IntraSoft Technologies Limited

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February 12, 2020

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 on Financial Results for the quarter ended on December 31, 2019.

This is for your information and records.

Thanking You,

Yours faithfully,
For IntraSoft Technologies Limited

INTRASOFT TECHNOLOGIES LIMITED

Pranvesh Tripathi
Company Secretary & Compliance Officer

Encl: as above

PRESS RELEASE

Mumbai, 12 February 2020

INTRASOFT TECHNOLOGIES LIMITED REPORTS RESULTS FOR Q3 FY 2019-20

IntraSoft Technologies Ltd. (BSE: 533181, NSE: ISFT) today announced its Results for the Quarter and Nine Months ended 31 December 2019.

Q3 FY2019-20 HIGHLIGHTS: (All comparisons are with Q3 FY2018-19 figures)

Operating Cash Flow of the E-Commerce business for the quarter was \$0.39 million, as against \$1.43 million during the same quarter last year.

MANAGEMENT'S STATEMENT ON THE E-COMMERCE BUSINESS

"We continued our positive cash flow performance, as we continued our focus on transitioning brands to the partnership model," said Arvind Kajaria, Managing Director.

"Our business is moving towards a platform. This is characterized by contracts that are standardized to meet our supply chain benchmarks. But this transition is much like relationship building with the brands, and is a gradual process. Brands not meeting the supply chain benchmarks have not been onboarded onto the platform, impacting sales temporarily. Uncertainties around the US-China trade relations also added to this.

With our operational fundamentals in place, we are now ready to expand our partner base. This will involve reaching out to more brands with the awareness about our platform, and their gradual onboarding onto the platform.

The effects of this transition were reflected in our operational efficiencies, reflected by three inter-linked cost elements – Cost of Goods Sold, Shipping & Handling, and Sales & Marketing. The summation of these costs (as a percentage of revenue) came down 0.96 percentage points YoY and 0.11 percentage points QoQ. These continue to be well within our long-term target range."

Revenue

Revenue from operations was $18.92 million as compared to $25.82 million.

“The lower level of revenue was the result of a conscious decision to evaluate and optimize our portfolio of brands, in line with our focus on the partnership model.”

Operating Margin

Operating Margin was +1.06% in Q3FY20 as compared to +1.20% in Q3FY19.

“Our focus continues to be on cash flows, as we chart a clear path to long-term sustainability.”

Accounts Payable

Accounts Payable at the end of 31 December was $3.58 million, as compared to $3.92 million last quarter, and $3.91 million same time last year, reflecting 19.2, 18.2 and 14.7 Accounts Payable Days on an annualized basis respectively.

“Accounts Payable Days increased this quarter, both in relation to the previous quarter and the corresponding quarter last year. This is indicative of brands showing confidence in and moving to the partnership model.”

Inventories

Inventories at the end of 31 December was $14.90 million, reflecting 4.7 turns on an annualized basis.

Of the $14.90 million, $7.50 million worth of inventories were at the fulfillment centers, $6.10 million worth of goods were in transit from suppliers to the fulfillment centres & $1.30 million worth of goods were in transit to the customers.

“The simultaneity of fall in revenue and the presence of inventory from our earlier model has impacted inventory performance. We believe that as we grow our partner base and get better traction for our platform, the increasing proportion of inventory under the partnership model will show improvement in inventory performance (as we already see in Accounts Payable days).”

Accounts Receivable

Accounts Receivable at the end of 31 December was $0.18 million, reflecting approximately 4.7 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.

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.

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.