PRESS RELEASE

Mumbai, July 20, 2015

INTRASOFT TECHNOLOGIES LIMITED REPORTS REVENUES OF Rs. 118 Cr. FOR Q1 FY2015-16

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

Q1 FY2015-16 HIGHLIGHTS: (All comparisons are with Q1 FY2014-15 figures)

- Total Income at Rs. 118.00 Cr. up by 97% from Rs. 59.78 Cr.
- Profit after Tax (PAT) at Rs 1.22 Cr. up by 47% from Rs 0.83 Cr.

MANAGEMENT'S STATEMENT

Consolidated Revenue for the first quarter ended June 30, 2015 increased 97% to Rs. 118.00 Cr., compared to the first quarter ended June 30, 2015, driven by E-Commerce growth.

Commenting on the results, Mr. Arvind Kajaria, Managing Director said, "We are pleased with our performance during the quarter which saw overall growth largely on account of operational efficiencies. As we consistently delivery larger volumes at the best prices, in the quickest time, our importance to the stakeholders will continue to grow thereby increasing our value."

Highlights

E-COMMERCE BUSINESS

The E-Commerce business saw tremendous performance growth and improvement in all parameters during the quarter.

Revenue:

Particulars	Q1 FY 2015-16	Q1 FY 2014-15	Growth (%)
E-Commerce Revenue	113.36 Cr.	53.93 Cr.	110%

E-Commerce Revenues increased from Rs 53.93 Cr. to Rs 113.36 Cr. during the quarter, a growth of 110% Y-o-Y. This growth was across all product categories, with Furniture, Patio, Lawn & Garden being the largest category. The Company added 37 new suppliers during the quarter.

The Top 6 Product Categories by Revenues during Q1 FY2015-16 were

Furniture, Patio, Lawn & Garden	36%
Musical Instruments & Gadgets	17%
Home Improvement & Art Crafts	16%
Kitchen, Dining & Appliances	13%
Sports & Outdoor	07%
Toys, Games & Baby	05%

Orders Shipped:

Particulars	Q1 FY 2015-16	Q1 FY 2014-15	Growth (%)
Orders Shipped	293,894	116,081	153%

The Number of Orders Shipped grew tremendously over the quarter from 116,081 to 293,894, a growth of 153% 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

Q1 2015-16	293,894
Q4 2014-15	253,024
Q3 2014-15	285,270
Q2 2014-15	118,606
Q1 2014-15	116,081

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 quarter, resulting in a lower average order value (Rs. 3857), but much higher number of orders shipped.

Cost of Goods Sold:

Particulars	Q1 FY 2015-16	Q1 FY 2014-15	Improvement (%)
Cost of Goods Sold	66.4%	65.2%	-1.2%

As the Company added newer suppliers and products to its catalog, there was a slight increase in the Cost of Goods Sold by 1.2% during the quarter. As the sales momentum continues to improve, the overall Cost of Goods Sold will tread downwards as the year progresses and as we continue to increase our purchases from these newer suppliers. As on June 30th 2015, Inventory at our warehouses was Rs. 17.71 Cr.

E-GREETINGS BUSINESS

123Greetings.com continued to see increased Mobile Application usage Y-o-Y with more than double in the number of cards sent, from 1.70 Lakhs in Q1 FY 2014-15 to 3.70 Lakhs during Q1 FY2015-16. Mobile application downloads reached 6.88 Lakhs as on 30th June, 2015. E-Greetings business revenues for Q1 FY2015-16 was Rs. 4.37 Crs.

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.

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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 – July 20, 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 53.93 Cr. to Rs 113.36 Cr. during the quarter, a growth of 110% Y-o-Y.

	Q1 FY 2014-15	Q1 FY 2015-16	Growth
Revenues	Rs. 53.93 Cr.	Rs. 113.36 Cr.	110%

   The numbers of orders shipped increased from 1.16 to 2.94 Lakhs during the quarter, a growth of 153% 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. 3857), but much higher number of orders shipped.

	Q1 FY 2014-15	Q1 FY 2015-16	Growth
Orders Shipped	116,081	293,894	153%

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 June, 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).

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 Q1 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 31^{st} March 2015, we were selling 200,000 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 3^{rd} party network and expand the percentage of items sold by 3^{rd} 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.

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 2015, we are selling 200,000 unique SKU's (Stock Keeping Units) in our catalog covering 1300 brands.

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

Our Top 6 Product Categories during Q1 FY 2015-16 were

Furniture, Patio, Lawn & Garden	36%
Musical Instruments & Gadgets	17%
Home Improvement & Art Crafts	16%
Kitchen, Dining & Appliances	13%
Sports & Outdoor	07%
Toys, Games & Baby	05%

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 June 2015, Inventory at our warehouses was Rs. 17.71 Cr.

12. What is your COGS (Cost of Goods Sold)?

The Cost of Goods Sold as a percentage of our Sales was 66.4%. As the Company added newer suppliers and products to its catalog, there was a slight increase in the Cost of Goods Sold by 1.2% during the quarter. As the sales momentum continues to improve, the overall Cost of Goods Sold will tread downwards as the year progresses and as 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 June 30th, 2015 was 183 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.