IntraSoft Technologies Limited

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May 27, 2016

Corporate Relationship Department
BSE Limited
P.J.Towers, Dalal Street,
Fort, Mumbai

Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, Bandra Kurla Complex
Mumbai

Scrip code: 533181 / ISFT

Dear Sir,

Sub: Press Release on Financial Results

Ref: Regulation 30(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

With reference to captioned matter, please find enclosed herewith a copy of press release proposed to be released by the Company alongwith FAQs.

This is for your information and records.

Thanking You,

Yours faithfully,
For IntraSoft Technologies Limited

Pranvesh Tripathi
Company Secretary & Compliance Officer

Encl: as above

PRESS RELEASE

Mumbai, May 27, 2016

INTRASOFT TECHNOLOGIES LIMITED REPORTS REVENUES OF Rs. 718 Cr. FOR FY2015-16

IntraSoft Technologies Ltd. (BSE: 533181, NSE: ISFT) today announced its Audited Consolidated Financial Results for the Quarter and Year ended 31st March, 2016.

Q4 FY2015-16 HIGHLIGHTS: (All comparisons are with Q4 FY2014-15 figures)

- Total Income at Rs. 186.93 Cr. up by 85% from Rs. 101.28 Cr.

FY2015-16 HIGHLIGHTS: (All comparisons are with FY2014-15 figures)

- Total Income at Rs. 717.73 Cr. up by 109% from Rs. 343.33 Cr.
- Profit after Tax at Rs. 41.51 Cr. up by 596% from Rs. 5.96 Cr. (includes exceptional net gain of Rs. 33.80 Cr. during the quarter from sale of shares to expand the E-Commerce business.)
- Recommendation of Dividend retained @ 20% i.e. Rs. 2.00 per Equity Share.

MANAGEMENT'S STATEMENT

Commenting on the results, Mr. Arvind Kajaria, Managing Director said, "We are excited to report an incredibly strong fourth quarter and tremendous overall growth in FY 2015-16 with the business reaching Rs. 718 Cr. in full year revenues. We are seeing tremendous traction from customers as we focus on leveraging technology and innovation to reinvent the way customers shop and build a truly differentiated retail experience. 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. We look forward to making great strides in FY 2016-17 as we continue to build the 123Stores brand. Overall we are very enthusiastic about our long-term growth"

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Highlights

E-COMMERCE BUSINESS

During the quarter, the Company raised Rs. 34.5 Cr. for expansion and growth activities related to the E-Commerce business. The shares were sold by Intrasoft Beneficiary Trust, whose sole beneficiary is the Company. Intrasoft Beneficiary Trust was set up in 2007 pursuant to a Scheme of Amalgamation that was approved by the Bombay High Court and the Calcutta High Court, to hold shares solely for the benefit of the Company.

After the completion of this transaction, the entire number of equity shares held by the Intrasoft Beneficiary Trust has been sold and now the Trust does not hold any further shares of the Company.

New Investors in the Company include University of Notre Dame Du Lac, Washington University & Massachusetts Institute of Technology.

123Stores was ranked as the 262nd largest Online Retailer in USA, a gain of 130 ranks from #392 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".

During the year, the Company further expanded its catalog and is now selling more than 500,000 unique products from more than 1600 suppliers on its website and partnered marketplaces.

Revenue:

Particulars	FY 2015-16	FY 2014-15	Growth (%)
E-Commerce Revenue	699.07 Cr.	322.64 Cr.	117%

Revenue Growth was visible across all product categories, with Furniture, Patio, Lawn & Garden being the largest category.

The Top Product Categories by Revenues during FY2015-16 were

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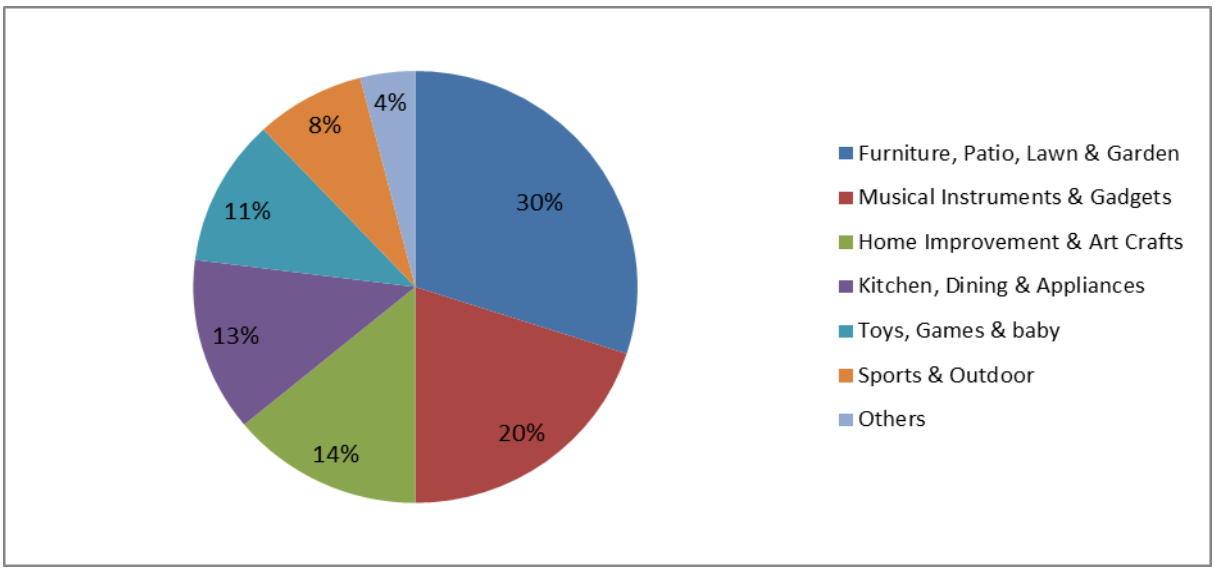

Product Categories	% of Sales
Furniture, Patio, Lawn & Garden	30%
Musical Instruments & Gadgets	20%
Home Improvement & Art Crafts	14%
Kitchen, Dining & Appliances	13%
Toys, Games & Baby	11%
Sports & Outdoor	8%
Others	4%

Orders:

Particulars	FY 2015-16	FY 2014-15	Growth (%)
Orders	1,969,233	772,981	155%

The Number of Orders grew tremendously over the year from 772,981 to 1,969,233, a growth of 155%. Our proprietary technology platform allows us to scale order volumes with minimal human intervention, enabling cost savings as we grow volumes.

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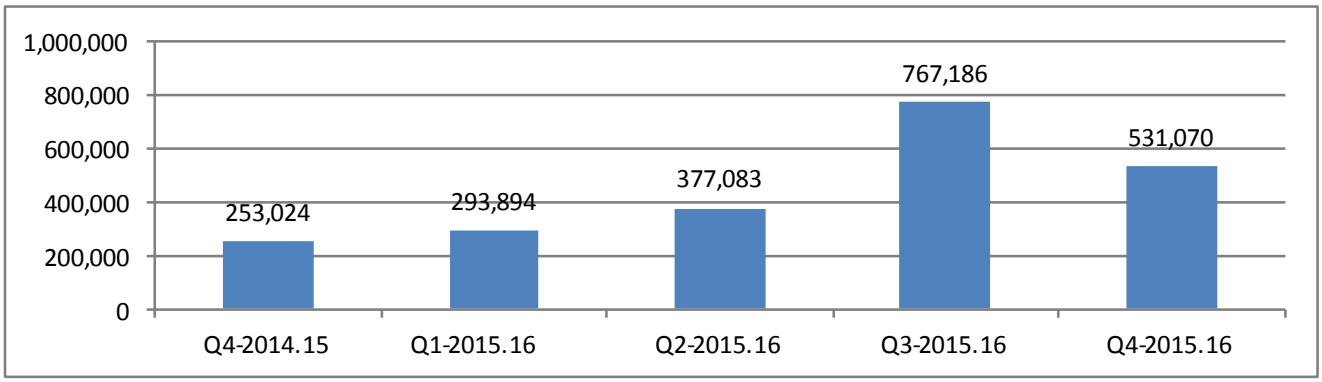
The Number of Orders during the last 5 quarters were



Quarter	Orders
Q4 2015-16	531,070
Q3 2015-16	767,186
Q2 2015-16	377,083
Q1 2015-16	293,894
Q4 2014-15	253,024

Gross Margin:

Particulars	FY 2015-16	FY 2014-15	Improvement (%)
Cost of Goods Sold (Inc. Shipping)	81.7%	80.4%	-1.3%
Gross Margin	18.3%	19.6%	

As the sales momentum continues to improve, we are continuing to see an improvement in Gross Margins from our existing products and suppliers. However, Gross Margin Y-o-Y was not comparable because of the addition of newer suppliers and products to the catalog, which helps increase sales as we grow.

Inventory:

As on 31st March, 2016, Inventory at our warehouses was Rs. 55.30 Cr. The increase is primarily on account of increased sales momentum during the year.

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E-GREETINGS BUSINESS

123Greetings.com continued to see increased Mobile Application usage Y-o-Y with 15.14 Lakhs cards sent during FY2015-16 against 9.59 Lakhs during FY2014-15. Mobile application downloads reached 10.43 Lakhs as on 31st March, 2016. E-Greetings business revenue for FY2015-16 was Rs. 17.80 Cr.

DIVIDEND

The Board of Directors recommended a Dividend @ 20% i.e. Rs. 2.00 per Equity Shares for the Financial year 2015-2016.

CONFERENCE CALL

IntraSoft Technologies Limited will host a conference call to discuss the Quarterly and Annual Financial Performance for Q4 FY2015-16 and FY2015-16 on **Monday, May 30th, 2016 at 12.30 p.m. (IST).** Investors and participants can access the call by dialing either of the following access numbers.

Access Numbers	
Primary Number:	+91 22 3960 0711
Secondary Number:	+91 22 6746 8311
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 & 123Greetings.com, an online greeting cards Company.

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 #262 on the Internet Retailers 2015 Top 500 list and is ranked #1,641 in Inc. 5,000 list of fastest growing private US companies.

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123Greetings.com is the world's leading online destination for human expressions reaching 95 million visitors annually. Its offering of over 42,000 ecards across multiple languages covers a mix of 3,000 seasonal & everyday categories.

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.

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IntraSoft Technologies Ltd: Investor Relations

E-Commerce FAQs – May 27th, 2016

1. **What is your E-Commerce Business Model?**

   Our business model is to create a large distribution network wherein we can offer our customers a better shopping experience including a better price point by leveraging our technology, our efficient supply chain and our deep relationships with our suppliers.

   Our technology allows us to offer a larger selection of products thereby having the ability to cater to a wider customer base. This results in a larger volume of orders, which allows us to leverage our technology, our efficient supply chain and our deep relationships with our suppliers, to offer a better price point to our customers. A better price point allows us to offer a larger selection of products, which again reinforces the cycle.

2. **What are your E-Commerce revenues?**

   E-Commerce Revenues increased from Rs. 322.64 Cr. to Rs. 699.07 Cr. during the year, a growth of 117% Y-o-Y.

	FY 2014-15	FY 2015-16	Growth
Revenues	Rs. 322.64 Cr.	Rs. 699.07 Cr.	117%

   The numbers of orders increased from 7.73 to 19.69 Lakhs during the year, a growth of 155% Y-o-Y.

	FY 2014-15	FY 2015-16	Growth
Orders	772,981	1,969,233	155%

3. **Where do you sell your products?**

We sell our products on our own website, www.123stores.com

We also have shop in shop partnerships with other leading retailers and sell our products on these different marketplaces along with our own website. Based on our partnerships with different marketplaces, we are able to reach a large percentage of the online US population.

We are able to reach out to our customers in 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.

As at 31st March, 2016, we sell our 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.

All our products are available to USA & Canada customers only.

4. **What is the revenues break-up among market places?**

Every marketplace has a distinct and unique target market and it is not correct to compare them specifically in terms of the size. Some marketplaces are specialists in electronics, while another could be a specialist in furniture. We endeavor to source and sell products best suited to each particular marketplace. Universally, all products are available on our own website.

In FY 2015-16, Amazon.com was our largest marketplace partner followed by Ebay.com. Due to competitive reasons, we currently do not disclose the exact share of each of our marketplaces in our overall revenue mix.

5. **Do you partner with Amazon or do you compete with them?**

Amazon has converted its website into a marketplace and it encourages third party sellers to participate in their growth. We have successfully partnered with Amazon and as on 31st March 2016, we were selling more than 500,000 unique SKU's (Stock Keeping Units) on their marketplace.

We do have some overlap of products with Amazon, so we do compete with them as well. But it is Amazon's stated policy to grow their 3rd party network and expand the percentage of items sold by 3rd party sellers and hence the confidence in our business model.

6. **What is your strategy for adding market places?**

Our strategy is to expand to cover all marketplaces in the US first, so that our distribution network reaches 100% of the US online shoppers. Once we establish a leadership role in the US, we will expand our coverage to other markets.

During Q2 FY 2015-16, 123Stores Inc. integrated with **Jet.com**, an e-commerce marketplace.

7. **When are you going to start operations in India?**

   Our business model is more suited to a market where the marketplace model itself has already been developed. We believe that India is going to get to that phase in the near future.

8. **How many products do you sell? What brands do you sell?**

   As on 31st March, 2016, we are selling more than 500,000 unique SKU's (Stock Keeping Units) in our catalog covering more than 1600 suppliers.

   All the brands that we sell are currently based in United States and Canada.

   Our Top Product Categories during FY 2015-16 were

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%

9. What is your pricing strategy?

We aim to offer our customers a better shopping experience including a better price point by leveraging our technology, our efficient supply chain and our deep relationships with our suppliers. Our operating efficiencies ensure that even at that price we are profitable. As a philosophy, we do not believe in selling at a loss.

10. Are you profitable?

Yes, we are profitable on a transactional level and as of 2015-16 on an overall level as well, and as we are on a growth trajectory, we continue to use our free cash flows to invest for growth. So far, we have aggressively invested in the growth of our business and this investment will continue.

As our sales momentum continues to improve, our operating expenses will increase in tandem as we continue to hire additional personnel primarily in merchandising, technology, operations, customer service and general and administrative functions. We have also invested substantially in developing partnerships with leading brands and will continue to invest to grow our supplier base.

11. How much inventory do you hold?

We hold minimal inventory in our own distribution centers. We have agreements with our suppliers that allow us access to their inventory directly at their warehouses & distribution centers. This also allows us to ship items from our supplier warehouses & distribution centers directly to our customers, thereby saving the costs of double shipping.

This supplier direct fulfillment network is a key component of our proprietary and seamlessly integrated technology platform, which also includes extensive supplier integrations and superior customer service.

For the balance, we follow an event led inventory model wherein we stock inventory for a specific promotion or time period. Typically, the inventory we hold in our warehouses consists of fast moving SKU's only. As on 31st March 2016, Inventory at our warehouses was Rs. 55.30 Cr.

12. What is your Gross Margin?

Gross Margin as a percentage of sales was 18.3% in FY 2015-16. As the sales momentum continues to improve, we are continuing to see an improvement in Gross Margins from our existing products and suppliers. However, Gross Margin Y-o-Y was not comparable because of the addition of newer suppliers and products to the catalog, which helps increase sales as we grow.

13. What is your E-Commerce team size?

Our E-Commerce team size as at March 31st, 2016 was 196 employees.

14. What is the incentive for suppliers to tie up with 123Stores?

As an online retailer, we sell a vast number of products, sourced from thousands of brand-owners, across all major product categories, providing customers with a convenient and seamless shopping experience from our own website as well as in partnership with leading online marketplaces to enable us to reach over 95% of the online US population.

Our smarter online retail platform allows our suppliers to drive additional revenue and tap into our rapidly growing customer base, complementing

their existing offline retail channels. Our suppliers can focus exclusively on developing products which win customers, without having to worry about investing in online retail solutions, while we relentlessly deploy our technological expertise to build an eco-system which seamlessly integrates with their operations.

We also have deep relationships with UPS and Fed-Ex, both leaders in the logistics industry as well as partnerships with several regional carriers. Our far reaching services and integrated network allows for the fastest possible deliveries and no hassles for them or our customers.