

PRESS RELEASE



Mumbai, 30 June 2020

INTRASOFT TECHNOLOGIES LIMITED REPORTS **RESULTS FOR Q4 & FY 2019-20**

IntraSoft Technologies Ltd. (BSE: 533181, NSE: ISFT) today announced its Results for the Quarter and Financial Year ended 31 March 2020.

COVID 19 Update

- Revenue increased from ~\$5.7 million in March 2020 to ~\$9.5 million in April 2020, a month on month increase of about 67%.
- During April-May 2020, we recorded revenues of ~\$18.5 million vs ~\$15.9 million in April-May 2019, an increase of about 16%.

While the COVID-19 pandemic has subdued commerce globally and especially strained small and medium-sized businesses, the industry has seen an acceleration in the shift of purchase habits to ecommerce. The COVID-19 Pandemic has highlighted the many differentiated advantages that we have built as an e-commerce company in the last few years. With lockdown orders in many states, we have seen strong acceleration in customer orders across all product categories.

As we execute on the plans we set in motion, we are making significant strides toward increasing marketing efficiencies, and gaining leverage on operating expenses. We remain confident in the success of our business as the shift of our category online accelerates and we continue to aggressively invest in our future.

Our investments in technology during the last 2 years have allowed us to scale during these unprecedented times despite facing supply-chain bottlenecks. We have been happy to support the brands that we partner with, increasing their dependence on us as our marketplace credentials & technological expertise spell reliability for the brands.

Our employees have adapted quickly and seamlessly to new processes and protocols to continue to serve strong demand, while keeping our customers, employees, and communities safe. With a focus on safety & well-being, our teams will continue to work remotely for the foreseeable future, as our teams, both in the US & India, are well equipped to work remotely as our technology scales on the cloud.

We believe that we have taken into account all the possible impacts of known events arising from the COVID-19 pandemic. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its duration. We will continue to monitor any material changes to future economic conditions and will revisit our strategy once life returns to normal and based on the impacts this crisis leaves on shopping behavior. We look ahead with a mix of caution and optimism.

Q4 FY 2019-20 HIGHLIGHTS: (All comparisons are with Q4 FY 2018-19 figures)

- Operating Cash Flow of the E-Commerce business for the Quarter was \$(1.26) million, as against \$(0.09) million during the same quarter last year.
- Revenue from operations was \$16.83 million as compared to \$23.83 million.

FY 2019-20 HIGHLIGHTS: (All comparisons are with FY 2018-19 figures)

- Operating Cash Flow of the E-Commerce business for the Year was \$(0.39) million, as against \$2.72 million during last year.
- Revenue from operations was \$82.03 million, as against \$118.16 million.

MANAGEMENT'S STATEMENT ON THE E-COMMERCE BUSINESS

"With the end of FY20, we have completed the process of optimizing our brand portfolio that we had set out to do at the end of FY18. In these 2 years, we have also made great progress in our technological infrastructure allowing us to scale our business in the years to come," said Arvind Kajaria, Managing Director.

"In FY21, we will continue to strengthen this technology to continually better serve our brand partners and will invest towards growing our business.

We are ready to serve the strong demand as more and more shoppers go online. This pandemic has acted as a catalyst in increasing online penetration. It will have long-term implications on shopper behaviour and the reliance of brands on the online retail channel."

Revenue

Revenue from operations for the Quarter was \$16.83 million as compared to \$23.83 million. For the Financial Year, it was \$82.03 million, as against \$118.16 million.

"The lower level of revenue was the result of a conscious evaluation and optimization of our brand portfolio, to bring it in line with our supply-chain benchmarks. Supply-chain disruptions, caused by the declarations of lockdown in the second-half of March, further impacted topline."

Operating Cash Flow

Operating Cash Flow of the E-Commerce business for the Quarter was \$(1.26) million, as against \$(0.09) million during the same quarter last year. For the Financial Year, it was \$(0.39) million, as against \$2.72 million.

Accounts Payable at the end of 31 March was \$3.36 million, as compared to \$4.18 million same time last year, a reduction of \$0.82 million, as a result of the decrease in revenues. However, Accounts Payable Days increased to 20.0 days from 15.3 days last year, as a result of optimizing our brand portfolio, indicative of the brands' underlying need for our services.

Inventories at the end of 31 March was \$16.25 million, as compared to \$14.33 million same time last year, reflecting an increase of \$1.92 million. Inventories at the end of 31 December 2019 was \$14.90 million, so the majority of the increase was during the Jan-Mar Quarter. The second-half of March saw US States declaring lockdown leading to temporary supply-chain disruptions, which led to rise in inventories. As US States have started re-opening in May & June, and continue to move to normalize operations, these disruptions will get removed and inventories will come back to normal.

Accounts Receivable at the end of 31 March was \$0.27 million, as compared to \$1.57 million same time last year, a reduction of \$1.30 million. This reflected approximately 3.6 Accounts Receivable Days on an annualized basis.

Notes

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



Scan this QR code to
download Audited
Financial Results for
the Quarter and Year
Ended 31 March 2020.

ABOUT INTRASOFT TECHNOLOGIES LIMITED:

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

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

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

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CAUTION CONCERNING FORWARD-LOOKING STATEMENTS:

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



INTRASOFT TECHNOLOGIES LIMITED

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STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2020

(₹ in Lacs)

| | Particulars | Quarter ended | | | Year ended | |
|------|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | 31.03.2020 | 31.12.2019 | 31.03.2019 | 31.03.2020 | 31.03.2019 |
| | | (Audited) | (Unaudited) | (Audited) | (Audited) | (Audited) |
| | Income | | | | | |
| I | Revenue from Operations | 12452.25 | 13815.22 | 17113.63 | 59067.54 | 83655.42 |
| II | Other Income | 155.23 | 103.85 | 160.57 | 485.42 | 496.18 |
| III | Total Income (I + II) | 12607.48 | 13919.07 | 17274.20 | 59552.96 | 84151.60 |
| IV | Expenses | | | | | |
| | (a) Cost of Goods Sold | 9229.15 | 10319.72 | 12557.54 | 43643.37 | 60547.70 |
| | (b) Shipping & Handling Expenses | 888.00 | 1049.75 | 1913.18 | 5255.92 | 10152.79 |
| | (c) Sales and Marketing Expenses | 1447.08 | 1543.73 | 1840.68 | 6637.98 | 9514.98 |
| | (d) Employee Benefits Expense | 408.48 | 420.85 | 356.20 | 1566.92 | 1523.92 |
| | (e) Finance Costs | 162.69 | 125.63 | 154.12 | 553.87 | 497.95 |
| | (f) Depreciation and Amortisation Expense | 107.19 | 102.44 | 42.37 | 409.43 | 176.19 |
| | (g) Other Expenses | 372.44 | 234.53 | 368.49 | 1272.24 | 1426.14 |
| | Total Expenses | 12615.03 | 13796.65 | 17232.58 | 59339.73 | 83839.67 |
| V | Profit/(Loss) before Tax (III - IV) | -7.55 | 122.42 | 41.62 | 213.23 | 311.93 |
| VI | Tax expense | | | | | |
| | (a) Current Tax | 23.13 | 3.62 | 15.28 | 39.28 | 58.02 |
| | (b) Deferred Tax | -25.70 | -3.05 | -206.14 | -36.74 | -210.05 |
| | (c) Income Tax (earlier years) | 0.00 | 0.00 | 1.33 | -0.18 | -102.49 |
| VII | Net Profit/(Loss) for the Period (V - VI) | -4.98 | 121.85 | 231.15 | 210.87 | 566.45 |
| VIII | Other Comprehensive Income | | | | | |
| | (i) Items that will not be reclassified subsequently to Profit or Loss | | | | | |
| | Remeasurement benefit of post employment defined benefit obligations | -2.63 | -2.70 | 31.14 | -10.73 | 17.64 |
| | Income tax effect on above | 0.78 | 0.73 | -8.05 | 2.97 | -4.54 |
| | (ii) Items that will be reclassified subsequently to Profit or Loss | | | | | |
| | Gain/ (Loss) on fair value of investments in debt instruments through OCI | -15.79 | 5.02 | 4.89 | 3.91 | -9.89 |
| | Exchange differences on translation of financial statements of foreign operations | 250.64 | 29.97 | -38.26 | 367.69 | 165.81 |
| | Income tax effect on above | 4.39 | -1.40 | -1.05 | -1.09 | 2.76 |
| IX | Total Comprehensive Income/(Loss) for the Period (VII + VIII) | 232.41 | 153.47 | 219.82 | 573.62 | 738.23 |
| X | Paid up Share Capital (face value of ₹ 10 each, fully paidup) | 1473.17 | 1473.17 | 1473.17 | 1473.17 | 1473.17 |
| XI | Reserves excluding revaluation reserve/ Other equity | | | | 13316.18 | 13096.94 |
| XII | Earnings per Share (EPS) (₹) | | | | | |
| | Basic and diluted EPS | -0.03 | 0.83 | 1.57 | 1.43 | 3.85 |
| XIII | Additional Information on Standalone Financial Results is as follows: | | | | | |
| | Revenue from Operations | 259.34 | 145.00 | 278.02 | 690.06 | 766.43 |
| | Profit/(Loss) before Tax | 89.97 | 5.09 | 159.54 | 138.38 | 149.62 |
| | Profit/(Loss) after Tax | 80.72 | 2.49 | 157.55 | 118.88 | 142.95 |

Consolidated Audited Statement of Assets and Liabilities

(₹ in Lakhs)

| Particulars | As at 31-03-2020 (Audited) | As at 31-03-2019 (Audited) |
|---|----------------------------|----------------------------|
| ASSETS | | |
| Non-current Assets | | |
| Property, Plant and Equipment | 1646.42 | 1665.38 |
| Capital Work-in-Progress | 0.00 | 82.33 |
| Right of Use Assets | 1180.32 | 0.00 |
| Other Intangible Assets under Development | 2129.68 | 1296.24 |

| | | | |
|--|--|-----------------|-----------------|
| Financial Assets | | | |
| (i) Investments | | 673.37 | 1495.36 |
| (ii) Loans | | 5.25 | 6.58 |
| Deferred Tax Assets (Net) | | 2012.19 | 1941.92 |
| Income Tax Assets (Net) | | 52.91 | 58.60 |
| Other Non-current Assets | | 230.23 | 556.33 |
| | | 7930.37 | 7102.74 |
| Current Assets | | | |
| Inventories | | 12278.49 | 9907.64 |
| Financial assets | | | |
| (i) Investments | | 6384.67 | 5912.35 |
| (ii) Trade Receivables | | 267.51 | 1160.65 |
| (iii) Cash and Cash Equivalents | | 1769.15 | 1073.75 |
| (iv) Other Bank Balances | | 116.15 | 150.38 |
| (v) Loans | | 2.57 | 72.13 |
| (vi) Others | | 0.00 | 0.27 |
| Current Tax Assets (net) | | 13.58 | 4.15 |
| Other Current Assets | | 352.82 | 272.00 |
| | | 21184.94 | 18553.32 |
| | | | |
| TOTAL ASSETS | | 29115.31 | 25656.06 |
| | | | |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity Share Capital | | 1473.17 | 1473.17 |
| Other Equity | | 13316.18 | 13096.94 |
| | | 14789.35 | 14570.11 |
| Liabilities | | | |
| Non-current Liabilities | | | |
| Financial Liabilities | | | |
| (i) Borrowings | | 9711.69 | 6937.63 |
| (ii) Lease Liability | | 1002.36 | 0.00 |
| (iii) Other Financial Liabilities | | 2.01 | 2.01 |
| Provisions | | 130.97 | 108.97 |
| Deferred Tax Liabilities (Net) | | 116.04 | 94.94 |
| Other Non-current Liabilities | | 101.48 | 103.49 |
| | | 11064.55 | 7247.04 |
| Current Liabilities | | | |
| Financial Liabilities | | | |
| (i) Trade Payables | | | |
| - total outstanding dues of micro enterprises and small enterprises; and | | 0.00 | 0.00 |
| - total outstanding dues of creditors other than micro enterprises and small enterprises | | 1850.13 | 2308.12 |
| (ii) Others Financial Liabilities | | 367.12 | 498.32 |
| (ii) Lease Liability | | 232.16 | 0.00 |
| Current Tax Liabilities (Net) | | 2.33 | 10.23 |
| Provisions | | 4.40 | 4.17 |
| Other Current Liabilities | | 805.27 | 1018.07 |
| | | 3261.41 | 3838.91 |
| | | | |
| TOTAL EQUITY AND LIABILITIES | | 29115.31 | 25656.06 |

| Particulars | | Year ended | |
|---|--|-------------------------|-------------------------|
| | | 31.03.2020 (Audited) | 31.03.2019 (Audited) |
| Consolidated Statement of Cash Flows | | (₹ in Lacs) | |
| A. | Cash flow from operating activities | | |
| | Profit before tax | 213.23 | 311.93 |
| | Adjustments for: | | |
| | Depreciation and Amortisation Expense | 409.43 | 176.19 |

| | | |
|---|-----------------|-----------------|
| Loss on sale of property, plant and equipment | 0.26 | 4.29 |
| Net gain on sale of investments measured at FVTPL | -226.94 | -329.38 |
| Net gain arising on remeasurement of investments measured at FVTPL | -108.42 | -3.06 |
| Foreign exchange (gain)/ loss (net) | 10.69 | -4.24 |
| Finance costs | 553.87 | 497.95 |
| Interest income | -137.04 | -148.58 |
| Operating profit before working capital changes | 715.08 | 505.10 |
| Adjustments for working capital changes: | | |
| Decrease in trade receivables | 882.45 | 211.26 |
| Decrease/(increase) in inventories | -2370.85 | 2482.30 |
| Decrease/(increase) in loans | 70.89 | -57.71 |
| Decrease in financial assets | 0.27 | 184.27 |
| Decrease/(increase) in other assets | 335.03 | -192.29 |
| Increase in provisions | 32.96 | 19.19 |
| Decrease in financial liabilities | -129.16 | -549.23 |
| Increase/ (Decrease) in other liabilities | -214.81 | 663.83 |
| Decrease in trade payables | -547.74 | -1196.30 |
| Cash generated from/ (used in) operating activities | -1225.88 | 2070.42 |
| Income tax paid (net of refunds) | -53.33 | -474.33 |
| Net cash generated from / (used in) operating activities (A) | -1279.21 | 1596.09 |
| B. Cash flow from investing activities: | | |
| Purchase of investments | -8123.56 | -7855.05 |
| Sale of investments | 8808.57 | 7958.46 |
| Purchase of property, plant and equipment | -167.57 | -107.76 |
| Purchase of intangible assets | -728.15 | -948.44 |
| Proceeds from sale of property, plant and equipment and intangible assets | 2.21 | -13.32 |
| Decrease in Other Bank Balances | -11.14 | 0.00 |
| Interest received | 137.04 | 153.22 |
| Maturity of fixed deposits (net) | 23.09 | -7.07 |
| Net cash generated from / (used in) investing activities (B) | -59.51 | -819.96 |
| C. Cash flow from financing activities: | | |
| Proceeds from/(repayment of) of long-term borrowings | 2774.06 | -1009.14 |
| Repayment of lease liabilities (net) | -280.05 | 0.00 |
| Dividend paid (including taxes thereon) | -356.42 | -352.53 |
| Interest paid | -471.16 | -497.95 |
| Net cash generated from/ (used in) financing activities (C) | 1666.43 | -1859.62 |
| Net increase/ (decrease) in cash and cash equivalents (A+B+C) | 327.71 | -1083.49 |
| Cash and cash equivalents at the beginning of the year | 1073.75 | 2128.81 |
| Effect of currency translation on cash and cash equivalents | 367.69 | 28.43 |
| Cash and cash equivalents at the end of the period | 1769.15 | 1073.75 |

Notes :

- These financial results have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. These results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 30 June 2020.
- These financial results for the quarter and year ended 31 March 2020 have been subjected to audit by the statutory auditors of the Company and an unmodified opinion has been issued which is being filed with the stock exchanges along with the above results.
- The figures for the quarter ended 31 March 2020 and 31 March 2019 are the balancing figures between audited figures in respect of the full financial year and the unaudited third quarter published year to date figures, which were subjected to limited review.
- The Company has adopted Ind AS 116 "Leases" effective 1 April 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules, 2019, using modified retrospective method and accordingly previous period numbers have not been restated. Under this approach the Company has recognized lease liabilities and corresponding Right of use assets. Operating leases which were recognized as other expenses in the previous period is now recognized as depreciation expenses on the Right of use assets and finance costs for the interest accrued on the lease liability. The effect of this adoption is decrease in profit before tax by ₹ 10.98 lacs for the quarter ended 31 March, 2020 and ₹ 50.99 lacs for the year ended 31 March, 2020.
- The spread of COVID-19 has severely impacted businesses around the globe. In many countries, including the US, there has been severe disruption to regular business operations due to lock-downs, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures. The Group has

considered the possible effects that may result from the COVID-19 pandemic on the carrying amounts of property, plant and equipment, intangible assets, investments, inventories, receivables and other current assets. In developing assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group, as at the date of approval of these financial statements, has used internal and external sources of information including economic forecasts. The Group has performed sensitivity analysis on the assumptions used, and based on current estimates expects that the carrying amounts of these assets will be recovered. The Group has taken into account all the possible impacts of known events arising from the COVID-19 pandemic in the preparation of the financial results. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its duration. The Group will continue to monitor any material changes to future economic conditions.

6. As per the requirements of IND AS 108 as notified under Companies (Indian Accounting Standards) Rules 2015 as specified under Section 133 of the Companies Act, no disclosure is required as the Company is operating in single business segment of Internet based delivery of products and services.
7. The Board of Directors recommended a Dividend @ 10% i.e. ₹ 1 per Equity Share for the Financial Year 2019-20 at this meeting.
8. The Consolidated financial results of the Company for the quarter and year ended 31 March 2020 are available on the Company's website www.itlindia.com

For IntraSoft Technologies Limited

Arvind Kajaria
Managing Director
DIN: 00106901



Scan this QR code to download
Audited Financial Results for
the Quarter Ended 31 March
2020.

Place : Kolkata
Dated : 30 June 2020