***Draft Letter of Offer***
*March 14, 2022*
*For Eligible Equity Shareholders Only*

# INTRASOFT TECHNOLOGIES LIMITED

IntraSoft Technologies Limited (our "Company" or "Issuer") was originally incorporated as "Regency Extrusions & Plastics Private Limited", as a private limited company under the Companies Act, 1956, in the state of West Bengal, pursuant to certificate of incorporation dated February 27, 1996 issued by the Registrar of Companies, West Bengal. Thereafter, the name of our Company was changed to "IntraSoft Technologies Private Limited" pursuant to fresh certificate of incorporation consequent on change of name dated October 29, 1997, issued by the Registrar of Companies, West Bengal. Subsequently, our Company was converted into Public Limited Company and consequently, the name of our company was changed to "IntraSoft Technologies Limited" pursuant to issuance of Fresh Certification of Incorporation dated October 16, 2007 issued by Registrar of Companies, West Bengal. With effect from December 15, 2009 the registered office of our Company was shifted to Maharashtra and was registered with the Registrar of Companies, Maharashtra, Mumbai. For details of change of our name, see "General Information" on page 39.

**Registered Office:** A-502, Prathamesh, Raghuvanshi Mills Limited Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, India;
**Corporate Office**: Suite 301, 145, Rash Behari Avenue, Kolkata – 700 029, India;
**Tel:** + +91 22 4004 0008; **Contact Person:** Pranvesh Tripathi, Company Secretary and Compliance Officer;
**E-mail:** intrasoft@itlindia.com; **Website:** www.itlindia.com;
**Corporate Identification Number:** L24133MH1996PLC197857

**OUR PROMOTERS: MR. ARVIND KAJARIA AND MR. SHARAD KAJARIA**

**FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF OUR COMPANY**

**ISSUE OF UP TO [•] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH ("RIGHTS EQUITY SHARES") OF THE COMPANY FOR CASH AT A PRICE OF ₹ [•] EACH INCLUDING A SECURITIES PREMIUM OF ₹ [•] PER RIGHTS EQUITY SHARE ("ISSUE PRICE") NOT EXCEEDING ₹ [•] LAKHS* ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [•] EQUITY SHARES FOR EVERY [•] FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, I.E. [•] (THE "ISSUE"). FOR FURTHER DETAILS, SEE "*TERMS OF THE ISSUE*" ON PAGE 149.**

**Assuming full subscription.*

## GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the *Risk Factors* carefully before taking an investment decision in this Issue. For taking an investment decision, Investors must rely on their own examination of our Company and the Issue including the risks involved. The Rights Equity Shares being offered in this Issue have not been recommended or approved by Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Letter of Offer. **Investors are advised to refer to the "*Risk Factors*" on page 19 of this Draft Letter of Offer before making an investment in the Issue.**

## ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

## LISTING

The existing equity shares of our Company are listed on BSE Ltd. ("**BSE**") and National Stock Exchange of India Limited ("**NSE**"). We have received "in-principle" approval from BSE & NSE for listing the equity shares arising from the Issue vide their letters dated January 05, 2010 and January 25, 2010 respectively. For the purposes of the Rights Issue, the Designated Stock Exchange is BSE.

| LEAD MANAGER TO THE ISSUE | REGISTRAR TO THE ISSUE |
|---|---|
| **Pantomath Capital Advisors Private Limited**<br>406-408, Keshava Premises Bandra Kurla Complex, Bandra East<br>Mumbai – 400 051<br>Tel: +91 22 6194 6700<br>**Email:** ipo@pantomathgroup.com<br>**Investor Grievance Email: ipo@pantomathgroup.com**<br>**Website:** www.pantomathgroup.com<br>**Contact Person:** Punam Thadeshwar<br>**SEBI Registration No:** INM000012110 | **Link Intime India Private Limited**<br>C-101, 247 Park, Lal Bahadur Shastri (LBS) Marg, Vikhroli (West)<br>Mumbai – 400 083 Maharashtra, India<br>**Telephone**: +91 22 4918 6200<br>**Email**: intrasoft.rights@linkintime.co.in<br>**Investor grievance e-mail**: intrasoft.rights@linkintime.co.in<br>**Website**: www.linkintime.co.in<br>**Contact Person**: Sumeet Deshpande<br>**SEBI Registration No**: INR000004058 |

## ISSUE PROGRAMME

| ISSUE OPENS ON | LAST DATE FOR ON MARKET RENUNCIATION* | ISSUE CLOSES ON# |
|---|---|---|
| [•] | [•] | [•] |

**Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

*# Our Board thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

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## SECTION I – GENERAL

## DEFINITIONS AND ABBREVIATIONS

This Draft Letter of Offer uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Draft Letter of Offer but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, 2013, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in ***"Statement of Special Tax Benefits"*** and ***"Financial Statements"*** beginning on pages 49 and 75, respectively, shall have the meaning given to such terms in such sections.

**Issuer Related Terms**

| Term | Description |
|---|---|
| "ITL" or "Our Company" or "the Company" or "The Issuer" | IntraSoft Technologies Limited incorporated under the Companies Act 1956 |
| "We", "us", or "our" | Unless the context otherwise requires, indicates or implies or unless otherwise specified, our Company together with our Subsidiaries, on a consolidated basis |
| "Articles of Association" or "Articles" | The articles of association of our Company, as amended from time to time. |
| Audited Consolidated Financial Statements | The audited consolidated financial statements of our Company for the year ended March 31, 2021 which comprises the consolidated balance sheet as at March 31, 2021, the consolidated statement of profit and loss for the year ended March 31, 2021, including other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information. |
| "Board" or "Directors" "Board of Directors" | The directors on the board of our Company or a duly constituted committee thereof or its duly authorised individuals |
| "Chief Financial Officer / CFO" | Mr. Mohit Kumar Jha, the Chief Financial Officer of our Company. |
| "Company Secretary and Compliance Officer" | Mr. Pranvesh Tripathi, the Company Secretary and the Compliance Officer of our Company. |
| Chairman & Managing Director/ CMD | Mr. Arvind Kajaria, being Chairman and Managing Director of the Company. |
| Corporate Office | Suite 301, 145, Rash Behari Avenue, Kolkata – 700 029, India |
| Director(s) | The directors(s) on the Board of our Company, as may be appointed from time to time. |
| Equity Shareholders | Holders of Equity Share(s), from time to time |
| Equity Shares | Equity Shares of face value of ₹10/- each of our Company. |
| Independent Director(s) | Independent Directors of our Company as defined in the Companies Act, 2013 and the SEBI Listing Regulations. |
| Key Management Personal/KMP | Key Management/ Management Personal of our Company in accordance with Regulation 2(1) (bb) of the SEBI ICDR Regulations. |
| Memorandum of Association or Memorandum | The memorandum of association of our Company, as amended from time to time |
| Materiality Policy | 'Policy on Determination and Disclosure of Materiality of Events' adopted by our Board in accordance with the requirements under Regulation 30 of the SEBI Listing Regulations, read with the 'Policy on |

| | |
|---|---|
| | Determination of Materiality of Litigation' adopted by our Board through circulation resolution dated 14 March, 2022, for the purpose of litigation disclosures in this Draft Letter of Offer. |
| Material Subsidiary | The Material subsidiary of our Company identified in accordance with the SEBI Listing Regulations namely, 123Stores, Inc. |
| Managing Director | Mr. Arvind Kajaria, being Managing Director of the Company. |
| Promoters | The promoters of our Company, namely, Mr. Arvind Kajaria, Mr. Sharad Kajaria. |
| Promoter Group | Ms. Padma Kajaria belongs to the Promoter Group of our Company.<br>The persons and entities forming part of the promoter group of the Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations and which are disclosed by our Company to the Stock Exchanges from time to time |
| Registered Office | A-502, Prathamesh, Raghuvanshi Mills Limited Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 |
| Registrar of Companies/ ROC | The Registrar of Companies, Maharashtra at Mumbai. |
| Subsidiaries | Companies or body corporates constituting the subsidiaries of our Company as determined in terms of Section 2(87) of the Companies Act, 2013 in our case the subsidiaries and step-down subsidiaries of our Company being:<br>**Subsidiaries**<br>123Greetings.com, Inc.<br>Intrasoft Ventures Pte. Limited<br>One Two Three Greetings (India) Private Limited<br><br>**Step Down Subsidiaries**<br>123Stores, Inc.<br>123Stores E Commerce Private Limited |
| Statutory Auditors | M/s. Singhi & Co. , FRN: 302049E |
| Unaudited Consolidated December Financial Results | The limited review consolidated financial results of our Company as at and for the nine months period ended December 31, 2021 which comprises the consolidated statement of profit and loss |

**Issue Related Terms**

| Term | Description |
|---|---|
| "Abridged Letter of Offer" or "ALOF" | Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act, 2013 |
| Additional Right Equity Shares | The Rights Equity Shares applied or allotted under this issue in addition to the Rights Entitlements. |
| "Allotment", "Allot" or "Allotted" | Allotment of Equity Shares pursuant to the Issue |
| Allotment Account(s) | The account(s) opened with the Banker(s) to this Issue, into which the Application Money lying credit to the Escrow Account(s) and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act, 2013 |
| Allotment Account Bank(s) | Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, HDFC Bank Limited |
| Allotment Advice | The note or advice or intimation of Allotment, sent to each successful Investor who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange |
| Allotment Date | Date on which the Allotment is made pursuant to this Issue |

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|---|---|
| Allottee(s) | Person(s) who is Allotted Equity Shares pursuant to Allotment |
| "Applicant(s)" or"Investors" | Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to apply or make an application for the Equity Shares pursuant to the Issue in terms of this Draft Letter of Offer |
| Application | Application made through (i) submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, or (ii) filling the online Application Form available on R-WAP (instituted only for resident Investors, in the event the Investors are not able to utilize the ASBA facility for making an Application despite their bestefforts), to subscribe to the Equity Shares at the Issue Price. |
| Application Form | Unless the context otherwise requires, an application form (including online application form available for submission of application using the R-WAP or through the website of the SCSBs ,if made available by such SCSBs, under the ASBA process) used by an Investor to make an application for the Allotment of Equity Shares in the Issue |
| Application Money | Aggregate amount payable in respect of the Equity Shares applied for in the Issue at the IssuePrice for the Application |
| "Application Supported by Blocked Amount" or"ASBA" | Application (whether physical or electronic) used by an ASBA Investor to make an applicationauthorizing the SCSB to block the Application Money in the ASBA Account maintained withthe SCSB |
| ASBA Account | Account maintained with the SCSB and specified in the Application Form or the plain paper Application by the Applicant for blocking the amount mentioned in the Application Form or the plain paper Application |
| Banker(s) to the Issue | Collectively, the Escrow Collection Bank(s), the Allotment Account Bank(s) and the Refund Bank(s) to the Issue |
| Banker to the Issue Agreement | Agreement dated [•]amongst our Company, the Lead Manager, the Registrar to the Issue and the Banker(s) to the Issue for collection of the Application Money from Applicants/Investors making an application through the R-WAP facility, transfer of funds to the Allotment Account from the Escrow Account and SCSBs, release of funds from Allotment Account to our Company and other persons and where applicable, refunds of the amounts collected from Applicants/Investors and providing such other facilities and services as specifiedin the agreement |
| Basis of Allotment | The basis on which the Equity Shares will be Allotted to successful Applicants in consultationwith the Designated Stock Exchange under this Issue, as described in ***"Terms of the Issue"*** beginning on page 149. |
| "Controlling Branches" or "Controlling Branches of the SCSBs" | Such branches of the SCSBs which co-ordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes |
| "Draft Letter of Offer" or "DLOF" | The Draft letter of offer dated March 14, 2022 filed with the Stock Exchanges, in accordance with the SEBI ICDR Regulations. |
| Designated Branches | Such branches of the SCSBs which shall collect the Application Form or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes |
| Designated Stock Exchange | BSE Limited |
| Eligible EquityShareholder(s) | Holder(s) of the Equity Shares of our Company as on the Record Date |
| Escrow Account(s) | One or more no-lien and non-interest-bearing accounts with the Escrow Collection Bank(s) forthe purposes of collecting the Application Money from resident Investors making an Application through the R-WAP facility |

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| "Escrow Collection Bank", "Allotment Account Bank(s)" or "Refund Bank(s)" | Bank(s) which are clearing members and registered with SEBI as banker to an issue and withwhom the Escrow Account will be opened, in this case being, HDFC Bank Limited. |
| Fraudulent Borrower | A fraudulent borrower, as defined under the SEBI ICDR Regulations |
| IEPF | Investor Education and Protection Fund |
| Investor(s) | Eligible Equity Shareholder(s) of our Company on the Record Date, [•] and the Renouncee(s). |
| ISIN | International securities identification number |
| Issue | This issue of up to [•] Equity Shares for cash at a price ₹ [•]/- per Equity Share (including a premium of ₹ [•]/- per Equity Share) not exceeding ₹ [•] Lakhs[#] on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [•] Equity Share for every [•] fully paid-up Equity Shares held by the Eligible Equity Shareholders on the Record date that is on [•].<br>[#]*Assuming full subscription* |
| Issue Agreement | Agreement dated [•] entered into between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue |
| Issue Closing Date | [•] |
| Issue Opening Date | [•] |
| Issue Period | The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants can submit their applications, in accordance with the SEBI ICDR Regulations |
| Issue Price | ₹ [•]/- per Equity Share |
| "Issue Proceeds" or "Gross Proceeds" | Gross proceeds of the Issue |
| Issue Size | Amount aggregating up to ₹ [•] Lakhs[#]<br>[#]*Assuming full subscription* |
| Lead Manager | Pantomath Capital Advisors Private Limited or "PCAPL" |
| "Letter of Offer" or "LOF" | The final letter of offer to be filed with the Stock Exchanges and SEBI |
| Listing Agreement | The listing agreements entered into between our Company and the Stock Exchanges in termsof the SEBI Listing Regulations |
| Multiple Application Forms | Multiple application forms submitted by an Eligible Equity Shareholder/Renouncee in respectof the Rights Entitlement available in their demat account. However supplementary applications in relation to further Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application |
| Non ASBA Investor/ Non-ASBA Applicant | Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process comprising Eligible Equity Shareholders holding Equity Shares in physical form or who intend to renounce their Right Entitlement in part of full and Renouncees |
| Non-Institutional Bidders or NIIs | An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations |
| Net Proceeds | Issue Proceeds less the Issue related expenses. For further details, see "*Objects of the Issue*" beginning on page 45. |
| Off Market Renunciation | The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off-market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws. |
| On Market Renunciation | The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws, on or before |

| | |
|---|---|
| | [•]. |
| "Qualified Institutional Buyers" or "QIBs" | Qualified institutional buyers as defined under Regulation 2(1) (ss) of the SEBI ICDR Regulations. |
| R-WAP | Registrar's web-based application platform accessible at www.linkintime.co.in, instituted as an optional mechanism in accordance with SEBI R-WAP Circular. This platform is instituted only for resident Investors, in the event such Investors are not able to utilize the ASBA facility for making an application despite their best efforts. |
| Record Date | Designated date for the purpose of determining the Eligible Equity Shareholders eligible to apply or Equity Shares, being [•]. |
| "Registrar to the Issue" or "Registrar" | Link Intime India Private Limited |
| Registrar Agreement | Agreement dated March 11, 2022 between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue, including in relation to the R-WAP facility. |
| Renouncee(s) | Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders |
| Renunciation Period | The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [•] in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date. |
| Rights Entitlement(s) | Number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to thenumber of Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being [•] Equity Shares for every [•] Fully paid-up Equity Shares held by an Eligible Equity Shareholder. |
| Rights Entitlement Letter | Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the R-WAP and on the website of our Company. |
| Rights Issue Circulars | SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 and SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/633 dated October 01, 2021for accessing/ submitting online Application Forms by resident Investors. |
| SCSB(s) | Self-certified syndicate banks registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 |
| Stock Exchanges | Stock exchanges where the Equity Shares are presently listed, being BSE and NSE |
| Transfer Date | The date on which the Application Money held in the Escrow Account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange. |
| Wilful Defaulter | Company or person, as the case may be, categorized as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by RBI. |

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|---|---|
| Working Day(s) | In terms of Regulation 2(1)(mmm) of SEBI ICDR Regulations, working day means all days onwhich commercial banks in Mumbai are open for business. Further, in respect of Issue Period,working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between theIssue Closing Date and the listing of Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circularsissued by SEBI |

**Business and Industry Related Terms**

| Term | Description |
|---|---|
| AI | Artificial Intelligence |
| APIs | Application Programming Interfaces |
| AR | Augmented Reality |
| AWS | Amazon Web Services |
| BDA | Big Data Analytics |
| BNPL | Buy Now Pay Later |
| CAGR | Compound Annual Growth Rate |
| E-commerce | Electronic Commerce |
| ERP | Enterprise Resource Planning |
| Gen | Generation |
| GMV | Gross Merchandise Value |
| GPS | Global Positioning System |
| IoT | Internet of Things |
| PWA | Progressive Web Apps |
| VR | Virtual Reality |

**Conventional and General Terms/Abbreviations**

| Terms | Description |
|---|---|
| "Rs.", "₹", "Rupees" or "INR" | Indian Rupees |
| Adjusted loans and advances | Adjustment in the nature of addition to the loans and advances made in relation to certain loanswhich are treated as investments under Ind AS, but considered as loans by our Company |
| AY | Assessment year |
| BSE | BSE Limited |
| CFO | Chief Financial Officer |
| CS | Company Secretary |
| CDSL | Central Depository Services (India) Limited |
| CIN | Corporate identity number |
| Companies Act, 1956 | Erstwhile Companies Act, 1956 along with the rules made thereunder |
| Companies Act, 2013 | Companies Act, 2013 along with the rules made thereunder |
| COVID-19 | A public health emergency of international concern as declared by the World HealthOrganization on January 30, 2020 and a pandemic on March 11, 2020 |
| CrPC | Code of Criminal Procedure, 1973 |
| Depositories Act | Depositories Act, 1996 |
| Depository | A depository registered with SEBI under the Securities and Exchange Board of India(Depositories and Participant) Regulations, 1996 or Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 |
| Depository Participant / DP | A depository participant as defined under the Depositories Act |
| DP ID | Depository participant's identification |
| DIN | Director Identification Number |

| | |
|---|---|
| EBITDA | Profit/(loss) after tax for the year adjusted for income tax expense, finance costs, depreciationand amortisation expense, as presented in the statement of profit and loss |
| EGM | Extraordinary general meeting |
| AGM | Annual General Meeting |
| N.A. or NA | Not Applicable |
| w.e.f | With effect from |
| EPS | Earnings per Equity Share |
| CSR | Corporate Social Responsibility |
| FCNR Account | Foreign currency non-resident account |
| FEMA | Foreign Exchange Management Act, 1999, together with rules and regulations thereunder |
| FEMA Rules | Foreign Exchange Management (Non-debt Instruments) Rules, 2019 |
| "Financial Year", "FiscalYear" or "Fiscal" | Period of 12 months ended March 31 of that particular year, unless otherwise stated |
| FIR | First information report |
| FPIs | Foreign portfolio investors as defined under the SEBI FPI Regulations |
| Fugitive Economic Offender | An individual who is declared a fugitive economic offender under Section 12 of the FugitiveEconomic Offenders Act, 2018 |
| GAAP | Generally accepted accounting principles |
| GDP | Gross domestic product |
| "GoI" or "Government" | Government of India |
| GST | Goods and Service Tax |
| HUF | Hindu Undivided Family |
| IBC | Insolvency and Bankruptcy Code, 2016 |
| ICAI | Institute of Chartered Accountants of India |
| ICSI | Institute of Company Secretaries of India |
| Income Tax Act | Income-Tax Act, 1961 |
| Ind AS | Indian accounting standards as specified under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended |
| IFRS | International Financial Reporting Standards |
| Insider Trading Regulations | Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 |
| MCA | Ministry of Corporate Affairs |
| Mutual Fund | Mutual fund registered with SEBI under the Securities and Exchange Board of (Mutual Funds) Regulations, 1996 |
| Net Worth | Aggregate of Equity Share capital and other equity |
| NRI | A person resident outside India, who is a citizen of India and shall have the same meaning asascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016 |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited |
| "OCB" or "Overseas Corporate Body" | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% ofbeneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the generalpermission granted to OCBs under FEMA |
| PAN | Permanent account number |
| PAT | Profit after tax |
| QP | Qualified purchaser as defined in the U.S. Investment Company Act |
| RBI | Reserve Bank of India |
| RBI Act | Reserve Bank of India Act, 1934 |
| Regulation S | Regulation S under the U.S. Securities Act |

| | |
|---|---|
| RoC | Registrar of Companies, Mumbai, Maharashtra |
| RTGS | Real Time Gross Settlement |
| Rule 144A | Rule 144A under the U.S. Securities Act |
| SCRA | Securities Contracts (Regulation) Act, 1956 |
| SCRR | Securities Contracts (Regulation) Rules, 1957 |
| SEBI | Securities and Exchange Board of India |
| SEBI Act | Securities and Exchange Board of India Act, 1992 |
| SEBI FPI Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 |
| SEBI Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 |
| SEBI ICDR Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)Regulations, 2018 |
| STT | Securities transaction tax |
| Supreme Court | Supreme Court of India |
| Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers)Regulations, 2011 |
| Total Borrowings | Aggregate of debt securities, borrowings (other than debt securities) and subordinated liabilities |
| UPI | Unified Payments Interface |
| "U.S.$", "USD" or "U.S. dollar" | United States Dollar, the legal currency of the United States of America |
| U.S. Investment CompanyAct | Investment Company Act of 1940, as amended |
| U.S. Person | U.S. persons as defined in Regulation S under the U.S. Securities Act or acting for the account orbenefit of U.S. persons (not relying on Rule 902(k)(1)(viii)(B) or Rule 902(k)(2)(i) of Regulation S) |
| U.S. QIB | Qualified institutional buyer as defined in Rule 144A under the U.S. Securities Act |
| "USA", "U.S." or "UnitedStates" | United States of America |
| U.S. SEC | U.S. Securities and Exchange Commission |
| U.S. Securities Act | U.S. Securities Act of 1933, as amended |

## NOTICE TO INVESTORS

The distribution of the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Letter of Offer, the Abridged Letter of Offer or Application Form may come, are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will electronically dispatch through email and/or physically dispatch the Letter of Offer / Abridged Letter of Offer and Application Form and Rights Entitlement Letter only to Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address to our Company. Further, the Letter of Offer will be provided, through email and physical, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard. Investors can also access the Letter of Offer and the Abridged Letter of Offer from the websites of the Registrar, our Company, the Lead Manager, SEBI, the Stock Exchanges, and on R-WAP.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, Abridged Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer and the Abridged Letter of Offer must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of the Letter of Offer or the Abridged Letter of Offer or Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer or the Abridged Letter of Offer to any person outside India where to do so, would or might contravene local securities laws or regulations. If the Letter of Offer or the Abridged Letter of Offer or Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer or the Application Form.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. Our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company reserves the right to treat any Application Form as invalid where they believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form.

Neither the delivery of the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of the Letter of Offer and the Abridged Letter of Offer and the Application Form and Rights Entitlement Letter or the date of such information.

**THE CONTENTS OF THE LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE OFFER RIGHTS OF EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF EQUITY SHARES. IN ADDITION, NEITHER OUR COMPANY NOR THE LEAD MANAGER IS MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.**

**NO OFFER IN THE UNITED STATES**

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States of America or the territories or possessions thereof ("United States"), except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act and applicable state securities laws. The offering to which the Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. Accordingly, the Letter of Offer / Abridged Letter of Offer and the enclosed Application Form and Rights Entitlement Letters should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act. Neither our Company nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on our behalf has reason to believe is in the United States when the buy order is made. Envelopes containing an Application Form and Rights Entitlement Letter should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares Issue and wishing to hold such Equity Shares in registered form must provide an address for registration of these Equity Shares in India. Our Company is making the Issue on a rights basis to Eligible Equity Shareholders and the Letter of Offer/ Letter of Offer / Abridged Letter of Offer and Application Form and Rights Entitlement Letter will be dispatched only to Eligible Equity Shareholders who have an Indian address. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that, (i) it is not and that at the time of subscribing for such Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, and (ii) it is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations. Our Company reserves the right to treat any Application Form as invalid which: (i) does not include the certification set out in the Application Form to the effect that the subscriber is authorised to acquire the Rights Equity Shares or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form. Rights Entitlements may not be transferred or sold to any person in the United States. The Rights Entitlements and the Equity Shares have not been approved or disapproved by the US Securities and Exchange Commission (the "**US SEC**"), any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Equity Shares or the accuracy or adequacy of the Letter of Offer. Any representation to the contrary is a criminal offence in the United States. The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

**THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM LEAD MANAGER OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.**

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### CERTAIN CONVENTIONS

In this Draft Letter of Offer, unless otherwise specified or context otherwise requires, references to 'US$', '$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America, and references to 'INR', 'Rs.', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of India. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to 'India' are to the Republic of India and its territories and possessions and the references herein to 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

### FINANCIAL DATA

Unless otherwise stated, references to "we", "us", "our" or "Company and its Subsidiaries", "the Company", "our Company" and similar terms are to IntraSoft Technologies Limited on a consolidated basis.".

Unless stated otherwise, financial data in this Draft Letter of Offer is derived from the Audited Consolidated Financial Statements and Unaudited Consolidated December Financial Results which have been prepared by our Company in accordance with Indian accounting standards as specified under section 133 of the CompaniesAct, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended and are also included in this Draft Letter of Offer. Our Company publishes its financial statements in Indian Rupees Lakhs. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

The fiscal year of our Company begins on April 1 of each calendar year and ends on March 31 of the following calendar year. Unless otherwise stated, references in this Draft Letter of Offer to a particular 'Financial Year' or 'Fiscal Year' or 'Fiscal' are to the financial year ended March 31.

In this Draft Letter of Offer, any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off. Certain figures in decimals have been rounded off and accordingly there may be consequential changes in this Draft Letter of Offer.

### CURRENCY PRESENTATION

The amounts derived from financial statements included herein are represented in ₹ Lakhs, as presented in the Audited Consolidated Financial Statements and Unaudited Consolidated December Financial Results.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. Unless stated otherwise, throughout this Draft Letter of Offer, all figures have been expressed in Lakhs.

### MARKET AND INDUSTRY DATA

Information included in this Draft Letter of Offer regarding market position, growth rates and other industry data pertaining to our businesses consists of estimates based on data reports compiled by government bodies, professional organizations and analysts, data from other external sources and knowledge of the markets in which we operate. Unless stated otherwise, statistical information included in this Draft Letter of Offer pertaining to the various sectors in which we operate has been obtained or derived from publicly available information, including industry and government sources.

Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information.

This information is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies

or other organizations) to validate market-related analysis and estimates, and thus we have relied on internally developed estimates.

Neither our Company, nor the Lead Manager have independently verified this data, and neither does our Company nor the Lead Manager make any representation regarding the accuracy of such data. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and accordingly, neither our Company, nor the Lead Manager can assure the prospective investors as to their accuracy.

The extent to which the market and industry data used in this Draft Letter of Offer is meaningful is dependent on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "***Risk Factors***" beginning on page 19. Accordingly, investors should not place undue reliance on this information.

## CONVERSION RATES FOR FOREIGN CURRENCY

The conversion rate for the following foreign currency is as follows:

***(Amt. in ₹)***

| S.No. | Name of the Currency | As of December 31, 2021 | As of March 31, 2021 | As of March 31, 2020 |
|---|---|---|---|---|
| 1. | 1 United States Dollar | 74.3025 | 73.5047 | 75.3859 |

(Source:www.fbil.org.in.)

Such conversion should not be considered as a representation that such currency amounts have been, could have been or can be converted into Rupees (₹) at any particular rate, the rates stated above or at all.

## FORWARD LOOKING STATEMENTS

Certain statements contained in this Draft Letter of Offer that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', 'future', 'forecast', 'target', or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward looking statements. These forward-looking statements include statements as to our business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Draft Letter of Offer that are not historical facts. These forward-looking statements and any projections contained in this Draft Letter of Offer (whether made by our Company or third parties) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause our actual results, performances and achievements to be materially different from any of the forward- looking statements include, but are not limited to, the following:

- Factors negatively impacting the operations and revenue e-commerce marketplaces in the US, mainly Amazon.com
- Outbreak of COVID-19 and its impact on our business
- Cyber-security breach
- Competition
- Inability to understand prevailing global trends or to forecast changes

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under "***Risk Factors***" and "***Our Business***" beginning on pages 19 and 65 respectively.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on our revenue could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. The forward-looking statements contained in this Draft Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in suchforward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct.Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event,these statements speak only as of the date of this Draft Letter of Offer or the respective dates indicated in this Draft Letter of Offer and neither our Company nor the Lead Manager undertake any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward-looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

## SUMMARY OF DRAFT LETTER OF OFFER

The following is a general summary of certain disclosures included in this Draft Letter of Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Letter of Offer, including, "*Objects of the Issue*", "*Our Business*", "*Outstanding Litigation and Defaults*" and "*Risk Factors*" beginning on pages 45, 65, 137 and 19, respectively.

### SUMMARY OF INDUSTRY

We operate in the US retail e-commerce industry, enabling our brand partners to sell on key e-commerce marketplaces in the US. US is one of the largest e-commerce markets in the world, valued at an estimated USD 886 bn in 2021. Amazon is the undisputed leader in the US e-commerce industry, with an estimated Gross Merchandise Value of USD 367 bn in 2021, around six times that of its nearest competition, Walmart. Lockdowns and safety concerns in the wake of COVID-19 catapulted e-commerce growth in the US. Going forward, the US e-commerce industry is expected to reach USD 1 trillion by 2022. The key drivers for growth include habit changes induced by COVID-19, rising internet & smartphone penetration, demand of convenience, domination of the tech savvy millennials and Gen Z in the shopper population and advanced technologies such Big Data Analytics, artificial intelligence and machine learning which are enabling better targeting of consumers and enriching the online customer experience.

For further Details, please refer to the chapter titled "*Our Industry*" at page 53 of this Draft Letter of Offer.

### SUMMARY OF BUSINESS

Our company is an e-commerce solutions provider and retailer, enabling brands to maximize brand presence and revenue on leading online marketplaces in the US market through technology and data. Our brand partners rely on our technology and expertise to generate marketplace sales, fulfill orders and service marketplace consumers. We work with our brand partners across all major categories such as home & kitchen, garden & outdoor, tools & home, sports & outdoor.

For details, refer "*Our Business*" at page 65 of this Draft Letter of Offer.

### OBJECTS OF THE ISSUE

Our Company intends to utilize the Net Proceeds from the Issue towards funding of the following objects:

*(₹ In Lakhs)*

| S. No. | Purpose | Estimated Amount |
|---|---|---|
| 1 | Investment in our E-Commerce subsidiary, for funding their E-Commerce business & growth initiatives | 4,500 |
| | General corporate expenses* | [•] |
| | **Total** | **[•]** |

*****Assuming full subscription and Allotment*

For further Details, please refer to the chapter titled *"Objects of the Issue"* at page 45 of this Draft Letter of Offer.

### INTENTION AND EXTENT OF PARTICIPATION BY OUR PROMOTERS AND PROMOTER GROUP

Our Promoters have, vide their letters (the "**Subscription Letters**") undertaken to: (a) subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favour by any other Promoters or member(s) of the Promoter Group of our Company; and (b) subscribe to, either individually or jointly and/ or severally with any other Promoters or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue.

Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any

unsubscribed portion of the Issue) is exempt in terms of Regulation 10(4)(b) of the Takeover Regulations as conditions mentioned therein have been fulfilled and shall not result in a change of control of the management of our Company in accordance with provisions of the Takeover Regulations.

The additional subscription by the promoters shall be made subject to such additional subscription not resulting in the minimum public shareholding of the issuer falling below the level prescribed in LODR/ SCRR. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

## SUMMARY OF OUTSTANDING LITIGATION AND DEFAULTS

Summary of outstanding legal proceedings involving our Company and its subsidiaries as on the date of this Draft Letter of Offer is set our below:

***Litigation involving our Company***

***(₹ in Lakhs)***

| Sr. No. | Type of Proceeding | No. of cases | Amount involved, to the extent quantifiable |
|---|---|---|---|
| **A** | Proceedings involving moral turpitude or criminal liability on our Company | Nil | Nil |
| **B** | Proceedings involving material violations of statutory regulations by our Company | Nil | Nil |
| **C** | Matters involving economic offences where proceedings have been initiated against our Company | Nil | Nil |
| **D** | Pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company and/or our Subsidiaries | Nil | Nil |
| | **Total** | Nil | Nil |

***Litigation involving our Subsidiaries***

***(₹ in Lakhs)***

| Sr. No. | Type of Proceeding | No. of cases | Amount involved, to the extent quantifiable |
|---|---|---|---|
| **A** | Proceedings involving moral turpitude or criminal liability on our Company | Nil | Nil |
| **B** | Proceedings involving material violations of statutory regulations by our Company | Nil | Nil |
| **C** | Matters involving economic offences where proceedings have been initiated against our Company | Nil | Nil |
| **D** | Pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company and/or our Subsidiaries | Nil | Nil |
| | **Total** | Nil | Nil |

For further Details, please refer to the chapter titled "*Outstanding Litigation and Defaults*" at page 137 of this Draft Letter of Offer.

## RISK FACTORS

For details see "*Risk Factors*" beginning on page 19 of this Draft Letter of Offer.

## CONTINGENT LIABILITIES

For details regarding our contingent liabilities as per Ind AS 37 for Financial Year 2021, see "*Financial Statements*" beginning on page 75 of this Draft Letter of Offer.

## RELATED PARTY TRANSACTION

For details regarding our related party transactions as per Ind AS 24 entered into by our Company for Financial Year ended March 31, 2021, see *"**F**inancial Statements"* beginning on page 75 of this Draft Letter of Offer.

## ISSUE OF EQUITY SHARES OTHER THAN CASH

Our Company has not issued any Equity Shares during the last one year from the date of this Draft Letter of Offer for consideration other than cash.

## SECTION II: RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Draft Letter of Offer, including in ***"Our Business", "Industry Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements"*** before making an investment in our Equity Shares.

The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, financial condition, results of operations and cash flows. If any or some combination of the following risks, or other risks that are not currently known or believed to be adverse, actually occur, our business, financial condition and results of operations could suffer, the trading price of, and the value of your investment in, our Equity Shares could decline and you may lose all or part of your investment. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of increasing many of the other risks described in this section, such as those relating to non-payment or default by borrowers. In making an investment decision with respect to this Issue, you must rely on your own examination of our Company and the terms of this Issue, including the merits and risks involved. You should consult your tax, financial and legal advisors about the consequences to you of an investment in our Equity Shares.

This Draft Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Letter of Offer.

Unless otherwise indicated or the context requires otherwise, the financial information included for the nine month ended December 31, 2021 herein is derived from our Unaudited Consolidated December Financial results, included in this Draft Letter of Offer. For further information, see "Financial Statements" on page 75.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context otherwise requires, in this section, reference to "we", "us" "our" refers to our Company together with our Subsidiaries, on a consolidated basis.

### INTERNAL RISKS

1. **Our business model is centered around large e-commerce marketplaces in the US, mainly Amazon.com. Any material impact on the operations of these marketplaces may have a material adverse effect on our business.**

   We enable our brand partners to sell on online marketplaces in the US. Around 98% of our revenue is derived through sales on Amazon. Factors that can impact operations and growth of these marketplaces such as material interruptions in their information technology systems, disruptions in their supply chains affecting order fulfillment and returns, negative publicity impacting their brand image, their inability to accurately assess and adapt to changing consumer preferences, disruptions in their online payment processing systems, disruptions in services for which they are dependent on third parties, security breaches etc, which in turn may adversely affect our business, financial condition and results of operations for our Company.

2. **Our revenue is dependent upon maintaining our relationship with the e-commerce marketplaces in the US and failure to do so, or any restrictions on our ability to offer products on the marketplaces, could have an adverse impact on our business, financial condition and results of operations.**

   Our Company generates revenue through marketplaces in the US. Therefore, we depend in large part on our relationship with them for growth. In particular, we depend on our ability to offer products on the marketplaces. Any adverse change in our relationships with these marketplaces, including restrictions on the ability to offer products or termination of the relationships, could adversely affect our continued growth and financial condition and results of operations.

3. **Our proprietary technology forms the backbone of our offerings to brand partners. Disruptions in our systems may have a material impact on our business.**

Our edge over technology enables us to cater to a wide end consumer base resulting in a large volume of orders. We rely on our proprietary technology solution to deliver millions of orders across the U.S market, in the fastest time possible. The complex business algorithm of our proprietary technology is the prime enabler of business value. In Fiscal 2021 and in the nine months ended December 31, 2021, we incurred ₹4,011 Lakhs, and ₹3,431 Lakhs, respectively, towards building technology and product development.

Key elements of our proprietary technology include:

- Showcasing complete brand assortment:

  Our systems are deeply integrated with marketplaces which enable us to list a detailed product portfolio and regularly update the same

- Order management system:
  - Receiving orders - Our Application Programming Interfaces (APIs) bring marketplace orders to our proprietary solution.
  - Verification of received orders - Orders pass through multiple automated system checks to increase the accuracy of the downstream processes.
  - Placing orders with supplier partners - Our systems determine the most logical and cost-effective method to fulfill the order
- Shipping & tracking:
  - Receiving shipping information from suppliers - We have APIs to bring shipping information into our ERP solution which run at specific intervals
  - Real-time tracking of packages until delivery - Our APIs allow us to track the movement of packages in real time
- Data analytics & insights:
  - We keep our brand partners consistently informed of their key metrics to aid them in their business decisions.

Our operations are driven by technology, and therefore our failure to innovate, adapt or respond effectively to the rapidly changing technology and market needs, could impede our ability to function efficiently. Maintaining and upgrading our technology carry certain risks, including the risk of disruptions caused by significant design or deployment errors, delays, or deficiencies, which has made and may continue to make our services unavailable. We may also implement additional or enhanced technology in the future to accommodate our growth and to provide additional capabilities and functionalities. The implementation of new or enhanced technologies may be disruptive to our business and can be time-consuming and expensive and may increase management responsibilities and divert management attention. While there have not been any disruptions that have had a material impact on our operations, there can be no assurance that we will not encounter any significant disruptions in future.

Natural calamities, security breaches, power outages, usage errors by our employees could damage or cause material interruption in both the primary and back-up systems. Failure to address such damage or interruptions immediately could prevent us from providing services to our brand partners, adversely impacting our business.

4. **If we experience a cyber-security breach or other security incidents or if unauthorised parties otherwise obtain access to our users' data or our data, our services may be perceived as not being secure, our reputation may be harmed, demand for our services may be reduced and we may incur significant liabilities.**

We collect, manage, store, transmit and otherwise process vast amounts of data as part of our business and operations. While we have taken steps to protect the security of the information that we handle, there can be no

assurance that any security measures that we or our third-party service providers have implemented will be effective against current or future security threats. Our security measures or those of our third-party service providers could fail and result in unauthorised access to or use of our services or unauthorised, accidental, or unlawful access to, or disclosure, modification, misuse, loss or destruction of, our or our users' data. While we have not faced any material disruptions or security breaches in the past, we may, in the future, be subject to cyber security attacks by third parties or internally seeking unauthorised access to our data or to disrupt our ability to provide our services.

In addition, computer malware, computer hacking, fraudulent use, social engineering (such as spear-phishing attacks), ransomware, credential stuffing, denial of service attacks, supply chain attacks, and general malicious activity have become more prevalent, and such incidents or incident attempts have occurred in the past and may occur in the future. Any actual or perceived failure to maintain the performance, reliability, confidentiality, integrity, and availability of our services to the satisfaction of our users may harm our reputation and our ability to retain existing users and attract new users.

Users who lose confidence in the security of our services as the result of an actual or perceived cyber security breach or other security incidents may curtail or stop using our services, which may cause our reputation to suffer or result in widespread negative publicity. Additionally, we may incur significant harm including legal and regulatory exposure, including governmental or third-party lawsuits, disputes, investigations, orders, regulatory fines, penalties for violation of applicable laws or regulations or other liabilities and negative financial impacts, which may have a material adverse effect on our business, results of operations and financial condition. In addition, we are also subject to onerous data protection and privacy laws as well as other US regulations, breaches of which could cause significant losses and penalties adversely affecting our business, results of operations and financial condition.

**5. We experienced a decline in sales due to a shift in strategic priorities**

We grew at a rapid pace at 60% CAGR from FY11 to FY18. During 2018 and 2019, our focus was on selling the top products of a brand by directly importing the same from China and/or forward positioning the same in Amazon's FBA warehouses. However, due to escalating trade tensions between USA and China, we faced high cost pressures and overall increase in the business risk. We, therefore from 2019 took a strategic decision to pivot our business model from being dependent on a few brands selling top selling items to selling a much larger portfolio of brands and products, focused on the brand's entire product catalog. Since the long tail products were slower moving, they were not required to be positioned closer to consumer and therefore we shipped them directly from brand warehouse to consumer saving on storage and shipping costs. Due to this, we were able to improve our operational margins, reduce inventory levels ( for further details, refer to business section on page 65) but witnessed a decline in revenue.

Our revenue from operations for the nine-month period ended December 31, 2021, was ₹31,821.51 lakhs as compared to ₹50,670.93 lakhs for the nine-month period ended December 31, 2020, representing a decrease of 37.20%. The e-commerce industry witnessed strong growth in 2020 on account of social distancing, lockdowns and safety concerns due to COVID-19. The growth slowed in 2021 with re-opening of physical stores, restoration of partial normalcy and supply chain bottlenecks. This slowdown in industry resulted in decline of revenue and it will take a few more quarters for our growth – and e-commerce growth in general – to get back to normal. We may experience fluctuations in our Revenue going forward which may have adverse effect on our business, financial condition and results of operations of our Company.

**6. Maintaining and nurturing relationships with our brand partners forms the crux of our business. Churn of brand partners could have an adverse effect on our financial and operational outcomes.**

Our revenue is dependent on the revenue our brand partners achieve through us. We do not have any long term and binding agreements with our brand partners. We could be at risk of significant brand partner churn if we are unable to assist our brand partners in achieving their goals which could include and are not limited to establishing presence on e-commerce marketplaces, achieving business growth, achieving cost effectiveness in: order management, order fulfillment & customer support. Significant churn of our brand partners may lead to an adverse effect on our business, results of operations and financial condition.

7. **We operate in a highly fragmented and competitive market. Failure to compete effectively against our competitors may adversely affect our business, financial condition and results of operations**

The US e-commerce retail industry is highly competitive. We compete against other third party sellers, brands selling direct to end-consumer and Amazon retail. Numerous third-party sellers, a number of global and local brands are present on online marketplaces. Further, our industry has no entry barriers which puts us at risk of competition from new entrants. Our ability to effectively compete against our competition depends on the following key factors:

- Our ability to maintain strong rating and get positive reviews from end consumers through competitive pricing, faster and accurate fulfillment, favorable return policies and customer support services
- Our ability to consistently win the 'Buy-box' on the e-commerce marketplaces for the products sold by us. When a consumer is making a purchase on the e-commerce marketplace, a box appears on the right hand side in the product details page which allows the consumer to specify the quantity, color and any other specifics of the product to be purchased and add it to the cart. This box is referred to as the 'Buy-box'. The name of the seller who won the buy-box for a particular product displayed within the box. The marketplaces also display names of other sellers selling the same product below the buy-box. A vast majority of sales go through the Buy-box seller which makes winning of the buy box critical for our business growth. Buy-box runs on a complex algorithm which compares all the third-party sellers on a number of factors including product shipping time, price, fulfillment method, stock availability, late shipment rate, order defect rate, valid tracking rate, delivered on time rate, feedback rating, cancellation and refund rate and others. Our ability to fare strong on these metrics is significantly dependent on our brand partners and logistics partners. Accurate and in-time order fulfillment by logistics partners is critical for us to fare strong on delivery metrics. The e-commerce marketplaces have a large number of third party sellers that compete for the Buy-box. Further, the algorithm logic is subject to change as per the marketplace policies.
- Our ability to offer a wide selection of products in the segments we operate in by maintaining our existing and onboarding new brand partners. This is dependent on our ability to nurture our relationships with them, provide value add solutions that enable them to manage orders from marketplaces, ship and deliver them in time, resolve customer complaints, inter alia.
- Our ability to correct or mitigate misinformation or negative information about us, our customer experience, our brand or any aspect of our business, including information spread through social media or traditional media channels, could materially and adversely affect our business, financial condition and results of operations. Complaints or negative publicity about our business practices, marketing and advertising campaigns, product quality, compliance with applicable laws and regulations, data privacy and security or other aspects of our business, especially on blogs and social media websites, could diminish consumer confidence in our services and adversely affect our brand, irrespective of their validity. The growing use of social media increases the speed with which information and opinions can be shared and thus the speed with which our reputation can be damaged.

Some of our competitors may have access to higher financial and human resources due to which they may be able to achieve fast order fulfillment, offer better price to brand partners and have better brand recognition than us. If we are unable to compete effectively against existing and new competition, it may have a material impact on our business, financial condition and results of operations.

8. **We rely on our logistics partners in the US to fulfill online orders. Any factors that may lead to disruptions in order fulfillment by them could have a material adverse impact on our business, financial condition and results of operations**

Our Company fulfills orders made by end-consumers through partnerships with logistics partners in the US. Accurate order fulfillment and speed of order delivery are crucial to keep the end consumer satisfied, receive good feedback ratings, achieve sales growth and to win the buy-box on e-commerce marketplaces. Thereby, any factors that impede or disrupt order fulfillment operations of our logistics partners may have a material adverse impact on our business, financial condition and results of operations.

**9. Our Company had negative operating cash flow in the past and may continue to do so in the future, which could result in a material impact on our business, financial condition and results of operations**

Our Company had experienced negative cash flow from operating activities during one of the last three years. The details of our cash flows are as follows:

*Values in ₹ lakh*

| Particulars | Nine months ending December 31, 2021 | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2020 | Fiscal year ended March 31, 2019 |
|---|---|---|---|---|
| Net cash generated from/(used in) operating activities | 2,738.62 | 3,435.87 | (1,279.21) | 1,596.09 |

If we incur negative operating cash flows in the future, it could lead to adverse financial and operational outcomes for our Company.

**10. If we cannot successfully implement our business strategy our growth and profitability could be adversely impacted.**

Our future results will depend, among other things, on our success in implementing our business strategy.. Going ahead we plan to expand our brand partner base and achieve sustainable growth through operational efficiencies.

There can be no assurance that we will be successful in implementing our business strategy or that the strategy, including the completed initiatives, will be successful in sustaining acceptable levels of sales growth and profitability.

**11. Our inability to anticipate and respond to changing trends in technology, consumer preferences, ways of doing business on e-commerce marketplaces may adversely affect our business**

We offer e-commerce technology solutions to our brand partners. It is crucial for us to adapt to the evolving and more efficient technology trends. We also need to keep ourselves abreast with changing product preferences of end consumers to update and strengthen our product offerings. Companies following various business models co-exist on e-commerce marketplaces, understanding the newer ways of doing business on these marketplaces is critical to compete with competition, drive operational efficiencies and profitability. If we are unable to foresee and adapt to these changing trends, it may adversely affect our business.

**12. Our inability to expand and effectively manage our growing base of brand partners may have an adverse impact on our business, financial condition and results of operations**

We plan to expand our sales team to onboard new brand partners. It cannot be assured that our sales team will be able to identify and onboard new brand partners. Effective management of a growing base of brand partners may require us to reasonably predict growth in the number of brand partners and their revenue contribution, scale our manpower and technological capacity. Our failure to do so may adversely impact our business, financial condition and results of operations.

**13. Our ability to offer competitive prices on marketplaces may be adversely impacted if the marketplaces or our logistics partners hike their fees**

Online marketplaces charge selling fees to list items on their platforms and referral fees ranging between 8%-15% of order value/order.

Our logistics partners charge a fee for each order fulfilled depending on package size, the distance between the warehouse and point of delivery and overall volumes delivered through them.

The fees charged are solely at the discretion of the marketplaces and logistics partners. If they increase their fees in the future, we may have to pass on the same to end-consumers to maintain our margins. The price offered may

not be competitive compared to other sellers or platforms, which may lead to adverse impact on our business growth.

14. **Our ability to offer promotional deals and competitive prices is dependent on the product discounts provided to us by our brand partners**

    During sale events and festivals, we reach out to our brand partners to reduce their wholesale price quotes so that we can pass on the same to our end consumers on e-commerce marketplaces. If we are unable to negotiate competitive price discounts from our brand partners, it may impact our business growth.

15. **Our revenue is dependent on our ability to build, maintain and grow strong product listings on marketplaces. If we are unable to do so, it could have an adverse impact on our business, financial condition and results of operations.**

    Maintaining and enhancing our product listings is critical in expanding and growing our business. The number of brand partners doing business with us will directly determine the breadth and depth of our product listings. If we are unable to prevent brand partner churn or on board new brand partners, it could lead to an adverse impact on our product listings. We have significant dependence on our third parties – logistics partners, e-commerce marketplaces - to achieve strong product listings. We are dependent on logistics partners for order fulfillment and are at risk of shipping delays, caused by disruptions due to natural calamities, pandemic, labour activism, issues relating to their own internal capabilities et al. Delay in product delivery or delivery of damaged products could lead to negative reviews and safety related complaints by end consumers on the online marketplaces, which could result in removal of the product listing by the marketplaces. Any technology related or operational disruptions impacting the online marketplaces could also impact our product listings

16. **If we are unable to manage the huge demand during the US festive season, it could lead to material adverse impact on our financial outcomes.**

    The US festive season falls in the third quarter of our financial year, leading to greater e-commerce revenue in the quarter vis-à-vis other quarters. In the event of any operational bottlenecks or infrastructure constraints, we may not be able to take advantage of the festive demand, which could lead to a material adverse impact on our business.

17. **Our business and prospects may be adversely affected if we are unable to maintain and grow our brand image.**

    Maintaining our brand image is crucial to attract end-consumers to purchase from us on marketplaces and also to pitch for partnership with new brand partners. Positive ratings & feedback from end-consumers is critical for us to maintain our brand image. Ratings & feedback from end-consumers are dependent on speed of delivery, price, quality of the product *et al.* We are dependent on our logistics partners and brand partners to achieve a positive brand image. Any impact on our brand image will adversely impact our business, financial condition and results of operations.

18. **The success of our business is dependent on our senior and key management team and our inability to retain them or the loss of any member of our senior management team could adversely affect our business if we are unable to find equally skilled replacements.**

    Our Company is managed by a team of professionals to oversee its operations and growth. Our performance and success depends on our senior and key management team to manage our current operations and meet future business challenges. Our ability to sustain our growth depends, in large part, on our ability to attract, train, motivate and retain highly skilled personnel. There is significant competition for management and other skilled personnel in our industry.

    Our inability to hire and retain additional qualified personnel will impair our ability to continue to expand our business. Our promoters have substantial responsibilities for strategizing our growth. The loss of the services of such personnel or promoters of our Company and our inability to hire and retain additional qualified personnel may have an adverse effect on our business, financial condition and results of operations. An increase in the rate of attrition of our experienced employees, would adversely affect our growth strategy. We cannot assure you that

we will be successful in recruiting and retaining a sufficient number of personnel with the requisite skills or to replace those personnel who leave. Further, we cannot assure you that we will be able to re-deploy and re-train our personnel to keep pace with continuing changes in our business. The loss of the services of such personnel and our inability to hire and retain additional qualified personnel may have an adverse effect on our business, results of operations and financial condition.

**19. The Promoters, certain of our Directors hold Equity Shares in our Company and are therefore interested in our Company's performance in addition to their remuneration and reimbursement of expenses.**

Our Promoters, certain of our Directors may be deemed to be interested in our Company, in addition to the regular remuneration or benefits, reimbursements of expenses, Equity Shares held by them or their relatives, their dividend or bonus entitlement, benefits arising from their directorship in our Company.

There can be no assurance that our promoters will exercise their rights as shareholders to the benefit and best interest of our Company. Our Directors and our Promoters will continue to exercise significant control over our Company, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting of shareholders, and our other shareholders may be unable to affect the outcome of such voting. Our Directors and our Promoters may take or block actions with respect to our business, which may conflict with the best interests of our Company or that of minority shareholders.

**20. Our Promoters will continue to have significant shareholding in us after the Rights Issue, which will allow them to exercise significant influence over us.**

As of 31st December 2021, our promoters held 70,24,297 fully paid up equity shares constituting 47.68% of our total number of shares. Our Promoters holding Equity Shares in our Company, have undertaken to fully subscribe for their Rights Entitlement. They reserve the right to subscribe for their Rights Entitlement pursuant to any renunciation made by any member of the Promoter Group to another member of the Promoter Group. Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding above their current percentage shareholding. Our promoters will continue to have significant influence on the decisions affecting the Company including the business strategy decisions, election and removal of directors and significant corporate transactions, post the Rights Issue.

**21. We have entered into certain related party transactions and may continue to do so**

We have entered into related party transactions with our wholly owned subsidiaries. While we believe that all such transactions have been conducted on arm's length basis, however it is difficult to ascertain whether more favourable terms would have been achieved had such transactions been entered with unrelated parties. Furthermore, it is likely that we will continue to enter into related party transactions in the near future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation.

**22. We are exposed to the risks of indebtedness. We cannot assure you that we would be able to service our current or any additional debt obligations incurred in the future.**

Details of our non-current borrowings are as follows:

*Values in* ₹ *Lakhs*

| Particulars | As at 31 December, 2021* | As at 31 March, 2021 | As at 31 March 2020 |
|---|---|---|---|
| Total non-current borrowings | 10,655.53 | 9,804.02 | 9,711.69 |

**Disclosed on unaudited basis.*

Servicing our current debt obligations is dependent on our ability to sustain our growth while maintaining operational efficiencies. We may need to incur additional debt in future and we cannot assure you that the loan terms would be favorable. Increased borrowings, if any, may affect our debt-equity ratio and our ability to borrow at competitive rates. In addition, we cannot assure you that the budgeting of our working capital requirements for a particular year will be accurate. There may be situations where we may under-budget our working capital

requirements, which may lead to delays in arranging additional working capital requirements, loss of reputation, levy of liquidated damages and can cause an adverse effect on our cash flows.

Increase in debt to equity ratio can impact our credit rating and makes us susceptible to unfavorable terms of lending. Any failure to service our indebtedness or otherwise perform our obligations under our financing agreements entered with our lenders or which may be entered into by our Company, could trigger cross default provisions, penalties, acceleration of repayment of amounts due under such facilities which may cause an adverse effect on our business, financial condition and results of operations.

**23. As the securities of our Company are listed on Stock Exchanges in India, our Company is subject to certain obligations and reporting requirements under the SEBI Listing Regulations and comply with other SEBI regulations. Any non- compliances/delay in complying with such obligations and reporting requirements may render us liable to prosecution and/or penalties.**

The Equity Shares of our Company are listed on BSE and NSE, therefore we are subject to the obligations and reporting requirements prescribed under the SEBI Listing Regulations. Our Company endeavours to comply with all such obligations/reporting requirements, there may be non-disclosures/delayed/erroneous disclosures and/or any other violations which might have been committed by us, and the same may result into Stock Exchanges and/or SEBI imposing penalties, issuing warnings and show cause notices against us and/or taking actions as provided under the SEBI Act and Rules and Regulations made there under and applicable SEBI Circulars. Any such adverse regulatory action or development could affect our business reputation, divert management attention, and result in a material adverse effect on our business prospects and financial performance and on the trading price of the Equity Shares.

**24. We have certain contingent liabilities which if materialized may impact our financial condition and profitability.**

As of 31 December, 2021, our company's contingent liabilities totaled ₹ 13.44 lakhs. The details of our contingent liabilities are as follows:

*Value in ₹ Lakhs*

| **Particulars** | **As at 31st December, 2021*** |
|---|---|
| Contingent liabilities | |
| Guarantees given [refer note (i) below] | 1.25 |
| Claims against Company, not acknowledged as debt [refer note (ii) below] | 12.19 |
| **Total** | **13.44** |

**Unaudited figures on consolidated basis.*

Notes:

(i) Guarantee given to customs for bonded warehouse is ₹1.25 lacs.
(ii) Claim for Service Tax and Maintenance Charges for ₹12.19 lacs.

As of 31 March, 2021, our company's contingent liabilities totaled ₹48.97 lakhs. The details of our contingent liabilities are as follows:

*Value in ₹Lakhs*

| **Particulars** | **As at 31st March 2021** |
|---|---|
| Contingent liabilities | |
| Guarantees given [refer note (i) & (ii) below] | 31.25 |
| Claims against Company, not acknowledged as debt [refer note (iii) below] | 17.72 |
| **Total** | **48.97** |

Notes:

(i) Guarantee given to Customs Authority for bonded warehouse ₹1.25 lacs.

(ii) Guarantee issued in favor of Santosh Promoters Pvt. Limited amounting ₹30 lacs vide Supreme court order dated 01 May 2017.

(iii) Service tax and hire Charges on facility agreement to S.S. Interiors amounting to ₹17.72 lacs

It cannot be guaranteed that we will not incur liabilities of similar or increased value in the future.

**25. Sale of Equity Shares by our Promoters or other significant shareholder(s) may adversely affect the trading price of the Equity Shares.**

Any instance of disinvestments of equity shares by our Promoters or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sales of Equity Shares might occur.

**26. Our future fund requirements, in the form of further issue of capital or securities and/or loans taken by us, may be prejudicial to the interest of the Shareholders depending upon the terms on which they are eventually raised.**

We may require additional capital from time to time depending on our business needs. Any further issue of Equity Shares or convertible securities would dilute the shareholding of the existing Shareholders and such issuance may be done on terms and conditions, which may not be favourable to the then existing Shareholders. If such funds are raised in the form of loans or debt or preference shares, then it may substantially increase our fixed interest/dividend burden and decrease our cash flows, thus adversely affecting our business, results of operations and financial condition.

**27. Our ability to pay dividends in the future may be affected by any material adverse effect on our future earnings, financial condition or cash flows.**

Although our Company has declared dividends in the past, there can be no assurance that our Company will declare dividends in the future also. The declaration, payment and amount of any future dividends are subject to the discretion of the Board and will depend upon a number of factors, including our Company's results of operations, future earnings, profitability, capital requirements for future expansions and available surplus, general financial conditions, financial arrangements in respect of our operations, contractual restrictions if any, applicable Indian law restrictions and other factors considered relevant by our Board.

**28. Certain of our investments may be subject to market risk and we have not made any provisions for a potential decline of the value of such investments.**

We have made certain investments in mutual funds. As of March 31, 2021, the investment at fair value measured through profit or loss in mutual funds was ₹ 6,499.52 Lakhs. The value of these investments depends on several factors beyond our control, including the prevailing Indian and international economic conditions, inflationary expectations and the RBI's monetary policies and is sensitive to a change in the net asset value of the mutual funds or the performance of the corporate deposits. Any decline in the value of these investments could adversely affect our financial condition and results of operations

**29. Our inability or failure to protect our intellectual property rights, or any claimed infringement by us of third-party intellectual rights, could have a negative impact on our operating results.**

Our trademarks, and other intellectual property are valuable assets that are critical to our success. We own three trademarks under asset classes 16 and 42. The unauthorized reproduction or other misappropriation of our intellectual property could cause a decline in our revenue. In addition, any infringement or other intellectual property claim made against us could be time-consuming to address, result in costly litigation, cause product delays, require us to enter into royalty or licensing agreements or result in our loss of ownership or use of the intellectual property.

**30. If we fail to effectively expand our sales and marketing teams and their capabilities, we may not be able to increase our user base and achieve broader market acceptance of our platform**.

Increasing our user base and achieving broader market acceptance of our platform will depend on our ability to expand our sales and marketing teams and their capabilities to acquire new users and sell additional services to users. We believe there is significant competition for direct sales professionals with the skills and technical knowledge that we require, and we may be unable to hire or retain sufficient numbers of qualified individuals in the future. Our ability to achieve significant future revenue growth will depend on our success in recruiting, training and retaining sufficient numbers of direct sales professionals. New and planned hires require significant training and time before they become fully productive and may not become as productive as quickly as we anticipate. Our growth prospects may be adversely impacted if our efforts to expand, train and retain our direct sales team do not generate a corresponding significant increase in revenue.

**31. Our inability to procure and/or maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability.**

We maintain insurance that we consider to be sufficient and in amounts which are commercially appropriate for a variety of risks, including fire, burglary, damage due to earthquake shocks, group medical insurance and company vehicles insurance. However, such insurance may not be adequate to cover all losses or liabilities that may arise from our business operations, particularly if the loss suffered is not easily quantifiable. Our insurance policies contain exclusions and limitations on coverage, as a result of which, we may not be able to successfully assert our claims for any liability or loss under such insurance policies. Additionally, there may be various other risks and losses for which we are not insured because such risks are either uninsurable or not insurable on commercially acceptable terms. Furthermore, there can be no assurance that in the future we will be able to maintain insurance of the types or at levels which we deem necessary or adequate or at premiums which we deem to be commercially acceptable. The occurrence of an event for which we are not insured, where the loss is in excess of insured limits occurs or where we are unable to successfully assert insurance claims from losses, could result in uninsured liabilities. Further, despite such uninsured losses we may remain obligated for any financial indebtedness or other obligations related to our business. Any such uninsured losses or liabilities could result in an adverse effect on our business and financial results.

**32. Our Registered Office in India is not owned by us**

Our Registered office in India situated at A-502, Prathamesh, Raghuvanshi Mills Limited Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 has been taken on Leaveand License basis. We cannot assure you that we will be able to continue the lease arrangement on commercially acceptable / favourable terms in future. If we are required to vacate the current premises, we would be required to make alternative arrangements for a new office and other infrastructure, and we cannot assure that the new arrangement will be on commercially acceptable/favourable terms.

**Issue specific risk factors**

**33. Our funding requirements and the proposed deployment of the funds have not been appraised by a public financial institution or a scheduled commercial bank and our management will have broad discretion over utilization of the funds.**

Our Company proposes to utilize the funds raised from this Issue for investment in our E-Commerce subsidiary, for funding their E-Commerce business & growth initiatives. Our proposed deployment of the funds has not been appraised by a public financial institution or a scheduled commercial bank and is based on management estimates. Our management will have broad discretion to use the funds. Various risks and uncertainties, including those set forth in this section, may limit or delay our efforts to use the funds to achieve profitable growth in our business. We cannot assure you that use of the funds to meet our future capital requirements, fund our growth and for other purposes identified by our management would result in actual growth of our business, increased profitability or an increase in the value of our business and your investment.

**34. The deployment of Net Proceeds towards investment in our E-Commerce subsidiary, for funding their E-Commerce business & growth initiatives may not take place within the period currently intended, and may be reduced or extended.**

Our Company proposes to utilise the Net Proceeds towards, inter alia, investment in our E-Commerce subsidiary, for funding their E-Commerce business & growth initiatives as permitted under our Memorandum of Association. We propose to utilise ₹4,500 Lakhs from the Net Proceeds towards investment in our E-Commerce subsidiary, for funding their E-Commerce business & growth initiatives. This includes investment in our technology, marketing & promotional activities, expanding our network of brand partners and deepening our partnership with them. For further details, see *"Objects of the Issue*" on page 45. In the event the portion of the Net Proceeds to be utilised for the growth initiatives are insufficient, we may have to seek alternative sources of funding.

As the Net Proceeds are not proposed to be utilized towards implementing any specific project, a specific schedule of deployment of funds in relation to the Objects has not been provided in this Draft Red Herring Prospectus. While we intend to deploy the Net Proceeds towards the Objects over the next two Fiscals from listing of the Equity Shares pursuant to the Offer, and as described in the section titled "*Objects of the Issue*" on page 45, the actual deployment of funds will depend on a number of factors, including market conditions, our Board wide analysis of economic trends and business requirements, exchange rate fluctuations, competitive landscape, ability to identify and consummate organic growth opportunities as well as general factors affecting our results of operations, financial condition and access to capital.

Depending upon such factors, we may, subject to applicable law, have to reduce or extend the deployment period for the stated Objects beyond the estimated two Fiscals, at the discretion of our management, in accordance with applicable law.

**35. The Issue Price of the Rights Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.**

The Issue Price of the Rights Equity Shares will be determined by our Company in consultation with the Lead Manager and the Designated Stock Exchange. This price may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments, if any. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

**36. There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.**

The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

• our financial results and the financial results of the companies in the businesses we operate in;

• the history of, and the prospects for, our business and the sectors in which we compete;

• the valuation of publicly traded companies that are engaged in business activities similar to us; and

• significant developments in India's economic liberalization and deregulation policies.

In addition, the Indian equity share markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

37. **No Market for the Rights Entitlements may develop and the price of the Rights Entitlements may be volatile.**

No assurance can be given that an active trading market for the Rights Entitlements will develop on the Stock Exchanges during the Renunciation Period or that there will be sufficient liquidity in Rights Entitlements trading during this period. The trading price of the Rights Entitlements will not only depend on supply and demand for the Rights Entitlements, which may be affected by factors unrelated to the trading in the Equity Shares, but also on the quoted price of the Equity Shares, amongst others. Factors affecting the volatility of the trading price of the Equity Shares may magnify the volatility of the trading, price of the Rights Entitlements, and a decline in the price of the Equity Shares will have an adverse impact on the trading price of the Rights Entitlements.

38. **We have not commissioned an industry report for the disclosures made in the chapter titled "Industry Overview" and made disclosures on the basis of the data available on the internet and such data has not been independently verified by us.**

We have neither commissioned an industry report, nor sought consent from the quoted website source for the disclosures which need to be made in the chapter titled "Industry Overview" of this Draft Letter of Offer. We have made disclosures in the said chapter on the basis of the relevant industry related data available online for which relevant consents have not been obtained. We have not independently verified such data. We cannot assure you that any assumptions made are correct or will not change and, accordingly, our position in the market may differ from that presented in this Draft Letter of Offer. Further, the industry data mentioned in this Draft Letter of Offer or sources from which the data has been collected are not recommendations to invest in our Company. Accordingly, investors should read the industry related disclosure in this Draft Letter of Offer in this context.

39. **Our Company will not distribute the Letter of Offer and Application Form to certain overseas Shareholders who have not provided an address in India for service of documents.**

Our Company will dispatch this Draft Letter of Offer, the Abridged Letter of Offer, Rights Entitlement Letter and Application Form (the "Offering Materials") to such Shareholders who have provided an address in India for the service of documents. The Offering Materials will not be distributed to addresses outside India on account of restrictions that apply to the circulation of such materials in various overseas jurisdictions. However, the Companies Act requires companies to serve documents at any address, which may be provided by the members as well as through e- mail. Presently, there is a lack of clarity under the Companies Act, 2013, and the rules thereunder, with respect to the distribution of Offering Materials to retail individual shareholders in overseas jurisdictions where such distribution may be prohibited under applicable laws of such jurisdictions.

40. **There is no guarantee that our Equity Shares will be listed in a timely manner or at all which may adversely affect the trading price of our Equity Shares.**

In accordance with Indian law and practice, final approval for listing and trading of the Equity Shares will not be granted by the Stock Exchanges until after those Equity Shares have been issued and allotted. Approval will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future which may adversely impact the ability of our shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at that point of time.

41. **Investors will not have the option of getting the Allotment of Rights Equity Shares in physical form and the Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form ("Physical Shareholders") may lapse in case they fail to furnish the details of their demat account to the Registrar.**

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the

details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse.

Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form

**42. Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of Investor's shareholding.**

The Rights Entitlements that are not exercised prior to the end of the Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Rights Issue. Renouncees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renouncees will not be able to apply in this Rights Issue with respect to such Rights Entitlements.

**43. Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with Ind AS contained in this Draft Letter of Offer.**

Our Audited Financial Statements for Fiscals 2020 and 2021 and unaudited financial results for the nine months ended December 31, 2021, contained in this Draft Letter of Offer have been prepared and presented in accordance with Ind AS. Ind AS differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Significant differences exist between Ind AS and U.S. GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Ind AS contained in this Draft Letter of Offer. Accordingly, the degree to which the financial information included in this Draft Letter of Offer will provide meaningful information and is dependent on your familiarity with Ind AS and the Companies Act, 2013. Any reliance by persons not familiar with Ind AS on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

**44. Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.**

In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation, cash flows or financial condition, or other events affecting the Applicant's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

**45. You may not receive the Equity Shares that you subscribe to in the Issue until fifteen days after the date on which this Issue closes, which will subject you to market risk.**

The Equity Shares that you subscribe in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

**46. Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may adversely affect the value of our Equity Shares, independent of our operating results.**

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by equity shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may adversely affect the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

**47. The R-WAP payment mechanism facility proposed to be used for this Issue may be exposed to risks, including risks associated with payment gateways.**

In accordance with R-WAP Circulars, a separate web based application platform, i.e., the R-WAP facility (accessible at www.linkintime.co.in), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. On R-WAP, the resident Investors can access and fill the Application Form in electronic mode and make online payment using the internet banking or UPI facility from their own bank account thereat. Such payment gateways and mechanisms are faced with risks such as:

• keeping information technology systems aligned and up to date with the rapidly evolving technology in the payment services industries;

• scaling up technology infrastructure to meet requirements of growing volumes;

• applying risk management policy effectively to such payment mechanisms;

• keeping users' data safe and free from security breaches; and

• effectively managing payment solutions logistics and technology infrastructure.

Investors should also note that only certain banks provide a net banking facility by way of which payments can be made on the R-WAP platform. In the event that your bank does not provide such a facility, you will have to use an UPI ID to make a payment. Further, R-WAP is a new facility which has been instituted due to challenges arising out of COVID-19 pandemic. We cannot assure you that the R-WAP facility will not suffer from any unanticipated system failure or breakdown or delay, including failure on the part of the payment gateway, and therefore, your Application may not be completed or rejected. These risks are indicative and any failure to manage them effectively can impair the efficacy and functioning of the payment mechanism for this Issue. Since Application process through R-WAP is different from the ASBA process, there can be no assurance that investors will not find difficulties in accessing and using the RWAP facility.

Further, in accordance with R-WAP Circulars, R-WAP facility will only be provided if the issue opens before March 31, 2022.

**48. Overseas shareholders may not be able to participate in the Company's future rights offerings or certain other equity issues.**

If the Company offers or causes to be offered to holders of its Equity Shares rights to subscribe for additional Equity Shares or any right of any other nature, the Company will have discretion as to the procedure to be followed in making such rights available to holders of the Equity Shares or in disposing of such rights for the benefit of such holders and making the net proceeds available to such holders. For instance, the Company may not offer such rights to the holders of Equity Shares who have a registered address in the US unless:

- a registration statement is in effect, if a registration statement under the US Securities Act is required in order for the Company to offer such rights to holders and sell the securities represented by such rights; or
- the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the US Securities Act. The Company has no obligation to prepare or file any registration statement. Accordingly, shareholders who have a registered address in the United States may be unable to participate in future rights offerings and may experience a dilution in their holdings as a result.

**External risk factors**

**49. Outbreak of infectious diseases such as COVID-19 could adversely affect our business**

Infectious diseases such as COVID-19 that pose grave public health concerns could interfere with operations of our brand partners, logistics partners, e-commerce marketplaces and day to day responsibilities of our employees. This may lead to an adverse impact on our business.

The pandemic adversely impacted the US economy in 2020 and may continue to do so in the future. Economic slowdowns due to the pandemic may lead to slowdown in consumer spending which could lead to adverse financial outcomes for us.

**50. Our growth may be impacted by factors affecting Retail E-commerce industry in US**

The US retail e-commerce industry is highly dependent on: consumer consumption driven by growth in per capita income, marketplaces that connect buyers and consumers, logistics and warehousing infrastructure for timely fulfillment of orders and processing returns. Decline in consumer consumption, supply chain disruptions, factors disrupting the functioning of marketplaces and any other factors including political, social factors can lead to slow down of the retail e-commerce industry in the US and may negatively impact our growth.

**51. Our growth is dependent on the economic growth of US**

We derive the majority of our revenues from the US market. We provide e-commerce solutions using data and technology to help companies establish and grow their presence on online marketplaces (Amazon, eBay) in the US. Factors that can adversely impact the US economy may lead to a material adverse impact on our business, financial condition and results of operations.

Key factors that could potentially have an adverse impact on US economy are:

- Increase in inflation
- Increase in interest rates by the Federal Reserve leading to scarcity of credit
- Slowdown in consumption
- Stock market volatility/crashes
- Political instability within US and its neighbouring countries
- Changes in monetary, tax and trade policies
- Slowdown in foreign trade due to geo-political tensions with other countries, variations in exchange rates and other factors
- Any other major external events such as natural disasters, terrorist attacks and other acts of violence

**52. Any downgrading of India's debt rating by an independent agency may impact our ability to raise financing and also affect the price of our equity shares**

Any adverse revisions to India's credit ratings international debt by international rating agencies may adversely affect our ability to raise additional overseas financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

**53. A slowdown in economic growth in India could cause our business to suffer**

We are incorporated in India, and a majority of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. A slowdown in the Indian economy could adversely affect our business, financial condition and our ability to implement our strategy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- variations in exchange rates;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globallyincluding in India's various neighbouring countries;
- prevailing regional or global economic conditions; and
- other significant regulatory or economic developments in or affecting India

**54. Our Company is subject to foreign exchange control regulations and currency fluctuation risks.**

The Group operates internationally and a major portion of the business is transacted in USD and consequently the Group is exposed to foreign exchange risk through its sales and services in the United States, and purchases from within United States and overseas suppliers. The exchange between Indian Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in future. Consequently, the results of the Group's operations are adversely affected as the rupee appreciates/depreciates against USD.

Further, the business transactions are required to be conducted in accordance with the rules and regulations prescribed under FEMA. Due to non-receipt of such payments in a timely manner, our Company may fail to adhere to the prescribed timelines and may be required to pay a penalty to the appropriate authority or department to regularise the payment. In case we are unable to adhere to the timelines prescribed under the applicable laws or are unable to mitigate the risk of currency fluctuation, it could adversely affect our business, results of operations, financial conditions and cash flows.

**55. Financial instability in both Indian and international financial markets could adversely affect our results of operations and financial condition.**

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging markets in Asian countries. Financial turmoil in Asia, Europe, the United States and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have an adverse effect on the securities of companies in other countries. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian economy in general. Any global financial instability,

including further deterioration of credit conditions in the U.S. market, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

The Indian economy is also influenced by economic and market conditions in other countries. This includes, but is not limited to, the conditions in the United States, Europe and certain economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and its business.

Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby impact the Indian economy. Financial disruptions in the future could adversely affect our business, prospects, financial condition and results of operations. The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections.

There are concerns that a tightening of monetary policy in emerging markets and some developed markets will lead to a moderation in global growth. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could have an adverse effect on our cost of funding, loan portfolio, business, future financial performance and the trading price of the Equity Shares.

**56. Compliance with fresh and changing corporate governance and public disclosure requirements may add compliance requirements.**

Changing laws, regulations and standards relating to accounting, corporate governance and public disclosure, SEBI regulations and Indian stock market listing regulations have increased the complexity of our compliance obligations. These new or changed laws, regulations and standards may be subject to varying interpretations. Their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. Our efforts to comply with evolving laws, regulations and standards in this regard may result in increased general and administrative expenses and cause a diversion of management resources and time. If we fail to comply with new or changed laws, regulations or standards, our reputation and business may be harmed.

**57. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, in India and US may adversely affect our business results of operations, cash flows and financial performance.**

Changes in the operating environment, including changes in tax law, could impact the determination of our tax liabilities for any given tax year. Taxes and other levies imposed by the Government of India that affect our industry include income tax, goods and services tax and other taxes, duties or surcharges introduced from time to time. The tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the Government of India may adversely affect our competitive position and profitability. We cannot assure you that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in India and the US may materially and adversely affect our business, results of operations and financial condition. In addition, we may have to incur expenditure to comply with the requirements of any new regulations, which may also materially harm our results of operations. We are also subject to these risks in all our operations in India and the US. Any unfavourable changes to the laws and regulations applicable to us could also subject us to additional liabilities. As a result, any such changes or interpretations may adversely affect

our business, financial condition and financial performance. Further, changes in capital gains tax or tax on capital market transactions or sale of shares may affect investor returns.

**58. Investors may be subject to Indian taxes on capital gains arising out of sale of equity shares**

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of the Equity Shares are generally taxable in India. Any gain realized on the sale of the Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax has been paid on the transaction (subject to section 112A of the Income Tax Act, 1961). The securities transaction tax will be levied on and collected by an Indian stock exchange on which the Equity Shares are sold. Any gain realized on the sale of the Equity Shares held for more than 12 months, which are sold other than on a recognized stock exchange and on which no securities transaction tax has been paid, will be subject to capital gains tax in India. Further, any gain realized on the sale of the Equity Shares held for a period of 12 months or less will be subject to capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

Additionally, in terms of the Finance Act, 2018, which has been notified on March 29, 2018 with effect from April 1,2018, the tax payable by an assessee on the capital gains arising from transfer of long term capital asset(introduced as section 112A of the Income-Tax Act, 1961) shall be calculated on such long term capital gains at the rate of 10%, where the long term capital gains exceed ₹ 100,000, subject to certain exceptions in case of a resident individuals and HUF. Further, the Finance Act, 2019 has made various amendments in the taxation laws and has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. These amendments have been notified on December 10, 2019 and have come into effect from July 1, 2020.

**59. SEBI operates an index-based market-wide circuit breaker. Any operation of a circuit breaker may adversely affect a shareholder's ability to sell, or the price at which it can sell, our Equity Shares at a particular point in time.**

We are subject to an index-based market-wide circuit breaker generally imposed by SEBI on Indian stock exchanges. This may be triggered by an extremely high degree of volatility in the market activity (among other things). Due to the existence of this circuit breaker, there can be no assurance that shareholders will be able to sell our Equity Shares at their preferred price or at all at any particular point in time.

**60. Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.**

Our Articles of Association and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, Directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a corporate entity in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as one of our shareholders than as a shareholder of a bank or corporate entity in another jurisdiction. In accordance with the provisions of the Companies Act, the voting rights of an equity shareholder in a Company shall be in proportion to the share of a person in the paid-up equity share capital of that Company.

**61. There may be less Company information available in Indian securities markets than in securities markets in certain other countries.**

There is a difference between the level of regulation, disclosure and monitoring of the Indian securities markets and the activities of investors, brokers and other participants in markets in the United States. The SEBI is responsible for monitoring, ensuring and improving disclosure and other regulatory standards for the Indian securities markets and has issued regulations and guidelines on disclosure requirements, insider trading and other matters. Investors may, however, have access to less information about our business, results of operations and financial conditions, on an on-going basis, than investors would have in the case of companies' subject to reporting requirements of certain other countries.

**62. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.**

Under the foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

**63. The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.**

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares.

**64. Political, economic or other factors that are beyond our control may adversely affect our business and results of operations.**

The Indian economy is influenced by economic developments in other countries. These factors could depress economic activity which could have an adverse effect on our business, financial condition and results of operations. Any financial disruption could have an adverse effect on our business and future financial performance.

We are dependent on domestic, regional and global economic and market conditions. Our performance, costs and market price of our Equity Shares are and will be dependent on the health of the Indian economy. There have been periods of slowdown in the economic growth of India. Our ability to service our end-consumers and our operational costs will be adversely affected by an economic downturn in domestic, regional and global economies.

Economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production.

Consequently, any future slowdown in the Indian economy could harm our business, results of operations and financial condition. Also, a change in the government or a change in the economic and deregulation policies could adversely affect our ability to service our end-consumers and high rates of inflation in India could increase our costs which could result in lower operating margins.

## SECTION III: INTRODUCTION

### THE ISSUE

The Issue has been authorized by way of a resolution passed by our Board on February 11, 2022, pursuant to section 62(1)(a) of the Companies Act, 2013 and other applicable provisions. The terms of the Issue including the Record Date and Rights Entitlement Ratio, have been approved by a resolution passed by our Board at its meeting held on [•].

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, detailed information included in ***"Terms of the Issue"*** beginning on page 149.

| | |
|---|---|
| **Equity Shares being offered by our Company** | Issue of upto [•] Equity Shares |
| **Rights Entitlement** | [•] Equity Share for every [•] fully paid-up Equity Share(s) held on the Record Date |
| **Record Date** | [•] |
| **Face value per Equity Share** | ₹ 10/- each. |
| **Issue Price** | ₹ [•]/- each. |
| **Issue Size** | Up to ₹ [•] Lakhs |
| **Equity Shares subscribed, paid–up and outstanding prior to the Issue** | 1,47,31,678 Equity Shares. For details, see ***"Capital Structure"*** beginning on page 43. |
| **Equity Shares subscribed, paid–up and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)** | Up to [•] Equity Shares |
| **Security codes for the Equity Shares** | **ISIN for Equity Shares:** INE566K01011<br>**BSE Code:** 533181<br>**NSE Code:** ISFT |
| **ISIN for Rights Entitlements** | [•] |
| **Terms of the Issue** | For details, see **"*Terms of the Issue*"** beginning on page 149 |
| **Use of Issue Proceeds** | For details, see **"*Objects of the Issue*"** beginning on page 45 |

For details in relation fractional entitlements, see ***"Terms of the Issue – Fractional Entitlements"*** beginning on page 166.

## GENERAL INFORMATION

IntraSoft Technologies Limited (our "Company" or "Issuer") was originally incorporated as "Regency Extrusions & Plastics Private Limited", as a private limited company under the Companies Act, 1956, in the state of West Bengal, pursuant to certificate of incorporation dated February 27, 1996 issued by the Registrar of Companies, West Bengal. Thereafter, the name of our Company was changed to "IntraSoft Technologies Private Limited" pursuant to fresh certificate of incorporation consequent on change of name dated October 29, 1997, issued by the Registrar of Companies, West Bengal. Subsequently, our Company was converted into Public Limited Company and consequently, the name of our company was changed to "IntraSoft Technologies Limited" pursuant to issuance of Fresh Certification of Incorporation dated October 16, 2007 issued by Registrar of Companies, West Bengal. With effect from December 15, 2009 the registered office of our Company was shifted to Maharashtra and was registered with the Registrar of Companies, Maharashtra, Mumbai. For details of change of our name, see "General Information" on page 39.

**Corporate Identification Number:** L24133MH1996PLC197857.
**Company Registration Number:** 197857

### REGISTERED OFFICE OF OUR COMPANY

**IntraSoft Technologies Limited**
502A, Prathamesh, Raghuvanshi Mills Limited Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013, India
**Tel:** +91 22 4004 0008
**Email:** intrasoft@itlindia.com
**Website:** www.itlindia.com

### CORPORATE OFFICE OF OUR COMPANY

**Intrasoft Technologies Limited**
Suite 301, 145, Rash Behari Avenue,
Kolkata – 700 029, India
**Tel:** +91-33-4023-1234

### REGISTRAR OF COMPANIES

Our Company is registered with the RoC, which is situated at the following address:

**Registrar of Companies**
100, Everest, Marine Drive,
Mumbai-400002, India
**Website:** www.mca.gov.in

### COMPANY SECRETARY & COMPLIANCE OFFICER

**Pranvesh Tripathi**
502A, Prathamesh, Raghuvanshi Mills Limited Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013, India
**Tel:** +91 22 4004 0008
**Email:** intrasoft@itlindia.com

### STATUTORY AUDITOR OF OUR COMPANY

**M/s. Singhi & Co. Chartered Accountants**
161, Sarat Bose Road, Kolkata 700026
**Tel:** +91 (033) - 24196000
**Email:** kolkata@singhico.com

**Contact Person:** Rahul Bothra
**Firm Registration No:** 302049E

## BOOK RUNNING LEAD MANAGER

**Pantomath Capital Advisors Private Limited**
406-408, Keshava Premises,
Bandra Kurla Complex, Bandra East,
Mumbai – 400 051.
**Tel:** +91 22 6194 6700
**Email:** ipo@pantomathgroup.com
**Investor Grievance Email:** ipo@pantomathgroup.com
**Website:** www.pantomathgroup.com
**Contact Person:** Punam Thadeshwar
**SEBI Registration No:** INM000012110

## REGISTRAR TO THE ISSUE

**Link Intime India Private Limited**
C – 101, 247 Park, LBS Marg, Vikhroli (West),
Mumbai – 400083, Maharashtra, India
**Tel:** +91 22 49186200
**Fax:** +91 22 49186060
**Website:** www.linkintime.co.in
**Email:** intrasoft.rights@linkintime.co.in
**Investor Grievance id:** intrasoft.rights@linkintime.co.in
**Contact Person:** Sumeet Deshpande
**SEBI Registration Number:** INR000004058

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process or R-WAP may be addressed to the Registrar to the Issue, with a copy to the SCSB (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account, number of Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), ASBA Account number and the Designated Branch of the SCSB where the Application Forms, or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of R-WAP process). For details on the ASBA process and R-WAP process, see ***"Terms of the Issue"*** beginning on page 149.

## BANKER TO THE ISSUE

**HDFC Bank Limited.**
HDFC Bank Limited, FIG – OPS Department – Lodha, I Think Techno Campus O-3 Level, Next to Kanjurmarg Railway Station, Kanjurmarg (East), Mumbai, 400042, Maharashtra, India
Tel: +91 22 30752927, +91 22 30752928
E-mail: Tushar.Gavankar@hdfcbank.com, Siddharth.Jadhav@hdfcbank.com
Contact Person: Tushar Gavankar, Siddharth Jadhav
Website: www.hdfcbank.com
SEBI Registration No.: INBI00000063

## DESIGNATED INTERMEDIARIES

***Self-Certified Syndicate Banks***

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the

ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link. On Allotment, the amount would be unblocked and the account would be debited only to the extent required to pay for the Rights Equity Shares Allotted.

## ISSUE SCHEDULE

| Event | Indicative Date |
|---|---|
| Last Date for credit of Rights Entitlements | [•] |
| Issue Opening Date | [•] |
| Last date for On Market Renunciation of Rights Entitlements # | [•] |
| Issue Closing Date* | [•] |
| Finalization of Basis of Allotment (on or about) | [•] |
| Date of Allotment (on or about) | [•] |
| Date of credit (on or about) | [•] |
| Date of listing (on or about) | [•] |

*# Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

** Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., [•] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [•].

Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, the Lead Manager or the Registrar will not be liable for any loss on account of non-submission of Application Forms on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date, due to prevailing COVID-19 related conditions. For details on submitting Application Forms, see ***"Terms of the Issue - Process of making an Application in the Issue"*** beginning on page 150.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at www.linkintime.co.in after keying in their respective details along with other security control measures implemented thereat. For further details, see ***"Terms of the Issue - Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders"*** beginning on page 162.

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under Issue.

## INTER – SE ALLOCATIONOF RESPONSIBILITIES

Pantomath Capital Advisors Private Limited is the sole Lead Manager to the Issue and all the responsibilities relating to co-ordination and other activities in relation to the Issue shall be performed by them and hence a statement of inter-se allocation of responsibilities is not required.

## CREDIT RATING

This being an issue of Equity Shares, credit rating is not required.

## UNDERWRITER

This Issue shall not be underwritten.

## MINIMUM SUBSCRIPITION

The objects of the Issue involve financing other than the financing of capital expenditure for a project. Further, our Promoters and Promoter Group have undertaken that they will subscribe fully to the extent of their rights entitlement and that they shall not renounce their rights (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group) subject to the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI Listing Regulations. Accordingly, minimum subscription criteria is not applicable to the Issue.

## FILING

Since the Issue Size is less than ₹ 5,000.00 Lakhs, the Draft Letter of Offer is being filed with the BSE and NSE. Upon receipt of the in-principle approval from the Stock Exchanges, the final Letter of Offer will be filed with Stock Exchanges and submitted to SEBI for information and dissemination purpose as per the provisions of the SEBI ICDR Regulations.

## CAPITAL STRUCTURE

The Equity Share capital of our Company, as on the date of this Draft Letter of Offer and after giving effect to the Issue is set forth below:

***(Amount in ₹ except share data)***

| S. No. | Particulars | Aggregate nominal value | Aggregate value at Issue Price |
|---|---|---|---|
| **A.** | **AUTHORISED SHARE CAPITAL** | | |
| | 25,250,000 Equity Shares of face value of ₹ 10/- each | 252,500,000 | NA |
| **B.** | **ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE** | | |
| | 14,731,678 Equity Shares of face value of ₹ 10/- each | 147,316,780 | NA |
| **C.** | **PRESENT ISSUE IN TERMS OF THIS DRAFT LETTER OF OFFER[1]** | | |
| | Issue of Upto **[•]** Equity Shares of Face value of ₹ 10/- each at a price of ₹ **[•]**/- Per Equity Share | **[•]** | **[•]** |
| **D.** | **ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE** | | |
| | **[•]** Equity Shares of face value of ₹ 10/- each | **[•]** | **[•]** |
| **E.** | **SECURITIES PREMIUM ACCOUNT** | | |
| | Before the Issue | 55,27,10,688 | |
| | After the Issue** | **[•]** | |

*[1]. The Issue has been authorized by the Board of Directors vide a resolution passed at its meeting held on February 11, 2022.*

*[#]Assuming full subscription for and allotment of the Equity Shares.*

***Subject to Basis of Allotment.*

As on the date of this Draft Letter of Offer, company has no outstanding instruments which are liable to be converted into equity shares.

### NOTES TO CAPITAL STRUCTURE

1. **Intention and extent of participation by our Promoters and Promoter Group in the Issue:**

   Our Promoters have, vide their letters (the "Subscription Letters") undertaken to: (a) subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favour by any other Promoters or member(s) of the Promoter Group of our Company; and (b) subscribe to, either individually or jointly and/ or severally with any other Promoters or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue.

   Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) is exempt in terms of Regulation 10(4)(b) of the Takeover Regulations as conditions mentioned therein have been fulfilled and shall not result in a change of control of the management of our Company in accordance with provisions of the Takeover Regulations.

   The additional subscription by the promoters shall be made subject to such additional subscription not resulting in the minimum public shareholding of the issuer falling below the level prescribed in LODR/ SCRR. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

2. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is ₹ [•]/- per equity share.

3. At any given time, there shall be only one denomination of the Equity Shares of our Company, excluding any equity shares with superior rights, if any, issued by our Company.

4. **Shareholding Pattern of our Company as per the last filing with the Stock Exchanges**:

a). The Shareholding Pattern of our Company as on December 31, 2021 can be accessed on the website of the BSE at https://www.bseindia.com/stock-share-price/intrasoft-technologies-ltd/isft/533181/shareholding-pattern/ or on the website of NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=ISFT&tabIndex=equity

b). The statement showing the holding of Equity Shares of persons belonging to the category "Promoter and Promoters Group" as on December 31, 2021 can be accessed on the website of the BSE at https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=533181&qtrid=112.00&QtrName=December%202021 and the NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=ISFT&tabIndex=equity

c). The Statement of showing the details of shares pledged, encumbrance by promoters and promoter group as on December 31, 2021 can be accessed on the website of BSE at https://www.bseindia.com/corporates/sastpledge_new.html?scripcd=533181 or on the website of NSE at https://www.nseindia.com/get-quotes/equity?symbol=ISFT

d). Details of shares locked-in by promoters and promoter group is as follows:

As on the date of this Draft Letter of Offer, there are no shares held by promoters and promoter group which are under lock-in.

5. **Details of options and convertible securities outstanding as on the date of this Draft Letter of Offer**:

There are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Draft Letter of Offer.

6. **Our Promoters and Promoter Group have not acquired any Equity Shares in the last one year immediately preceding the date of filing of this Draft Letter of Offer.**

7. **Details of Shareholders holding more than 1% of the Paid-up Capital of the Company :**

The details of shareholders of our Company holding more than 1% of the issued, subscribed and paid -up Equity Share capital of our Company, as on December 31, 2021 are available at https://www.bseindia.com/stock-share-price/intrasoft-technologies-ltd/isft/533181/shareholding-pattern/ or on the website of NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=ISFT&tabIndex=equity

## OBJECTS OF THE ISSUE

The Net Proceeds from the Issue are proposed to be utilized by our Company for the following objects (collectively referred to as "**Objects**"):

1. Investment in our E-Commerce subsidiary, for funding their E-Commerce business & growth initiatives;

2. General corporate purposes

The main objects clause and objects incidental or ancillary to the main objects as set out in the Memorandum of Association enables our Company to undertake its existing activities and the activities for which funds are being raised by our Company pursuant to the Issue.

**Net Proceeds**

The details of the proceeds of the Issue are summarized in the table below:

| Particulars | Estimated Amount (in ₹ lakhs) |
|---|---|
| Gross Proceeds from the Issue* | [•] |
| (Less) Issue related expenses# | [•] |
| | |
| **Net Proceeds** | **[•]** |

**Assuming full subscription and Allotment*
*# To be finalised upon determination of the Issue Price and updated in the Letter of Offer.*

**Utilization of Net Proceeds**

The Net Proceeds are proposed to be utilized in accordance with the details provided in the following table:

| Particulars | Estimated Amount (in ₹ lakhs) |
|---|---|
| Investment in our E-Commerce subsidiary, for funding their E-Commerce business & growth initiatives | 4,500 |
| General corporate purpose* | [•] |
| **Net Proceeds** | **[•]** |

**Assuming full subscription and Allotment*
*# To be finalised upon determination of the Issue Price and updated in the Letter of Offer.*

Since the amount of the Net Proceeds proposed to be utilized towards the objects mentioned in the table above are not towards implementing any specific project, a year wise schedule of deployment of funds has not been provided. We intend to deploy the Net Proceeds towards the objects mentioned in the table above over the next 2 Financial Years, being up till FY 2024, in accordance with the business needs of the Company. The requirement and deployment of funds as indicated above are based on our current business plan, internal management estimates, prevailing market conditions and other commercial and technical factors, including interest rates and other charges, and the financing and other agreements entered into by our Company, and have not been appraised by any bank or financial institution. We may have to revise our funding requirements and deployment from time to time on account of various factors, such as, change in cost, financial and market conditions, our management's analysis of economic trends and our business requirements, ability to identify and consummate new business initiatives, fund requirements in the operations of our subsidiaries and associates, inorganic and geographic expansion opportunities as well as general factors affecting our results of operations, financial condition, access to capital, business and strategy and interest/exchange rate fluctuations or other external factors, which may not be within the control of our management. This may entail rescheduling and revising the funding requirement for a particular object or increasing or decreasing the amounts earmarked towards any of the aforementioned objects at the discretion of our management, subject to compliance with applicable law.

In case of any surplus after utilization of the Net Proceeds towards the aforementioned Objects, we may use such surplus towards general corporate purposes, provided that the total amount to be utilized towards general corporate purposes does not exceed 25% of the Gross Proceeds in accordance with applicable law. In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the aforementioned Objects, we may explore a range of options including utilizing our internal accruals and seeking additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls.

**Details of the Objects of the Issue**

**1. Investment in our E-Commerce subsidiary, for funding their E-Commerce business & growth initiatives**

We intend to utilize ₹4,500 lakhs from the Net Proceeds towards investment in our E-Commerce subsidiary for funding technology innovation, artificial intelligence and other organic growth initiatives, expanding our supplier base and deepening partnership with our suppliers. The form of investment in our E-Commerce subsidiary, will be a combination of equity and / or providing a security backed letter of credit to our subsidiary, based out of the US. A security backed letter of credit will allow our subsidiary to access a line of credit in the US, which will then use the funds for the following objectives:

**a. Investment in technology innovation, artificial intelligence and other organic growth initiatives**

We are a technology-driven company and our products cater to a technology ecosystem for the small & medium businesses looking to grow their sales on the customer-focused marketplaces. We mainly focus on providing e-commerce solutions and retail services through our platform that use data science, artificial intelligence and machine learning. Since product and technology innovation is at the core of our success, we emphasize on our constant innovation and enhancing our products and platform offerings. Investments in innovation, technology and artificial intelligence are essential to our growth opportunities and results of operations. We constantly endeavour to innovate in the industry specific e-commerce & retail solutions by introducing new services for suppliers, developing the existing technology in-house and to invest in revenue maximization technologies. Our investment in developing the artificial intelligence based system during nine months period ending December 31, 2021 was ₹3,431 lakhs and for the year ended March 31, 2021 was ₹ 4,011 lakhs.

Further, we also have to maintain and upgrade our technology infrastructure in order to meet our supplier needs and expectations, as well as to expand our range of offerings to our partners. We are also proposing to invest in new artificial intelligence technology to expand the list of services that we provide to the existing partners to capture a larger wallet share of their online spend. As we witness demand for additional services from our suppliers, we believe that there is a need to develop new products or investment in technologies, which we can blend with existing products. Further, the artificial intelligence led products will need to be built and managed by technical teams paired with data science talents. Since these products are to be built from scratch, we also need to build teams to support and manage these products.

**b. Expanding our supplier base and deepening partnership with our suppliers**

Our supplier partners are integral to our e-commerce ecosystem and we incur significant cost in maintaining a sales team to retain and grow our supplier base. Our employee benefits cost constituted 4.19%, 2.71% as a percentage of our total revenue during the nine-month period ended December 31, 2021 and the year ended March 31, 2021 respectively. As part of our strategy, we plan to continue our investments in maintaining and expanding our supplier network while also deepening our partnerships with existing suppliers. We intend to use a portion of the Net Proceeds to continue our investments in our supplier base by maintaining our current sales and growth teams, in addition to recruiting and training sales personnel as well as equipping them with the necessary technology. This would enable us to reach more suppliers in the categories where we already have a presence as well as to expand our service and product offerings to suppliers in new categories where we see opportunities to grow our supplier base.

**c. Marketing & Promotional expenses**

We intend to deploy investments in marketing and promotional activities, especially for acquisition of supplier and enhancement of our brand equity, through our marketing efforts, which involve a combination of: (i) online channels, such as, digital brand and performance advertising campaigns, paid search engine marketing, and using other digital marketing tools; (ii) targeted communication through continuous engagement on social media platforms and personalized messages/push notifications, and (iii) certain other measures including promotions. Our historical sales and marketing expenses stood at ₹ 4,311.98 lakhs, constituting 13.38% of total revenue and ₹ 7,860.08 lakhs, constituting 12.69% of

total revenue during the nine-month period ended December 31, 2021 and the year ended March 31, 2021 respectively.

The form of investment in our E-Commerce subsidiary, will be a combination of equity and / or providing a security backed letter of credit to our subsidiary, based out of the US.

**2. General Corporate Purposes**

Our Company intends to deploy the balance Net Proceeds, if any, towards general corporate purposes, not exceeding 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations. The allocation or quantum of utilisation of funds towards the specific purposes will be determined by our Board, based on our business requirements and other relevant considerations, from time to time. General corporate purposes may include, but are not restricted to, the following:

a. strategic initiatives;

b. funding growth opportunities;

c. strengthening marketing capabilities and brand building exercises;

d. meeting ongoing general corporate contingencies;

e. meeting fund requirements of our Company, in the ordinary course of its business;

f. any other purpose, as may be approved by the Board, subject to applicable law.

**Issue Related Expenses**

The total expenses of the Issue are estimated to be ₹ [•] lakhs. The break-up for the Issue expenses is as follows:

| Activity | Estimated amount (in ` lakhs) | As a % of total estimated Issue expenses | As a % of Issue size |
|---|---|---|---|
| **Fees payable to:** | [•] | [•] | [•] |
| Lead manager fees | [•] | [•] | [•] |
| Fee to Registrar to the Issue, Banker to the Issue and other professional service provider | [•] | [•] | [•] |
| Advertising and marketing expenses | [•] | [•] | [•] |
| Fee Payable to Regulators including Depositories, Stock Exchanges and SEBI | [•] | [•] | [•] |
| Printing and distribution | [•] | [•] | [•] |
| Brokerage, selling commission and upload fees | [•] | [•] | [•] |
| Miscellaneous | [•] | [•] | [•] |
| **Total estimated Issue expenditure*** | [•] | [•] | [•] |

** Subject to finalisation of Basis of Allotment and actual Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes. All Issue related expenses will be paid out of the Gross Proceeds from the Issue*

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**Interim use of funds**

Our Company, in accordance with the policies established by our Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization for the purposes described above, our Company intends to temporarily deposit the funds in one or more scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934 or in any debt funds / instruments as may be approved by our Board of Directors. Our Company confirms that pending utilization of the Net Proceeds for the Objects of the Issue, our Company shall not use the Net Proceeds for any investment in the equity markets.

**Bridge Financing Facilities**

Our Company has currently not raised any bridge loan towards any of the stated objects of the Issue as on the date of the Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds. However, depending on business requirements, our Company might consider raising bridge financing facilities, pending receipt of the Net Proceeds.

**Appraising Entity**

None of the objects of the Issue for which the Net Proceeds will be utilised have been appraised.

**Monitoring of utilization of funds**

Since the proceeds from the Issue are less than ₹ 10,000 lakhs, in terms of Regulation 82(1) of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Issue. As required under the SEBI Listing Regulations, the Audit Committee appointed by the Board shall monitor the utilization of the proceeds of the Issue. We will disclose the details of the utilization of the Gross Proceeds of the Issue, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements.

As per the requirements of Regulations 18 of the SEBI Listing Regulations, we will disclose to the audit committee the uses/ applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in the Draft Letter of Offer and place it before the Audit Committee. The said disclosure shall be made till such time that the Gross Proceeds raised through the Issue have been fully spent. The statement shall be certified by our Auditor.

Further, in terms of Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in the Draft Letter of Offer. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Regulations 33 of the SEBI Listing Regulations and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the audit committee in terms of Regulation 18 of the SEBI Listing Regulations.

**Other Confirmations**

No part of the Net Proceeds will be paid by our Company as consideration to our Promoters, Directors, Key Managerial Personnel and the members of our Promoter Group or Group Entities, except to the extent of adjustment of unsecured loans towards the entitlement, including additional subscription if any.

## STATEMENT OF SPECIAL TAX BENEFITS

**To,**
**The Board of Directors**
**IntraSoft Technologies Limited**
502 A, Prathamesh, Raghuvanshi Mills Limited Compound,
Senapati Bapat Marg, Lower Parel (W),
Mumbai – 400 013

Dear Sirs/ Madam,

**Statement of Possible Special Tax Benefits available to IntraSoft Technologies Limited ("Company" or "Issuer"), its Material Subsidiary namely 123Stores, Inc. and the shareholders of the Company prepared in accordance with the requirement of Securities and Exchange board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended**

1. This statement is prepared for the purpose of inclusion in the draft Letter of Offer/ Letter of Offer of **IntraSoft Technologies Limited ('the Company')** for the proposed Rights issue of equity shares. We hereby confirm the following Annexures as prepared by the Management of the company stating the possible tax benefits available to the company, its material subsidiary 123Stores, Inc. and to its shareholders:

a) **Annexure 'A'**, prepared by the company, provides the possible special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 ('the Act') as amended by the Finance Act 2021, i.e. applicable for the Financial Year 2021-22 relevant to the assessment year 2022-23, presently in force in India and proposals of the Finance Bill, 2022 (hereinafter referred to as the "Indian Income Tax Regulations") and the Income Tax regulations in the respective country where the material subsidiary is located, as on the signing date. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

b) **Annexure 'B'**, prepared by the company, provides the possible special tax benefits available to the Company and to the shareholders of the Company under the State Goods and Service Tax Act, 2017/ Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") (collectively referred to as "indirect tax") as amended by the Finance Act 2021, i.e. applicable for the Financial Year 2021-22, presently in force in India and proposals of the Finance Bill, 2022 (hereinafter referred to as the "Indian Indirect Tax Regulations") and the Indirect Tax regulations in the respective country where the material subsidiary is located, as on the signing date. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

**Management's Responsibility**

2. The preparation of the contents in the enclosed annexures stated is the responsibility of the Company's management including the preparation and maintenance of all accounting and other relevant supporting records and documents.

3. The management is responsible for ensuring compliance with the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2018, as amended.

4. The management is also responsible for ensuring compliance with tax laws of the respective countries in which the company or its material subsidiary 123Stores, Inc. is located.

**Auditor's Responsibility**

5. We have examined the books of account and other relevant records and documents maintained by the Company in

the normal course of its business for the purpose of providing reasonable assurance on whether the information provided in Annexures has been appropriately extracted from the books of account and other relevant records and documents maintained by the Company and certifying specific matters as required by Securities Exchange Board of India ("SEBI") for the proposed Right issue of the equity shares of the Company.

6. The benefit discussed in the enclosed Annexure cover only the special tax benefits available to the Company and its shareholders and do not cover general tax benefits. Special tax benefits are benefits which are generally not available for all companies We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

7. It is imperative to note that we have relied upon the representation from the Management of the Company and confirmations received from the tax advisor of the overseas material subsidiary of the Company namely 123Stores, Inc. with respect to the special tax benefits available in the overseas jurisdiction.

8. We do not express any opinion or provide any assurance as to whether:
   i. the Company or its shareholders will continue to obtain these benefits in future;
   ii. the conditions prescribed for availing the benefits have been / would be met with; and
   iii. the revenue authorities/courts will concur with the views expressed herein.

9. We conducted our examination of Annexures in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India and the Standards on Auditing specified under Section 143(10) of the Companies Act 2013. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

10. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

11. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

**Restriction on Use**

12. The Certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose of inclusion in the draft Letter of Offer/ Letter of Offer and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

**For Singhi & Co.**
**Chartered Accountants**
**Firm Registration No: 302049E**

**(Rahul Bothra)**
**Partner**
**Membership No. 067330**
**UDIN:22067330AEQPND5783**

Place: Kolkata
Date: 11th March 2022

**ANNEXURE 'A' TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY, ITS MATERIAL SUBSIDIARY AND THE SHAREHOLDERS OF THE COMPANY UNDER THE APPLICABLE TAX LAWS IN INDIA AND RESPECTIVE COUNTRY (IN CASE OF MATERIAL SUBSIDIARY)**

Outlined below are the possible special tax benefits available to the Company, its Material Subsidiary and the shareholders of the Company under the Income-tax Act, 1961 ("**the Act**") as amended by the Finance Act 2021, i.e. applicable for the Financial Year 2021-22 relevant to the assessment year 2022-23, presently in force in India and proposals of the Finance Bill, 2022 (hereinafter referred to as "Indian Income Tax Regulations") and Income Tax regulations in the respective country where material subsidiary is located are as under.

**I. Special tax benefits available to the Company**

There are no special tax benefits available to the Company.

**II. Special tax benefits available to the 123Stores, Inc., Material Subsidiary**

123Stores, Inc. has been established under and is governed by the domestic laws of USA. Subject to fulfilment of prescribed conditions, the material subsidiary i.e. 123Stores Inc. is eligible for special tax benefits under the CARES Act.

**III. Special tax benefits available to Shareholders**

There are no special tax benefits available to the shareholders for investing in the shares of the Company.

Notes:

a) The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

b) The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

c) This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

d) In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

e) No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

## ANNEXURE 'B' TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY ITS MATERIAL SUBSIDIARY AND THE SHAREHOLDERS OF THE COMPANY UNDER THE APPLICABLE TAX LAWS IN INDIA AND RESPECTIVE COUNTRY (IN CASE OF MATERIAL SUBSIDIARY)

Outlined below are the possible special tax benefits available to the Company and its shareholders under **The State Goods and Services Tax Act, 2017 / The Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") (collectively referred to as "indirect tax")** as amended by the Finance Act 2021, presently in force in India and proposals of the Finance Bill, 2022 (hereinafter referred to as "Indian Indirect Tax Regulations") and the Indirect Tax regulations in the respective country where the material subsidiary is located, as on the signing date.

### I. Special indirect tax benefits available to the Company

There are no special tax benefits available to the Company.

### II. Special indirect tax benefits available to the 123Stores Inc., Material Subsidiary

There are no special Indirect tax benefits available to 123Stores, Inc. in the United States of America.

### III. Special indirect tax benefits available to the shareholders under the Act

There are no special indirect tax benefits applicable in the hands of shareholders for investing in the Shares of the Company.

Notes:

a) The above statement is based upon the provisions of the specified Indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.

b) The above statement covers only above-mentioned indirect tax laws benefits and does not cover any income tax law benefits or benefit under any other law.

c) This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

d) No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

## SECTION IV: ABOUT OUR COMPANY

## INDUSTRY OVERVIEW

### GLOBAL OUTLOOK

The outbreak of novel coronavirus in 2020, sent many countries into strict lockdowns leading to closure of non-essential brick & mortar retail, widespread disruptions in supply chains & manufacturing, job losses across the world. This resulted in the Global GDP declining by 3.4%[1] in 2020. Despite major headwinds due to the rise of the delta variant, labour shortages in developed countries leading to supply chain disruptions and inflationary pressures, the Global economy recovered in 2021, growing at 5.5%[1] driven by strong consumer spending, fiscal support, uptake in investments and growth of goods trade. While recovery is expected to continue over next two years, growth is expected to slow down due to persistent supply chain bottlenecks, rise of cases due to the omicron variant, growing inflation leading to tightening of monetary and fiscal policies, rising inequality and security challenges in developing countries. Global GDP projected to grow at 4% in 2022 and 3.5% in 2023[2]. Advanced economies are expected to achieve full output recovery while that of developing economies is expected to remain 4% below the pre-pandemic levels by 2023[2].

**US Outlook:**

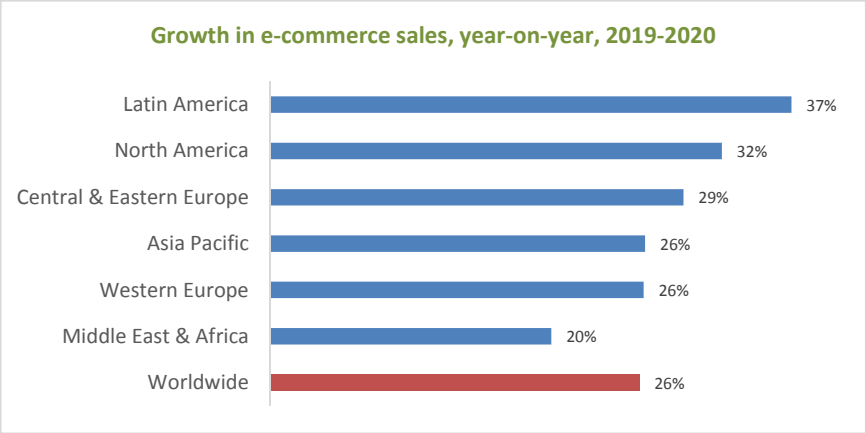
In line with the Global economic trend, the US GDP declined by 3.4% in 2020 due to depressed consumer spending and business investment. The resurgence of consumer spending owing to pent up demand and USD 1.9 trillion fiscal stimulus spent by the US government led to a strong GDP growth of 5.7% in 2021[3]. In 2022, the economic recovery is expected to continue but at a slower rate of 3.0%[4] due to normalisation of consumer demand, rise of the omicron variant, inflationary pressures due to tight labour markets and supply chain disruptions, expected interest rate hikes & asset purchase programme by the Federal reserve to combat inflation.

**Global Retail & E-commerce overview:**

Worldwide retail sales witnessed a decline of 2.8% to USD 23.6 trillion in 2020[5] with non-essential physical stores remaining shut during the lockdowns and reduction in consumer spending due to job losses. While retail sales declined, e-commerce sales witnessed exponential growth in 2020. With lockdown restrictions and safety concerns, millions of consumers preferred to shop from the convenience of their homes. 2020 was a landmark year for e-commerce as it accelerated the shift towards online shopping and more so, because a part of the change in consumer behaviour was permanent.

Global retail e-commerce sales grew at 26% in 2020 - compared to 14% in 2019- reaching USD 4.2 trillion[6]. The Latin American region which was a laggard in terms of e-commerce adoption compared to other regions prior to the pandemic, grew the fastest at 37% in 2020 due to the lockdown effect and significant investments in digital by e-commerce companies. North America, was the second fastest growing at 32% followed by Central & Eastern Europe at 29%, Asia-pacific at 26%[7].

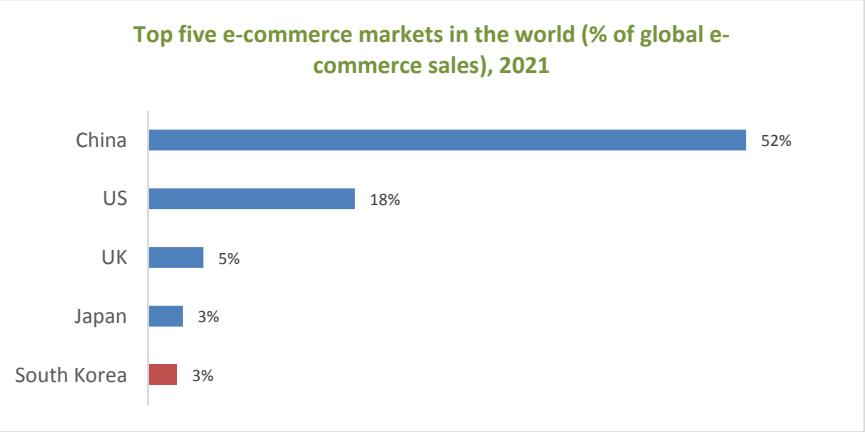
[1] https://data.worldbank.org/indicator/NY.GDP.MKTP.KD; https://www.worldbank.org/en/news/press-release/2022/01/11/global-recovery-economics-debt-commodity-inequality;
[2] https://www.business-standard.com/article/international/un-forecasts-lower-global-economic-growth-for-2022-and-2023-122011301656_1.html;
[3] https://www.bea.gov/news/2022/gross-domestic-product-fourth-quarter-and-year-2021-advance-estimate
[4] https://www.conference-board.org/research/us-forecast
[5] https://www.emarketer.com/content/global-ecommerce-forecast-2021
[6] https://www.emarketer.com/content/global-ecommerce-forecast-2021
[7] https://www.emarketer.com/content/latin-america-will-fastest-growing-retail-ecommerce-market-this-year




*Source(s):* *https://www.emarketer.com/content/latin-america-will-fastest-growing-retail-ecommerce-market-this-year*

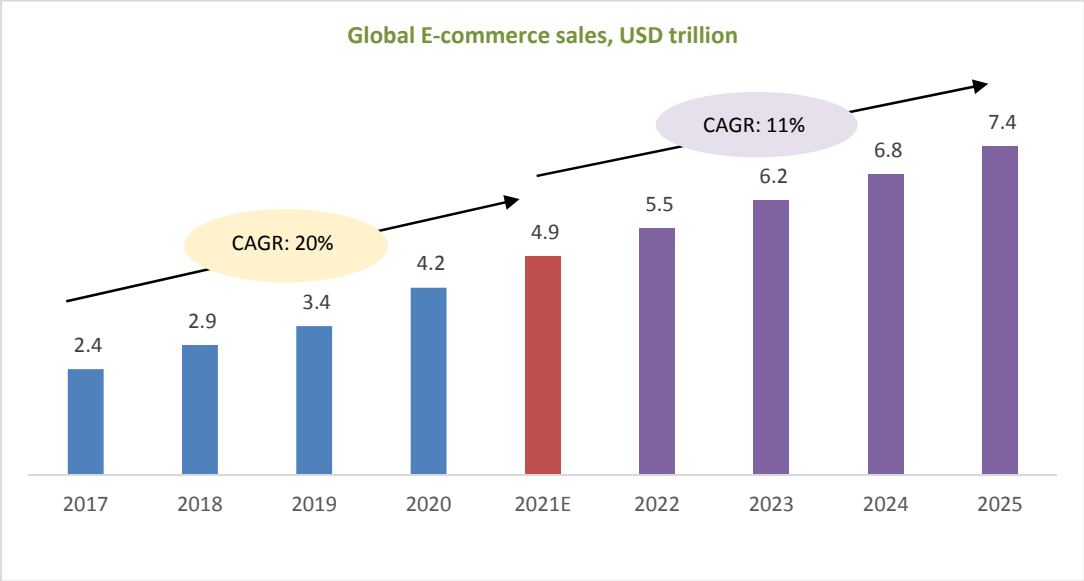
In 2021, the world regained partial normalcy as physical stores reopened and vaccinations were administered. Thereby, global retail sales are estimated to have rebound with a growth of ~6% in 2021, reaching pre-pandemic levels of USD 25 trillion[8].

Growth in global e-commerce sales, although strong, is estimated to be lower at 17% in 2021 compared to 26% in 2020, partly because so much growth was shifted to 2020 and partly because of reopening of physical stores. China and the US continue to dominate the global e-commerce sales, accounting for nearly 70% of global e-commerce sales and comprising about 50% of world's online shopper population in 2021[9].

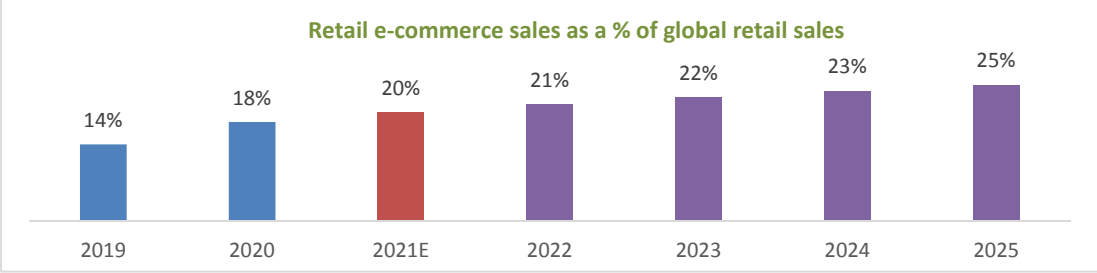



*Source(s):* https://www.emarketer.com/content/worldwide-ecommerce-continues-double-digit-growth-following-pandemic-push-online
https://www.digitalcommerce360.com/product/ecommerce-market-report/

[8] https://www.emarketer.com/content/global-ecommerce-forecast-2021
[9] https://www.oberlo.in/statistics/how-many-people-shop-online; https://www.emarketer.com/content/over-45-of-china-s-digital-shoppers-will-buy-via-livestream-2023




*Source(s): https://www.emarketer.com/content/worldwide-ecommerce-continues-double-digit-growth-following-pandemic-push-online*
*https://www.emarketer.com/content/global-ecommerce-2019*




Source: *https://www.emarketer.com/content/global-ecommerce-forecast-2021*

Global retail e-commerce sales were estimated at USD 4.9 trillion in 2021 expected to reach USD 7.4 trillion, accounting for 25% of global retail sales by 2025, driven by growing demand for convenience, rising internet & smartphone penetration, proliferation of digital payments, integration of social media with online selling and the option to choose from a wide range of products in terms of breadth and depth[10].

**US Retail and E-commerce industry:**
Over the last decade, there has been a remarkable shift from traditional brick and mortar space towards e-commerce. This astonishing growth is a result of proliferation of smartphones, affordable internet, demand for convenience, e-commerce giants which offered a wide assortment of options across millions of products and worked towards providing a seamless customer experience with innovations in technology and supply chain.

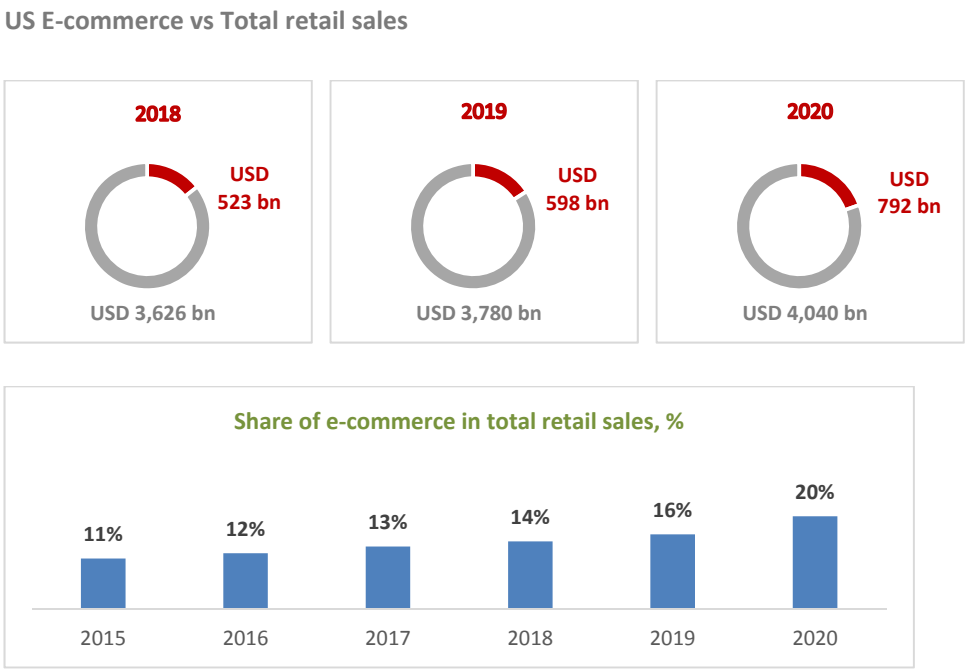
The share of e-commerce in total retail sales in the US rose sharply as the e-commerce industry quadrupled and outpaced the overall retail growth.

[10] *https://www.emarketer.com/content/global-ecommerce-forecast-2021*

| | 2010 | 2020 |
|---|---|---|
| Share of e-commerce in retail | 5% | 20% |
| Retail e-commerce sales | USD 165 bn | USD 792 bn |

*Source: Digital Commerce 360 - https://www.linkedin.com/pulse/e-commerce-walked-so-social-commerce-could-run-rachel-howard https://redstagfulfillment.com/2010s-ecommerce-growth-decade/*

2020 was an inflection point for the e-commerce industry in the US. COVID-19 catapulted e-commerce sales growth to 32% in 2020, double that of 15% growth in 2019[11]. The market size reached levels – USD 792 bn in 2020- which were otherwise expected to be reached in 2022. Holiday season sales reached a record levels of USD 188 bn and for the first time, online spending exceeded USD 1 Billion daily during the 2020 holiday season and topped USD 2 Billion for 50 days[12].




*Source: Digital Commerce 360 - https://www.linkedin.com/pulse/e-commerce-walked-so-social-commerce-could-run-rachel-howard , https://www.digitalcommerce360.com/article/us-ecommerce-sales/*

*Note: Total retail figures exclude sales of items not normally purchased online such as spending at restaurants, bars, automobile dealers, gas stations and fuel dealers*

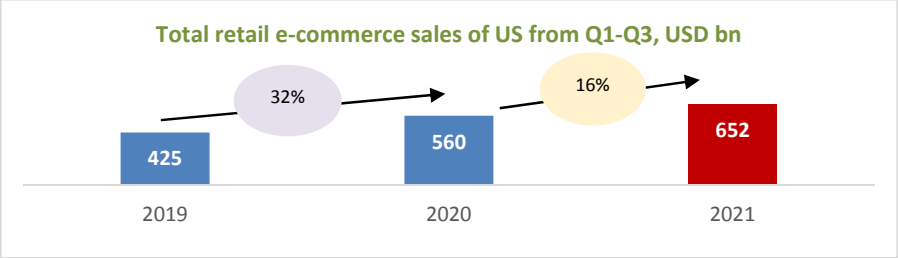
In line with the global trends, the US e-commerce industry saw smaller – compared to 2020 – yet significant growth in 2021. While reopening of physical stores, broken supply chain, high freight cost and delayed shipping dragged down the growth, the long term change towards online shopping brought about in 2020 helped sustain the double digit growth.

Total retail e-commerce sales from Q1 to Q3 in 2021[13] grew at 16% over the same period in 2020[14]. Holiday season sales (November – December) grew at 8.6% year-on-year. However, Cyber Week (5 days between Thanksgiving and Cyber Monday) sales witnessed a slight de-growth of 1.4% from USD 34.4 bn in 2020 to USD

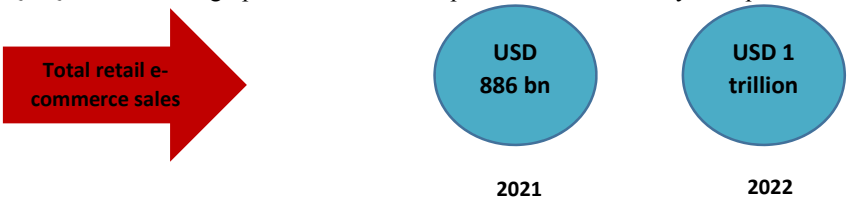
[11] Digital Commerce 360 - https://www.linkedin.com/pulse/e-commerce-walked-so-social-commerce-could-run-rachel-howard
[12] Note: Holiday sales refers to sales during the months November and December; Source: https://business.adobe.com/content/dam/dx/us/en/experience-cloud/digital-insights/pdfs/adobe_adi_holiday_recap_2020.pdf
[13] The period Q1-Q3 in refers to the time period between January to September.
[14] https://www.census.gov/retail/ecommerce/historic_releases.html; Refers to adjusted e-commerce sales (adjusted for seasonal variation but not for price changes)

33.9 bn as shoppers chose to spread out purchases before and during the holiday season anticipating product shortages, delayed shipping and high prices[15].

Total retail e-commerce sales for 2021 are estimated at USD 886 bn[16] and are expected to reach USD 1 trillion in 2022.




Source:; Note: https://www.census.gov/retail/ecommerce/historic_releases.html; Sales refer to adjusted e-commerce sales (adjusted for seasonal variation but not for price changes); The period Q1-Q3 in the above graph refers to the time period between January to September.



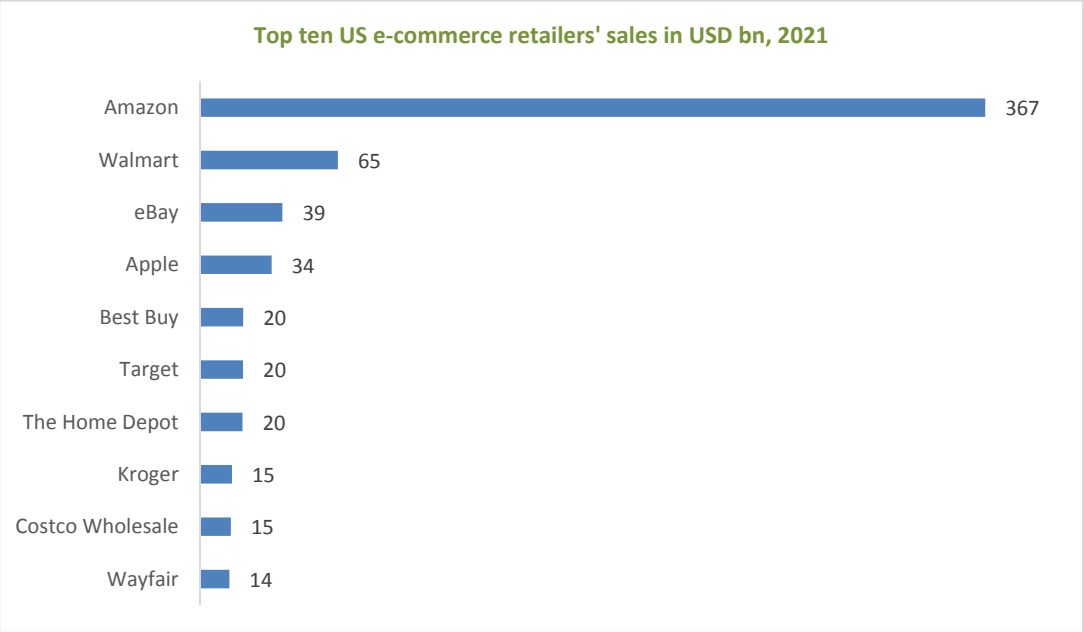

*Source: https://www.digitalcommerce360.com/product/ecommerce-market-report/; Note: 2021 sales have been estimated, 2022 sales have been projected; https://www.insiderintelligence.com/insights/ecommerce-industry-statistics/*

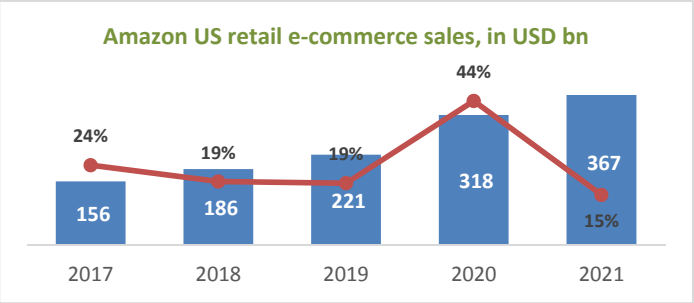
**Top e-commerce retailers:**

- Amazon remains the undisputed leader in the US e-commerce market. The e-commerce behemoth is significantly larger than its nearest competition, with its GMV being ~6x that of Walmart and ~8x of that of eBay.

[15]Note: Holiday sales refers to sales during the months November and December; Source: https://blog.adobe.com/en/publish/2022/01/12/adobe-us-consumers-spent-a-record-204-billion-online-this-holiday-season#gs.n2ehqz

[16] https://www.digitalcommerce360.com/product/ecommerce-market-report/; Note: 2021 sales have been estimated, 2022 sales have been projected



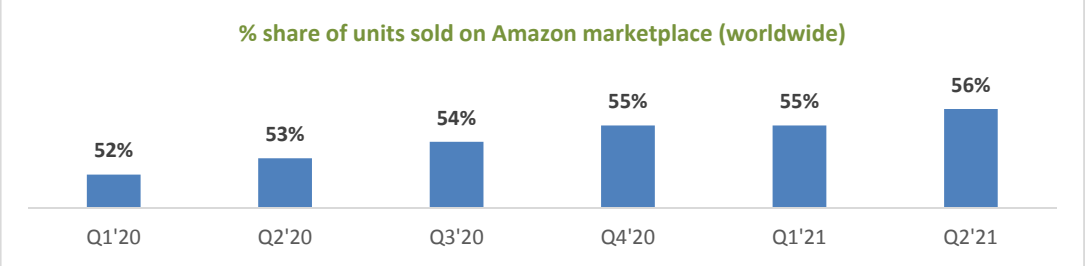




*Note: Above numbers represent the gross value of products or services sold on each of the website listed (through browser or app). In case of Amazon, the sales include both direct and marketplace sales excluding travel and event tickets, Amazon Web Sales (AWS), advertising services and credit card agreements*
*Source(s): https://www.emarketer.com/content/top-10-us-ecommerce-companies-2021-plus-6-key-takeaways-our-latest-forecast*

**Third-party sellers:**
Amazon reported that it has nearly 2 million sellers across its marketplaces around the world out of which 500,000 sellers are present on its US marketplace[17]. Worldwide, the third-party sellers constituted more than 50% of volumes and around 60% of GMV of products sold on Amazon marketplace during 2020. During 2021, third-party sellers grew significantly faster than Amazon retail (first party sales) by circumventing problems in supply chain and inventory through fulfilment by merchant[18].

[17] https://assets.aboutamazon.com/9b/84/05cb2fc14da18e4574a5132f675a/amazon-smb-report-2021.pdf
[18] https://www.digitalcommerce360.com/article/amazon-seller-news/; https://www.forbes.com/sites/sarahhofstetter/2021/12/27/2021-e-commerce-year-in-review/

*Note: 2016-2018 values reported by Amazon, 2019 & 2020 estimates by Digital Commerce 360*

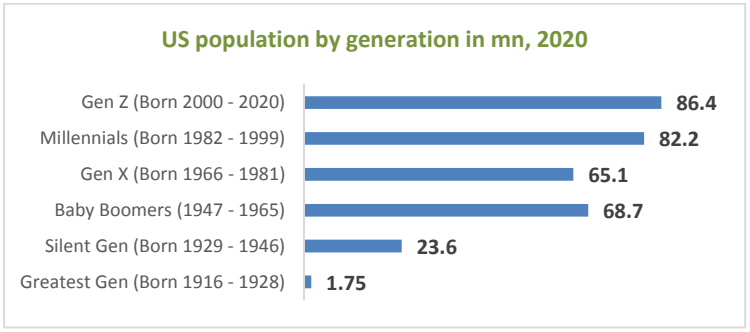



*Source(s):* https://www.digitalcommerce360.com/article/amazon-seller-news/*; In the above graph Q1 refers to time period between January to March, Q2 refers to time period between April to June, Q3 refers to time period between July to September, Q4 refers to time period between October to December.*

Walmart also saw significant growth in sales by third party sellers. In just a year the number of third-party sellers on Walmart doubled from 70,000 in December 2020 to 130,000 in December 2021.[19]

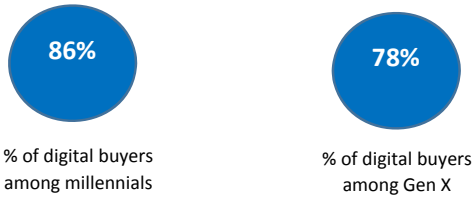
**Digital Shoppers in the US:**

US has 263 mn digital shoppers, constituting an enormous 80% of its population[20]. Gen Z overtook Millennials as the largest generation in the US in 2020.




*Source(s): https://knoema.com/infographics/egyydzc/us-population-by-age-and-generation-in-2020*

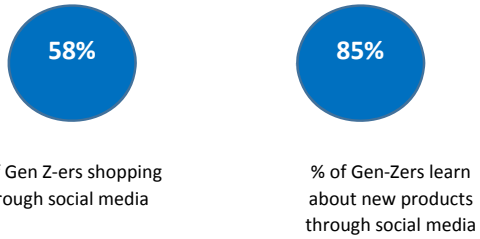
Millennials being highly tech savvy and in the workforce, are the major driving force of e-commerce sales in US




[19] https://www.marketplacepulse.com/walmart/number-of-sellers
[20] https://www.indiaretailing.com/2021/04/08/retail/china-and-us-to-generate-60-of-global-e-commerce-sales-in-2021/

*Source: https://www.emarketer.com/content/how-digital-are-millennials-in-their-shopping*

Gen Z group comprises teenagers and students who spend a lot of time online and on social media and therefore it comes as no surprise that a significant proportion of Gen-zers shop through social media. A rapid increase in e-commerce adoption is expected among the tech-savvy Gen-Z as they enter the workforce.




*Source: https://99firms.com/blog/generation-z-statistics/#gref*

**Key growth drivers of the US retail e-commerce industry:**

**Growing smartphone penetration:**
Smartphones increase convenience and provide easy access to information regarding products, shipping, and delivery status. Enhancement of GPS tracking features in smartphones enables users to track product deliveries. As of February 2021, 85% of the population of the US owned a smartphone. An increase in smartphone usage enabled e-commerce companies to reach a wider customer base, one of the major factors of e-commerce market growth[21].

**Advanced technologies:**

Big Data Analytics, artificial intelligence and machine learning have benefitted e-commerce. BDA, with machine learning, allows the identification of optimal price, determination of the most profitable customer category and related goods, and helps decide the ideal inventory. AI helps in capturing data from all avenues (social media, chatbots, customer service interactions and mobile messaging), fed into a BDA software to facilitate accurate data analysis.

**Growing internet penetration:**

The US had an estimated 302 mn internet users in 2021 which is expected to reach 321 mn by 2025. The internet penetration in population stood at 90.8% in 2021 and is expected to reach 94% by 2025[22]. About 77% of US adults have high-speed broadband connections at home, which is expected to grow further in the coming years[23]. Rise of internet/broadband penetration will expose more users to online shopping, leading to significant growth in retail e-commerce.

**New generation of shoppers:**

The tech savvy Millennials and Gen-Z constitute 51% of the US population and form the majority of online shoppers in the US. This generation demands convenience in their busy lifestyle, wider variety, better prices and brand communication through social media. Going ahead, e-commerce sales will be driven by millennials who are already in the workforce and Gen-Z which will enter the workforce[24].

[21] https://www.statista.com/statistics/218773/us-smartphone-penetration-by-age/ , https://www.pewresearch.org/internet/fact-sheet/mobile/
[22] https://www.statista.com/statistics/325645/usa-number-of-internet-users/
[23] https://www.pewresearch.org/internet/fact-sheet/internet-broadband/
[24] https://knoema.com/infographics/egyydzc/us-population-by-age-and-generation-in-2020

**Key trends in the US retail e-commerce industry**

**Advanced technologies underpinning the growth of e-commerce:**

**Blockchain**

Blockchain is a system of recording information that makes it difficult or impossible to change, hack or cheat the system. Blockchain makes transactions safer and faster. This technology enables users to share and securely store digital assets automatically/manually. It has the capacity to handle user activities such as payment processing, product searches, product purchases and customer care. Hence, e-commerce sites integrate robust data-encryption software to keep consumers' personal data safe from cyber criminals.

**Artificial intelligence**

With the help of AI technology, e-commerce websites are making smarter product recommendations to enhance customer experience. AI is enabling e-commerce businesses to analyze trends with respect to sales channels and buyer behaviour to ascertain the best time, price and place to list their products.

**Big data and analytics**

Data analytics harnesses large data derived from marketplaces to identify hidden patterns, trends and customer preferences. There is a growing emphasis among e-commerce companies to employ big data analytics. The value uncovered from mountains of data generated by consumers can be game changing. E-commerce Companies are using big data to:

- predict the next-best selling products and forecast demand applying patterns from historical data
- identify optimal pricing for wide ranging products sold by tracking transactions, competitors, cost of goods sold and other variables
- provide personalized experiences to customers through analysis of their preferences
- optimize customer service by creating a 360-degree view of the customer
- ensure more secure online payments by setting up alerts for fraudulent activities based on underlying data trends[25]

**Emerging technologies in user interface and supply chain:**

**Headless and API driven commerce:**

In headless commerce the front end of the e-commerce application/platform is decoupled from the back-end. In essence, the front end and back end can function independently allowing increased agility and adaptability. Typically front end designers and backend developers have different objectives in mind, therefore adopting headless enables the front-end to be creative and build an engaging experience while backend developers can focus on making critical enhancements to the application. Headless architecture enables brands to adapt to the dynamic changes and deliver engaging content in their e-commerce store, enabling growth of organic traffic.

**Progressive web apps (PWA):**

One of the key trends in the e-commerce industry is the use of PWA, a website that has the form of a mobile application. Instead of developing and launching high-cost native mobile apps, e-commerce businesses can take advantage of PWAs to provide a better mobile experience, improve sales and enhance the customer's online experience.

**Augmented reality (AR):**

- AR adds digital elements to the real world with the help of a camera on a smartphone, tablet, etc. AR enables consumers to visualize how the product they want to purchase can fit into their home's

[25] https://www.linnworks.com/blog/ways-to-use-big-data-in-ecommerce-infographic

physical space. AR experiences are therefore particularly valuable in home décor and furniture space. For example, Wayfair offers an AR function on its app with which the users can take a photo of their room and add various products virtually in the space.

- AR already has a wide user base in the US with 83 million users using the technology at least once a month. The number is expected to increase to 95 mn in 2022[26].

**Virtual reality (VR):**

- VR offers a fully immersive experience in a completely simulated environment to users unlike AR which has real life elements. Dedicated hardware is required for users to experience VR. One of the key reasons cited by consumers for returns in e-commerce is the product received was not how they expected it to be in terms of feel, size, design, etc.
- VR helps create a virtual storefront environment in which the consumers can examine the product and therefore make more informed purchased decisions.
- Amazon, Shopify and Walmart have invested in VR to enhance consumer shopping experiences. VR devices are owned by ~26 million households (10% of households) in US[27] and are expected to grow rapidly going ahead, leading to wider demand for and adoption of VR shopping.

**Internet of Things (IoT):**

- IoT in e-commerce is becoming mainstream due its wide-ranging benefits. IoT enables smart devices to connect and send data to each other through the internet. The technology has enabled e-commerce companies to improve inventory and supply chain management through better tracking of products using RFIDs and deliver personalized experiences to customers by collecting data

**Drones in delivery:**

- E-commerce companies are investing in drones to reduce delivery times. Drones are unmanned aerial vehicles which are controlled remotely through software-controlled plans. Amazon has invested in 'Prime Air' deliveries through drones aiming to deliver products in 30 minutes.

**Chat-bots:**

- Chat-bots are intelligent assistants integrated into websites and apps, that communicate with consumers through messaging.
- They are increasingly gaining popularity due to their ease of usage, 24-hour service and faster response time, thereby enhancing customer experience.
- Chat-bots automate repetitive tasks, save costs for companies by reducing need for manpower in customer service and also help gather valuable consumer data and insights.
- It is estimated that 80% of companies worldwide were using chat-bots as of 2020[28].

**Voice search:**

- Voice search technology uses AI voice recognition which combines linguistics and computing to understand and process the voice command.
- Consumers are increasingly relying on voice assistants to search for products and complete the orders as it is significantly faster than typing and is more convenient.
- According to the research firm Gartner, almost a third of browsing sessions in 2020 were predicted to have been through voice search.

[26] https://www.bigcommerce.com/articles/ecommerce/ecommerce-augmented-reality/#augmented-reality-in-ecommerce-statistics-
[27] https://redstagfulfillment.com/virtual-reality-drastically-enhancing-ecommerce-shopping-experience/
[28] https://kinsta.com/blog/ecommerce-statistics/

- Growing purchases of smart speakers (Alexa, Google Home), smartphones enabled with virtual assistants and popularity of voice assistants such as Apple's Siri, Microsoft's Cortana are aiding the growth of shopping through voice search.

**Key trends in consumer purchase behaviour:**

**Rise of Mobile shopping:**

With the tech savvy Millennials and Gen-Z constituting the majority of the shopper population, mobile has emerged as a major channel for shopping. In US, the time spent by consumers on mobile phones per day increased from 188 minutes in 2016 to 234 minutes in 2021, a marked 24.5% increase in just five years[29]. Convenience, increase in mobile payment options and enhancement in mobile shopping interfaces are the key factors driving growth in mobile e-commerce. In 2021, the US retail commerce revenue from smartphones was estimated at USD 221 bn and is projected to surpass USD 400 bn by 2024[30].

**Multi-channel selling:**

Multi-channel strategy implies selling products through various sales channels including apps, websites, e-mails, online marketplaces, comparison sites and social media. Presence on multiple channels increases touchpoints with potential customers and exposes products to a wider range of customers, thereby leading to increased sales. Multi-channel retail e-commerce sales in US were estimated at USD 351 bn in 2020- constituting 44% of total retail e-commerce sales in US – and are expected to grow at 18% CAGR to reach USD 576 bn in 2023[31].

**Omni-channel strategy:**

Omni-channel strategy recognizes that a customer may start the search for purchase in one channel and progress towards other channels during their online purchase journey. Omni-channel approach delivers consistent brand messaging and experience across all the selling channels. In essence, an omni-channel approach optimizes and completes the multi-channel strategy. In this digital era, companies are increasingly adopting this strategy to build customer relationships, understand customers better and drive brand value.

**Social commerce:**

Social commerce means that the entire process of an online purchase from product finding to check out happens on a social media platform. Shopping on social media is expected to grow three times faster compared to that of traditional e-commerce[32]. The surge in social media shopping is being driven by Gen Z and millennial social media users. In the US, there were an estimated 80 million social buyers who spent USD 27 bn. Going ahead, social commerce in US is expected to reach USD 80 bn by 2025[33]. Clothing, electronics and home décor categories are expected to constitute the majority of social commerce purchases.

**Live commerce:**

Live commerce is selling of products live where consumers can interact with the seller in real-time. The live streams typically watched by millions of consumers enable brands to build trust, brand awareness, better understanding about the product and its functionalities, promote better engagement among consumers ultimately leading to higher sales. Successful livestreams incorporate active live chats, omni-channel streaming – making video available on websites, social media, YouTube, and live Q & A sessions. Live streaming started off in China where it witnessed massive growth. The trend is now being adopted in the US as well as other Western markets.

[29] https://www.oberlo.in/statistics/mobile-commerce-sales
[30] https://www.forbes.com/sites/jiawertz/2021/12/26/live-shopping--the-future-trend-of-e-commerce/?sh=1058b1991b89
[31] https://www.emarketer.com/content/multi-channel-ecommerce-sales-pick-up-speed
[32] https://newsroom.accenture.com/news/shopping-on-social-media-platforms-expected-to-reach-1-2-trillion-globally-by-2025-new-accenture-study-finds.htm#
[33] https://www.forbes.com/sites/forbescommunicationscouncil/2021/12/03/the-latest-e-commerce-trend-what-you-need-to-know-about-social-commerce/

Live commerce sales were estimated at USD 6 bn in 2020 and are expected to grow at a CAGR of 55% to reach USD 35 bn in 2024[34].

**Buy now pay later (BNPL):**

Buy now pay later (BNPL) allows consumers to break down a purchase (large or small) into smaller interest free chunks. BNPL is an interest free mode of payment which allows easy access to credit without the use of credit cards. The solution grew extremely popular during the pandemic as many consumers were short of credit due to pay cuts and job losses. The option is also highly popular among Gen Z consumers as the majority of them do not have access to credit cards. E-commerce businesses have tied up with fintech companies such as PayPal, Klarna, Afterpay and Affirm to offer BNPL solutions to consumers. BNPL is highly popular during the holiday season and in 2021 sales through BNPL increased by 27% over the previous holiday season[35].

[34] https://www.statista.com/statistics/1276120/livestream-e-commerce-sales-united-states/
[35] https://blog.adobe.com/en/publish/2022/01/12/adobe-us-consumers-spent-a-record-204-billion-online-this-holiday-season#gs.n2ehqz; Note: Holiday sales refers to sales during the months November and December

## OUR BUSINESS

*Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this entire Draft Letter of Offer. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with investment in the Equity Shares, you should read "**Risk Factors**" on page 19, for a discussion of the risks and uncertainties related to those statements, as well as "**Financial Statements**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages 75 and 132,, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless otherwise stated, the financial information used in this section is derived from our Audited Financial Statements and Limited Reviewed Financial Statements.*

*Unless the context otherwise requires, in relation to business operations, in this chapter of this Draft Letter of Offer, all references to "we", "us", "our" and "our Company" are for IntraSoft Technologies Limited as the case may be.*

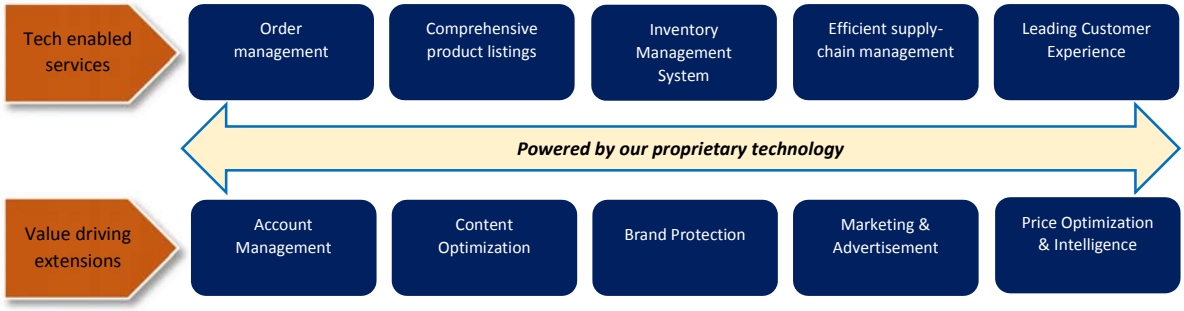
### OVERVIEW

Our Company is an e-commerce solutions provider and retailer, enabling brands to maximize brand presence and revenue on leading online marketplaces in the US market through technology and data. We harness our strong technology backbone that combines supply-chain logistics with real-time marketplace data to create a compelling selling proposition for the brand partners. Our brand partners rely on our technology and expertise to generate marketplace sales, fulfil orders and service marketplace consumers. We work with our brand partners across various categories such as home & kitchen, garden & outdoor, tools & home, sports & outdoor.

In this burgeoning world of e-commerce that is dominated by online marketplaces, our Company plays the key role of bridging the gap between marketplaces that are end-consumer focused and brands that are product focused, enabled by the use of technology and data analytics. We rely on our proprietary technology solution to process millions of orders across the U.S market with speed and accuracy. The complex business algorithms underpinning our proprietary technology is the prime enabler of business value. Our systems integrate with the back end systems of marketplaces, ERPs of our logistics carriers and brand partners, resulting in seamless transactions and flow of data on the entire process from order placement to fulfilment, enabling us to analyse and act on data in real-time. Our technology is scalable, with the capacity to handle growing number of brand partners and product volumes.

We help our brand partners to spend less time on online marketplaces and more on product development by managing the marketplace selling and operations. Managing the marketplace operations in-house can be time and labour intensive and in many cases, unviable. We bring in cost and operational efficiencies for our brand partners through our rich experience in e-commerce retail and our economies of scale.

**Our company's comprehensive suite of solutions**




Our consolidated revenues from operations for nine months ended December, 2021 and for the year ended on March 31, 2021 and March 31, 2020 were ₹31,821.51 Lakhs, ₹61,313.38 Lakhs and ₹59,067.54 Lakhs respectively. Our consolidated EBITDA for nine months ended December 31, 2021 and for the year ended on March 31, 2021 and March 31, 2020 were ₹1,396.15 Lakhs, ₹1,474.74 Lakhs and ₹1,176.53 Lakhs respectively.

Our consolidated profit after tax for nine months ended December 31, 2021 and for the year ended on March 31, 2021 and March 31, 2020 were ₹1,031.61 Lakhs ₹834.27 Lakhs and ₹210.87 Lakhs respectively. For further details, please refer to the section titled *"**Financial Statements**"* on page 75 of this Draft Letter of Offer.

The core elements of our offering to our brand partners include:

- Order management:
  Our application programming interfaces (APIs) enable seamless flow of orders from marketplaces to brand partners in real-time, allowing brand partners to effectively organize orders and prepare them for shipping efficiently.

- Comprehensive product listings and content optimization:
  Our technology is deeply integrated with that of marketplaces, allowing us to build and list detailed profiles of every product in our brand partners' portfolio. The content in every product profile is optimized to engage and convert customers. Our product listings help brand partners to achieve sales growth across products and not limit it to a few major products.

- Inventory management:
  We integrate our brand partners' inventory levels with the marketplaces. We help our brand partners to accurately forecast inventory requirements based on historical product trends and real time updates of inventory levels on marketplaces.

- Efficient supply chain management:
  We have partnered with leading logistics carriers to carry out fast and accurate deliveries of products and also manage reverse logistics for our brand partners. Our systems determine the most logical route for order fulfilment and notify it to the brand partners and our carriers.

- Leading customer experience:
  We ensure that marketplaces consumers have delightful purchase experiences with us through wide product selection, fast delivery and diligent customer support services to resolve their queries.

- Account management
  We work with our brand partners to understand their goals and devise strategic plans backed by our deep marketplace expertise to help them achieve their goals.

- Brand Protection:
  We represent our brand partners' image through the brand messaging, products and pricing. We ensure that our representation of brand partners on marketplaces is consistent with their ethos, pricing & other guidelines. Through marketplace seller tracking, we identify and inform the brand partners regarding unauthorized sellers of the brand's products and sellers who are not honouring brand partner's pricing guidelines to help them protect their brand image and prevent loss of revenue.

- Marketing & Advertisement:
  We enable our brands' products to get premium placement in marketplace product search listings due to our marketplace credentials built on positive customer reviews & ratings.

- Price optimization & intelligence:
  We keep our brand partners consistently informed of their key metrics. Through our data and analytics, brand partners get a view of trends in: product demand, pricing – internal & competition, customer feedback, inventory and other supply chain metrics. Understanding of these metrics enables them to enhance their inventory, supply chain management and informs their strategic decision making.

Our Company's technology is progressively enhanced through increased utilization. Our technology engine is built on complex algorithms and data to create value for brand partners and end-consumers. As more brand partners use our services, our product listings, data accumulated and sales increase, leading to better insights and strengthening of our technology.

**123Stores Flywheel – Network effect**

## BUSINESS STRATEGY

We started as a pure retailer selling products sourced from suppliers. We grew at a pace with a CAGR of 60% from FY11 to FY18. During these years, we obtained a considerable share of the suppliers' sales, providing them proof of our marketplace capabilities, our ability to handle scale and our credibility as a brand. During 2018 & 2019, our focus was on a brand's top selling items by directly importing the same from China and/or forward positioning the same in Amazon's FBA warehouses. Our primary categories were Toys & Electronics. However, due to rising trade conflicts between the US & China, the US imposed a phased increase of import tariff from China which resulted in substantial price increases as well as increased risk due to uncertainties of the tax regime which was changing very rapidly as a result of heightened tensions between the US & China. Given that our product categories and buying method at that time were extremely dependent on Chinese manufacturing, we faced extreme cost pressures, sales challenges due to increased pricing and overall risk increase in our overall business.

At around the summer of 2019, we decided to pivot our business from being dependent on a few brands selling high selling items to selling a larger portfolio of brands and products, focused on the brand's entire product catalog. As we started selling the entire catalog, we got sales from the top selling products along with which we now have the ability to sell the slower moving products (long tail) as well. As these long tail products, by definition, are slower moving, they don't need to be forward positioned closer to the customer and therefore could be directly shipped from the brands warehouse direct to the consumer, saving costs related to shipping to Amazon centers, storage costs & inventory holding costs. We also invested in strengthening our technology – enhancing transaction speed, increasing automation and expanding bandwidth to handle larger scale. This helped us in improving our operating margins as well from ~0.6% in the year ending March 31, 2019 to ~3% in the TTM ending December 31, 2021. As we started transitioning to our new model in 2020/2021, we were able to reduce the risk by spreading our sales across the entire assortment by focusing on long tail along with the top sellers; this also helped in reducing our inventory levels from ₹12,278 lakhs as on March 31, 2020 to ₹8,761 lakhs as on December 31, 2021, a fall of ~28%.

Throughout our journey, our focus on technology and building supply chain processes, we achieved strong performance on key metrics – order fulfilment rate, customer reviews & ratings, on-time fulfilment rate, inventory in-stock rate, et al - which are evaluated by marketplaces to ascertain seller performance and rankings.

Going ahead, our key focus areas will be the following:

1. **Focus on growing our network of brand partners:**
   We intend to expand our sales team to target and on board new brand partners in the coming years. Expanding our brand partner base will enable us to offer a wider range of products and higher scale. The pandemic has shown that the online channel is an important lever for growth and can no longer be considered peripheral to business strategy by businesses. With our technology and operational matrices in place, we believe we are ready to tap this accelerated e-commerce migration of businesses.

2. **Target scaling across categories:**
   We are present across a broad range of categories on marketplaces. We intend to remain category agnostic in future. Our goal is to expand product listings, add new sub-categories within our existing categories and focus on achieving sales growth across the board.

3. **Enhance our service offerings:**
   We plan to continue to enhance our basket of services – marketplace management, brand protection, inventory, fulfilment, customer experience and data insights services -being offered to our brand partners. Our platform is improved with increased utilization by our partners. It is built upon a data engine that synthesizes roughly large data points daily from a large number of unique products. As brands and products use more services on our platform, 123Stores accumulates more data and derives greater insights, thereby strengthening the value of our platform. With increased growth, partners layer on additional software tools, creating even stronger integration, service offering and ultimately driving a more robust value proposition for brand partners.

4. **Continual investment in technology:**
   Technology forms the bedrock of our offerings to brand partners. Our Company will further invest in progressively scaling its technology bandwidth in order to respond to growing real-time needs of our brand partners. We will continue to proactively focus on strengthening our technology capabilities to ensure that we adopt latest innovations, further enhance operational efficiencies through automation, and bolster our end-to-end solution.

**COVID-19: An inflection point for e-commerce**

With the outbreak of the novel coronavirus, there were restrictions on the free movement of people, which affected their ability to visit stores and malls. Millions of consumers shifted their purchases to the online mode, creating the most decisive transformation in market dynamics in years. This transformation was driven by a convergence of forces, including cost savings, better product offerings, transaction ease, and, most importantly, safety.

While we did not anticipate a pandemic, our decision to focus on operational efficiency by investing in making our technology scalable, better integrated with our brand partners and marketplaces enabled us to manage the pandemic led disruptions. Despite the spike in the volume of e-commerce purchases, we provided the products at competitive prices within an efficient delivery time. Marketplaces have their own network of warehouses and fulfilment centres. However, as essentials became the focus and priority for marketplaces during the lockdowns, the fulfilment centres were temporarily closed for non-essentials. Here our technology came into highlight, as we continued selling non-essentials through our fulfilment channels.

As consumers spent more time at home, setting up home offices and upgrading living areas became a priority. Being present in the home category, we were able to reap the benefits of increased demand for this segment.

The pandemic brought about some permanent changes in consumer shopping behaviour, accelerating the shift towards online shopping. With a decade of learnings in this space, we are excited to address the immense opportunities in the years ahead.

## OUR COMPETITIVE STRENGTHS

1. **Our technology:**
   Our proprietary technology enables our brand partners to achieve marketplace growth while bringing in cost and operational efficiencies.

- Our scalable delivery engine caters to a wide brand partner base and processes millions of orders with minimised manual intervention, enhanced uptime, increased transaction speed, and possesses the maneuverability to respond with speed to changes in the external environment.
- Our systems are integrated with that of marketplaces and our brand partners. It enables seamless flow of pertinent data and information – product details, shipping, tracking, pricing – among the key stakeholders in the ecosystem - marketplaces, brand partners & end-consumers.

2. **Business expertise:**
   We have been one of the early entrants in the US e-commerce multi-channel retail space. With a decade of presence in this industry, we have developed a nuanced understanding of marketplace selling, fulfilment, advertising & marketing and consumer behaviour. Our rich expertise translates into our offerings and our account managers, leadership act as strategic advisors to the brand partners, helping them achieve their marketplace goals.

3. **End to end solutions:**
   We have built end-to-end capability in e-commerce operations, that allows our brand partners to establish and grow their online business without the need for dedicated resources. From cataloguing the products, to pricing, to integrating brand partner inventory with the in-stock units on the marketplaces to tailored approaches marketing & advertising to after sales through our round the clock customer support, we offer the comprehensive package to our brand partners.

4. **Strong marketplace credentials:**
   We fulfilled millions of orders over the years, delivering top-tier performance across various parameters – inventory management-, shipping on time and marketplace customer service (matching marketplace benchmarks). Reviews and ratings against these orders rewarded us with a premium placement in product search listings. We emerged as one of the top rated sellers on Amazon.com with a Lifetime Rating of 96% based on a large mass of more than 260,000 reviews; we also emerged as a Preferred Seller on eBay with a 96% rating. The strong rating and positive reviews indicate that when marketplace-consumers buy from us, they get a seamless experience and the best overall value proposition. (Source - Amazon.com and eBay)

   Our brand partners benefit tremendously from our strong performance on marketplaces. When we are selling their product, the products get premium placement in the search listing, which, in turn, enables sales growth.

5. **Strong and growing supplier base:**
   Over the years, we built a strong marketplace reputation and demonstrated our capabilities to our brand partners. Our loyal brand partner base is a testimony to the fact that we have enabled them to achieve their marketplace goals through our business expertise and solutions. With such industry credentials, we are well placed to tap new brands and thereby expand our product range.

## COMPETITION

The US e-commerce retail industry is highly competitive. We compete against other third party sellers, brands selling direct to end-consumer and Amazon. Numerous third-party sellers, a number of global and local brands are present on marketplaces. Further, our industry has no entry barriers which puts us at risk of competition from new entrants. We believe that we can compete effectively against our competition on the back of our robust technology, strong operational metrics on marketplaces and well-made reputation among both end consumers and brand partners.

## HUMAN RESOURCE

Our Company believes that its intrinsic strength lies in dedicated and motivated human resources. We offer competitive compensations, an amiable environment and acknowledge employee performance through a planned reward and recognition programme. Our Company aims to create a workplace where every person can achieve his or her true potential. We encourage individuals to go beyond the scope of their work, undertake voluntary

projects that enable them to learn and devise innovative ideas. As on 31st December 2021, our group employed 84 individuals.

## OUR SUBSIDIARIES

| Name of the Company | Country of incorporation | % of holding as on (direct/indirect) | |
|---|---|---|---|
| | | As of 31 March 2021 | As of 31 March 2020 |
| **Wholly owned subsidiaries** | | | |
| - 123Greetings.com, Inc. | United States | 100% | 100% |
| - Intrasoft Ventures Pte. Limited | Singapore | 100% | 100% |
| - One Two Three Greetings (India) Private Limited | India | 100% | 100% |
| **Step-down subsidiaries** | | | |
| - 123Stores, Inc. | United States | 100% | 100% |
| - 123Stores E Commerce Private Limited | India | 100% | 100% |

## INSURANCE

We have insured our offices against fire, earthquake shocks, terrorism and burglary risks. We also have group health insurance, life insurance policies and company vehicle insurance.

## INTELLECTUAL PROPERTY

**Our company's logo has been registered as a trade mark with Government of India:**
Our company is using the logo mentioned below:

| Logo | Class | Owner of the Trademark | Trade mark no. | Date of Application |
|---|---|---|---|---|
| | 42 | IntraSoft Technologies Limited | 1901109 | 24/12/2009 |

We also own two other trademarks registered under class 16 with the Government of India.

## OUR MANAGEMENT

### BOARD OF DIRECTORS

Under the Articles of Association, our Company is required to have not less than 3 directors and not more than 12 directors, subject to the applicable provisions of the Companies Act, 2013. As on the date of this Draft Letter of Offer, we have 7 (Seven) directors on our Board comprising of 2 (Two) Executive Directors and 4 (Four) Non-Executive Independent Directors including 1 (One) Independent Women Director.

Our Company is in compliance with the Corporate Governance norms prescribed under the SEBI Listing Regulations and the Companies Act, 2013, in relation to the composition of our board and constitution of committees thereof.

The following table sets forth details regarding our Board of Directors as on the date of this Draft Letter of Offer:

| **Name** | **Arvind Kajaria** |
|---|---|
| **DIN** | 00106901 |
| **Date of Birth** | 17/12/1964 |
| **Age** | 57 |
| **Designation** | Chairman and Managing Director |
| **Address** | 15B/1A, Raja Santosh Road Alipore, Kolkata – 700 027, West Bengal, India |
| **Occupation** | Business |
| **Date of Appointment** | He was Originally appointed as an Additional Director with effect from 26/02/1998. |
| **Terms of Appointment** | Re-appointed as Chairman and Managing Director for a period of 3 years with effect from April 01, 2020 to March 31, 2023. |
| **Other Directorship** | One Two Three Greetings (India) Private Limited<br>Intrasoft Ventures PTE. Limited |

| **Name** | **Sharad Kajaria** |
|---|---|
| **DIN** | 00108036 |
| **Date of Birth** | 17/03/1976 |
| **Age** | 46 |
| **Designation** | Whole time Director |
| **Address** | 15B/1A, Raja Santosh Road, Alipore, Kolkata - 700 027, West Bengal, India |
| **Occupation** | Business |
| **Date of Appointment** | He was Originally appointed as Director with effect from February 27, 1996. |
| **Terms of Appointment** | Re-appointed as Whole time Director for a period of 3 years with effect from April 01, 2020 to March 31, 2023 |
| **Other Directorship** | 123Stores, Inc.<br>123Greetings.com, Inc. |

| **Name** | **Ashok Bhandari** |
|---|---|
| **DIN** | 00012210 |
| **Date of Birth** | 02/02/1953 |
| **Age** | 69 |
| **Designation** | Non- Executive Independent Director |
| **Address** | Flat 7A, Block B, Raghu Estate, 8/4, Alipore Raod, Kolkata: 700027 |
| **Occupation** | Business |
| **Date of Appointment** | March 18, 2017 |

| | |
|---|---|
| **Terms of Appointment** | Appointed as an Independent Director for a period of 5 years with effect from March 18, 2017 to March 17, 2022 |
| **Other Directorship** | • Aum Capital Market Private Limited<br>• Ragini Finance Private Limited<br>• Maharashtra Seamless Limited<br>• Maithan Alloys Ltd.<br>• N. B. I.Industrial Finance Company Ltd.<br>• Digvijay Finlease Limited<br>• Rupa & Company Ltd.<br>• Shreecap Holdings Private Limited<br>• Shree Capital Services Ltd.<br>• Skipper Limited<br>• IFB Industries Ltd.<br>• Vehere Interactive Pvt. Ltd. |

| **Name** | **Savita Agarwal** |
|---|---|
| **DIN** | 00062183 |
| **Date of Birth** | 22/06/1972 |
| **Age** | 49 |
| **Designation** | Non- Executive Independent Director |
| **Address** | 28,Rai Bahadur Road Kolkata West Bengal India 700053 |
| **Occupation** | Business |
| **Date of Appointment** | June 30, 2014 |
| **Terms of Appointment** | Re-appointed as Women Independent Director for a period of 5 years with effect from June 29, 2019 to June 28, 2024 |
| **Other Directorship** | Ratico Agencies Pvt Ltd<br>K M S R Insolvency Private Limited |

| **Name** | **Rupinder Singh** |
|---|---|
| **DIN** | 02815733 |
| **Date of Birth** | 02/01/1959 |
| **Age** | 63 |
| **Designation** | Non- executive Independent Director |
| **Address** | Flat-III/C2, Asha Apartments, 93, Deshpran Sasmal Road, Kolkata-700033 |
| **Occupation** | Business |
| **Date of Appointment** | October 15, 2009 |
| **Terms of Appointment** | Re-appointed as an Independent Director for a period of 5 years with effect from August 28, 2019 to August 27, 2024 |
| **Other Directorship** | Rosedale Developers Private Limited |

| **Name** | **Anil Agarwal** |
|---|---|
| **DIN** | 00122053 |
| **Date of Birth** | 07/02/1959 |
| **Age** | 63 |
| **Designation** | Non- executive Independent Director |
| **Address** | P265, CIT Road, Kankurgachi, Kolkata - 700054 |
| **Occupation** | Business |
| **Date of Appointment** | September 30, 2010 |

| | |
|---|---|
| **Terms of Appointment** | Re-appointed as an Independent Director for a period of 5 years with effect from August 28, 2019 to August 27, 2024 |
| **Other Directorship** | One Two Three Greetings (India) Private Limited |

| **Name** | **Ashish Arun** |
|---|---|
| **DIN** | 06431791 |
| **Date of Birth** | 21/09/1985 |
| **Age** | 36 |
| **Designation** | Non- Executive Independent Director |
| **Address** | C-34, Sector 50, Noida, Gautam Buddha Nagar, U.P. – 201301, India. |
| **Occupation** | Business |
| **Date of Appointment** | March 14, 2022 subject to the approval of the shareholders |
| **Terms of Appointment** | Appointed as Independent Director for a period of 5 years with effect from March 14, 2022 to March 13, 2027 subject to the approval of the shareholders. |
| **Other Directorship** | One Two Three Greetings (India) Private Limited |

## CONFIRMATIONS

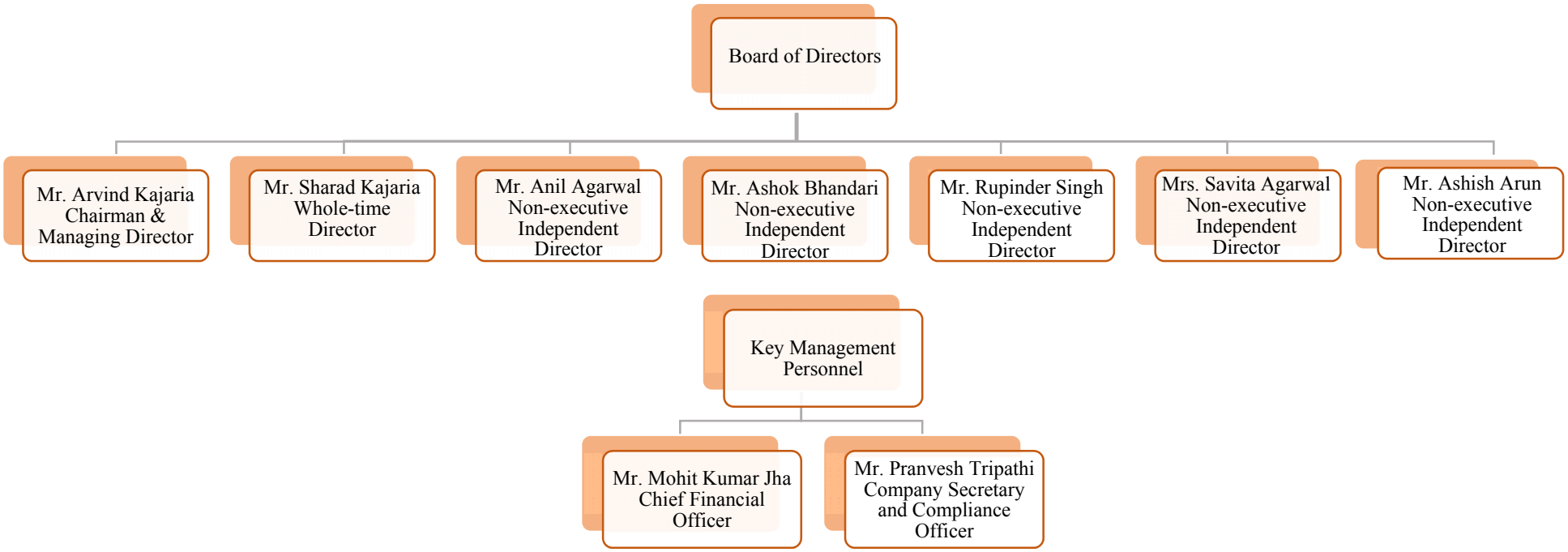
As on the date of this Draft Letter of Offer:

1) None of our directors are or were directors of any listed companies whose shares have been/were: -

   (a) Suspended from trading by any of the stock exchange(s) during his/her tenure in such company/companies in the last 5 years or

   (b) Delisted from the stock exchanges during the term of their directorship in such company/companies in last 10 years.

## MANAGEMENT ORGANISATION STRUCTURE



## SECTION V – FINANCIAL INFORMATION

## FINANCIAL STATEMENTS


| Sr. No | Particulars | Page No. |
|---|---|---|
| 1 | Unaudited Consolidated December Financial Results for the nine months ended December 31, 2021 | 76 |
| 2 | Audited Consolidated Financial Statements as at and for the year ended March 31, 2021 | 79 |

Singhi & Co.
Chartered Accountants

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Kolkata-700 026, (India)
T +91(0)33-2419 6000/01/02
E kolkata@singhico.com
www.singhico.com

**Limited Review Report on Quarterly and year to date Unaudited Consolidated Financial Results of IntraSoft Technologies Limited under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.**

**To**
**The Board of Directors of**
**IntraSoft Technologies Limited**

1. We have reviewed the accompanying statement of unaudited consolidated financial results of **M/s. IntraSoft Technologies Limited** (the "Parent Company") and its subsidiaries (the Parent Company and its subsidiaries together referred to as "the Group") for the quarter ended December 31, 2021 and year to date from April 1, 2021 to December 31, 2021 together with notes thereon (herein referred to as 'the Statement'), attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

2. This Statement, which is the responsibility of the Parent Company's management and approved by the Parent's Board of Directors in their meeting held on February 11, 2022, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:
   i) Intrasoft Ventures Pte Ltd. (Singapore)("IVPL")
   ii) 123Greetings.com, Inc. (USA)
   iii) One Two Three Greeting (India)Pvt. Ltd. (India)
   iv) 123Stores, Inc. (USA) [Subsidiary of IVPL]
   v) 123Stores E commerce Pvt. Ltd. (India) [Subsidiary of 123Stores, Inc.]

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review report of other auditors and management certified accounts referred to in paragraph 6 &7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We did not review the interim financial result and other financial information in respect of one step down subsidiary, whose interim financial information reflects total revenue of Rs. 10,912.82 lacs and Rs. 30,966.12 lacs, total net profit after tax of Rs. 248.61 lacs and Rs. 676.70 lacs and total comprehensive income of Rs. 248.61 lacs and Rs. 676.70 lacs, for the quarter ended December 31, 2021 and for the period April 1, 2021 to December 31, 2021, respectively as considered in the Statement. This financial results has been reviewed by other auditors whose report has been furnished to us by the management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on the report of the other auditors and the procedures performed by us as stated in paragraph 3 above. Our conclusion on the Statement is not modified in respect of the above matter.

7. The accompanying Statement includes unaudited interim financial results and other unaudited financial information of 3 subsidiaries and one step down subsidiary, whose interim financial information reflects total revenue of Rs. 673.53 lacs and Rs. 1776.48 lacs, total net profit after tax of Rs. 124.48 Lacs and Rs. 141.62 lacs and total comprehensive income of Rs. 122.81 Lacs and Rs. 136.63 lacs, for the quarter ended December 31, 2021 and for the period April 1, 2021 to December 31, 2021, respectively as considered in the Statement, which have been not been reviewed by their auditors. The unaudited financial result / financial information have been approved and furnished to us by the management of the respective subsidiary companies. According to the information and explanations given to us by the Management of the parent company, these financial results are not material to the Group. Our conclusion on the statement is not modified in respect of the above matter.

8. Out of the above subsidiaries stated in Note 4, 2 subsidiaries and 1 step down subsidiary are located outside India whose interim financial results have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been either reviewed by other auditors or certified by the management, wherever stated above, under generally accepted auditing standards applicable in their respective countries. The Parent company's management has converted the financial results of such subsidiaries located outside India from the accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have reviewed these conversion adjustments made by the Parent company's management. Our conclusion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors/management certified accounts and the conversion adjustments prepared by the management of the Parent company.

**For Singhi & Co.,**
*Chartered Accountants*
Firm Registration No.302049E

SINGHI & CO. * Chartered Accountants *

**(Rahul Bothra)**
*Partner*
Membership No. 067330
UDIN: 22067330ABLJJQ8268

**Place:** Kolkata
**Date:** February 11, 2022

**INTRASOFT TECHNOLOGIES LIMITED**

Regd Off: 502A, Prathamesh, Raghuvanshi Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. CIN : L24133MH1996PLC197857
Tel : 91-22-4004-0008, Fax : 91-22-2490-3123, Email : intrasoft@itlindia.com, Website : www.itlindia.com

**Statement of Consolidated Unaudited Financial Results for the quarter and nine months ended 31 December, 2021**

(₹ in lacs)

| Sl. No. | Particulars | For the quarter ended | | | Nine months ended | | Year ended |
|---|---|---|---|---|---|---|---|
| | | 31 December 2021 | 30 September 2021 | 31 December 2020 | 31 December 2021 | 31 December 2020 | 31 March 2021 |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| | Income | | | | | | |
| I | Revenue from operations | 11,275.14 | 10,207.84 | 12,232.94 | 31,821.51 | 50,670.93 | 61,313.38 |
| II | Other income | 72.88 | 222.62 | 270.12 | 411.99 | 593.05 | 635.16 |
| III | **Total income (I+II)** | **11,348.02** | **10,430.46** | **12,503.06** | **32,233.50** | **51,263.98** | **61,948.54** |
| | **Expenses** | | | | | | |
| | (a) Cost of goods sold | 7,315.19 | 6,510.72 | 8,282.18 | 20,499.63 | 35,955.74 | 42,507.25 |
| | (b) Shipping and handling expenses | 1,310.23 | 1,287.09 | 1,451.70 | 3,789.83 | 5,712.10 | 7,234.64 |
| | (c) Sales and marketing expenses | 1,486.72 | 1,391.26 | 1,579.07 | 4,311.98 | 6,389.82 | 7,860.08 |
| | (d) Employee benefit expenses | 434.28 | 495.34 | 460.53 | 1,351.76 | 1,765.01 | 1,677.33 |
| | (e) Finance costs | 77.62 | 81.21 | 64.32 | 246.98 | 243.36 | 325.14 |
| | (f) Depreciation and amortisation expense | 33.90 | 34.92 | 38.38 | 103.50 | 247.70 | 281.65 |
| | (g) Other expenses | 305.77 | 284.48 | 307.17 | 884.15 | 869.47 | 1,194.51 |
| IV | **Total expenses** | **10,953.71** | **10,085.02** | **12,183.35** | **31,187.83** | **50,683.20** | **61,080.59** |
| V | **Profit before tax (III-IV)** | **394.31** | **345.44** | **319.71** | **1,045.67** | **580.78** | **867.95** |
| VI | **Tax expense** | | | | | | |
| | (a) Current tax | 7.40 | 37.09 | 25.59 | 63.50 | 77.61 | 67.33 |
| | (b) Deferred tax | (8.54) | 5.66 | (26.63) | (5.80) | (95.64) | 27.75 |
| | (c) Income tax (earlier years) | (0.20) | (42.44) | (73.65) | (42.64) | (73.36) | (61.40) |
| | | **(1.34)** | **0.31** | **(74.69)** | **14.06** | **(91.39)** | **33.68** |
| VII | **Net Profit for the period (V-VI)** | **395.65** | **345.13** | **394.40** | **1,031.61** | **672.17** | **834.27** |
| VIII | **Other Comprehensive Income** | | | | | | |
| | i. Items that will not be reclassified subsequently to Profit or Loss | | | | | | |
| | Remeasurement benefit of post employment defined benefit obligations | (4.75) | (4.75) | (5.50) | (14.25) | (16.50) | 0.07 |
| | Income tax effect on above | 1.28 | 1.28 | 1.48 | 3.84 | 4.43 | (0.07) |
| | ii. Items that will be reclassified subsequently to Profit or Loss | | | | | | |
| | Gain on fair value of investments in debt instruments through OCI | (4.97) | (4.34) | 7.63 | (1.11) | 31.80 | 21.68 |
| | Exchange differences on translation of financial statements of foreign operations | 1.62 | (9.88) | (46.20) | 73.18 | (151.55) | (146.09) |
| | Income tax effect on above | 1.38 | 1.21 | (2.13) | 0.31 | (8.85) | (6.03) |
| | **Other Comprehensive Income for the period** | **(5.44)** | **(16.48)** | **(44.72)** | **61.97** | **(140.67)** | **(130.44)** |
| IX | **Total Comprehensive Income for the period (VII+VIII)** | **390.21** | **328.65** | **349.68** | **1,093.58** | **531.50** | **703.83** |
| X | **Paid up share capital (face value of Rs 10 each, fully paid up)** | **1,473.17** | **1,473.17** | **1,473.17** | **1,473.17** | **1,473.17** | **1,473.17** |
| XI | **Reserves excluding revaluation reserve/ Other equity** | | | | | | **13,872.72** |
| XII | **Earnings per share (EPS) (₹)** | | | | | | |
| | **Basic and diluted EPS** | **2.69** | **2.34** | **2.68** | **7.00** | **4.56** | **5.66** |

**Notes:**

1. These consolidated financial results have been prepared in accordance with Indian Accounting Standards 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 11 February 2022.
2. Statutory Auditors of the Company have reviewed the results for the quarter and nine months ended 31 December 2021. An unmodified conclusion has been issued and the same is being filed with the stock exchanges along with the above results.
3. As per the requirement 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.
4. The Group has, in the preparation of these consolidated financial statements, considered the possible effects that may result from COVID-19 pandemic, including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of the pandemic, the Group has, at the date of approval of these consolidated financial statements, used internal and external sources of information including credit reports and related information and economic forecasts and expects that the carrying amount of these assets will be recovered in due course of time.
5. Previous period figures have been re-grouped / re-classified wherever necessary, to conform to current period's classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 effective 1st April 2021.
6. The Consolidated financial results of the Company for the quarter and nine months ended 31 December 2021 are available on the Company's website www.itlindia.com.

**For IntraSoft Technologies Limited**

Sharad Kajaria
Whole-time Director
DIN. 00108036

Place: Kolkata
Dated : 11 February, 2022

INTRASOFT TECHNOLOGIES LIMITED

Singhi & Co.
Chartered Accountants

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Kolkata-700 026, (India)
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## INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF INTRASOFT TECHNOLOGIES LIMITED**

**REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

### Opinion

We have audited the accompanying consolidated financial statements of **INTRASOFT TECHNOLOGIES LIMITED** ('**the Holding Company**') and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March 2021, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement and the Consolidated Statement of changes in equity for the year then ended, the notes to the consolidated financial statements and a summary of significant accounting policies and other explanatory information (herein referred to as the "Consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements , give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2021, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

SINGHI & CO. Chartered Accountants

**MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

**INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**OPINION**

In our opinion and to the best of the information and explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matter**

We did not audit the internal financial controls with reference to financial statements insofar as it relates to two subsidiary companies, which are companies covered under the Act, whose financial statements/financial information reflect total assets of Rs 735.31 Lacs and net assets of Rs 496.52 Lacs as at (date of Balance sheet), total revenues of RS 931.23 Lacs and net cash outflow amounting to Rs 17.68 Lacs for the year ended on that date, as considered in the consolidated financial statements. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary companies, have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies, is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

**For Singhi & Co.**
**Chartered Accountants**
**Firm's Registration No. 302049E**

**(Rahul Bothra)**
**Partner**
**Membership No. 067330**
**UDIN: 21067330AAAAAW9983**

**Place: Kolkata**
**Date : June 28, 2021**

| Key audit matters | How our audit addressed the key audit matter |
|---|---|
| **Recoverability of Minimum Alternate Tax (MAT) Credit: (as described in Note 27(e) to the consolidated financial statements )**<br><br>As at 31 March 2021, the Company has recognised Minimum Alternate Tax (MAT) credit amounting to Rs 1,863.52 Lacs, within deferred tax assets. On that date, the Company also has unabsorbed depreciation amounting to Rs 495.32 Lacs.<br><br>The recognition of a deferred tax asset in the form of MAT credit is based on management's estimate of taxable and accounting profits in future, which are underpinned by the Company's price assumptions and business plans, and tax adjustments required to be made in the taxable profit computations, as per the provisions of Income-tax Act, 1961 (IT Act). Estimating recoverability of MAT credit also requires significant judgements, including the timing of reversals of unabsorbed business losses and depreciation.<br><br>Considering the materiality of the amounts involved and inherent subjectivity requiring significant judgement involved in the determination of utilization of MAT credit through estimation of future taxable profits, this area was considered to be of most significance to the audit and determined to be a key audit matter. | Our procedures in relation to assessment of MAT credit recognised as at reporting date included, but were not limited to, the following:<br><br>➢ Obtained and updated understanding of the management's process of computation of future accounting and taxable profits of the Company, and expected utilization of available MAT credit within specified time period as per provision of the IT Act.<br><br>➢ Evaluated the design of and tested the operating effectiveness of controls around the preparation of underlying business plans, future taxable profit computation, and assessment of recognition of MAT credit at year end.<br><br>➢ Reconciled the business results projections to the future business plans approved by the Company's board of directors;<br><br>➢ Evaluated the management's assessment of underlying assumptionsused for the business results projections including implied growth rates and expected prices considering evidence available to support these assumptions and our understanding of the business. Tested such growth rates used in the forecast by comparing them to past trends and to economic and industry forecasts, where appropriate;<br><br>➢ Evaluated the sensitivity analysis performed by management in respect of the key assumptions such as growth rates to ensure there was sufficient headroom with respect to the estimation uncertainty impact of such assumptions on the timing of reversal of unabsorbed depreciation and unabsorbed business losses and utilisation of MAT credit;<br><br>➢ Tested the computations of future taxable profits, including testing of the adjustments made in such computations with respect to tax- allowed and tax-disallowed items, other tax rebates and deductions available to the Company, and tested the computation of MAT liabilityin such future years, in accordance with the provisions of the IT Act;<br><br>➢ Evaluated the historical accuracy of the estimates made in the prior periods with respect to business projections and aforesaid tax computations; |

| | |
|---|---|
| | ➢ Tested the mathematical accuracy of management's projections andtax computations;<br>➢ Based on aforesaid computations, assessed the appropriateness of management's estimate of likelihood of utilization of MAT credit withinthe time period specified and in accordance with the provisions of theIT Act;<br>➢ Evaluated the appropriateness and adequacy of the disclosures related to MAT credit in the financial statements in accordance with the applicable accounting standards. |

**Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information etc., but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and those charged with Governance**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

That respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

**Auditor's Responsibility**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matters**

We did not audit the financial statements / financial information of one subsidiary and one step down subsidiary whose financial statements / financial information reflects total assets of Rs. 735.31 lacs and net assets of Rs. 496.52 lacs as at March 31, 2021 and total revenue of Rs. 931.23 Lacs, total net profit and loss after tax of Rs. 17.34 Lacs, total comprehensive income of Rs. 15.23 Lacs for the year ended March 31, 2021 and net cash outflows amounting to Rs. 17.68 Lacs for the year then ended, respectively which have been audited and furnished to us by the independent auditors. Our opinion on the consolidated financial results, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of other auditors and the procedures performed by us as stated in paragraph 10 above.

The financial statements of two subsidiaries and one step down subsidiary located outside India, included in the consolidated financial statements, which constitute total assets of Rs. 18,141.61 Lacs and net assets of Rs. 5385.46 Lacs as at March 31, 2021, total revenue of Rs 61,311.40 Lacs, net profit of Rs. 472.03 Lacs, total comprehensive income of Rs. 465.09 Lacs for the year ended March 31, 2021 and net cash outflows amounting to Rs. 972.79 Lacs for the year then ended, have been prepared in accordance with accounting principles generally accepted in its country and have been audited by other auditor under generally accepted auditing standards applicable in its country. The Company's management has converted the financial statements of such subsidiary located outside India from the accounting principles generally accepted in its country to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management.

Our opinion on the consolidated financial results is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Company's Management.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and reports of other auditors and financial statements certified by the management.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by Section 143 (3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b. In our opinion proper books of account as required by law relating to the aforesaid consolidated financial statements have been kept so far as it appears from examination of those books and reports of other Auditors;

   c. The consolidated balance sheet, the consolidated statement of profit and loss, the consolidated cash flow statement and the consolidated statement of changes in equity dealt with by this Report are in agreement with the books of account maintained for the purpose of the preparation of the consolidated financial statements;

   d. In our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Indian Accounting standard of the Companies (Accounts) Rules, 2015 (as amended);

e. On the basis of the written representations received from the directors of the Holding Company as on 31st March 2021 taken on record by the Board of Directors of the Holding company and the reports of the statutory auditors of its Subsidiary companies incorporated in India, none of the directors of the Group is disqualified as on 31st March 2021 from being appointed as a director of that company in terms of Section 164 (2) of the Act;

f. With respect to the adequacy of the internal financial controls over financial reporting with reference to the consolidated financial statement of the Holding Company and its subsidiaries incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure 'A', and

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of other auditors on separate financial statements as also other financial information of the subsidiaries as noted in the "Other matter" paragraph:

i. The Consolidated Financial Statements has disclosed the impact of pending litigation on its Consolidated financial position in its financial statement. Refer **Note 29** to the Consolidated financial statements;
ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, during the year ended 31 March 2021.

**For Singhi & Co.**
**Chartered Accountants**
**Firm's Registration No. 302049E**

**(Rahul Bothra)**
**Partner**
**Membership No. 067330**
**UDIN: 21067330AAAAAW9983**

**Place: Kolkata**
**Date : June 28, 2021**

**ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **INTRASOFT TECHNOLOGIES LIMITED** ('the **Holding Company**') and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") as on 31st March 2021 in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

**MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The respective board of Directors of the Holding company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the holding Company's internal financial controls system over financial reporting.

Consolidated Financial Statements and Independent Auditors' Report

IntraSoft Technologies Limited

31 March 2021

IntraSoft Technologies Limited
CIN : L24133MH1996PLC197857
**Consolidated Balance Sheet as at 31 March 2021**
(All amounts in ₹ lacs, unless otherwise stated)

| | Notes | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 (a) | 1,523.25 | 1,646.42 |
| Right of use assets | 3 (b) | 0.53 | 1,180.32 |
| Other intangible assets | 3 (c) | 8.19 | 15.76 |
| Other intangible assets under development | 3 (d) | 6,125.07 | 2,113.92 |
| Financial assets | | | |
| (i) Investments | 4(a) | 433.44 | 673.37 |
| (ii) Loans | 5(a) | 3.47 | 5.25 |
| Deferred tax assets (net) | 27(e) | 1,932.77 | 2,012.19 |
| Income tax assets (net) | 27(d) | 39.45 | 52.91 |
| Other non-current assets | 6(a) | 71.79 | 230.23 |
| **Total non-current assets** | | **10,137.96** | **7,930.37** |
| **Current assets** | | | |
| Inventories | 7 | 9,892.10 | 12,278.49 |
| Financial assets | | | |
| (i) Investments | 4(b) | 6,756.23 | 6,384.67 |
| (ii) Trade receivables | 8 | 196.13 | 267.51 |
| (iii) Cash and cash equivalents | 9(a) | 1,033.39 | 1,769.15 |
| (iv) Other bank balances | 9(b) | 57.51 | 116.15 |
| (v) Loans | 5(b) | - | 2.57 |
| Current tax assets (net) | 27(d) | - | 13.58 |
| Other current assets | 6(b) | 263.73 | 352.82 |
| **Total current assets** | | **18,199.09** | **21,184.94** |
| **Total Assets** | | **28,337.05** | **29,115.31** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 10 | 1,473.17 | 1,473.17 |
| Other equity | 11 | 13,872.72 | 13,316.18 |
| **Total equity** | | **15,345.89** | **14,789.35** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| (i) Borrowings | 12 | 9,804.02 | 9,711.69 |
| (ii) Lease liability | 13(a) | - | 1,002.36 |
| (iii) Other financial liabilities | 15(a) | 2.01 | 2.01 |
| Provisions | 16(a) | 134.47 | 130.97 |
| Deferred tax liabilities (net) | 27(f) | 92.55 | 116.04 |
| Other non-current liabilities | 17(a) | 99.50 | 101.48 |
| **Total non-current liabilities** | | **10,132.55** | **11,064.55** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| (i) Trade payables | | | |
| Due to micro and small enterprises | 14 | - | - |
| Due to others | 14 | 2,161.01 | 1,850.13 |
| (ii) Lease liability | 13(b) | 0.63 | 232.16 |
| (iii) Other financial liabilities | 15(b) | 228.19 | 367.12 |
| Provisions | 16(b) | 6.18 | 4.40 |
| Current tax Liabilities (net) | 27(d) | 17.81 | 2.33 |
| Other current liabilities | 17(b) | 444.79 | 805.27 |
| **Total current liabilities** | | **2,858.61** | **3,261.41** |
| **Total liabilities** | | **12,991.16** | **14,325.96** |
| **Total Equity and Liabilities** | | **28,337.05** | **29,115.31** |

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements.

This is the Consolidated Balance Sheet referred to in our report of even date.

For Singhi & Co.
Chartered Accountants
Firm Registration No: 302049E

Rahul Bothra
Partner
Membership No: 067330

Place: Kolkata
Date: 28 June 2021

For and on behalf of the Board of Directors of
IntraSoft Technologies Limited

Arvind Kajaria
Managing Director
(DIN: 00106901)

Sharad Kajaria
Whole-time Director
(DIN: 00108036)

Mohit Kumar Jha
Chief Financial Officer
(PAN: AFQPJ3755G)

Pranvesh Tripathi
Company Secretary
(PAN: ACWPT9367K)

Place: Kolkata
Date: 28 June 2021

IntraSoft Technologies Limited
CIN : L24133MH1996PLC197857
Consolidated Statement of Profit and Loss for the year ended 31 March 2021
(All amounts in ₹ lacs, unless otherwise stated)

| | Notes | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| **Revenues** | | | |
| Revenue from operations | 18 | 61,313.38 | 59,067.54 |
| Other income | 19 | 635.16 | 485.42 |
| **Total income** | | **61,948.54** | **59,552.96** |
| **Expenses** | | | |
| Cost of goods sold | 20 | 42,507.25 | 43,643.37 |
| Shipping and handling expenses | 21 | 7,234.64 | 5,255.92 |
| Sales and marketing expenses | 22 | 7,860.08 | 6,637.98 |
| Employee benefits expense | 23 | 1,677.32 | 1,586.92 |
| Finance costs | 24 | 325.14 | 553.87 |
| Depreciation and amortisation expense | 25 | 281.65 | 409.43 |
| Other expenses | 26 | 1,194.51 | 1,272.24 |
| **Total expenses** | | **61,080.59** | **59,339.73** |
| **Profit before tax** | | **867.95** | **213.23** |
| **Tax expense:** | | | |
| -Current tax | 27 | 67.33 | 39.28 |
| -Deferred tax | 27 | 27.75 | (36.74) |
| -Prior year taxes | 27 | (61.40) | (0.18) |
| **Total tax expense** | | **33.68** | **2.36** |
| **Profit for the year** | | **834.27** | **210.87** |
| **Other comprehensive income:** | | | |
| **(a) Items that will not be reclassified subsequently to profit or loss:** | | | |
| - Remeasurements of post-employment benefit obligations | | 0.07 | (10.73) |
| - Tax relating to these items | | (0.07) | 2.97 |
| **(b) Items to be reclassified to profit or loss in:** | | | |
| - Fair value changes on investment in debt instruments through OCI | | 21.68 | 3.91 |
| - Exchange differences on translation of financial statements of foreign operations | | (146.09) | 367.69 |
| - Tax relating to these items | | (6.03) | (1.09) |
| **Total other comprehensive income for the year** | | **(130.44)** | **362.75** |
| **Total comprehensive income for the year** | | **703.83** | **573.62** |
| **Earnings per share:** | | | |
| Basic and diluted (₹) | 28 | 5.66 | 1.43 |

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For **Singhi & Co.**
Chartered Accountants
Firm Registration No. 302049E

**Rahul Bothra**
Partner
Membership No. 067330

Place: Kolkata
Date: 28 June 2021

For and on behalf of the **Board of Directors of**
**IntraSoft Technologies Limited**

**Arvind Kajaria**
Managing Director
(DIN: 00106901)

**Sharad Kajaria**
Whole-time Director
(DIN: 00108036)

**Mohit Kumar Jha**
Chief Financial Officer
(PAN: AFQPJ3755G)

**Pranvesh Tripathi**
Company Secretary
(PAN: ACWPT9367K)

Place: Kolkata
Date: 28 June 2021

INTRASOFT TECHNOLOGIES LIMITED ★ Kolkata

SINGHI & CO. ★ Chartered Accountants ★

IntraSoft Technologies Limited
CIN : L24133MH1996PLC197857
Consolidated Statement of Changes in Equity for the year ended 31 March 2021
(All amounts in ₹ lacs, unless otherwise stated)

A. Equity Share Capital

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Balance at the beginning of the year | 1,473.17 | 1,473.17 |
| Changes in equity share capital during the year | - | - |
| Balance at the end of the year | 1,473.17 | 1,473.17 |

B. Other equity

| Particulars | Reserves and Surplus | | | | Other comprehensive income | | |
|---|---|---|---|---|---|---|---|
| | Securities premium | General reserve | Capital reserve | Retained earnings | Foreign currency translation difference | Debt instruments through OCI | Total |
| As at 1 April 2019 | 5,527.11 | 169.15 | 96.14 | 7,056.83 | 257.61 | (9.90) | 13,096.94 |
| Profit for the year | - | - | - | 210.87 | - | - | 210.87 |
| Foreign currency translation difference for the year | - | - | - | - | 367.59 | - | 367.59 |
| Items of other comprehensive income, net of tax | | | | | | | |
| Remeasurements benefit of post-employment benefit obligations | - | - | - | (7.76) | - | - | (7.76) |
| Net gain in debt instruments through other comprehensive income | - | - | - | - | - | 2.82 | 2.82 |
| Dividends paid (including dividend tax) | - | - | - | (354.38) | - | - | (354.38) |
| As at 31 March 2020 | 5,527.11 | 169.15 | 96.14 | 6,905.56 | 625.30 | (7.08) | 13,316.18 |
| Changes in equity for the year ended 31 March 2021 | | | | | | | |
| Profit for the year | - | - | - | 834.27 | - | - | 834.27 |
| Foreign currency translation difference for the year | - | - | - | - | (146.09) | - | (146.09) |
| Items of other comprehensive income, net of tax | | | | | | | |
| Remeasurements benefit of post-employment benefit obligations | - | - | - | - | - | - | - |
| Net gain in debt instruments through other comprehensive income | - | - | - | - | - | 15.65 | 15.65 |
| Dividends paid | - | - | - | (147.29) | - | - | (147.29) |
| Balance as at 31 March 2021 | 5,527.11 | 169.15 | 96.14 | 7,592.54 | 479.21 | 8.57 | 13,872.72 |

The accompanying notes 1 to 36 form an integral part of these consolidated financial statements

This is the Consolidated Statement of Changes in Equity referred to in our report of even date.

For Singhi & Co.
Chartered Accountants
Firm Registration No: 302049E

Rahul Bothra
Partner
Membership No: 067330

Place: Kolkata
Date: 28 June 2021

For and on behalf of the Board of Directors of
IntraSoft Technologies Limited

Arvind Kajaria
Managing Director
(DIN: 00106901)

Sharad Kajaria
Whole-time Director
(DIN: 00108036)

Mohit Kumar Jha
Chief Financial Officer
(PAN: AFQPJ3755G)

Pranvesh Tripathi
Company Secretary
(PAN: ACWPT9367K)

Place: Kolkata
Date: 28 June 2021

INTRASOFT TECHNOLOGIES LIMITED Kolkata

SINGHI & CO. Chartered Accountants

IntraSoft Technologies Limited
CIN : L24133MH1996PLC197857
**Consolidated Statement of Cash flows for the year ended 31 March 2021**
(All amounts in ₹ lacs, unless otherwise stated)

| | Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| A. | **Cash flow from operating activities** | | |
| | Profit before tax | 867.95 | 213.23 |
| | **Adjustments for:** | | |
| | Depreciation and amortisation expense | 281.65 | 409.43 |
| | Loss on sale of property, plant and equipment | 10.60 | 0.26 |
| | Impairment of non convertible debenture | 5.00 | - |
| | Dividend income | (28.87) | - |
| | Net gain on sale of investments measured at FVTPL | (429.33) | (226.94) |
| | Net gain arising on remeasurement of investments measured at FVTPL | - | (108.42) |
| | Net gain on lease modification | (57.19) | - |
| | Foreign exchange loss (net) | 15.19 | 10.69 |
| | Finance costs | 325.14 | 553.87 |
| | Interest income | (105.07) | (137.04) |
| | **Operating profit before working capital changes** | **885.07** | **715.08** |
| | **Adjustments for working capital changes:** | | |
| | Decrease in trade receivables | 56.19 | 882.45 |
| | Decrease/(increase) in inventories | 2,386.39 | (2,370.85) |
| | Decrease in loans | 4.35 | 70.89 |
| | Decrease in financial assets | - | 0.27 |
| | Decrease in other assets | 239.84 | 335.03 |
| | Increase in provisions | 5.35 | 32.96 |
| | Decrease in financial liabilities | (138.50) | (129.16) |
| | Decrease in other liabilities | (362.46) | (214.81) |
| | Increase/(decrease) in trade payables | 310.88 | (547.74) |
| | **Cash generated from/(used in) operating activities** | **3,387.11** | **(1,225.88)** |
| | Income tax paid (net of refunds) | 48.76 | (53.33) |
| | **Net cash generated from/(used in) operating activities (A)** | **3,435.87** | **(1,279.21)** |
| B. | **Cash flow from investing activities:** | | |
| | Purchase of investments | (3,843.65) | (8,123.56) |
| | Sale of investments | 4,163.03 | 8,808.57 |
| | Purchase of property, plant and equipment | (35.60) | (167.57) |
| | Purchase of other intangible assets | (4,079.56) | (728.15) |
| | Proceeds from sale of property, plant and equipment | 73.93 | 2.21 |
| | Decrease/(increase) in other bank balances | 59.99 | (11.14) |
| | Interest received | 105.07 | 137.04 |
| | Dividend received | 28.87 | - |
| | Investment in/(maturity of) fixed deposits (net) | (1.35) | 23.09 |
| | **Net cash used in investing activities (B)** | **(3,529.27)** | **(59.51)** |
| C. | **Cash flow from financing activities:** | | |
| | Proceeds from long-term borrowings | 92.33 | 2,774.06 |
| | Dividend paid (including taxes thereon) | (147.72) | (356.42) |
| | Repayment of lease liabilities (net) | (152.07) | (280.05) |
| | Interest and finance costs | (288.81) | (471.16) |
| | **Net cash generated from/(used in) financing activities (C)** | **(496.27)** | **1,666.43** |
| | **Net increase/(decrease) in** | **(589.67)** | **327.71** |
| | **Cash and cash equivalents at the beginning of the year [Refer note 9(a)]** | 1,769.15 | 1,073.75 |
| | Effect of currency translation on cash and cash equivalents | (146.09) | 367.69 |
| | **Cash and cash equivalents at the end of the year [Refer note 9(a)]** | **1,033.39** | **1,769.15** |
| | **Components of cash and cash equivalents:** | | |
| | Cash on hand | 0.50 | 0.27 |
| | Balances with banks | 1,032.89 | 1,768.88 |
| | | **1,033.39** | **1,769.15** |

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INTRASOFT TECHNOLOGIES LIMITED Kolkata

SINGHI & CO. Chartered Accountants

IntraSoft Technologies Limited
CIN : L24133MH1996PLC197857
Consolidated Statement of Cash flows for the year ended 31 March 2021
(All amounts in ₹ lacs, unless otherwise stated)

Notes :

(i) The above consolidated statement of cash flows has been prepared under the "Indirect Method" as set out in Ind AS 7 "Statement of Cash Flows"

(ii) Reconciliation of long term borrowings:

| Particulars | Balance as at 31 March 2021 | Balance as at 31 March 2020 |
|---|---|---|
| Long term borrowings: | | |
| - Opening balance | 9,711.69 | 6,937.63 |
| - Received during the year | 92.33 | 2,774.06 |
| - Repayment made during the year | - | - |
| | 9,804.02 | 9,711.69 |
| Long term borrowings at the end of the year | 9,804.02 | 9,711.69 |

(iii) Reconciliation of lease liability:

| Particulars | As at 31st March 2020 | Cash Flow | Interest Expenses on Lease Liabilities | Lease liabilities reversed on termination | Effect due to Foreign exchange translation | As at 31st March 2021 |
|---|---|---|---|---|---|---|
| Lease Liability | 1,234.52 | (152.07) | 38.77 | (1,094.68) | (25.91) | 0.63 |

| Particulars | As at 1st April 2019 | Cash Flow | Interest Expenses on Lease Liabilities | Lease liabilities reversed on termination | Effect due to Foreign exchange translation | As at 31st March 2020 |
|---|---|---|---|---|---|---|
| Lease Liability | 1,325.92 | (280.05) | 82.71 | - | 105.94 | 1,234.52 |

This is the consolidated Statement of Cash Flows referred to in our report of even date.

For **Singhi & Co.**
Chartered Accountants
Firm Registration No. 302049E

**Rahul Bothra**
Partner
Membership No. 067330

Place: Kolkata
Date: 28 June 2021

For and on behalf of the **Board of Directors of**
**IntraSoft Technologies Limited**

**Arvind Kajaria**
Managing Director
(DIN: 00106901)

**Sharad Kajaria**
Whole-time Director
(DIN: 00108036)

Place: Kolkata
Date: 28 June 2021

**Mohit Kumar Jha**
Chief Financial Officer
(PAN: AFQPJ3755G)

**Pranvesh Tripathi**
Company Secretary
(PAN: ACWPT9367K)

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**1 Group's information**

IntraSoft Technologies Limited ('the Parent Company') is a public limited company domiciled in India and registered under the provisions of the Companies Act, 1956. The Parent Company is listed on Bombay Stock Exchange and National Stock Exchange of India Limited.

The consolidated financial statements relate to IntraSoft Technologies Limited and its subsidiaries (collectively referred as "the Group") as per details given below:

| Name of the subsidiary or step-down subsidiary | Country of incorporation | % holding as on 31 March 2021 |
|---|---|---|
| Intrasoft Ventures Pte. Limited | Singapore | 100% |
| 123Greetings.com, Inc. | United States of America | 100% |
| One Two Three Greetings (India) Private Limited | India | 100% |
| 123Stores, Inc. | United States of America | 100% |
| 123Stores E Commerce Private Limited | India | 100% |

The Group is primarily engaged in the business of providing a multi-channel e-commerce retail platform, with a strong technology backbone that primarily serves the US market.

The consolidated financial statements of the Group for the year ended 31 March 2021 were approved for issue in accordance with the resolution of the Board of Directors on 28 June 2021.

**(a) General information and statement of compliance with Indian Accounting Standards**

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time.

**(i) Principles of consolidation**

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries. Control is achieved when the Group has:

- Power over the investee;
- Is exposed or has rights to variable returns from its involvement with the investee, and
- Has the ability to use its power over the investee to affects its return.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

The consolidated financial statements have been prepared on accrual and going concern basis. They are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

**(ii) Consolidation procedure**

All assets and liabilities have been classified as current or non current as per the Group's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

The consolidated financial statements of the Group have been prepared based on a line-by-line consolidation by adding together the book value of like items of assets and liabilities, revenue and expenses as per the respective financial statements. Intra group balances and intra group transactions have been eliminated.

Offset (eliminate) the carrying amount of the Parent Company's investment in each subsidiary and the Parent's portion of equity of each subsidiary.

Eliminate in full intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intra group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intra group losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intra group transactions.

The translation of financial statements of the foreign subsidiaries from the local currency to the functional currency of the Parent is performed for the Balance Sheet items using the exchange rate in effect at the Balance Sheet date and for revenue, expenses items using a weighted average exchange rate for the respective periods and the resulting difference is presented as foreign currency translation reserve included in "Other Equity".

The financial statements of the subsidiaries have been incorporated in the consolidated financial statements of the Group based on audited financial statements as drawn up in accordance with the generally accepted accounting principles of the respective countries ('the local GAAP') and have been audited by other auditors duly qualified to act as auditors in those countries and the conversion adjustments prepared by the management.

**(iii) Use of estimates**

**a)** The preparation of the consolidated financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

**b) Critical accounting estimates**

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements.

**Evaluation of indicators for impairment of assets**

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

**Income taxes**

The Group's two major tax jurisdiction are India and the U.S., though the Group also files tax returns in other jurisdictions. Significant judgements are involved in determining the provision for income taxes including amounts expected to be paid or recovered for uncertain tax positions. Refer note 28.

**Useful lives of depreciable or amortisable assets**

Management reviews its estimate of the useful lives of depreciable or amortisable assets at each reporting date, based its expected utility of those assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

**Measurement of defined benefit obligation (DBO)**

The costs of providing post-employment benefits are charged to the consolidated Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. The same is disclosed in Note 24.

**Fair value measurements**

When the fair value of financials assets and financial liabilities recorded in the consolidated Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques, including the discounted cash flow model, which involve various judgements and assumptions. Refer note 33 for details.

**Provisions and liabilities**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**Contingencies**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. Potential liabilities that are possible but not probable of crystalizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

**(iv) Recent Pronouncements**

**A** Recent pronouncements On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

**Balance Sheet:**

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

**Statement of profit and loss:**

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of consolidated financial statements.

**B** The Ministry of Corporate Affairs (MCA) vide Notification dated 18 June 2021 has issued new Companies (Indian Accounting Standard) Amendment Rules, 2021 in consultation with the National Financial Reporting Authority (NFRA).

INTRASOFT TECHNOLOGIES LIMITED ★ Kolkata ★

SINGHI & CO. ★ Chartered Accountants ★

The notification states that these rules shall be applicable with immediate effect from the date of the notification. Consequently amendments are effective for the financial year ended 31 March 2022.

**Major amendments notified in the Companies (Ind AS) Amendment Rules, 2021 are provided below:-**

• Ind AS 116 - Leases – The amendments extend the benefits of the COVID 19 related rent concession that were introduced last year (which allowed lessees to recognize COVID 19 related rent concessions as income rather than as lease modification) from 30 June 2021 to 30 June 2022.

• Ind AS 109 - Financial Instruments – The amendment provides a practical expedient for assessment of contractual cash flow test, which is one of the criteria for being eligible to measure a financial asset at amortized cost, for the changes in the financial assets that may arise as a result of Interest Rate Benchmark Reform along. An additional temporary exception from applying hedge accounting is also added for Interest Rate Benchmark Reform.

• Ind AS 101 - Presentation of Financial Statements – The amendment substitutes the item (d) mentioned in paragraph 8I as 'Classification and measurement of financial instruments'. The term 'financial asset' has been replaced with 'financial instruments'.

• Ind AS 102 - Share-Based Payment – The amendments to this standard are made in reference to the Conceptual Framework of Financial Reporting under Ind AS in terms of defining the term 'Equity Instrument' which shall be applicable for the annual reporting periods beginning on or after 1 April 2021.

• Ind AS 103 -Business Combinations – The amendment substitutes the definition of 'assets' and 'liabilities' in accordance with the definition given in the framework for the Preparation and Presentation of Financial Statements in accordance with Ind AS for qualifying the recognition criteria as per acquisition method.

• Ind AS 104 -Insurance Contracts – The amendment covers the insertion of certain paragraphs in the standard in order to maintain consistency with IFRS 4 and also incorporates the guidance on accounting treatment for amendments due to Interest Rate Benchmark Reform.

• Ind AS 105 -Non-current assets held for sale and discontinued operations – The amendment substitutes the definition of — "fair value less costs to sell" with "fair value less costs of disposal"

• Ind AS 106 - Exploration for and evaluation of mineral resources – The amendment has been made in reference to the Conceptual Framework for Financial Reporting under Indian Accounting Standards in respect of expenditures that shall not be recognized as exploration and evaluation assets.

• Ind AS 107 - Financial Instruments: Recognition, Presentation and Disclosure – The amendment clarifies the certain additional disclosures to be made on account of Interest Rate Benchmark Reform like :

(i) the nature and extent of risks to which the entity is exposed arising from financial instruments subject to interest rate benchmark reform;

(ii) the entity's progress in completing the transition to alternative benchmark rates, and how the entity is managing the transition.

• Ind AS 111 -Joint Arrangements – In order to maintain consistency with the amendments made in Ind AS 103, respective changes have been made in Ind AS 111.

• Ind AS 114 - Regulatory Deferral Accounts – The amendment clarifies that an entity may only change its accounting policies for the recognition, measurement, and impairment & derecognition of regulatory deferral account balances if the change makes the financial statements more relevant to the economic decision-making needs of users and no less reliable.

• Ind AS 115 – Revenue from Contracts with Customers – Certain amendments have been made in order to maintain consistency with number of paragraphs of IFRS 15.

• Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors – In order to maintain consistency with the amendments made in Ind AS 114 and to substitute the word 'Framework' with the 'Conceptual Framework of Financial Reporting in Ind AS', respective changes have been made in the standard.

• Ind AS 16 - Property, Plant and Equipment –The amendment has been made by substituting the words "Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use" with "Recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use".

• Ind AS 34 - Interim Financial Reporting –The amendments to this standard are made in reference to the conceptual framework of Financial Reporting in Ind AS.

• Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets – The amendment substitutes the definition of the term 'Liability' as provided in the Conceptual Framework for Financial Reporting under Indian Accounting Standards.

• Ind AS 38 - Intangible Assets – The amendment substitutes the definition of the term 'Asset' as provided in the Conceptual Framework for Financial Reporting under Indian Accounting Standards.

*The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.*

**2 Summary of significant accounting policies**

The consolidated financial statements have been prepared using the accounting policies and measurement basis summarized below.

**(a) Overall considerations**

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases that are in effect at 31 March 2021, as summarised below.

*(This space has been intentionally left blank)*

**(b) Current versus non-current classification**

The Group presents all its assets and liabilities in the consolidated Balance Sheet based on current or non-current classification.

An asset is classified as current when:

- it is expected to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it is held the asset primarily for the purpose of trading;
- it is expected to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it expects to settle the liability in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and non-current liabilities, as the case may be.

Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of the assets and liabilities.

**(c) Foreign currency transactions and translations**

**Functional currency**

The functional currency of IntraSoft Technologies Limited, One Two Three Greetings (India) Private Limited and 123Stores E Commerce Private Limited is Indian Rupees ('INR'). The functional currencies of 123Stores, Inc., IntraSoft Ventures Pte. Limited and 123Greetings.com, Inc. are the respective local currencies. These consolidated financial statements are presented in Indian Rupees ('INR'), which is the functional currency of the Group. Functional currency is the currency of the primary economic environment in which the Group operates.

**Transaction and translation**

Foreign currency monetary items of the Group are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured. Exchange differences arising out of these translations are recognized in the consolidated statement of Profit and Loss.

On consolidation, the assets and liabilities of foreign operations are translated into Indian Rupees ('INR') at the exchange rate prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in consolidated statement of OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to consolidated statement of Profit and Loss. However, when a change in the Parent's ownership does not result in loss of control of a subsidiary, such changes are records through equity.

Foreign currency monetary items are reported using the year-end rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

**(d) Fair value measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and or disclosure purposes in these consolidated financial statements is determined on such basis.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the asset or liability.

**(e) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of returns and discounts to customers. Revenue from the sale of goods and services is recognised when the Group performs its obligations to its customers and the amount of revenue can be measured reliably and recovery of the consideration is probable. The timing of such recognition in case of sale of goods is when the control over the same is transferred to the customer, which is mainly upon delivery and in case of services, in the period in which such services are rendered.

**Sale of services**

Revenue from services consists of revenue earned from contracts or agreements with the customers, which are recognized as and when related services are performed and when no significant uncertainty exists regarding the collectability of revenue. The timing of such recognition in case of services, in the period in which such services are rendered.

**Sale of goods**

Revenue from sale of goods is recognized when control of goods are transferred to the buyer which is generally on delivery for domestic sales and on dispatch/ delivery for export sales.
The Group recognizes revenues on the sale of products, net of returns, discounts (sales incentives/rebates), amounts collected on behalf of third parties (such as GST) and payments or other consideration given to the customer that has impacted the pricing of the transaction.

Accumulated experience is used to estimate and accrue for the discounts (using the most likely method) and returns considering the terms of the underlying schemes and agreements with the customers. No element of financing is deemed present as the sales are made with normal credit days consistent with market practice. A liability is recognised where payments are received from customers before transferring control of the goods being sold.

**Interest income:**

For all debt instruments, interest income is recorded using the effective interest rate (EIR). EIR is the rate which exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset. When calculating the EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayments, extensions, call and similar options). The expected credit losses are considered if the credit risk on that financial instrument has increased significantly since initial recognition.

**Dividend income:**

Dividends are recognised in profit or loss on the date on which the Group's right to receive payment is established.

**(f) Property, plant and equipment**

**Recognition:**

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by the management.

**Subsequent measurement (depreciation and useful lives):**

The Group depreciates property, plant and equipment on a pro-rata basis over their estimated useful lives using the straight-line method. The estimated useful lives of the assets prescribed under Schedule II of the Act are as follows:

| Category of asset | Useful life (years) |
|---|---|
| Buildings | 60 |
| Leasehold improvements | Shorter of lease period or estimated useful lives |
| Furniture and fixtures | 7 - 10 |
| Computer equipment | 3 - 6 |
| Office equipment | 5 |
| Vehicles | 8 |

The Group reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

Advances paid towards the acquisition of property, plant and equipment outstanding as at each balance sheet date is classified as capital advance under other non-current assets and the cost of assets not put to use before such date are disclosed under 'capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment are capitalised only when it is probable that the future economic benefits associated with these will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the consolidated statement of Profit and Loss when incurred. The cost and related accumulated depreciation are eliminated from the consolidated financial statements upon sale or upon retirement of the asset and resultant gains or losses are recognized in the consolidated statement of Profit and Loss.

**Property, plant and equipment (cont'd)**

**De-recognition:**

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the Statement of Profit and Loss, when the asset is de-recognised.

**(g) Other Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment. They are amortised over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors, including the affects of obsolescence, demand, competition and other economic factors (such as stability of the industry and know technological advances) and the level of maintenance expenditures required to obtain the future cash flows from the asset. Residual value, useful lives and amortisation method are reviewed annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

**Intangible assets – internal-use software**

Certain costs related to computer software developed or obtained for internal-use are capitalized or expensed in accordance with the applicable accounting standards. During the year, the Group has recognized the costs associated with developing an artificial intelligence-based system developed to capture demand data with the help of combination of algorithms. The Group will start amortising this cost once the development of the artificial intelligence-based system is complete.

**(h) Leases**

**Group as a lessee:**

The Group adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application on 01 April, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The Company has lease contracts for various buildings. Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as an operating lease.

Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis, (no straight lining was done in case escalations were considered to be in line with expected general inflation), over the lease term. Any prepaid rent and accrued rent were recognised under prepayments and trade and other payables, respectively.

Upon adoption of Ind AS 116, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

**Leases previously accounted for as operating leases**

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases are recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group has applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

**(i) Impairment of non-financial assets**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(j) Financial instruments:**

Classification:

The Group classifies its financial assets in the following measurement categories depending on the Group's business model for managing such financial assets and the contractual cash flow terms of the asset:

(i) those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

(ii) those subsequently measured at amortized cost.

For assets measured at fair value, gains or losses are either recorded in the consolidated statement of Profit and Loss or Other Comprehensive Income. Investments in debt instruments are classified depending on the business model managing such investments. The Group re-classifies the debt investments when and only when there is a change in business model managing those assets.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through consolidated statement of profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of Profit and Loss.

Initial recognition and measurement:

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Group classifies a financial asset in accordance with the below criteria:

- The Group's business model for managing the financial asset and,
- The contractual cash flow characteristics of the financial asset.

Financial assets carried at amortised cost - A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to investments by the Group in non-convertible debentures.

Financial assets at fair value through other comprehensive income - A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further in cases where the Group has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognised in other comprehensive income.

This category applies to investments by the Group in debt instruments. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the OCI. However, the Group recognizes interest income and impairment losses and its reversals in the consolidated statement of Profit and Loss. On Derecognition of such financial assets, cumulative gain or loss previously recognized in OCI is reclassified from equity to consolidated statement of Profit and Loss.

This category applies to investments by the Group in perpetual bonds.

Financial assets at fair value through profit and loss - A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the consolidated statement of Profit and Loss.

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Investments in mutual funds:
Investments in mutual funds are measured at fair value through profit and loss.

De-recognition of financial assets
A financial asset is de-recognized when:
(i) Contractual right to receive cash flows from such financial asset expires;
(ii) Group transfers the contractual right to receive cash flows from the financial asset; or
(iii) Group retains the right to receive the contractual cash flows from the financial asset, but assumes a contractual obligation to pay such cash flows to one or more recipients.

Where the Group has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards associated with the ownership of the financial asset. In such cases, the financial asset is de-recognized. Where the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognized.

Where the Group has neither transferred nor retained substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Group does not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in such financial asset.

Impairment of financial assets
In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the weighted-average of difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Group is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Trade receivables
In respect of trade receivables, the Group applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL area portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date. ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

Other financial assets
In respect of its other financial assets, the Group assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12 month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

**Financial liabilities**
Initial recognition and measurement
All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortised cost.

Subsequent measurement
Subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximates fair value due to the short maturity of these instruments.

De-recognition of financial liabilities
A financial liability is de-recognised when the underlying obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**(k) Inventories**

Inventory consists of finished goods for sale to customers, held at Company's own warehouse and various third party warehouses and goods in transit. The Group values inventory at the lower of cost and net realizable value. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition. These costs include purchase costs of inventory (net of vendor volume discounts) and shipping and handling costs. Net realizable value is determined at market value less selling costs. The "lower of cost and net realizable value", criteria is evaluated for each item of inventory as on balance sheet date.

Goods in transit consists of products which have been shipped by the supplier but are in transit to the fulfillment centers and products that have been shipped by the supplier or the fulfillment centers but are in transit to the customers. Risk of loss and the transfer of title from the supplier to the Group occurs at freight on board shipping point and from the Group to the customers at point of delivery.

**(l) Taxation**

Tax expense recognised in consolidated statement of Profit or Loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

**Current tax**

Calculation of current tax is based on tax rates and tax laws that have been enacted for the reporting period. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Current income tax for current and prior periods is recognised at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

The Group off-sets current tax assets and liabilities, where it has a legally enforceable right to set-off the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Minimum alternate tax (MAT)**

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax. MAT Credits are in the form of unused tax credits that are carried forward by the Group for a specified period of time. Accordingly, MAT Credit Entitlement has been Grouped with Deferred Tax Asset (net). Correspondingly, MAT credit entitlement has been Grouped with deferred tax in the Statement of Profit and Loss.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Group's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets (including MAT credits) are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

**(m) Employee benefits expense**

Expenses and liabilities in respect of employee benefits expense are recorded in accordance with Ind AS 19, Employee Benefits.

**Defined contribution plan:**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**Defined benefit plans:**

Gratuity

The defined benefit obligation for post employment benefit plan is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of Changes in Equity and in the consolidated Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in consolidated statement of Profit or Loss as past service cost.

**Other long-term employee benefits:**

Compensated absences

The employees of the Group are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation using projected unit credit method on the additional amount expected to be paid or availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

The measurement of other long-term employee benefits is not usually subject to the same degree of uncertainty as the measurement of post-employment benefits. Hence the remeasurements are not recognised in Other Comprehensive Income.

**(n) Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, cash at bank, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**(o) Provisions and contingent liabilities and contingent assets.**

**Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

**Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Group does not recognise a contingent liability but discloses its existence in the consolidated financial statements.

**Contingent assets**

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

**(p) Earnings per equity share (EPS)**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Group by the weighted average number of equity shares outstanding during the year. Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are included in the calculation of basic earnings per share from the date the contract is entered into.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. As on the consolidated balance sheet dates, the Group has no dilutive potential equity shares.

**(q) Government grants and subsidies**

The Parent Company is entitled to grants from state government in respect of state incentive scheme. Such subsidies are measured at amounts receivable from the government which are non-refundable and are recognized as income when there is a reasonable assurance that the Parent company will comply with all necessary conditions attached to them.

Government grants related to revenue are recognised on a systematic basis in net profit in the consolidated statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate.

**(r) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated Statement of Profit and Loss as other gains or (losses).

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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**(s) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition or construction of qualifying asset are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get itself ready for the intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

**(t) Dividends**

The final dividend on equity shares is recorded as a liability on the date of approval by the shareholders, and interim dividends are recorded as a liability on the date of declaration by the Group's Board of Directors.

**(u) Events after reporting date**

Where events occurring after the Consolidated Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the consolidated financial statements. Otherwise, events after the Consolidated Balance Sheet date of material size or nature are only disclosed.

**(v) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. As per requirements of Ind AS 108, 'Segment Reporting', no disclosures are required to be made since the Group's activities consists of a single business segment (primary segment) of Internet based delivery of products and services.

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3 (a) Property, plant and equipment

| | Buildings | Furniture and fixtures | Computer equipment | Leasehold Improvements | Office equipment | Vehicles | Total |
|---|---|---|---|---|---|---|---|
| **Gross block** | | | | | | | |
| **Balance as at 1 April 2019** | **1,282.79** | **412.74** | **137.84** | **15.00** | **202.70** | **105.16** | **2,156.23** |
| Additions | - | 112.40 | 2.91 | - | 12.98 | - | 128.29 |
| Disposals | - | (6.04) | (11.35) | - | (0.60) | - | (17.99) |
| **Balance as at 31 March 2020** | **1,282.79** | **531.10** | **129.40** | **15.00** | **216.28** | **105.16** | **2,279.81** |
| Additions | - | 8.19 | 25.82 | - | 1.59 | - | 35.60 |
| Disposals | - | 18.30 | 5.89 | 15.00 | 8.00 | - | 47.19 |
| **Balance as at 31 March 2021** | **1,282.79** | **521.07** | **149.33** | **-** | **209.87** | **105.16** | **2,268.22** |
| **Accumulated depreciation** | | | | | | | |
| **Balance as at 1 April 2019** | **65.13** | **152.41** | **104.60** | **1.98** | **110.64** | **56.09** | **490.85** |
| Depreciation charge for the year | 21.71 | 55.99 | 15.83 | 4.75 | 36.05 | 14.23 | 148.56 |
| Disposals | - | (4.11) | 10.76 | - | (0.63) | - | 6.02 |
| **Balance as at 31 March 2020** | **86.84** | **212.51** | **109.67** | **6.73** | **147.32** | **70.32** | **633.39** |
| Depreciation charge for the year | 21.71 | 68.15 | 9.93 | 3.57 | 29.79 | 9.56 | 142.71 |
| Disposals | - | 8.22 | 5.51 | 10.30 | 7.10 | - | 31.13 |
| **Balance as at 31 March 2021** | **108.55** | **272.44** | **114.09** | **-** | **170.01** | **79.88** | **744.97** |
| **Net block** | | | | | | | |
| **Balance as at 31 March 2020** | **1,195.95** | **318.67** | **19.73** | **8.27** | **68.96** | **34.84** | **1,646.42** |
| **Balance as at 31 March 2021** | **1,174.24** | **248.63** | **35.24** | **-** | **39.86** | **25.28** | **1,523.25** |

3 (b) Right-of-use assets

| | Buildings | Total |
|---|---|---|
| **Gross block** | | |
| **Balance as at 1 April 2019** | - | - |
| Additions | 1,325.92 | 1,325.92 |
| Disposals | (118.72) | (118.72) |
| **Balance as at 31 March 2020** | **1,444.64** | **1,444.64** |
| Additions | - | - |
| Disposals | **1,442.68** | 1,442.68 |
| **Balance as at 31 March 2021** | **1.96** | **1.96** |
| **Accumulated amortisation** | | |
| **Balance as at 1 April 2019** | - | - |
| Charge for the year | 248.33 | 248.33 |
| Disposals | (15.99) | (15.99) |
| **Balance as at 31 March 2020** | **264.32** | **264.32** |
| Charge for the year | 131.43 | 131.43 |
| Disposals | 394.32 | 394.32 |
| **Balance as at 31 March 2021** | **1.43** | **1.43** |
| **Net block** | | - |
| **Balance as at 31 March 2020** | **1,180.32** | **1,180.32** |
| **Balance as at 31 March 2021** | **0.53** | **0.53** |

Lease liabilities

| Particulars | Amount |
|---|---|
| Balance as on 1 April, 2020 | 1,234.52 |
| Add: Interest expense accrued on lease liabilities | 38.77 |
| Less: Lease liabilities paid | (152.07) |
| Less: Lease liabilities reversed on termination | (1,094.68) |
| Less: Effect due to Foreign exchange translation | (25.91) |
| **Closing balance as at 31 March 2021** | **0.63** |
| Current | 0.63 |
| Non current | - |

The Group has lease agreements usually for a period of 2 to 9 years with the lessor for rental of office spaces and warehouse. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Lease deed for office space and warehouse imposes a restriction that, unless there is a contractual right for the Group to sublease the asset to another party, the right-of-use asset can only be used by the Group. The Group is prohibited from selling or pledging the underlying leased assets as security.

**Maturity profile of lease liability**

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

| Year ended 31 March 2021 | 0 to 1 year | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|
| Lease liabilities | 0.59 | - | - | 0.59 |

**Following amount has been recognised in statement of profit and loss account:**

| Particulars | Amount |
|---|---|
| Depreciation/amortisation on right to use asset | 131.43 |
| Interest on lease liability | 38.77 |
| Expenses related to short term lease (included under other expenses) | (31.09) |
| Expenses related to low value lease (included under other expenses) | |
| **Total amount recognised in statement of profit and loss account** | **139.11** |

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

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3 (c) Other intangible assets

| | Softwares | Total |
|---|---|---|
| **Gross block** | | |
| **Balance as at 1 April 2019** | **71.04** | **71.04** |
| Additions | 1.10 | 1.10 |
| Disposals | (2.78) | (2.78) |
| **Balance as at 31 March 2020** | **74.92** | **74.92** |
| Additions | - | - |
| Disposals | 1.06 | 1.06 |
| **Balance as at 31 March 2021** | **73.86** | **73.86** |
| **Accumulated amortisation** | | |
| **Balance as at 1 April 2019** | **44.19** | **44.19** |
| Charge for the year | 12.54 | 12.54 |
| Disposals | (2.43) | (2.43) |
| **Balance as at 31 March 2020** | **59.16** | **59.16** |
| Charge for the year | 7.51 | 7.51 |
| Disposals | 1.00 | 1.00 |
| **Balance as at 31 March 2021** | **65.67** | **65.67** |
| **Net block** | | |
| **Balance as at 31 March 2020** | **15.76** | **15.76** |
| **Balance as at 31 March 2021** | **8.19** | **8.19** |

3 (d) Other intangible assets under development

| | Softwares | Total |
|---|---|---|
| **Balance as at 1 April 2019** | **1,269.39** | **1,269.39** |
| Additions (#) | 727.05 | 727.05 |
| Disposals | (117.48) | (117.48) |
| **Balance as at 31 March 2020** | **2,113.92** | **2,113.92** |
| Additions (#) | 4,079.56 | 4,079.56 |
| Disposals | 68.41 | 68.41 |
| **Balance as at 31 March 2021** | **6,125.07** | **6,125.07** |

**(#)** - Additions, includes the costs associated with developing an artificial intelligence-based system developed to capture demand data with the help of combination of algorithms. The Company will start amortisation of this cost once the development of this Artificial Intelligence-based System is complete.

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| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| 4 | **Investments** | | |
| (a) | **Non-current investments** | | |
| I | **Investments in bonds and debentures** | As at 31 March 2021 | As at 31 March 2020 |
| A) | **Non-convertible debentures** | | |
| | Quoted | | |
| | *(Designated at Amortised Cost)* | | |
| (i) | DHFL (8.90% NCD) (2,500 units having face value of ₹ 1,000 each fully paid-up) | - | 5.00 |
| (ii) | ECL Finance Limited (9.45% NCD) (5,000 units having face value of ₹ 1,000 each fully paid-up) | - | 53.08 |
| B) | **Investments in perpetual bonds (#)** | | |
| | Quoted | | |
| | *(Designated at Fair Value Through Other Comprehensive Income)* | | |
| (i) | State Bank of India (8.15% AT1 Bond Issue Series IV) (20 units having face value of ₹ 1,000,000 each) | 213.07 | 198.59 |
| (ii) | Axis Bank Limited (8.75% Additional Tier 1 Bonds Series 26) (20 units having face value of ₹ 1,000,000 each) | - | 201.57 |
| (iii) | HDFC Bank Limited (8.85% Perpetual Bonds Series 1/2017-18) (20 units having face value of ₹ 1,000,000 each) | 220.37 | 215.13 |
| | **Total non-current investments** | **433.44** | **673.37** |
| | **(#) Pledged in favor of Citi Bank N.A. against SBLC amounting ₹ 5,550 lacs.** | | |
| | **Other disclosures for non-current investments:** | | |
| | Aggregate amount of quoted investments | 433.44 | 673.37 |
| | Aggregate amount of unquoted investments | - | - |
| (b) | **Current investments** | | |
| I | **Investments in non-convertible debentures** | | |
| | Quoted | | |
| | *(Designated at Amortised Cost)* | | |
| (i) | Edelweiss Retail Finance Limited (8.75% NCD) (25,000 units having face value of ₹ 1,000 each fully paid-up) | - | 250.54 |
| (ii) | ECL Finance Limited (9.45% NCD) (5,000 units having face value of ₹ 1,000 each fully paid-up) | 53.08 | - |
| | | **53.08** | **250.54** |
| II | **Investments in perpetual bonds (#)** | | |
| | Quoted | | |
| | *(Designated at Fair Value Through Other Comprehensive Income)* | | |
| (i) | Axis Bank Limited (8.75% Additional Tier 1 Bonds Series 26) (20 units having face value of ₹ 1,000,000 each) | 203.63 | - |
| | | **203.63** | **-** |
| | **(#) Pledged in favour of Citi Bank N.A. against SBLC amounting ₹ 5,550 lacs.** | | |
| III | **Investment in mutual funds** | | |
| | Quoted | | |
| | *(Measured at Fair Value Through Profit and Loss)* | | |
| | Mutual funds (refer details below) | 6,499.52 | 6,134.13 |
| | **Total current investments** | **6,499.52** | **6,134.13** |
| | **Other disclosures for current investments:** | | |
| | Aggregate amount of quoted investments, and | 6,756.23 | 6,384.67 |
| | Aggregate amount of impairment in value of investments | - | - |

4 Investments (cont'd)

Investments in Mutual Funds

(a) Balance as at 31 March 2021:

| Particulars | Units | Amount |
|---|---|---|
| Axis Ultra Short Term Fund - Direct Growth | 253,811 | 30.36 |
| Axis Corporate Debt Fund - Regular Plan-Monthly Dividend | 1,959,284 | 199.99 |
| Aditya Birla Sun Life Credit Risk Fund -Growth-Direct Plan (Seg. Port1) | 7,706,265 | 32.04 |
| Franklin India Credit Risk Fund - Growth | 746,535 | 154.51 |
| Franklin India Credit Risk Fund - Growth (Seg. Port2) | 918,464 | - |
| Franklin India Credit Risk Fund - Growth (Seg. Port3) | 997,571 | - |
| HDFC Corporate Bond Fund - Direct Plan - Quarterly dividend (#) | 6,307,360 | 652.66 |
| HDFC Medium Term Debt Fund - Direct Plan - Normal dividend (#) | 3,250,971 | 555.71 |
| HDFC Income Fund- Direct Plan -Quarterly dividend (#) | 2,607,607 | 313.38 |
| HDFC Money Market Fund - Direct Plan - Growth Option | 7,840 | 350.75 |
| ICICI Prudential Long Term Bond Fund-Regular-Qtly Dividend (#) | 2,499,375 | 299.76 |
| ICICI Prudential Medium Term Bond Fund -Direct-Qly-Div (#) | 5,052,513 | 559.56 |
| ICICI Prudential Short Term Fund - DP - Monthly Div (#) | 3,524,893 | 446.76 |
| IDFC Bond Fund-Short Term Plan - Direct-Qtly Dividend (#) | 4,160,761 | 434.74 |
| Kotak Bond Short Term-Direct - Monthly Div. Reinvestment (#) | 3,232,676 | 440.42 |
| L&T Resurgent India Bond Fund - Direct - Annual Dividend (#) | 3,540,024 | 425.44 |
| Nippon India Strategic Debt Fund - Regular-Quarterly Dividend (#) | 5,073,313 | 399.98 |
| Nippon India Low Duration Fund - Regular-Quarterly Dividend (#) | 29,516 | 300.17 |
| SBI Magnum Medium Duration Fund - Direct - Dividend | 2,723,728 | 439.44 |
| SBI Short Term Debt Fund - Direct - Monthly Dividend (#) | 3,016,557 | 438.70 |
| TRUSTMF Banking & PSU Debt Fund - Direct - Growth | 2,510 | 25.15 |
| | | **6,499.52** |

**(#) Ear-marked for lien in favor of Citi Bank N.A. against SBLC amounting ₹ 5,550 lacs.**

(b) Balance as at 31 March 2020 :

| Particulars | Units | Amount |
|---|---|---|
| Axis Ultra Short Term Fund - Direct Growth | 475,722 | 53.96 |
| Aditya Birla Sun Life Credit Risk Fund -Growth-Direct Plan (Seg. Port1) | 7,706,265 | 33.41 |
| Aditya Birla Sun Life Money Manager Fund - Growth-Direct Plan | 11,265 | 30.52 |
| Aditya Birla Sun Life Short Term Fund -Growth- Direct Plan | 872,791 | 302.39 |
| Franklin India Credit Risk Fund - Growth | 997,572 | 186.52 |
| Franklin India Credit Risk Fund - Growth (Seg. Port1,2&3) | 997,571 | - |
| HDFC Corporate Bond Fund - Direct Plan - Growth | 1,782,074 | 411.37 |
| HDFC Medium Term Debt Fund - Direct Plan - Growth | 1,217,256 | 512.51 |
| ICICI Prudential Credit Risk Fund-Growth | 1,412,090 | 307.10 |
| ICICI Prudential Corporate Bond Fund - Direct Plan- Growth | 1,424,118 | 306.33 |
| ICICI Prudential Medium Term Bond Fund-Direct Plan-Growth | 1,241,143 | 412.22 |
| ICICI Prudential Short Term Fund - Direct Plan - Growth | 923,035 | 409.51 |
| IDFC Bond Fund-Short Term Plan-Growth-Direct Plan | 927,932 | 402.37 |
| Kotak Dynamic Bond Fund - Direct Plan - Growth | 1,463,427 | 411.14 |
| Kotak Bond Short Term Fund - Direct Plan – Growth | 1,013,215 | 406.44 |
| L&T Triple Ace Bond Fund - Direct Plan - Growth | 565,090 | 312.31 |
| L&T Resurgent India Bond Fund - Direct Plan - Growth | 1,952,197 | 300.61 |
| SBI Dynamic Bond Fund - Regular Plan - Growth | 1,194,237 | 310.89 |
| SBI Magnum Medium Duration Fund - Direct - Growth | 818,044 | 310.02 |
| SBI Short Term Debt Fund - Direct - Growth | 1,685,857 | 406.87 |
| SBI Corporate Bond Fund - Direct - Growth | 2,725,923 | 307.64 |
| | | **6,134.13** |

*(This space has been intentionally left blank)*

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| 5 | **Loans** | | |
| (a) | **Non-current:** | | |
| | *(Unsecured, considered good)* | | |
| | Security deposits | 3.47 | 5.25 |
| | | **3.47** | **5.25** |

The group does not have any loans which have been credit impaired or significant increase in credit risk.

| | | | |
|---|---|---|---|
| (b) | **Current:** | | |
| | *(Unsecured, considered good)* | | |
| | Loan and advances to employees | - | 2.57 |
| | | - | **2.57** |

The group does not have any loans which have been credit impaired or significant increase in credit risk.

| | | | |
|---|---|---|---|
| 6 | **Other assets** | | |
| (a) | **Non-current:** | | |
| | Balances with Government Authorities (Refer note below) | 66.48 | 228.12 |
| | Prepaid expenses | 5.31 | 2.11 |
| | | **71.79** | **230.23** |

**Note:** Balances with Government Authorities primarily include amounts realisable from goods and services tax and transitional credit carried forward under the goods and services tax regime. These are expected to be realised in the future by off-setting the same against the output services tax liability on services rendered by the group and also by claiming refund from government authorities. Accordingly these balances have been classified as non current assets.

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| (b) | **Current:** | | |
| | *(Unsecured, considered good)* | | |
| | Advance to suppliers | 0.06 | 2.09 |
| | Prepaid expenses | 66.70 | 67.79 |
| | Receivable from Government Authorities | 124.79 | 139.22 |
| | Other advances | 66.22 | 130.07 |
| | Income Tax Refund Receivable | 5.96 | 13.65 |
| | | **263.73** | **352.82** |

*(This space has been intentionally left blank)*

**7 Inventories**

*(valued at lower of cost and net realisable value)*

| | | |
|---|---|---|
| Stock-in-trade (*) (#) | 9,892.10 | 12,278.49 |
| (*) Includes ₹ 3,194.29 (31 March 2020: ₹ 5,889.97) in transit. | | |
| | **9,892.10** | **12,278.49** |

(#) The Company has provided for a valuation allowance ₹ 108.10 lacs (31 March 2020: ₹ 79.54 lacs) in respect of diminution in the value of inventory.

**8 Trade receivables**

| | | |
|---|---|---|
| Unsecured, considered good | 196.13 | 267.51 |
| | **196.13** | **267.51** |

The group does not have any loans which have been credit impaired or significant increase in credit risk.

**9 Cash and bank balances**

**(a) Cash and cash equivalents**

| | | |
|---|---|---|
| Balances with banks: | | |
| - In current accounts | 787.23 | 1,730.86 |
| - Deposits of original maturity of less than 3 months | 243.91 | 38.02 |
| Remittance in transit | 1.75 | - |
| Cash on hand | 0.50 | 0.27 |
| | **1,033.39** | **1,769.15** |

**(b) Other bank balances**

| | | |
|---|---|---|
| Unpaid dividend account [refer note (i) below] | 5.11 | 5.55 |
| Balances with payment gateways | 15.06 | 74.61 |
| Commitment deposits | 2.01 | 2.01 |
| Deposits with maturity more than 3 months but less than 12 months (refer note (ii) below) | 35.33 | 33.98 |
| | **57.51** | **116.15** |

**Notes:**

**(i)** The Company has transferred an amount of ₹0.66 lacs of unpaid dividend to the Investor Education and Protection fund for the financial year 2012-13.

**(ii)** The Parent Company has deposited ₹ 30 Lacs against fixed deposit with HDFC Bank for bank guarantee issued in favor of Santosh Promoters Pvt. Ltd. as per the order of Supreme Court dated 01 May 2017.

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| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| **10 Equity share capital** | | | | |
| **Authorized share capital** | | | | |
| Equity shares of ₹ 10 each | 25,250,000 | 2,525.00 | 25,250,000 | 2,525.00 |
| **Issued, subscribed and fully paid up** | | | | |
| Equity shares of ₹ 10 each | 14,731,678 | 1,473.17 | 14,731,678 | 1,473.17 |
| | **14,731,678** | **1,473.17** | **14,731,678** | **1,473.17** |

**(a) Reconciliation of equity share capital**
There is no movement in the equity share capital during the current and comparative periods.

**(b) Terms and rights attached to equity shares**
The Parent Company has only one class of equity shares having a par value of ₹ 10 per share. The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Parent Company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts if any. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) No additional shares were allotted as fully paid up by way of bonus shares or pursuant to contract without payment being received in cash during the last five years. Further, none of the shares were bought back by the Parent Company during the last five years.

**(d) Details of shareholders holding more than 5% of the aggregate shares in the Parent Company:**

| | As at 31 March 2021 | | As at 31 March 2020 | |
|---|---|---|---|---|
| **Name of the shareholders** | Number | Percentage | Number | Percentage |
| **Fully paid-up equity shares of ₹ 10 each:** | | | | |
| Arvind Kajaria | 2,811,797 | 19.09% | 2,811,797 | 19.09% |
| Sharad Kajaria | 2,812,500 | 19.09% | 2,812,500 | 19.09% |
| Padma Kajaria | 1,400,000 | 9.50% | 1,400,000 | 9.50% |
| University of Notre Dame Du Lac | 1,085,015 | 7.37% | 1,085,015 | 7.37% |

(e) The Board of Directors at its meeting held on 28 June 2021 proposed a dividend of ₹ 1 per equity share (31 March 2020: ₹ 1 per equity share) amounting to ₹ 147.32 lacs (31 March 2020: ₹ 147.32 lacs). The proposed dividend by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

*(This space has been intentionally left blank)*

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **11 Other equity** | | |
| (a) Capital reserve | 96.14 | 96.14 |
| (b) General reserve | 169.15 | 169.15 |
| (c) Securities premium | 5,527.11 | 5,527.11 |
| (d) Retained earnings | | |
| Opening balance | 6,905.56 | 7,056.83 |
| Profit for the year | 834.27 | 210.87 |
| Remeasurements of post-employment benefit obligations, net of tax | - | (7.76) |
| Less:- Appropriations | | |
| Dividend on equity shares (including dividend tax) | (147.29) | (354.38) |
| **Closing balance** | 7,592.54 | 6,905.56 |
| (e) Foreign currency translation difference | | |
| Opening balance | 625.30 | 257.61 |
| Change during the year (net) | (146.09) | 367.69 |
| | 479.21 | 625.30 |
| (f) Debt instruments through OCI | | |
| Opening balance | (7.08) | (9.90) |
| Net fair value loss on investment in debt instruments through OCI, net of tax | 15.65 | 2.82 |
| **Closing balance** | 8.57 | (7.08) |
| | **13,872.72** | **13,316.18** |

**(a) Nature and purpose of reserves**

**Capital reserve**
The Parent Company has transferred the net surplus arising from amalgamation in accordance with the terms of Scheme of amalgamation.

**General reserve**
The Group has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

**Securities premium**
The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve.

**Foreign exchange translation difference**
Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. ₹) are recognised directly in the other comprehensive income and accumulated in foreign currency translation reserve. Exchange difference previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

**Debt instruments through Other Comprehensive Income:**
The debt instruments are measured at fair value and the change is recognised through Other Comprehensive Income. Upon derecognition, the cumulative fair value changes on the said instruments are reclassified to the Statement of Profit and Loss.

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| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **12 Borrowings** | | |
| **Non-current** | | |
| *(Secured)* | | |
| **Term loans** | | |
| Foreign currency loan from bank [refer note (i) below] | 5,482.87 | 5,666.25 |
| **Working capital facility** | | |
| Foreign currency loan from others [refer note (i) below] | 4,321.15 | 4,045.44 |
| | **9,804.02** | **9,711.69** |

**Nature of security and terms of repayment for secured borrowings availed from banks and others**

**Foreign currency loan**

**(a)** The foreign currency loan is in the nature of a senior secured committed revolving line of credit, obtained from Citi bank N.A., with a limit of USD 7.5 million. The credit facility has been obtained at an interest rate of LIBOR plus 1.25% (LIBOR index being one month, floating daily) and has a maturity of twelve months from the closing date renewable annually. The credit facility is supported by a stand-by Letter of Credit Facility (SBLC), of ₹ 5,550 lacs issued by Citi Bank, N.A., India branch. The credit facility has been availed for meeting short-term working capital needs.

**(b)** The working capital facility in the form of revolving line of credit availed from Citi Bank, N.A., having maturity of 12 months from the closure date, has been refinanced by a long-term debt obligation from UPS Capital Corporation. The Company obtained a revolving line of credit from UPS Capital Corporation, with a limit of US$ 11,000,000. The credit facility has been obtained at an agreed upon interest rate of Base Rate plus 1.25%, with the base rate linked to US prime rate as shown in The Wall Street Journal in US and has a maturity of three years from the closing date. The credit facility is supported by a lien on inventories and accounts receivables. The same has been classified as long-term debt.

| | | |
|---|---|---|
| **13 Lease liability** | | |
| **(a) Non-current** | | |
| Lease liability [refer note 3(b)] | - | 1,002.36 |
| | **-** | **1,002.36** |
| **(b) Current** | | |
| Lease liability [refer note 3(b)] | 0.63 | 232.16 |
| | **0.63** | **232.16** |
| **14 Trade payables** | | |
| Due to micro and small enterprises | - | - |
| Due to others | 2,161.01 | 1,850.13 |
| | **2,161.01** | **1,850.13** |

*(This space has been intentionally left blank)*

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **15 Other financial liabilities** | | |
| **(a) Non-current** | | |
| Deposit from employees | 2.01 | 2.01 |
| | **2.01** | **2.01** |
| **(b) Current** | | |
| Accrued expenses | 72.91 | 244.43 |
| Dues to employees | 150.17 | 117.15 |
| Unpaid dividend* | 5.11 | 5.54 |
| | **228.19** | **367.12** |
| *Not due for transfer to Investor Education and Protection Fund. | | |
| **16 Provisions** | | |
| **(a) Non-current:** | | |
| **Provision for employee benefits:** | | |
| - Provision for gratuity (refer note 23) | 103.26 | 98.46 |
| - Provision for compensated absences | 31.21 | 32.51 |
| | **134.47** | **130.97** |
| **(b) Current:** | | |
| **Provision for employee benefits:** | | |
| - Provision for gratuity (refer note 23) | 4.25 | 2.50 |
| - Provision for compensated absences | 1.93 | 1.90 |
| | **6.18** | **4.40** |
| **17 Other liabilities** | | |
| **(a) Non-current:** | | |
| Deferred revenue arising from government grant | 99.50 | 101.48 |
| | **99.50** | **101.48** |
| **(b) Current:** | | |
| **Advances** | | |
| - Advance from customers | 2.92 | 11.74 |
| - Unearned revenues | 10.57 | 33.03 |
| **Others** | | |
| - Statutory dues | 50.31 | 54.01 |
| - Other liabilities | 378.99 | 704.48 |
| - Deferred revenue arising from government grant | 2.00 | 2.01 |
| | **444.79** | **805.27** |

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| | | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| 18 | **Revenue from operations** | | |
| | Sale of products (net) | 61,313.38 | 59,067.54 |
| | | **61,313.38** | **59,067.54** |

**Disclosures on revenue pursuant to Ind AS 115 - Revenue from contracts with customers**

a) **Revenue streams**
The Group generates revenue primarily from a single business segment of internet based online delivery of goods and services.

b) **Reconciliation of revenue from sale of goods and services with the contracted price**

| | | |
|---|---|---|
| Contracted price | 61,313.38 | 59,067.54 |
| Less: Trade discounts, volume rebates, etc. | - | - |
| **Sale of goods and services** | **61,313.38** | **59,067.54** |

c) **Timing of revenue recognition**

| | | |
|---|---|---|
| Goods and services rendered at a point in time when performance obligation is satisfied | 61,313.38 | 59,067.54 |
| | **61,313.38** | **59,067.54** |

d) **Geographical information**
Geographical information of the Group's revenue from operation has been disclosed below.

| | | |
|---|---|---|
| United States of America | 61,313.38 | 59,067.54 |
| | **61,313.38** | **59,067.54** |

e) **Contract balance**
The following table provides information about receivables, contract assets and contract liabilities from contract with customers.

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Receivables | 196.13 | 267.51 |
| Contract assets | - | - |
| Contract liabilities | - | - |

Contract asset is the right to consideration in exchange for goods transferred to the customer. Contract liability is the entity's obligation to transfer goods to a customer for which the entity has received consideration from the customer in advance.

| | | | |
|---|---|---|---|
| 19 | **Other income** | | |
| | **Interest income:** | | |
| | - Investments in debt instruments | 77.56 | 133.32 |
| | - Others | 27.51 | 3.72 |
| | **Dividend income:** | | |
| | - Dividends from mutual funds | 28.87 | - |
| | **Other gains and losses:** | | |
| | - Net gain on sale of investments measured at FVTPL | 429.33 | 226.94 |
| | - Net gain arising on remeasurement of investments measured at FVTPL | - | 108.42 |
| | - Net gain on lease modification | 57.19 | - |
| | **Others** | | |
| | - Other miscellaneous income | 14.70 | 13.02 |
| | | **635.16** | **485.42** |
| 20 | **Cost of goods sold** | | |
| | Opening stock | 12,278.49 | 9,907.64 |
| | Add:- Purchases | 40,120.86 | 46,014.22 |
| | Less:- Closing stock | 9,892.10 | 12,278.49 |
| | **Cost of goods sold** | **42,507.25** | **43,643.37** |
| 21 | **Shipping and handling expenses** | | |
| | Shipping and handling expenses | 7,234.64 | 5,255.92 |
| | | **7,234.64** | **5,255.92** |
| 22 | **Sales and marketing expenses** | | |
| | Marketplace, marketing and referral fees | 7,860.08 | 6,637.88 |
| | Advertisement expenses | - | 0.10 |
| | | **7,860.08** | **6,637.98** |

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## 23 Employee benefits expense

| | | |
|---|---|---|
| Salaries and allowances | 1,605.19 | 1,467.14 |
| Contribution to provident and other funds [refer note (a) below] | 42.10 | 37.82 |
| Staff welfare expenses | 30.03 | 61.96 |
| | **1,677.32** | **1,566.92** |

### (a) Defined contribution plans

Eligible employees of the Parent and Indian subsidiaries receive benefits under the provident fund which is a defined contribution plan wherein both the employee and the Group make monthly contributions equal to a specific percentage of covered employees' salary. These contributions are made to the fund administered and managed by the Government of India and the Group has no further obligation beyond making its contribution. The Group's monthly contributions are charged to consolidated Statement of Profit and Loss in the period in which they are incurred.

### (b) Defined benefits plans

Gratuity is a post employment benefit and is a defined benefit plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972 ('the Act'). The liability recognised in the balance sheet represents the present value of the defined benefit obligation at the balance sheet date, together with adjustment for unrecognised actuarial gains or losses and past service cost. Independent actuaries calculate the defined benefit obligation annually using the Projected Unit Credit Method. Actuarial gains and losses are credited/ charged to the Statement of Other Comprehensive Income in the year in which such gains or losses arise.

| | Gratuity | |
|---|---|---|
| | Year ended 31 March 2021 | Year ended 31 March 2020 |
| **(i) Defined benefits obligations recognised:** | | |
| Present value of obligation: | | |
| - Current | 4.25 | 2.50 |
| - Non-current | 103.27 | 98.46 |
| | **107.52** | **100.96** |
| **(ii) Movement in the present value of defined benefit obligations:** | | |
| Balance at the beginning of the year | 100.96 | 82.76 |
| Current service cost | 15.87 | 13.53 |
| Past service cost | - | - |
| Interest cost | 6.67 | 6.29 |
| Actuarial loss arising from assumption changes | (3.69) | 11.00 |
| Actuarial gain arising from experience adjustments | 3.62 | (0.27) |
| Benefits paid | (15.91) | (12.35) |
| **Obligations at the end of the year** | **107.52** | **100.96** |
| **(iii) Components of the net cost charged to the Statement of Profit and Loss:** | | |
| Current service cost | 15.87 | 13.53 |
| Past service cost | - | - |
| Interest cost | 6.67 | 6.29 |
| | **22.54** | **19.82** |
| **(iv) Remeasurement of the net defined benefit plans** | | |
| Actuarial loss arising from assumption changes | (3.69) | 11.00 |
| Actuarial gain arising from experience adjustments | 3.62 | (0.27) |
| | **(0.07)** | **10.73** |

| | Gratuity | |
|---|---|---|
| **(v) Assumptions** | **31 March 2021** | **31 March 2020** |
| Discount rate | 6.93% | 6.63% |
| Salary escalation rate | 6.00% | 6.00% |
| Withdrawal rate per annum | 2.00% | 2.00% |
| Expected average remaining working lives of employees (years) | 17.23 | 17.66 |
| Mortality | IALM 12-14 Ultimate | IALM 12-14 Ultimate |
| Retirement age | 58 years | 58 years |

**Note:** The assumption of discount rate is based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities. Future salary increase rate takes into account the inflation, seniority, promotion and other relevant factors on long term basis.

23 Employee benefits expense (cont'd)

| | Gratuity | |
|---|---|---|
| | Year ended 31 March 2021 | Year ended 31 March 2020 |
| (vi) Sensitivity analysis | | |
| Discount rate - Decrease by 1% | 117.93 | 112.08 |
| Discount rate - Increase by 1% | 98.43 | 91.38 |
| Salary escalation rate - Decrease by 1% | 100.07 | 92.95 |
| Salary escalation rate - Increase by 1% | 115.44 | 109.82 |

**Methods and assumptions used in preparing sensitivity analysis and their limitations:**
Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality.

(vii) **Maturity analysis of the benefit payments:**
Weighted average duration of gratuity plan is 13 years. Expected benefits payments for each such plans over the years is given in table below:

| | Gratuity | |
|---|---|---|
| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
| Year 1 | 4.25 | 2.50 |
| 2 to 5 years | 35.22 | 16.35 |
| 6 to 10 years | 21.34 | 36.18 |
| More than 10 years | 123.86 | 135.12 |

(c) Aforesaid post-employment benefit plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk

| | |
|---|---|
| Investment risk | The present value of the defined benefit liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. |
| Interest risk | A decrease in the bond interest rate will increase the plan liability. |
| Longevity risk | The present value of the defined benefit liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability. |
| Salary risk | The present value of the defined benefit liability is calculated by reference to the future salaries of plan participants. As such, an increase in salary of the plan participants will increase the plan's liability. |

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| 24 Finance cost | | |
| Interest on financial liabilities measured at amortised cost | 302.34 | 507.65 |
| Other borrowing costs | 22.80 | 46.22 |
| | 325.14 | 553.87 |
| 25 Depreciation and amortisation expenses | | |
| Depreciation on property plant and equipment [refer note 3 (a)] | 142.71 | 148.56 |
| Amortisation of right-of-use assets[refer note 3 (b)] | 131.43 | 248.33 |
| Amortisation of other intangible assets[refer note 3 (c)] | 7.51 | 12.54 |
| | 281.65 | 409.43 |

*(This space has been intentionally left blank)*

**26 Other expenses**

| | | |
|---|---|---|
| Electricity charges | 27.82 | 49.69 |
| Rent | (31.09) | 58.76 |
| Repairs and maintenance | | |
| - Others | 101.12 | 107.93 |
| Insurance | 20.25 | 28.34 |
| Rates and taxes | 15.33 | 10.43 |
| Travelling expenses | 10.66 | 115.07 |
| Office expenses | 35.23 | 44.07 |
| Legal and professional charges | 356.84 | 214.65 |
| Technology expenses | 453.46 | 427.03 |
| Auditor's remuneration [refer note (a) below] | 39.72 | 51.36 |
| Director's sitting fees | 13.40 | 7.80 |
| Telephone and other communication expenses | 12.78 | 18.69 |
| Impairment of non convertible debenture | 5.00 | - |
| Loss on disposal of property, plant and equipment, net | 10.60 | 0.26 |
| Net foreign exchange loss (other than considered as finance cost) | 15.19 | 10.69 |
| Miscellaneous expenses | 108.20 | 127.47 |
| | **1,194.51** | **1,272.24** |

**(a) Auditor's remuneration (excluding taxes)**

| | | |
|---|---|---|
| Statutory audit | 36.02 | 38.40 |
| Tax audit | 2.34 | 2.28 |
| Other services | 1.19 | 8.86 |
| Reimbursement of expenses | 0.17 | 1.82 |
| | **39.72** | **51.36** |

*(This space has been intentionally left blank)*

| | | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| 27 | **Tax expense** | | |
| (a) | **Income tax in the Consolidated Statement of Profit and Loss:** | | |
| | Current tax | 67.33 | 39.28 |
| | Deferred taxes: | | |
| | - Deferred tax charge/(credit) | 82.78 | (11.36) |
| | - MAT Credit entitlement | (55.03) | (25.38) |
| | Tax adjustments pertaining to previous years | (61.40) | (0.18) |
| | | 33.68 | 2.36 |
| (b) | **Income tax recognised in other comprehensive income:** | | |
| | Deferred tax on remeasurement of post-employment benefit obligations | (0.07) | 2.97 |
| | Deferred tax on fair value gains on investments in debt instruments through OCI | (6.03) | (1.09) |
| | | (6.10) | 1.88 |
| (c) | **Reconciliation of income tax expense and the accounting profit for the year:** | | |
| | Profit before tax | 867.95 | 213.23 |
| | Enacted tax rates (%) | 27.82% | 27.82% |
| | Computed expected tax expense | 241.46 | 59.32 |
| | Due to change in enacted tax rate | - | (14.75) |
| | Difference in tax rates of subsidiary companies | (32.25) | - |
| | Effect due to non-deductible expenses | (164.57) | 2.82 |
| | Effect due to allowable expenses/income not taxable | 126.26 | - |
| | Change due to adjustment of deferred tax expense/(income) | (93.88) | (30.87) |
| | Effect due to adjustment of unabsorbed losses | (106.55) | (22.17) |
| | Adjustment for tax relating to earlier years | 62.09 | (0.18) |
| | Others | 1.12 | 8.19 |
| | **Total income tax expense as per the consolidated Statement of Profit and Loss** | 33.68 | 2.36 |

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| (d) | **Income tax balances** | | |
| | **Non-current tax assets** | | |
| | Opening balance | 52.91 | 58.60 |
| | Add: Taxes paid | 2.53 | 49.71 |
| | Less: Current tax payable for the year | (1.85) | (47.52) |
| | Less: Re-classification to Income Tax Refund Receivable | (17.77) | (0.62) |
| | Add/(less): Re-classification from/to current tax liabilities/assets | 3.63 | (7.26) |
| | **Closing balance** | 39.45 | 52.91 |
| | **Current tax assets** | | |
| | Opening balance | 13.58 | 4.15 |
| | Add: Taxes paid | 0.70 | 35.22 |
| | Less: Current tax payable for the year | - | (25.55) |
| | Add/(less): Re-classification from/to non-current tax assets/current tax liabilities | (14.28) | (0.24) |
| | **Closing balance** | - | 13.58 |
| | **Current tax liabilities** | | |
| | Opening balance | 2.33 | 10.23 |
| | Add: Provision for tax | 65.41 | 12.29 |
| | Less: Re-classification to non current tax assets/from current tax assets | - | (12.64) |
| | Add: Income tax refund received | 3.27 | - |
| | Less: Taxes paid | (53.20) | (7.55) |
| | **Closing balance** | 17.81 | 2.33 |

27 Tax expense (cont'd)

| | | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| | Deferred taxes | | |
| (e) | **Deferred tax assets, net** | | |
| | Unutilised MAT Credit | 1,863.52 | 1,809.86 |
| | Unabsorbed losses of foreign subsidiary (net) | 69.25 | 202.33 |
| | | 1,932.77 | 2,012.19 |
| (f) | **Deferred tax liabilities, net** | | |
| | **Deferred tax liabilities arising on account of:** | | |
| | - Difference between written down value of property, plant and equipments as per books of accounts and Income Tax Act, 1961 | 131.57 | 130.12 |
| | - Fair valuation on debt instruments through OCI | 2.91 | (2.24) |
| | - Fair valuation on mutual fund investments measured at FVTPL | (0.20) | 30.17 |
| | | 134.28 | 158.05 |
| | **Deferred Tax asset arising on account of:** | | |
| | - Fair valuation of security deposits | - | 0.44 |
| | - Provision for employee benefits | 41.70 | 40.91 |
| | - Fair valuation of lease rentals | 0.03 | 0.66 |
| | | 41.73 | 42.01 |
| | **Deferred tax liabilities, net** | 92.55 | 116.04 |

Note:

Deferred tax assets and liabilities have been offset wherever the Group has a legal enforceable right to set-off current tax assets against current tax liabilities and where the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

(g) **Movement in deferred taxes**

As on 31 March 2021

| Particulars | As at 01 April 2020 | Statement of Profit or Loss | Other Comprehensive Income | As at 31 March 2021 |
|---|---|---|---|---|
| **Deferred tax assets, net** | | | | |
| Unutilised MAT credit | 1,809.86 | 53.66 | - | 1,863.52 |
| Unabsorbed losses of foreign subsidiary (net) | 202.33 | (133.08) | - | 69.25 |
| | 2,012.19 | (79.42) | - | 1,932.77 |
| **Deferred tax liabilities for taxable temporary differences on:** | | | | |
| - Difference between written down value of property, plant and equipments as per books of accounts and Income Tax Act, 1961 | 130.12 | 1.45 | - | 131.57 |
| - Fair valuation on debt instruments through OCI | (2.24) | - | 5.15 | 2.91 |
| - Fair valuation on mutual fund investments measured at FVTPL | 30.17 | (30.37) | - | (0.20) |
| **Total deferred tax liabilities** | 158.05 | (28.92) | 5.15 | 134.28 |
| **Deferred tax assets for deductible temporary differences on:** | | | | |
| - Expenses allowable on payment basis | (0.00) | - | - | (0.00) |
| - Fair valuation of security deposits | 0.44 | (0.44) | - | 0.00 |
| - Provision for employee benefits | 40.91 | 0.72 | 0.07 | 41.70 |
| - Fair valuation of lease rentals | 0.66 | (0.63) | - | 0.03 |
| **Total deferred tax assets** | 42.01 | (0.35) | 0.07 | 41.73 |

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(h) Movement in deferred taxes (cont'd)

As on 31 March 2020

| Particulars | As at 01 April 2019 | Statement of Profit or Loss | Other Comprehensive Income | As at 31 March 2020 |
|---|---|---|---|---|
| **Deferred tax assets, net** | | | | |
| Unutilised MAT credit | 1,784.49 | 25.37 | - | 1,809.86 |
| Unabsorbed losses of foreign subsidiary (net) | 157.43 | 44.90 | - | 202.33 |
| | 1,941.92 | 70.27 | - | 2,012.19 |
| **Deferred tax liabilities for taxable temporary differences on:** | | | | |
| - Difference between written down value of property, plant and equipments as per books of accounts and Income Tax Act, 1961 | 129.21 | 0.91 | - | 130.12 |
| - Fair valuation on debt instruments through OCI | (3.33) | - | 1.09 | (2.24) |
| - Fair valuation on mutual fund investments measured at FVTPL | 1.39 | 28.78 | - | 30.17 |
| **Total deferred tax liabilities** | 127.27 | 29.69 | 1.09 | 158.05 |
| **Deferred tax assets for deductible temporary differences on:** | | | | |
| - Expenses allowable on payment basis | 5.18 | (5.18) | - | (0.00) |
| - Fair valuation of security deposits | 0.41 | 0.03 | - | 0.44 |
| - Provision for employee benefits | 21.79 | 16.15 | 2.97 | 40.91 |
| - Others | 4.95 | (4.95) | - | - |
| - Fair valuation of lease rentals | - | 0.66 | - | 0.66 |
| **Total deferred tax assets** | 32.33 | 6.71 | 2.97 | 42.01 |

| | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **28 Earnings per equity share (EPS)** | | |
| Net profit attributable to equity shareholders | 834.27 | 210.87 |
| Nominal value of equity share (₹) | 10.00 | 10.00 |
| Weighted average number of equity shares outstanding during the year | 14,731,678 | 14,731,678 |
| **Earnings per share (in ₹)** | | |
| -Basic earnings per share (₹) | 5.66 | 1.43 |
| -Diluted earnings per share (₹) | 5.66 | 1.43 |

*(This space has been intentionally left blank)*

| | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **29 Contingent liabilities and commitments** | | |
| **(a) Contingent liabilities** | | |
| Guarantees given [refer note (i) & (ii) below] | 31.25 | 31.25 |
| Claims against Company, not acknowledged as debt [refer note (iii) below] | 17.72 | 17.72 |
| | **48.97** | **48.97** |

(i) Guarantee given to Customs Authority for bonded warehouse ₹1.25 lacs.

(ii) Guarantee issued in favor of Santosh Promoters Pvt. Limited amounting ₹ 30 lacs vide Supreme court order dated 01 May 2017.

(iii) Service tax and hire Charges on facility agreement to S.S. Interiors amounting to ₹ 17.72 lacs.

30 As per requirements of Ind AS 108, 'Segment Reporting', no disclosures are required to be made since the Group's activities consists of a single business segment of Internet based delivery of products and services.

**(a) Other information :**

| | Year ended 31 March 2021 | | |
|---|---|---|---|
| | Within India | Outside India | Total |
| (i) Segment revenue | - | 61,313.38 | 61,313.38 |

| | Year ended 31 March 2020 | | |
|---|---|---|---|
| | Within India | Outside India | Total |
| (i) Segment revenue | - | 59,067.54 | 59,067.54 |

| | As at 31 March 2021 | | |
|---|---|---|---|
| | Within India | Outside India | Total |
| (ii) Non-current assets | 3,795.58 | 6,342.38 | 10,137.96 |

| | As at 31 March 2020 | | |
|---|---|---|---|
| | Within India | Outside India | Total |
| (ii) Non-current assets | 4,226.35 | 3,704.02 | 7,930.37 |

**(b)** The Company has entered into transaction with a single customer, which amounts to 10% or more of the Company's total revenue from operations.

*(This space has been intentionally left blank)*

## 31 Related party disclosures

Information on related party transactions as required by Ind AS - 24 for the year ended 31 March 2021.

### (a) List of related parties

#### (i) Key management personnel

| Name of the related party | Relationship |
|---|---|
| Arvind Kajaria | Managing Director |
| Sharad Kajaria | Whole-time Director |
| Mohit Kumar Jha | Chief Financial Officer |
| Ashok Bhandari | Non- executive Independent Director |
| Rupinder Singh | Non- executive Independent Director |
| Savita Agarwal | Non- executive Independent Director |
| Anil Agrawal | Non- executive Independent Director |
| Pranvesh Tripathi | Company Secretary |

#### (ii) Relative of Key management personnel

| Name of the related party | Relationship |
|---|---|
| Padma Kajaria | Relative of Director |

### (b) Transactions with related parties

| Name of the party | Nature of transaction | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|---|
| Mr. Arvind Kajaria | Managerial remuneration (#) | 72.11 | 72.11 |
| | Dividend paid | 28.12 | 56.24 |
| Mr. Sharad Kajaria | Managerial remuneration (#) | 67.61 | 67.61 |
| | Dividend paid | 28.13 | 56.25 |
| Mrs. Padma Kajaria | Dividend paid | 14.00 | 28.00 |
| Mr. Mohit Kumar Jha | Remuneration | 43.20 | 39.38 |
| | Short term employee benefits | 3.05 | 3.13 |
| | Post employment benefits | 4.74 | 4.25 |
| Mr. Pranvesh Tripathi | Remuneration | 27.77 | 27.09 |
| | Post employment benefits | 2.06 | 1.67 |
| Mr. Anil Agrawal | Sitting fees | 3.60 | 2.20 |
| Mrs.Savita Agarwal | Sitting fees | 2.80 | 1.80 |
| Mr. Ashok Bhandari | Sitting fees | 3.40 | 1.60 |
| Mr.Rupinder Singh | Sitting fees | 3.60 | 2.20 |

(#) This aforesaid amount does not includes amount in respect of gratuity and leave entitlement as the same is not determinable.

### (c) Balances of related parties

| Name of the party | Nature of balance | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|---|
| Mr. Arvind Kajaria | Payables | 4.12 | 4.12 |
| Mr. Sharad Kajaria | Payables | 3.87 | 3.87 |
| Mr. Mohit Kumar Jha | Payables | 5.32 | 2.18 |
| Mr. Pranvesh Tripathi | Payables | 3.01 | 1.65 |

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INTRASOFT TECHNOLOGIES LIMITED Kolkata

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## 32 Fair value measurements

### (a) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2021 were as follows:

| Particulars | Amortised cost | Financial assets/liabilities at FVTPL | Financial assets/liabilities at FVTOCI | Total carrying value | Total fair value |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Investments in non-convertible debentures (refer note 4) | 53.08 | - | - | 53.08 | 53.08 |
| Investments in perpetual bonds (refer note 4) | - | - | 637.07 | 637.07 | 637.07 |
| Investments in debt mutual funds (refer note 4) | - | 6,499.52 | - | 6,499.52 | 6,499.52 |
| Trade receivables (refer note 8) (*) | 196.13 | - | - | 196.13 | 196.13 |
| Cash and cash equivalents (refer note 9) (*) | 1,033.39 | - | - | 1,033.39 | 1,033.39 |
| Other bank balances (refer note 9) (*) | 57.51 | - | - | 57.51 | 57.51 |
| **Other financial assets** | | | | | |
| Security deposits (refer note 5) (*) | 3.47 | - | - | 3.47 | 3.47 |
| Loans (refer note 5) (*) | - | - | - | - | - |
| | **1,343.58** | **6,499.52** | **637.07** | **8,480.17** | **8,480.17** |
| **Liabilities:** | | | | | |
| Borrowings (refer note 12) (*) | 9,804.02 | - | - | 9,804.02 | 9,804.02 |
| Trade payables (refer note 14) (*) | 2,161.01 | - | - | 2,161.01 | 2,161.01 |
| Lease liability (refer note 13) (*) | 0.63 | - | - | 0.63 | 0.63 |
| Other financial liabilities (refer note 15) (*) | 230.20 | - | - | 230.20 | 230.20 |
| | **12,195.86** | **-** | **-** | **12,195.86** | **12,195.86** |

As at 31 March 2020 :

| Particulars | Amortised cost | Financial assets/liabilities at FVTPL | Financial assets/liabilities at FVTOCI | Total carrying value | Total fair value |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Investments in non-convertible debentures (refer note 4) | 308.62 | - | - | 308.62 | 308.62 |
| Investments in perpetual bonds (refer note 4) | - | - | 615.29 | 615.29 | 615.29 |
| Investments in debt mutual funds (refer note 4) | - | 6,134.13 | - | 6,134.13 | 6,134.13 |
| Trade receivables (refer note 8) (*) | 267.51 | - | - | 267.51 | 267.51 |
| Cash and cash equivalents (refer note 9) (*) | 1,769.15 | - | - | 1,769.15 | 1,769.15 |
| Other bank balances (refer note 10) (*) | 116.15 | - | - | 116.15 | 116.15 |
| **Other financial assets** | | | | | |
| Security deposits (refer note 5) (*) | 5.25 | - | - | 5.25 | 5.25 |
| Loans (refer note 5) (*) | 2.57 | - | - | 2.57 | 2.57 |
| | **2,469.25** | **6,134.13** | **615.29** | **9,218.67** | **9,218.67** |
| **Liabilities:** | | | | | |
| Borrowings (refer note 12) (*) | 9,711.69 | - | - | 9,711.69 | 9,711.69 |
| Trade payables (refer note 14) (*) | 1,850.13 | - | - | 1,850.13 | 1,850.13 |
| Lease liability (refer note 13) (*) | 1,234.52 | - | - | 1,234.52 | 1,234.52 |
| Other financial liabilities (refer note 15) (*) | 369.13 | - | - | 369.13 | 369.13 |
| | **13,165.47** | **-** | **-** | **13,165.47** | **13,165.47** |

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32 Financial Instruments (cont'd)

Notes:

(*) The carrying amount of financial assets and financial liabilities measured at amortized cost are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amount would be significantly different from the values that would be eventually received or settled. Management assessed that fair values of cash and cash equivalents, other bank balances, bank deposits, loans to employees, trade receivables, trade payables and other financial liabilities approximate their carrying amounts due to the short term maturities of these instruments. For long-term borrowings at fixed/floating rates, management evaluates that their fair value will not be significantly different from the carrying amount.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a stressed or liquidation sale.

(b) Fair value hierarchy

The fair value of financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly market between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent in all the years. Fair value of financial instruments referred to in note (a) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable entity specific inputs.

**Level 1**: quoted prices (unadjusted) in active markets for financial instruments.
**Level 2**: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
**Level 3**: unobservable inputs for the asset or liability.

For assets and liabilities which are measured at fair value as at Balance Sheet date, the classification of fair value by category and level on inputs used is given below:

| As at 31 March 2021 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| (i) **Measured at fair value through OCI (FVOCI)** | | | | |
| Investments in perpetual bonds (refer note 4) | 637.07 | - | - | 637.07 |
| (ii) **Measured at fair value through profit or loss (FVTPL)** | | | | |
| Investments in debt mutual funds (refer note 4 ) | 6,499.52 | - | - | 6,499.52 |
| | 7,136.59 | - | - | 7,136.59 |

| As at 31 March 2020 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| (i) **Measured at fair value through OCI (FVOCI)** | | | | |
| Investments in perpetual bonds (refer note 4) | 615.29 | - | - | 615.29 |
| (ii) **Measured at fair value through profit or loss (FVTPL)** | | | | |
| Investments in debt mutual funds (refer note 4 ) | 6,134.13 | - | - | 6,134.13 |
| | **6,749.42** | - | - | **6,749.42** |

(c) Computation of fair values

Investments in mutual funds are investments made in varied tenure funds whose fair value is considered as the net asset value (NAV) declared by their respective fund houses on a daily basis. NAV represents the price at which the fund house is willing to issue further units in such fund/the price at which the fund house will redeem such units from the investors. Thus the declared NAV is similar to fair market value for these mutual fund investments since transactions between the investor and fund houses will be carried out at such prices.

The fair value of perpetual bonds is based on quoted prices and market-observable inputs.

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## 33 Financial risk management

The Group's business activities expose it to a variety of financial risks such as credit risks, liquidity risk and market risks. The Group's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the consolidated financial statements.

### (a) Credit risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Group which results in financial loss. The Group's exposure to credit risk is influenced mainly by cash and cash equivalents, trade receivables and financial assets measured at amortised cost.

Based on business environment in which the Group operates, a default on a financial asset is considered when the counterparty fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions.

**Trade receivables**

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in the United States. Credit risk has always been managed by the Group through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Group grants the credit limits. Impairment of trade receivables is based on expected credit loss model (simplistic approach) depending upon the historical data, present financial conditions of customers and anticipated regulatory changes. Group does not hold any collateral in respect of such receivables.

**Financial instruments and cash deposits**

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits. Other financial assets measured at amortized cost includes security deposits. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

Credit risk from balances with banks and financial institutions is managed by the Group's chief operating decision maker in accordance with the Group's policies, as approved by the Board. Investments of surplus funds are made only with approved entities and within credit limits assigned to each entity or fund.

The gross carrying amount of financial assets, net of any impairment losses recognised represents the maximum credit exposure. The maximum exposure to credit risk as at 31 March 2021 and 31 March 2020 was as follows:

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Trade receivables (refer note 8) | 196.13 | 267.51 |
| Investments (refer note 4) | 7,189.67 | 7,058.04 |
| Cash and cash equivalents (refer note 9) | 1,033.39 | 1,769.15 |
| Other bank balances (refer note 9) | 57.51 | 116.15 |
| **Other financial assets** | | |
| Security deposits (refer note 5) | 3.47 | 5.25 |
| Loans (refer note 5) | - | 2.57 |
| | **8,480.17** | **9,218.67** |

**Trade Receivables as at 31 March 2021:**

| Particulars | Neither due nor impaired | Past due | | | Total |
|---|---|---|---|---|---|
| | | Upto 6 months | 6 to 12 months | Above 12 months | |
| Secured | - | - | - | - | - |
| Unsecured | - | 196.13 | - | - | **196.13** |
| **Gross Total** | - | **196.13** | - | - | **196.13** |
| Provision for doubtful receivables | - | - | - | - | - |
| **Net Total** | - | **196.13** | - | - | **196.13** |

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33 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Trade Receivables as at 31 March 2020:

| Particulars | Neither due nor impaired | Past due | | | Total |
|---|---|---|---|---|---|
| | | Upto 6 months | 6 to 12 months | Above 12 months | |
| Secured | - | - | - | - | - |
| Unsecured | - | 267.51 | - | - | 267.51 |
| Gross Total | - | 267.51 | - | - | 267.51 |
| Provision for doubtful receivables | - | - | - | - | - |
| Net Total | - | 267.51 | - | - | 267.51 |

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group has an established liquidity risk management framework for managing its short term, medium term and long-term funding and liquidity management requirements. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Group also has adequate credit facilities agreed with banks to ensure that there is sufficient cash to meet all its normal operating commitments in a timely and cost-effective manner.

Maturities of financial liabilities

The following table shows the remaining contractual maturities of financial liabilities at the reporting date. The amounts reported are on gross and undiscounted basis and includes contractual interest payments.

As at 31 March 2021:

| Particulars | Upto 1 year | 1 year to 3 year | 3 year to 8 year | Total |
|---|---|---|---|---|
| Borrowings (refer note 12) | 5,482.87 | 4,321.15 | - | 9,804.02 |
| Trade payables (refer note 14) | 2,161.01 | - | - | 2,161.01 |
| Lease liability [refer note 3 (b)] | 0.59 | - | - | 0.59 |
| Other financial liabilities (refer note 15) | 228.19 | 2.01 | - | 230.20 |
| | 7,872.66 | 4,323.16 | - | 12,195.82 |

As at 31 March 2020:

| Particulars | Upto 1 year | 1 year to 3 year | 3 year to 8 year | Total |
|---|---|---|---|---|
| Borrowings (refer note 12) | 5,666.25 | 4,045.44 | - | 9,711.69 |
| Trade payables (refer note 14) | 1,850.13 | - | - | 1,850.13 |
| Lease liability [refer note 3 (b)] | 286.88 | 633.77 | 423.89 | 1,344.54 |
| Other financial liabilities (refer note 15) | 367.12 | 2.01 | - | 369.13 |
| | 8,170.38 | 4,681.22 | 423.89 | 13,275.49 |

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33 Financial risk management (cont'd)

(c) Market risk

Market risk is the risk of potential adverse change in the group's income and the value of group net worth arising from movement in foreign exchange rates, interest rates or other market prices. The group recognises that the effective management of market risk is essential to the maintenance of stable earnings and preservation of shareholder value. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the overall returns.

(i) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises when transactions are denominated in foreign currencies.

The Group operates internationally and a major portion of the business is transacted in US$ and consequently the Group is exposed to foreign exchange risk through its sales and services in the United States, and purchases from within United States and overseas suppliers. The exchange between Indian Rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in future. Consequently, the results of the Group's operations are adversely affected as the rupee appreciates/depreciates against US$.

Foreign currency risk exposure:

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| **Financial Assets** | | |
| Trade receivables | 196.13 | 267.51 |
| **Financial Liabilities** | | |
| Borrowings | 9,804.02 | 9,711.69 |
| Trade payables | 2,161.01 | 1,850.13 |

Sensitivity analysis:

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **USD sensitivity:** | | |
| INR/USD - increase by 5% (31 March 2020 - 5%) | 588.45 | 564.72 |
| INR/USD - decrease by 5% (31 March 2020 - 5%) | (588.45) | (564.72) |

(ii) Price risk

The Group is mainly exposed to the price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. The investments in mutual funds have been disclosed in Note 4.

The Group is also exposed to the price risk for its investment in bonds and debentures. These being debt instruments, the exposure to risk of changes in market rates is minimal. The details of such investments in bonds are given in Note 4.

The Group is mainly exposed to change in market rates of its investments in mutual funds recognised at FVTPL. A sensitivity analysis demonstrating the impact of change in market prices of these instruments from the prices existing as at the reporting date is given below:

The Group has laid policies and guidelines which it adheres to in order to minimise pricing risk arising from investments in debt mutual funds.

Sensitivity analysis:

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Price increase by (1%) - Investments measured at FVTPL | 65.00 | 61.34 |
| Price decrease by (1%) - Investments measured at FVTPL | (65.00) | (61.34) |

(iii) Interest rate risk

**Liabilities:**

The Group's variable rate borrowing is subject to interest rate. Below is the overall exposure of the borrowing:

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Variable rate borrowing | 9,804.02 | 9,711.69 |
| **Total borrowings** | **9,804.02** | **9,711.69** |

INTRASOFT TECHNOLOGIES LIMITED Kolkata

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**33 Financial risk management (cont'd)**

**(c) Market risk (cont'd)**

Profit or loss and equity is sensitive to higher / lower interest expense from borrowings as a result of change in interest rates.

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **Interest sensitivity:** | | |
| Interest rates - increase by 0.5% (31 March 2020 - 0.5%) | (49.02) | (48.56) |
| Interest rates - decrease by 0.5% (31 March 2020 - 0.5%) | 49.02 | 48.56 |

**Assets**

The Group's fixed deposits, interest bearing security deposits and loans are carrying at fixed rate. Therefore these instruments are not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**(d) Capital management**

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

| Particulars | As at 31 March 2021 | As at 31 March 2020 |
|---|---|---|
| Net debts (*) | 8,713.12 | 7,826.39 |
| Total equity | 15,345.89 | 14,789.35 |
| **Net debt to equity ratio** | **0.57** | **0.53** |

(*) Net debt = non current borrowings + current borrowings + current maturities of non-current borrowings + interest accrued - cash and bank balances

**34 Covid 19 pandemic**

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.

**35 Dividends**

| Particulars | Year ended 31 March 2021 | Year ended 31 March 2020 |
|---|---|---|
| **Dividend on equity shares paid during the year:** | | |
| Final dividend for FY 2019-20 [₹ 1 (Previous year ₹ 2) per equity share of ₹10 each ] | 147.29 | 293.81 |
| Dividend distribution tax on above | - | 60.57 |

**Proposed dividend**

The Board of Directors at its meeting held on 28 June 2021 proposed a dividend of ₹ 1 per equity share (31 March 2020: ₹ 1 per equity share) amounting to ₹ 147.32 lacs (31 March 2020: ₹ 147.32 lacs). The proposed dividend by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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INTRASOFT TECHNOLOGIES LIMITED Kolkata

SINGHI & CO. Chartered Accountants

IntraSoft Technologies Limited
CIN : L24133MH1996PLC197857
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ lacs, unless otherwise stated)

36 Additional information pursuant to the guidance note on division II- Ind AS Schedule III to the Companies Act 2013 :

| Name of the entity in the group | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | As at 31 March 2021 | As % of consolidated profit or loss | Year ended 31 March 2021 | As % of consolidated profit or loss | Year ended 31 March 2021 | As % of consolidated profit or loss | Year ended 31 March 2021 |
| **(a) Parent** | | | | | | | | |
| IntraSoft Technologies Limited | 74.02% | 11,358.78 | 38.83% | 323.92 | -13.62% | 17.76 | 48.55% | 341.68 |
| **(b) Subsidiaries** | | | | | | | | |
| *Indian subsidiary* | | | | | | | | |
| One Two Three Greetings (India) Private Limited | 0.06% | 8.74 | 0.06% | 0.50 | 0.00% | - | 0.07% | 0.50 |
| *Foreign subsidiary* | | | | | | | | |
| 123Greetings.com, Inc. | 0.64% | 97.74 | 0.56% | 4.69 | -18.57% | 24.22 | 4.11% | 28.91 |
| Intrasoft Ventures Pte. Limited | -0.28% | (42.28) | 0.18% | 1.52 | 22.07% | (28.79) | -3.87% | (27.27) |
| 123Stores, Inc. consolidated (*) | 25.56% | 3,922.91 | 60.37% | 503.64 | 110.11% | (143.63) | 51.15% | 360.01 |
| Minority interests in all subsidiaries | - | - | - | - | - | - | - | - |
| TOTAL | 100% | 15,345.89 | 100% | 834.27 | 100% | (130.44) | 100% | 703.83 |

Additional information pursuant to the guidance note on division II- Ind AS Schedule III to the Companies Act 2013 :

| Name of the entity in the group | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | As at 31 March 2020 | As % of consolidated profit or loss | Year ended 31 March 2020 | As % of consolidated profit or loss | Year ended 31 March 2020 | As % of consolidated profit or loss | Year ended 31 March 2020 |
| **(a) Parent** | | | | | | | | |
| IntraSoft Technologies Limited | 75.56% | 11,174.39 | 296.52% | (625.28) | 21.20% | 76.92 | 95.60% | (548.36) |
| **(b) Subsidiaries** | | | | | | | | |
| *Indian subsidiary* | | | | | | | | |
| One Two Three Greetings (India) Private Limited | 0.06% | 8.24 | 0.17% | 0.35 | 0.00% | - | 0.06% | 0.35 |
| *Foreign subsidiary* | | | | | | | | |
| 123Greetings.com, Inc. | 0.65% | 96.24 | 324.58% | 684.45 | 2.23% | 8.09 | 120.73% | 692.54 |
| Intrasoft Ventures Pte. Limited | -0.29% | (42.68) | -3.22% | (6.79) | -0.41% | (1.50) | -1.45% | (8.29) |
| 123Stores, Inc. consolidated (*) | 24.03% | 3,553.16 | 74.99% | 158.14 | 76.98% | 279.24 | 76.26% | 437.38 |
| Minority interests in all subsidiaries | - | - | - | - | - | - | - | - |
| TOTAL | 100% | 14,789.35 | 100% | 210.87 | 100% | 362.75 | 100% | 573.62 |

(*) 123Stores, Inc. consolidated consists of 123Stores, Inc. and its wholly owned Indian subsidiary 123Stores E Commerce Private Limited.

As per our report of even date.

For **Singhi & Co.**
Chartered Accountants
Firm Registration No. 302049E

**Rahul Bothra**
Partner
Membership No. 067330

Place: Kolkata
Date: 28 June 2021

For and on behalf of the **Board of Directors of**
**IntraSoft Technologies Limited**

**Arvind Kajaria**
Managing Director
(DIN: 00106901)

**Sharad Kajaria**
Whole-time Director
(DIN: 00108036)

**Mohit Kumar Jha**
Chief Financial Officer
(PAN: AFQPJ3755G)

**Praveen Tripathi**
Company Secretary
(PAN: ACWPT9367K)

Place: Kolkata
Date: 28 June 2021

INTRASOFT TECHNOLOGIES LIMITED Kolkata

SINGHI & CO. Chartered Accountants

## ACCOUNTING RATIOS

**Statements of Accounting Ratios**

The following tables present certain accounting and other ratios computed on the basis of amounts derived from the Consolidated Audited Financial Statements and the Unaudited December Consolidated Financial Results included in ***"Financial Statements"*** as above:

***(Amount in ₹ Lakhs except per share data)***

| Particulars | Based on Limited Review Unaudited Consolidated Financial Results | | Based on Audited Consolidated Financial Statements | |
|---|---|---|---|---|
| | Nine months ended December 31, 2021[#] | Nine months ended December 31, 2020[#] | For the FY ended March 31, 2021 | For the FY ended March 31, 2020 |
| **Basic & Diluted Earnings Per Share (EPS)** | | | | |
| Basic Earnings Per share | 7.00 | 4.56 | 5.66 | 1.43 |
| Diluted Earnings Per share | 7.00 | 4.56 | 5.66 | 1.43 |
| **EBITDA** | 1396.15 | 1071.84 | 1,474.74 | 1,176.53 |
| **Return on Net Worth** | | | | |
| Profit for the period/year (A) | 1031.61 | 672.17 | 834.27 | 210.87 |
| **Net Worth** | | | | |
| Equity Share Capital | 1473.17 | 1473.17 | 1,473.17 | 1,473.17 |
| Other Equity | 14,818.97 | 13,701.95 | 13,872.72 | 13,316.18 |
| **Net Worth at the end of period/year (B)** | 16,292.14 | 15,175.12 | 15,345.89 | 14,789.35 |
| **Return on Net worth (%=A/B)** | 6.33% | 4.43% | 5.44% | 1.43% |
| **Net Assets Value per Equity Share** | | | | |
| Net worth at the end of the period/year (C) | 16,292.14 | 15,175.12 | 15,345.89 | 14,789.35 |
| Number of equity shares outstanding at the end of the period/year (D) | 14731678 | 14731678 | 14731678 | 147,31,678 |
| Net assets value per equity Share (C/D) | 110.59 | 103.01 | 104.17 | 100.39 |

[#]***Not annualized***

***Notes:***

*A. The formulae used in the computation of the above ratios are as follows:*

1) Basic Earnings Per Share = Net Profit after Tax as per consolidated statement / Weighted average number of equity shares outstanding during the Period /year

2) Diluted Earnings Per Share = Net Profit after Tax as per consolidated statement / Weighted average number of equity shares outstanding during the Period /year for the effects of all dilutive potential equity shares

3) Return on net worth (%) = Net Profit after Tax as per consolidated statement / Net worth

4) Net Asset Value per share = Net Worth / Number of Equity Shares subscribed and fully paid outstanding as at the end of the period / year.

B. Earnings per share (EPS) calculation are in accordance with Ind - AS 33 - Earning per share.

C. Weighted average number of shares is the number of equity shares outstanding at the beginning of the period adjusted by the number of equity shares issued during period, multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period.

D. **"EBITDA"** means earnings before interest, tax, depreciation and amortization. It has been calculated as follows: Profit before tax (before share of profit of Associate & Joint Venture) + finance cost + depreciation and amortization expense.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion of our financial condition and results of operations together with our audited consolidated financial statements as of and for the Fiscal 2021 and Fiscal 2020 included in this Draft Letter of Offer. Our audited consolidated financial statements for Fiscal 2021 and Fiscal 2020 are prepared in accordance with Ind AS. Unless otherwise stated, the financial information used in this chapter is derived from the Audited Consolidated Financial Statement of our Company.*

*This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the sections titled "**Risk Factors**" and "**Forward Looking Statements**" on pages 19 and 15, respectively.*

*Our financial year ends on March 31 of each year, so all references to a particular "financial year" and "Fiscal" are to the twelve (12) month period ended March 31 of that year. References to the "Company", "we", "us" and "our" in this chapter refer to IntraSoft Technologies Ltd. on a consolidated basis, as applicable in the relevant period, unless otherwise stated.*

### OVERVIEW

Our Company is an e-commerce solutions provider and retailer, enabling brands to maximize brand presence and revenue on leading online marketplaces in the US market through technology and data. Our brand partners rely on our technology and expertise to generate marketplace sales, fulfill orders and service marketplace consumers. We work with our brand partners across various categories such as home & kitchen, garden & outdoor, tools & home, sports & outdoor.

### SIGNIFICANT FACTORS AFFECTING OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section titled '*Risk Factors*' on page 19. The following are certain factors that had and we expect will continue to have, a significant effect on our financial condition and results of operations:

- Changes in fiscal, economic or political conditions in US;
- Factors affecting the US retail e-commerce industry;
- Factors impacting the operations of online marketplaces in the US;
- Factors impacting the operations of our logistics partners in the US;
- Increasing competition in the US retail e-commerce Industry;
- Changes in government regulations, tax regimes, laws in India and the US and regulations that apply to the industry;
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.

### SIGNIFICANT ACCOUNTING POLICIES

For details about our key significant accounting policies, see section titled "*Financial Information*" on page 75.

### CHANGE IN ACCOUNTING POLICIES

Except as mentioned in chapter "*Financial Information*" on page 75, there has been no change in accounting policies for the period which has been included in this Draft Letter of Offer.

### OUR RESULTS OF OPERATIONS

The following table sets forth certain information with respect to our consolidated results of operations for the periods indicated:

*Values in ₹ lakhs*

| Particulars | Nine months ended December 31, 2021 | | Nine months ended December 31, 2020 | | Fiscal year ended March 31, 2021 | | Fiscal year ended March 31, 2020 | |
|---|---|---|---|---|---|---|---|---|
| | Amount | % of total revenue | Amount | % of total revenue | Amount | % of total revenue | Amount | % of total revenue |
| Revenue from operations | 31,821.51 | 98.72% | 50,670.93 | 98.84% | 61,313.38 | 98.97% | 59,067.54 | 99.18% |
| Other Income | 411.99 | 1.28% | 593.05 | 1.16% | 635.16 | 1.03% | 485.42 | 0.82% |
| **Total Revenue** | **32,233.50** | **100.00 %** | **51,263.98** | **100.00%** | **61,948.54** | **100.00%** | **59,552.96** | **100.00%** |
| | | | | | | | | |
| **Expenses** | | | | | | | | |
| Cost of goods sold, shipping and handling expenses | 24,289.46 | 75.36% | 41,667.84 | 81.28% | 49,741.89 | 80.30% | 48,899.29 | 82.11% |
| Sales and marketing expenses | 4,311.98 | 13.38% | 6,389.82 | 12.47% | 7,860.08 | 12.69% | 6,637.98 | 11.14% |
| Employee benefits expense | 1,351.76 | 4.19% | 1,265.01 | 2.47% | 1,677.32 | 2.71% | 1,566.92 | 2.63% |
| Finance costs | 246.98 | 0.77% | 243.36 | 0.47% | 325.14 | 0.52% | 553.87 | 0.93% |
| Depreciation and amortisation expense | 103.50 | 0.32% | 247.7 | 0.48% | 281.65 | 0.45% | 409.43 | 0.69% |
| Other expenses | 884.15 | 2.74% | 869.47 | 1.70% | 1,194.51 | 1.93% | 1,272.24 | 2.14% |
| **Total expenses** | **31,187.83** | **96.76%** | **50,683.20** | **98.87%** | **61,080.59** | 98.60% | **59,339.73** | 99.64% |
| **Profit before tax** | 1,045.67 | 3.24% | 580.78 | 1.13% | **867.95** | 1.40% | **213.23** | 0.36% |
| | | | | | | | | |
| **Tax expense** | | | | | | | | |
| Current tax | 62.5 | | 77.61 | | 67.33 | | 39.28 | |
| Deferred tax | (5.8) | | (95.64) | | 27.75 | | (36.74) | |
| Prior year taxes | (42.64) | | (73.36) | | (61.40) | | (0.18) | |
| **Total tax expense** | 14.06 | **0.04%** | (91.39) | (0.18)% | **33.68** | 0.05% | **2.36** | 0.01% |
| | | | | | | | | |
| **Profit after tax** | **1,031.61** | **3.20%** | **672.17** | **1.31%** | **834.27** | 1.35% | **210.87** | 0.35% |

*Note(s):*
*Financial results for FY 2020 and FY 2021 have been audited on a consolidated basis;*
*Financial results for nine months ended December 31, 2020 & 2021 are based on unaudited consolidated basis*

**Nine-month period ended December 31, 2021 compared to Nine-month period ended December 31, 2020**

***Total Revenue***

Our total revenue for the nine-month period ended December 31, 2021, was ₹ 32,233.50 lakhs as compared to ₹ 51,263.98 lakhs for the nine-month period ended December 31, 2020, representing a decrease of 37.12%. Total revenue comprises :

*Revenue from Operations*

Our revenue from operations for the nine-month period ended December 31, 2021, was ₹ 31,821.51 lakhs as compared to ₹ 50,670.93 lakhs for the nine-month period ended December 31, 2020, representing a decrease of 37.20%. The e-commerce industry witnessed strong growth in 2020 on account of social distancing, lockdowns and safety concerns due to COVID-19. The growth slowed in 2021 with re-opening of physical stores, restoration of partial normalcy and supply chain bottlenecks. This slowdown in industry resulted in decline of revenue and it will take a few more quarters for our growth – and e-commerce growth in general – to get back to normal.

*Other Income*

Other income for the nine-month period ended December 31, 2021, was ₹ 411.99 Lakhs as compared to ₹ 593.05 Lakhs for the nine-month period ended December 31, 2020, representing a decrease of 30.53%. This is primarily due to change in mark to market value of our investments.

***Total Expenses***

Our total expenditure for the nine-month period ended December 31, 2021, was ₹ 31,187.83 Lakhs as compared to ₹ 50,683.20 Lakhs for the nine-month period ended December 31, 2020, representing a decrease of 38.47% bifurcated in varied expenses as explained below.

*Cost of goods sold and shipping & handling expenses*

Cost of goods sold, shipping and handling expenses should be looked at together to understand the complete picture of variable cost. Cost of goods sold, shipping & handling for the nine-month period ended December 31, 2021, was ₹ 24,289.46 lakhs as compared to ₹ 41,667.84 lakhs for the nine-month period ended December 31, 2020, representing a decrease of 41.71%, this decrease is mainly due to fall in the revenue from operations. The proportion of these expenses reduced from 81.28% to 75.35% in the nine-month period ended December 31,2020 compared to the same period in 2021. Increased product discounts provided by brand partners due to better negotiations led to this further decline.

*Sales and Marketing Expenses*

Sales and marketing expenses for the nine-month period ended December 31, 2021, were ₹4,311.98 lakhs compared to ₹ 6,389.82 lakhs for the nine-month period ended December 31, 2020, representing a decrease of 32.52%, this decrease is mainly due to fall in the revenue from operations.

*Employee benefit expense*

Employee benefit expense for the nine-month period ended December 31, 2021, was ₹1,351.76 lakhs as compared to ₹ 1,265.01 lakhs for the nine-month period ended December 31, 2020, representing an increase of 6.86%.

*Finance costs*

Finance costs for the nine-month period ended December 31, 2021, were ₹246.98 lakhs as compared to ₹243.36 lakhs for the nine-month period ended December 31, 2020, representing an increase of 1.49%.

*Depreciation and Amortization Expense*

Depreciation and amortization expense for the nine-month period ended December 31, 2021, was ₹103.50 lakhs as compared to ₹ 247.7 lakhs for the nine-month period ended December 31, 2020, representing a decrease of 58.22%. This was primarily because of reduction in Rights of use assets.

*Other Expenses*

Other expenses for the nine-month period ended December 31, 2021, were ₹884.15 lakhs as compared to ₹869.47 lakhs for the nine-month period ended December 31, 2020, representing an increase of 1.69%.

*Profit Before Tax*

The profit before tax for the nine-month period ended December 31, 2021, was ₹1,045.67 lakhs as compared to ₹580.78 lakhs for the nine-month period ended December 31, 2020, representing an increase of 80.05%. The increase is mainly due to decrease in cost of goods sold, shipping and handling expenses together as a portion of revenue.

*Tax Expense*

Total tax expense for the nine-month period ended December 31, 2021, was ₹14.06 Lakhs as compared to ₹(91.39) Lakhs for the nine-month period ended December 31, 2020. This was because of the increase in deferred tax liability.

*Profit After Tax*

The profit after tax for the nine-month period ended December 31, 2021, was ₹1,031.61 lakhs as compared to ₹672.17 lakhs for the nine-month period ended December 31, 2020, representing an increase of 53.47%.

**Fiscal 2021 compared to Fiscal 2020**

***Total Revenue***

Our total revenue for the Fiscal 2021 was ₹61,948.54 lakhs as compared to ₹59,552.96 lakhs for the Fiscal 2020, representing an increase of 4.02%. Total revenue comprises:

*Revenue from Operations*

Our revenue from operations for the Fiscal 2021 was ₹61,313.38 Lakhs as compared to ₹59,067.54 Lakhs for the Fiscal 2020, representing an increase of 3.80%.

*Other Income*

Other income for the Fiscal 2021 was ₹635.16 Lakhs as compared to ₹485.42 Lakhs for the Fiscal 2020, representing an increase of 30.85%. This is primarily due to change in mark to market value of our investments.

***Total Expenses***

Our total expenditure for the Fiscal 2021 was ₹61,080.59 Lakhs as compared to ₹59,339.73 Lakhs for the Fiscal 2020, representing an increase of 2.93%.

*Cost of goods sold and shipping & handling expenses*

Cost of goods sold, shipping and handling expenses should be looked at together to understand the complete picture of variable cost. Cost of goods sold, shipping and handling for Fiscal 2021, was ₹49,741.89 lakhs as compared to ₹ 48,899.29 lakhs for the Fiscal 2020, representing an increase of 1.72%, this increase is mainly due to increase in the revenue from operations

*Sales and Marketing Expenses*

Sales and marketing expenses for the Fiscal 2021 were ₹7,860.08 lakhs compared to ₹ 6,637.98 lakhs for the Fiscal 2020, representing an increase of 18.41%. As a percentage of revenue, sales & marketing expenses increased from 11.15% in FY 2020 to 12.69% in FY 2021.

*Employee benefit expense*

Employee benefit expense for the Fiscal 2021 was ₹1,677.32 lakhs as compared to ₹1,566.92 lakhs for the Fiscal 2020, representing an increase of 7.05%.

*Finance costs*

Finance costs for the Fiscal 2021 were ₹325.14 lakhs as compared to ₹ 553.87 lakhs for the Fiscal 2020, representing a decrease of 41.30%, this decrease was mainly due to fall in the interest rates.

*Depreciation and Amortization Expense*

Depreciation and amortization expense for the Fiscal 2021 was ₹281.65 lakhs as compared to ₹409.43 lakhs for the Fiscal 2020, representing a decrease of 31.21%. This was primarily because of reduction in Rights of use assets.

*Other Expenses*

Other expenses for the Fiscal 2021 were ₹1,194.51 lakhs as compared to ₹1,272.24 lakhs for the Fiscal 2020, representing a decrease of 6.11 %.

*Profit Before Tax*

The profit before tax for the Fiscal 2021 was ₹867.95 lakhs as compared to ₹213.23 lakhs for the Fiscal 2020, representing an increase of 307.05%.This was primarily because of the increase in other Income and decrease in depreciation and amortization expense.

*Tax Expense*

Total tax expense for the Fiscal 2021 was ₹33.68 Lakhs as compared to ₹2.36 Lakhs for the Fiscal 2020. This was primarily because of the increase in deferred tax liability.

*Profit After Tax*

The profit after tax for the Fiscal 2021 was ₹834.27 lakhs as compared to ₹210.87 lakhs for the Fiscal 2020, representing an increase of 295.63%

**Related Party Transactions**

For details, please see the chapter titled "*Financial Statements*" beginning on page 75.

**Significant developments after March 31, 2021 that may affect our future results of operations**

Other than as disclosed in the Draft Letter of Offer, there have been no significant developments after March 31, 2021.

## SECTION VI: LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATION AND DEFAULTS

*Our Company and our Subsidiaries are subject to various legal proceedings from time to time, mostly arising in the ordinary course of our business.*

*Except as disclosed below, there are no outstanding litigation with respect to (i) issues of moral turpitude or criminal liability on the part of our Company and/or our Subsidiaries; (ii) material violations of statutory regulations by our Company and/or our Subsidiaries; (iii) economic offences where proceedings have been initiated against our Company and/or our Subsidiaries; (iv) any pending matters, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position.*

*For the purpose of the point (iv) above, any outstanding civil litigation including tax litigation, involving our Company and/or our Subsidiaries, which involves an amount in excess of Materiality Threshold (as defined below) or is otherwise material in terms of (a) the 'Policy on Determination and Disclosure of Materiality of Events' adopted by our Board, in accordance with the requirements under Regulation 30 of the SEBI Listing Regulations, and (b) the 'Policy on Determination of Materiality of Litigation' adopted by our Board on board meeting dated March 14, 2022, for the purpose of litigation disclosure in this Draft Letter of Offer ("**Materiality Policy**").*

*In this regard, please note the following:*

1) *Any outstanding litigation involving our Company and/or our Subsidiaries, i.e., proceedings other than litigation involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences, shall be considered material and shall be disclosed in the Draft Letter of Offer or the Letter of Offer or the Abridged Letter of Offer, if (i) the monetary claim involved in such proceedings is an amount exceeding 10 per cent. of the consolidated total income of our Company for Fiscal 2021 **("Materiality Threshold"),** and/or (ii) is otherwise determined to be material in terms of the Materiality Policy.*

2) *Pre-litigation notices received by our Company and/or our Subsidiaries from third-parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences) has not been evaluated for materiality until such time our Company and/or our Subsidiaries are impleaded as defendants in litigation proceedings before any judicial forum.*

**A. Proceedings involving issues of moral turpitude or criminal liability on part of our Company and/or our Subsidiaries**

**Nil**

**B. Matter involving material violations of statutory regulations by our Company and/or our Subsidiaries**

**Nil**

**C. Economic offences where proceedings have been initiated against our Company and/or our Subsidiaries**

**Nil**

**D. Pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company and/or our Subsidiaries.**

**1. Company**

**(a) Civil Litigation**

There are no civil proceedings involving our Company which involve an amount exceeding the Materiality Threshold.

**(b) Tax Litigation**

There are no tax proceedings involving our Company which involve an amount exceeding the Materiality Threshold.

**2. Our Subsidiaries**

**(a) Civil Litigation**

There are no civil proceedings involving our Subsidiaries which involve an amount exceeding the Materiality Threshold.

**(b) Tax Litigation**

There are no tax proceedings involving our Subsidiaries which involve an amount exceeding the Materiality Threshold.

## GOVERNMENT AND OTHER APPROVALS

Our Company has obtained necessary consents, licenses, permissions and approvals from governmental and regulatory authorities that are material for carrying on our present business activities. Some of the approvals and licenses that our Company requires for our business operations may expire in the ordinary course of business, and our Company will apply for their renewal from time to time.

We are not required to obtain any licenses or approvals from any government or regulatory authority for the objects of this Issue.

## MATERIAL DEVELOPMENTS

Except as set forth below, no circumstances have arisen since last financial results date, i.e. from December 31, 2021, which materially or adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

1. Our Board at its meeting held on February 11, 2022 approved issuance of fully paid-up equity shares of the Company for an amount below ₹5,000 lakhs by way of a rights issue to the eligible equity shareholders of the Company as on the record date.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### AUTHORITY FOR THE ISSUE

The Issue has been authorised by a resolution of our Board of Directors passed at its meeting held on February 11, 2022, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.

Our Board, in its meeting held on [•] has resolved to issue the Equity Shares to the Eligible Equity Shareholders, at ₹ [•]/- per Equity Share (including a premium of ₹ [•]/- per Equity Share) aggregating up to ₹ [•] Lakhs. The Issue Price is ₹ [•]/- per Equity Share and has been arrived at by our Company in consultation with the Lead Manager prior to determination of the Record Date.

Our Company has received in-principle approvals from NSE and BSE for listing of the Equity Shares to be allotted in this Issue pursuant to their respective letters each dated [•] and [•], respectively. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN [•] for the Rights Entitlements to be credited to the respective demat accounts of the Equity Shareholders of our Company. For details, see ***"Terms of the Issue"*** beginning on page 149.

### PROHIBITION BY SEBI

Our Company, our Promoters, our Directors, the members of our Promoter Group and persons in control of our Company have not been prohibited from accessing the capital market or debarred from buying or selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Draft Letter of Offer.

The companies with which our Promoters or our Directors are associated as promoters or directors have not been debarred from accessing the capital market by SEBI. There is no outstanding action initiated against them by SEBI in the five years preceding the date of filing of this Draft Letter of Offer.

Neither our Promoters nor our Directors have been declared as fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018.

### ASSOCIATION OF DIRECTORS WITH SECURITIES MARKET

We confirm that none of our director(s) is associated with the securities market in any manner except for trading on day-to-day basis for the purpose of investment.

### PROHIBITION BY RBI

Neither our Company nor our Promoter or our Directors have been or are identified as Wilful Defaulters or Fraudulent Borrower.

### ELIGIBILITY FOR THIS ISSUE

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer Equity Shares pursuant to this Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI (ICDR) Regulations.

### COMPLIANCE WITH REGULATIONS 61 AND 62 OF THE SEBI ICDR REGULATIONS

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application for listing of the Rights Equity Shares to be Allotted pursuant to the Issue. BSE Limited is the Designated Stock Exchange for the Issue.

**COMPLIANCE WITH PART B OF SCHEDULE VI OF THE SEBI ICDR REGULATIONS**

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI (ICDR) Regulations as explained below:

1) Our Company has been filing periodic reports, statements and information in compliance with the Listing Agreement or the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of this Draft Letter of Offer with the Designated Stock Exchange;

2) The reports, statements and information referred to above are available on the websites of NSE and BSE and;

3) Our Company has an investor grievance-handling mechanism which includes meeting of the Shareholders' Relationships Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Draft Letter of Offer are in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

**DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ICDR) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED [•] WHICH READS AS FOLLOWS:**

**1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THE LETTER OF OFFER OF THE RIGHT ISSUE;**

**2) ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**

**a) THE LETTER OF OFFER FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;**

**b) ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

**c) THE MATERIAL DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THESE REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

**3) BESIDES OURSELVES, ALL INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE, SUCH REGISTRATION IS VALID. COMPLIED WITH**

**4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS: NOT APPLICABLE**

**5) WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER. NOT APPLICABLE**

**6) ALL APPLICABLE PROVISIONS OF THESE REGULATIONS, WHICH RELATE TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE LETTER OF OFFER. NOT APPLICABLE**

**7) ALL APPLICABLE PROVISIONS OF THESE REGULATIONS WHICH RELATE TO RECEIPT OF PROMOTERS'' CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THAT THE AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE ISSUE. NOT APPLICABLE**

**8) NECESSARY ARRANGEMENTS SHALL BE MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE**

**9) THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN THE LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION: COMPLIED WITH TO THE EXTENT APPLICABLE**

**10) FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:**

a) **AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY, EXCLUDING SUPERIOR EQUITY SHARES, WHERE THE COMPANY HAS OUTSTANDING SUPERIOR EQUITY SHARES: COMPLIED WITH; AND**

b) **AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD. COMPLIED WITH**

11) **WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. NOTED FOR COMPLIANCE**

12) **IF APPLICABLE, THE ENTITY IS ELIGIBLE TO LIST ON THE INNOVATOR'S GROWTH PLATFORM IN TERMS OF THE PROVISIONS OF CHAPTER X OF THESE REGULATIONS: NOT APPLICABLE**

13) **NONE OF THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY. COMPLIED WITH**

14) **THE ABRIDGED LETTER OF OFFER CONTAINS ALL DISCLOSURES AS SPECIFIED IN THESE REGULATIONS. COMPLIED WITH**

15) **ALL MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN. COMPLIED WITH AND NOTED FOR COMPLIANCE**

16) **AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE ISSUER. COMPLIED WITH**

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

**DISCLAIMER FROM OUR COMPANY AND THE LEAD MANAGER**

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in the advertisements or any other material issued by or at our instance of our Company and that anyone placing reliance on any other source of information would be doing so at his or her own risk.

Investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and are relying on independent advice/ evaluation as to their ability and quantum of investment in this Issue.

**CAUTION**

Our Company and the Lead Manager shall make all relevant information available to the Eligible Equity Shareholders in accordance with SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Equity Shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

**DISCLAIMER IN RESPECT OF JURISDICTION**

This Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

**DESIGNATED STOCK EXCHANGE**

The Designated Stock Exchange for the purpose of the Issue will be BSE.

**DISCLAIMER OF THE BSE**

As required, a copy of the Draft Letter of Offer has been submitted to BSE. The Disclaimer Clause as intimated by the BSE to us, post scrutiny of the Draft Letter of Offer, is as follows:

**BSE Limited ("the Exchange") has given, vide its letter dated [•] permission to this Company to use the Exchange's name in the Draft Letter of Offer as one of the stock exchanges on which Rights Equity shares are proposed to be listed. The Exchange has scrutinized the Draft Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:**

- **Warrant, certify or endorse the correctness or completeness of any of the contents of the Draft letter of offer; or**
- **Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or**
- **Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;**

**and it should not for any reason be deemed or construed that the Draft letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.**

**DISCLAIMER OF THE NSE**

As required, a copy of the Draft Letter of Offer has been submitted to NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of the Draft Letter of Offer, is as follows:

**As required, a copy of the Draft letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter [•] permission to the Issuer to use the Exchange's name in the Draft letter of offer as one of the stock exchanges on which Rights Equity shares are proposed to be listed. The Exchange has scrutinized the Draft letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer.**

**It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft letter of offer has been cleared or approved by NSE; nor does it in any manner**

**warrant, certify or endorse the correctness or completeness of any of the contents of the Draft letter of offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.**

**Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.**

**SELLING RESTRICTIONS**

The distribution of this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form and the issue of Rights Entitlements any other issue material **(collectively, "Issue Materials")** and Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form may come are required to inform themselves about and observe such restrictions.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders who are (i) within the United States and to U.S. Persons that are U.S. QIBs, pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act, that are also QPs in reliance upon section 3(c)(7) of the U.S. Investment Company Act, and (ii) outside the United States and to non-U.S. Persons in offshore transactions in reliance on Regulation S located in jurisdictions where such offer and sale of the Equity Shares is permitted under laws of such jurisdictions.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer / Letter of Offer/ Abridged Letter of Offer and Application Form or any other material relating to our Company, the Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that the Letter of Offer is being filed with SEBI and the Stock Exchanges.

**This Draft Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.**

**Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.**

**Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.**

If the Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in this Draft Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the receipt of the Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information.

**NOTICE TO INVESTORS IN THE UNITED STATES**

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States of America or the territories or possessions thereof ("United States"), except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act and applicable state securities laws. The offering to which the Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. Accordingly, the Letter of Offer / Abridged Letter of Offer and the enclosed Application Form and Rights Entitlement Letters should not be forwarded to or transmitted in or into the United States at any time.

**NOTICE TO INVESTORS**

NO ACTION HAS BEEN OR WILL BE TAKEN TO PERMIT THE ISSUE IN ANY JURISDICTION WHERE ACTION WOULD BE REQUIRED FOR THAT PURPOSE. ACCORDINGLY, THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND THE LETTER OF OFFER, THE ABRIDGED LETTER OF OFFER OR ANY OFFERING MATERIALS OR ADVERTISEMENTS IN CONNECTION WITH THE ISSUE MAY NOT BE DISTRIBUTED, IN WHOLE OR IN PART, IN ANY JURISDICTION, EXCEPT IN ACCORDANCE WITH LEGAL REQUIREMENTS APPLICABLE IN SUCH JURISDICTION. RECEIPT OF THE LETTER OF OFFER, ABRIDGED LETTER OF OFFER WILL NOT CONSTITUTE AN OFFER IN THOSE JURISDICTIONS IN WHICH IT WOULD BE ILLEGAL TO MAKE SUCH AN OFFER AND, IN THOSE CIRCUMSTANCES, THE LETTER OF OFFER AND THE ABRIDGED LETTER OF OFFER MUST BE TREATED AS SENT FOR INFORMATION PURPOSES ONLY AND SHOULD NOT BE ACTED UPON FOR SUBSCRIPTION TO THE RIGHTS EQUITY SHARES AND SHOULD NOT BE COPIED OR REDISTRIBUTED. ACCORDINGLY, PERSONS RECEIVING A COPY OF THE LETTER OF OFFER OR THE ABRIDGED LETTER OF OFFER OR APPLICATION FORM SHOULD NOT, IN CONNECTION WITH THE ISSUE OF THE RIGHTS EQUITY SHARES OR THE RIGHTS ENTITLEMENTS, DISTRIBUTE OR SEND THE LETTER OF OFFER OR THE ABRIDGED LETTER OF OFFER TO ANY PERSON OUTSIDE INDIA WHERE TO DO SO, WOULD OR MIGHT CONTRAVENE LOCAL SECURITIES LAWS OR REGULATIONS. IF THE LETTER OF OFFER OR THE ABRIDGED LETTER OF OFFER OR APPLICATION FORM IS RECEIVED BY ANY PERSON IN ANY SUCH JURISDICTION, OR BY THEIR AGENT OR NOMINEE, THEY MUST NOT SEEK TO SUBSCRIBE TO THE RIGHTS EQUITY SHARES OR THE RIGHTS ENTITLEMENTS REFERRED TO IN THE LETTER OF OFFER, THE ABRIDGED LETTER OF OFFER OR THE APPLICATION FORM.

**FILING**

This Draft Letter of Offer is being filed with the Stock Exchanges as per the provisions of the SEBI ICDR Regulations. Further our Company will be filing the Draft Letter of Offer with the Board for information and dissemination on the Board's website.

**INVESTOR GRIEVANCES AND REDRESSAL SYSTEM**

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the SEBI Listing Regulations.

Our Company has a Stakeholders Relationship Committee which currently comprises of Mr. Anil Agarwal, Mr. Rupinder Singh, Mr. Arvind Kajaria and Mr. Ashok Bhandari. The broad terms of reference include reviewing cases for refusal of transfer or transmission of securities, redressal of stakeholders and investor complaints, reference to statutory and regulatory authorities regarding security holder's grievances, ensuring proper and timely attendance and redressal of security holders' queries and grievances, review of measures for effective exercise of voting rights, reviewing of adherence to the service standards adopted by our Company in respect of various

services being rendered by the Registrar and share transfer agents, reviewing of the various measures and initiatives taken by our Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants, annual reports and statutory notices by the shareholders of our Company. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI circular bearing reference number CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

The Investor complaints received by our Company are generally disposed of within 5 working days from the date of receipt of the complaint.

**Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post Issue related matter. All grievances relating to the ASBA process or the R-WAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of the R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process) and copy of the e-acknowledgement (in case of the R-WAP process). For details on the ASBA process and R-WAP, see *"Terms of the Issue"* beginning on page 149. The contact details of Registrar to the Issue and our Company Secretary and Compliance Officer are as follows:**

**Registrar to the Issue**

**Link Intime India Private Limited**
C-101, 247 Park, L B S Marg,
Vikhroli (West), Mumbai – 400 083
**Telephone:** +91 (22) 4918 6200
**E-mail Id:** intrasoft.rights@linkintime.co.in
**Investor grievance e-mail:** intrasoft.rights@linkintime.co.in
**Contact person:** Sumeet Deshpande
**Website:** www.linkintime.co.in
**SEBI registration number:** INR000004058

**Company Secretary and Compliance Officer**

**Pranvesh Tripathi**
502A, Prathamesh, Raghuvanshi Mills Limited Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai – 400 013, India
**Tel:** +91-22-4004-0008
**Email:** intrasoft@itlindia.com

In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.linkintime.co.in). Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 (22) 4918 6200.

## SECTION VII: ISSUE INFORMATION

## TERMS OF THE ISSUE

*This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and the Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Relaxation Circulars, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in the Letter of Offer.*

*Investors are requested to note that application in this issue can only be made through ASBA or by R-WAP facility. Further, this R-WAP facility in addition to ASBA and the relaxation on applications to be made by physical shareholders, are onetime relaxations made available by SEBI in view of the COVID 2019 and shall not be a replacement of the existing process under the SEBI ICDR regulations. For guidance on the application process through R-WAP and resolution of difficulties faced by investors, you are advised to read the frequently asked question (FAQ) on the website of the registrar at www.linkintime.co.in.*

*Please note that in accordance with the provisions of the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 ("SEBI – Rights Issue Circular"), all investors (including renouncee) shall make an application for a rights issue only through ASBA facility. However, in view of the COVID-19 pandemic and the lockdown measures undertaken by Central and State Governments, relaxation from the strict enforcement of the SEBI –Rights Issue Circular has been provided by SEBI, vide its Circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 06, 2020, Circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, Circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, Circular SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 and Circular SEBI/HO/CFD/DIL2/CIR/P/2021/633 dated October 1, 2021. As per the said circulars, all eligible shareholders shall be able to apply to this Issue through an optional mechanism (non-cash mode only), in this case being R-WAP in addition to the ASBA facility*

### OVERVIEW

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

### 1. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS:

In accordance with the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, our Company will send/ dispatch at least three days before the Issue Opening Date, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material ***("Issue Materials")*** only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can also access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided

that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

a) Our Company at https://www.itlindia.com
b) the Registrar to the Issue at www.linkintime.co.in
c) the Lead Manager i.e., (a) Pantomath Capital Advisors Private Limited www.pantomathgroup.com
d) the Stock Exchanges at www.bseindia.com and www.nseindia.com; and
e) the Registrar's web-based application platform at www.linkintime.co.in ("**R-WAP**")

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.aglasiangranito.com).

**Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.**

The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not material or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

## 2. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

**In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Rights Issue Circulars and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the R-WAP (instituted only for resident Investors in this Issue, in the event the Investors are not able to utilize the ASBA facility for making an Application despite their best efforts). Investors should carefully read the provisions applicable to such Applications before making their**

**Application through ASBA or using the R-WAP.**

*The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see* ***"Terms of the Issue – Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders"*** *beginning on page* 162.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for material such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein:

(i) the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or

(ii) the requisite internet banking or UPI details (in case of Application through R-WAP, which is available only for resident Investors).

**Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB) and R-WAP. Please note that incorrect depository account details or PAN or Application Forms without depository account details (except in case of Eligible Equity Shareholders who hold Equity Shares in physical form and are applying in this Issue in accordance with the SEBI Relaxation Circular through R-WAP) shall be treated as incomplete and shall be rejected. For details see *"Terms of the Issue – Grounds for Technical Rejection"* on page 159. Our Company, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.**

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see ***"Terms of the Issue – Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process"*** beginning on page 155.

- ***Options available to the Eligible Equity Shareholders***

  The Rights Entitlement Letter will clearly indicate the number of Equity Shares that the Eligible Equity Shareholder is entitled to.

  If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

  (i) apply for its Equity Shares to the full extent of its Rights Entitlements; or

  (ii) apply for its Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or

(iii) apply for Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or

(iv) apply for its Equity Shares to the full extent of its Rights Entitlements and apply for additional Equity Shares; or

(v) renounce its Rights Entitlements in full.

- ***Making of an Application through the ASBA process***

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorization to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

*Do's for Investors applying through ASBA:*

a) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only.

b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.

c) Ensure that there are sufficient funds (equal to {number of Equity Shares (including additional Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.

d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.

e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.

g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

*Don'ts for Investors applying through ASBA:*

a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.

b) Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.

c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.

d) Do not submit Application Form using third party ASBA account.

- ***Making of an Application through the Registrar's Web-based Application Platform ("R-WAP") process***

In accordance with the SEBI Relaxation Circulars, a separate web-based application platform, i.e., the R-WAP facility (accessible at www.linkintime.co.in), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process and R-WAP facility should be utilized only in the event that Investors are not able to utilize the ASBA facility for making an Application despite their best efforts.

At the R-WAP, resident Investors can access and submit the online Application Form in electronic mode using the R-WAP. Resident Investors, making an Application through R-WAP, shall make online payment using internet banking or UPI facility. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds.

Set out below is the procedure followed using the R – WAP:

a) Prior to making an Application using the R-WAP facility, the Investors should enable the internet banking or UPI facility of their respective bank accounts and the Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the relevant bank account is less than the total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash payment mechanism in accordance with the SEBI Relaxation Circulars.

b) Resident Investors should visit R-WAP (accessible at www.linkintime.co.in) and fill the online Application Form available on R-WAP in electronic mode. Please ensure that you provide correct DP ID, Client ID, PAN and Folio number (for resident Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) along with all other details sought for while submitting the online Application Form.

**c) Non-resident Investors are not eligible to apply in this Issue through R-WAP.**

d) Investors should ensure that Application process is verified through the e-mail / phone / mobile number or other means as applicable. Post due verification, Investors can obtain details of their respective Rights Entitlements and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Equity Shares to be applied for in the Issue. Please note that the Application Money will be determined based on number of Equity Shares applied for.

e) Investors who are Renouncees should select the category of 'Renouncee' at the application page of R-WAP and provide DP ID, Client ID, PAN and other required demographic details for validation. The Renouncees shall also be required to provide the required Application details, such as total number of Equity Shares applied for in the Issue.

f) The Investors shall make online payment using internet banking or UPI facility from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. Applications made using payment from third party bank accounts will be rejected.

g) Verification, if any, in respect of Application through Investors' own bank account, shall be done through the latest beneficial position data of our Company containing Investor's bank account details, beneficiary account details provided to the depository, penny drop, cancelled cheque for joint holder verification and such other industry accepted and tested methods for online payment.

h) The Application Money collected through Applications made on the R-WAP will be credited to the Escrow Account **[**"**[•]**"**]** opened by our Company with the Escrow Collection Bank(s).

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions, visit the online/ electronic dedicated investor helpdesk (www.linkintime.co.in) or call helpline number (+91 (22) 4918 6200).

**PLEASE NOTE THAT ONLY RESIDENT INVESTORS CAN SUBMIT AN APPLICATION USING THE R-WAP. R-WAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE OPENING DATE. OUR COMPANY, THE REGISTRAR AND THE LEAD MANAGER SHALL NOT BE RESPONSIBLE IF THE APPLICATION IS NOT SUCCESSFULLY SUBMITTED OR REJECTED DURING THE BASIS OF ALLOTMENT ON ACCOUNT OF FAILURE TO BE IN COMPLIANCE WITH THE SAME. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, SEE *"RISK FACTORS – THE R-WAP FACILITY PROPOSED TO BE USED FOR THIS ISSUE MAY BE EXPOSED TO RISKS, INCLUDING RISKS ASSOCIATED WITH PAYMENT GATEWAYS"* ON PAGE 32.**

*Do's for Investors applying through R-WAP:*

a) Ensure that the details of the correct bank

b) account have been provided while making payment along with submission of the Application.

c) Ensure that there are sufficient funds (equal to {number of Equity Shares (including additional Equity Shares) applied for} X {Application Money of Equity Shares}) available in the bank account through which payment is made using the R-WAP.

d) Ensure that you make the payment towards your Application through your bank account only and not use any third-party bank account for making the payment.

e) Ensure that you receive a confirmation e-mail or confirmation through other applicable means on successful transfer of funds.

f) Ensure you have filled in correct details of PAN, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date), DP ID and Client ID, as applicable and all such other details as may be required.

g) Ensure that you receive an acknowledgement from the R-WAP for your submission of the Application.

*Don'ts for Investors applying through R-WAP:*

a) Do not apply from bank account of third parties.

b) Do not apply if you are a non-resident Investor.

c) Do not apply from non-resident account.

- ***Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process***

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through e-mail or physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges or the Lead Manager. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorizing such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address or is a U.S. Person or in the United States.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application
Form for any purpose including renunciation even if it is received subsequently.

**PLEASE NOTE THAT THE APPLICATION ON PLAIN PAPER CANNOT BE SUBMITTED THROUGH R-WAP.**

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his / her bank, must reach the office of the Designated Branch of the SCSB's before the Issue Closing Date and should contain the following particulars:

1) Name of our Company, being IntraSoft Technologies Limited.

2) Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);

3) Folio Number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;

4) Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to this Issue.

5) Number of Equity Shares held as on Record Date;

6) Allotment option – only Dematerialized form;

7) Number of Equity Shares entitled to;

8) Number of Equity Shares applied for within the Rights Entitlements;

9) Number of additional Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);

10) Total number of Equity Shares applied for;

11) Total amount paid at the rate of ₹ [•]/- per Equity Share;

12) Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;

13) In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;

14) Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application

Money in the ASBA Account;

15) Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and

16) All such Eligible Equity Shareholders are deemed to have accepted the following:

*"I/ We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the US Securities Act of 1933, as amended (the "US Securities Act"), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United States"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. I/ we understand the Rights Equity Shares referred to in this application are being offered and sold in offshore transactions outside the United States in compliance with Regulation S under the US Securities Act ("Regulation S") to existing shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.*

*I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and United States and ineligible to participate in this Issue under the securities laws of their jurisdiction.*

*I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.*

*I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer.*

*I/ We understand and agree that the Rights Entitlements and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.*

*I/ We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."*

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, as applicable, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.linkintime.co.in

Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

- ***Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form***

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date;

b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;

c) The remaining procedure for Application shall be same as set out in ***"Terms of the Issue – Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process"*** beginning on page 155.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Equity Shares while submitting the Application through ASBA process or using the R-WAP.

*Application for Additional Equity Shares*

Investors are eligible to apply for additional Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in ***"Terms of the Issue – Basis of Allotment"*** beginning on page 170.

**Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Equity Shares.** Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Equity Shares.

*Additional general instructions for Investors in relation to making of an Application*

a) Please read the Letter of Offer carefully to understand the Application process and applicable settlement process.

b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The

Application Form must be filled in English.

c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section ***"Terms of the Issue – Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process"*** on page 155.

d) Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filled on the R-WAP. Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

e) Applications should not be submitted to the Banker(s) to the Issue or Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar or the Lead Manager.

f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be ***"suspended for credit"*** and no Allotment and credit of Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.

**g)** Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation *("Demographic Details")* are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. **The Allotment Advice and the e-mail intimating unblocking of ASBA Account or refund (if any) would be e-mailed to the address of the Investor as per the e-mail address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.**

h) By signing the Application Forms, Investors would be deemed to have authorized the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

i) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

j) Investors should provide correct DP ID and Client ID/ Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/ Folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely

responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

k) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

l) All communication in connection with Application for the Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.

m) Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

n) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.

o) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

p) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

q) Do not pay the Application Money in cash, by money order, pay order or postal order.

r) Do not submit multiple Applications.

s) No investment under the FDI route (i.e any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals.

t) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as a incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

- ***Grounds for Technical Rejection***

Applications made in this Issue are liable to be rejected on the following grounds:

a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.

b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.

c) Sending an Application to our Company, the Lead Manager, Registrar, Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB.

d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.

e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

f) Account holder not signing the Application or declaration mentioned therein.

g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.

h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.

i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.

k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Letter of Offer.

m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.

n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.

o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.

p) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and QPs) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person, and in each case such person is eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.

q) Applications which have evidence of being executed or made in contravention of applicable securities laws.

r) Application from Investors that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).

s) Applications under the R-WAP process are liable to be rejected on the following grounds (in addition to above applicable grounds including in relation to insufficient funds available in the opted bank account):

Applications by non-resident Investors.

a) Payment from third party bank accounts.

- ***Multiple Applications***

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications on R-WAP as well as through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoter or members of the Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in ***"Capital Structure – Intention and extent of participation by our Promoter and Promoter Group"*** on page 43.

***Last date for Application***

The last date for submission of the duly filled in the Application Form or a plain paper Application is [•] i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB or if the Application Form is not accepted at the R-WAP, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in ***"Terms of the Issue – Basis of Allotment"*** beginning on page 170.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

***Withdrawal of Application***

An Investor who has applied in this Issue may withdraw their application at any time during Issue Period by approaching the SCSB where application is submitted or sending the e-mail withdrawal request to [•] in case of Application through R-WAP facility. However, no Investor, whether applying through ASBA facility or R-WAP facility, may withdraw their application post the Issue Closing Date.

***Disposal of Application and Application Money***

**No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form and the R-WAP platform would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application.**

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA or refunded to the Investors in the same bank account through which Application Money was received, in case of an application using the R-WAP facility. Wherever an application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 4 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

## 3. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

- ***Rights Entitlements***

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialized form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.itlindia.com).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [•]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialized form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e., *https://linkintime.co.in/EmailReg/Email_Register.html*). Such Eligible Equity Shareholders can make an application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only.

Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialized form; and (ii) a demat suspense escrow account (namely, "**[•]**") opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI Listing Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., by **[•]** to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

## 4. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

- ***Renouncees***

  All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

- ***Renunciation of Rights Entitlements***

  This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

  The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

  The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer.

- ***Procedure for Renunciation of Rights Entitlements***

  The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges ***(the "On Market Renunciation")***; or (b) through an off-market transfer ***(the "Off Market Renunciation")***, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

  Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

**The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.**

***a) On Market Renunciation***

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN [•] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from **[•]** to **[•]** (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN [•] and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

***b) Off Market Renunciation***

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred dematerialized form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date to enable Renouncees to subscribe to the Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN [•], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

## 5. MODE OF PAYMENT

All payments against the Application Forms shall be made only through (i) ASBA facility; or (ii) internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility if applying through R-WAP.

In case of Application through the ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Draft Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

***Mode of payment for Resident Investors***

All payments on the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. Applicants are requested to strictly adhere to these instructions.

***Mode of payment for Non-Resident Investors***

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1) In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.

2) Subject to the above, in case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.

3) In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

4) Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.

5) In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds

and other disbursements, if any shall be credited to such account. The NRIs who intend to remit any payment through NRO accounts shall use the Application Form meant for resident Indians and shall not use the Application Forms meant for reserved category.

6) Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Equity Shares.

For details of mode of payment in case of Application through R-WAP, see ***"Terms of the Issue - Making of an Application through the Registrar's Web-based Application Platform ("R-WAP") process"*** on page 153.

## 6. BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE

The Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, see ***"The Issue"*** beginning on page 38.

- **Fractional Entitlements**

The Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of [•] ([•] Equity Shares for every [•] Equity Shares held as on the Record Date). As per SEBI Rights Issue Circulars, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than [•] Equity Shares or is not in the multiple of [•] Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of one additional Equity Share if they apply for additional Equity Shares over and above their Rights Entitlements, if any, subject to availability of Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder hold [•] Equity Shares, such Equity Shareholder will be entitled to [•] Equity Share and will also be given a preferential consideration for the Allotment of one additional Equity Share if such Eligible Equity Shareholder has applied for additional Equity Shares, over and above his/her Rights Entitlements, subject to availability of Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than [•] Equity Shares shall have 'zero' entitlement for the Equity Shares. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the Allotment of one Equity Share, if such Eligible Equity Shareholders apply for additional Equity Shares, subject to availability of Equity Shares in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

- **Ranking**

The Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Equity Shares to be issued and allotted under this Issue shall rank pari passu with the existing Equity Shares, in all respects including dividends.

- **Listing and trading of the Equity Shares to be issued pursuant to this Issue**

Subject to receipt of the listing and trading approvals, the Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps

for completion of necessary formalities for listing and commencement of trading in the Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the NSE on [•] and from the BSE on [•]. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Equity Shares or the price at which the Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE **(Scrip Code: 533181)** and NSE **(Scrip Code: ISFT)** under the **ISIN: INE566K01011**. The Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Equity Shares shall be debited from such temporary ISIN and credited to the ISIN for the Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Equity Shares, and if any such money is not refunded/ unblocked within four days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

- **Subscription to this Issue by our Promoter and members of the Promoter Group**

For details of the intent and extent of subscription by our Promoter and members of the Promoter Group, see ***"Capital Structure - Intention and extent of participation by our Promoter and Promoter Group"*** on page 43.

- **Rights of Holders of Equity Shares of our Company**

Subject to applicable laws, Shareholders who have been Allotted Equity Shares pursuant to the Issue shall have the following rights:

a) The right to receive dividend, if declared;

b) The right to receive surplus on liquidation;

c) The right to receive offers for rights shares and be allotted bonus shares, if announced;

d) The right to free transferability of Equity Shares;

e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Draft Letter of Offer; and

f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

## 7. GENERAL TERMS OF THE ISSUE

- ***Market Lot***

The Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one Equity Share.

- ***Joint Holders***

  Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in this Issue.

- ***Nomination***

  Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

  Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

- ***Arrangements for Disposal of Odd Lots***

  The Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Equity Share and hence, no arrangements for disposal of odd lots are required.

- ***Notices***

  In accordance with the SEBI ICDR Regulations and the SEBI Relaxation Circulars, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

  Further, this Draft Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

  All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Marathi language daily newspaper with wide circulation (Marathi being the regional language of Maharashtra, where our Registered and Corporate Office is situated).

  This Draft Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

- ***Offer to Non-Resident Eligible Equity Shareholders/Investors***

  As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue Equity Shares to non-resident Equity Shareholders including additional Equity Shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Equity Shares and issue of Rights

Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at intrasoft.rights@linkintime.co.in. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Manager and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions, Eligible Equity Shareholders can access this Draft Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Manager and the Stock Exchanges. Further, Application Forms will be made available at Registered and Corporate Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

**Please note that only resident Investors can submit an application using the R-WAP.**

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as a incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at [•].

**ALLOTMENT OF THE EQUITY SHARES IN DEMATERIALIZED FORM**

PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE **"ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS"** ON PAGE 171.

## 8. ISSUE SCHEDULE

| Event | Indicative Date |
|---|---|
| **Last Date for credit of Rights Entitlements** | [•] |
| **Issue Opening Date** | [•] |
| **Last date for On Market Renunciation of Rights Entitlements #** | [•] |
| **Issue Closing Date*** | [•] |
| **Finalization of Basis of Allotment (on or about)** | [•] |
| **Date of Allotment (on or about)** | [•] |
| **Date of credit (on or about)** | [•] |
| **Date of listing (on or about)** | [•] |

*# Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

** Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., **[•]** to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., **[•]**.

## 9. BASIS OF ALLOTMENT

Subject to the provisions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to allot the Equity Shares in the following order of priority:

a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Equity Shares renounced in their favour, in full or in part.

b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Equity Share each if they apply for additional Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (a) above. If number of Equity Shares required for Allotment under this head are more than the number of Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

c) Allotment to the Eligible Equity Shareholders who having applied for all the Equity Shares offered to them as part of this Issue, have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

d) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

e) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Equity Shares in this Issue, along with:

a) The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;

b) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

c) The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

For Applications through R-WAP, instruction will be sent to Escrow Collection Bank(s) with list of Allottees and corresponding amount to be transferred to the Allotment Account(s). Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank(s) to refund such Applicants.

## 10. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Company will send/ dispatch Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them; along with crediting the Allotted Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 4 days from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are "officers in default" shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 4 days' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through an e-mail, to the e-mail address provided to our Company or at the address recorded with the Depository.

In case of Applications through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for additional Equity Shares in the Issue and is allotted a lesser number of Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded / unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

## 11. PAYMENT OF REFUND

- ***Mode of making refunds***

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes. Please note that payment of refund in case of Applications made through R-WAP shall be through modes under (b) to (g) below.

a) Unblocking amounts blocked using ASBA facility.

b) **NACH** – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

c) **National Electronic Fund Transfer ("NEFT")** – Payment of refund shall be undertaken through NEFT

wherever the Investors' bank has been assigned the Indian Financial System Code ("IFSC Code"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

d) **Direct Credit** – Investors having bank accounts with the Banker(s) to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

e) **RTGS** – If the refund amount exceeds ₹ 2,00,000/-, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

**In case of Application through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.** In accordance with the SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 06, 2020, SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 and SEBI/HO/CFD/DIL2/CIR/P/2021/633 dated October 1, 2021, in case of Applications made through the RWAP facility, refunds, if any for un-allotted or partially allotted applications shall be completed on or before T+1 day (T being the date of finalisation of Basis of Allotment).

- ***Refund payment to non-residents***

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

## 12. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

- ***Receipt of the Equity Shares in Dematerialized Form***

PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE.

Investors shall be allotted the Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement dated October 6, 2009 with NSDL and an agreement dated October 6, 2009 with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

**INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.**

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the dematerialised form is as under:

a) Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

b) It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.

c) The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.

d) If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Equity Shares and the Application Form will be rejected.

e) The Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by e-mail and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Applicant's depository account.

f) Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by e-mail and, if the printing is feasible, through physical dispatch.

g) Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

## 13. IMPERSONATION

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

***"Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."***

The liability prescribed under Section 447 of the Companies Act for fraud involving an amount of at least ₹ 10 lakhs or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending upto three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 10 lakhs or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 50 lakhs or with both.

## 14. UTILISATION OF ISSUE PROCEEDS

Our Board declares that:

A. All monies received out of this Issue shall be transferred to a separate bank account;

B. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

C. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

## 15. UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

1) The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.

2) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken within the time limit specified by SEBI.

3) The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 4 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

5) In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.

6) Adequate arrangements shall be made to collect all ASBA Applications and record all Applications made under the R-WAP process.

7) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

## 16. INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

1) Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.

**2)** All enquiries in connection with the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed ***"IntraSoft Technologies Limited– Rights Issue"*** on the envelope and postmarked in India or in the e-mail) to the Registrar at the following address:

**Link Intime India Private Limited**
C-101, 247 Park, L B S Marg
Vikhroli (West), Mumbai – 400 083
**Telephone:** +91 (22) 4918 6200
**E-mail id**: intrasoft.rights@linkintime.co.in
**Investor grievance e-mail id:** intrasoft.rights@linkintime.co.in
**Contact person:** Sumeet Deshpande
**Website:** www.linkintime.co.in

**SEBI registration number:** INR000004058

3) In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.linkintime.co.in). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91(22) 4918 6200.

This Issue will remain open for a minimum 7 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue.

## RESTRICTION ON PURCHASES AND SALES

**General Eligibility and Restrictions**

No action has been taken or will be taken to permit a public offering of the Rights Entitlements or the Rights Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer, its accompanying documents or any other material relating to our Company, the Rights Entitlements or the Rights Equity Shares in any jurisdiction where action for such purpose is required, except that this Draft Letter of Offer is being filed with SEBI and the Stock Exchange.

The Rights Entitlements and Rights Equity Shares have not been and will not be registered under the US Securities Act and may not be offered or sold within the United States.

The Rights Entitlements or the Rights Equity Shares may not be offered or sold, directly or indirectly, and none of this Draft Letter of Offer, its accompanying documents or any offering materials or advertisements in connection with the Rights Entitlements or the Rights Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Equity Shares, applying for excess Rights Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Rights Equity Shares.

This Draft Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Rights Equity Shares, or who purchases the Rights Entitlements or the Rights Equity Shares shall do so in accordance with the restrictions set out below:

**United States**

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly within the United States except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Rights Entitlements and Rights Equity Shares referred to in this Draft Letter of Offer are being offered in offshore transactions outside the United States in compliance with Regulations under the US Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. Neither receipt of this Draft Letter of Offer, nor any of its accompanying documents constitutes an offer of the Rights Entitlements or the Rights Equity Shares to any Eligible Equity Shareholder other than the Eligible Equity Shareholder who has received this Draft Letter of Offer and its accompanying documents directly from our Company or the Registrar.

Each person outside of the United States by accepting the delivery of this Draft Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the "purchaser", which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser (i) is aware that the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the US Securities Act and are being distributed and offered outside the United States in reliance on Regulation S, (ii) is, and the persons, if any, for whose account it is acquiring such Rights Entitlements and/ or the Rights Equity Shares are, outside the United States and eligible to subscribe for Rights Entitlements and Rights Equity Shares in compliance with applicable securities laws, and (iii) is acquiring the Rights Entitlements and/or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulations.

2. No offer or sale of the Rights Entitlements or the Rights Equity Shares to the purchaser is the result of any "directed selling efforts" in the United States (as such term is defined in Regulations).

3. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares, and the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.

4. The purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by the jurisdiction of its residence, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of its jurisdiction of residence.

5. The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares on behalf of each owner of such account.

6. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Rights Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Rights Equity Shares are a speculative investment, and further, that no U.S. federal or state or other agency has made any finding or determination as to the fairness of any such investment or any recommendation or endorsement of any such investment.

7. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares in any jurisdiction (other than the filing of the Letter of Offer with SEBI and the Stock Exchange); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements or the Rights Equity Shares which it may acquire, or any beneficial interests there in, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations. The purchaser agrees to notify any transferee to whom it subsequently reoffers, resells, pledges or otherwise transfers the Rights Entitlements and the Rights Equity Shares of the restrictions set forth in the Draft Letter of Offer under the heading "*Restrictions on Purchases and Resales*".

8. The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from our Company, addressed to it and inviting it to participate in this Issue.

9. Neither the purchaser nor any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Rights Entitlements or the Rights Equity Shares pursuant to the Issue.

10. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, the purchaser (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Draft Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to our Company and our group and the Rights Entitlements and the Rights Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below), and will have had a reasonable opportunity to ask questions of and receive answers from officers and representatives of our

Company concerning the financial condition and results of operations of our Company and the purchase of the Rights Entitlements or the Rights Equity Shares, and any such questions have been answered to its satisfaction; (iv) will have possessed and reviewed all information that it believes is necessary or appropriate in connection with an investment in the Rights Entitlements and the Rights Equity Shares; (v) will have conducted its own due diligence on our Company and this Issue, and will have made its own investment decisions based upon its own judgment, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company, the Lead Manager or its affiliates (including any research reports) (other than, with respect to our Company and any information contained in this Draft Letter of Offer); and (vi) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.

11. Without limiting the generality of the foregoing, the purchaser acknowledges that (i) the Rights Equity Shares are listed on BSE Limited and the National Stock Exchange of India Limited and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited and the National Stock Exchange of India Limited (which includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes "Exchange Information"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; (ii) our Company does not expect or intend to become subject to the periodic reporting and other information requirements of the Securities and Exchange Commission; and (iii) neither our Company nor any of its affiliates, nor the Lead Manager or any of their affiliates has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements or the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.

12. The purchaser understands that the Exchange Information and this Draft Letter of Offer have been prepared in accordance with content, format and style which is either prescribed by SEBI, the Stock Exchange or under Indian laws, which differs from the content, format and style customary for similar offerings in the United States. In particular, the purchaser understands that (i) our Company's financial information contained in the Exchange Information and this Draft Letter of Offer have been prepared in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements and not in a manner suitable for an offering registered with the U.S. SEC, and (ii) this Draft Letter of Offer does not include all of the information that would be required if our Company were registering the Issue of the Rights Entitlements and the Rights Equity Shares with the U.S.SEC, such as a description of our business and industry, detailed operational data, our management's discussion and analysis of our financial condition and results of operations and audited financial statements for prior years.

13. The purchaser acknowledges that (i) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Draft Letter of Offer and the Exchange Information (collectively, the "Information"), has been prepared solely by our Company; and (ii) none of the Lead Manager or any of its affiliates has verified such Information, and no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the Lead Manager or its affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by any of them or their affiliates.

14. The purchaser will not hold our Company, the Lead Manager or their affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information.

## SECTION VIII: OTHER INFORMATION

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of the Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office between 10.00 a.m. to 5.00 p.m. on all working days from the date of the Letter of Offer until the Issue Closing Date. Additionally, any person intending to inspect the above-mentioned contracts and documents electronically may do so, by writing an email to intrasoft@itlindia.com.

### A. Material Contracts for the issue

- Issue Agreement dated February 11, 2022 between our Company and the Lead Manager.
- Registrar Agreement dated March 11, 2022 between our Company and the Registrar to the Issue.
- Escrow Agreement dated [•] amongst our Company, the Lead Managers, the Registrar to the Issue and the Bankers to the Issue.

### B. Material Documents

- Certified copies of the updated Memorandum of Association and Articles of Association of our Company.
- Certificate of incorporation of our Company and certificate of incorporation consequent upon change in name of our Company.
- Prospectus dated March 30, 2010, in respect of the initial public offer of equity shares of face value of ₹ 10/- each by our Company.
- Resolution of our Board dated February 11, 2022 in relation to approval of the Issue and other related matters
- Consents of our Directors, Company Secretary and Compliance Officer, the Lead Manager, Statutory Auditor, Banker(s) to the Issue, the Registrar to the Issue for inclusion of their names in this Draft Letter of Offer to act in their respective capacities.
- The Audited Consolidated Financial Statements as on March 31, 2021 and the Unaudited Consolidated December Financial Results for the period ended on December 31, 2021 and the review reports thereon.
- Annual Reports of our Company for Fiscal 2021, 2020, 2019, 2018 and 2017.
- Statement of Special Tax Benefits available to our Company and its shareholders and its Material Subsidiaries under the applicable laws in India and respective country (in case of Material Subsidiary) is issued by our Statutory Auditors, M/s. Singhi & Co., Chartered Accountants.
- Due diligence certificate dated [•] addressed to SEBI from the Lead Manager.
- In principle approvals each dated [•] and [•] issued by NSE and BSE respectively under Regulation 28(1) of the SEBI Listing Regulations.
- Tripartite Agreement dated October 06, 2009 between our Company, Registrar to the Issue and NSDL.
- Tripartite Agreement dated October 06, 2009 between our Company, Registrar to the Issue and CDSL.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so, required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the rules/guidelines/regulations issued by the Securities and Exchange Board of India, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act, each as amended, or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all the disclosures and statements made in this Draft Letter of Offer are true and correct.

**SIGNED BY ALL THE DIRECTORS AND CHIEF FINANCIAL OFFICER OF THE COMPANY**

| **Name** | **Signature** |
|---|---|
| **Arvind Kajaria**<br>**Chairman and Managing Director** | **Sd/-** |
| **Sharad Kajaria**<br>**Whole-Time Director** | **Sd/-** |
| **Ashok Bhandari**<br>**Non- Executive Independent Director** | **Sd/-** |
| **Rupinder Singh**<br>**Non- Executive Independent Director** | **Sd/-** |
| **Savita Agarwal**<br>**Non- Executive Independent Director** | **Sd/-** |
| **Anil Agrawal**<br>**Non- Executive Independent Director** | **Sd/-** |
| **Ashish Arun**<br>**Non- Executive Independent Director** | **Sd/-** |
| **Mohit Kumar Jha**<br>**Chief Financial Officer** | **Sd/-** |

**Date:** March 14, 2022