

PRESS RELEASE



Mumbai, November 14, 2018

INTRASOFT TECHNOLOGIES LIMITED REPORTS

RESULTS FOR Q2 FY19

IntraSoft Technologies Ltd. (BSE: 533181, NSE: ISFT) today announced its Results for the Quarter and Half Year ended 30th September 2018.

Q2 FY2018-19 HIGHLIGHTS: (All comparisons are with Q2 FY2017-18 figures)

- Consolidated Revenues from operations was ₹ 215.83 Cr. as compared to ₹ 286.99 Cr. in INR terms
- Operating Cash Flow of E-Commerce business for the quarter was \$1.01 million as against a negative cash flow of \$(2.42) million during the same quarter last year and cash flow of \$0.37 million in the previous quarter.

MANAGEMENT'S STATEMENT ON THE E-COMMERCE BUSINESS

"We're now half way through our focus of our energies on consolidation of our operations and improvement of our cash flows to ensure sustainability as we begin our next growth trajectory," said Arvind Kajaria, Managing Director.

"We generated positive cash flows this quarter even at lower levels of revenues as compared to last year. The lower levels of revenues were an outcome of us reducing our purchases from many vendors and consequently realigning them with our strategy. As the vendor engagements progress, sales growth will become both robust and cash flow accretive.

Cash flow growth in the meantime continues its momentum, as can be seen from the first two quarters. Long-term debt fell by a further \$0.9 million this quarter, in addition to the \$0.8 million reduction in the previous quarter. As we achieve the preferred seller status with more and more vendors, along with cash flow generation, we're setting the base for long-term sustainable growth."

Revenue

Revenues from operations was \$30.3 million as compared to \$44.4 million.

“Our focus in FY 19 is to consolidate our operations after having grown at 70% CAGR over the last 4 years. We want to improve our cash flow generation before we start our next phase of growth.”

Operating Margin

Operating Margin for the quarter was +0.63% in Q2FY19 as compared to +2.62% in Q2FY18.

“The total addressable market size of our opportunity continues to be large and the market continues to adapt. We want to ensure that our supplier partners continue to increase their market share with us, so we have increased our investments in aligning operations and building our systems to scale to handle our next phase of growth. Consequently, our focus is on cash flow generation rather than operating margin so as to ensure that we have the ability to grow in the future without requirement of external capital.”

Accounts Payable

Accounts Payable at the end of September 30th was \$3.7 million, as compared to \$5.2 million same time last year, reflecting 13.5 days of supplier credit on an annualized basis.

“We continue to engage with our suppliers, and believe we are making good progress in increasing our supplier credit.”

Inventories

Inventories at the end of September 30th was \$15.4 million, reflecting 7.0 turns on an annualized basis.

Of the \$15.4 million, \$7.7 million worth of inventories were at the fulfillment centers and \$7.7 million worth of inventories were in transit, consisting of the total of goods in transit from suppliers to the fulfillment centers & goods in transit to the customers.

“We have seen a slower movement of late due to changes in seasonality and inventory mix. We anticipate inventory turns will improve during the holiday season as our inventory software continues to get more data driven.”

Accounts Receivable

Accounts receivable at the end of September 30th was \$1.4 million, reflecting approximately 4 days of sales on an annualized basis.

Notes

1. The Company's primary business is in the area of E-Commerce, carried out by its wholly owned subsidiary, 123Stores, Inc. in the United States of America. Accordingly, the updates for E-Commerce reflect the consolidated performance of 123Stores, Inc. only, and not the consolidated operations of IntraSoft Technologies Ltd.
2. Accounts Payable reflects amounts due to our suppliers, carriers, fulfillment partners & payment services. This is not strictly comparable to our previous releases on account of reclassification. Comparable Numbers are updated in the fact sheet released with this press release.
3. Inventories number reflects the total of goods in transit from suppliers to the fulfillment centers, inventories at the fulfillment centers & goods in transit to the customers (as the company recognizes revenue on delivery).
4. Net Working Capital numbers reflect updated numbers based on Accounts Payable & Inventories as per Note 2 & 3 above. Comparable Numbers are updated in the fact sheet released with this press release.

CONFERENCE CALL

IntraSoft Technologies Limited will host a conference call to discuss the Financial Performance for the Quarter and Half Year ended 30 September 2018 on **Thursday, November 15th, 2018 at 1.00 p.m. (IST)**. Investors and participants can access the call by dialing either of the following access numbers:

Access Numbers	
Primary Number:	+91 22 6280 1195 +91 22 7115 8096
Toll Free Number:	USA: 1866 746 2133 UK: 0 808 101 1573 Singapore: 800 101 2045 Hong Kong: 800 964 448

The Participants from IntraSoft Technologies Ltd would be **Mr. Arvind Kajaria (Managing Director)** and **Mr. Mohit Kumar Jha (Chief Financial Officer)**. An archive of the conference call transcript will be available at www.itlindia.com.

ABOUT INTRASOFT TECHNOLOGIES LIMITED:

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

123Stores, Inc. is a multi-channel E-Commerce retailer with a strong technology backbone that combines supply chain logistics with real time customer data to create a compelling shopping experience. The Company is ranked #231 on the Internet Retailers 2018 Top 1000 list and is ranked #689 in Inc. 5000 (2017) list of fastest growing private US companies.

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

FOR MORE INFORMATION PLEASE CONTACT:

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CAUTION CONCERNING FORWARD-LOOKING STATEMENTS:

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



INTRASOFT TECHNOLOGIES LIMITED

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STATEMENT OF CONSOLIDATED UNAUDITED RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2018

123 Stores
E-Commerce Operating
Cash flow of \$ 1.01 million
in Q2 FY19 against a negative cash flow
\$ (2.42) million in Q2 FY18

PARTICULARS	Quarter Ended			Half Year Ended		Year Ended
	30/09/2018	30/06/2018	30/09/2017	30/09/2018	30/09/2017	31/03/2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Income						
I Revenue from Operations	21582.64	25828.84	28698.83	47411.48	54715.26	116986.78
II Other Income	116.49	70.68	134.35	187.17	321.50	510.88
III Total Income (I + II)	21699.13	25899.52	28833.18	47598.65	55036.76	117497.66
Expenses						
(a) Cost of Goods Sold	15564.83	18555.89	19197.40	34120.72	36355.04	79145.31
(b) Shipping & Handling Expenses	2717.84	3379.46	4260.10	6097.30	8316.07	17528.31
(c) Sales and Marketing Expenses	2449.02	3110.19	3728.88	5559.21	7216.21	14952.79
(d) Employee Benefits Expense	425.37	385.94	535.24	811.31	1092.03	2039.06
(e) Finance Costs	105.44	111.64	46.52	217.08	78.43	264.33
(f) Depreciation and Amortisation Expense	44.46	45.47	49.78	89.93	100.01	195.57
(g) Other Expenses	385.39	286.04	348.98	671.43	713.80	1417.83
IV Total Expenses	21692.35	25874.63	28166.90	47566.98	53871.59	115543.20
V Profit before Tax (III - IV)	6.78	24.89	666.28	31.67	1165.17	1954.46
VI Tax expenses						
(a) Current Tax	8.92	15.01	242.96	23.93	421.25	643.75
(b) Deferred Tax	9.32	-4.29	27.91	5.03	-12.06	-62.44
(c) Income Tax (Earlier years)	-100.43	-1.73	0.00	-102.16	0.00	0.00
VII Net Profit for the Period (V - VI)	88.97	15.90	395.41	104.87	755.98	1373.15
VIII Other Comprehensive Income						
(i) Items that will not be reclassified subsequently to Profit or Loss (Loss)/ gain on remeasurement of post employment defined benefit obligations	-4.50	-4.50	-5.88	-9.00	-11.76	14.51
Exchange difference on translation of financial statements of foreign operations	241.38	114.46	30.92	355.84	28.14	24.96
Income tax effect on above	1.17	1.17	1.62	2.34	3.24	-3.73
(ii) Items that will be reclassified subsequently to Profit or Loss Loss on fair value of investments in debt instruments through OCI	-4.77	-5.54	0.00	-10.31	0.00	-4.25
Income tax effect on above	1.24	1.41	0.00	2.65	0.00	1.17
IX Total Comprehensive Income for the Period (VII + VIII)	323.49	122.90	422.07	446.39	775.60	1405.81
X Paid up Share Capital (face value of ₹10 each, fully paid up)						1473.17
XI Reserves excluding revaluation reserve/ Other equity						12712.53
XII Earnings per Share (EPS) (₹) Basic and diluted EPS	0.60	0.11	2.68	0.71	5.13	9.32

STATEMENT OF ASSETS AND LIABILITIES

PARTICULARS	As at	
	30/09/2018 (Unaudited)	31/03/2018 (Audited)
ASSETS		
Non-current Assets		
Property, Plant and Equipment	1738.24	1812.41
Capital work-in-progress	5.18	0.00
Other Intangible Assets	889.46	341.85
Financial Assets		
(i) Investments	1492.00	1372.34
(ii) Loans	89.21	10.50
Deferred Tax Assets (Net)	1738.65	1738.65
Non-current Tax Assets (Net)	67.36	65.70
Other Non-current Assets	578.59	490.04
	6598.69	5831.49
Current Assets		
Inventories	11139.58	12389.94
Financial assets		
(i) Investments	5434.53	5816.42
(ii) Trade Receivables	1143.09	1230.29
(iii) Cash and Cash Equivalents	1310.52	2128.81
(iv) Balances with Bank, other than (iii) above	142.50	209.35
(v) Loans	1.63	10.50
(vi) Others	4.07	118.50
Current Tax Assets (net)	4.14	53.06
Other Current Assets	157.34	150.64
	19337.40	22107.51
TOTAL ASSETS	25936.09	27939.00
EQUITY AND LIABILITIES		
Equity		
Equity Share Capital	1473.17	1473.17
Other Equity	12804.82	12712.53
	14277.99	14185.70
Non-current Liabilities		
Financial Liabilities		
(i) Borrowings	7572.25	7946.77
(ii) Others	11.78	20.08
Provisions	111.57	107.83
Deferred Tax Liabilities (Net)	98.72	95.47
Other Non-current Liabilities	106.30	105.49
	7900.62	8275.64
Current Liabilities		
Financial Liabilities		
(i) Trade Payables	2049.31	3504.42
(ii) Others	972.40	1028.19
Other Current Liabilities	162.78	352.24
Provisions	3.85	3.76
Current Tax Liabilities (Net)	569.14	589.05
	3757.48	5477.66
TOTAL EQUITY AND LIABILITIES	25936.09	27939.00

NOTES :

- The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 14 November 2018.
- Statutory Auditors of the Company have carried out a limited review of the financial results for the quarter and half year ended 30 September 2018. An unmodified limited review report has been issued and the same is being filed with the stock exchanges along with the above results.
- As per the requirements of IND AS 108 "Operating Segments" no disclosure is required as the Company is operating in single business segment of Internet based delivery of products and services.
- The Consolidated financial results of the Company for the quarter and half year ended 30 September 2018 are available on the Company's website www.itlindia.com

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



Scan this QR code to download Unaudited Financial Results for the Quarter Ended 30 September 2018.