 31st March, 2010 of two foreign subsidiary companies whose total assets of Rs.46,230,243/- and total revenue of Rs.170,434,128/- have been audited by other auditors whose report have been furnished to us and so far it relates to the amount included in respect of these subsidiaries, is based solely on the report of the other Auditors.
5. We report that the consolidated Financial Statements have been prepared by the Management of IntraSoft Technologies Limited in accordance with Accounting Standard 21, in respect of 'Consolidated Financial Statements' notified by the Companies "Accounting Standards" Rules, 2006 on the basis of separate audited Financial Statements of IntraSoft Technologies Limited and its Subsidiaries.
6. On the basis of the information and explanations given to us and based on our audit and on consideration of the separate audit reports of the individual Financial Statements of the company and its subsidiaries read together with significant accounting policies and notes thereon, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in case of the Consolidated Balance Sheet, of the state of affairs of IntraSoft Technologies Limited and its Subsidiaries as at 31st March, 2010;
 - ii) in case of the Consolidated Profit & Loss Account, of the Profit of operation of IntraSoft Technologies Limited and its Subsidiaries for the year ended on that date; and
 - iii) in case of the Consolidated Cash Flow Statement, of the Cash Flow of IntraSoft Technologies Limited and its subsidiaries for the year ended on that date.

For **K. N. GUTGUTIA & CO.**

Chartered Accountants

Firm Registration No. : 304153E

K. C. SHARMA

Partner

Membership No. : 50819

Place : Kolkata

Date : 11th August, 2010.

Consolidated Balance Sheet

IntraSoft Technologies Limited

	Schedule	As at 31 st March, 2010 Rupees	As at 31 st March, 2009 Rupees
SOURCES OF FUNDS			
A. SHAREHOLDERS' FUNDS			
a) Share Capital	1	110,316,780	209,403,925
b) Share Application Money - Pending Allotment (refer note no. 14 of schedule 14)		536,500,000	-
c) Reserves & Surplus	2	361,215,973	200,110,585
B. LOAN FUNDS			
Secured Loans	3	63,540,960	20,178,906
C. DEFERRED TAX LIABILITY			
		3,896,584	2,067,271
TOTAL		1,075,470,297	431,760,687
APPLICATION OF FUNDS			
A. FIXED ASSETS			
a) Gross Block	4	129,171,996	104,356,808
b) Less : Depreciation		66,842,613	56,648,041
c) Net Block		62,329,383	47,708,767
d) Capital Work-in-Progress		125,311,029	104,231,654
		187,640,412	151,940,421
B. INVESTMENTS			
	5	10,000,000	10,000,000
C. CURRENT ASSETS, LOANS AND ADVANCES			
a) Sundry Debtors	6	64,848,099	50,653,242
b) Cash and Bank Balances		4,652,451,703	187,491,779
c) Inventory		2,463,668	-
d) Other Current Assets		2,188,054	3,246,050
d) Loans and Advances		49,513,640	30,590,627
		4,771,465,164	271,981,698
Less: Current Liabilities and Provisions			
	7		
a) Current Liabilities		3,988,473,727	39,908,695
b) Provisions		2,028,059	1,938,826
		3,990,501,786	41,847,521
NET CURRENT ASSETS			
		780,963,378	230,134,177
Miscellaneous Expenditure (To the extent not written off or adjusted) (refer note no. 7 of Schedule 14)		96,866,507	39,686,089
TOTAL		1,075,470,297	431,760,687

Significant Accounting Policies and Notes to Accounts

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

As per our Report of even date annexed herewith

For K. N. GUTGUTIA & CO.
Chartered Accountants

For and on behalf of the Board

K. C. SHARMA
Partner
Membership No.: 50819

Arvind Kajaria **Sharad Kajaria** **Rajendra Kumar Chotia**
Managing Director Wholetime Director Company Secretary

Place : Kolkata
Date : 11th August, 2010

Place : Mumbai
Date : 11th August, 2010

Consolidated Profit and Loss Account

IntraSoft Technologies Limited

		For the year ended 31 st March, 2010 Rupees	For the year ended 31 st March, 2009 Rupees
	Schedule		
INCOME:			
Revenue	8	309,010,742	233,514,726
		<u>309,010,742</u>	<u>233,514,726</u>
EXPENDITURE:			
Cost of Revenues	9	53,675,158	23,643,813
Product and Content Development	10	11,609,194	7,393,474
Sales and Marketing Expenses	11	55,835,077	90,833,744
General and Administrative Expenses	12	76,336,204	45,739,101
		<u>197,455,633</u>	<u>167,610,132</u>
EBIDTA		111,555,109	65,904,594
Financial Expenses	13	2,967,592	646,488
Depreciation and Amortisation		<u>18,172,859</u>	<u>9,840,734</u>
Profit Before Taxation		90,414,658	55,417,372
Current Tax		15,644,483	6,388,444
MAT Credit Entitlement		(15,433,527)	(6,130,514)
Income Tax Related to Earlier Year		90,929	-
Provision for Fringe Benefit Tax		-	333,640
Deferred Tax (Net)		<u>1,829,313</u>	<u>1,543,567</u>
Profit After Taxation		88,283,460	53,282,235
Add: Balance brought forward from previous year		<u>60,320,396</u>	<u>74,536,389</u>
Profit Available for Appropriation		148,603,856	127,818,624
APPROPRIATIONS			
Interim Dividend		11,048,758	-
Proposed Dividend		11,048,758	-
Dividend Tax		3,670,122	-
Transferred to General Reserve		10,000,000	67,498,228
Balance Carried to Balance Sheet		<u>112,836,218</u>	<u>60,320,396</u>
		<u>148,603,856</u>	<u>127,818,624</u>

Significant Accounting Policies and Notes to Accounts 14

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

As per our Report of even date annexed herewith

For K. N. GUTGUTIA & CO.
Chartered Accountants

For and on behalf of the Board

K. C. SHARMA
Partner
Membership No.: 50819

Arvind Kajaria **Sharad Kajaria** **Rajendra Kumar Chotia**
Managing Director Wholetime Director Company Secretary

Place : Kolkata
Date : 11th August, 2010

Place : Mumbai
Date : 11th August, 2010

Consolidated Cash Flow Statement

IntraSoft Technologies Limited

	For the year ended 31 st March, 2010 Rupees	For the year ended 31 st March, 2009 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before tax and exceptional item	90,414,658	55,417,372
Adjustments for:		
Depreciation	18,172,859	9,840,734
Deferred Revenue Expenditures written off	17,477,298	9,977,294
Effect of exchange differences on translation in foreign currency	(591,733)	1,667,676
Preliminary Expenses Written off	2,770	2,770
Loss on Sale of Fixed Assets	2,142,239	885,846
Interest Expenses	2,967,592	646,488
Interest Received	(16,983,188)	(15,023,908)
Operating profit before working capital changes	113,602,495	63,414,272
(Increase) / Decrease in Debtors	(15,089,321)	(8,706,540)
Increase / (Decrease) in Creditors	23,483,012	24,534,749
(Increase) / Decrease in Inventory	(2,463,668)	-
(Increase)/ Decrease in Advance & Deposit	(1,378,722)	(8,911,214)
Cash generated from operations	118,153,796	70,331,267
Income taxes (including FBT) (Paid) / Refunded	(17,725,911)	(8,636,095)
Net Cash From Operating Activities:	100,427,885	61,695,172
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(35,853,338)	(32,706,729)
(Increase) / Decrease in Capital Work - in - progress	(21,079,375)	(27,737,767)
(Increase) / Decrease in Deferred Revenue Expenditure	(37,500,000)	(48,674,113)
Sale of Fixed Assets	839,250	570,967
Interest Received	18,041,185	15,039,660
Net Cash From / (used in) Investing Activities:	(75,552,278)	(93,507,982)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Secured Loans	43,362,053	20,178,906
Share Issue Expenses	(37,160,486)	-
Unpaid Dividend	(42,798)	-
Proceeds from Share Application Money	4,436,893,140	-
Proceeds from Unsecured Loan	-	(1,500,000)
Interest Paid	(2,967,592)	(646,488)
Net Cash From Financing Activities:	4,440,084,317	18,032,418
Net Increase / (Decrease) in Cash	4,464,959,924	(13,780,392)
Opening Cash Balance	187,491,779	201,272,171
Closing Cash Balance	4,652,451,703	187,491,779

Notes:

- 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
- The Cash & Cash Equivalents at the end of year includes Rs 4,436,893,140/- lying under Escrow Account in banks and Rs 90,000,000/- in Fixed deposit Account with banks under lien which are not immediately available for the use by the Company.

As per our Report of even date annexed herewith

For K. N. GUTGUTIA & CO.
Chartered Accountants

For and on behalf of the Board

K. C. SHARMA
Partner
Membership No.: 50819

Arvind Kajaria
Managing Director

Sharad Kajaria
Wholtime Director

Rajendra Kumar Chotia
Company Secretary

Place : Kolkata
Date : 11th August, 2010

Place : Mumbai
Date : 11th August, 2010

Schedules

IntraSoft Technologies Limited

Forming part of the Consolidated Accounts

	As at 31 st March, 2010 Rupees	As at 31 st March, 2009 Rupees
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED CAPITAL		
25,250,000 (Previous Year 1,687,315) Equity Shares of Rs.10/- each	252,500,000	16,873,150
Nil (Previous Year 307,166) Preference Shares of Rs 767/- each	-	235,596,322
	252,500,000	252,469,472
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
11,031,678 (Previous Year 1,320,149) Equity Shares of Rs.10/- each fully paid up	110,316,780	13,201,490
(Out of above -		
(a) 319,149 (Previous Year 319,149) Equity Shares of Rs 10/- each fully paid up have been allotted to shareholders of One Two Three India.Com Ltd pursuant to Scheme of Amalgamation		
(b) 10,305,724 (Previous Year 850,000) Equity Shares of Rs 10/- each fully paid up as Bonus Shares by way of capitalization of General Reserve & Share Premium Account		
(c) 255,805 (Previous Year NIL) Equity Shares of Rs 10/- each fully paid up on conversion of 1.5% Compulsorily Convertible Cumulative Participating Preference Shares)		
Nil (Previous Year 255,805) 1.5% Compulsorily Convertible Cumulative Participating Preference Shares of Rs 767/- each fully paid up (Refer note no 13(a) of Schedule 14)	-	196,202,435
	110,316,780	209,403,925
SCHEDULE 2 : RESERVES & SURPLUS		
Capital Reserve		
As per last Balance Sheet	9,613,960	9,613,960
Share Premium Account		
As per last Balance Sheet	3,035,037	3,035,037
Add : On Conversion of 1.5% Compulsorily Convertible Cumulative Participating Preference Shares	193,644,385	-
Less : Utilised for Issue of Bonus share	94,557,240	-
	102,122,182	3,035,037
Translation Reserve		
As per last Balance Sheet	2,141,192	261,364
Add/(Less) : During the Year	(497,579)	1,879,828
	1,643,613	2,141,192
General Reserve		
As per last Balance Sheet	125,000,000	57,501,772
Add : Transfer during the year	10,000,000	67,498,228
	135,000,000	125,000,000
Surplus as per Profit and Loss Account	112,836,218	60,320,396
	361,215,973	200,110,585
SCHEDULE 3 : LOAN FUNDS		
Secured Loan		
Car Loan from Bank & Others	2,021,596	1,463,359
(Secured against Hypothecation of Motor Car)		
Overdraft from Bank	61,519,364	18,715,547
(Secured against Hypothecation of Fixed Deposit)		
	63,540,960	20,178,906

Schedules

Forming part of the Consolidated Accounts

IntraSoft Technologies Limited

SCHEDULE 4 : FIXED ASSETS

Assets	Gross Block				Depreciation				Net Block		
	As on 01.04.2009	Consolidated Adjustment	Additions	Disposals	As on 31.03.2010	As on 01.04.2009	Consolidated Adjustment	From 1.4.2009 to 31.3.2010	Deductions on Sale/Disposals	As on 31.03.2010	As on 31.03.2009
Tangible											
Computers	34,269,731	-	4,846,561	4,109,424	35,006,868	27,469,096	-	3,410,933	3,701,158	27,178,871	6,800,635
Furniture & Fixtures	3,475,593	(36,918)	1,553,518	598,522	4,393,671	2,051,295	(32,508)	489,145	368,418	2,139,514	1,424,298
Office Equipments	18,300,161	(414,637)	131,492	5,355,215	12,661,801	9,882,954	(340,674)	1,244,728	3,133,828	7,653,180	8,417,207
Motor Car	5,736,707	-	1,362,093	523,434	6,575,366	3,108,698	-	782,441	401,701	3,489,438	2,628,009
Intangible											
Website 123India.com	6,347,701	-	-	-	6,347,701	6,347,701	-	-	-	6,347,701	-
Softwares	36,226,915	-	27,959,674	-	64,186,589	7,788,297	-	12,245,612	-	20,033,909	28,438,618
Total	104,356,808	(451,555)	35,853,338	10,586,595	129,171,996	56,648,041	(373,182)	18,172,859	7,605,105	66,842,613	47,708,767
Previous Year	75,862,072	808,153	32,706,729	5,020,146	104,356,808	49,774,639	596,001	9,840,734	3,563,333	56,648,041	47,708,767

Schedules

IntraSoft Technologies Limited

Forming part of the Consolidated Accounts

	As at 31 st March, 2010 Rupees	As at 31 st March, 2009 Rupees
SCHEDULE 5 : INVESTMENTS (Long Term)		
Equity Shares Fully Paid up (Unquoted - at cost)		
IntraSoft Technologies Ltd		
(1,750,000 Equity Shares of Rs 10/- each held in Trust in terms of the Scheme of Amalgamation)	10,000,000	10,000,000
	10,000,000	10,000,000
SCHEDULE 6: CURRENT ASSETS, LOANS & ADVANCES		
A. CURRENT ASSETS		
Sundry Debtors, Unsecured -Considered Good	9,589,467	620,448
Debts outstanding for a period exceeding six months	55,258,632	50,032,794
Other Debts	64,848,099	50,653,242
CASH & BANK BALANCES		
Cash In Hand (As Certified by the Management)	44,853	8,184
Balances with Scheduled Banks		
In Current Account	40,471,150	12,398,237
In Fixed Deposit	175,000,000	175,000,000
In Escrow & ASBA Bank (a/c Share Application Money)	4,436,893,140	-
In Unpaid Dividend Account	42,560	85,358
	4,652,451,703	187,491,779
INVENTORY		
Stock in Trade	2,463,668	-
	2,463,668	-
OTHER CURRENT ASSETS		
Accrued Interest on Fixed Deposits	2,188,054	3,246,050
	2,188,054	3,246,050
B. LOANS & ADVANCES		
Advances recoverable in cash or in kind or for value to be received	4,392,784	5,442,757
Advance Income Tax & T. D. S. (Net of Provisions)	4,555,721	2,455,077
Advance for Fringe Benefit Tax (Net of Provisions)	10,119	-
MAT Credit Entitlement	30,464,939	15,031,411
Prepaid Expenses	1,493,399	40,205
Security Deposits	8,596,678	7,621,177
	49,513,640	30,590,627
SCHEDULE 7: CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors	24,055,371	28,167,558
Interim Dividend Payable	11,048,758	-
Proposed Dividend Payable	11,048,758	-
Tax on Dividend Payable	3,670,122	-
Share Application Money Refundable	3,900,393,140	-
Unpaid Dividend	42,560	85,358
Other Liabilities	38,215,018	11,655,779
	3,988,473,727	39,908,695
B. PROVISIONS		
Provision for Gratuity	1,732,806	1,687,875
Provision for Leave Encashment	295,253	198,687
Provision for Fringe Benefit Tax (Net of Advances)	-	52,264
	2,028,059	1,938,826
	3,990,501,786	41,847,521

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31st March, 2010

Schedules

IntraSoft Technologies Limited

Forming part of the Consolidated Accounts

	For the Year ended 31 st March, 2010 Rupees	For the Year ended 31 st March, 2009 Rupees
SCHEDULE 8 : REVENUE		
IT Enabled Services	292,027,554	213,882,419
Other Income (Refer note no. 11 of Schedule 14)	16,983,188	19,632,307
	309,010,742	233,514,726
SCHEDULE 9: COST OF REVENUES		
Web space and Bandwidth Charges	22,437,297	20,538,660
Ad serving Charges	2,782,353	3,105,153
Cost of Goods Sold	28,455,508	-
	53,675,158	23,643,813
SCHEDULE 10: PRODUCT AND CONTENT DEVELOPMENT		
Salaries, Bonus & other allowances	11,348,032	6,977,097
Contribution to Provident and Other Funds	256,162	397,377
Content Purchase	5,000	19,000
	11,609,194	7,393,474
SCHEDULE 11: SALES AND MARKETING EXPENSES		
Salaries, Bonus & other allowances	10,273,866	14,827,040
Contribution to Provident and Other Funds	356,979	942,760
Travelling and Entertainment	1,076,987	1,273,575
Communication & Correspondence	210,143	298,802
Commission on delivery	15,054,246	11,113,625
Commission on sales	3,561,268	4,468,455
Pay Pal Fees	209,697	-
Discount Allowed	11,919	10,584,834
Dues & Subscription	178,805	-
Delivery Discount	291,445	-
Shipping & Handling	704,143	-
Advertising, Marketing & Referral Fees	23,860,324	46,914,990
Legal & Professional Fees	45,255	409,663
	55,835,077	90,833,744
SCHEDULE 12: GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries, Bonus & other allowances	12,680,212	10,794,131
Contribution to Provident and Other Funds	406,034	384,109
Gratuity	532,815	5,836
Travelling & Conveyance	3,149,206	487,209
Communication & Correspondence	1,037,513	1,179,702
Donation	-	102,000
Power & Fuel	1,306,787	2,248,942
Foreign Exchange Loss (Net)	2,395,307	-
Insurance	205,903	363,549
Internet Connectivity Charges	467,051	377,330
Legal & Professional Fee	2,339,512	2,922,993
Subscription & Membership Fees	14,938,735	4,535,367
Directors Fee	720,000	-

	For the Year ended 31 st March, 2010 Rupees	For the Year ended 31 st March, 2009 Rupees
<u>Auditors Remuneration</u>		
Statutory Audit Fee	425,062	442,500
Tax Audit Fee	52,109	13,500
Other Services	771,186	53,273
Loss on sale of Fixed Assets	2,142,239	885,846
Recruitment & Relocation	367,968	1,608,240
Rent	8,290,715	3,485,649
Rates & Taxes	16,700	1,081,276
Repairs & Maintenance (Others)	2,023,464	1,438,696
Software Charges	69,464	245,322
Preliminary Expenses Written Off	2,770	2,770
Miscellaneous Expenses	3,970,852	2,402,743
Vehicle Running & Maintenance	547,302	700,824
Miscellaneous Expenditures Written off	17,477,298	9,977,294
	<u>76,336,204</u>	<u>45,739,101</u>
SCHEDULE 13: FINANCIAL EXPENSES		
Interest to Bank	2,709,161	620,843
Interest to others	258,431	25,645
	<u>2,967,592</u>	<u>646,488</u>

SCHEDULE 14: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**(A) BASIS OF CONSOLIDATION AND SIGNIFICANT ACCOUNTING POLICIES**

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

1. BASIS OF ACCOUNTING AND PRINCIPALS 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, 2010.
- II. The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006.
- III. The financial statements of the parent and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealized profits or losses have been fully eliminated.

2. FIXED ASSETS

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

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

3. DEPRECIATION

Depreciation is charged in the accounts on the following basis.

- I) Depreciation on all assets, except for Software as stated in Para (II) (b), is provided on written down value method and the fixed assets of 123 Greetings.com, Inc. Rs.295,643/- which is applied on the straight-line method basis on useful lives of assets as estimated by the Management.
- II) (a) Software installed for operating system and administrative purposes is depreciated @ 40%
(b) Software for Development of Software / rendering software services is depreciated over its useful life of 60 months as estimated by the management.
- III) Depreciation on assets added / disposed off during the year is provided on pro-rata basis.

4. INVESTMENTS

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

5. RECOGNITION OF INCOME AND EXPENDITURE

Items of Income and expenditure are accounted for on accrual basis

6. FOREIGN CURRENCY TRANSACTIONS

- i) Foreign Currency transactions are recorded on the basis of exchange rates prevailing on the date of their occurrence.
- ii) Monetary current assets and monetary current liabilities (other than those covered by forward contracts) denominated in foreign currency are translated at the exchange rate prevalent at the

date of the balance sheet. The resulting difference is also recorded in the profit and loss account. The translation of financial statements of the foreign subsidiaries from the local currency to the functional currency of the parent is performed for balance sheet accounts using the exchange rate in effect at the balance sheet date and for revenue, expense items using a weighted average exchange rate for the respective periods and the resulting difference is presented as foreign currency translation reserve included in "Reserves and Surplus".

7. EMPLOYEES BENEFITS

- i) The Company makes monthly contribution to ESI and provident fund in respect of employees covered under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 at the rate specified in the act and the same is charged to revenue.
- ii) Leave pay due to employees in respect of unavailed leave is encashed or provided for at the end of the year
- iii) Gratuity paid during the year is debited to liability account at the time of payment and liability on account of gratuity is provided on the date of Balance Sheet on actuarial Valuation at the end of the year

8. TAXATION

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

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

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

9. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

10. USE OF ESTIMATES

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

11. IMPAIRMENT OF ASSETS

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

12. MISCELLANEOUS EXPENDITURE

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

(b) The Share Issue Expenses are adjustable against Share Premium Account.

B) NOTES ON ACCOUNTS

	31st March, 2010 Rupees	31 st March, 2009 Rupees
1. Contingent Liabilities not provided for in respect of outstanding Bank Guarantee	2,625,000	125,000
2. The Deferred Tax Liability comprise of the following		
(a) Deferred Tax Liability		
Timing difference for depreciation on Fixed Assets	4,949,511	2,955,192
(b) Deferred Tax Asset		
Expenses allowable under the Income Tax Act on actual payment basis	(1,052,927)	(887,921)
Provision for Deferred Liability (Net)	3,896,584	2,067,271

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

	31st March, 2010 Rupees	31 st March, 2009 Rupees
3. Remuneration and perquisites to		
(a) Managing Director		
Salary	2,400,000	2,400,000
(b) Whole Time Director		
Salary	2,100,000	2,100,000

4. Related Party Transactions

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

Key Management Person

Mr Arvind Kajaria Managing Director
Mr Sharad Kajaria Whole Time Director

b) Transaction and Balance with Related Parties:

<u>Nature of Transaction</u>	31st March, 2010 Rupees	31 st March, 2009 Rupees
Remuneration to Key Managerial Person	4,500,000	4,500,000

5. Fixed Deposit with Bank includes Rs.80,000,000/- (Previous Year Rs.10,000,000/-) earmarked for overdraft facility taken by the company and Rs 10,000,000/- (Previous Year Rs.10,000,000/-) earmarked for overdraft facility to be utilized by a subsidiary company on which lien has been created.

6. Minimum Alternative Tax (MAT) credit available to the company as per provision of section 115JAA of the Income Tax Act, 1961 Rs.30,464,939/- (Previous Year Rs 15,031,411/-) has been recognised as MAT Credit Entitlement and carried forward for set off in future years.

7. Details of Miscellaneous Expenditure (to the extent not written off or adjusted)

	31st March, 2010 Rupees	31 st March, 2009 Rupees
(a) Capital Increase fees		
As per last Account	746,799	992,040
Less : Written off during the year	245,242	245,241
	501,557	746,799
(b) Deferred Revenue Expenditure		
As per last Account	38,939,290	-
Add : During the year	37,500,000	48,674,113
Less : Written off during the year	17,234,826	9,734,823
	59,204,464	38,939,290
(c) Share Issue Expenses	37,160,486	-
	96,866,507	39,686,089

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

9. Earnings per share

	31st March, 2010 Rupees	31 st March, 2009 Rupees
(a) Net Income available to Equity Shareholders (Rs.) (Numerator)	88,283,460	53,282,235
(b) Weighted average no. of Equity Shares outstanding (Denominator)	11,031,678	11,031,678
(c) Earning per Share (Rs.) Basic	8.00	4.83
Diluted	8.00	4.83

10. The Company has not received information from vendors regarding their status under the Macro, Small & Medium Enterprises Development Act, 2006 and hence disclosures relating to their outstanding amount and interest has not been made.

11. Other Income represents interest received from bank on Fixed Deposit(Gross) Rs 16,983,188/- (Previous Year Rs 15,023,908/-) TDS Rs 2,743,076/- (Previous Year Rs 3,156,384/-) and Exchange Gain Rs NIL (Previous Year Rs..46,08,399/-)

12. As per requirements of AS-17 issued by the Institute of Chartered Accountants of India, no disclosure is required as the Company is operating in single business/geographical segment of Internet based delivery of services.

13. During the year the company has :-

- Converted 255,805 1.5% Compulsorily Convertible Cumulative Participating Preference Shares by issue of 255,805 Equity Shares of Rs 10/- each at a premium of Rs 757/- per share.
- Issued 9,455,724 Equity Shares as Bonus shares to the existing shareholders in the ratio 6:1 by capitalization of Share Premium Account.

14. The Company had filed a Prospectus with the Registrar of Companies, Mumbai on March 30, 2010 in respect of Public Offer of 37,00,000 Equity Shares of Rs 10/- each for cash at a price of Rs 145/- per Equity Share aggregating Rs 53,65,00,000/-. The offer opened on March 23, 2010 and closed on March 26, 2010. The allotment for the same has been approved by the Board of Directors at their meeting held on April 07, 2010. After allotment, the paid up capital of the company will increase to 14,731,678 Equity Shares of Rs 10/- each fully paid up.
15. Figures for the previous year are re-grouped / re-arranged wherever considered necessary to confirm to current year's presentation.

Signatures on Schedules 1 to 14 are forming part of the Consolidated Accounts

As per our Report of even date annexed herewith

For K. N. GUTGUTIA & CO.
Chartered Accountants

For and on behalf of the Board

K. C. SHARMA
Partner
Membership No.: 50819

Arvind Kajaria	Sharad Kajaria	Rajendra Kumar Chotia
Managing Director	Wholetime Director	Company Secretary

Place : Kolkata
Date : 11th August, 2010

Place : Mumbai
Date : 11th August, 2010

TO THE MEMBERS OF INTRASOFT TECHNOLOGIES LIMITED

1. We have audited the attached Balance Sheet of **INTRASOFT TECHNOLOGIES LIMITED** as at 31st March, 2010, Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An Audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order 2003 as amended, issued by the Central Government of India in terms of Sub-Section (4A) of the Section 227 of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 and 5 of the said Order
4. Further to our comments in the Annexure referred to above we report that :-
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the company has complied with the Accounting Standards as referred to in Sub-Section 3C of Section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from the directors of the Company as at 31st March, 2010 and taken on record by the Board of Directors, we report that no director is disqualified from being appointed as a director of the Company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the annexed accounts read together with the schedules give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :-
 - (i) In the case of the Balance Sheet ; of the state of affairs of the Company as at 31st March, 2010;
 - (ii) In the case of the Profit and Loss Account; of the Profit of the Company for the year ended on that date.
 - (iii) In the case of the Cash Flow Statement of the Cash Flow for the year ended on that date.

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

K. C. SHARMA
Partner
Membership No. 50819

Place: Kolkata
Date: 11th August, 2010

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

With reference to the Annexure referred to in paragraph 3 of the Auditors' Report to the members of INTRASOFT TECHNOLOGIES LIMITED on the financial statements for the year ended 31st March, 2010, 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 part of fixed assets has been disposed off by the company during the year.
- ii. The company's nature of operations does not require to hold inventories.
- iii. The Company has neither granted nor taken any loans, secured or unsecured to / from Companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956.
- 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 in Section 301 of the Companies Act, 1956.
- vi. The Company has not accepted any deposits from the public.
- vii. The Company has an internal audit system which, in our opinion, is commensurate with its size and nature of its business.
- viii. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of services carried out by the company.
- ix. a. the company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other statutory dues with appropriate authorities, wherever applicable. There is no outstanding statutory dues at the end of the financial year for a period of more than six months from the date they became payable.
- b. according to the information and explanations given to us no disputed amount is outstanding in respect of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess at the end of the financial year.
- X. The Company has neither accumulated losses at the end of the financial year nor it has incurred any cash losses during the financial year and in the financial year immediately preceding such financial year.
- xi. The Company has taken loans from the bank and others against hypothecation of motor cars and is regular in payment of installments of the same.
- xii. Based on our examination and according to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable.
- xiv. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 is not applicable.

- xv. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from Banks or Financial Institutions except lien on fixed deposit with a Bank for overdraft facility taken by a subsidiary company.
- xvi. The Company has not taken any term loans during the year from Bank / Financial Institution.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long term investment.
- xviii. The Company has not made any preferential allotment of shares to and companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix. The Company has not issued any debentures.
- xx. The Company has raised money by Public Issue during the year under review which is lying in Share Application Money pending allotment/ Escrow Account in Banks, disclosure of end use of the money does not arise.
- 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: 11th August, 2010

Balance Sheet

IntraSoft Technologies Limited

	Schedule	As at 31 st March, 2010 Rupees	As at 31 st March, 2009 Rupees
SOURCES OF FUNDS			
A. SHAREHOLDERS' FUNDS			
a) Share Capital	1	110,316,780	209,403,925
b) Share Application Money - Pending Allotment (refer note no. 17 of schedule 14)		536,500,000	-
c) Reserves & Surplus	2	361,141,263	198,952,658
B. LOAN FUNDS			
Secured Loan	3	43,488,124	10,746,868
C. DEFERRED TAX LIABILITY			
		3,889,184	2,057,251
TOTAL		1,055,335,351	421,160,702
APPLICATION OF FUNDS			
A. FIXED ASSETS			
a) Gross Block	4	125,414,504	100,191,812
b) Less : Depreciation		63,593,592	53,357,849
c) Net Block		61,820,912	46,833,963
d) Capital Work-in-Progress		125,311,029	104,231,654
		187,131,941	151,065,617
B. INVESTMENTS			
	5	20,717,000	20,717,000
C. CURRENT ASSETS, LOANS AND ADVANCES			
	6		
a) Sundry Debtors		54,334,885	32,230,430
b) Cash and Bank Balances		4,630,330,800	179,692,260
c) Other Current Assets		2,188,054	3,246,050
d) Loans and Advances		46,535,120	28,988,999
		4,733,388,859	244,157,739
Less: Current Liabilities and Provisions			
	7		
a) Current Liabilities		3,980,724,277	32,514,910
b) Provisions		2,028,059	1,931,443
		3,982,752,336	34,446,353
NET CURRENT ASSETS			
		750,636,523	209,711,386
Miscellaneous Expenditure (To the extent not written off or adjusted) (refer note no. 11 of Schedule 14)		96,849,887	39,666,699
TOTAL		1,055,335,351	421,160,702

Significant Accounting Policies and Notes to Accounts

14

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

As per our Report of even date annexed herewith

For K. N. GUTGUTIA & CO.
Chartered Accountants

For and on behalf of the Board

K. C. SHARMA
Partner
Membership No.: 50819

Arvind Kajaria **Sharad Kajaria** **Rajendra Kumar Chotia**
Managing Director Wholetime Director Company Secretary

Place : Kolkata
Date : 11th August, 2010

Place : Mumbai
Date : 11th August, 2010

Profit and Loss Account

IntraSoft Technologies Limited

	Schedule	For the year ended 31 st March, 2010 Rupees	For the year ended 31 st March, 2009 Rupees
INCOME:			
Revenue	8	181,218,431	105,244,358
		<u>181,218,431</u>	<u>105,244,358</u>
EXPENDITURE:			
Cost of Revenues	9	214,698	267,408
Product and Content Development	10	11,604,194	7,393,474
Sales and Marketing Expenses	11	8,393,179	3,810,488
General and Administrative Expenses	12	50,420,116	30,116,046
		<u>70,632,187</u>	<u>41,587,416</u>
EBIDTA		110,586,244	63,656,942
Financial Expenses	13	1,957,570	91,159
Depreciation and Amortisation		<u>17,840,849</u>	<u>9,457,108</u>
Profit Before Taxation		90,787,825	54,108,675
Current Tax		15,429,393	6,135,000
MAT Credit Entitlement		(15,433,528)	(6,130,514)
Income Tax related to Earlier Year		90,929	-
Provision for Fringe Benefit Tax		-	288,150
Deferred Tax (Net)		<u>1,831,933</u>	<u>1,536,501</u>
Profit After Taxation		88,869,098	52,279,538
Add: Balance Brought Forward from Previous Year		<u>61,303,661</u>	<u>76,522,351</u>
Profit Available for Appropriation		150,172,759	128,801,889
Appropriations			
Interim Dividend		11,048,758	-
Proposed Dividend		11,048,758	-
Dividend Tax		3,670,122	-
Transferred to General Reserve		10,000,000	67,498,228
Balance Carried to Balance Sheet		<u>114,405,121</u>	<u>61,303,661</u>
		<u>150,172,759</u>	<u>128,801,889</u>
Earnings per Share			
- Basic		8.06	4.74
- Diluted		8.06	4.74
Significant Accounting Policies and Notes to Accounts	14		
Schedules 8-14 referred to above form an integral part of the Profit & Loss Account.			

As per our Report of even date annexed herewith

For K. N. GUTGUTIA & CO.
Chartered Accountants

For and on behalf of the Board

K. C. SHARMA
Partner
Membership No.: 50819

Arvind Kajaria **Sharad Kajaria** **Rajendra Kumar Chotia**
Managing Director Wholetime Director Company Secretary

Place : Kolkata
Date : 11th August, 2010

Place : Mumbai
Date : 11th August, 2010

Cash Flow Statement

IntraSoft Technologies Limited

	For the year ended 31 st March, 2010 Rupees	For the year ended 31 st March, 2009 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before tax and exceptional item	90,787,825	54,108,675
Adjustments for:		
Depreciation	17,840,849	9,457,108
Miscellaneous Expenditure	17,477,298	9,977,294
Loss on sale of Fixed Assets	2,142,239	885,846
Interest Paid	1,957,570	91,159
Interest Received	(16,983,188)	(15,023,909)
Operating profit before working capital changes	113,222,593	59,496,173
(Increase) / Decrease in Debtors	(22,104,454)	1,072,515
Increase / (Decrease) in Creditors	22,232,884	22,940,677
(Increase) / Decrease in Advance & Deposit	(1,949,107)	(9,224,173)
Cash generated from operations	111,401,916	74,285,192
Income Taxes including FBT (Paid) / Refunded	(15,728,689)	(7,881,553)
Net Cash From Operating Activities:	95,673,227	66,403,639
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(35,809,287)	(32,523,991)
(Increase) / Decrease in Miscellaneous Expenditure	(37,500,000)	(48,674,113)
(Increase) / Decrease in Capital Work - in - progress	(21,079,375)	(27,737,767)
Sale of Fixed Assets	839,250	555,600
Interest Received	18,041,183	15,039,660
Net Cash From/ (used in) Investing Activities:	(75,508,229)	(93,340,611)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Share Issue Expenses	(37,160,486)	-
Unpaid Dividend Paid	(42,798)	-
Proceeds from Secured Loan	32,741,256	10,746,868
Share Application Money	4,436,893,140	-
Interest Paid	(1,957,570)	(91,159)
Net Cash From Financing Activities:	4,430,473,542	10,655,709
Net Increase / (Decrease) in Cash and Cash Equivalents	4,450,638,540	(16,281,263)
Cash and Cash Equivalents at the Beginning of the Year	179,692,260	195,973,523
Cash and Cash Equivalents at the End of the Year	4,630,330,800	179,692,260

Notes:

- 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.
- The Cash & Cash Equivalents at the end of year includes Rs 4,436,893,140/- lying under Escrow Account in banks and Rs 90,000,000/- in Fixed deposit Account with banks under lien which are not available immediately for the use by the Company.

As per our Report of even date annexed herewith

For K. N. GUTGUTIA & CO.
Chartered Accountants

For and on behalf of the Board

K. C. SHARMA
Partner
Membership No.: 50819

Arvind Kajaria **Sharad Kajaria** **Rajendra Kumar Chotia**
Managing Director Wholetime Director Company Secretary

Place : Kolkata
Date : 11th August, 2010

Place : Mumbai
Date : 11th August, 2010

Schedules

IntraSoft Technologies Limited

Forming part of the Accounts

	As at 31 st March, 2010 Rupees	As at 31 st March, 2009 Rupees
SCHEDULE 1 : SHARE CAPITAL		
AUTHORISED CAPITAL		
25,250,000 (Previous Year 1,687,315) Equity Shares of Rs.10/- each	252,500,000	16,873,150
Nil (Previous Year 307,166) Preference Shares of Rs 767/- each	-	235,596,322
	252,500,000	252,469,472
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
11,031,678 (Previous Year 1,320,149) Equity Shares of Rs. 10/- each fully paid up	110,316,780	13,201,490
(Out of above -		
(a) 319,149 (Previous Year 319,149) Equity Shares of Rs 10/- each fully paid up have been allotted to shareholders of One Two Three India.Com Ltd pursuant to Scheme of Amalgamation		
(b) 10,305,724 (Previous Year 850,000) Equity Shares of Rs 10/- each fully paid up as Bonus Shares by way of capitalization of General Reserve & Share Premium Account		
(c) 255,805 (Previous Year NIL) Equity Shares of Rs 10/- each fully paid up on conversion of 1.5% Compulsorily Convertible Cumulative Participating Preference Shares)		
Nil (Previous Year 255,805) 1.5% Compulsorily Convertible Cumulative Participating Preference Shares of Rs 767/- each fully paid up (Refer note no. 16(a) of Schedule 14)	-	196,202,435
	110,316,780	209,403,925
SCHEDULE 2 : RESERVES & SURPLUS		
Capital Reserve		
As per last Balance Sheet	9,613,960	9,613,960
Share Premium Account		
As per last Balance Sheet	3,035,037	3,035,037
Add : On Conversion of 1.5% Compulsorily Convertible Cumulative Participating Preference Shares	193,644,385	-
Less : Utilised for Issue of Bonus share	94,557,240	-
	102,122,182	3,035,037
General Reserve		
As per last Balance Sheet	125,000,000	57,501,772
Add : Transfer from Profit & Loss Account	10,000,000	67,498,228
	135,000,000	125,000,000
Balance of Profit & Loss Account		
	114,405,121	61,303,661
	361,141,263	198,952,658
SCHEDULE 3 : LOAN FUNDS		
Secured Loan		
Car Loan from Bank & Others	2,021,596	1,463,359
(Secured against Hypothecation of Motor Car)		
Overdraft from Bank	41,466,528	9,283,509
(Secured against Hypothecation of Fixed Deposit)		
	43,488,124	10,746,868

Schedules

IntraSoft Technologies Limited

Forming part of the Accounts

SCHEDULE 4 : FIXED ASSETS

(Amount in Rupees)

Particulars	Gross Block			Depreciation			Net Block	
	As on 01.04.2009	Additions	Disposals	As on 31.03.2010	As on 01.04.2009	From 1.4.2009 to 31.3.2010	As on 31.03.2010	As on 31.03.2009
Tangible								
Computers	34,158,551	4,846,561	4,109,424	34,895,688	27,428,517	3,382,697	7,785,632	6,730,034
Furniture & Fixtures	3,134,776	1,509,467	598,522	4,045,721	1,760,676	473,751	1,866,009	1,374,100
Office Equipments	14,587,162	131,492	5,355,215	9,363,439	6,923,960	956,348	4,746,479	7,663,202
Motor Car	5,736,707	1,362,093	523,434	6,575,366	3,108,698	782,441	3,489,438	2,628,009
Intangible								
Website 123india.com	6,347,701	-	-	6,347,701	6,347,701	-	6,347,701	-
Softwares	36,226,915	27,959,674	-	64,186,589	7,788,297	12,245,612	20,033,909	28,438,618
Total	100,191,812	35,809,287	10,586,595	125,414,504	53,357,849	17,840,849	63,593,592	46,833,963
Previous Year	72,671,538	32,523,991	5,003,717	100,191,812	47,463,012	9,457,108	53,357,849	46,833,963

Schedules

IntraSoft Technologies Limited

Forming part of the Accounts

	As at 31 st March, 2010 Rupees	As at 31 st March, 2009 Rupees
SCHEDULE 5 : INVESTMENTS (Long Term)		
Equity Shares Fully Paid up (Unquoted - at cost) - Other than trade		
123Greetings.com, Inc, A wholly owned subsidiary company incorporated in USA (10,000,000 Common Stock of US \$0.01 each)	4,315,000	4,315,000
One Two Three Greetings (India) Private Limited A wholly owned subsidiary company incorporated in India (100,000 Equity Shares of Rs. 10 each)	1,000,000	1,000,000
123Greetings (Singapore) Pte Ltd A wholly owned subsidiary company incorporated in Singapore (200,000 shares @ SGD 1.00 each)	5,402,000	5,402,000
IntraSoft Technologies Ltd (1,750,000 Equity Shares of Rs 10/- each held in Trust in terms of the Scheme of Amalgamation)	10,000,000	10,000,000
	20,717,000	20,717,000
SCHEDULE 6: CURRENT ASSETS, LOANS & ADVANCES		
A. CURRENT ASSETS		
Sundry Debtors, Unsecured -Considered Good	-	1,317,838
Debts outstanding for a period exceeding six months		
Other Debts	54,334,885	30,912,592
(includes Rs 51,324,437 ,Previous Year Rs.31,962,534 due from wholly Owned Subsidiaries)		
	54,334,885	32,230,430
CASH & BANK BALANCES		
Cash In Hand (As Certified by the Management)	20,461	2,398
Balances with Scheduled Banks		
In Current Account	18,374,639	4,604,505
In Fixed Deposit	175,000,000	175,000,000
In Escrow & ASBA Bank (a/c Share Application Money)	4,436,893,140	-
In Unpaid Dividend Account	42,560	85,357
	4,630,330,800	179,692,260
OTHER CURRENT ASSETS		
Accrued Interest on Fixed Deposits	2,188,054	3,246,050
	2,188,054	3,246,050
B. LOANS & ADVANCES		
Advances recoverable in cash or in kind or for value to be received	4,787,257	5,058,606
Advance Income Tax & TDS (Net of Provisions Rs.26,379,393)	1,608,474	1,455,107
Advance for Fringe Benefit Tax (Net of Provisions Rs.866,545)	10,119	-
MAT Credit Entitlement	30,464,939	15,031,411
Prepaid Expenses	1,262,316	39,305
Security Deposits	8,402,015	7,404,570
	46,535,120	28,988,999

Forming part of the Accounts

	As at 31 st March, 2010 Rupees	As at 31 st March, 2009 Rupees
SCHEDULE 7: CURRENT LIABILITIES & PROVISIONS		
A. CURRENT LIABILITIES		
Sundry Creditors (Refer note no. 13 of Schedule 14)	19,793,618	24,072,874
Interim Dividend Payable	11,048,758	-
Proposed Dividend Payable	11,048,758	-
Dividend Tax Payable	3,670,122	-
Share Application Money Refundable	3,900,393,140	-
Unpaid Dividend *	42,560	85,357
Other Liabilities	34,727,321	8,356,679
	3,980,724,277	32,514,910
* There is no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 st March, 2010		
B. PROVISIONS		
Provision for Gratuity	1,732,806	1,687,875
Provision for Leave Encashment	295,253	198,687
Provision for Fringe Benefit Tax (Net of Advances Rs. 811,545)	-	44,881
	2,028,059	1,931,443
	3,982,752,336	34,446,353

Schedules

IntraSoft Technologies Limited

Forming part of the Accounts

	For the Year ended 31 st March, 2010 Rupees	For the Year ended 31 st March, 2009 Rupees
SCHEDULE 8 : REVENUE		
IT Enabled Services (TDS Rs.4,057,373 Previous Year Rs.1,572,943)	164,235,243	85,621,337
Other Income (Refer note no. 14 of Schedule 14)	16,983,188	19,623,021
	181,218,431	105,244,358
SCHEDULE 9: COST OF REVENUES		
Web space and Bandwidth Charges	214,698	267,408
	214,698	267,408
SCHEDULE 10: PRODUCT AND CONTENT DEVELOPMENT		
Salaries, Bonus & other allowances	11,348,032	6,977,097
Contribution to Provident and Other Funds	256,162	397,377
Content Purchase	-	19,000
	11,604,194	7,393,474
SCHEDULE 11: SALES AND MARKETING EXPENSES		
Salaries, Bonus & other allowances	7,910,624	3,600,603
Contribution to Provident and Other Funds	306,743	209,885
Travelling (Marketing)	175,812	-
	8,393,179	3,810,488
SCHEDULE 12: GENERAL AND ADMINISTRATIVE EXPENSES		
Salaries, Bonus & other allowances	9,247,286	7,522,320
Contribution to Provident and Other Funds	124,963	87,236
Gratuity	532,815	5,836
Travelling & Conveyance	2,857,725	482,456
Communication & Correspondence	566,371	443,874
Donation	-	102,000
Power & Fuel	1,162,192	2,066,602
Foreign Exchange Loss (Net)	2,382,357	-
Insurance	60,874	40,486
Internet Connectivity Charges	467,052	377,330
Legal & Professional Fee	657,489	439,240
Directors Fee	720,000	-
<u>Auditors Remuneration</u>		
Statutory Audit Fee	36,000	36,000
Tax Audit Fee	12,000	12,000
Other Services	28,000	10,750
Loss on sale of Fixed Assets	2,142,239	885,846
Recruitment & Relocation	351,889	1,434,927
Rent	6,451,673	2,416,400
Rates & Taxes	13,000	491,601
Repairs & Maintenance (Others)	1,962,973	1,296,900
Miscellaneous Expenses	2,618,618	1,286,122
Vehicle Running & Maintenance	547,302	700,824
Miscellaneous Expenditures Written off	17,477,298	9,977,294
	50,420,116	30,116,046
SCHEDULE 13: FINANCIAL EXPENSES		
Interest to Bank	1,789,933	91,159
Interest to others	167,637	-
	1,957,570	91,159

SCHEDULE 14

A) SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONCEPT

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

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

2. FIXED ASSETS

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

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

3. DEPRECIATION

Depreciation is charged in the accounts on the following basis.

- I) Depreciation on all assets, except for Software as stated in para (II) (b), is provided on written down value method applying the rates of schedule XIV (as amended) of the Companies Act, 1956
- II) (a) Software installed for operating system and administrative purposes is depreciated @ 40%
(b) Software for Development of Software / rendering software services is depreciated over its useful life of 60 months as estimated by the management.
- III) Depreciation on assets added / disposed off during the year is provided on pro-rata basis.

4. INVESTMENTS

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

5. RECOGNITION OF INCOME AND EXPENDITURE

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

6. FOREIGN CURRENCY TRANSACTIONS

- i) Foreign Currency transactions are recorded on the basis of exchange rates prevailing on the date of their occurrence.
- ii) Current 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 Profit and Loss Account.

7. EMPLOYEES BENEFITS

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

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

8. TAXATION

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

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

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

9. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

10. USE OF ESTIMATES

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

11. IMPAIRMENT OF ASSETS

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

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

- (a) The Expenditure having the impact on the workings of the company in subsequent years or benefit of which shall continue in one or more subsequent years is recognised as Miscellaneous Expenditure. Such Expenditure is written off in equal installment in five years starting from the year in which they have been incurred.
- (b) The Share Issue Expenses are adjustable against Share Premium Account.

Schedules

IntraSoft Technologies Limited

Forming part of the Accounts

B) NOTES ON ACCOUNTS

Particulars	31 st March, 2010 Rupees	31 st March, 2009 Rupees
1. Contingent Liabilities not provided for in respect of outstanding Bank Guarantee	2,625,000	125,000
2. The Deferred Tax Liability comprise of the following		
(a) Deferred Tax Liability		
Timing difference for depreciation on Fixed Assets	4,942,111	2,945,172
(b) Deferred Tax Asset		
Expenses allowable under the Income Tax Act on actual payment basis	(1,052,927)	(887,921)
Deferred Tax Liability (Net)	3,889,184	2,057,251

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

3. Earnings in Foreign Exchanges		
IT Enabled services	49,151,743	39,114,160
4. Expenditure in Foreign Currency		
Travelling Expenses	935,373	1,153,019
Subscription and Membership Fee	70,495	55,822
General Expenses	-	11,720
	1,005,868	1,220,561
5. Remuneration and perquisites to		
(a) Managing Director		
Salary	2,400,000	2,400,000
(b) Whole Time Director		
Salary	2,100,000	2,100,000

6. Related Party Transactions

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

Key Management Person

Mr Arvind Kajaria Managing Director
Mr Sharad Kajaria Whole Time Director

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

Forming part of the Accounts

b) Transaction and Balance with Related Parties:

Name of the Party	Nature of Transaction	31 st March, 2010	31 st March, 2009
Transactions with Subsidiaries Company			
123Greetings.com, Inc.	Sale of IT Enabled Services	47,749,288	30,185,009
	Amount Received	33,937,539	42,043,696
	Amount Receivable	29,803,449	18,254,616
One Two Three Greetings (India) Pvt. Ltd	Sale of IT Enabled Services	99,493,500	47,426,106
	Amount Received	102,043,638	46,086,355
	Amount Receivable	21,370,184	13,672,490
123Greetings (Singapore) Pte. Ltd	Sale of IT Enabled Services	409,728	540,735
	Technical / Support Fees	834,038	825,000
	Amount Received	1,110,734	1,368,504
	Amount Receivable	150,805	35,428
Transactions with Key Managerial Personnel			
Mr Arvind Kajaria	Director's Remuneration	2,400,000	2,400,000
Mr Sharad Kajaria	Director's Remuneration	2,100,000	2,100,000

7. Fixed Deposit with Bank includes Rs.80,000,000/- (Previous Year Rs.10,000,000/-) earmarked for overdraft facility taken by the company and Rs 10,000,000/-(Previous Year Rs.10,000,000/-) earmarked for overdraft facility to be utilized by a subsidiary company on which lien has been created.
8. Minimum Alternative Tax (MAT) credit available to the company as per provision of section 115JAA of the Income Tax Act, 1961 Rs.30,464,939/- (Previous Year Rs 15,031,411/-) has been recognised as MAT Credit Entitlement and carried forward for set off in future years.
9. The followings tables set out the funded status and amount recognised in the companies' financial statement as at March 31, 2010 for the defined benefit plans:

GRATUITY		31 st March, 2010	31 st March, 2009
	Particulars	Rupees	Rupees
I.	Change of Benefit Organization		
	Liability at the beginning of the year	1,687,875	2,014,031
	Interest cost	128,276	138,821
	Current Service Cost	580,786	459,459
	Past Service Cost (Non Vested Funds)	-	-
	Past Service Cost (Vested Funds)	-	-
	Benefit Paid	(487,884)	(331,992)
	Actuarial (Gain) / Loss on obligation	(176,247)	(592,444)
	Curtailments and Settlements	-	-
	Liability at the end of the year	1,732,806	1,687,875
II.	Fair Value of Plan Assets		
	Fair Value of Plan Assets at the beginning of the year	-	-
	Expected Return on Plan Assets	-	-
	Contributions	487,884	331,992
	Benefit Paid	(487,884)	(331,992)
	Actuarial (Gain) / Loss on Plan Assets	-	-
	Fair Value of Plan Assets at the end of the year	-	-
	Total Actuarial Gain / (Loss) to be Recognised	-	-

Schedules

IntraSoft Technologies Limited

Forming part of the Accounts

	Particulars	31 st March, 2010 Rupees	31 st March, 2009 Rupees
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	1,732,806	1,687,875
	Fair Value of Plan Assets at the end of the year	-	-
	Difference	(1732806)	(1687875)
	Unrecognized Past Service Cost	-	-
	Amount Recognised in the Balance Sheet	(1,732,806)	(1,687,875)
V.	Expenses Recognised in the Income Statement		
	Current Service Cost	580,786	459,459
	Interest cost	128,276	138,821
	Expected Return on Plan assets	-	-
	Net Actuarial (Gain) / Loss to be Recognised	(176,247)	(592,444)
	Past Service Cost (Non Vested Benefit) Recognised	-	-
	Past Service Cost (Vested Benefit) Recognised	-	-
	Effect of Curtailment or settlement	-	-
	Expenses Recognised in the Profit and Loss Account	532,815	5,836
VI.	Balance Sheet Reconciliation		
	Opening Net Liability	(1,687,875)	(2,014,031)
	Expense as above	532,815	5,836
	Employers Contribution	(487,884)	(331,992)
	Effect of Curtailment or settlement	-	-
	Amount Recognised in the Balance Sheet	(1,732,806)	(1,687,875)
VII.	Actuarial Assumption		
	Discount Rate Current	7.50%	7.50%
	Rate of Return on Plan Assets Current	-	-
	Salary Escalation Current	5.00%	5.00%

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

11. Details of Miscellaneous Expenditure (to the extent not written off or adjusted)

	31 st March, 2010 Rupees	31 st March, 2009 Rupees
(a) Capital Increase fees		
As per last Account	727,409	969,880
Less : Written off during the year	242,472	242,471
	484,937	727,409

Schedules

IntraSoft Technologies Limited

Forming part of the Accounts

	31st March, 2010 Rupees	31 st March, 2009 Rupees
(b) Deferred Revenue Expenditure		
As per last Account	38,939,290	-
Add : During the year	37,500,000	48,674,113
Less : Written off during the year	17,234,826	9,734,823
	59,204,464	38,939,290
(c) Share Issue Expenses	37,160,486	-
	96,849,887	39,666,699
12. EARNINGS PER SHARE		
(a) Net Income available to Equity Shareholders (Rs.) (Numerator)	88,869,098	52,279,538
(b) Weighted average no. of Equity Shares outstanding (Denominator)	11,031,678	11,031,678
(c) Earning per Share (Rs.) Basic	8.06	4.74
Diluted	8.06	4.74
13. The Company has not received information from vendors regarding their status under the Macro, Small & Medium Enterprises Development Act, 2006 and hence disclosures relating to their outstanding amount and interest has not been made.		
14. Other Income represents interest received from bank on Fixed Deposit(Gross) Rs 16,983,188/- (Previous Year Rs 15,023,908/-) TDS Rs 2,743,076/- (Previous Year Rs 3,156,384/-) and Exchange Gain Rs NIL (Previous Year Rs.45,99,113/-)		
15. As per requirements of AS-17 issued by the Institute of Chartered Accountants of India, no disclosure is required as the Company is operating in single business/geographical segment of Internet based delivery of services.		
16. During the year the company has :-		
a) Converted 255,805 1.5% Compulsorily Convertible Cumulative Participating Preference Shares by issue of 255,805 Equity Shares of Rs 10/- each at a premium of Rs 757/- per share		
b) Issued 9,455,724 Equity Shares as Bonus shares to the existing shareholders in the ratio 6:1 by capitalization of Share Premium Account.		
17. The Company had filed a Prospectus with the Registrar of Companies, Mumbai on March 30, 2010 in respect of Public Offer of 37,00,000 Equity Shares of Rs 10/- each for cash at a price of Rs 145/- per Equity Share aggregating Rs 53,65,00,000/-. The offer opened on March 23, 2010 and closed on March 26, 2010. The allotment for the same has been approved by the Board of Directors at their meeting held on April 07, 2010. After allotment , the paid up capital of the company will increase to 14,731,678 Equity Shares of Rs 10/- each fully paid up.		
18. Figures for the previous year are re-grouped / re-arranged wherever considered necessary to confirm to current year's presentation.		

Signatures on Schedules 1 to 14 are forming part of the Consolidated Accounts

As per our Report of even date annexed herewith

For K. N. GUTGUTIA & CO.
Chartered Accountants

For and on behalf of the Board

K. C. SHARMA
Partner
Membership No.: 50819

Arvind Kajaria **Sharad Kajaria** **Rajendra Kumar Chotia**
Managing Director Wholetime Director Company Secretary

Place : Kolkata
Date : 11th August, 2010

Place : Mumbai
Date : 11th August, 2010

Balance Sheet Abstract and Company's General Profile as per Part IV of Schedule VI to the Companies Act, 1956

I. Registration Details

Registration No. State Code :

Balance Sheet Date:

Date Month Year

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

Public Issue	Rights Issue
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	Private Placement
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="7"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="8"/>

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

Total Liabilities	Total Assets
<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="5"/>	<input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="5"/>
Sources of Funds	Share Application Money
Paid-up Capital	<input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>
<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="7"/>	Secured Loans
Reserves & Surplus	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="8"/>
<input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="1"/>	
Deferred Tax	
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="9"/>	

Application of Funds

Net Fixed Assets	Capital work in Progress
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="1"/>	<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="1"/>
Investments	Net Current Assets
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="7"/>	<input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="6"/>
Miscellaneous Expenditure	Accumulated Losses
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="0"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

IV. Performance of Company (Amount in Rs. Thousands)

Revenue**	Total Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="8"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="0"/>
** includes other income	
Profit / (Loss) before Tax	Profit / (Loss) after Tax
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="8"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="9"/>
Earnings per Share (Rs.) (on profit after taxes)	Dividend Rate %
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="6"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="0"/>

V. Generic Names of Principal Product/services of the Company (as per monetary terms)

Item Code No. (ITC Code) :	Product Description :
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="A"/>	IT Enabled Services

For and on behalf of the Board

Arvind Kajaria
Managing Director

Sharad Kajaria
Wholetime Director

Rajendra Kumar Chotia
Company Secretary

Place : Mumbai

Date : 11th August 2010.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

(Amount in Rupees)

Particulars	Subsidiary Companies		
	123 Greetings.com, Inc	123 Greetings (Singapore) Pte. Ltd.	One Two Three Greetings (India) Private Limited
1. Financial year of the Subsidiary ended on	31 st March, 2010	31 st March, 2010	31 st March, 2010
2. Date from which it became subsidiary company	27 th May, 1999	12 th April, 2007	31 st January, 2007
3. Country of Incorporation	USA	Singapore	India
4. Equity Shares			
a) Number of Shares	10,000,000 Common Stock of US \$0.01 each	200,000 Shares of SGD 1.00 each	100,000 Equity Shares of Rs.10/- each
b) Percentage Holding	100.00 %	100.00 %	100.00 %
5(a) Net aggregate amount of Profit/(Loss) of the subsidiary, so far as they concern members of the Holding Company. For the Financial Year of the Subsidiary			
a) Dealt with in the accounts of the Holding Company.	Nil	Nil	Nil
b) Not dealt with in the accounts of the Holding Company.	108,201	(459,992)	204,408
5(b) Net aggregate amount of Profit/(Loss) of the Subsidiary for the previous financial years so far as they concern members of the Holding Company			
a) Dealt with in the accounts of the Holding Company.	Nil	Nil	Nil
b) Not dealt with in the accounts of the Holding Company.	1,988,795	(2,630,770)	306,667

For and on behalf of the Board

Arvind Kajaria
Managing Director

Sharad Kajaria
Wholetime Director

Rajendra Kumar Chotia
Company Secretary

Place : Mumbai

Date : 11th August 2010.

FINANCIAL INFORMATION PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES FOR FINANCIAL YEAR 2009-10

(Rupees in lakhs)

Particulars	Subsidiary Companies		
	123 Greetings.com, Inc	123 Greetings (Singapore) Pte. Ltd.	One Two Three Greetings (India) Private Limited
Capital	44.90	64.03	10.00
Reserves	21.41	(37.54)	5.11
Total Assets	433.11	29.18	453.95
Total Liabilities	366.80	2.69	438.84
Investments	-	-	-
Turnover	1684.41	19.93	1058.45
Profit / (Loss) before Taxation	2.29	(4.60)	2.95
Provision for Taxation	1.21	-	0.91
Profit / (Loss) after Taxation	1.08	(4.60)	2.04
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 Balance Sheet Date.

Currency	Exchange rate as at 31/03/2010	Average Exchange rate for the year
1 USD	44.905	46.558
1 SGD	32.018	32.174

For and on behalf of the Board

Arvind Kalaria
Managing Director

Sharad Kalaria
Wholetime Director

Rajendra Kumar Chotia
Company Secretary

Place : Mumbai

Date : 11th August 2010.

emotionally
engaged...





123
Greetings

IntraSoft Technologies Limited

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

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

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

NOTICE

IntraSoft Technologies Limited

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of IntraSoft Technologies Limited will be held on Tuesday, 28th day of September 2010 at 3:00 P.M at Orchid Room, Sunville, 9, Dr Annie Besant road, Worli, Mumbai - 400 013 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Accounts for the year ended 31st March, 2010 and Balance Sheet as on that date alongwith the Reports of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr Amitava Ghose who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr Deepak Kanabar who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s K.N.Gutgutia & Co., Chartered Accountants (Firm Registration No. 304153E), as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of next Annual General Meeting at a remuneration to be decided by the Board of Directors.

By order of the Board

Place: Mumbai
Date: 11th August, 2010.

RAJENDRA KUMAR CHOTIA
Company Secretary

REGISTERED OFFICE:

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

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies, if any, in order to be effective must be received at the Company's Registered Office not later than 48 hours (Forty Eight hours) before the time fixed for holding the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday 21st September 2010 to Tuesday, 28th September 2010 (both days inclusive).
4. The Annual Reports and Attendance slips will not be distributed at the Annual General Meeting. Shareholders are requested to bring the same along with them.

Brief Resume of persons proposed to be appointed / re-appointed as a Director of the Company at the Annual General Meeting.

NAME	Mr Amitava Ghose	Mr Deepak Kanabar
Date of Birth	September 21, 1962	January 21, 1964
Qualification	Bachelors Technology (Hons) Degree in Chemical Engineering from the Indian Institute of Technology, Kharagpur	C.A., LLB.
Area of Expertise	Mr Amitava Ghose has wide experience in Investment Banking, International Banking, Equity and Debt Capital Markets, Private Equity, Cross Border and Local M&A, Project Finance, Privatization Advisory, and Financial Strategy. Further he has sectoral experience in the fields of Infrastructure, Engineering, Banking, Telecommunications, Shipping, Cement, Steel, Power, Fertilizer and Chemicals.	Practising Chartered Accountant. His areas of expertise include Project Financing, Restructuring, Taxation etc.
Experience	20 Years	23 Years
Other Directorship	Atlantis Corporate Advisory Private Limited	Lekha Investments And Finance Private Limited One Two Three Greetings (India) Private Limited
Name of the Companies in Committees of which holds membership / chairmanship	NIL	NIL
Number of Equity Shares held (as on 31st March, 2010)	NIL	NIL

INTRASOFT TECHNOLOGIES LIMITED

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

PROXY FORM

I / We _____
of _____
being a Shareholder/Shareholders of INTRASOFT TECHNOLOGIES LIMITED hereby
appoint _____
of _____
or failing him/her _____
of _____

as my/our Proxy to attend and vote for me/us and on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held on Tuesday the 28th day of September, 2010 at 3.00 p.m. at Orchid Room, Sunville, 9, Dr Annie Besant Road, Worli, Mumbai - 400 013 and at any adjournment thereof.

Signed on this _____ day of _____, 2010

Affix
Re. 1.00
Revenue
Stamp

Note:

Signature on Stamp

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

Name: _____

Address: _____

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

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

INTRASOFT TECHNOLOGIES LIMITED

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

ATTENDANCE SLIP

I/We hereby record my/our presence at the Fifteenth Annual General Meeting of the Company at Orchid Room, Sunville, 9, Dr Annie Besant Road, Worli, Mumbai - 400 013. on Tuesday, the 28th day of September 2010 at 3:00 p.m.

Name: _____

Address: _____

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

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

Name of Proxy/Representative, if any _____

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