



IntraSoft Technologies Limited

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CIN No.: L24133MH1996PLC197857

4th November, 2015

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

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

Rakesh Dhanuka
Company Secretary & Compliance Officer



Encl: as above



PRESS RELEASE



Mumbai, November 4, 2015

INTRASOFT TECHNOLOGIES LIMITED REPORTS REVENUES OF Rs. 155 Cr. FOR Q2 FY2015-16

IntraSoft Technologies Ltd. (BSE: 533181, NSE: ISFT) today announced its Unaudited Consolidated Financial Results for the Quarter and Half Year ended September 30, 2015.

Q2 FY2015-16 HIGHLIGHTS: (All comparisons are with Q2 FY2014-15 figures)

- Total Income at Rs. 154.68 Cr. up by 159% from Rs. 59.63 Cr.
- Profit after Tax (PAT) at Rs 1.66 Cr. up by 80% from Rs 0.92 Cr.

H1 FY2015-16 HIGHLIGHTS: (All comparisons are with H1 FY2014-15 figures)

- Total Income at Rs. 272.69 Cr. up by 128% from Rs. 119.42 Cr.
- Profit after Tax (PAT) at Rs 2.89 Cr. up by 64% from Rs 1.76 Cr.

Trailing Twelve Months ended 30th September, 2015 HIGHLIGHTS:

- Total Income at Rs. 496.60 Cr.
- Profit after Tax (PAT) at Rs 7.09 Cr.

MANAGEMENT'S STATEMENT

Commenting on the results, **Mr. Arvind Kajaria**, Managing Director said, "We are pleased with the results of this quarter with 159% increase in Revenue and 80% increase in Profit. During this quarter, we tied up with a new marketplace Jet.com and added a number of new suppliers & products to our offering, which is reflected in the topline growth. The new products have performed well and the technology platform has been further strengthened to seamlessly manage the upcoming holiday sales. Overall, we are excited about our performance in the quarter and about the market opportunity ahead of us. Our outlook for Q3 is positive. Macro trends and overall market conditions are expected to pick up further as the quarter celebrates major festivals in markets where we have a strong presence.



Given our leadership position and our ability to leverage market conditions, we are optimistic of enhancing our growth trajectory.”

Highlights

E-COMMERCE BUSINESS

During the quarter the E-Commerce business saw impressive performance growth and improvement in all parameters.

One of our marketplace partners, Amazon.com, celebrated their 20th Birthday by launching “Prime Day” on July 15th, a shopping event that offered shoppers new deals as fast as every 10 minutes, and from every product category. This event was met with tremendous success and great reviews and as one of the key partners to Amazon.com, 123Stores revenues on Prime Day was up more than 500% Y-o-Y. We look forward to this becoming an annual event in the future.

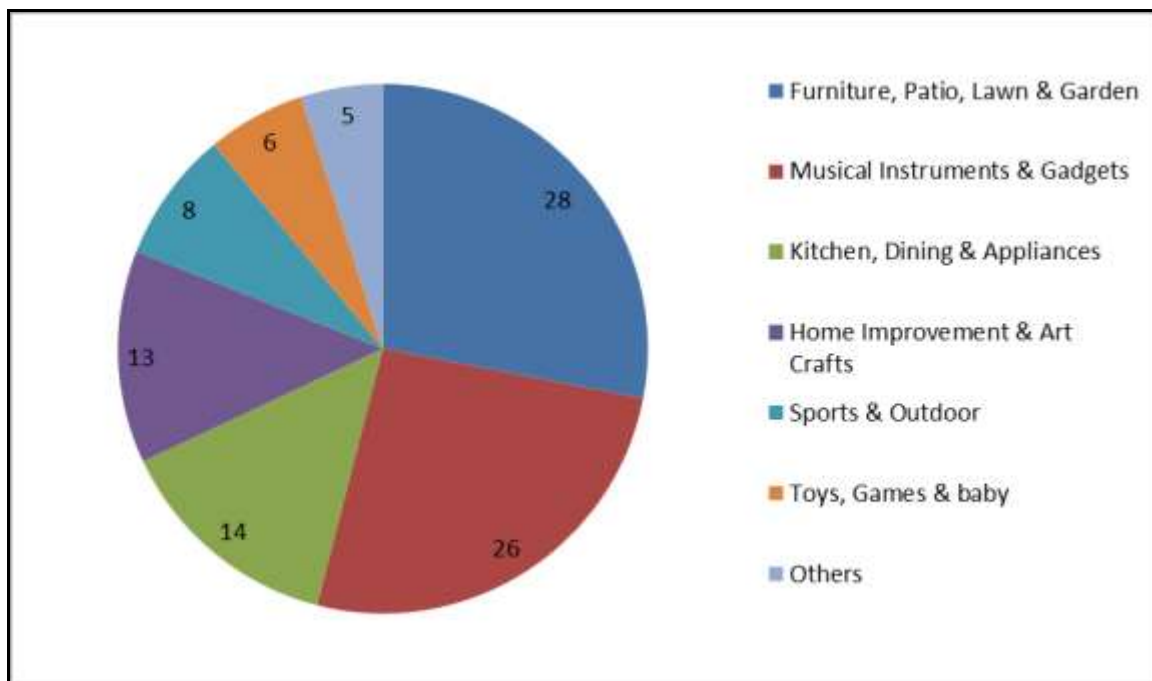
During the quarter, the Company expanded its catalogue to cater to the upcoming Holiday Season demand and is now partnered with more than 1440 Suppliers and is selling more than 2,65,000 unique products on its website and partnered marketplaces.

Revenue:

Particulars	Q2 FY 2015-16	Q2 FY 2014-15	Growth (%)
E-Commerce Revenue	150.59 Cr.	55.98 Cr.	169%

E-Commerce Revenues increased from Rs 55.98 Cr. to Rs 150.59 Cr. during the quarter, a growth of 169% Y-o-Y. This growth was across all product categories, with Furniture, Patio, Lawn & Garden being the largest category.

The Top Product Categories by Revenues during Q2 FY2015-16 were



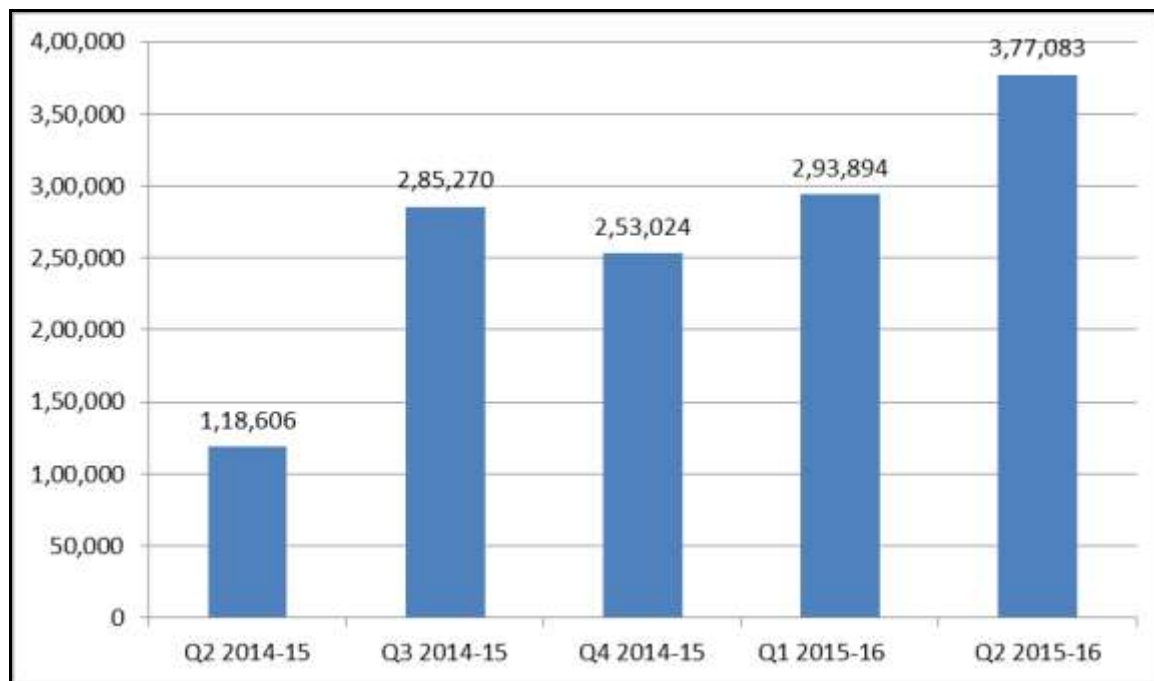
Product Categories	% of Sales
Furniture, Patio, Lawn & Garden	28%
Musical Instruments & Gadgets	26%
Kitchen, Dining & Appliances	14%
Home Improvement & Art Crafts	13%
Sports & Outdoor	8%
Toys, Games & Baby	6%
Others	5%

Orders Shipped:

Particulars	Q2 FY 2015-16	Q2 FY 2014-15	Growth (%)
Orders Shipped	377,083	118,606	218%

The Number of Orders Shipped grew tremendously over the quarter from 118,606 to 377,083, a growth of 218% Y-o-Y. Our proprietary technology platform allows us to scale order volumes with minimal human intervention, enabling cost savings as we grow volumes.

The Number of Orders Shipped during the last 5 quarters were



Quarter	Orders Shipped
Q2 2015-16	377,083
Q1 2015-16	293,894
Q4 2014-15	253,024
Q3 2014-15	285,270
Q2 2014-15	118,606

As we leveraged our technology and efficient supply chain, we were able to offer customers a better shopping experience including a better price point. Accordingly, we were able to sell many newer lower priced products during the year, resulting in a lower average order value of Rs. 3994 as compared to Rs. 4720 Y-o-Y, but much higher number of orders shipped.

GROSS MARGIN:

Particulars	Q2 FY 2015-16	Q2 FY 2014-15	Improvement (%)
Cost of Goods Sold (Inc. Shipping)	82.0%	80.6%	-1.4%
Gross Margin	18.0%	19.4%	



As the operations of the Company continue to expand, expenses related to shipping & handling represent an important area of Cost of Good Sold (COGS). Moving forward, we shall report a summation of the cost of products as well as the Shipping & Handling Expenses as Cost of Good Sold (incl. Shipping).

The slight decrease in the Gross Margin was because of the addition of newer suppliers and products to the catalog and also because of the slight shift in the sales mix. As the sales momentum continues to improve, the overall Gross Margin will trend upwards as the year progresses and we continue to increase our purchases from these newer suppliers.

Inventory:

As on September 30th 2015, Inventory at our warehouses was Rs. 32.37 Cr. The increase is primarily to cater to the upcoming holiday season demand.

Other Highlights:

During the quarter, 123Stores, Inc. integrated with Jet.com, an e-commerce marketplace, making it the 9th shop-in-shop partnership for 123stores.com. Now with this integration the partnered market places are Amazon, Ebay, Rakuten (Buy.Com), Bestbuy, NewEgg, Sears, Amazon Canada, Alibaba's 11 Main and Jet.Com.

During the quarter, a 100% subsidiary of 123Stores, Inc. was formed in India under the name of 123Stores E Commerce Pvt. Ltd. to increase focus on the E-Commerce business by consolidating all operations related to E-Commerce under 123Stores, Inc. so as to further increase financial and operational efficiencies.

E-GREETINGS BUSINESS

123Greetings.com continued to see increased Mobile Application usage Y-o-Y with increase in the number of cards sent, from 2.40 Lakhs in Q2 FY 2014-15 to 2.52 Lakhs during Q2 FY2015-16. Mobile application downloads reached 7.63 Lakhs as on 30th September, 2015. E-Greetings business revenue for Q2 FY2015-16 was Rs. 3.39 Crs.

Exceptional Items:

During the quarter, the Company sold 5,50,000 shares held by Intrasoft Beneficiary Trust, whose sole beneficiary is the Company, at a rate of Rs 510 per share resulting in a Net Gain after expenses of Rs. 2696 Lakhs. The funds raised were used to expand our E-Commerce Business as we head into the Holiday Season.

Additionally, 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 Rs 2635 Lakhs as an exceptional item as these software resources would not be contributing to future revenues. As the write off would be of a non-cash nature, this would not have any impact on cash flows or on operations. This write off completes the review process of all the software assets of the Company. Since April 2013, all software development expenses are expensed in the same year as and when they are incurred.

Consequently, there was a net gain from Exceptional Items amounting to Rs. 61 Lakhs in the quarter.

CONFERENCE CALL

IntraSoft Technologies Limited will host a conference call to discuss the Quarterly Financial Performance for Q2 FY2015-16 on **Thursday, November 05, 2015 at 2 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 (Senior Manager – Finance)**. 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 #392 on the Internet Retailers 2015 Top 500 list and is ranked #1,641 in Inc. 5,000 list of fastest growing private US companies.

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.

IntraSoft Technologies Ltd: Investor Relations

E-Commerce FAQs – November 4th, 2015

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 55.98 Cr. to Rs 150.59 Cr. during the quarter, a growth of 169% Y-o-Y.

	Q2 FY 2014-15	Q2 FY 2015-16	Growth
Revenues	Rs. 55.98 Cr.	Rs. 150.59 Cr.	169%

The numbers of orders shipped increased from 1.18 to 3.77 Lakhs during the quarter, a growth of 218% Y-o-Y.

As we leveraged our technology and efficient supply chain, we were able to offer customers a better shopping experience including a better price point. Accordingly, we were able to sell many newer lower priced products during the year, resulting in a lower average order value (Rs. 3994), but much higher number of orders shipped.

	Q2 FY 2014-15	Q2 FY 2015-16	Growth
Orders Shipped	118,606	377,083	218%

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 30th September, 2015, 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 Q2 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 30th September 2015, we were selling more than 265,000 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.

In FY 2015-16, we are looking to add 2 - 3 new marketplaces in the US.

During Q2 FY 2015-16, 123Stores Inc. integrated with **Jet.com**, an e-commerce marketplace, making it the 9th shop-in-shop partnership for 123stores.com.

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 30th September, 2015, we are selling more than 265,000 unique SKU's (Stock Keeping Units) in our catalog covering more than 1440 brands.

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

Our Top Product Categories during Q2 FY 2015-16 were

Categories	Percentage
Furniture, Patio, Lawn & Garden	28%
Musical Instruments & Gadgets	26%
Kitchen, Dining & Appliances	14%
Home Improvement & Art Crafts	13%
Sports & Outdoor	8%
Toys, Games & Baby	6%
Others	5%

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 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.

We anticipate that our operating expenses will increase substantially 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 30th September 2015, Inventory at our warehouses was Rs. 32.37 Cr. The increase is primarily to cater to the upcoming holiday season demand.

12.What is your Gross Margin?

As the operations of the Company continue to expand, expenses related to shipping & handling represent an important area of Cost of Good Sold (COGS). Moving forward, we shall report a summation of the cost of products as well as the Shipping & Handling Expenses as Cost of Good Sold (incl. Shipping).

Gross Margin as a percentage of sales was 18% in Q2 FY 2015-16. The slight decrease in the Gross Margin was because of the addition of newer suppliers and products to the catalog and also because of the slight shift in the sales mix. As the sales momentum continues to improve, the overall Gross Margin will trend upwards as the year progresses and we continue to increase our purchases from these newer suppliers.

13.What is your E-Commerce team size?

Our E-Commerce team size as at September 30th, 2015 was 187 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.