



IntraSoft Technologies Limited

# FOCUSED ON FUNDAMENTALS

Annual Report

# 2015-16

1  
Partnership

2  
Technology

3  
People

# Inside this Report

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## Our Reputation

Fast growing

# #1,641

We are ranked #1,641 in Inc. 5,000 fastest growing private US companies

Market ranking

# #262

We are ranked #262 on Internet Retailer Top 500 Guide in 2016

We are a multi-channel e-commerce retail platform, with a strong technology backbone that combines supply chain logistics with real-time customer data to create a compelling shopping experience.

E-commerce now is a way of life in the twenty-first century.

And at IntraSoft Technologies Limited, we are leveraging the 'power of e' to provide a unique shopping experience to millions of US customers through our subsidiary, 123Stores Inc.

We foster deep relationships with brand owners to widen our range of offerings. Our strategies revolve around customer aspirations; and we integrate their insights to improve our operations.

Our proprietary ERP platform is a complex set of business algorithms, designed to optimise delivery time and product selections in line with the capabilities of our logistics partners. The result is better price-value proposition and faster delivery for customers.

Our proprietary technology has made the supply chain fully automated, minimising errors related to human intervention. The outcome is a scalable business. Even with phenomenal growth and orders, we have sustained high customer ratings across markets of our presence, which gives us immense confidence to aspire for higher altitudes.

We are a credible and profitable player in the world of digital commerce, and our revenue has surged 25 times since our IPO in 2010.

Our partners, our technology and our people are our fundamental growth drivers. And we are focused on our fundamentals to drive an attractive growth trajectory.



# GROWING TOGETHER WITH PARTNERS



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We foster enduring business partnerships for shared success and sustainable growth. Along with our suppliers and logistics partners, we are charting an attractive growth trajectory.

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## Supplier Partners

We work with over 1,600 brand owners/manufacturers, and offer close to 5,00,000 unique products. We are constantly expanding our catalogue to provide shoppers with the widest possible array of products, creating a compelling shopping experience.

Our model of sourcing allows us to explore newly launched products, to manage capital more efficiently, and minimise our risk exposure.

Our suppliers can focus exclusively on developing products, which win customers, without having to worry about investing in online retail solutions. On the other hand, we relentlessly deploy our technological expertise to build an ecosystem, which seamlessly integrates with their operations.

Whether a supplier has 10 SKUs, or a thousand in their catalogue, our proprietary, web-based ERP solution seamlessly integrates to match their expectations. We fully understand, there can be no one-size-fits-all precept when working with many suppliers. Be it orders placement, shipments, payments or return policies, our electronic data interchange (EDI) enabled systems establish common ground with every supplier.

Suppliers choose to work with us, because we help them maintain a consistent value proposition across all retail channels; and strictly endorse MAP policies. A dedicated relationship manager works with a given number of suppliers to protect their brand identity, reach, and how it is perceived by shoppers.

We have long-standing relationships with UPS, Fed-Ex, and a large number of regional shipping carriers, allowing us to reach 95% of American online shopping population within two business days. We've also made same day delivery possible!

## CATEGORY-WISE REVENUE

(%)



Furniture, Patio, Lawn and Garden	30
Musical Instruments and Gadgets	20
Home Improvements and Art Crafts	14
Kitchen Dining and Appliances	13
Toys, Games and Baby	11
Sports and Outdoor	8
Others	4

**5,00,000**

We are selling 5,00,000 unique SKUs (Stock Keeping Units)

**1,600+**

Our catalogue covers over 1,600 brands

**10,000+**

New products added every month

**800+**

We have an extensive pan-USA reach in over 800 cities

# SERVING BETTER WITH TECHNOLOGY



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Our technology edge enables us to cater to a wide customer base, resulting in a large volume of orders. We rely on our proprietary web-based ERP solution, to deliver millions of orders across the US, in the fastest possible time. The complex business algorithm of our proprietary technology is the prime enabler of business value in this context.

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### Robust order management system

We delivered 19,69,233 orders in 2015-16; and the entire objective of building a robust technology paradigm is to delight each and every customer, every step of the way in the course of their interaction with us.

### Receiving customer orders

We have Application Performing Interfaces (APIs) to bring marketplace orders into our proprietary ERP solution. They run at specific intervals, such that the lag time in collecting order information is minimal. We have achieved 100% automation in our ecosystem.

### Verifying received orders

Each order passes through multiple automated system checks, to increase the accuracy of all downstream processes. The average time taken for verification is 1 second per order. Orders (with no anomalies) move to the next level for processing; orders which fail, move to a manual intervention screen for further scrutiny. Over 95% orders are verified automatically!

### Placing orders with supplier partners

Using historical data, our system determines the most logical and cost-effective method for fulfilling an order. We offer a bouquet of automated order placement options, such as EDI, Email, Excel uploads, FTP, and so on. A staggering 98%+ orders are placed automatically.

### Receive shipping information from supplier partners

We have APIs (Application Performing Interfaces) to bring shipping information into our proprietary ERP solution. They run at specific intervals, creating environments of efficiency. Around 97%+ tracking numbers are automatically updated; 96%+ orders are shipped on time. Our system sends automated reminders to our supplier partners, in case tracking information is not received on time.

### Real-time tracking of packages until delivery

We leverage the power of APIs to provide us with real-time updates on the movement of packages. At any point of time, we know the exact location of a package. Throughout the shipping journey, we keep the customer informed. In case of delays, resulting from natural calamities, we proactively inform customers. They can even set-up delivery appointments, as per their convenience. The outcome of our efficiency is this: around 98% orders are delivered on time.

### Best-in-class customer service

Our customers are at the forefront of every thought and process. We're constantly asking ourselves, "How does the customer benefit from this?" We train and empower our staff to resolve customer complaints as quickly as possible; and strive to make every customer a repeat customer.

Our brand reputation is strengthened by the 98%+ positive feedback rating across all our retail channels, a direct consequence of fast response to customer queries.

### Customer engagement team

Our team provides 24x7 email support to customers. We look forward to serving customers, anytime of the day, every week, all year round. Our customers can write to us anytime, and they can expect to find a solution to their problem. Their query will find a 123Stores Customer Engagement Team Professional, who is looking forward to assist shoppers in every possible way. It is one of the ways we create that Wow experience.

### Customer relationship management team

Our emphasis is on building relationships. We believe in fostering close relationships with customers, in order to create opportunities of shared success. Every time a customer calls us, or writes to us, his/her query is routed to the same associate, who is already aware of that customer's needs. This one associate follows up with the customer's issue, until it is satisfactorily addressed. By offering specific privileges to customers, we gain a great competitive advantage, which strengthens brand loyalty and recall.

# 98%+

We received a 98%+ positive customer rating across most retail markets of our presence



# ACHIEVING MORE WITH PEOPLE

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We provide our people a transparent culture that follows no stereotypes. We are flexible, friendly and future-fit. We invest in up-skilling our team to help them solve the challenges of a dynamic business environment. Our culture focuses on high performance and celebrates excellence at the individual or at the team level.

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We focus on getting the little things right, because sometimes little things add up to create big logistical challenges in the world of online retail. The result of our efforts is a delightful shopping experience for our customers.

As a young enterprise, we are still learning, evolving, making mistakes, while striving for excellence every step of the way.

Our team of passionate individuals is closely knit and share 123Stores' belief system.

**The following tenets are deeply ingrained in each one of us:**

**Customer focus**

Our customers are at the forefront of our every thought and process. We're constantly asking ourselves, "How does the customer benefit from this?"

**Do it anew**

There's always a better and more efficient way to do things.

**Push yourself**

Break the illusory barriers. Any limitations are self-imposed.

**Imagine**

Keep pushing the frontiers of what you think is possible.

**Don't wait. Act**

When in doubt, just do.

**Dig Deep**

Get to the bottom of every business requirement, come out with solutions with strong, scalable foundations.

**Deliver Results**

Everything has a purpose. Understand what you're working on, why you're working on it; so you can deliver outstanding results.

**Lean Start-up Mentality**

Do more with less. Then do it again.

# Managing Director's Message

## Dear Shareholders,

FY 2015-16 was another fantastic year for the e-commerce industry in the US, as consumers increasingly used multiple devices for online shopping.

In 2015, the web accounted for nearly 40% of the US retail sales growth, underscoring the ever growing impact of the web in the country's retail landscape. According to the US Commerce Department, shoppers in the US spent US\$ 341.7 billion on retail purchases on the web in 2015, up 14.6% from 2014; a rate that's nearly five times as fast as the 3.1% growth in store sales.

Exponential opportunities in the digital platform, coupled with our efforts to consistently strengthen our business model, have led to robust growth in profitability and margins. During FY 2015-16, we registered a revenue of ₹ 721 Crores, compared to ₹ 347 Crores in FY 2014-15. Simultaneously, our EBITDA grew to ₹ 47 Crores in FY 2015-16, against ₹ 9 Crores in 2014-15; and net profit escalated to ₹ 41.51 Crores in FY 2015-16 vis-à-vis ₹ 5.96 Crores in FY 2014-15. Our earnings per share increased to ₹ 28.18 in FY 2015-16 against ₹ 4.05 in FY 2014-15. The Board of Directors have recommended a dividend of ₹ 2 per share subject to shareholder's approval at the AGM.

We continue to maintain the sales momentum, driven by large opportunities available in the US e-commerce market, and the increasing need for key sellers, such as us. We witnessed tremendous market traction, as we brought scale and operational excellence to gift a truly differentiated retail experience to discerning customers. We remain firmly focused on delighting our customers, as we continue to innovate and raise the bar in terms of selection, service and the experience.

## 123Stores

During FY 2015-16, our deliveries grew by 155% Y-o-Y to 19,69,233 orders from the 7,72,981 orders in FY 2014-15. We have successfully automated the supply chain, leading to a scalable and sustainable business model. The result is that despite growing volumes and operational complexity, we have retained high customer ratings.

We have also expanded our product catalogue; we are now partnering with over 1,600 suppliers and selling more than 500,000 unique products to various markets. Our inventory at



warehouses was ₹ 55.30 crores (as on 31 March 2016); largely this inventory comprises fast moving items.

## Technology edge

Technology plays a pivotal role in our business. We have a robust technology architecture that allows us to offer a huge selection of products, catering to a wider customer cross-section. Besides, we can easily handle a large volume of orders by leveraging our robust technology architecture, efficient supply chain and deep relationships with our suppliers. Customers benefit from a better price point and greater range of products. This, in turn, increases the traffic and reinforces the cycle.



We continue to maintain the sales momentum, driven by large opportunities available in the US e-commerce market, and the increasing need for key sellers, such as us. We witnessed tremendous market traction, as we brought scale and operational excellence to gift a truly differentiated retail experience to discerning customers.

### Geared for the next level

Going forward, our strategic priorities comprise the following,

- Scale up our operations by adding new products and enhance reach;
- Expand to cover more US marketplaces, so that our distribution network reaches 100% of the US online shoppers;
- Elevate customer centricity through consistent customer engagements;
- Improve supplier processes, efficiencies and quality through regular inputs and training.

We look forward to making significant strides in FY 2016-17; as we continue to strengthen the 123Stores brand. Overall, we are very enthusiastic about our long-term growth.

On behalf of my colleagues on the Board, and the entire senior leadership, I thank our dedicated team, whose expertise and commitment drive the levers of our progress.

I am also grateful to our bankers, partners, customers and shareholders for their continued support and encouragement, as we pursue our growth strategy in the coming years.

Warm regards,

**Arvind Kalaria**

**Managing Director**

# Our Value Creation Model for Stakeholders

## Customers

- We showcase different categories of products for a wide customer cross-section.
- We interact with customers to understand their requirements; and to update and enhance our range.
- Our objective is to move beyond the one-time transaction to a long-term relationship with customers.

### Reach More Customers

# 19,69,233

Our deliveries increased from 7,72,981 orders in FY 2014-15 to 19,69,233 orders in FY 2015-16

## Business partners/suppliers

- We treat our channel partners as a part of our family and provide them relevant market knowhow and other corporate updates.
- Our continuous engagement with suppliers and business partners enables seamless operations.
- We encourage on-time payment to suppliers, enabling us to maintain a long-term relationship.

### Growing with our partners

# 5,00,000      1,600+

We are selling 5,00,000 unique SKUs (Stock Keeping Units)

Our catalogue spans 1,600+ brands

## Shareholders

- Market capitalisation was ₹ 557 Crore as on 31 March 2016.
- 48.5% increase in book value per share and 19% growth in earnings per share\*.

### Shareholder's return\*

# 7.32%

We proposed a dividend of ₹ 2 per share (₹ 10 face value)

## Employees

- We consistently invest in our people through continuous training. Besides, we adopt best practices and share relevant knowledge with them.
- We have created a highly transparent work environment for our people, supported by globally benchmarked HR practices.

### 123Stores team

# 190+

Our team of over 190 members works passionately to enhance customer satisfaction and stakeholder value

\*Before Exceptional Income

As a Logistics partner of 123Stores, we are increasing business every year. We have found our interaction with them to be seamless and smooth. The relationship has been largely win-win for both of us

Shawn McNiff  
Senior Account Manager, UPS

The core promise of Jet is to create a system that allows retailers to offer products in a way that's more cost effective for them, while also incenting the customer to shop in ways that remove costs from the system – to their mutual benefit. Jet plans to offer a huge selection, and bring unprecedented value to the consumer – we see 123Stores as a key partner in realizing this goal.

Scott Hilton,  
Chief Revenue Officer, Jet.com

Our partnership with 123Stores continues to generate high sales volumes for us. Their technology and services have definitely helped strengthen the popularity of our brand.

Vivien Zheng  
Key Account Manager, Hapetoys

# OUR MODEL FOR CONSISTENT GROWTH

**Our business model creates consistent stakeholder value through a large and robust distribution network. Through this network, we offer our customers a unique shopping experience. They get a wide product range, attractive price points, along with speed and convenience of delivery at their doorsteps, thanks to our technology, efficient supply chain and deep relationships with suppliers. The outcome for us is repeat business and growing revenues.**

We sell our products on our own website, [www.123stores.com](http://www.123stores.com). We also have shop-in-shop partnerships with other leading retailers and sell our products on different marketplaces, along with our own web portal. Based on our partnerships with different marketplaces, we are able to reach a large proportion of the online US population.

We are able to reach out to our customers through most of our sales channels in terms of repeat purchases, re-targeting sales promotions; and as such don't need to over-differentiate our own website from any other sales channel.



## Supplier partners

We work with over 1,600 brand owners/manufacturers and offer over 5,00,000 unique products.

Distribution Centers  
East Coast (New York)  
West Coast (Nevada)



## 123 Stores

123Stores is a data-driven, multi-channel online retailer, developing innovative solutions to complex logistical challenges.



## Shop-in-shop partners

**Amazon.com**  
We're a Platinum Seller, with a spectacular Seller Rating of 100 out of 100.

**eBay.com**  
We're a Titanium Power Seller.

**Rakuten.com**  
We have 2,00,000+ products listed.

**Sears.com**  
We're a Preferred Seller, selling close to 3,00,000 products.

Amongst the top sellers on other marketplaces like Jet.com, Newegg, and Amazon Canada.



## Our Market: USA and Canada

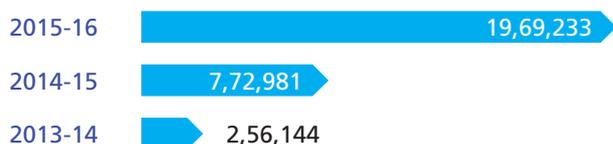
We also have deep relationships with UPS and Fed-Ex, both leaders in the logistics industry as well as partnerships with several regional carriers.

Assured delivery to 95% of US zip codes in 2-3 business days.

# REINFORCING OUR CREDIBILITY

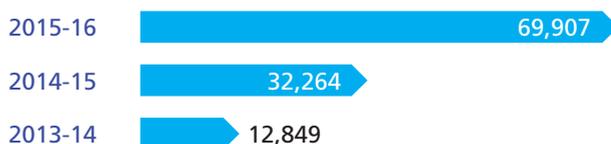
## GROWTH IN ORDERS

(No.)



## GROWTH IN E-COMMERCE REVENUE

(₹ in lakhs)



## GROWTH IN SKUs

(No.)



## GROWTH IN SUPPLIERS

(No.)



## EQUITY SHARE INFORMATION

- Market capitalisation (31 March 2016): ₹ 557 Crore
- Proposed a dividend: ₹ 2 per share (Face value ₹ 10)
- Promoters holding: 47.52%
- Foreign Venture Capital holding: 10.42%
- National Stock Exchange (NSE): ISFT
- Bombay Stock Exchange (BSE): 533181



▶ Mr. Vishal Agarwal is presenting Certificate of Appreciation to Mr. Juan Wozniak, National Sales Manager of Intek America.



▶ Mr. Chirag Sheth is presenting Certificate of Appreciation to Mr. David Cribbs, President -Sales of Ashley Furniture



▶ Mr. Sharad Kajaria is presenting Certificate of Appreciation to Mr. Daniel Barr, Accounts Manager of KidKraft.



▶ Mr. Ajay Jain is presenting Certificate of Appreciation to Mr. Tony Rodriguez, CEO of Razor.



▶ Mr. Prashant Mehrotra is presenting Certificate of Appreciation to Ms. Michelle Heckman of Crayola.



▶ Mr. Ankit Patel is presenting Certificate of Appreciation to Ms. Julia Wallace, Director of Sales & Marketing of Dynamic Solutions.

# Corporate Information

## Board of Directors

Arvind Kajaria - *Managing Director*  
Sharad Kajaria - *Whole-time Director*  
Rupinder Singh - *Independent Director*  
Anil Agrawal - *Independent Director*  
Savita Agarwal - *Independent Director*

## Auditors

M/s Walker Chandio & Co LLP  
Chartered Accountants  
Kolkata

## Company Secretary & Compliance Officer

Pranvesh Tripathi (appointed w.e.f. 10.05.2016)

## 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](mailto:rnt.helpdesk@linkintime.co.in)

## Bankers

1. HDFC Bank Ltd.
2. State Bank of India

## Registered Office

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

## Corporate Office

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

## Corporate Identification Number

L24133MH1996PLC197857

# Management Discussion and Analysis

## The US Economy

The US economy continued its strong rebound in FY 2015-16, with unemployment falling, wages growing, and consumer confidence at its peak. Given the dollar strengthening, the US economy is poised for accelerated growth this year and in the years ahead. Growth is expected to be 2.2% in 2016 and 2.5% in 2017, with inflation slowly rising and inching closer to the Federal Reserve's goal of 2%

As the US economy showing growth trends, there is a stupendous growth in new job creation. The average pay has also risen after years of stagnation. This was a direct consequence of an improved business environment and investment climate. Gains in employment coupled with low borrowing costs have helped fuel household demand and led to an overall increase in consumer spending. Rising housing prices are also providing a boost to the economy.

Much has been done over the past several years to strengthen the US financial system. Major steps have been taken to implement the post-crisis reform agenda and move towards a safer financial system, which is now quite evident.

## E-Commerce Industry

Global retail sales, including in-store and online purchases, are set to grow to \$28.3 trillion by the end of fiscal 2018 from \$22.5 trillion in 2014. The global E-commerce market is expected to grow at a CAGR of 17% from \$1.3 trillion in 2014 to \$2.5 trillion by the end of 2018. (Source: eMarketer.) The worldwide expansion of the Internet has considerably contributed to the transformation of trade and store transactions. Many consumers are switching to online shopping, or simply integrating the practice into their regular shopping to research about purchases online before buying in-store.

Here are the seven trends that is expected to have a big impact on E-commerce in 2016:

Emerging Trend	Implication on Retailers
Consumers will complete the majority of their shopping journeys via multiple devices.	Retailers will need to redesign their online buying experience to reflect the fact that the majority of users visit them via multiple devices. Campaigns must be activated on all devices and all properties fully tagged to leverage mobile and desktop.
Smartphone shopping will continue to gain ground.	As an increasing share of transactions happens on smartphones, retailers need to prioritise their mobile app strategy and optimise their mobile buying experience. While on tablets people can use websites that aren't mobile-optimised, on smartphones it's crucial to have either a mobile-optimised website or an app.
Expect more big online shopping days with even bigger sales.	Retailers will need to rebalance their online and in-store strategies for these big shopping days. Brick and click retailers should expect more traffic online than in-store on the year's biggest sales peaks.
Retailers will see a high web influence on in-store sales.	As retailers invest in these technologies, they must make sure that they also have the expertise and operating resources in place to manage customer interaction in real-time.
Marketing will shift from device-focused to people-focused.	Consumers don't think about their media consumption by device, browsing environment, or by publisher in a silo; therefore, neither should marketers. B2C organisations need to restructure their marketing teams to fully understand consumer intent and to look beyond the walled gardens.
Ads will become more relevant and non-intrusive.	Shifting to non-intrusive and relevant ads will help advertisers to achieve genuine engagement with consumers, and lead to higher conversions.
Instant delivery services will become common.	Retailers offering same-day delivery – or even faster – will enjoy a significant competitive edge in 2016. This trend will also drive a lot of advertisers to adopt the 'in the moment' style of advertising to drive conversions.

## The US E-commerce Industry

The impact of E-commerce on the US retail industry continued to intensify, as the web accounted for nearly 40% of US retail sales growth in 2015. In many ways 2015, was a big year for the E-commerce industry in the US.

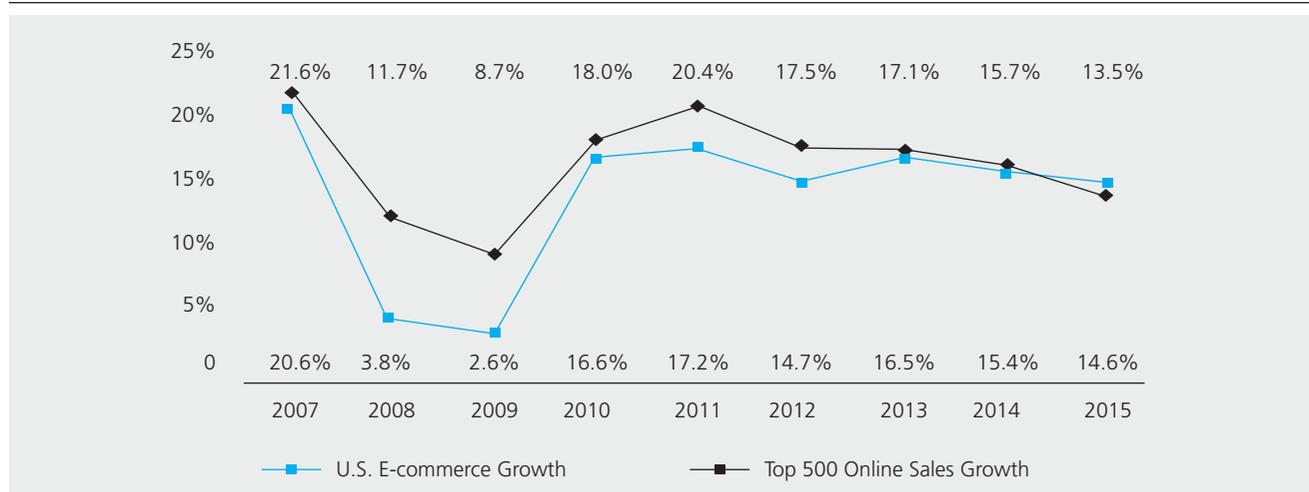
Shoppers in the United States spent \$341.7 billion on retail purchases on the web in 2015, according to the US Commerce Department, up 14.6% from 2014 - a rate that's nearly five times as fast as the 3.1% growth in store sales. When factoring out the \$2.19 trillion in sales of automobiles, fuel and restaurants that the Commerce Department includes in its definition of

retail sales - all goods not generally purchased online - the web comprised 10.6% of total retail sales of \$83.22 trillion in 2015, up from 9.7% in 2014. E-commerce alone drove 39.3% of the \$110.6 billion in total retail sales growth last year.

### 2016 Top 500 Retailers

The merchants, ranked in the 'Internet Retailer 2016 Top 500 Guide' - the largest e-retailers in North America, are a major force behind these trends. The Top 500 merchants' US online sales of \$286.2 billion comprised 83.8% of total E-commerce sales in 2015.

### E-commerce Market Trend



Source: 2007-2016 editions of the Internet Retailer ;Top 500 Guide, US Commerce Department

### 2015 vs. 2014

	2015 Sales (\$ billion)	2014 Sales (\$ billion)	Growth	2015 Share of Total Retail	2014 Share of Total Retail
Total retail*	3,218.29	3,107.69	3.6%	100%	100%
Total E-commerce	341.73	298.26	14.6%	10.6%	9.7%
Other non-store excluding E-commerce**	144.56	159.83	-9.6%	4.5%	5.6%
Store sales	2,732.01	2,649.60	3.1%	84.9%	85.3%
US Top 500	286.22	251.13	14.0%	8.9%	8.1%
Top 500***	331.48	292.17	13.5%	10.3%	9.4%

Source: US Department of Commerce, Internet Retailer 2016 Top 500 Guide

\*Excludes fuel and auto sales, restaurant and bars

\*\*Includes direct marketers, TV retailers and other merchant types

\*\*\*Includes international E-commerce sales

## Sales by Primary Product Category and Retailer Type

Among the major categories, on the high end of the growth were hardware and homeware e-retailers that grew 22% and the housewares and home furnishing merchants which grew by 22.4%.

### Category-wise sales

Category	2015 Web Sales (\$ billion)	2014 Web Sales (\$ billion)	Growth (%)	Number of Retailers
Apparel/Accessories	48.83	42.89	13.85	140
Automotive Parts/Accessories	2.83	2.53	11.83	15
Books/Music/Video	31.58	26.83	17.74	24
Computers/Electronics	36.66	35.45	3.41	47
Flowers/Gifts	3.81	3.56	7.23	15
Food/Drug	6.31	5.70	10.81	30
Hardware/Home Improvement	14.94	12.24	22.04	23
Health/Beauty	6.42	5.55	15.63	29
Housewares/Home Furnishings	10.65	8.70	22.44	41
Jewellery	2.23	2.01	10.97	16
Mass Merchant	135.13	116.90	15.59	39
Office Supplies	18.36	18.06	1.66	16
Speciality	5.39	4.43	21.58	25
Sporting Goods	4.68	4.13	13.26	28
Toys/Hobbies	3.68	3.21	14.81	12
<b>Total</b>	<b>331.48</b>	<b>292.17</b>	<b>13.46</b>	<b>500</b>

Source: Internet Retailer 2016 Top 500 Guide

The 156 retail chains ranked in the Top 500 Guide, those that sell via physical stores as well as on the web, grew online sales 11.6% last year to \$107.9 billion from \$96.6 billion. This growth occurred while store sales were stagnant or falling for many of the biggest players, making E-commerce a growing portion of total sales of many retailers.

### Top 500 retailer type comparison

Business Type	2015 Web Sales (\$ billion)	2014 Web Sales (\$ billion)	Growth (%)	2015 Share of Top 500 Sales (%)	2014 Share of Top 500 Sales (%)	Total Retailers 2015	Total Retailers 2014
Web only	117.08	136.84	16.9	41.3	40.0	196	193
Retail chain	96.61	107.85	11.6	32.5	33.1	156	154
Consumer brand manufacturer	50.72	56.33	11.1	17	17.4	74	76
Catalog/Call centre	27.76	30.45	9.7	9.2	9.5	74	77
<b>Total</b>	<b>292.17</b>	<b>331.48</b>	<b>13.5</b>	<b>100</b>	<b>100</b>	<b>500</b>	<b>500</b>

Source: Internet Retailer 2016 Top 500 Guide

## IntraSoft Technologies Limited - Overview and Business Performance

### E-Commerce - [www.123stores.com](http://www.123stores.com)

The company sells its products on their own website and also has shop in shop partnerships with other leading retailers to sell products on different marketplaces. Based on these partnerships, the Company is able to reach a large percentage of the online US population.

123Stores was ranked as the 262nd largest Online Retailer in USA, a gain of 130 ranks from #392 last year, as per Internet Retailer 2016 Top 500 Guide. This is the third consecutive year that 123Stores has featured in this prestigious list of online retailers. The Company was also ranked the 11th fastest growing online retailer.

As at 31 March 2016, the Company sold products through partnerships with Amazon.com, Ebay.com, Amazon Canada, Alibaba's 11main.com, Sears.com, New Egg, Bestbuy.com, Rakuten (Buy.com) and Jet.com. The products are available to USA and Canada customers only.

The Company's business model is based around creating a large distribution network wherein they can offer customers a better shopping experience including a better price point by leveraging on their technology, efficient supply chain, and deep relationships with suppliers. The proprietary technology platform allows the Company to scale order volumes with minimal human intervention, enabling cost savings as volumes grow.

As on 31 March 2016, the Company sold more than 5,00,000 unique SKU's (Stock Keeping Units) in their catalog covering more than 1600 suppliers.

### Business Performance, 2015-16

E-commerce Revenues increased from ₹ 322.64 Crores to ₹ 699.07 Crores during the year registering a growth of 117% Y-o-Y.

For FY 2015-16 the number of orders grew by 155% Y-o-Y to 19,69,233 orders from 7,72,981 orders. As on 31 March 2016, inventory at warehouses was, ₹ 55.30 Crores. Largely this inventory comprises of fast moving items, which help the Company give the customer a wow shopping experience.

#### Top Product Categories during FY 2015-16:

Categories	Percentage
Furniture, Patio, Lawn & Garden	30%
Musical Instruments & Gadgets	20%
Home Improvement & Art Crafts	14%
Kitchen, Dining & Appliances	13%
Toys, Games & Baby	11%
Sports & Outdoor	8%
Others	4%

### Outlook

With favourable systems and thrust on automation the Company is expected to become more scalable. There is a lot of momentum amongst the Company's existing suppliers, as many new suppliers and products have been added.

With partnerships with Amazon.com, (Nasdaq:AMZN) and Ebay.com Inc. (Nasdaq:EBAY), the Company is poised for phenomenal growth in their E-commerce venture given the fact that online retail is growing 3 times faster than traditional retail, and customers increasingly prefer to shop online due to universal selection, superior customer experience and minimal delivery timelines. With the impending launch of their site in partnership with Alibaba in the US and expansion into the Canadian market, the Company looks forward to building a business that can create an ultimate customer experience.

The Company's strategy is to expand and cover all marketplaces in the US first, so that the distribution network reaches 100% of the US online shoppers. Once a leadership role is established in the US, the Company aims to expand their coverage to other markets.

#### E-greetings - [www.123greetings.com](http://www.123greetings.com)

123greetings continue to see increased mobile usage year-on-year with a 15.14 Lakhs card sent out in FY 2015-16 versus 9.59 Lakhs cards in FY 2014-15. Mobile application downloads reached 10.43 Lakhs as on 31 March 2016. The E-greetings business revenue for FY 2015-16 was ₹ 17.80 Crores.

### Financial Performance

FY 2015-16 was a growth year for IntraSoft. The Company ended the year with over US\$100 million of E-commerce revenues, a significant step in the journey.

- The total Income was ₹ 721.48 Crores up by 108% from ₹ 347.43 Crore.
- Profit after Tax was ₹ 41.51 Crores up by 596% from ₹ 5.96 Crores.
- Cost of Goods Sold (Inc. Shipping) for FY 2015-16 was 81.7%, a rise of 1.3%, from 80.4% in FY 2014-15.
- Gross Margins was 18.3% compared to 19.6% last year. As the sales momentum continues to improve, the Company continues to see an improvement in Gross Margins from their existing products and suppliers. However, Gross Margin year-on-year was not comparable because of the addition of newer suppliers and products to the catalogue, which helps increase sales as the Company grows.
- The Board of Directors recommended a Dividend @ 20% i.e. ₹ 2.00 per Equity Shares for the FY 2015-16.

### Internal Control System and its Adequacy

The Company has put in place adequate controls that are commensurate with its size and the nature of its operations.

These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use or losses, executing transactions with proper authorisation and ensuring compliance of corporate policies. Regular internal checks are carried out to ascertain the existence of adequate system. The Management also reviews the other control systems and procedures to ensure its application.

The emphasis on internal control prevails across functions and processes, covering the entire gamut of various activities. An effective and comprehensive review by the Audit Committee of the Board has strengthened the internal controls and other systems within the organization.

### Opportunities and Threats

The biggest advantage of the online medium is its accessibility. Any innovation can be transmitted far more effectively and widely and can be, therefore, far more disruptive of any placid momentum. Consequently, customer preferences keep evolving and business models of companies have to keep up. Free of regulatory restrictions, this space offers a dynamism and flexibility that is unimaginable in any other space. This freedom

and dynamism, while encouraging an out-of-the box approach, can prove to be challenging to the existing players.

The online experience is all about novelty, anyone offering that, will be able to capture a larger share of the market. The challenge posed is in the fact that any innovation online turns stale within a much smaller timeframe and innumerable replications of any successful idea make it difficult to separate the innovator from the imitator.

Unlike in the physical space, market preferences are transient and constantly shifting. While this can be a challenge, pre-empting this trajectory can pave the way for the biggest opportunities in the online space. It is not just about anticipating customer preferences, it is also about moulding them. Consistent engagement through feedback forms and surveys as well as opening up social media platforms through an open channel of communication can be maintained differentiates this space and ensures a closer connect with market realities than is possible in the physical space. Market research takes an all new form in this digital age.

#### **Human resource**

Our people are the strongest assets. We are committed to build the best-in-class team led by exceptional individuals.

We have built a work culture that is entrepreneurial, meritocratic, empowering, caring, and encourages growth of mind-set. Our culture fosters excellence and gives people space to take initiative and experiment. We aim to give unique opportunities to our employees in terms of learning, career development, recognition, and family well-being.

We offer robust programmes at the entry level and also for mid-career professionals. We believe in developing our people as that would lead to growth of our people as well as the organisation.

Our HR practices, employee care, people philosophy, and engagement all have been well recognised through a range of external honours and awards for the Group as a whole and for our individual businesses.

The Company and its subsidiary had 291 employees on its rolls as on 31 March 2016.

#### **Risks and their Management**

The Company's business model has a comprehensive and integrated risk management framework that comprises of practices for proactive awareness, appraisal, and counter-action to reduce the impact on the key business objectives of being a prominent player in the online retail space.

#### **Risk**

The Company's business is seasonal. Generally a third of the annual revenue is generated in the third quarter of the financial year.

#### **Mitigation**

This is most pertinent for the E-commerce space, which is concentrated in the US market where the third quarter is the festive season. The Company has ensured redundancies are removed from its systems and processes to ensure that it seamlessly addresses the demand spike in the third quarter of the fiscal. In 2015, the Company has already shipped 15,500 packages a day on an average during the week before Christmas. Besides, the proprietary technology, the efficient logistic partners also facilitate the Company to take this number even higher in the coming years.

#### **Risk**

The business faces the risk of high competition from other market players.

#### **Mitigation**

The Company continues to keep up with any changes that its marketplace partners goes through. The management is completely focused on deriving as much growth and as much sales momentum as possible. The Company is working towards having the highest number of suppliers and the largest distribution network. The Company continuously works to reduce the order lag time (the time from which the order is received till the time the order is executed). More and more online consumers are getting conscious and want the order to be delivered in the fastest minimum time. The Company is geared up to match the customer's expectation and keep them satisfied.

#### **Risk**

The capacity to build up a large supplier network poses several operational challenges.

#### **Mitigation**

The Company is investing more in manpower who can go on the ground and sign up suppliers. The increased investment in people will help overcome the challenges. The Company has also invested a lot of time in visiting trade shows and conferences where they have been successfully been able to sign on new products.

#### **Forward-looking statement**

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

# Directors' Report

To  
The Shareholders

We are pleased to present the Twenty First Annual Report of **IntraSoft Technologies Limited** ("the Company") together with the Audited Financial Statements for the financial year ended 31 March 2016.

## Financial Statements & Results

### Consolidated Financial Results:

The consolidated performance during the year ended 31 March 2016 as compared to the previous financial year, is summarized below:

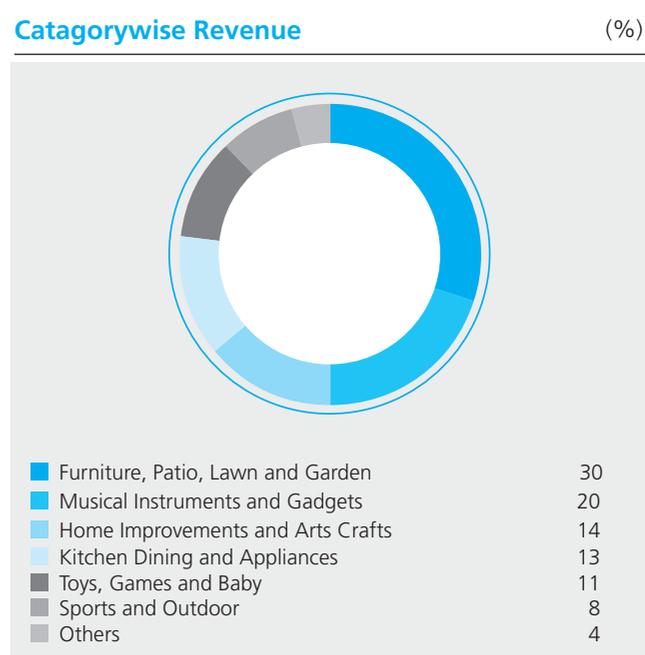
Particulars	Amount ( ₹ in Lakhs)	
	2015-16	2014-15
Total Income	72,147.77	34,743.36
Profit before Interest, Depreciation and Exceptional Income	1,302.36	907.12
Less: Finance Cost	237.05	76.00
Depreciation	159.55	146.59
Profit before Tax and Exceptional Income	905.76	684.53
Exceptional Income	3,441.12	-
Profit before Tax	4,346.88	684.53
Less : Provision for Income Tax	196.20	88.44
Profit after Tax	4,150.68	596.09

### Business:

The performance of the Company and its subsidiaries during the financial year 2015-16 was remarkable. Our total consolidated income for the financial year under review is ₹ 72,147.77 Lakhs as compared to ₹ 34,743.36 Lakhs in the previous financial year, registering a growth of 108%. The consolidated net profit for the financial year under review is ₹ 4,150.68 Lakhs as compared to ₹ 596.09 Lakhs in the previous financial year. 123Stores, the online e-commerce business, is the major revenue generator for the group and witnessed tremendous growth and improvement in all the parameters. 123Stores was ranked as the 262nd largest Online Retailer in USA, a gain of 130 ranks from 392nd last year, as per Internet Retailer's Top 500 Guide. This is the third consecutive year that 123Stores has featured in this prestigious list of online retailers. The Company was also ranked the 11th fastest growing online retailer. The Company was also nominated as a finalist for the E-Retailer Growth Award as "A web site that has been ranked in the Internet Retailer Top 1,000 for at least two years and which achieved the highest growth rate in the current year".

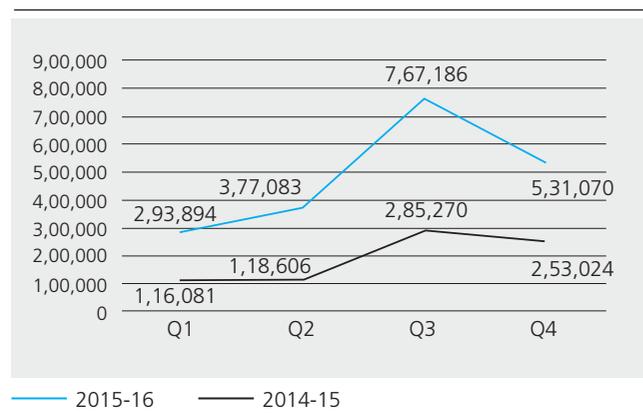
The E-Commerce revenue grew by 117% from ₹ 32,264 Lakhs in FY 2014-15 to ₹ 69,907 Lakhs in FY 2015-16.

The category wise breakup is as follows:



The number of Orders grew tremendously over the year from 7,72,981 to 19,69,233, a growth of 155%. The quarter wise number of orders shipped during the year were as follows:

## Orders



Our proprietary technology platform allows us to scale order volumes with minimal human intervention, enabling cost savings as we grow volumes. This helped us to achieve record sales of over \$4.4 million from Thanksgiving Day to Cyber Monday, a 122% increase over last year. Thanksgiving sales were up 144%, Black Friday sales were up 124%, Cyber Monday broke all records with the highest sales in a single day with 120% up Y-o-Y. We sold more than 85,000 units during the 5 day period, as compared to approx. 32,000 units in the same period last year registering a growth of 160% Y-o-Y.

During the year 123Stores tied up with a new marketplace Jet.com and added a number of new suppliers and products to our offering. It is now selling more than 5,00,000 unique products from more than 1600 suppliers on its website and partnered marketplaces.

123Greetings.com continued to see increased Mobile Application usage Y-o-Y with ₹ 15.14 Lakhs cards sent during FY 2015-16 against ₹ 9.59 Lakhs during FY 2014-15. Mobile application downloads reached ₹ 10.43 Lakhs as on 31 March 2016.

On Standalone basis, total income of the Company recorded at ₹ 3,289.05 Lakhs in FY 2015-16 against ₹ 3,515.10 Lakhs in FY 2014-15. EBITDA (before exceptional items) is recorded at ₹ 952.24 Lakhs in FY 2015-16 against ₹ 776.48 Lakhs in FY 2014-15. PBT is recorded at ₹ 4,059.44 Lakhs against ₹ 579.50 Lakhs in FY 2014-15. The net profit for the financial year under review is ₹ 3,973.96 Lakhs as compared to ₹ 501.47 Lakhs of the previous financial year.

During the year, the Company sold all the shares held by Intrasoft Beneficiary Trust, whose sole beneficiary is the Company, resulting in a Net Gain after expenses of ₹ 6,076

CONSOLIDATED INCOME RECORDED AT ₹ 72,148 LAKHS IN FY 2015-16 AGAINST ₹ 34,743 LAKHS IN FY 2014-15. EBITDA (BEFORE EXCEPTIONAL ITEMS) IS RECORDED AT ₹ 1,302 LAKHS IN FY 2015-16 AGAINST ₹ 907 LAKHS IN FY 2014-15. PAT IS RECORDED AT ₹ 4,150 LAKHS AGAINST ₹ 596 LAKHS IN FY 2014-15

Lakhs. The funds raised were used for expansion and growth activities related to the E-Commerce business. The Company completed the review of the software assets that have been under development for some time. These software assets were related to different features of the E-commerce business that were yet to be launched. Management decided to write off these software assets under development amounting to ₹ 2,635 Lakhs as these software resources would not be contributing to future revenues. Hence net gain from Exceptional Income is ₹ 3,441 Lakhs.

There was no change in nature of the business of the Company, during the year under review.

## Performance of Subsidiaries, Associates and Joint Venture Companies

The Company has three wholly owned subsidiaries as on 31 March 2016 viz. 123Greetings.com, Inc (USA), Intrasoft Ventures Pte. Ltd (Singapore) & One Two Three Greetings (India) Private Limited (India). One step-down subsidiary named as 123Stores, Inc (USA) is a wholly owned subsidiary of Intrasoft Ventures Pte. Ltd (Singapore). During the year a step-down subsidiary was formed named as 123Stores E Commerce Private Limited, which is a wholly owned subsidiary of 123Stores, Inc., to increase focus on the E-Commerce business by consolidating all operations related to E-Commerce under 123Stores, Inc. and thus to further increase financial and operational efficiencies.

The performance and financial position of each of the subsidiaries for the year ended 31 March 2016 is attached and marked as Annexure I (Form AOC-1) and forms part of this Report.

## Appropriations

### a. Dividend

Considering the robust growth in the business and the liquidity position, your Directors are pleased to recommend a final dividend of ₹ 2/- (20%) (Previous year ₹ 2/- per equity share) per equity share of face value of ₹ 10/- for the financial year 2015-16. The total dividend appropriation for the financial year amounts to ₹ 3,54,61,402/- including dividend distribution tax of ₹ 59,98,046/- (Previous year ₹ 3,54,07,900/- including dividend distribution tax of ₹ 59,44,544/-).

## b. Transfer to Reserves

The Board of Directors has not recommended transfer of any amount of profit to reserves during the year under review. Hence, the entire amount of profit for the year under review has been carried forward to the Profit and Loss account.

## Revision of Financial Statements

There was no requirement of revising the financial statements of the Company for the year under review.

## Deposits

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 ("the Act") read with the Companies (Acceptance of Deposits) Rules, 2014 during the year under review. Hence, the requirement of furnishing the details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

## Disclosures under Section 134(3)(i) of the Companies Act, 2013

Except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

## Disclosure of Internal Financial Controls

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate. During the year under review, no material or serious observation has been received from the Internal Auditors of the Company for inefficiency or inadequacy of such controls.

## Disclosure of Orders passed by Regulators or Courts or Tribunal

Your Directors would like to inform that no orders have been passed by any Regulator or Court or Tribunal which can have impact on the going concern status and on the Company's operations in future.

## Particular of Contracts or Arrangement with Related Parties

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and at arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered as material in accordance with the policy of the Company on related party transactions. The Policy on related party transactions as approved by the Board may be accessed on the Company's website [www.itlindia.com](http://www.itlindia.com).

Your Directors draw attention of the members to Note no. 34 of Standalone financial statements which sets out disclosures on related parties and transactions entered into with them during the financial year under review.

## Particulars of Loans, Guarantees, Investments and Securities

Full particulars of loans given, investments made, guarantees given and securities provided along with the purposes for which the loans or guarantees or securities are proposed to be utilized by the recipient(s) thereof are provided in Note nos. 14 and 15 of standalone financial statements.

## Share Capital

During the year under review, the Company has not issued any shares and hence, disclosures under Section 43(a)(ii), Section 54(1)(d) and Section 62(1)(b) of the Companies Act, 2013 read with relevant rules are not required to be furnished. The Company does not have a scheme of ESOP and hence disclosures pursuant to Section 67(3) of the Companies Act, 2013 are also not required to be furnished.

## Matters Related to Directors and Key Managerial Personnel:

### a. Board of Directors & Key Managerial Personnel

There was no change in Directorship of the Company during the year under review.

Mr. Rakesh Dhanuka, Company Secretary resigned with effect from 10th May, 2016 and Mr. Pranvesh Tripathi was appointed as the Company Secretary and Key Managerial Personnel of the Company on the same date.

In accordance with the provisions of the Act, none of the Independent Directors is liable to retire by rotation. Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Arvind Kajaria, Managing Director of the Company shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The Board recommends his appointment.

### b. Declaration by Independent Directors

The Independent Directors of the Company have given a declaration confirming that they continue to meet with the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

There has been no change in the circumstances which may affect their status as Independent director during the year.

### c. **Company's Policy on Director's appointment and remuneration**

The Board has as per the recommendation of the Nomination and Remuneration Committee, framed a policy on selection and appointment of Directors and Senior Management and their remuneration. The details of said policy are given in the Corporate Governance Report which forms part of this Annual Report.

## **Disclosures Related to Board, Committees and Policies:**

### a. **Board Meetings**

The Board of Directors met 6 (six) times during the financial year 2015-16 in accordance with the provisions of the Companies Act, 2013 and rules made thereunder. Detailed information on the Board Meetings is provided in the Corporate Governance Report which forms part of this Annual Report.

### b. **Director's Responsibility Statement**

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended 31 March 2016, the Board of Directors hereby confirms that:

- i. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. such accounting policies have been selected and applied consistently and the Directors 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 31 March 2016 and of the profit of the Company for that year;
- iii. proper and sufficient care was taken 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;
- iv. the annual accounts of the Company have been prepared on a going concern basis;
- v. internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- vi. proper systems have been devised to ensure compliance with the provisions of all applicable laws

and that such systems were adequate and operating effectively.

### c. **Committees of the Board**

There are four Committees of the Board of Directors of the Company viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee. Detailed information on all the Committees is provided in the Corporate Governance Report alongwith the details of extract from Nomination and Remuneration Policy of the Company regarding deciding upon remuneration of Executive Directors, Key Managerial Personnel and other senior employees of the Company is also provided in the Corporate Governance Report which forms part of this Annual Report. Various policies framed by the Committees / Board pursuant to the applicable provisions of the Companies Act, 2013 and Listing Agreement (upto 30th November, 2015) and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2016 (w.e.f. 1 December 2015) are available on the Company's Website [www.itlindia.com](http://www.itlindia.com).

## **Policies**

### a. **Vigil Mechanism Policy for the Directors and Employees**

The Board of Directors of the Company have pursuant to the provisions of Section 178(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, framed a "Vigil Mechanism Policy" for Directors and employees of the Company to provide a mechanism which ensures adequate safeguards to employees and Directors from any victimization on raising of concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any, financial statements and reports, etc.

The employees of the Company have the right/option to report their concern/grievance to the Chairman of the Audit Committee.

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations.

### b. **Risk Management Policy**

The Board of Directors of the Company has designed Risk Management Policy and Guidelines to avoid events, situations or circumstances which may lead to negative consequences on the Company's businesses and define a structured approach to manage uncertainty and to make use of these in their decision making pertaining to all business divisions and corporate functions. Key business risks and

their mitigation are considered in the annual/strategic business plans and in periodic management reviews.

### Annual Evaluation of Directors, Committee and Board

The Board of Directors has carried out annual evaluation of its own performance, Board committees and individual directors pursuant to the provisions of the Companies Act, 2013 and the Corporate Governance requirements as prescribed in the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015 ("SEBI Listing Regulations").

A statement indicating the manner for evaluation of performance of the Board and its committee, individual Directors is stated in the Corporate Governance Report forming part of this Annual Report.

### Internal Control Systems

Adequate internal control systems commensurate with the nature of the Company's business and size and complexity of its operations are in place and have been operating satisfactorily. Internal control systems comprising of policies and procedures are designed to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedure, applicable laws and regulations and that all assets and resources are acquired economically, used efficiently and are adequately protected.

### Payment of Remuneration / Commission to Directors from Holding or Subsidiary Companies

None of the managerial personnel i.e. Managing Director and Whole-time Directors of the Company are in receipt of remuneration/commission from the Subsidiary Companies of the Company.

### Auditors and Reports

The matters related to Auditors and their Reports for the year ended 31 March 2016 are as under:-

#### a. Observations of Statutory Auditors on Accounts for the Year ended 31 March 2016:

There are no observations made by the Statutory Auditors in their report for the financial year ended 31 March 2016 read with the explanatory notes therein.

#### b. Secretarial Audit Report:

Provisions of Section 204 read with Section 134(3) of the Companies Act, 2013, mandates the Company to obtain a Secretarial Audit Report in the Form MR-3 from a

Practicing Company Secretary. M/s. Rathi and Associates, Company Secretaries had been appointed as Secretarial Auditors to issue Secretarial Audit Report for the financial year 2015-16.

Secretarial Audit Report issued by M/s. Rathi and Associates, Company Secretaries, in Form MR-3 for the financial year 2015-16 forms part of this report. The said report does not contain any observation or qualification requiring explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

#### c. Appointment of Auditors:

The shareholders of the Company approved the appointment of M/s. Walker Chandiook & Co. LLP, Chartered Accountants, as Statutory Auditors in casual vacancy by passing a resolution through Postal Ballot on 29 December 2015, consequent to the resignation of M/s. K. N. Gutgutia & Co. as Statutory Auditors to hold office up to the date of ensuing Annual General Meeting. As per the recommendation of the Audit Committee, the Board recommends appointment of M/s. Walker Chandiook & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company for the period of five years commencing from the conclusion of the 21st Annual General Meeting till the 26th Annual General Meeting.

The said Auditors have furnished to the Company certificate under Section 139 of the Act to the effect that their appointment, if made, shall be in accordance with the prescribed conditions and that they are eligible to hold the office of Auditors of the Company and also their consent to hold the office of the Auditors of the Company.

Necessary resolution for the appointment of the said Auditors is included in the Notice of AGM for seeking your approval.

#### d. Fraud Reporting:

During the year under review, there were no instances of material or serious fraud falling under Rule 13(1) of the Companies (Audit and Auditors) Rules, 2014, by officers or employees reported by the Statutory Auditors of the Company during the course of the audit.

### Extract of Annual Return

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, Extract of Annual Return, in the prescribed format, for the financial year ended 31 March 2016 is attached as Annexure II which forms part of this Report.

## Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as required under the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of conservation of energy, technology absorption, foreign exchange earnings and outgo etc. are furnished in Annexure III which forms part of this Report.

## Annual Report on Corporate Social Responsibility

Pursuant to Section 135 and Companies (Corporate Social Responsibility Policy) Rules, 2014 of the Companies Act, 2013, Annual Report on CSR for the FY 2015-16 is attached to this report as Annexure IV.

## Particulars of Employees as per Section 197 read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is attached to this report as Annexure V. The details as per Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company will be provided upon request.

## Disclosures under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has taken sufficient measures and adopted a policy in terms of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

and rules thereunder. During the year under review, no complaints in relation to such harassment at workplace have been reported.

## Management's Discussion and Analysis

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

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

The Company has laid down Code of Conduct to which the board and senior management have affirmed compliance. The Code is displayed on the official website of the Company at [www.itlindia.com](http://www.itlindia.com).

The Company has complied with the provisions of Corporate Governance requirements, as stipulated under Regulation 27 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate section on Corporate Governance forming part of this Annual Report and the certificate from a Practising Company Secretary confirming the compliance of Corporate Governance requirements is attached with the Corporate Governance Report.

## Acknowledgements and Appreciation

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business partners/associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company.

**For and on behalf of the Board**

Place: Kolkata

Date: 27-05-2016

**Arvind Kajaria**

Managing Director

(DIN: 00106901)

**Sharad Kajaria**

Whole-time Director

(DIN: 00108036)

### Registered Office:

**CIN: L24133MH1996PLC197857**

A-502, Prathamesh, Raghuvanshi Mills Ltd. Compound,  
Senapati Bapat Marg, Lower Parel (W),  
Mumbai – 400 013 Tel: 022 2491 2123 Fax: 022 2490 3123  
Email: [intrasoft@itlindia.com](mailto:intrasoft@itlindia.com) Website: [www.itlindia.com](http://www.itlindia.com)

**ANNEXURE I**

**Form AOC-1**  
**[Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies**  
**(Accounts) Rules, 2014]**  
**PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES**

(Amount in ₹)

1	Name of the subsidiary/Joint Venture/Associate Companies	123 Greetings. com, Inc.	Intrasoft Ventures Pte. Ltd. (Standalone)	One Two Three Greetings (India) Private Limited	123Stores, Inc. * (Consolidated)
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as Holding Company	Same as Holding Company	Same as Holding Company	Same as Holding Company
3	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.	USD, 1 USD = ₹ 66.25	SGD, 1 SGD = ₹ 49.11	₹	USD, 1 USD = ₹ 66.25
4	Share capital	66,25,000	6,87,54,000	2,00,00,000	6,62,50,000
5	Reserves and Surplus	74,18,874	982	10,45,452	2,21,02,126
6	Total Assets	3,16,44,445	10,49,24,448	3,06,75,129	1,01,10,61,456
7	Total Liabilities	1,76,00,571	3,61,69,466	96,29,677	92,27,09,330
8	Investments	-	6,64,24,713	-	-
9	Turnover	17,58,87,319	43,77,392	20,99,506	6,99,07,24,187
10	Profit before taxation	7,35,396	51,815	(23,937)	2,96,91,720
11	Provision for taxation	1,67,814	78,430	46,544	1,07,27,648
12	Profit after taxation	5,67,582	(26,615)	(70,481)	1,89,64,072
13	Proposed Dividend	-	-	-	-
14	% of shareholding	100	100	100	100

\* 123Stores, Inc. is a Wholly Owned Subsidiary of Intrasoft Ventures Pte. Ltd. The Consolidated Performance consists of 123Stores, Inc. and its wholly owned subsidiary 123Stores E Commerce Private Limited.

Note:

1. There is no Company which is an Associate or Joint Venture of the Company.
2. There is no subsidiary of the Company which is yet to commence operations.

## ANNEXURE II

## EXTRACT OF ANNUAL RETURN – MGT 9

**As on financial year ended on 31 March 2016**  
**[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies**  
**(Management and Administration) Rules, 2014]**

**I. Registration and Other Details:**

CIN	: L24133MH1996PLC197857
Registration Date	: 27 February 1996
Name of the Company	: IntraSoft Technologies Ltd
Category / Sub-Category of the Company	: Public Company limited by Shares / Non-Government Company
Address of the Registered office and contact details	: 502-A, Prathamesh, Raghuvanshi Mills Ltd. Compound, Senapati Bapat Marg, Lower Parel (W), Mumbai – 400 013
Whether listed company	: Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any:	: M/s Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W) Mumbai – 400 078 Tel. No. 022 2594 6970

**II. Principal Business Activities of The Company**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / services (as per NIC, 2008)	% to total turnover of the company
1	IT Enabled Services	631	100%

**III. Particulars of Holding, Subsidiary and Associate Companies**

Sl. No.	Name and address of the Company	CIN / GLN	Holding / subsidiary / associate	% of shares held	Applicable section
1	123Greetings.Com, Inc (USA)	Foreign Company	Subsidiary	100	2(87)
2	Intrasoft Ventures Pte.Ltd. (Singapore)	Foreign Company	Subsidiary	100	2(87)
3	One Two Three Greetings (India) Pvt. Ltd. (India)	U72900MH2007PTC167426	Subsidiary	100	2(87)
4	123Stores, Inc (USA)	Foreign Company	Subsidiary	100	2(87)
5	123Stores E Commerce Pvt. Ltd (India)	U74900WB2015PTC206149	Subsidiary	100	2(87)

**IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity):**
**i. Category-wise Share Holding:**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year			% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters and Promoter Group</b>									
<b>(1) Indian</b>									
a) Individual/HUF	87,50,014	0	87,50,014	59.40	70,00,014	0	70,00,014	47.52	-11.88
b) Central Government	0	0	0	0	0	0	0	0	0
c) State Government	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	0	0	0	0	0	0	0	0	0
e) Banks/Fl	0	0	0	0	0	0	0	0	0
d) Any other(Specify)	0	0	0	0	0	0	0	0	0
Sub-total(A)(1):	87,50,014	0	87,50,014	59.40	70,00,014	0	70,00,014	47.52	-11.88
<b>(2) Foreign</b>									
a) Individuals ( Non-Resident/Foreign)	0	0	0	0	0	0	0	0	0
b) Other –									
Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d)Financial Institutions/Banks	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2):	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter and Promoter Group (A) =(A)(1)+(A)(2)	87,50,014	0	87,50,014	59.40	70,00,014	0	70,00,014	47.52	-11.88
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/ Fl	0	0	0	0	22,069	0	22,069	0.15	0.15
c) Central Government	0	0	0	0	0	0	0	0	0
d) State Government	0	0	0	0	0	0	0	0	0
e)Venture Capital Funds	0	0	0	0	0	0	0	0	0
f)Insurance Companies	114	0	114	0	114	0	114	0	0
g)Fls/Foreign Portfolio Investor	0	0	0	0	8,36,028	0	8,36,028	5.68	5.68
h)Foreign Venture Capital Investors	17,97,635	0	17,97,635	12.20	15,34,764	0	15,34,764	10.42	-1.78
i) Provident Funds/Pension Funds	0	0	0	0	0	0	0	0	0
j) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):	17,97,749	0	17,97,749	12.20	23,92,975	0	23,92,975	16.24	4.04
<b>( 2)Non-Institutions</b>									
<b>a) Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakh	12,29,436	44,577	12,74,013	8.65	14,36,717	32,852	14,69,569	9.97	1.33
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	8,14,049	84,651	8,98,700	6.10	12,63,551	0	12,63,551	8.57	2.47
b) NBFCs registered with RBI	0	0	0	0	0	0	0	0	0
c) Employee Trust	0	0	0	0	0	0	0	0	0
d) Overseas Depositories ( Holding DRs) (balancing figure)	0	0	0	0	0	0	0	0	0
<b>e) Any Other (specify)</b>									
Hindu Undivided Family	0	0	0	0	2,68,405	0	2,68,405	1.82	1.82
Non Resident Indians ( Non Repat)	25,980	0	25,980	0.18	21,001	0	21,001	0.14	-0.03

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Non Resident Indians (Repat)	1,06,357	0	1,06,357	0.72	32,250	0	32,250	0.22	-0.50
Overseas Bodies Corporate	0	3,375	3,375	0.02	0	0	0	0	-0.02
Clearing member	1,78,756	0	1,78,756	1.21	2,92,193	0	2,92,193	1.98	0.77
Bodies Corporate	16,93,059	3,675	16,96,734	11.52	19,88,570	3,150	19,91,720	13.52	2.00
Sub-total(B)( 2):	40,47,637	1,36,278	41,83,915	28.40	53,02,687	36,002	53,38,689	36.24	7.84
Total Public Shareholding (B)=(B)(1)+(B)(2)	58,45,386	1,36,278	59,81,664	40.60	76,95,662	36,002	77,31,664	52.48	11.88
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>1,45,95,400</b>	<b>1,36,278</b>	<b>1,47,31,678</b>	<b>100.00</b>	<b>1,46,95,676</b>	<b>36,002</b>	<b>147,31,678</b>	<b>100.00</b>	

## ii. Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Mr. Arvind Kajaria	28,00,014	19.01	-	28,00,014	19.01	-	-
2	Mr. Sharad Kajaria	28,00,000	19.01	-	28,00,000	19.01	-	-
3	Mr. Arvind Kajaria & Mr. Sharad Kajaria	17,50,000	11.88	-	0.00	0.00	-	-11.88
4	Ms. Padma Kajaria	14,00,000	9.50	-	14,00,000	9.50	-	-
	<b>Total</b>	<b>87,50,014</b>	<b>59.40</b>	<b>-</b>	<b>70,00,014</b>	<b>47.52</b>	<b>-</b>	<b>-11.88</b>

## iii. Change In Promoters' Shareholding :

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of shares held	% of total shares of the company	Date of transaction	No. of shares	No of shares held	% of total shares of the company
1	Mr. Arvind Kajaria	28,00,014	19.01			28,00,014	19.01
	At the end of the year					28,00,014	19.01
2	Mr. Sharad Kajaria	28,00,000	19.01			28,00,000	19.01
	At the end of the year					28,00,000	19.01
3	Ms. Padma Kajaria	14,00,000	9.50			14,00,000	9.50
	At the end of the year					14,00,000	9.50
4	Mr. Arvind Kajaria & Mr. Sharad Kajaria	17,50,000	11.88			17,50,000	11.88
	Transfer			24th Jul, 2015	(5,50,000)	12,00,000	8.14
	Transfer			12th Feb, 2016	(12,00,000)	0	0.00
	At the end of the year					0	0.00

**iv. Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRS and ADRS):**

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year	
		No. of shares held	% of total shares of the company	Date of transaction	No. of shares	No of shares held	% of total shares of the company
<b>1</b>	<b>Intel Capital (Mauritius) Limited</b>	17,97,635	12.20			17,97,635	12.20
	Transfer			11th Sep, 2015	(3,963)	17,93,672	12.17
	Transfer			18th Sep, 2015	(9,760)	17,83,912	12.11
	Transfer			25th Sep, 2015	(5,083)	17,78,829	12.07
	Transfer			30th Sep, 2015	(5,225)	17,73,604	12.04
	Transfer			9th Oct, 2015	(83,154)	16,90,450	11.47
	Transfer			23rd Oct, 2015	(26,530)	16,63,920	11.29
	Transfer			30th Oct, 2015	(33,261)	16,30,659	11.07
	Transfer			13th Nov, 2015	(20,886)	16,09,773	10.93
	Transfer			20th Nov, 2015	(36,138)	15,73,635	10.68
	Transfer			27th Nov, 2015	(16,000)	15,57,635	10.57
	Transfer			4th Dec, 2015	(22,871)	15,34,764	10.42
	<b>At the end of the year</b>					<b>15,34,764</b>	<b>10.42</b>
<b>2</b>	<b>Finotex Vinimoy Pvt Ltd</b>	5,00,000	3.39			5,00,000	3.39
	<b>At the end of the year</b>					<b>5,00,000</b>	<b>3.39</b>
<b>3</b>	<b>University of Notre Dame DU LAC</b>	0	0.00			0	0.00
	Transfer			12th Feb, 2016	4,59,608	4,59,608	3.12
	<b>At the end of the year</b>					<b>4,59,608</b>	<b>3.12</b>
<b>4</b>	<b>Lokvani Engineering Private Limited</b>	3,83,013	2.60			3,83,013	2.60
	<b>At the end of the year</b>					<b>3,83,013</b>	<b>2.60</b>
<b>5</b>	<b>Washington University - Chanakya Capital Partners</b>	0	0.00			0	0.00
	Transfer			12th Feb, 2016	2,57,413	2,57,413	1.75
	<b>At the end of the year</b>					<b>2,57,413</b>	<b>1.75</b>
<b>6</b>	<b>Ambika Fincap Consultants Pvt. Ltd.</b>	48,680	0.33			48,680	0.33
	Transfer			10th Apr, 2015	2,000	50,680	0.34
	Transfer			8th May, 2015	230	50,910	0.34
	Transfer			15th May, 2015	10,501	61,411	0.42
	Transfer			22 May, 2015	24,999	86,410	0.58
	Transfer			5th Jun, 2015	(21,000)	65,410	0.44
	Transfer			19th Jun, 2015	900	66,310	0.45
	Transfer			26th Jun, 2015	5,000	71,310	0.48
	Transfer			30th Jun, 2015	1,000	72,310	0.49
	Transfer			10th Jul, 2015	690	73,000	0.49
	Transfer			17th Jul, 2015	5,589	78,589	0.53
	Transfer			24th Jul, 2015	41	78,630	0.53
	Transfer			31st Jul, 2015	(3,000)	75,630	0.51
	Transfer			7th Aug, 2015	(3,000)	72,630	0.49
	Transfer			14th Aug, 2015	(4,000)	68,630	0.46
	Transfer			21st Aug, 2015	7,600	76,230	0.52
	Transfer			28th Aug, 2015	(1,730)	74,500	0.50
	Transfer			4th Sep, 2015	7,500	82,000	0.57

Sr No.	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year		
	Name & Type of Transaction	No. of shares held	% of total shares of the company	Date of transaction	No. of shares	No of shares held	% of total shares of the company
	Transfer			18th Sep, 2015	(2,000)	80,000	0.54
	Transfer			9th Oct, 2015	5,000	85,000	0.58
	Transfer			16th Oct, 2015	7,537	92,537	0.63
	Transfer			30th Oct, 2015	3,270	95,807	0.65
	Transfer			27th Nov, 2015	193	96,000	0.65
	Transfer			4th Dec, 2015	(8,500)	87,500	0.59
	Transfer			11th Dec, 2015	(22,500)	65,000	0.44
	Transfer			22nd Jan, 2016	(56,415)	8,585	0.06
	Transfer			29th Jan, 2016	24,715	33,300	0.23
	Transfer			12th Feb, 2016	93,000	1,26,300	0.86
	Transfer			19th Feb, 2016	9,000	1,35,300	0.92
	Transfer			4th Mar, 2016	800	1,36,100	0.92
	Transfer			11th Mar, 2016	13,500	1,49,600	1.01
	Transfer			18th Mar, 2016	26,000	1,75,600	1.19
	Transfer			25th Mar, 2016	3,000	1,78,600	1.21
	Transfer			31st Mar, 2016	3,822	1,82,422	1.24
	<b>At the end of the year</b>					<b>182,422</b>	<b>1.24</b>
<b>7</b>	<b>Mr. Pawan Kumar Kejriwal</b>	1,72,140	1.17			1,72,140	1.17
	Transfer			24th Jul, 2015	(7,457)	1,64,683	1.12
	Transfer			21st Aug, 2015	(3,780)	1,60,903	1.09
	Transfer			25th Sep, 2015	1,60,903	3,21,806	2.18
	Transfer			30th Sep, 2015	(1,60,903)	1,60,903	1.09
	Transfer			23rd Oct, 2015	(2,000)	1,58,903	1.08
	Transfer			30th Oct, 2015	(6,517)	1,52,386	1.03
	Transfer			20th Nov, 2015	(2,800)	1,49,586	1.02
	Transfer			27th Nov, 2015	(1,000)	1,48,586	1.01
	Transfer			25th Dec, 2015	(4,586)	1,44,000	0.98
	<b>At the end of the year</b>					<b>1,44,000</b>	<b>0.98</b>
<b>8</b>	<b>JMP Securities Pvt. Ltd.</b>	1,07,000	0.72			1,07,000	0.72
	Transfer			10th Apr, 2015	(34,012)	72,988	0.49
	Transfer			17 Apr, 2015	213	73,201	0.50
	Transfer			24 Apr, 2015	4,461	77,662	0.53
	Transfer			1st May, 2015	4,338	82,000	0.55
	Transfer			15th May, 2015	(12)	81,988	0.55
	Transfer			22nd May, 2015	17,712	99,700	0.68
	Transfer			29th May, 2015	13,890	1,13,590	0.77
	Transfer			5th Jun, 2015	20,560	1,34,150	0.91
	Transfer			12th Jun, 2015	(3,867)	1,30,283	0.88
	Transfer			19th Jun, 2015	12,085	1,42,368	0.96
	Transfer			26th Jun, 2015	(850)	1,41,518	0.96
	Transfer			30th Jun, 2015	(250)	1,41,268	0.96
	Transfer			3rd Jul, 2015	15,713	1,56,981	1.06
	Transfer			10th Jul, 2015	27,701	1,84,682	1.25
	Transfer			17th Jul, 2015	(2,317)	1,82,365	1.24
	Transfer			24th Jul, 2015	(3,519)	1,78,846	1.21
	Transfer			31st Jul, 2015	1,828	1,80,674	1.23
	Transfer			7th Aug, 2015	(2,755)	1,77,919	1.21
	Transfer			14th Aug, 2015	222	1,78,141	1.21
	Transfer			21st Aug, 2015	15,731	1,93,872	1.31

Sr No.	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year		
	Name & Type of Transaction	No. of shares held	% of total shares of the company	Date of transaction	No. of shares	No of shares held	% of total shares of the company
Transfer				28th Aug, 2015	(141)	1,93,731	1.31
Transfer				4th Sep, 2015	5,491	1,99,222	1.35
Transfer				11th Sep, 2015	4,952	2,04,174	1.38
Transfer				18th Sep, 2015	4,224	2,08,398	1.41
Transfer				25th Sep, 2015	(348)	2,08,050	1.41
Transfer				30th Sep, 2015	2	2,08,052	1.41
Transfer				9th Oct, 2015	(5,626)	2,02,426	1.37
Transfer				16th Oct, 2015	(14,919)	1,87,507	1.27
Transfer				23rd Oct, 2015	20,143	2,07,650	1.41
Transfer				30th Oct, 2015	55,193	2,62,843	1.78
Transfer				6th Nov, 2015	16,951	2,79,794	1.90
Transfer				13th Nov, 2015	(1,79,099)	1,00,695	0.68
Transfer				20th Nov, 2015	21,923	1,22,618	0.83
Transfer				27th Nov, 2015	4,571	1,27,189	0.86
Transfer				4th Dec 2015	(2,595)	1,24,594	0.84
Transfer				11th Dec, 2015	(95)	1,24,499	0.84
Transfer				18th Dec, 2015	794	1,25,293	0.85
Transfer				25th Dec, 2015	(64,599)	60,694	0.41
Transfer				31st Dec, 2015	29,243	89,937	0.61
Transfer				1st Jan, 2016	325	90,262	0.61
Transfer				8th Jan, 2016	(3,362)	86,900	0.59
Transfer				15th Jan, 2016	(13,290)	73,610	0.50
Transfer				22nd Jan, 2016	1,428	75,038	0.51
Transfer				29th Jan, 2016	(14,084)	60,954	0.41
Transfer				5th Feb, 2016	500	61,454	0.42
Transfer				12th Feb, 2016	4,334	65,788	0.44
Transfer				19th Feb, 2016	1,04,933	1,70,721	1.16
Transfer				26th Feb, 2016	(30,878)	1,39,843	0.95
Transfer				4th Mar, 2016	16,670	1,56,513	1.06
Transfer				11th Mar, 2016	(2,533)	1,53,980	1.04
Transfer				18th Mar, 2016	(9,419)	1,44,561	0.98
Transfer				25th Mar, 2016	200	1,44,761	0.98
Transfer				31st Mar, 2016	(18,761)	1,26,000	0.85
	<b>At the end of the year</b>					<b>1,26,000</b>	<b>0.85</b>
<b>9</b>	<b>Edelweiss Securities Ltd</b>	0	0.00			0	0.00
Transfer				11th Sep, 2015	20,000	20,000	0.14
Transfer				9th Oct, 2015	(16,731)	3,269	0.02
Transfer				16th Oct, 2015	(73)	3,196	0.02
Transfer				23rd Oct, 2015	1,175	4,371	0.03
Transfer				30th Oct, 2015	1,231	5,602	0.03
Transfer				6th Nov, 2015	5,025	10,627	0.07
Transfer				13h Nov, 2015	2,245	12,872	0.08
Transfer				20th Nov, 2015	(247)	12,625	0.08
Transfer				27th Nov, 2015	60	12,685	0.08
Transfer				4th Dec, 2015	4,536	17,221	0.11
Transfer				11th Dec, 2015	2,036	19,257	0.13
Transfer				18th Dec, 2015	(275)	18,982	0.13
Transfer				25th Dec, 2015	45,751	64,733	0.44
Transfer				31st Dec, 2015	(42,183)	22,550	0.15

Sr No.	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year		
	Name & Type of Transaction	No. of shares held	% of total shares of the company	Date of transaction	No. of shares	No of shares held	% of total shares of the company
	Transfer			1st Jan, 2016	69	22,619	0.15
	Transfer			8th Jan, 2016	(7,510)	15,109	0.10
	Transfer			15th Jan, 2016	(836)	14,273	0.09
	Transfer			22nd Jan, 2016	(1,991)	12,282	0.08
	Transfer			29th Jan, 2016	193	12,475	0.08
	Transfer			5th Feb, 2016	(5,382)	7,093	0.05
	Transfer			12th Feb, 2016	300	7,393	0.05
	Transfer			19th Feb, 2016	21	7,414	0.05
	Transfer			4th Mar, 2016	2,951	10,365	0.07
	Transfer			11th Mar, 2016	(2,699)	7,666	0.05
	Transfer			18th Mar, 2016	2,697	10,363	0.07
	Transfer			25th Mar, 2016	41,769	52,132	0.35
	Transfer			31st Mar, 2016	64,388	1,16,520	0.79
	<b>At the end of the year</b>					<b>1,16,520</b>	<b>0.79</b>
<b>10</b>	<b>Mr. Nishid Babulal Shah</b>	25,000	0.17			25,000	0.17
	Transfer			8th May, 2015	1,000	26,000	0.17
	Transfer			22nd May, 2015	6,500	32,500	0.22
	Transfer			29th May, 2015	7,000	39,500	0.27
	Transfer			5th Jun, 2015	4,500	44,000	0.30
	Transfer			12th Jun, 2015	4,100	48,100	0.32
	Transfer			3rd Jul, 2015	1,000	49,100	0.33
	Transfer			10th Jul, 2015	2,750	51,850	0.35
	Transfer			17th Jul, 2015	550	52,400	0.35
	Transfer			28th Aug, 2015	8,600	61,000	0.41
	Transfer			25th Sep, 2015	61,000	1,22,000	0.83
	Transfer			30th Sep, 2015	(61,000)	61,000	0.41
	Transfer			30th Oct, 2015	6,000	67,000	0.45
	Transfer			20th Nov, 2015	975	67,975	0.46
	Transfer			27th Nov, 2015	25	68,000	0.46
	Transfer			22nd Jan, 2016	23,977	91,977	0.62
	Transfer			29th Jan, 2016	23	92,000	0.62
	Transfer			18th Mar, 2016	4,500	96,500	0.65
	Transfer			31st Mar, 2016	6,178	1,02,678	0.69
	<b>At the end of the year</b>					<b>1,02,678</b>	<b>0.69</b>
<b>11</b>	<b>Bishnauth Investments Limited</b>	93,408	0.63			93,408	0.63
	<b>At the end of the year</b>					<b>93,408</b>	<b>0.63</b>
<b>12</b>	<b>Ms. Tanvi J Mehta</b>	75,366	0.51			75,366	0.51
	Transfer			17th Apr, 2015	2,000	77,366	0.52
	Transfer			19th Jun, 2015	2,000	79,366	0.54
	Transfer			10th Jul, 2015	500	79,866	0.54
	Transfer			25th Sep, 2015	79,866	1,59,732	1.08
	Transfer			30th Sep, 2015	(79,366)	80,366	0.54
	Transfer			9th Oct, 2015	500	80,866	0.55
	Transfer			16th Oct, 2015	(500)	80,366	0.54
	Transfer			8th Jan, 2016	(1,500)	78,866	0.53
	Transfer			22nd Jan, 2016	1,500	80,366	0.54
	Transfer			29th Jan, 2016	(1,500)	78,866	0.53
	Transfer			5th Feb, 2016	(500)	78,366	0.53
	Transfer			12th Feb, 2016	(1,500)	76,866	0.52

Sr No.	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding at the end of the year		
	Name & Type of Transaction	No. of shares held	% of total shares of the company	Date of transaction	No. of shares	No of shares held	% of total shares of the company
						<b>76,866</b>	<b>0.52</b>
<b>13</b>	<b>Santosh Kumar Kejriwal Securities Private Limited</b>	1,46,904	0.99			1,46,904	0.99
	Transfer			15th May, 2015	7,385	1,54,289	1.05
	Transfer			22nd May, 2015	(2,430)	1,51,859	1.03
	Transfer			29th May, 2015	338	1,52,197	1.03
	Transfer			5th Jun, 2015	(28,344)	1,23,853	0.84
	Transfer			26th Jun, 2015	(9,896)	1,13,957	0.77
	Transfer			30th Jun, 2015	(1,919)	1,12,038	0.76
	Transfer			3rd Jul, 2015	(20,000)	92,038	0.62
	Transfer			10th Jul, 2015	(78,364)	13,674	0.09
	Transfer			17th Jul, 2015	2,881	16,555	0.11
	Transfer			24th Jul, 2015	3,821	20,376	0.14
	Transfer			28th Aug, 2015	16,869	37,245	0.25
	Transfer			4th Sep, 2015	(10,350)	26,895	0.18
	Transfer			25th Sep, 2015	3,535	30,430	0.20
	Transfer			30th Sep, 2015	8,440	38,870	0.26
	Transfer			9th Oct, 2015	(2,533)	36,337	0.24
	Transfer			16th Oct, 2015	273	36,610	0.25
	Transfer			23rd Oct, 2015	(4,600)	32,010	0.21
	Transfer			30th Oct, 2015	(23,697)	8,313	0.05
	Transfer			6th Nov, 2015	(7,222)	1,091	0.00
	Transfer			4th Dec, 2015	(13)	1,078	0.00
	Transfer			18th Dec, 2015	557	1,635	0.01
	Transfer			25th Dec, 2015	20,411	22,046	0.15
	Transfer			15th Jan, 2016	(14,846)	7,200	0.04
	Transfer			25th Mar, 2016	(3,600)	3,600	0.02
	<b>At the end of the year</b>					<b>3,600</b>	<b>0.02</b>
<b>14</b>	<b>Mini Builders Private Limited</b>	1,74,956	1.19			1,74,956	1.188
	Transfer			1st May, 2015	10,965	1,85,921	1.26
	Transfer			8th May, 2015	208	1,86,129	1.26
	Transfer			15th May, 2015	3,827	1,89,956	1.28
	Transfer			22nd May, 2015	(10,725)	1,79,231	1.21
	Transfer			29th May, 2015	(81,825)	97,406	0.66
	Transfer			5th Jun, 2015	(419)	96,987	0.65
	Transfer			10th Jul, 2015	(10,000)	86,987	0.59
	Transfer			17th Jul, 2015	(21,148)	65,839	0.44
	Transfer			31st Jul, 2015	(62,059)	3,780	0.02
	Transfer			7th Aug, 2015	13,130	16,910	0.11
	Transfer			14th Aug, 2015	10,177	27,087	0.18
	Transfer			16th Oct, 2015	1,100	28,187	0.19
	Transfer			23rd Oct, 2015	(1,100)	27,087	0.18
	Transfer			30th Oct, 2015	(2,713)	24,374	0.16
	Transfer			25th Dec, 2015	(15,825)	8,549	0.05
	Transfer			25th Mar, 2016	(4,949)	3,600	0.02
	<b>At the end of the year</b>					<b>3,600</b>	<b>0.02</b>

#### v. Shareholding of Directors and Key Managerial Personnel:

There was no change in shareholding of Directors and Key Managerial Personnel during the year under review.

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Arvind Kajaria, Managing Director	28,00,014	19.01	28,00,014	19.01
2	Mr. Sharad Kajaria, Whole-time Director	28,00,000	19.01	28,00,000	19.01
3	Ms. Savita Agarwal, Independent Director	Nil	Nil	Nil	Nil
4	Mr. Anil Agrawal, Independent Director	Nil	Nil	Nil	Nil
5	Mr. Rupinder Singh, Independent Director	Nil	Nil	Nil	Nil
6	Mr. Mohit Kumar Jha, Chief Financial Officer	Nil	Nil	Nil	Nil
7	Mr. Rakesh Dhanuka, Company Secretary	Nil	Nil	Nil	Nil

#### vi. Indebtedness:

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	4,03,98,231	Nil	Nil	4,03,98,231
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total (i+ii+iii)</b>	<b>4,03,98,231</b>	<b>Nil</b>	<b>Nil</b>	<b>4,03,98,231</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	12,35,00,000	2,00,00,000	Nil	14,35,00,000
Reduction	12,89,79,649	2,00,00,000	Nil	14,89,79,649
Net Change	(54,79,649)	Nil	Nil	(54,79,649)
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	3,49,18,582	Nil	Nil	3,49,18,582
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	2,78,872	Nil	Nil	2,78,872
<b>Total (i+ii+iii)</b>	<b>3,51,97,454</b>	<b>Nil</b>	<b>Nil</b>	<b>3,51,97,454</b>

#### vii. Remuneration of Directors and Key Managerial Personnel:

##### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of the Directors		Total Amount
		Mr. Arvind Kajaria Managing Director	Mr. Sharad Kajaria Whole-time Director	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	72,00,000	67,50,000	1,39,50,000
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	10,800	10,800	21,600
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total (A)	72,10,800	67,60,800	1,39,71,600
	Ceiling as per the Act	10% of the net profit of the Company / Schedule V		

**B. Remuneration to Other Directors:**

Particulars of Remuneration	Name of the Director			Total Amount
	Mr. Rupinder Singh	Mr. Anil Agrawal	Ms. Savita Agarwal	
1. Independent Directors				
Fee for attending board/ committee meetings	2,00,000	2,20,000	2,20,000	6,40,000
Commission	-	-	-	-
Others, please specify	-	-	-	-
<b>Total (1)</b>	<b>2,00,000</b>	<b>2,20,000</b>	<b>2,20,000</b>	<b>6,40,000</b>
2. Other Non-Executive Directors				
Fee for attending board / committee meetings	-	-	-	-
Commission	-	-	-	-
Others, please specify	-	-	-	-
<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (B)=(1+2)</b>	<b>2,00,000</b>	<b>2,20,000</b>	<b>2,20,000</b>	<b>6,40,000</b>
Total Managerial Remuneration (A+B)	1,46,11,600			
Overall Ceiling as per the Act	11% of the net profit of the Company ( Excluding Sitting Fees) / Schedule V			

**C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD**

Sl. No.	Particulars of Remuneration	Mr. Mohit Kumar Jha, CFO	Mr. Rakesh Dhanuka, Company Secretary	Total
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	20,36,733	7,64,057	28,00,790
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961			
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- as % of profit			
	- others, specify			
5	Others, please specify			
	<b>Total</b>	<b>20,36,733</b>	<b>7,64,057</b>	<b>28,00,790</b>

**viii. Penalties / Punishment/ Compounding of Offences:**

No penalties / punishment / compounding fees were imposed on the Company or Directors or any other Officer of the Company during the FY 2015-16

## ANNEXURE III

### Particulars pursuant to Section 134(3)(m) of the Companies Act, 2013 read with The Companies (Accounts) Rules, 2014

#### I. Conservation of Energy

The Company is engaged in development and delivery of e-commerce and 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 and hence the financial impact of the said cost is not material. Adequate measures have, however, been taken to conserve energy.

#### II. Research and Development

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

The Company operates in the internet / information technology based industry, wherein new developments and phasing out of technologies occur rapidly on a continuous basis. Evaluation of developments in the industry are undertaken by the Company on a regular basis with a view of adopting and adapting such developments based on their suitability analyzed in light to the business in which the Company is engaged in. These actions help the Company to improve the areas in which the Company and/or its wholly owned subsidiaries are engaged.

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

Research and Development activities undertaken for the purpose of ensuring consistency with the changing business environment allows us to enhance quality, productivity and customer satisfaction which ultimately results in increased number of users accessing the website of the Company and thus benefits the Company.

##### 3. Future Plan of action:

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

##### 4. Expenditure on R&D:

The Company's R&D activities are part of its normal commercial operations. There is no separate R&D department. Hence, there is no specific budget earmarked

for R&D expenditure. Considering the continuous expenditure on such account, it is also not practical to identify R&D expenditure out of total expenditure incurred by the Company.

#### III. Technology Absorption, Adaptation and Innovation

1. Efforts made towards technology absorption, adaptation, innovation and benefits derived:

For the purpose of ensuring productivity and improvement in the quality on a continual basis the technical resources of the Company attend several seminars and workshops organized by various institutions as required from time to time in accordance with the change in the technological environment.

2. Information regarding technology imported during last 5 years:

The Company meets its technology requirement through developing it in-house and/ or through purchasing it on domestic basis and hence there are no imports in the last 5 years

3. Foreign Exchange Earnings and Outgo:

i) Activities relating to exports:

The Company is engaged in development and delivery of e-cards globally through internet platform. Constant endeavor is made to ensure increase in usage of Company's services by the end users in different countries. The Company's e-commerce operations have also begun to scale new heights.

ii) Total foreign earnings used and earned:

Information on foreign exchange earnings and outgo is furnished in note nos. 28 of Standalone Financial Statements.

ANNEXURE IV

Annual Report on CSR Activities

1	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web- link to the CSR policy and projects and programs.		Company's CSR policy is framed within the purview of the Schedule VII of the Companies Act, 2013 and the same is available on the Company's website.					
2	Composition of the CSR Committee		a) Mr. Arvind Kajaria, Chairman b) Mr. Anil Agrawal, Member c) Mr. Rupinder Singh, Member					
3	Average Net Profit of the Company for last three financial years		₹ 26,96,625/-					
4	Prescribed CSR Expenditure		₹ 53,933/-					
5	Details of CSR spent during the financial year;							
	a) Total amount to be spent for the financial year		The Company has spent ₹ 55,000/- during the FY 2015-16					
	b) Amount unspent if any		Nil					
	c) Manner in which the amount spent during the financial year is detailed below:							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				Project or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs sub heads: (1) Direct Expenditure on projects and programs  (2) Overheads:	Cumulative expenditure up to the reporting period i.e. 31 March 2016	Amount spent Direct or through implementing agency
1	Contribution to the Prime Minister's Relief Fund	Contribution to the Prime Minister's Relief Fund	Project of Central Government	55,000	55,000	55,000	55,000	Direct
	<b>Total</b>			<b>55,000</b>	<b>55,000</b>			
6.	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.							

We hereby declare that the implementation and monitoring of the CSR Policy are in compliance with CSR objectives and Policy of the Company.

Sd/-  
**Sharad Kajaria**  
(Whole-time Director)  
DIN: 00108036

Sd/-  
**Arvind Kajaria**  
(Chairman CSR Committee )  
DIN: 00106901

**ANNEXURE V****DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

- i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sr. No.	Name of Director / KMP	% increase in remuneration in the FY 2015-16	Ratio of remuneration of each Director to median remuneration of employees	Comparison of the Remuneration of KMP against the performance of the Company
1	Mr. Arvind Kajaria, Managing Director	NIL	12.26	PAT (before exceptional income)
2	Mr. Sharad Kajaria, Whole-time Director	NIL	11.50	increased by 6.26% for the FY 2014-15
3	Mr. Rupinder Singh, Independent Director	Nil	0.34	NA
4	Mr. Anil Agrawal, Independent Director	Nil	0.37	NA
5	Ms. Savita Agarwal, Independent Director	NIL	0.37	NA
6	Mr. Mohit Kumar Jha, Chief Financial Officer	14	3.44	PAT (before exceptional income)
7	Mr. Rakesh Dhanuka, Company Secretary	16	1.28	increased by 6.26% for the FY 2014-15

# Only sitting fees is paid to the Independent Directors.

- ii) The median remuneration of the employees of the Company during the financial year was ₹ 587,463/-
- iii) In the financial year 2015-16, there was an increase of 30% in the median remuneration of employees.
- iv) There were 91 permanent employees on the rolls of the Company as on 31 March 2016
- v) Explanation on the Relationship between average increase in remuneration and Company performance:
- As compared to the Profit of the Company (before exceptional income) for the FY 2015-16, which was increased by 6.26%, the average increase in remuneration was 5%.
- vi) Comparison of remuneration of the KMP against the performance of the Company:
- The total remuneration of KMP was increased by 2% compared to PAT (before exceptional income) which was increased by 6.26%.
- vii) Variations in the market capitalization of the Company: The market capitalization as on 31 March 2016 was ₹ 557 Cr. (₹ 369 Cr. as on 31 March 2015)
- viii) Price Earnings ratio of the Company as at 31 March 2016 was 14.02 as against 73.74 as at 31 March 2015.

- ix) Percent increase over decrease in the market quotation of the shares of the Company as compared to the rate at which the Company came out with the last public offer:

Particulars	31 March 2016	12 April 2010 (Date of Listing)	% increase
Market Price (BSE)	₹ 378.20	₹ 159.35	137.33
Market Price (NSE)	₹ 379.80	₹ 159.10	138.71

- x) Average percentage increase made in the salaries of employees other than the KMP in the FY 2015-16 was 30 % whereas the increase in the KMP remuneration for the same FY was 2 %.
- xi) There are no variable component of remuneration availed by the directors.
- xii) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: Not Applicable
- xiii) It is hereby affirmed that the remuneration paid is as per the remuneration policy of the Company for its Directors, Key Managerial Personnel and other Employees.

For IntraSoft Technologies Limited

**Arvind Kajaria**

Managing Director

DIN: 00106901

**Sharad Kajaria**

Whole-time Director

DIN: 00108036

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 March 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members  
IntraSoft Technologies Limited  
A-502, Prathamesh, Raghuvanshi Mills Ltd. Compound,  
Senapati Bapat Marg, Lower Parel, Mumbai – 400 013

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practice by IntraSoft Technologies Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended 31 March 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by IntraSoft Technologies Limited ("the Company") as given in Annexure I for the financial year ended 31 March 2016, according to the provisions of:
  - i.) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - ii.) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - iii.) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - iv.) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
  - v.) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - i. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - ii. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company under the financial year under report:-
  - i. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
  - ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - iv. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - v. The Securities and Exchange Board of India (Registrars to a Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; and
  - vi. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
3. Provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings were not attracted to the Company under the financial year under report.
4. We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with other Acts, Laws and Regulations applicable specifically to the Company as per the list given in Annexure II

We have also examined compliance with the applicable clauses of following;

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India under the provisions of Companies Act, 2013; and
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s) (effective upto 30th November, 2015) and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective from 1 December 2015);

During the financial year under report, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. No changes in the composition of the Board of Directors took place during the financial year under report.

Adequate notice is generally given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda

were generally sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the year under report, the Company has not undertaken any event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For **Rathi & Associates**  
Company Secretaries

**Jayesh M. Shah**

Partner

FCS. No. 5637

COP No. 2535

Place: Mumbai

Date: 27 May 2016

## ANNEXURE - I

### List of documents verified

1. Memorandum & Articles of Association of the Company.
2. Annual Report for the financial year ended 31 March 2015.
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, Share Transfer Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee as well as minutes of meeting of Independent Directors and Postal Ballot held during the financial year under report along with the respective Attendance Registers.
4. Minutes of General Body Meetings held during the financial year under report.
5. Copies of Notice, Agenda and Notes to Agenda circulated to all the directors / members for the Board Meetings and Committee Meetings as well as resolutions passed by circulation.
6. Proof of circulation & Delivery of notice for Board meetings and Committee Meetings.
7. Proof of circulation of draft as well as certified signed Board & Committee meetings minutes as per Secretarial Standards.
8. Policies framed by the Company viz.
  - Policy on Related Party Transactions
  - Risk Management Policy
  - Whistle Blower Policy
  - Policy on Material Subsidiaries
  - Nomination and Remuneration Policy
  - Corporate Social Responsibility Policy
  - Board Diversity Policy
  - Archival Policy
  - Policy For Determination of Material Events
  - Code of Conduct for Independent Directors,
  - Internal Financial Controls;
9. Statutory Registers viz.
  - Register of Directors & KMP and their shareholding;
  - Register of loans, guarantees and security and acquisition made by the Company (Form No. MBP-2);
  - Register of Charge (Form No. CHG-7)
  - Register of Contracts with related party and contracts and Bodies etc. in which directors are interested (Form No. MBP-4)
  - Register of Investments (Form No. MBP-3)
10. Declarations received from the Directors of the Company pursuant to the provisions of Section 184(1), Section 164(2) and Section 149(7) of the Companies Act, 2013.
11. Intimations received from directors under the prohibition of Insider Trading Code.
12. e-Forms filed by the Company, from time to time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under report.
13. Intimations / documents / reports / returns filed with the Stock Exchanges pursuant to the provisions of Listing Agreement entered with the Stock Exchanges/ Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year under report.
14. Filings made with Reserve Bank of India under the Foreign Direct Investment Guidelines and for Overseas Direct Investments made by the Company.
15. Documents related to payments of dividend made to its shareholders during the financial year under report.
16. Documents related to resolution passed through postal ballot process;
17. Compliance Certificate placed before the Board of Directors from time to time.
18. Details of Related Party Transactions entered into by the Company during the financial year under report.
19. Intimation given to employees of the Company for closure of trading window from time to time.
20. Details of Sitting Fees paid to all directors for attending the Board Meetings and Committees.

**ANNEXURE II****List of applicable laws to the Company**

List of applicable laws to the Company and its Corporate Office situated at:

**Registered office:**

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

**Corporate office:**

145, Rash Behari Avenue, Kolkata – 700 029

1. Income Tax Act, 1961
2. Finance Act, 1994 (Service Tax)
3. Cenvat Credit Rules, 2004
4. The Maharashtra State Tax on Professions, Trade, Callings & Employment Act, 1975
5. The West Bengal State Tax on Professions, Trade, Callings & Employment Act, 1979
6. Employees Provident Funds & Miscellaneous Provisions Act, 1952
7. Employees State Insurance Act, 1948
8. Payment of Wages Act, 1936
9. Payment of Gratuity Act, 1972
10. Payment of Bonus Act, 1965
11. The Bombay Shop & Establishment Act, 1948
12. The West Bengal Shops & Establishment Act, 1963
13. Software Technology Park of India
14. Foreign Exchange Management (Export of Goods and Services) Regulations, 2000
15. West Bengal Policy on Information and Communication Technology, 2012

# Report on Corporate Governance

## 1. Company's Philosophy on Corporate Governance

Corporate Governance is the framework by which the Company ensures transparency in all its dealings and whereby various stakeholders' interests are balanced. The Company's philosophy on Corporate Governance is to achieve business excellence by enhancing the long term welfare of all its stakeholders. Through the Governance mechanism in the Company, the Board together with its Committees undertakes its fiduciary responsibilities to all its stakeholders, including shareholders, employees, the government, lenders and society by ensuing trusteeship, transparency, accountability and equality, in all phases of its operations and decision making.

## 2. Board of Directors

### a) Composition of the Board:

The Board has an ideal combination of Executive and Non-Executive Independent Directors, which is in conformity with the Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). As on 31 March 2016, the Board comprises

of 5 (Five) Directors of which 2 (Two) are Executive Directors representing promoters and 3 (Three) are Non-Executive Independent Directors including one Woman Director. The term of Managing Director and Whole-time Director is liable to retire by rotation.

All the independent directors meet with the criteria as provided in the Listing Regulations and their respective tenure is in accordance with the provisions of the Companies Act, 2013. The terms of appointment of Independent Directors is disclosed on the website of the Company.

The Company has received disclosures from all the directors about their Directorship and membership on the Board & Committees of other companies. As per disclosure received from Director(s), none of the Directors holds membership in more than 10 (Ten) Committees and Chairmanship in more than 5 (Five) Committees. The composition of the Board during the year ended 31 March 2016, and other relevant details relating to Directors are given below:

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

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

# Memberships of only Audit Committee and Stakeholders' Relationship Committee have been considered

### b) Appointment/Re-appointment of Directors:

In accordance with the provisions of the Companies Act, 2013, Mr. Arvind Kajaria, Managing Director of the Company is liable to retire by rotation and being eligible offers himself for re-appointment. Accordingly, necessary agenda for re-appointment of Mr. Arvind Kajaria has been included in the accompanying notice convening the Annual General Meeting of the Company.

The Board has recommended the re-appointment of Mr. Arvind Kajaria for the approval of the Shareholders.

### c) Board Meetings and Annual General Meeting:

During the financial year 2015-16, 7 (Seven) Board Meetings were held i.e. on 27 May 2015, 10 July 2015, 20 July 2015, 30 August 2015, 4 November 2015, 14 November 2015 and 3 February 2016. The previous Annual General Meeting of the Company was held on 8 September 2015. 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 Kajaria	7	Yes
Mr. Sharad Kajaria	7	No
Ms. Savita Agarwal	5	Yes
Mr. Rupinder Singh	4	Yes
Mr. Anil Agrawal	5	No

The Board meets atleast once in every quarter to review the quarterly financial results and operations of the Company. In addition to the above, the Board also meets as and when necessary, to address specific issues relating to the business. The tentative annual calendar of Board Meetings for approving the accounts for the ensuing year is given in this report.

The gap between any two meetings was not in excess of one hundred and twenty days. The necessary quorum was present in all the meetings.

Agenda papers containing all necessary information/documents were made available to the Board Members in advance, to enable them to discharge their responsibilities effectively and take informed decisions. In cases where it was not practicable to attach or send the relevant information as a part of Agenda papers, the same were tabled at the Meetings.

Board has reviewed the compliance report of all laws applicable to the Company and also steps taken by the Company to rectify instances of non-compliances, if any.

**d) Performance Evaluation**

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out annual performance evaluation of its own performance and as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Boards’ functioning, such as, composition of the Board & Committees, experience & competencies, performance of specific duties & obligations etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Chairman who were evaluated on parameters such as peer evaluation, company performance and strategy, relationship with stakeholders, information flows, decision making, board dynamics and relationships, attendance, contribution at the meetings and otherwise, independent judgment etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and

the Non-Independent Directors were carried out by the Independent Directors at their separate meeting.

The Directors expressed their satisfaction with the evaluation process.

**e) Code of Conduct:**

The Board has laid down a code of conduct for all Board Members and Senior Management of the Company. The said code is posted on the website of the Company. All the Board Members and Senior Management personnel have affirmed compliance with the code for the year ended 31 March 2016. The declaration, on the compliance of the Company’s code of conduct, duly signed by Mr. Arvind Kajaria, Managing Director is attached and forms part of this Annual Report.

**f) Familiarisation Programme**

The Independent Directors of the Company are made familiar with their roles, responsibilities and duties towards the Company, nature of industry in which the Company operates, business model of the Company etc. on the need basis and on induction of a new director. The details of the familiarisation programme is available on the web link <http://www.itlindia.com/investors/other-information.html>.

**3. Audit Committee**

**a) Constitution of Audit Committee:**

As on 31 March 2016, the Audit Committee comprises of 3 (three) Non-Executive Independent Directors and 1 (one) Executive Director. All the members of the Audit Committee are financially literate. The Chairman of the Committee is Ms. Savita Agarwal, an Independent Director, a member of the Institute of Chartered Accountants of India.

The Company Secretary acts as Secretary of the Committee.

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

During the Financial Year 2015-16, 5 (Five) Audit Committee Meetings were held i.e. on 27 May 2015, 20 July 2015, 4 November 2015, 14 November 2015 and 3 February 2016. The composition of the Audit Committee during the year ended 31 March 2016 and the details of number of meetings attended by members of the Committee are as under:

Committee Members	Designation	No. of Meetings Attended
Ms. Savita Agarwal	Chairman	5
Mr. Rupinder Singh	Member	4
Mr. Arvind Kajaria	Member	5
Mr. Anil Agrawal	Member	3

**c) Attendees:**

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

**d) The terms of reference of the Audit Committee:**

The terms of reference of the Audit Committee are in accordance with the Listing Regulations and Section 177 of the Companies Act, 2013 inter alia include:

- i) To interact with the auditors periodically about internal control systems, the scope of audit including the observations of auditors and review the quarterly, half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.
- ii) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- iii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fee.
- iv) Approve payment for any other services rendered by the statutory auditors.
- v) Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - (a) Matters required to be included in the Directors' Responsibility Statement included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - (b) Changes, if any, in accounting policies and practices and reasons for the same.
  - (c) Major accounting entries based on the exercise of judgment by management.
  - (d) Significant adjustments made in the financial statements arising out of audit findings.
  - (e) Compliance with listing and other legal requirements relating to financial statements.
  - (f) Disclosure of any Related party transactions.
  - (g) Qualifications in the draft audit report.
- vi) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- vii) Reviewing with the management, the statement of uses/application of funds raised through an Initial Public Offer (IPO) on a quarterly basis as a part of quarterly review of financial results.
- viii) Reviewing with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- ix) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- x) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- xi) To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- xii) Approval or any subsequent modifications of transactions with the related parties.
- xiii) Scrutiny of inter-corporate loans and investments.
- xiv) Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
- xv) Valuation of undertakings or assets of the Company, wherever it is necessary.
- xvi) Evaluation of internal financial controls and risk management systems.
- xvii) To review the functioning of whistle blower mechanism.
- xviii) Approval of appointment of CFO after assessing the qualifications, experience & Back ground etc. of the candidate
- xix) Carrying out such other functions as may be specifically referred to the Committee by the Company's Board of Directors.

**e) Powers of 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 and professional advice, if necessary.
- IV. To secure attendance of outsiders with relevant expertise, if considered necessary.

**4. Nomination and Remuneration Committee**

**a) Constitution and Composition:**

The Nomination and Remuneration Committee comprises of three non-executive Independent Directors as its members. Mr. Rupinder Singh is the Chairman of the Committee and Mr. Anil Agrawal and Ms. Savita Agarwal are the other members of the Committee. The Committee recommends policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees. The said Policy is approved by the Board and the same is placed on the Company's website. During the FY 2015-16, no meeting of the said Committee was held.

**b) Terms of Reference:**

The terms of reference of the Committee inter alia include;

- i) Identifying and selection of candidates for appointment as Directors / Independent Directors based on certain criteria;
- ii) Identifying potential individual for appointment as Key Managerial Personnel and to other Senior Management positions, if any;
- iii) Formulate and review from time to time the policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management and their remuneration;
- iv) Review the overall performance of the Board of Directors, Key Management Personnel and Senior Management employees.

**c) Remuneration Policy:**

**I. Executive Directors/Key Managerial Personnel and other Senior level Employees:**

The committee annually reviews the corporate goals and objectives applicable to the Executive Directors/ Key Managerial Personnel and other senior level

employees, evaluate at least annually the Executive Directors', Key Managerial Personnel's and other senior level employees' performance in light of those goals and objectives and shall also annually review:

- (a) annual base salary,
- (b) annual incentive bonus, including the specific goals and amount,
- (c) equity compensation, if any
- (d) employment agreements, severance arrangements, and change in control agreements / provisions, and;
- (e) any other benefits, compensation or arrangements, based on this evaluation.

The committee is responsible for administering the Company's equity incentive plans, if any, including the review and grant of awards to eligible employees under the plans and the terms and conditions applicable to such awards, subject to the provisions of each plan.

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

Details of remuneration paid to Executive Directors during the year ended 31 March 2016, are given below:

Name of the Executive Director	Designation	Salary & Allowances	Perquisites (₹)	Total (₹)
Mr. Arvind Kajaria	Managing Director	72,00,000	10,800	72,10,800
Mr. Sharad Kajaria	Whole-time Director	67,50,000	10,800	67,60,800

**II. Non-Executive Directors:**

Non-Executive Directors of the Company are paid ₹ 20,000 for attending each Board Meeting and Committee Meeting. Except sitting fees no other payments have been made to the Non- Executive Directors.

Details of the Sitting fees paid during the year 2015-16 for attending the Board Meetings and Committee Meetings are as under:

Name of the Non-Executive Director	Sitting Fees paid (₹)
Ms. Savita Agarwal	2,20,000
Mr. Rupinder Singh	2,00,000
Mr. Anil Agrawal	2,20,000
<b>Total</b>	<b>6,40,000</b>

## 5. Stakeholders' Relationship Committee

### a) Constitution and Composition

The Stakeholders' Relationship Committee comprises of three directors of which majority of them are Independent Director and the Chairman of the Committee is Mr. Anil Agrawal, an Independent Director. Mr. Arvind Kajaria and Mr. Rupinder Singh are the other members of the Committee. The said Committee primarily looks into various issues relating to shareholders viz. transfer and transmission of shares, non-receipt of dividend and any other grievance of the investors and take necessary steps for redressal thereof.

- c) During the year 2015-16, the Company has received complaints from shareholders / investors. There were no complaints pending as at end of the year. The breakup of the complaints received is as follows:

Nature of Requests/Grievances/Complaints	Opening Balance as on 1 April 2015	Received during the year	Resolved during the year	Closing Balance as on 31 March 2016
Transfer/Transmission/Dividend	0	5	5	0
<b>Total</b>				<b>0</b>

## 6. Corporate Social Responsibility Committee

### a) Constitution and Composition

The composition of Corporate Social Responsibility Committee is as per the provisions of the Companies Act, 2013 and rules made thereunder. During the financial year 2015-16, 1 (one) meeting was held i.e. on 20 July 2015. The composition of the Corporate Social Responsibility Committee and details of number of meetings attended by the members of the Committee is as under:

Name of the Director	Designation	No. of Meeting Attended
Mr. Arvind Kajaria	Chairman	1
Mr. Rupinder Singh	Member	1
Mr. Anil Agrawal	Member	1

### b) Terms of Reference:

- To frame CSR policy and review it from time to time.
- To ensure implementation and monitoring of the CSR activities as per the approved policy, plans and budget.

During the year under review, 2 (Two) meetings of Stakeholders' Relationship Committee were held i.e. on 18 November 2015 and 20 January 2016. The composition of the Stakeholders' Relationship Committee and details of number of meeting attended by the members of the Committee are as under:

Name of Director	Designation	No. of Meetings Attended
Mr. Anil Agrawal	Chairman	2
Mr. Rupinder Singh	Member	1
Mr. Arvind Kajaria	Member	2

- b) Mr. Pranvesh Tripathi, Company Secretary acts as Compliance Officer of the Company and acts as a Secretary of the Committee.

- To ensure the compliance with the laws, rules & regulations governing the CSR.
- To monitor the amount spent under CSR.

## 7. 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
2012-13	24.09.2013	3.00 P.M.	Imperial Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018
2013-14	29.08.2014	3:00 P.M.	Orchid Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018
2014-15	08.09.2015	3.00 P.M.	Orchid Room, Sunville, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018

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

Financial Year	Particulars of Special Resolution Passed
2012-13	Approval of the Shareholders for the amendment of the terms of appointment of Mr. Arvind Kajaria, Managing Director of the Company.
2013-14	1. Re-appointment of Mr. Arvind Kajaria as Managing Director 2. Re-appointment of Mr. Sharad Kajaria as Whole-time Director of the Company.
2014-15	1. Approval to borrow in excess of limits specified u/s 180(1)(c) of the Companies Act, 2013 2. Approval to create charge, mortgage and/or hypothecation on the assets of the Company u/s 180(1)(a) of the Companies Act, 2013 3. Approval to make investment, give loan, guarantee and/or provide security in excess of limits specified u/s 186 of the Companies Act, 2013

**iii) Resolutions through Postal Ballot:**

Pursuant to the provisions of Section 108, 110 and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder the following resolutions were passed through Postal Ballot;

Date of Passing of Resolution	Resolution No.	Purpose	Votes in favour of the resolution		Votes against the resolution	
			No. of Votes	%	No. of Votes	%
29th December 2015	1	Appointment of Statutory Auditor to fill the Casual Vacancy	91,35,915	100	1	0
	2	Authority to the Board of Directors of the Company to give loan, guarantee or provide security or make investment in excess of limits specified u/s 186 of the Companies Act, 2013	91,35,716	99.998	200	0.002

**The procedure adopted for Postal Ballot:**

- I. In compliance with the provisions of Section 108, 110 and other applicable provisions, if any, of the Companies Act, 2013 read with related rules, as amended from time to time, the Company sent the Notices of Postal Ballot within statutory period to its members and also provided e-voting facilities as an alternate for its members to exercise their vote through electronic means (e-voting) on resolutions proposed to be passed through postal ballot.
- II. Mr. Jayesh Shah, Partner of M/s. Rathi & Associates, Practicing Company Secretaries, was appointed as the Scrutinizer to scrutinize the process of postal ballot / e-voting in a fair and transparent manner.
- III. The Company had received the physical postal ballots on or before 27 December 2015 (till 5.00 PM).
- IV. In compliance with the provisions of Section 108, 110 and other applicable provisions, if any, of the Companies Act, 2013 read with related rules, as amended from time to time, the Company provided

e-voting facility to the members to exercise their right to vote on resolutions proposed in this notice instead of dispatching the physical Postal Ballot Form by post. The Company has engaged the services of National Securities Depository Limited (NSDL) for the purpose of providing e-voting facility to all its Members.

- V. The e-voting period commenced on 28 November 2015 (9:00 AM) and ended on 27 December 2015 (5:00 PM). During this period members of the Company holding shares either in physical form or in dematerialized form as on cut-off date i.e. 13 November 2015, casted their vote by e-voting. The e-voting module was disabled by NSDL for voting thereafter.
- VI. The Scrutinizer submitted his report to the Chairman of the Company after the completion of the scrutiny of the postal ballots (including e-voting). The results were declared by the Chairman on 29 December 2015 at 11:30 AM and were communicated to the Stock Exchanges and also got displayed on the Company's website at [www.itlindia.com](http://www.itlindia.com).

## 8. Other Disclosures

### a. Related Party Transactions:

All the transactions entered into during the financial year with Related Parties as defined under the Listing Agreement upto 30 November 2015 / SEBI Listing Regulations w.e.f. 1 December 2015 respectively were in the ordinary course of business and at arm's length pricing basis. All the Related Party Contracts were with its Wholly Owned Subsidiaries. There were no materially significant transactions with related parties during the financial year.

The Board has approved a policy for related party transactions and policy for determining material subsidiaries which has been uploaded on the Company's website. The weblink for the policy on determining material subsidiary is [http://www.itlindia.com/docs/Policy\\_on\\_Material\\_Subsidiaries.pdf](http://www.itlindia.com/docs/Policy_on_Material_Subsidiaries.pdf) and the weblink for Policy on dealing with related party transactions is [http://www.itlindia.com/docs/Policy\\_on\\_Related\\_Party\\_Transactions.pdf](http://www.itlindia.com/docs/Policy_on_Related_Party_Transactions.pdf)

### b. Whistle Blower Policy / Vigil Mechanism:

The Board of Directors of the Company has pursuant to the Listing Regulations, 2015, framed "Vigil Mechanism Policy" for Directors and employees of the Company to provide a mechanism which ensures adequate safeguards to the employees and Directors from any victimization on raising of genuine concerns. The details of Vigil Mechanism are posted on the website of the Company.

The employees of the Company have the right/option to report their concern/grievance to the Chairman of the Audit Committee. No personnel have been denied access to the Audit Committee.

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. The Whistle Blower Policy is available on the Company's website.

### c. Shareholdings of the Non-Executive Directors as on 31 March 2016 is as under:

Name of the Director	No. of Shares held
Mr. Rupinder Singh	NIL
Mr. Anil Agrawal	NIL
Ms. Savita Agarwal	NIL

d. The Company has complied with the requirements of Regulatory Authorities on Capital Markets and no penalty was imposed on the Company during the last three years.

e. The Company has complied with all the mandatory requirements under Part A of Schedule II of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to Corporate Governance.

f. The Company has complied, wherever applicable, with the corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

g. Since the Company is not engaged in the field of manufacturing goods, disclosures on commodity price risks and commodity hedging activities are not applicable.

## 9. Discretionary Requirements under Regulation 27(1) read with Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

The status of compliance with discretionary recommendations prescribed in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided below:

A. Shareholders' Rights: As the quarterly and half yearly financial performance along with significant events are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.

B. Modified Opinion(s) in Auditors Report: The Company's financial statement for the year 2015-2016 does not contain any modified audit opinion.

## 10. Means of Communication:

(i) The quarterly results of the Company are published in English newspaper-" The Economic Times" having nationwide circulation and one regional language(Marathi) newspaper- "The Maharashtra Times " where the Registered Office of the Company is situated. The quarterly results are submitted to the BSE Limited and the National Stock Exchange of India Limited immediately after the conclusion of the Board Meeting. The Company also displays all financial results and other information as required on its website [www.itlindia.com](http://www.itlindia.com). The Company also intimates all the press releases to the Stock Exchanges on its release.

- (ii) Following presentations were made to institutional investors or to the analysts during the financial year 2015-16.
  - (a) To Kotak Securities Mid Cap Conference on 11 December 2015 in Mumbai, conducted by Kotak Securities Limited.
  - (b) To Prabhudas Liladhar Institutional Equities, Mumbai on 8 March 2016.
- (iii) The Management Discussion and Analysis Report pursuant to Listing Regulations is attached and forms part of this Annual Report.

**iii. Book Closure:**

2 September 2016 to 8 September 2016 (both days inclusive)

- iv. The Payment date of dividend for the year 2015-16, if declared at the meeting will be on or after 9 September 2016 but latest by 30 September 2016.

**v. Listing on Stock Exchanges:**

BSE Limited	National Stock Exchange of India Ltd
Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001.	"Exchange Plaza", C - 1, G - Block, Bandra-Kurla Complex, Bandra (East) Mumbai - 400 051.

Note: Listing fees for the year 2016-17 has been paid to the said Stock Exchanges.

**vi. Stock Code/Symbol:**

BSE Limited	National Stock Exchange of India Ltd
533181	ISFT

**11. General Shareholder Information**

**i. Annual General Meeting:**

Day, Date and Time: Thursday, 8 September 2016 at 3:00 P.M.

Venue: Sunville, Royal Room, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018

**ii. Financial Clendar:**

The Company follows April-March as its financial year.

Reporting for Un-audited / Audited Financial Results for the quarter ended:

30 June 2016	: By 14 August 2016
30 September 2016	: By 14 November 2016
31 December 2016	: By 14 February 2017
31 March 2017	: By 30 May 2017
AGM for the year ending	: By 30 September 2017
31 March 2017	

**vii. Market Price Data:**

Monthly High and Low of the closing price and trading volume on BSE/ NSE depicting liquidity of the Company's Equity Shares on the said Exchanges is given herewith:

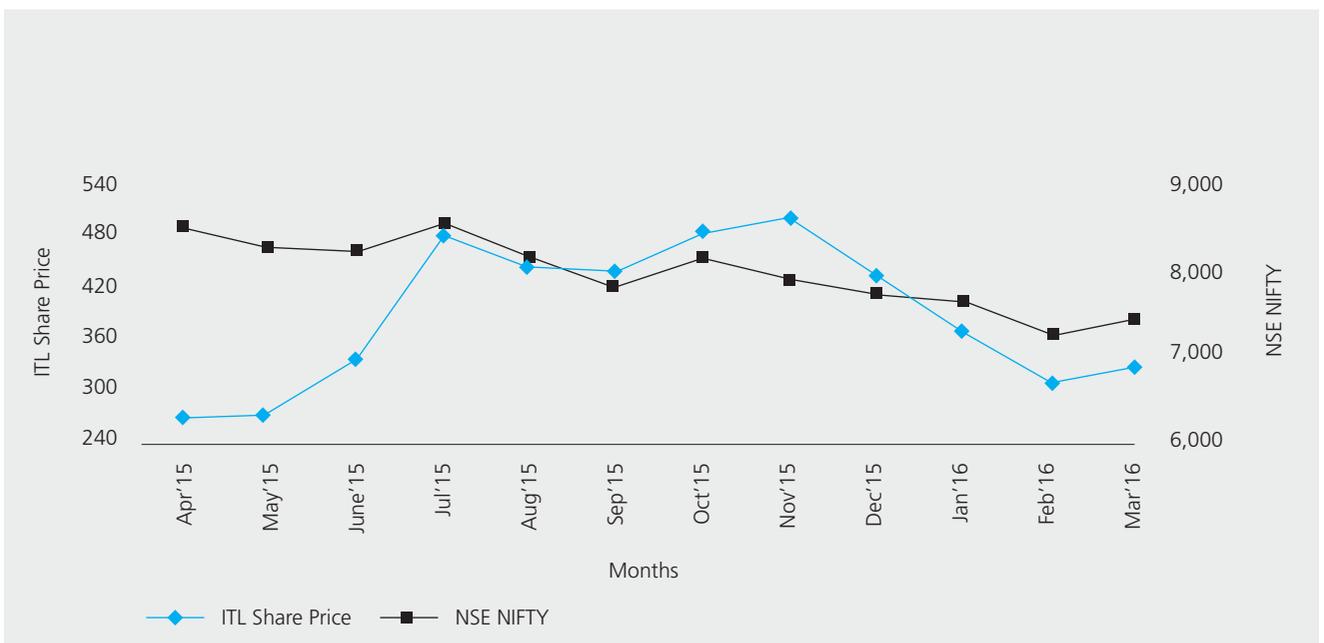
Month	BSE Limited			National Stock Exchange of India Limited		
	High (₹)	Low (₹)	No. of Shares Traded	High (₹)	Low (₹)	No. of Shares Traded
Apr-15	303.20	227.00	2,88,515	303.35	225.10	4,96,961
May-15	319.80	210.00	5,28,047	319.80	215.00	10,67,920
Jun-15	384.30	280.00	4,71,542	385.00	280.00	9,28,349
Jul-15	600.00	360.00	13,76,321	600.00	360.40	28,45,743
Aug-15	529.00	352.00	3,13,275	529.00	355.00	10,83,893
Sep-15	468.20	360.00	82,612	468.50	400.10	4,55,027
Oct-15	575.00	388.50	4,86,925	573.90	390.00	15,17,456
Nov-15	573.25	439.25	2,85,797	575.00	426.50	8,90,731
Dec-15	485.20	384.10	3,25,548	486.00	382.40	11,59,254
Jan-16	484.40	250.00	4,21,885	486.60	250.00	11,69,365
Feb-16	349.50	261.00	26,14,652	350.00	260.00	16,70,684
Mar-16	385.00	272.00	3,91,152	385.70	270.50	7,88,684

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

Monthly Average Share Price / BSE SENSEX



Monthly Average Share Price / NSE NIFTY



### ix. Share Transfer System:

Transfer of shares held in demat form is done through the depositories without any involvement of the Company. As regards shares received for physical transfer, those are registered within a period of 15 days from the date of receipt, if the documents are in order.

### x. Category wise Shareholding as at 31 March 2016:

Sr. No.	Category	No. of Shares held	% of Total Shares
1.	Promoter and Promoter Group	70,00,014	47.52
2.	Foreign Institutional Investors	8,36,028	5.68
3.	Mutual Fund	0.00	0.00
4.	Insurance Companies	114	0.00
5.	Foreign Venture Capital Investors	15,34,764	10.42
6.	Overseas Body Corporate	0.00	0.00
7.	Body Corporate	19,91,720	13.52
8.	Clearing Members	2,92,193	1.98
9.	NRIs/NRNs	53,251	0.36
10.	Others	30,23,594	20.52
	<b>Total</b>	<b>1,47,31,678</b>	<b>100.00</b>

### xi. Distribution of Shareholding as at 31 March 2016:

No. of Shares	No. of Shareholders	% of Total Shareholders	Shares Held	% of Total Shares
1 - 500	6,456	88.98	5,34,048	3.62
501 - 1,000	327	4.50	2,62,720	1.78
1,001 - 5,000	338	4.68	7,74,786	5.26
5,001 - 10,000	53	0.73	3,86,632	2.62
10,001 and above	81	1.11	1,27,73,492	86.72
<b>TOTAL</b>	<b>7,255</b>	<b>100.00</b>	<b>1,47,31,678</b>	<b>100.00</b>

### xii. Dematerialization of Shares and Liquidity:

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

Equity Shares of the Company representing 99.76% of the Company's share capital are under demat mode as on 31 March 2016. Under the depository system, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE566K01011.

### xiii. Unclaimed Dividend:

The members are informed that pursuant to provision of Section 205A and 205C of the Companies Act, 1956, the dividend declared by the Company from time to time and which remains unclaimed for a period of seven years, shall be transferred by the Company to Investor Education & Protection Fund (IEPF) established by the Central Government under the provisions of the said sections.

Pursuant to Investor Education and Protection Fund (Uploading of information regarding Unpaid and Unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded list of shareholders whose dividend are unpaid / unclaimed as on last Annual General Meeting on its website. Members who have not claimed the dividend are requested to lodge their claim with the Company, or the Registrar of the Company, as no claim shall be entertained for the unclaimed dividend after transfer of the said unpaid / unclaimed dividend to IEPF.

### xiv. Details of unclaimed shares

In terms of the Listing Regulations, the Company has initiated process of sending reminder notices to the shareholders whose share certificates are unclaimed and lying with the Registrar & Share Transfer Agent of the Company. The details of unclaimed shares certificates lying with Registrar & Share Transfer Agent are as mentioned below;

Particulars	As on 31.03.2016
Number of Shareholders and the aggregate no. of outstanding shares whose share certificates are lying in physical form with our Registrar at the beginning of the year	6 Shareholders 12,350 Shares
No. of shareholders who approached issuer for claiming the share certificates lying with the Company and their aggregate no. of outstanding shares	4 shareholders 10,600 shares
Number of Shareholders and the aggregate no. of outstanding shares whose share certificates are lying in physical form with our Registrar at the end of the year	2 Shareholders 1,750 Shares

**i. Registrar and Share Transfer Agents:**

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W),  
Mumbai – 400 078  
Tel.: 022-2594-6970  
Fax: 022-2596-6969

**ii. Unit Locations:**

The Company does not have any Unit.

**iii. Address for Correspondence:**

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares:

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W),  
Mumbai – 400 078  
Tel.: 022-2594-6970  
Fax: 022-2596-6969  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**For general correspondence:**

IntraSoft Technologies Limited  
A-502, Prathamesh,  
Raghuvanshi Mills Compound,  
Senapati Bapat Marg,  
Lower Parel, Mumbai – 400 013  
Tel No. 022-24912123  
Fax No. 022- 24903123

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

Name	Date of Birth	Qualification	Area of Expertise	Experience	Other Directorship*	Name of the other Companies in which holds membership/ chairmanship@	Number of Equity Shares held (as on 31 March 2016)
Arvind Kajaria	17th December 1964	B. Com, Degree in Business Administration from Adelphi University, New York	Finance, Marketing and Management	26 years	Nil	Nil	28,00,014

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

@ Memberships of only Audit Committee and Stakeholders' Relationship Committee have been considered.

## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members  
IntraSoft Technologies Limited

We have examined the compliance of conditions of Corporate Governance by IntraSoft Technologies Limited ("the Company") for the year ended 31 March 2016 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges. (up to 30th November 2015) and Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements ) Regulations, 2015 (w.e.f 1st December 2015 ) with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement and Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements ) Regulations, 2015.

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

For **Rathi & Associates**  
Company Secretaries  
Sd/-  
**Jayesh Shah**  
Partner  
CP No. 2535

Place: Mumbai  
Date: 27 May 2016

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## CODE OF CONDUCT DECLARATION

Pursuant to Para D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby declare that the Company has obtained affirmative compliance with the Code of Conduct from all the Board Members and Senior Management Personnel of the Company.

Place: Kolkata  
Date: 27 May 2016

Sd/-  
**Arvind Kajaria**  
Managing Director

# Independent Auditor's Report

To  
**The Members of  
 IntraSoft Technologies Limited**

## Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of IntraSoft Technologies Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group, in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Holding Company's Board of Directors, and the respective Board of Directors/management of the subsidiaries included in the Group, are responsible for the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. Further, in terms with the provisions of the Act, the respective Board of Directors of the Holding Company and its subsidiaries, which are incorporated in India, are responsible for maintenance of adequate accounting records; safeguarding the assets; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal

financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements, which have been used for the purpose of preparation of the financial statements, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the auditor's report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their reports referred to in sub-paragraph 10 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on financial statements of the subsidiaries as noted below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### Other Matters

9. The consolidated financial statements of the Group as at and for the year ended 31 March 2015 was audited by another auditor whose report dated 27 May 2015, expressed an unqualified opinion on those consolidated financial statements. The balances as at 31 March 2015 as per the audited financial statements, regrouped and/ or reclassified wherever necessary, have been considered as opening balances for the purpose of these consolidated financial statements.
10. We did not audit the financial statements of three subsidiaries included in consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹ 3,46,47,025 as at 31 March 2016, total revenues (after eliminating intra-group transactions) of ₹ 17,80,29,511 and net cash flows amounting to ₹ 61,12,344 for the year ended on that date. These financial statements have been audited by other auditors whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done by and the report of the other auditors.

### Report on Other Legal and Regulatory Requirements

11. As required by Section 143(3) of the Act and based on the auditor's reports of the subsidiaries, we report, to the extent applicable, that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as appears from our examination of those books and reports of other auditors;
  - The consolidated financial statements dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies are disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
  - We have also audited the internal financial controls over financial reporting (IFCoFR) of the Holding

- Company and its subsidiary companies, which are companies incorporated in India, as of 31 March 2016, in conjunction with our audit of the consolidated financial statements of the group, for the year ended on that date and our report dated 27 May 2016 as per Annexure A expressed an unmodified opinion on adequacy and operative effectiveness of internal controls over financial reporting; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. as detailed in Note 32, the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
  - ii. The Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

**For Walker Chandio & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Place: Kolkata

Date: 27 May 2016

per **Anamitra Das**

Partner

Membership No.: 062191

## Annexure A to the Independent Auditor's Report of even date to the members of IntraSoft Technologies Limited, on the consolidated financial statements for the year ended 31 March 2016

### Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the consolidated financial statements of IntraSoft Technologies Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting ("IFCoFR") of the Holding Company and its subsidiary incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiaries, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company and its subsidiary as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we

comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company and its subsidiary as aforesaid.

### Meaning of Internal Financial Controls over Financial Reporting

6. A Company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

8. In our opinion, the Holding Company and its subsidiary incorporated in India, have, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

### **For Walker Chandiook & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Place: Kolkata

Date: 27 May 2016

### **Other Matters**

9. We did not audit the IFCoFR insofar as it relates to one subsidiary company incorporated in India, whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹ 28,93,532 as at 31 March 2016, total revenues (after eliminating intra-group transactions) of ₹ 20,99,506 and net cash flows amounting to ₹ 3,19,090 for the year ended on that date. Our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company and its subsidiary company incorporated in India, under Section 143(3)(i) of the Act insofar as it relates to the aforesaid subsidiary incorporated in India, is solely based on the corresponding report of the auditor of such company. Our opinion is not modified in respect of the above matter with respect to our reliance on the work done by and the report of the other auditor.

per **Anamitra Das**

Partner

Membership No.: 062191

# Consolidated Balance Sheet

as at 31 March 2016

(All amounts in ₹, unless specified otherwise)

	Notes	As at 31 March 2016	As at 31 March 2015
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	5	14,73,16,780	14,73,16,780
Reserves and surplus	6	1,03,33,54,126	64,77,75,420
		<b>1,18,06,70,906</b>	<b>79,50,92,200</b>
<b>Non-current liabilities</b>			
Long-term borrowings	7	33,12,50,000	2,12,37,131
Deferred tax liabilities (net)	8	1,06,46,938	14,16,180
Long-term provisions	9	43,55,483	82,84,082
		<b>34,62,52,421</b>	<b>3,09,37,393</b>
<b>Current liabilities</b>			
Short-term borrowings	10	3,30,00,000	-
Trade payables:			
Payable to micro, small and medium enterprises	11	-	-
Other payables		32,42,87,980	12,67,16,373
Other current liabilities	12	13,99,24,321	10,52,92,150
Short-term provisions	9	3,85,15,684	1,78,52,083
		<b>53,57,27,985</b>	<b>24,98,60,606</b>
<b>Total</b>		<b>2,06,26,51,312</b>	<b>1,07,58,90,199</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	13	19,06,95,134	17,09,29,957
Intangible assets	13	59,11,834	53,01,242
Capital work-in-progress		4,26,095	-
Intangible assets under development		-	26,34,96,512
		19,70,33,063	43,97,27,711
Non-current investments	14	4,96,00,000	8,96,00,000
Long-term loans and advances	15	20,36,14,138	11,22,05,071
		<b>45,02,47,201</b>	<b>64,15,32,782</b>
<b>Current assets</b>			
Current investments	16	53,61,78,709	-
Inventories	17	55,29,81,484	12,12,85,948
Trade receivables	18	9,00,90,924	3,17,40,539
Cash and bank balances	19	17,25,57,396	13,33,23,066
Short-term loans and advances	15	25,89,71,247	13,16,84,977
Other current assets	20	16,24,351	1,63,22,887
		<b>1,61,24,04,111</b>	<b>43,43,57,417</b>
<b>Total</b>		<b>2,06,26,51,312</b>	<b>1,07,58,90,199</b>

**Notes 1 - 38 form an integral part of these consolidated financial statements.**

This is the consolidated balance sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
Chartered Accountants

per **Anamitra Das**  
Partner

Kolkata  
27 May 2016

**Mohit Kumar Jha**  
Chief Financial Officer

**Pranvesh Tripathi**  
Company Secretary

Kolkata  
27 May 2016

For and on behalf of the board

**Arvind Kajaria**  
Managing Director  
(DIN: 00106901)

**Sharad Kajaria**  
Whole-time Director  
(DIN: 00108036)

# Consolidated Statement of Profit and Loss

for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

	Notes	Year ended 31 March 2016	Year ended 31 March 2015
<b>Revenue</b>			
Revenue from operations	21	7,17,73,02,430	3,43,32,79,852
Other income	22	3,74,74,529	4,10,56,282
<b>Total revenue</b>		<b>7,21,47,76,959</b>	<b>3,47,43,36,134</b>
<b>Expenses</b>			
Product and content development expenses	23	5,74,44,40,941	2,62,48,54,844
Sales and marketing expenses	24	1,00,63,11,345	50,04,17,192
Employee benefits expense	25	22,78,59,853	17,82,43,007
Finance costs	26	2,37,05,080	75,99,435
Depreciation and amortisation expense	13	1,59,54,653	1,46,58,770
Other expenses	27	10,59,28,614	8,01,09,466
<b>Total expenses</b>		<b>7,12,42,00,486</b>	<b>3,40,58,82,714</b>
<b>Profit before exceptional items and tax</b>		<b>9,05,76,473</b>	<b>6,84,53,420</b>
Exceptional items	28	34,41,11,606	-
<b>Profit before tax</b>		<b>43,46,88,079</b>	<b>6,84,53,420</b>
<b>Tax expense</b>			
Current tax		9,67,83,649	1,18,88,354
MAT credit entitlement		(8,63,84,182)	(1,07,93,848)
Deferred tax		92,30,758	77,41,095
Tax for earlier years		(10,395)	8,571
		<b>1,96,19,830</b>	<b>88,44,172</b>
<b>Profit for the year</b>		<b>41,50,68,249</b>	<b>5,96,09,248</b>
<b>Earnings per equity share of ₹ 10 each (EPS)</b>			
Basic & diluted	29	28.18	4.05

Notes 1 - 38 form an integral part of these consolidated financial statements.

This is the consolidated statement of profit and loss referred to in our report of even date.

For **Walker Chandiook & Co LLP**  
Chartered Accountants

per **Anamitra Das**  
Partner

Kolkata  
27 May 2016

**Mohit Kumar Jha**  
Chief Financial Officer

**Pranvesh Tripathi**  
Company Secretary

Kolkata  
27 May 2016

For and on behalf of the board

**Arvind Kajaria**  
Managing Director  
(DIN: 00106901)

**Sharad Kajaria**  
Whole-time Director  
(DIN: 00108036)

# Consolidated Cash Flow Statement

for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>A. Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>43,46,88,079</b>	<b>6,84,53,420</b>
<b>Adjustment for :</b>		
Depreciation and amortisation	1,59,54,653	1,46,58,770
Loss on sale of fixed assets (net)	26,473	35,37,775
Exceptional items	(34,41,11,606)	-
Profit on sale of Investments(net)	(2,00,95,099)	(2,26,86,827)
Interest expenses	1,97,59,719	75,99,435
Dividend income	(12,00,000)	(40,01,383)
Interest income	(86,80,572)	(1,31,20,293)
<b>Operating profit before working capital changes</b>	<b>9,63,41,647</b>	<b>5,44,40,897</b>
<b>Movements in working capital</b>		
Decrease/ (increase) in trade receivables	(5,83,50,385)	1,94,70,771
Decrease/ (increase) in inventories	(43,16,95,536)	(10,83,04,690)
Decrease/ (increase) in loans and advances	(16,30,45,601)	(4,91,97,054)
Increase/ (decrease) in long term provisions	(39,28,599)	34,94,785
Increase/ (decrease) in other current liabilities	5,10,92,818	3,72,26,256
Increase/ (decrease) in trade payables	19,75,71,607	7,71,74,849
Decrease/ (increase) in other current assets	(7,97,563)	-
Increase/ (decrease) in short term provisions	31,88,634	5,18,656
<b>Cash from/(used in) operating activities</b>	<b>(30,96,22,978)</b>	<b>3,48,24,470</b>
Income tax paid (net of refunds)	(9,70,01,901)	(90,67,979)
<b>Net cash from/(used in) operating activities (A)</b>	<b>(40,66,24,879)</b>	<b>2,57,56,491</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets (including capital work in progress)	(3,56,86,167)	(1,02,49,039)
Sale of fixed assets	2,61,877	1,50,169
Sale of investments	66,77,03,217	37,26,04,315
Purchase of investments	(53,61,78,709)	(14,82,57,360)
Decrease/(increase) in other bank balances	44,99,624	(16,26,152)
Repayment of loans given	2,99,79,551	1,40,00,000
Dividend received	12,00,000	40,01,383
Interest received	2,41,76,671	1,35,38,231
<b>Net cash generated from investing activities (B)</b>	<b>15,59,56,064</b>	<b>24,41,61,547</b>

(All amounts in ₹, unless specified otherwise)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>C. Cash flow from financing activities</b>		
Dividend paid	(1,48,59,519)	(2,94,21,709)
Dividend tax paid	(29,99,075)	(59,44,544)
Proceeds from long term borrowings	42,11,69,227	(3,54,39,590)
Repayment of long term borrowings	(12,83,98,876)	4,53,36,761
Proceeds from (repayment of) short term borrowings (net)	3,30,00,000	(19,00,13,649)
Interest paid	(1,94,80,847)	(78,82,351)
<b>Net cash from / (used) in financing activities (C)</b>	<b>28,84,30,910</b>	<b>(22,33,65,082)</b>
<b>Net Increase in cash and cash equivalents (A+B+C)</b>	<b>3,77,62,095</b>	<b>4,65,52,956</b>
Cash and cash equivalents as at beginning of the year	12,51,24,354	7,67,69,947
Effects of currency translation on cash and cash equivalents	59,71,859	18,01,451
Cash and cash equivalents as at end of the year	<b>16,88,58,308</b>	<b>12,51,24,354</b>
Cash and bank balances as per Note 19	17,25,57,396	13,33,23,066
Less: Other bank balances	36,99,088	81,98,712
	<b>16,88,58,308</b>	<b>12,51,24,354</b>

This is the consolidated cash flow statement referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants

per **Anamitra Das**  
Partner

Kolkata  
27 May 2016

**Mohit Kumar Jha**  
Chief Financial Officer

**Pranvesh Tripathi**  
Company Secretary

Kolkata  
27 May 2016

For and on behalf of the board

**Arvind Kajaria**  
Managing Director  
(DIN: 00106901)

**Sharad Kajaria**  
Whole-time Director  
(DIN: 00108036)

# Notes

to the consolidated financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

## Summary of significant accounting policies and other explanatory information.

### 1. Background

IntraSoft Technologies Limited ("the Company") is a public limited company domiciled in India and registered under the provisions of the Companies Act, 1956. The company is listed on Bombay Stock Exchange and National Stock Exchange.

### 2. Principles of Consolidation

- a) The consolidated financial statements have been prepared in accordance with the Accounting Standard ('AS') – 21 on 'Consolidated Financial Statements' notified under the Companies (Accounting Standards) Rules, 2006, (as amended).
- b) The consolidated financial statements relate to IntraSoft Technologies Limited and its subsidiaries (collectively referred as "the group") as per details given below:

Name of the subsidiary	Country of incorporation	Proportion of ownership interest
IntraSoft Ventures Pte. Limited	Singapore	100%
123Greetings.com, Inc.	United States of America	100%
One Two Three Greetings (India) Private Limited	India	100%
123Stores, Inc.	United States of America	100%
123Stores E Commerce Private Limited	India	100%

- c) Consolidation procedure:
- i) The financial statements of the group have been prepared based on a line-by-line consolidation by adding together the book value of like items of assets and liabilities, revenue and expenses as per the respective financial statements. Intra group balances and intra group transactions have been eliminated.
- ii) As far as possible, the consolidated financial statements are prepared using uniform

accounting policies for similar material transactions and other events in similar circumstances, unless otherwise stated.

- iii) The difference between the costs of investments in the subsidiary over the net assets at the time of acquisition of shares in the subsidiary is recognised in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be.
- iv) The translation of financial statements of the foreign subsidiaries from the local currency to the functional currency of the parent is performed for the balance sheet items using the exchange rate in effect at the balance sheet date and for revenue, expenses 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".
- v) The financial statements of the subsidiaries have been incorporated in the consolidated financial statements of the Group based on audited financial statements as drawn up in accordance with the generally accepted accounting principles of the respective countries ('the local GAAP') and have been audited by other auditors duly qualified to act as auditors in those countries.

### 3. Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared under the historical cost convention in accordance with generally accepted accounting principles in India ("Indian GAAP") and comply in all material respects with the mandatory Accounting Standards ("AS") prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), and with the relevant provisions of the Act, pronouncements of the Institute of Chartered Accountants of India ("ICAI"). The consolidated financial statements have been prepared on an accrual basis. The accounting

# Notes

to the consolidated financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

policies applied by the group are consistent with those used in the prior period.

All assets and liabilities have been classified as current or non-current as per the group's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of the work, the group has ascertained its operating cycle as up to twelve months for the purpose of current and non-current classification of assets and liabilities.

## 4. Significant Accounting Policies

### (a) Use of estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the consolidated financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful loans and advances, estimation of sales return in subsequent period, income taxes, classification of assets and liabilities into current and non-current and the useful lives of fixed assets.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

### (b) Fixed assets

Fixed assets (tangible and intangible) are stated at cost, net of accumulated depreciation/amortization and impairment, if any. The cost of an asset comprises its purchase price and any cost directly attributable for bringing the asset to its working condition and location for its intended use. Subsequent expenditures, if any, related to an item of fixed assets are added to its book value only if they increase the future benefits from existing asset beyond its previously assessed standard of performance.

### (c) Depreciation/amortization

Depreciation on all tangible assets is provided on straight-line method over the useful lives of assets estimated by Management. Management estimates the useful life of Intangible Assets to be six (6) years and all intangible assets are amortized over their useful life on straight line basis. In respect of additions, depreciation is provided on pro-rata basis from the date of acquisition/installation.

Class of assets	Estimated useful life (in years)
Furniture and fixtures	7 – 10
Office equipment	5
Computers and peripherals	3 - 5
Land & Building	60
Vehicles	8

Repairs and maintenance of property and equipment are expensed as incurred. Enhancement and improvements that extend the life of property and equipment are capitalized. Upon disposition, the cost of accumulated depreciation are deducted from sale proceeds resulting in gains and losses which are recognized in the consolidated statement of profit and loss.

### (d) Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the consolidated statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists then the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

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(All amounts in ₹, unless specified otherwise)

## (e) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. Provision for diminution in value is made to recognize a decline other than temporary in the value of the long-term investments.

## (f) Inventories

Inventory consists of finished goods, for sale to customers, held at various third party warehouses. The Group values inventory at the lower of cost or net realizable value. Inventory costs include all costs incurred in connection with bringing inventory to its present location and condition. These costs include purchase costs of inventory (net of supplier volume discounts) and shipping and handling costs. Net realizable value is determined at market value less selling costs. The "lower of cost or net realizable value", criteria is evaluated for each item of inventory as on balance sheet date.

## (g) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably estimated and collectability is reasonably assured.

- Revenue from product sales is recognized when persuasive evidence of arrangement exists, delivery has occurred or the services has been rendered, fee is fixed and determinable and collectability is reasonably ensured.

The Group recognizes net revenue from sales of products upon delivery to the customer. As the Company ships large volume of packages through multiple carriers, actual delivery dates may not always be available and as such the Group estimates delivery dates based on historical data. Product revenue is recorded at the gross amount as the Group is the primary obligor with the customer and have latitude in

establishing price and selecting products sold, discretion in selecting suppliers of products sold, maintain inventory risk from shipment through delivery date and upon accepting returns and bear credit risk. Net revenue includes shipping costs charged to the customer and are recorded net of taxes collected from customers, which are remitted to governmental authorities. Cash discounts, estimated returns and rebates are deducted from gross revenue in determining net revenue. The Group records an allowance for returns based on current period revenue and historical returns experience. Revenue is deferred when cash is collected from the customer prior to the satisfaction of the revenue recognition criteria.

- Revenue from advertising are principally generated from impressions of customer's banners on the Company's web site. Revenues are recognized and billed on the last day of the month using industry recognized reporting.
- Interest income on deposits/bonds/debentures is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- Profit/Loss on sale of investments is recognized on sale/redemption of respective investments.
- Dividend income is recognized when the Group's right to receive dividend is established.

## (h) Employee retirement benefits

### Gratuity

The Group provides for Gratuity, a defined benefit retirement plan covering the eligible employees. The Gratuity Plan provides a lump-sum payment to vested employee at the time of retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Group. Liabilities with regard to Gratuity are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method.

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(All amounts in ₹, unless specified otherwise)

## Compensated Absences

The employees of the Group are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

## Defined Contribution Plans

The Group provides Defined Contribution Plans in the form of Provident Fund and Employees State Insurance ('ESI') in respect of the employees covered under the respective Acts at the rate specified in the act and the same is charged to revenue. Provident Fund and ESI are classified as defined contribution plans as the Group has no further obligation beyond making the contributions.

### i) Leases

Leases of assets under which significant risks and rewards of ownership are effectively retained by the lessor are classified as Operating Leases. Lease payments under an operating lease are recognized as expense in the consolidated statement of profit and loss on a straight line basis over the lease term.

### (j) Tax expense

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 ("IT Act"). The Group accounts for tax credit in respect of Minimum Alternate Tax ("MAT") in situations where the MAT payable is higher than tax payable under normal provisions of the IT Act and where there is a reasonable certainty of adjusting such credit in future years. The credit so availed is adjusted in future years when the tax under normal provisions is higher than MAT payable to the extent of the said difference.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Deferred tax assets and liabilities in respect of foreign subsidiaries are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on the deferred tax assets and liabilities of a change in tax rate is recognized in statement of income in the period that includes the enactment date.

The Group files its federal, state and foreign tax returns on an accrual basis (where applicable).

Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain or virtually certain, as the case may be that future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each balance sheet date.

The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against

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which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

## (k) Provisions, Contingent Liabilities and Contingent Assets

- a. A provision is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.
- b. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood on outflow of resources is remote, no provision or disclosure is made.
- c. Contingent assets are not recognized in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

## (l) Transactions in foreign currency

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the

reporting currency and foreign currency at the date of the transaction. Foreign currency monetary items are reported using the year-end rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

## m) Borrowing costs

Interest on borrowing is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable on the borrowing. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortized over the tenure of the respective borrowings. An unamortized borrowing cost remaining, if any, is fully expensed off as and when the related borrowing is prepaid / cancelled.

## (n) Cash and cash equivalents

Cash and cash equivalents comprise cash and deposit with banks. The group considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

## (o) Earnings per equity share

Basic earnings per equity share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purposes of diluted earnings per equity share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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(All amounts in ₹, unless specified otherwise)

## 5 Share Capital

	As at 31 March 2016		As at 31 March 2015	
	Number	Amount	Number	Amount
<b>Authorized share capital</b>				
Equity shares of ₹ 10 each	2,52,50,000	25,25,00,000	2,52,50,000	25,25,00,000
	<b>2,52,50,000</b>	<b>25,25,00,000</b>	<b>2,52,50,000</b>	<b>25,25,00,000</b>
<b>Issued, subscribed and fully paid up</b>				
Equity shares of ₹ 10 each	1,47,31,678	14,73,16,780	1,47,31,678	14,73,16,780
	<b>1,47,31,678</b>	<b>14,73,16,780</b>	<b>1,47,31,678</b>	<b>14,73,16,780</b>

### a) Reconciliation of shares outstanding at the beginning and at the end of the year

Equity shares	As at 31 March 2016		As at 31 March 2015	
	No. of shares	Amount	No. of shares	Amount
At the commencement of the year	1,47,31,678	14,73,16,780	1,47,31,678	14,73,16,780
Add: Issued during the year	-	-	-	-
At the end of the year	<b>1,47,31,678</b>	<b>14,73,16,780</b>	<b>1,47,31,678</b>	<b>14,73,16,780</b>

### b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

### c) Shareholders holding more than 5% of the shares

Name of Shareholders	As at 31 March 2016		As at 31 March 2015	
	No. of shares	% held	No. of shares	% held
Arvind Kajaria	28,00,014	19	28,00,014	19
Sharad Kajaria	28,00,000	19	28,00,000	19
Intel Capital (Mauritius) Limited	15,34,764	10	17,97,635	12
IntraSoft Beneficiary Trust	-	-	17,50,000	12
Padma Kajaria	14,00,000	10	14,00,000	10
	<b>85,34,778</b>	<b>58</b>	<b>1,05,47,649</b>	<b>72</b>

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(All amounts in ₹, unless specified otherwise)

## 6 Reserves and Surplus

	As at 31 March 2016	As at 31 March 2015
<b>Capital Reserve</b>	<b>96,13,960</b>	<b>96,13,960</b>
<b>Securities premium reserve</b>	<b>55,27,10,688</b>	<b>55,27,10,688</b>
<b>Foreign exchange translation reserve</b>		
Balance at the beginning of the year	71,08,111	53,06,660
Additions during the year	59,71,859	18,01,451
Balance at the end of the year	<b>1,30,79,970</b>	<b>71,08,111</b>
<b>General Reserve</b>	<b>1,69,14,547</b>	<b>1,69,14,547</b>
<b>Surplus in the statement of profit and loss</b>		
Balance at the beginning of the year	6,14,28,114	4,21,61,421
Add : Transferred from Statement of profit and loss	41,50,68,249	5,96,09,248
Less : Additional depreciation as per Schedule II of Companies Act, 2013	-	49,34,655
Amount available for appropriation	47,64,96,363	9,68,36,014
Appropriations:		
- Proposed dividend	(2,94,63,356)	(2,94,63,356)
- Tax on proposed dividend	(59,98,046)	(59,44,544)
Balance at the end of the year	<b>44,10,34,961</b>	<b>6,14,28,114</b>
	<b>1,03,33,54,126</b>	<b>64,77,75,420</b>

## 7 Long-term Borrowings

	As at 31 March 2016	As at 31 March 2015
<b>Term Loans (Secured)</b>		
<b>Rupee loans from banks</b>		
From Bank (Car loan)	18,56,598	11,58,517
-(Secured by hypothecation of car)		
From Others (Car Loan)	61,984	3,02,692
-(Secured by hypothecation of car)		
From Others (Loan against property)	-	3,89,37,022
-(Secured by way of mortgage of Land & Building)		
<b>Foreign currency loan (Secured)</b>	<b>33,12,50,000</b>	<b>-</b>
<b>Total borrowings</b>	<b>33,31,68,582</b>	<b>4,03,98,231</b>
Less: Current maturities of long-term borrowings (refer note 12)		
<b>Term loans</b>		
-Banks	18,56,598	7,03,733
-Others	61,984	1,84,57,367
	<b>19,18,582</b>	<b>1,91,61,100</b>
	<b>33,12,50,000</b>	<b>2,12,37,131</b>

# Notes

to the consolidated financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

- i) The foreign currency loan is in the nature of a senior secured committed revolving line of credit, obtained from Citi bank N.A., with a limit of USD 5 million. The credit facility has been obtained at an interest rate of LIBOR plus 2.2% (LIBOR index being one month, floating daily) and has a maturity of twelve months from the closing date renewable annually. The credit facility is supported by a Stand by Letter of Credit Facility (SBLC), of ₹ 32,00,00,000 issued by Citi Bank, N.A., India branch. The credit facility has been availed for general corporate purposes, including meeting short term working capital needs.

The short term credit facility in the form of revolving line of credit availed from Citi Bank, N.A., having maturity of 12 months from the closure date, is intended to be refinanced by a long term debt obligation from a lender for which there is an agreed upon term sheet in place. Hence the same has been classified as long term debt.

- ii) There are no term loan from banks and others during the year (31 March 2015: 9.73% p.a. to 12.45% p.a.).

## 8 Deferred Tax Liabilities (net)

	As at 31 March 2016	As at 31 March 2015
Deferred tax liabilities		
-Timing difference on written down value of fixed assets	1,33,87,578	52,50,511
Deferred tax assets		
-Expenses allowable on payment basis	(27,40,640)	(38,34,331)
	<b>1,06,46,938</b>	<b>14,16,180</b>

## 9 Provisions

	As at 31 March 2016		As at 31 March 2015	
	Long-term Amount	Short-term Amount	Long-term Amount	Short-term Amount
Provision for employee benefits				
-Gratuity	36,65,017	6,53,653	55,52,202	1,21,330
-Leave encashment	6,90,466	17,61,619	27,31,880	-
Others			-	-
-Proposed dividend (including Interim Dividend)	-	2,94,63,356	-	1,47,31,678
-Tax on proposed dividend	-	59,98,046	-	29,99,075
Other provisions	-	6,39,010	-	-
	<b>43,55,483</b>	<b>3,85,15,684</b>	<b>82,84,082</b>	<b>1,78,52,083</b>

### a) Employee benefits

Gratuity is a post employment benefit and is a defined benefit plan. The liability recognised in the balance sheet represents the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets (if any), together with adjustment for unrecognised actuarial gains or losses and past service cost. Independent actuaries calculate the defined benefit obligation annually using the Projected Unit Credit Method. The assumptions used for actuarial valuation of liabilities towards gratuity and leave encashment are as follows:

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	As at 31 March 2016	As at 31 March 2015
<b>Change in projected benefit obligation</b>	<b>Gratuity</b>	<b>Gratuity</b>
Projected benefit obligation at the beginning of the year	56,73,532	37,74,462
Service cost	11,09,401	12,83,219
Interest cost	4,45,372	3,39,702
Actuarial (gain) / loss	(13,25,448)	6,48,553
Benefits paid	(15,84,187)	(3,72,404)
Projected benefit obligation at the end of the year	<b>43,18,670</b>	<b>56,73,532</b>
<b>Change in plan assets</b>		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Actuarial gain / (loss)	-	-
Employer contributions	15,84,187	3,72,404
Benefits paid	(15,84,187)	(3,72,404)
Fair value of plan assets at the end of the year	-	-
<b>Reconciliation of present value of obligation on the fair value of plan assets</b>		
Present value of projected benefit obligation at the end of the year / period	43,18,670	56,73,532
Funded status of the plans	-	-
Asset/(liability) recognised in the balance sheet	<b>43,18,670</b>	<b>56,73,532</b>
<b>Components of employee benefit costs are</b>		
Service cost	11,09,401	12,83,219
Interest cost	4,45,372	3,39,702
Expected returns on plan assets	-	-
Recognized net actuarial (gain)/ loss	(13,25,448)	6,48,553
<b>Net employee benefit costs</b>	<b>2,29,325</b>	<b>22,71,474</b>

	As at 31 March 2016	As at 31 March 2015
<b>Assumptions used</b>		
Discount rate	7.90%	7.85%
Rate of increase in salaries	5%	5%
Withdrawal rate	2%	2%
Retirement Age	58 Years	58 Years

<b>Amount recognised in the current and previous years</b>	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Defined benefit obligation at the end of the period	43,18,670	56,73,532	37,74,462	29,72,996	27,23,505
Plan assets	-	-	-	-	-
(Surplus)/Deficit	(43,18,670)	(56,73,532)	(37,74,462)	(29,72,996)	27,23,505
Net actuarial loss/(gain) recognized during the current year	(13,25,448)	6,48,553	(27,380)	3,75,624	(1,31,983)

# Notes

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(All amounts in ₹, unless specified otherwise)

## 10 Short-term Borrowings

	As at 31 March 2016	As at 31 March 2015
-From a bank	3,30,00,000	-
- (secured by pledge of debentures of Srei Infrastructure Limited held by IntraSoft Technologies Limited)		
	<b>3,30,00,000</b>	-

The loan carries interest @ 9.95% p.a. and is repayable within 02 January 2017.

## 11 Trade Payables

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED Act') pertaining to micro or small enterprises. For the year ended 31 March 2016, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED Act.

## 12 Other Current Liabilities

	As at 31 March 2016	As at 31 March 2015
Current maturities of long-term borrowings (refer Note 7)	19,18,582	1,91,61,100
Interest accrued but not due on borrowings	2,78,872	-
Other payables		
Dues to employees	2,69,67,576	1,79,51,802
Unpaid dividend *	4,53,594	3,25,753
Deposit from employees	63,26,632	78,72,959
Statutory dues	1,24,47,758	47,79,837
Advance from customers	1,72,69,251	64,18,788
Creditors for capital assets	3,75,158	
Accrued expenses	7,38,86,898	4,87,81,911
	<b>13,99,24,321</b>	<b>10,52,92,150</b>

\* Not due for credit to Investor Education and Protection Fund



# Notes

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(All amounts in ₹, unless specified otherwise)

## 14 Non-current Investments (fully paid-up, unless otherwise stated)

	As at 31 March 2016	As at 31 March 2015
<b>a In non-convertible debentures (Quoted) - non-trade</b>		
50(50) units - 10.20 % Srei Infrastructure Ltd of ₹ 10,00,000 each (*)	4,96,00,000	4,96,00,000
	<b>4,96,00,000</b>	<b>4,96,00,000</b>
(*) pledged against short-term borrowings		
<b>b In Mutual Funds (Unquoted) - non-trade</b>		
Nil (31 March 2015: 30,00,000) units of ICICI Prudential Fixed Maturity Plan - Series 63 3 Years Plan (Growth) of ₹ 10 each	-	3,00,00,000
	-	<b>3,00,00,000</b>
<b>c Other investments (Unquoted) - trade</b>		
Interest in beneficiary trust	-	1,00,00,000
<b>Total investments</b>	-	<b>1,00,00,000</b>
<b>Total non-current investments</b>	<b>4,96,00,000</b>	<b>8,96,00,000</b>
<b>Aggregate amount of</b>		
Quoted investments	4,96,00,000	4,96,00,000
Unquoted investments	-	4,00,00,000
	<b>4,96,00,000</b>	<b>8,96,00,000</b>
Aggregate market value of quoted investments	4,93,97,000	4,79,81,000

## 15 Loans and Advances (Unsecured considered good, unless otherwise stated)

	As at 31 March 2016	As at 31 March 2015
<b>Long-term loans and advances</b>		
Capital Advances	-	9,83,542
MAT credit entitlement	16,28,28,164	7,64,43,982
Security deposits	21,04,306	3,81,042
Service tax receivable (net)	3,86,81,668	3,43,96,505
	<b>20,36,14,138</b>	<b>11,22,05,071</b>
<b>Short-term loans and advances</b>		
Loan to a body corporate *	2,00,20,449	5,00,00,000
Advance to employees	16,37,171	9,19,031
Advance to suppliers	20,21,07,593	3,64,03,980
Prepaid expenses	41,83,556	21,33,391
Advance income tax (net of provisions)	1,29,35,695	1,38,72,933
Other advances	1,80,86,783	2,83,55,642
	<b>25,89,71,247</b>	<b>13,16,84,977</b>

\* Loan is given to SMV Agencies Private Limited for business purpose

# Notes

to the consolidated financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

## 16 Current Investments (non-trade)

(fully paid-up, unless otherwise stated)

	As at 31 March 2016	As at 31 March 2015
<b>Investment in Mutual Fund (Unquoted)</b>		
62,43,642 (31 March 2015: Nil) units of DSP BlackRock Income Opportunities Fund - Regular Plan - Growth (#)	15,00,00,000	-
61,664 (31 March 2015: Nil) units of Kotak Low Duration Fund (Growth)	11,11,78,709	-
64,91,263 (31 March 2015: Nil) units of L&T Income Opportunities Fund - Growth (#)	10,80,00,000	-
82,24,215 (31 March 2015: Nil) units of Reliance Regular Savings Fund - Debt Plan (Growth) (#)	16,70,00,000	-
<b>Total current investments</b>	<b>53,61,78,709</b>	<b>-</b>

(#) pledged with Citibank N.A. towards Standby Letter of Credit for ₹ 32,00,00,000

## 17 Inventories

(at lower of cost and net realizable value)

	As at 31 March 2016	As at 31 March 2015
Stock-in-trade	55,29,81,484	12,12,85,948
	<b>55,29,81,484</b>	<b>12,12,85,948</b>

## 18 Trade Receivables

(Unsecured considered good, unless otherwise stated)

	As at 31 March 2016	As at 31 March 2015
Due for more than six months	19,22,779	16,96,712
Other debts	8,81,68,145	3,00,43,827
	<b>9,00,90,924</b>	<b>3,17,40,539</b>

## 19 Cash and Bank Balances

	As at 31 March 2016	As at 31 March 2015
Cash on hand	58,303	39,882
Balances with banks		
- in current accounts	16,88,00,005	12,50,84,472
	16,88,58,308	12,51,24,354
Other bank balances		
-Unpaid dividend account	4,53,593	3,25,753
-Employees deposit account	32,45,495	78,72,959
	<b>17,25,57,396</b>	<b>13,33,23,066</b>

# Notes

to the consolidated financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

## 20 Other Current Assets

	As at 31 March 2016	As at 31 March 2015
Interest accrued on loans and debentures	8,26,788	1,63,22,887
Others	7,97,563	-
	<b>16,24,351</b>	<b>1,63,22,887</b>

## 21 Revenue from Operations

	Year Ended 31 March 2016	Year Ended 31 March 2015
IT enabled services	7,16,87,53,668	3,42,91,02,800
Other operating income	85,48,762	41,77,052
	<b>7,17,73,02,430</b>	<b>3,43,32,79,852</b>

## 22 Other Income

	Year Ended 31 March 2016	Year Ended 31 March 2015
Interest income		
- On inter corporate deposits & fixed deposits	33,20,670	60,49,428
- On non-convertible debentures	51,13,974	70,58,562
- Others	2,45,928	12,303
	86,80,572	1,31,20,293
Dividend income on long-term investments	12,00,000	40,01,383
Net gain on sale of long-term investments	90,13,200	82,36,100
Net gain on sale of current investments	1,10,81,899	1,50,19,877
Other miscellaneous income	74,98,858	6,78,629
	<b>3,74,74,529</b>	<b>4,10,56,282</b>

## 23 Product and Content Development Expenses

	Year Ended 31 March 2016	Year Ended 31 March 2015
Cost of products	4,65,57,29,393	2,08,16,33,457
Shipping and handling charges	1,06,76,47,275	51,68,27,319
Webspace and bandwidth charges	2,10,64,273	2,63,94,068
	<b>5,74,44,40,941</b>	<b>2,62,48,54,844</b>

# Notes

to the consolidated financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

## 24 Sales and Marketing Expenses

	Year Ended 31 March 2016	Year Ended 31 March 2015
Marketplace, marketing and referral fees	94,68,94,242	42,57,79,130
Advertisement expenses	2,25,54,703	27,67,516
Sales commission	1,67,89,629	2,15,35,672
Other sales and marketing expenses	2,00,72,771	5,03,34,874
	<b>1,00,63,11,345</b>	<b>50,04,17,192</b>

## 25 Employee Benefits Expense

	Year Ended 31 March 2016	Year Ended 31 March 2015
Salaries and wages	22,12,57,317	17,39,72,735
Contribution to provident and other funds	33,41,543	32,46,631
Staff welfare expenses	32,60,993	10,23,641
	<b>22,78,59,853</b>	<b>17,82,43,007</b>

## 26 Finance Costs

	Year Ended 31 March 2016	Year Ended 31 March 2015
Interest on loans	1,97,59,719	75,93,556
Other borrowing costs	39,45,361	5,879
	<b>2,37,05,080</b>	<b>75,99,435</b>

# Notes

to the consolidated financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

## 27 Other Expenses

	Year Ended 31 March 2016	Year Ended 31 March 2015
Power and fuel	48,94,017	44,88,210
Rent	92,05,297	32,65,942
Repairs and maintenance		
- Machinery	18,48,474	13,50,133
- Building	14,64,153	14,03,620
-Others	14,37,586	4,52,701
Insurance	4,62,392	2,81,666
Rates and taxes	23,51,816	5,44,864
Travelling and conveyance	2,00,43,138	1,94,66,651
Legal and professional charges	1,30,91,801	1,02,07,106
Bank charges	42,84,432	39,73,279
Printing and stationery	24,79,237	14,30,974
Communication expense	2,13,67,698	36,18,479
Director's sitting fees	6,40,000	9,00,000
Payment to auditors		
Statutory audit	33,47,485	15,65,300
Tax audit	2,07,078	1,16,952
Limited review	2,00,000	40,000
Other services (certificates)	1,89,426	72,383
Donation	1,82,000	87,100
Corporate social responsibility (CSR) expenses (refer note 31)	55,000	8,34,800
Net loss on foreign currency transactions and translation	-	50,18,551
Loss on sale of long term investments	-	5,69,150
Loss on sale of fixed assets (net)	26,473	35,37,775
Sundry balances written off	26,11,542	39,95,559
Miscellaneous expenses	1,55,39,569	1,28,88,271
	<b>10,59,28,614</b>	<b>8,01,09,466</b>

## 28 Exceptional Items

	Year Ended 31 March 2016	Year Ended 31 March 2015
Gain on sale of shares held under IntraSoft Beneficiary Trust (*)	60,76,08,118	-
Loss : Assets under development written off (refer note below)	(26,34,96,512)	-
	<b>34,41,11,606</b>	-

(\*) on sale of 17,50,000 shares of IntraSoft Technologies Limited held under IntraSoft Beneficiary Trust.

Note:

The Group completed the review of the software assets that have been under development for some time. These software assets were related to different features of the E-commerce business that were yet to be launched. Management decided to write off these software assets under development as these software resources would not be contributing to future revenues.

# Notes

to the consolidated financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

## 29 Earning per Share

	Year Ended 31 March 2016	Year Ended 31 March 2015
Net profit after tax for the year	41,50,68,249	5,96,09,248
Weighted average number of equity shares	1,47,31,678	1,47,31,678
Basic and Diluted Earnings per share	28.18	4.05

## 30 Expenditure in Foreign Currency

	Year Ended 31 March 2016	Year Ended 31 March 2015
Travelling Expenses	1,25,84,108	1,31,89,102
Others	4,65,438	3,67,583
	<b>1,30,49,546</b>	<b>1,35,56,685</b>

## 31 Disclosures in respect of CSR expenses under section 135 of the Companies Act, 2013 and rules thereon

	Year Ended 31 March 2016	Year Ended 31 March 2015
(a) Gross amount to be spent during the year	53,933	8,30,453
(b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	55,000	8,34,800
	<b>55,000</b>	<b>8,34,800</b>

## 32 Contingent Liability and Commitments

	As at 31 March 2016	As at 31 March 2015
<b>Capital commitment</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	23,39,661	9,83,542
<b>Contingent liabilities</b>		
Guarantees given	1,25,000	1,25,000
Claims against the Company not acknowledged as debt	17,71,789	17,71,789

# Notes

to the consolidated financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

- 33** As per requirement of AS 17, 'Segment Reporting', no disclosures are required to be made since the Group's activities consists of a single business segment (primary segment) of Internet based delivery of products and services. In respect of geographical segment (secondary segment) information, the Group has identified its geographical segment as (i) Within India and (ii) Outside India. The secondary segment information has been disclosed accordingly.

Secondary segment information (geographical segment)	Year ended 31 March 2016			Year ended 31 March 2015		
	Within India	Outside India	Total	Within India	Outside India	Total
(i) Segment revenue	20,99,506	7,16,66,54,162	7,16,87,53,668	42,19,181	3,42,48,83,619	3,42,91,02,800
(ii) Segment assets	24,23,34,946	1,02,00,92,132	1,26,24,27,078	52,81,31,430	33,31,55,663	86,12,87,094
(iii) Capital expenditure	2,56,42,708	1,12,35,129	3,68,77,837	1,49,30,055	1,27,792	1,50,57,847

- 34** In accordance with Accounting Standard (AS) 19 - 'Leases', the Company does not have any non cancellable operating lease. Expenditure incurred on account of operating lease rentals during the year and recognized in Statement of Profit and Loss amount to ₹ 92,05,297 (Previous Year ₹ 32,65,942).

## 35 Related Party Disclosures

### a) Names of related parties and description of relationship

Relationship	Name of related party
<b>Key managerial personnel (KMP) and their relatives</b>	Mr. Arvind Kajaria, Managing Director
	Mr. Sharad Kajaria, Whole Time Director
	Mrs. Padma Kajaria, Relative of Director
	Mr. Mohit Kumar Jha, Chief Financial Officer
	Mr. Rakesh Dhanuka, Company Secretary (resigned with effect from 10 May 2016)
<b>Enterprise where KMP have significant influence or control</b>	IntraSoft Beneficiary Trust (Trust has been dissolved during the year)

### a) Transactions and balances with related parties

Name of the Party	Nature of Transactions	Year ended	Year ended
		31 March 2016	31 March 2015
Mr. Arvind Kajaria	Dividend paid	28,00,014	56,00,028
	Remuneration	72,10,800	72,10,800
Mr. Sharad Kajaria	Dividend paid	28,00,000	56,00,000
	Remuneration	67,60,800	67,60,800
Mrs. Padma Kajaria	Dividend paid	14,00,000	28,00,000
IntraSoft Beneficiary Trust	Dividend paid	17,50,000	35,00,000
	Sale consideration for shares	62,46,20,572	
Mr. Mohit Kumar Jha	Remuneration	20,21,733	17,75,388
Mr. Rakesh Dhanuka	Remuneration	7,49,057	6,47,945

# Notes

to the consolidated financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

## 36 Additional information pursuant to the Schedule III of the Companies Act 2013 in Consolidated Financial Statements:

Name of the Enterprise	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Year ended 31 March 2016 (Amount in ₹)	As % of consolidated profit or loss	Year ended 31 March 2016 (Amount in ₹)
<b>Parent-</b>				
IntraSoft Technologies Limited	96.37%	1,13,77,59,864	39.74%	16,49,71,721
<b>Subsidiaries including chain subsidiaries</b>				
<b>Indian</b>				
One Two Three Greetings (India) Pvt. Ltd.	0.09%	10,45,452	(0.02%)	(70,481)
123Stores E Commerce Pvt Ltd	0.45%	53,71,661	(25.93%)	(10,76,47,425)
<b>Foreign</b>				
123Greetings.com, Inc	0.63%	74,18,862	29.34%	12,17,71,873
Intrasoft Ventures Pte. Ltd.	0.00%	979	0.00%	(10,800)
123Stores, Inc	2.46%	2,90,74,089	56.87%	23,60,53,362
<b>Minority Interests in all subsidiaries</b>	Nil	Nil	Nil	Nil
<b>Associates(Investment as per the equity method)</b>	NA	NA	NA	NA
<b>Joint Ventures(as per proportionate consolidation/ investment as per equity method)</b>	NA	NA	NA	NA
<b>TOTAL</b>	<b>100%</b>	<b>1,18,06,70,906</b>	<b>100%</b>	<b>41,50,68,249</b>

# Notes

to the consolidated financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

## 37 Statement containing salient features of the financial statement of subsidiaries

### Part A - Subsidiaries

					(Amount in ₹)
1	Name of the subsidiary/Joint Venture/Associate Companies	123 Greetings.com, Inc.	Intrasoft Ventures Pte. Ltd. (Standalone)	One Two Three Greetings (India) Private Limited	123Stores, Inc. * (Consolidated)
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as Holding Company	Same as Holding Company	Same as Holding Company	Same as Holding Company
3	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.	USD, 1 USD = ₹ 66.25	SGD, 1 SGD = ₹ 49.11	₹	USD, 1 USD = ₹ 66.25
4	Share capital	66,25,000	6,87,54,000	2,00,00,000	6,62,50,000
5	Reserves and Surplus	74,18,874	982	10,45,452	2,21,02,126
6	Total Assets	3,16,44,445	10,49,24,448	3,06,75,129	1,01,10,61,456
7	Total Liabilities	1,76,00,571	3,61,69,466	96,29,677	92,27,09,330
8	Investments	-	6,64,24,713	-	-
9	Turnover	17,58,87,319	43,77,392	20,99,506	6,99,07,24,187
10	Profit before taxation	7,35,396	51,815	(23,937)	2,96,91,720
11	Provision for taxation	1,67,814	78,430	46,544	1,07,27,648
12	Profit after taxation	5,67,582	(26,615)	(70,481)	1,89,64,072
13	Proposed Dividend	-	-	-	-
14	% of shareholding	100	100	100	100

\* 123Stores, Inc. is a Wholly Owned Subsidiary of Intrasoft Ventures Pte. Ltd. The Consolidated Performance consists of 123Stores, Inc. and its wholly owned subsidiary 123Stores E Commerce Private Limited.

### Part B - Associates and Joint Ventures - N.A.

38 Previous year's amount have been regrouped/rearranged to confirm to the classification of the current year, wherever considered necessary.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants

per **Anamitra Das**  
Partner

Kolkata  
27 May 2016

**Mohit Kumar Jha**  
Chief Financial Officer

**Pranvesh Tripathi**  
Company Secretary

Kolkata  
27 May 2016

For and on behalf of the board

**Arvind Kajarja**  
Managing Director  
(DIN: 00106901)

**Sharad Kajarja**  
Whole-time Director  
(DIN: 00108036)

# Independent Auditor's Report

To  
The Members of  
IntraSoft Technologies Limited

## Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of IntraSoft Technologies Limited, ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards of Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profit and its cash flows for the year ended on that date.

### Other matter

9. The standalone financial statements of the Company as at and for the year ended 31 March 2015 was audited by another auditor whose report dated 27 May 2015, expressed an unqualified opinion on those financial statements. The balances as at 31 March 2015 as per the audited financial statements, regrouped and/ or reclassified wherever necessary, have been considered as opening balances for the purpose of these standalone financial statements.

### Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. As required by Section 143(3) of the Act, we report that:
- a. we have sought and 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 account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the standalone financial statements dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e. on the basis of written representations received from the directors as on 31 March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
  - f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 27 May 2016 as per Annexure B expressing our unmodified opinion on adequacy and operative effectiveness of internal controls over financial reporting; and
  - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. as detailed in Note 31 to the standalone financial statements, the Company has disclosed the impact of pending litigations on its standalone financial position;
    - ii. the Company did not have any long-term contracts including derivatives contract for which there were any material foreseeable losses; and
    - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

#### For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Place: Kolkata

Date: 27 May 2016

per **Anamitra Das**

Partner

Membership No.: 062191

## Annexure A to the Independent Auditor's Report of even date to the members of IntraSoft Technologies Limited, on the standalone financial statements for the year ended 31 March 2016

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (which are held under the head 'fixed assets') are held in the name of the Company.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company had complied with the provisions of section 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amount payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the Company has applied the term loans for the purposes for which these were raised.
- (x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, the provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them covered under section 192 of the Act.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Place: Kolkata

Date: 27 May 2016

per **Anamitra Das**

Partner

Membership No.: 062191

## Annexure B to the Independent Auditor's Report of even date to the members of IntraSoft Technologies Limited, on the standalone financial statements for the year ended 31 March 2016

### Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the standalone financial statements of IntraSoft Technologies Limited ("the Company") as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting ("IFCoFR") of the Company as of that date.

### Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether

adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

### Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **For Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Place: Kolkata

Date: 27 May 2016

### **Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

per **Anamitra Das**

Partner

Membership No.: 062191

# Balance Sheet

as at 31 March 2016

(All amounts in ₹, unless specified otherwise)

	Notes	As at 31 March 2016	As at 31 March 2015
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	5	14,73,16,780	14,73,16,780
Reserves and surplus	6	99,36,10,058	63,16,75,437
		<b>1,14,09,26,838</b>	<b>77,89,92,217</b>
<b>Non-current liabilities</b>			
Long-term borrowings	7	-	2,12,37,131
Deferred tax liabilities (net)	8	99,86,189	14,38,207
Long-term provisions	9	43,55,483	82,06,434
		<b>1,43,41,672</b>	<b>3,08,81,772</b>
<b>Current liabilities</b>			
Short-term borrowings	10	3,30,00,000	-
Other current liabilities	11	1,97,79,723	4,98,90,442
Short-term provisions	9	3,55,96,014	1,78,50,806
		<b>8,83,75,737</b>	<b>6,77,41,248</b>
<b>Total</b>		<b>1,24,36,44,247</b>	<b>87,76,15,237</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	12	17,97,46,812	17,03,38,981
Intangible assets	12	38,49,530	46,73,456
Capital work-in-progress		4,26,095	-
Intangible assets under development		-	26,34,96,512
		18,40,22,437	43,85,08,949
Non-current investments	13	13,57,17,000	11,93,17,000
Long-term loans and advances	14	20,36,14,138	11,22,05,071
		<b>52,33,53,575</b>	<b>67,00,31,020</b>
<b>Current assets</b>			
Current investments	15	53,61,78,709	-
Trade receivables	16	9,04,21,522	9,84,79,372
Cash and bank balances	17	53,52,637	1,76,45,732
Short-term loans and advances	14	8,69,34,093	7,51,36,226
Other current assets	18	14,03,711	1,63,22,887
		<b>72,02,90,672</b>	<b>20,75,84,217</b>
<b>Total</b>		<b>1,24,36,44,247</b>	<b>87,76,15,237</b>

Notes 1 - 35 form an integral part of these financial statements.

This is the balance sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
Chartered Accountants

per **Anamitra Das**  
Partner

Kolkata  
27 May 2016

**Mohit Kumar Jha**  
Chief Financial Officer

**Pranvesh Tripathi**  
Company Secretary

Kolkata  
27 May 2016

For and on behalf of the board

**Arvind Kajaria**  
Managing Director  
(DIN: 00106901)

**Sharad Kajaria**  
Whole-time Director  
(DIN: 00108036)

# Statement of Profit and Loss

for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

	Notes	Year ended 31 March 2016	Year ended 31 March 2015
<b>Revenue</b>			
Revenue from operations	19	29,52,50,493	31,04,65,560
Other income	20	3,36,54,302	4,10,43,979
<b>Total revenue</b>		<b>32,89,04,795</b>	<b>35,15,09,539</b>
<b>Expenses</b>			
Product and content development expenses	21	3,89,760	4,11,981
Sales and marketing expenses	22	5,59,48,085	4,33,44,484
Employee benefits expense	23	12,90,45,437	17,27,17,978
Finance costs	24	1,90,00,860	59,29,995
Depreciation and amortisation expense	12	1,43,91,305	1,37,68,022
Other expenses	25	4,82,96,949	5,73,87,360
<b>Total expenses</b>		<b>26,70,72,396</b>	<b>29,35,59,820</b>
<b>Profit before exceptional items and tax</b>		<b>6,18,32,399</b>	<b>5,79,49,719</b>
Exceptional items	26	34,41,11,606	-
<b>Profit before tax</b>		<b>40,59,44,005</b>	<b>5,79,49,719</b>
<b>Tax expense</b>			
Current tax		8,63,84,182	1,07,93,848
MAT credit entitlement		(8,63,84,182)	(1,07,93,848)
Deferred tax		85,47,982	77,92,677
Tax for earlier years		-	10,119
		<b>85,47,982</b>	<b>78,02,796</b>
<b>Profit for the year</b>		<b>39,73,96,023</b>	<b>5,01,46,923</b>
<b>Earnings per equity share of ₹ 10 each (EPS)</b>	27		
Basic & diluted		26.98	3.40

Notes 1 - 35 form an integral part of these financial statements.

This is the statement of profit and loss referred to in our report of even date.

For **Walker Chandiook & Co LLP**  
Chartered Accountants

per **Anamitra Das**  
Partner

Kolkata  
27 May 2016

**Mohit Kumar Jha**  
Chief Financial Officer

**Pranvesh Tripathi**  
Company Secretary

Kolkata  
27 May 2016

For and on behalf of the board

**Arvind Kajaria**  
Managing Director  
(DIN: 00106901)

**Sharad Kajaria**  
Whole-time Director  
(DIN: 00108036)

# Cash Flow Statement

for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>A. Cash flow from operating activities</b>		
<b>Profit before tax</b>	<b>40,59,44,005</b>	<b>5,79,49,719</b>
<b>Adjustment for :</b>		
Depreciation and amortisation	1,43,91,305	1,37,68,022
Exceptional items	(34,41,11,606)	-
Loss on sale of fixed assets (net)	26,473	35,31,220
Dividend income	(12,00,000)	(40,01,383)
Profit on sale of investments	(2,00,95,099)	(2,26,86,827)
Unrealised foreign exchange gain	(24,28,563)	(6,76,246)
Interest expenses	1,50,66,224	57,21,377
Interest income	(1,17,68,064)	(1,31,07,990)
<b>Operating profit before working capital changes</b>	<b>5,58,24,675</b>	<b>4,04,97,892</b>
<b>Movements in working capital</b>		
Decrease/ (increase) in trade receivables	86,03,348	(4,13,00,040)
Decrease/ (increase) in long-term loans and advances	(60,08,427)	4,58,396
Decrease/ (increase) in short-term loans and advances	(23,13,098)	(16,36,166)
Increase/ (decrease) in long term provisions	(38,50,951)	35,15,691
Increase/ (decrease) in short term provisions	14,559	26,200
Increase/ (decrease) in trade payables	-	(8,71,229)
Increase/ (decrease) in other current liabilities	(1,35,22,231)	(20,34,70,708)
<b>Net Cash used in operating activities</b>	<b>3,87,47,875</b>	<b>(20,27,79,964)</b>
Income tax (paid)/ refunded	(9,12,34,852)	(81,04,944)
<b>Net cash used in operating activities (A)</b>	<b>(5,24,86,977)</b>	<b>(21,08,84,908)</b>
<b>B. Cash flow from investing activities</b>		
Purchase of fixed assets (including capital work-in-progress)	(2,22,05,178)	(1,08,56,789)
Sale of fixed assets	1,36,100	2,11,700
Purchase of investments	(1,27,43,00,000)	(14,82,57,360)
Sale of investments	1,34,94,24,508	37,26,04,315
Decrease/ (increase) in employees deposit account	46,27,464	(15,84,505)
Loans (given to)/repaid by subsidiaries (net)	(3,27,40,350)	25,00,000
Loans repaid by others (net)	2,99,79,551	1,40,00,000
Dividend received	12,00,000	40,01,383
Interest received	2,66,97,005	1,35,25,928
<b>Net cash from investing activities (B)</b>	<b>8,28,19,100</b>	<b>24,61,44,672</b>

(All amounts in ₹, unless specified otherwise)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>C. Cash flow from financing activities</b>		
Dividend paid	(1,48,59,519)	(2,94,63,356)
Dividend tax paid	(29,99,075)	(54,49,118)
Proceeds from (repayment of) short term borrowings (net)	3,30,00,000	-
Repayment of long-term borrowings	(12,83,98,876)	(3,54,39,590)
Proceeds from long-term borrowings	8,99,19,227	4,53,36,761
Interest paid	(1,47,87,352)	(57,21,377)
<b>Net Cash used in financing activities (C)</b>	<b>(3,81,25,595)</b>	<b>(3,07,36,680)</b>
<b>Net Increase/(Decrease) in cash and cash equivalents (A+B+C)</b>	<b>(77,93,472)</b>	<b>45,23,084</b>
Cash and cash equivalents as at beginning of the year	94,47,020	49,23,936
Cash and cash equivalents as at end of the year	<b>16,53,548</b>	<b>94,47,020</b>
Cash and bank balances as per Note 17	53,52,637	1,76,45,732
Less: Other bank balances	36,99,089	81,98,712
<b>Cash and cash equivalents considered for cash flow</b>	<b>16,53,548</b>	<b>94,47,020</b>

This is the cash flow statement referred to in our report of even date.

For **Walker Chandio & Co LLP**  
Chartered Accountants

per **Anamitra Das**  
Partner

Kolkata  
27 May 2016

**Mohit Kumar Jha**  
Chief Financial Officer

**Pranvesh Tripathi**  
Company Secretary

Kolkata  
27 May 2016

For and on behalf of the board

**Arvind Kajaria**  
Managing Director  
(DIN: 00106901)

**Sharad Kajaria**  
Whole-time Director  
(DIN: 00108036)

# Notes

to the financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

## Summary of significant accounting policies and other explanatory information.

### 1. Background

IntraSoft Technologies Limited ("the Company") is a public limited company domiciled in India and registered under the provisions of the Companies Act, 1956. The company is listed on Bombay Stock Exchange and National Stock Exchange.

### 2. Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention in accordance with generally accepted accounting principles in India ("Indian GAAP") and comply in all material respects with the mandatory Accounting Standards ("AS") prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), and with the relevant provisions of the Act, pronouncements of the Institute of Chartered Accountants of India ("ICAI"). The financial statements have been prepared on an accrual basis of accounting. The accounting policies applied by the Company are consistent with those used in the prior period.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of the work, the Company has ascertained its operating cycle as up to twelve months for the purpose of current and non-current classification of assets and liabilities.

### 3. Significant Accounting Policies

#### (a) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for income taxes, classification of assets and liabilities into current and non-current and the useful lives of intangible assets.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

#### (b) Fixed assets

Fixed assets (tangible and intangible) are stated at cost, net of accumulated depreciation/amortization and impairment, if any. The cost of an asset comprises its purchase price and any cost directly attributable for bringing the asset to its working condition and location for its intended use. Subsequent expenditures, if any, related to an item of fixed assets are added to its book value only if they increase the future benefits from existing asset beyond its previously assessed standard of performance.

#### (c) Depreciation/amortization

Depreciation on all tangible assets is provided on straight-line method over the useful lives of assets prescribed under Schedule II of the Act. Management estimates the useful life of Intangible Assets to be six (6) years and all intangible assets are amortized over their useful life on straight line basis. In respect of additions, depreciation is provided on pro-rata basis from the date of acquisition/installation. Written down value of all assets acquired prior to 1 April 2014 are being depreciated over their remaining useful life as prescribed in Schedule II of the Act.

#### (d) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists then the recoverable amount is reassessed

# Notes

to the financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

## e) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. Provision for diminution in value is made to recognize a decline other than temporary in the value of the long-term investments.

## (f) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably estimated and collectability is reasonably assured.

- Revenue from services consists of revenue earned from contracts or agreements with related parties, which are recognized as and when related services are performed and when no significant uncertainty exists regarding the collectability of revenue.
- Interest income on deposits/bonds/debentures is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- Profit/Loss on sale of investments is recognized on sale/redemption of respective investments.
- Dividend income is recognized when the Company's right to receive dividend is established.

## (g) Employee retirement benefits

### Gratuity

The Company provides for Gratuity, a defined benefit retirement plan covering the eligible employees. The Gratuity Plan provides a lump-sum payment to vested employee at the time of retirement, death, incapacitation or termination of employment, of an

amount based on the respective employee's salary and the tenure of employment with the Company. Liabilities with regard to Gratuity are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method.

### Compensated Absences

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the Balance Sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

### Defined Contribution Plans

The Company provides Defined Contribution Plans in the form of Provident Fund and Employees State Insurance ('ESI') in respect of the employees covered under the respective Acts at the rate specified in the act and the same is charged to revenue. Provident Fund and ESI are classified as defined contribution plans as the Company has no further obligation beyond making the contributions.

## (h) Leases

Leases of assets under which significant risks and rewards of ownership are effectively retained by the lessor are classified as Operating Leases. Lease payments under an operating lease are recognized as expense in the Statement of Profit and Loss on a straight line basis over the lease term.

## (i) Tax expense

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 ("IT Act"). The Company accounts for tax credit in respect of Minimum Alternate Tax ("MAT") in situations where the MAT payable is higher than tax payable under

# Notes

to the financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

normal provisions of the IT Act and where there is a reasonable certainty of adjusting such credit in future years. The credit so availed is adjusted in future years when the tax under normal provisions is higher than MAT payable to the extent of the said difference.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain or virtually certain, as the case may be that future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each balance sheet date.

The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

## (j) Provisions, Contingent Liabilities and Contingent Assets

- A provision is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and

in respect of which reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

- A disclosure for a contingent liability is made when there is a possible obligation or a present obligation but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood on outflow of resources is remote, no provision or disclosure is made.
- Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

## (k) Transactions in foreign currency

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of the transaction. Foreign currency monetary items are reported using the year-end rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

## (l) Borrowing costs

Interest on borrowing is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable on the borrowing. Ancillary expenditure incurred in connection with the

# Notes

to the financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

arrangement of borrowings is amortized over the tenure of the respective borrowings. An unamortized borrowing cost remaining, if any, is fully expensed off as and when the related borrowing is prepaid /cancelled.

## (m) Cash and cash equivalents

Cash and cash equivalents comprise cash and deposit with banks. The Company considers all highly liquid investments at the time of purchase with a remaining maturity of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

## (n) Earnings per equity share

Basic earnings per equity share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purposes of diluted earnings per equity share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of

shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## 4. Transfer Pricing

In accordance with international transfer pricing regulations of the IT Act, the Company is required to use certain specific methods in computing arm's length prices of international transactions with associated enterprises and maintain adequate documentation in this respect. These regulations require that such information and documentation be to contemporaneous, including conducting a benchmarking study to determine whether any transactions with associated enterprises undertaken are on an "arm's length basis". The Company is in the process of updating its transfer pricing study for the financial year ended 31 March 2016. Management is of the opinion that the Company's international transactions are at arm's length. Consequently, no adjustments, if any, that may arise from this study are presently recorded in the financial statements.

# Notes

to the financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

## 5 Share Capital

	As at 31 March 2016		As at 31 March 2015	
	Number	Amount	Number	Amount
<b>Authorized share capital</b>				
Equity shares of ₹ 10 each	2,52,50,000	25,25,00,000	2,52,50,000	25,25,00,000
	<b>2,52,50,000</b>	<b>25,25,00,000</b>	<b>2,52,50,000</b>	<b>25,25,00,000</b>
<b>Issued, subscribed and fully paid up</b>				
Equity shares of ₹ 10 each	1,47,31,678	14,73,16,780	1,47,31,678	14,73,16,780
	<b>1,47,31,678</b>	<b>14,73,16,780</b>	<b>1,47,31,678</b>	<b>14,73,16,780</b>

### a) Reconciliation of equity share capital

There is no movement in the equity share capital during the current and comparative period.

### b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

### c) Shareholders holding more than 5% of the shares

Name of Shareholders	As at 31 March 2016		As at 31 March 2015	
	No. of shares	% held	No. of shares	% held
Arvind Kajaria	28,00,014	19	28,00,014	19
Sharad Kajaria	28,00,000	19	28,00,000	19
Intel Capital (Mauritius) Limited	15,34,764	10	17,97,635	12
IntraSoft Beneficiary Trust	-	-	17,50,000	12
Padma Kajaria	14,00,000	10	14,00,000	10
	<b>85,34,778</b>	<b>58</b>	<b>1,05,47,649</b>	<b>72</b>

- d) In the current financial year, the Board has recommended final dividend @ 20% i.e. ₹ 2.00 per share amounting to ₹ 3,54,61,402 including dividend tax of ₹ 59,98,046. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

# Notes

to the financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

## 6 Reserves and Surplus

	As at 31 March 2016	As at 31 March 2015
<b>Capital Reserve</b>	<b>96,13,960</b>	<b>96,13,960</b>
<b>General Reserve</b>	<b>1,69,14,547</b>	<b>1,69,14,547</b>
<b>Securities premium reserve</b>	<b>55,27,10,688</b>	<b>55,27,10,688</b>
<b>Surplus in the statement of profit and loss</b>		
Balance at the beginning of the year	5,24,36,242	4,26,30,031
Add : Transferred from Statement of profit and loss	39,73,96,023	5,01,46,923
Less : Additional depreciation as per Schedule II of Companies Act, 2013	-	49,32,812
Amount available for Appropriation	44,98,32,265	8,78,44,142
Appropriations:		
- Proposed dividend	(2,94,63,356)	(2,94,63,356)
- Tax on proposed dividend	(59,98,046)	(59,44,544)
Balance at the end of the year	<b>41,43,70,863</b>	<b>5,24,36,242</b>
	<b>99,36,10,058</b>	<b>63,16,75,437</b>

## 7 Long-term Borrowings

	As at 31 March 2016	As at 31 March 2015
<b>Term Loans (Secured)</b>		
From Bank (Car Loan)	18,56,598	11,58,517
-(Secured by hypothecation of car)		
From Others (Car Loan)	61,984	3,02,692
-(Secured by hypothecation of car)		
From Others (Loan against property)	-	3,89,37,022
-(Secured by way of mortgage of Land & Building)		
<b>Total borrowings</b>	<b>19,18,582</b>	<b>4,03,98,231</b>
Less Current maturities of long-term borrowings (refer note 11)		
Term Loan		
-Bank	18,56,598	7,03,733
-Others	61,984	1,84,57,367
	<b>19,18,582</b>	<b>1,91,61,100</b>
	-	<b>2,12,37,131</b>

There are no term loan from banks and others during the year (31 March 2015: 9.73 % p.a. to 12.45% p.a.)

## 8 Deferred Tax Liabilities (net)

	As at 31 March 2016	As at 31 March 2015
<b>Deferred tax liabilities</b>		
-Timing difference on depreciation for fixed assets	1,20,29,292	52,31,531
<b>Deferred tax assets</b>		
-Expenses allowable on payment basis	(20,43,103)	(37,93,324)
	<b>99,86,189</b>	<b>14,38,207</b>

# Notes

to the financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

## 9 Provisions

	As at 31 March 2016		As at 31 March 2015	
	Long-term Amount	Short-term Amount	Long-term Amount	Short-term Amount
Provision for employee benefits				
-Gratuity	36,65,017	1,10,224	55,01,133	1,20,053
-Leave encashment	6,90,466	24,388	27,05,301	-
Others			-	
-Proposed dividend (including Interim Dividend)	-	2,94,63,356	-	1,47,31,678
-Tax on proposed dividend	-	59,98,046	-	29,99,075
Other provisions	-	-	-	-
	<b>43,55,483</b>	<b>3,55,96,014</b>	<b>82,06,434</b>	<b>1,78,50,806</b>

### a) Employee benefits

Gratuity is a post employment benefit and is a defined benefit plan. The liability recognised in the balance sheet represents the present value of the defined benefit obligation at the balance sheet date, less the fair value of plan assets (if any), together with adjustment for unrecognised actuarial gains or losses and past service cost. Independent actuaries calculate the defined benefit obligation annually using the Projected Unit Credit Method. The assumptions used for actuarial valuation of liabilities towards gratuity and leave encashment are as follows :

	As at 31 March 2016		As at 31 March 2015	
	Gratuity	Leave encashment	Gratuity	Leave encashment
<b>Change in projected benefit obligation</b>				
Projected benefit obligation at the beginning of the year	56,21,186	-	36,75,533	-
Service cost	5,65,972	7,14,854	12,66,136	-
Interest cost	4,41,263	-	3,30,798	-
Actuarial (gain) / loss	(13,43,995)	-	7,21,123	-
Benefits paid	(15,09,185)	-	(3,72,404)	-
Projected benefit obligation at the end of the year	<b>37,75,241</b>	<b>7,14,854</b>	<b>56,21,186</b>	-
<b>Change in plan assets</b>				
Fair value of plan assets at the beginning of the year	-	-	-	-
Expected return on plan assets	-	-	-	-
Actuarial gain / (loss)	-	-	-	-
Employer contributions	15,09,185	-	3,72,404	-
Benefits paid	(15,09,185)	-	(3,72,404)	-
Fair value of plan assets at the end of the year	-	-	-	-
<b>Reconciliation of present value of obligation on the fair value of plan assets</b>				
Present value of projected benefit obligation at the end of the year / period	37,75,241	7,14,854	56,21,186	-
Funded status of the plans	-	-	-	-
Liability / (asset) recognised in the balance sheet	37,75,241	7,14,854	56,21,186	-

# Notes

to the financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

	As at 31 March 2016		As at 31 March 2015	
<b>Components of employee benefit costs are</b>				
Service cost	5,65,972	7,14,854	12,66,136	-
Interest cost	4,41,263	-	3,30,798	-
Expected returns on plan assets	-	-	-	-
Recognized net actuarial (gain) / loss	(13,43,995)	-	7,21,123	-
<b>Net employee benefit costs</b>	<b>(3,36,760)</b>	<b>7,14,854</b>	<b>23,18,057</b>	<b>-</b>

	As at 31 March 2016	As at 31 March 2015
<b>Assumptions used</b>		
Discount rate	7.90%	7.85%
Rate of increase in salaries	5%	5%
Withdrawal rate	2%	2%
Retirement Age	58 Years	58 Years

<b>Amount recognised in the current and previous years</b>	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Defined benefit obligation at the end of the period	37,75,241	56,21,186	36,75,533	29,21,606	26,91,057
Funded status	(37,75,241)	(56,21,186)	(36,75,533)	(29,21,606)	(26,91,057)
Experience gain / (loss) adjustments on plan liabilities	(13,19,318)	(1,71,060)	(35,329)	3,90,920	(1,20,289)

## 10 Short-term Borrowings

	As at 31 March 2016	As at 31 March 2015
- From a bank (secured)	3,30,00,000	-
- (secured by pledge of debentures issued by Srei Infrastructure Limited held by the Company)		
	<b>3,30,00,000</b>	<b>-</b>

The loan carries interest @ 9.95% p.a.(31 March 2015: Nil ) and is repayable within 2 January 2017

# Notes

to the financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

## 11 Other Current Liabilities

	As at 31 March 2016	As at 31 March 2015
Current maturities of long-term borrowings (Refer Note 7)	19,18,582	1,91,61,100
Interest accrued but not due on borrowings	2,78,872	-
Other payables		
Dues to employees	90,78,942	1,76,63,687
Unpaid dividend *	4,53,594	3,25,753
Deposit from employees	32,45,495	78,72,959
Statutory dues	11,58,088	24,60,069
Creditors for capital assets	3,75,158	-
Accrued expenses	32,70,992	24,06,874
	<b>1,97,79,723</b>	<b>4,98,90,442</b>

\* Not due for credit to Investor Education and Protection Fund

# Notes

to the financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

## 12 Fixed Assets

Asset category	Gross Block			Depreciation/Amortisation			Net Block			
	As at 01 April 2015	Additions during the year	Sales/ Adjustments during the year	As at 31 March 2016	Up to 01 April 2015	Adjusted with reserve and surplus	Charge during the year	Sales/ Adjustments during the year	Up to 31 March 2016	As at 31 March 2016
<b>A. Tangible assets</b>										
Computers and Peripherals	1,86,85,646	54,25,172	7,90,855	2,33,19,963	1,17,47,126	-	43,84,901	7,50,688	1,53,81,339	79,38,624
Furniture and fixtures	2,37,92,427	80,97,045	2,53,038	3,16,36,434	51,24,626	-	26,14,278	1,62,406	75,76,498	2,40,59,936
Office equipments	1,02,42,247	62,39,740	6,13,107	1,58,68,880	43,80,288	-	21,79,999	5,81,333	59,78,954	98,89,926
Land and building	13,72,48,283	-	-	13,72,48,283	67,99,047	-	21,70,724	-	89,69,771	12,82,78,512
Veichles	1,32,39,795	32,78,550	-	1,65,18,345	48,18,330	-	21,20,201	-	69,38,531	95,79,814
<b>Total (A)</b>	<b>20,32,08,398</b>	<b>2,30,40,507</b>	<b>16,57,000</b>	<b>22,45,91,905</b>	<b>3,28,69,417</b>	<b>-</b>	<b>1,34,70,103</b>	<b>14,94,427</b>	<b>4,48,45,093</b>	<b>17,97,46,812</b>
<b>B. Intangible assets</b>										
Website 123India. Com	63,47,701	-	-	63,47,701	63,47,701	-	-	-	63,47,701	-
Softwares	1,44,37,675	97,276	-	1,45,34,951	97,64,219	-	9,21,202	-	1,06,85,421	38,49,530
<b>Total (B)</b>	<b>2,07,85,376</b>	<b>97,276</b>	<b>-</b>	<b>2,08,82,652</b>	<b>1,61,11,920</b>	<b>-</b>	<b>9,21,202</b>	<b>-</b>	<b>1,70,33,122</b>	<b>38,49,530</b>
<b>Total (A + B)</b>	<b>22,39,93,774</b>	<b>2,31,37,783</b>	<b>16,57,000</b>	<b>24,54,74,557</b>	<b>4,89,81,337</b>	<b>-</b>	<b>1,43,91,305</b>	<b>14,94,427</b>	<b>6,18,78,215</b>	<b>18,35,96,342</b>
<b>A. Tangible assets</b>										
Computers and Peripherals	3,13,10,470	42,22,494	1,68,47,318	1,86,85,646	2,25,82,032	5,97,816	44,13,624	1,58,46,346	1,17,47,126	69,38,520
Furniture and fixtures	2,33,69,135	34,12,521	29,89,229	2,37,92,427	42,01,760	52,385	25,85,818	17,15,337	51,24,626	1,86,67,801
Office equipments	1,48,81,562	22,60,543	68,99,858	1,02,42,247	34,74,289	42,58,479	20,79,322	54,31,802	43,80,288	58,61,959
Land and building	13,41,92,411	30,55,872	-	13,72,48,283	46,29,496	-	21,69,551	-	67,99,047	13,04,49,236
Veichles	1,32,39,795	-	-	1,32,39,795	30,61,192	24,132	17,33,006	-	48,18,330	84,21,465
<b>Total (A)</b>	<b>21,69,93,373</b>	<b>1,29,51,430</b>	<b>2,67,36,405</b>	<b>20,32,08,398</b>	<b>3,79,48,769</b>	<b>49,32,812</b>	<b>1,29,81,321</b>	<b>2,29,93,485</b>	<b>3,28,69,417</b>	<b>17,03,38,981</b>
<b>B. Intangible assets</b>										
Website 123India. Com	63,47,701	-	-	63,47,701	63,47,701	-	-	-	63,47,701	-
Softwares	1,24,59,051	19,78,624	-	1,44,37,675	89,77,518	-	7,86,701	-	97,64,219	46,73,456
<b>Total (B)</b>	<b>1,88,06,752</b>	<b>19,78,624</b>	<b>-</b>	<b>2,07,85,376</b>	<b>1,53,25,219</b>	<b>-</b>	<b>7,86,701</b>	<b>-</b>	<b>1,61,11,920</b>	<b>46,73,456</b>
<b>Total (A+B)</b>	<b>23,58,00,125</b>	<b>1,49,30,054</b>	<b>2,67,36,405</b>	<b>22,39,93,774</b>	<b>5,32,73,988</b>	<b>49,32,812</b>	<b>1,37,68,022</b>	<b>2,29,93,485</b>	<b>4,89,81,337</b>	<b>17,50,12,437</b>

# Notes

to the financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

## 13 Non-current Investments

(fully paid-up, unless otherwise stated)

	As at 31 March 2016	As at 31 March 2015
<b>a In Non- Convertible Debentures (Quoted) - non-trade</b>		
50(50) units - 10.20 % Srei Infrastructure Ltd of ₹ 1,000,000 each (*)	4,96,00,000	4,96,00,000
	<b>4,96,00,000</b>	<b>4,96,00,000</b>
(*) pledged against short-term borrowings		
<b>b Investments in Equity Instruments (Unquoted) - non-trade</b>		
<a href="#">123Greetings.com, Inc.</a>		
A wholly owned subsidiary company incorporated in USA		
10,000,000 (31 March 2015: 10,000,000) Common Stock Shares of USD 0.01 each	43,15,000	43,15,000
<a href="#">One Two Three Greetings (India) Private Limited</a>		
A wholly owned subsidiary company incorporated in India		
2,000,000 (31 March 2015: 2,000,000) Equity Shares of ₹10 each	2,00,00,000	2,00,00,000
<a href="#">Intrasoft Ventures Pte. Ltd.</a>		
A wholly owned subsidiary company incorporated in Singapore		
1,400,000 (31 March 2015: 200,000) shares @ SGD 1.00 each	6,18,02,000	54,02,000
	<b>8,61,17,000</b>	<b>2,97,17,000</b>
<b>c In Mutual Funds (Unquoted) - non-trade</b>		
Nil (31 March 2015: 3,000,000) units of ICICI Prudential Fixed Maturity Plan - Series 63 3 Years Plan (Growth) of ₹ 10 each	-	3,00,00,000
	-	<b>3,00,00,000</b>
<b>d Other investments (Unquoted) - trade</b>		
Interest in Beneficiary Trust	-	1,00,00,000
	-	<b>1,00,00,000</b>
<b>Total non-current investments</b>	<b>13,57,17,000</b>	<b>11,93,17,000</b>
Aggregate amount of		
Quoted Investments	4,96,00,000	4,96,00,000
Unquoted Investments	8,61,17,000	6,97,17,000
	<b>13,57,17,000</b>	<b>11,93,17,000</b>
Aggregate Market Value of Quoted Investments	4,93,97,000	4,79,81,000

## 14 Loans and Advances

(Unsecured considered good, unless otherwise stated)

	As at 31 March 2016	As at 31 March 2015
<b>Long-term loans and advances</b>		
Capital Advances	-	9,83,542
MAT credit entitlement	16,28,28,164	7,64,43,982
Security deposits	21,04,306	3,81,042
Service tax receivable (net)	3,86,81,668	3,43,96,505
	<b>20,36,14,138</b>	<b>11,22,05,071</b>

# Notes

to the financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

	As at 31 March 2016	As at 31 March 2015
<b>Short-term loans and advances</b>		
Loan to a body corporate*	2,00,20,449	5,00,00,000
Advance to employees	16,37,171	9,63,936
Advance to suppliers	4,15,372	15,62,956
Prepaid expenses	32,96,010	8,35,466
Advance income tax (net of provisions)	1,71,11,107	1,22,60,437
Loan to wholly owned subsidiaries (refer note 34)#	4,41,13,650	95,00,000
Other advances	3,40,334	13,431
	<b>8,69,34,093</b>	<b>7,51,36,226</b>

\* Loan is given to SMV Agencies Private Limited for business purpose.

# Loans are given to subsidiaries for business purpose.

## 15 Current Investments

	As at 31 March 2016	As at 31 March 2015
<b>Investment in Mutual Fund (Unquoted)</b>		
62,43,642 (31 March 2015: Nil) units of DSP BlackRock Income Opportunities Fund - Regular Plan - Growth (#)	15,00,00,000	-
61,664 (31 March 2015: Nil) units of Kotak Low Duration Fund (Growth)	11,11,78,709	-
64,91,263 (31 March 2015: Nil) units of L&T Income Opportunities Fund - Growth (#)	10,80,00,000	-
82,24,215 (31 March 2015: Nil) units of Reliance Regular Savings Fund - Debt Plan (Growth) (#)	16,70,00,000	-
<b>Total current investments</b>	<b>53,61,78,709</b>	-

(#) pledged with Citibank N.A. towards Standby Letter of Credit for ₹ 32,00,00,000 in favour of 123 Stores, Inc. (step down subsidiary).

## 16 Trade Receivables (\*)

(Unsecured considered good, unless otherwise stated)

	As at 31 March 2016	As at 31 March 2015
Due for more than six months	1,35,11,764	-
Other debts	7,69,09,758	9,84,79,372
	<b>9,04,21,522</b>	<b>9,84,79,372</b>

(\*) The entire amount is due from wholly owned subsidiaries.

# Notes

to the financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

## 17 Cash and Bank Balances

	As at 31 March 2016	As at 31 March 2015
Cash on hand	22,806	33,078
Balances with banks		
- in current accounts	16,30,742	94,13,942
	16,53,548	94,47,020
Other bank balances		
-Unpaid dividend account	4,53,594	3,25,753
-Employees deposit account	32,45,495	78,72,959
	<b>53,52,637</b>	<b>1,76,45,732</b>

## 18 Other Current Assets

	As at 31 March 2016	As at 31 March 2015
Interest accrued on loans and debentures	7,84,058	1,63,22,887
Other interest accrued	6,19,653	-
	<b>14,03,711</b>	<b>1,63,22,887</b>

## 19 Revenue from Operations

	As at 31 March 2016	As at 31 March 2015
IT enabled services	28,42,73,262	30,62,88,508
Other operating income	1,09,77,231	41,77,052
	<b>29,52,50,493</b>	<b>31,04,65,560</b>

## 20 Other Income

	As at 31 March 2016	As at 31 March 2015
Interest income		
- On inter corporate deposits & fixed deposits	33,20,670	60,49,428
- On non-convertible debentures	51,13,974	70,58,562
- On loans to subsidiaries	31,53,729	-
- Others	1,79,691	-
	1,17,68,064	1,31,07,990
Dividend income on long-term investments	12,00,000	40,01,383
Net gain on sale of long-term investments (net)	90,13,200	82,36,100
Net gain on sale of current investments (net)	1,10,81,899	1,50,19,877
Other miscellaneous income	5,91,139	6,78,629
	<b>3,36,54,302</b>	<b>4,10,43,979</b>

# Notes

to the financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

## 21 Product and Content Development Expenses

	As at 31 March 2016	As at 31 March 2015
Webspace and bandwidth charges	3,89,760	4,11,981
	<b>3,89,760</b>	<b>4,11,981</b>

## 22 Sales and Marketing Expenses

	As at 31 March 2016	As at 31 March 2015
Branding and promotion	2,25,656	1,37,207
Marketplace, marketing and referral fees	5,57,22,429	4,32,07,277
	<b>5,59,48,085</b>	<b>4,33,44,484</b>

## 23 Employee Benefits Expense

	As at 31 March 2016	As at 31 March 2015
Salaries and wages	12,53,75,005	16,88,22,083
Contribution to provident and other funds	29,03,130	28,72,254
Staff welfare expenses	7,67,302	10,23,641
	<b>12,90,45,437</b>	<b>17,27,17,978</b>

## 24 Finance Costs

	As at 31 March 2016	As at 31 March 2015
Interest on loans	1,50,66,224	57,21,377
Other borrowing costs	39,34,636	2,08,618
	<b>1,90,00,860</b>	<b>59,29,995</b>

# Notes

to the financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

## 25 Other Expenses

	As at 31 March 2016	As at 31 March 2015
Power and Fuel	43,11,028	42,76,919
Rent	35,49,139	11,52,158
Repairs to Others	34,52,809	31,40,718
Insurance	2,11,812	1,94,150
Rates and taxes	18,61,076	4,27,493
Travelling and conveyance expenses	1,04,74,904	1,82,71,314
Legal and professional charges	79,27,964	60,10,547
Facility Expenses	35,80,096	28,21,455
Communication Expenses	24,17,537	27,75,818
Director's sitting fees	6,40,000	9,00,000
<b>Payment to auditors</b>		
Statutory Audit	11,00,000	1,50,000
Tax Audit	60,000	60,000
Limited review	2,29,000	40,000
Other Services (Certificates)	84,000	57,500
Corporate Social Responsibility (CSR) expenses (refer Note 29)	55,000	8,34,800
Net loss on foreign currency transactions and translation	-	50,18,551
Loss on sale of long term investment	-	5,69,150
Loss on sale of fixed assets (net)	26,473	35,37,775
Miscellaneous expenses	83,16,111	71,49,012
	<b>4,82,96,949</b>	<b>5,73,87,360</b>

## 26 Exceptional Items

	As at 31 March 2016	As at 31 March 2015
Gain on sale of shares held under IntraSoft Beneficiary Trust (*)	60,76,08,118	-
Less : Assets under development written off (refer note below)	(26,34,96,512)	-
	<b>34,41,11,606</b>	-

(\*) on sale of 17,50,000 shares of IntraSoft Technologies Limited held under IntraSoft Beneficiary Trust.

Note:

The Company completed the review of the software assets that have been under development for some time. These software assets were related to different features of the E-commerce business that were yet to be launched. Management decided to write off these software assets under development as these software resources would not be contributing to future revenues.

# Notes

to the financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

## 27 Earning per Share

	As at 31 March 2016	As at 31 March 2015
Net profit / (loss) after tax for the year	39,73,96,023	5,01,46,923
Weighted average number of equity shares	1,47,31,678	1,47,31,678
Basic and Diluted Earnings per share	26.98	3.40

## 28 Income/Expenditure in Foreign Currency

	As at 31 March 2016	As at 31 March 2015
<b>Income</b>		
IT enabled Services	28,42,73,262	30,56,88,508
	<b>28,42,73,262</b>	<b>30,56,88,508</b>
<b>Expenditure</b>		
Travelling Expenses	61,37,805	1,31,89,102
Subscription and Membership Fee	3,37,558	3,30,156
Webspaces and Bandwidth Charges	21,754	37,427
	<b>64,97,117</b>	<b>1,35,56,685</b>

## 29 Disclosures in respect of CSR expenses under section 135 of the Companies Act, 2013 and rules thereon

	As at 31 March 2016	As at 31 March 2015
(a) Gross amount to be spent during the year	53,933	8,30,453
(b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	55,000	8,34,800
	<b>55,000</b>	<b>8,34,800</b>

## 30 Unhedged Foreign Currency Exposure

	As at 31 March 2016	As at 31 March 2015
Loans given	4,41,13,650	-
Trade receivables	9,04,21,522	9,84,79,372
	<b>13,45,35,172</b>	<b>9,84,79,372</b>

# Notes

to the financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

## 31 Contingent Liability and Commitments

	As at 31 March 2016	As at 31 March 2015
<b>Capital commitment</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	23,39,661	9,83,542
<b>Contingent liabilities</b>		
Guarantees given	32,01,25,000	1,25,000
Claims against the Company not acknowledged as debt	17,71,789	17,71,789
	<b>32,18,96,789</b>	<b>18,96,789</b>

**32** As per requirement of AS 17, 'Segment Reporting', no disclosures are required to be made since the Company's activities consists of a single business segment (primary segment) of Internet based delivery of products and services. The entire revenues are billable outside India and there is only one geographical segment (secondary segment).

**33** In accordance with Accounting Standard (AS) 19 - 'Leases', the Company does not have any non cancellable operating lease. Expenditure incurred on account of operating lease rentals during the year and recognized in Statement of Profit and Loss amount to ₹ 3,549,139 (Previous Year ₹ 1,152,158).

## 34 Related Party Disclosures

### a) Names of related parties and description of relationship

Relationship	Name of related party
<b>Key managerial personnel (KMP) and their relatives</b>	Mr. Arvind Kajaria, Managing Director
	Mr. Sharad Kajaria, Whole Time Director
	Mrs. Padma Kajaria, Relative of Director
	Mr. Mohit Kumar Jha, Chief Financial Officer
	Mr. Rakesh Dhanuka, Company Secretary (resigned with effect from 10 May 2016)
<b>Subsidiary Companies</b>	Wholly Owned Subsidiary
	123Greetings.com, Inc. (Incorporated in USA)
	Intrasoft Ventures Pte. Ltd. (Incorporated in Singapore)
Step-down Subsidiary	One Two Three Greetings (India) Pvt. Ltd.
	123Stores, Inc. (Incorporated in USA)
<b>Enterprise where KMP have significant influence or control</b>	123Stores E Commerce Private Limited
	IntraSoft Beneficiary Trust (Trust has been dissolved during the year)

# Notes

to the financial statements for the year ended 31 March 2016

(All amounts in ₹, unless specified otherwise)

## b) Transactions and balances with related parties

Name of the Party	Nature of Transactions	Year ended 31 March 2016	Year ended 31 March 2015
123Greetings.com, Inc.	Sale of IT Enabled Services	12,06,91,580	19,27,03,426
One Two Three Greetings (India) Pvt. Ltd	Sale of IT Enabled Services	-	6,00,000
	Loan given	-	-
	Loan repaid	5,00,000	25,00,000
Intrasoft Ventures Pte. Ltd	Sale of IT Enabled Services	-	32,27,830
	Technical / Support Fees	-	11,86,437
	Loan given	6,64,80,700	-
	Loan repaid	3,31,97,450	-
	Investment in share capital	5,64,00,000	-
123Stores,Inc	Sale of IT Enabled Services	16,35,81,682	10,85,70,814
Mr. Arvind Kajaria	Dividend paid	28,00,014	56,00,028
	Remuneration	72,10,800	72,10,800
Mr. Sharad Kajaria	Dividend paid	28,00,000	56,00,000
	Remuneration	67,60,800	67,60,800
Mrs. Padma Kajaria	Dividend paid	14,00,000	28,00,000
IntraSoft Beneficiary Trust	Dividend paid	17,50,000	35,00,000
	Sale consideration for shares	62,46,20,572	-
Mr. Mohit Kumar Jha	Remuneration	20,21,733	17,75,388
Mr. Rakesh Dhanuka	Remuneration	7,49,057	6,47,945

Name of the Party	Nature of balances	As at 31 March 2016	As at 31 March 2015
123Greetings.com, Inc.	Year-end receivable	1,36,03,722	1,70,64,844
One Two Three Greetings (India) Pvt. Ltd	Year-end payable	2,77,81,596	2,77,81,596
	Loan balance receivable	90,00,000	95,00,000
Intrasoft Ventures Pte. Ltd	Loan balance receivable	3,51,13,650	-
123 Stores,Inc	Year-end receivable	10,79,32,645	10,91,96,125

**35** Previous year's amount have been regrouped/rearranged to confirm to the classification of the current year, wherever considered necessary.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**  
Chartered Accountants

per **Anamitra Das**  
Partner

Kolkata  
27 May 2016

**Mohit Kumar Jha**  
Chief Financial Officer

**Pranvesh Tripathi**  
Company Secretary

Kolkata  
27 May 2016

For and on behalf of the board

**Arvind Kajaria**  
Managing Director  
(DIN: 00106901)

**Sharad Kajaria**  
Whole-time Director  
(DIN: 00108036)

# Notice

**NOTICE** is hereby given that the Twenty First Annual General Meeting of the Members of IntraSoft Technologies Limited will be held on Thursday, 8 September 2016 at 3.00 P.M. at Sunville, Royal Room, 9, Dr. Annie Besant Road, Worli, Mumbai – 400018 to transact the following business:

## ORDINARY BUSINESS

1. To consider and adopt
  - (a) the audited financial statement of the Company for the financial year ended 31 March 2016, the Reports of the Board of Directors and Auditors thereon; and
  - (b) the audited consolidated financial statement of the Company for the year ended 31 March 2016.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Arvind Kajaria (DIN 00106901) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Walker Chandio & Co., Chartered Accountants (Firm Registration No. 001076N/N500013) as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the Twenty Sixth Annual General Meeting of the Company subject to ratification of their appointment by shareholders of the Company at every Annual General Meeting to be held during their tenure and to fix their remuneration.

By Order of the Board of Directors  
**Pranvesh Tripathi**  
 Company Secretary

Place: Kolkata

Date: 27 May 2016

**Registered Office:**

**CIN: L24133MH1996PLC197857**

A-502, Prathamesh, Raghuvanshi Mills Compound,

Senapati Bapat Marg, Lower Parel (W),

Mumbai – 400 013

Tel: 022 2491 2123 Fax: 022 2490 3123

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

**Notes:**

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The duly filled proxy form in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for commencement of the Annual General Meeting.
- b) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- c) The dividend on Equity Shares, as recommended by the Board of Directors, if approved by the shareholders, will be credited / dispatched on or after 9 September 2016 to those members whose names shall appear on the Company's Register of Members on 1 September 2016 in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
- d) Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing the representatives to attend and vote at the Annual General Meeting.
- e) Members/Proxies should bring the attendance slip duly filled in for attending the meeting.

- f) Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days from Monday to Friday, during business hours up to the date of the Meeting.
- g) Queries proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office at least seven days prior to the date of Annual General Meeting to enable the management to compile the relevant information to reply the same in the meeting.
- h) The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 2 September 2016 to Thursday, 8 September 2016 (both days inclusive) for the purpose of payment of dividend, if declared at the meeting.
- i) SEBI vide its Circular dated 21 March 2013 have asked all the listed companies that any payments to the investors shall be made through electronic mode. Members are requested to update their address/bank mandate with their respective Depository Participant (DP) in respect of shares held in demat form and in respect of shares held in physical form with the Company's Registrar & Share Transfer Agent, M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (W), Mumbai – 400 078.
- j) Shareholders who have not encashed their dividend warrants for the dividends declared for the financial years 2009-10 to 2014-15 are requested to send a letter along with unclaimed dividend warrant, if any, or letter of undertaking for issue of duplicate dividend warrant / demand draft. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 8 September 2015 (date of last Annual General Meeting) on the website of the Company ([www.itlindia.com](http://www.itlindia.com)) and also on the website of the Ministry of Corporate Affairs.
- In terms of Section 205A and 205C of the Companies Act, 1956, any dividend remaining unpaid for a period of seven years from the date of transfer to Unpaid Dividend Account is required to be transferred to the "Investor Education & Protection Fund" (IEPF). Members are requested to encash their Dividend Warrants promptly. It may be noted that once the unclaimed dividend is transferred to the IEPF as above, no claim shall lie with the Company in respect of such amount.
- k) Members who have not registered their e-mail address so far are requested to register their e-mail address with their DPs in case of shares held in dematerialised form and with RTA in case of shares held in physical form.
- l) Information and other instructions relating to voting by electronic means:
- i. In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed in this notice by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the Annual General Meeting (AGM) ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
  - ii. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
  - iii. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
  - iv. The members who have cast their vote by remote e-voting may attend the meeting but shall not be entitled to cast their vote again.
  - v. The remote e-voting period commences on Monday 5 September 2016 (9:00 am) and ends on Wednesday, 7 September 2016 (5:00 pm). During this period, members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. on 1 September 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
  - vi. The process and manner for remote e-voting are as under:
    - A. In case a Member receives an email from NSDL:
      - (i) Open email and open PDF file viz.; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user

- ID and password/PIN for remote e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
  - (iii) Click on Shareholder - Login
  - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
  - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - (vii) Select "EVEN" of "IntraSoft Technologies Limited".
  - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
  - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [js@rathiandassociates.com](mailto:js@rathiandassociates.com)
- B. In case a Member receives physical copy of the Notice of AGM:
- (i) Initial password is provided in the Attendance Slip for the AGM:
  - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above to cast vote.
- vii. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- viii. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
  - ix. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  - x. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date i.e. 1 September 2016.
  - xi. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as on the cut-off date i.e. 1 September 2016 may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)  
However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
  - xii. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
  - xiii. Mr. Jayesh Shah, Practicing Company Secretary, Partner, M/s. Rathi & Associates has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
  - xiv. The Scrutinizer, after scrutinizing the votes cast at the meeting and through remote e-voting shall make, not later than two days of the conclusion of the meeting, a consolidated scrutinizer's report and submit the same to the Chairman, who shall declare the result of the voting forthwith. The results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.itlindia.com](http://www.itlindia.com) and on the website of NSDL immediately after the declaration of result by the Chairman. The results shall simultaneously be submitted with the stock exchanges where the Company's shares are listed.
  - m) The Annual Accounts of the Subsidiary Companies shall be available at the Registered Office of the Company for inspection by any shareholder.
  - n) Hard copy of the details of accounts of subsidiaries required by any Shareholders can be obtained with a written request to the Company Secretary of the Company at the Registered Office of the Company.

**ATTENDANCE SLIP**  
**INTRASOFT TECHNOLOGIES LIMITED**

CIN: L24133MH1996PLC197857

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

Tel: 022 2491 2123 Fax: 022 2490 3123

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

I/We hereby record my/our presence at the 21st Annual General Meeting of the Company held on Thursday, 8 September 2016 at 3:00 P.M. at Sunville, Royal Room, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

Name .....

Address .....

Folio No .....No. of Shares held .....

Client ID .....DP ID.....

Name of Proxy/Representative, if any .....

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



**Proxy Form**

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

**INTRASOFT TECHNOLOGIES LIMITED**

CIN: L24133MH1996PLC197857

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

Tel: 022 2491 2123 Fax: 022 2490 3123

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

Name of the Member(s): .....

Registered Address:.....

Email .....No. of Shares held .....

Folio No. / Client ID .....

DP ID: .....

I / We, being the member(s) of ..... shares of IntraSoft Technologies Ltd, hereby appoint:

1) Name .....

Address: .....

Email:.....or failing him



2) Name:.....  
Address:.....  
Email: .....or failing him

3) Name:.....  
Address:.....  
Email: .....or failing him

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21st Annual General Meeting of the Company, to be held on Thursday, 8 September 2016 at 3:00 P.M. at Sunville, Royal Room, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018 and at any adjournment thereof in respect of such resolutions as are indicated below;

Sr. No.	Resolutions*	For	Against
1.	To consider and adopt the Audited Standalone and Consolidated Financial Statement for the financial year ended 31 March 2016 along with the reports of the Board of Directors and Auditors thereon.		
2.	To declare dividend on Equity Shares.		
3.	Re-appointment of Mr. Arvind Kajaria as director, who retires by rotation.		
4.	Appointment of Statutory Auditors for a term of five years and to fix their remuneration.		

Signed this.....day of .....2016

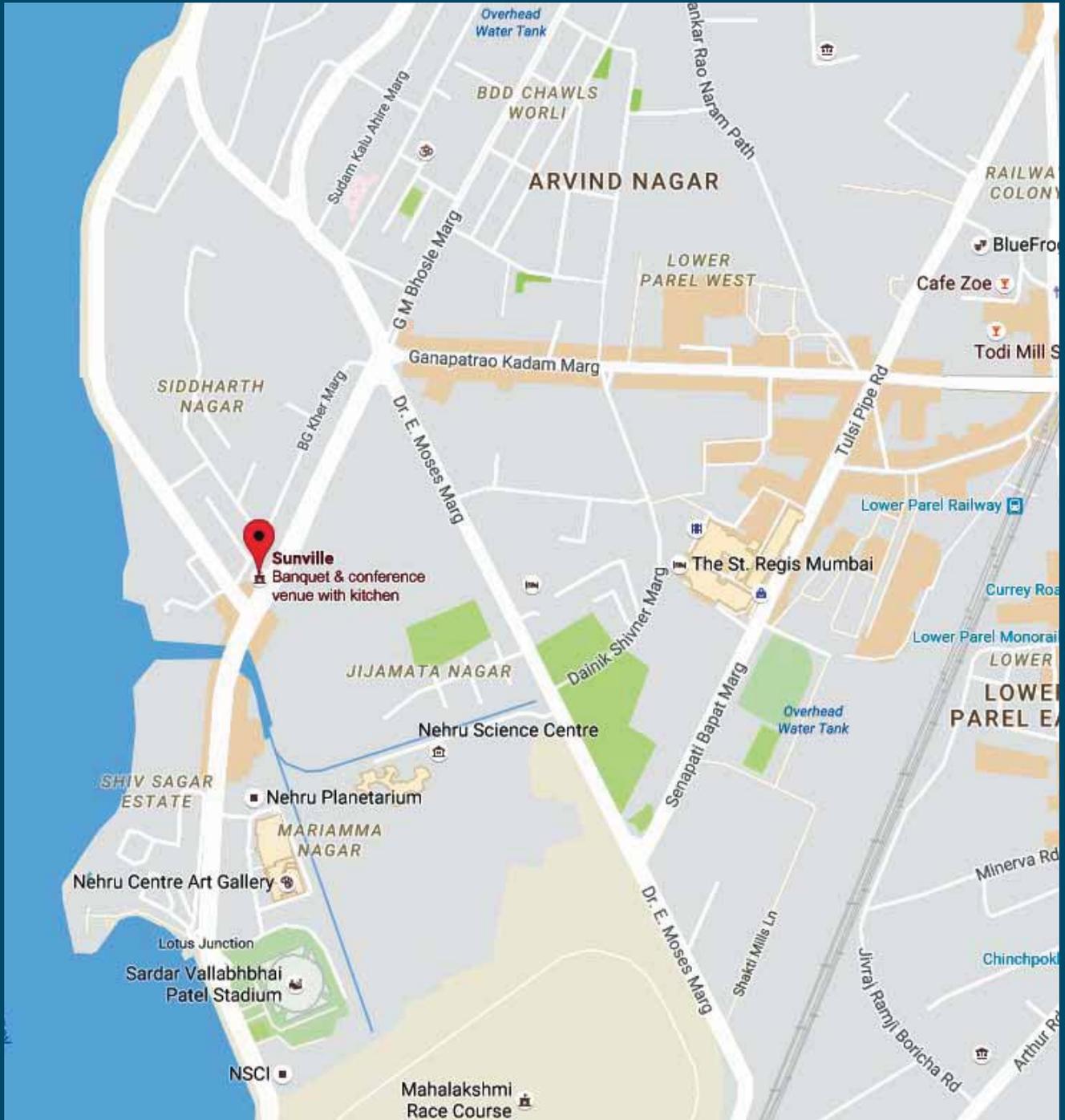
Signature of Shareholder(s): .....

Signature of Proxy(s): .....

Affix  
Revenue  
Stamp

\* In terms of Regulation 44(4) of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015, Equity shareholders may vote either for or against each resolution as proposed in the Notice of Annual General Meeting.

Route map to the venue of the 21st AGM of IntraSoft Technologies Limited on 8 September 2016



**Sunville Banquet & Conference**  
9, Dr. Annie Besant Road, Worli, Mumbai,  
Maharashtra 400018



## **IntraSoft Technologies Limited**

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