

“IntraSoft Technologies Limited Q1 FY2018
Earnings Conference Call”

August 16, 2017

MANAGEMENT:

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Moderator: Good day ladies and gentlemen, and a very warm welcome to the IntraSoft Technologies Limited Q1 FY2018 earnings conference call. This conference call may contain forward looking statements about the company, which are based on the beliefs, opinions and expectations on the company and update of this call. These statements are not the guarantees of future performance and involved risks and uncertainties that are difficult to predict. As a reminder all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” followed by “0” on your touchtone phone. Please note that this conference is being recorded. We would like to welcome the members of the management. Mr. Arvind Kajaria, Managing Director, IntraSoft Technologies Limited, and Mr. Mohit Kumar Jha, CFO of the company. I am glad to hand the conference over to Mr. Arvind Kajaria. Thank you and over to you Sir!

Arvind Kajaria: Thank you very much. Good afternoon to all and I want to thank you for dialing in to our June 2017 earnings call. We have uploaded the investor presentation and financials on our website. I would now like to start the discussion. I am happy to report that we saw continued buoyancy in the US e-commerce market. As per our understanding physical stores continued to be under pressure as buyers increasingly preferred to shop online and a month’s online sales percentage of 3P sales increased further thereby advocating a model and expanding the scope of our addressable market. Basically the manufacturers prefer to sell through 3P sellers as they do not possess the necessary infrastructure to deal with the nuances of online selling.

The focus of the market places is to ensure that the sellers who can consistently offer the largest selection at the most competitive prices and in the quickest delivery times are rewarded with premium placements on the website and therefore get a bulk of business. We therefore believe that to succeed efficiency is the key, which is why we remain focused on automation, innovation in the supply chain and develop algorithms to achieve superior unit economics. In my last call, I had mentioned improvement in our inventory soft ware. As a result the inventory turns have increased to 15.5. To our mind this is much above the industry standards. This basically means that we are able to rotate our inventory faster leading to lower holding and storage cost, which allows us to price our products better vis-à-vis competition and outprice them by virtue of a lower cost structure. We will continue to focus and invest in optimizing our technology architecture. Financial gains are already visible to sustain gains in employee productivity achieved through process automation, which results in an increased topline without any significant market development cost.

We also have some visibility on automation of the entire vendor management process innovation. In this area we will mean the ability to manage a large number of suppliers at the same service quality level. Increasing vendor credit to our mind is a strong signal of the value we are bringing to the suppliers and increasing comfort and safety they feel while transacting with 123 Stores. We remain optimistic of improving the topline growth of 31% achieved last year. We believe that we are at a point of inflection and remained committed to a sustainable growth while delivering



superior returns to all our stakeholders. I now hand over to Mr. Mohit Kumar Jha who will discuss the financials in greater depth. Thank you for listening.

Mohit Kumar Jha: Thank you Sir and good afternoon to all. Results for the quarter ended June 30, 2017 are in accordance with the Indian accounting standards, which are applicable to the company for the accounting period beginning on or after April 1, 2017. Consequently results for the corresponding quarter ended June 30, 2016 has been restated as per the requirements of the state notification. I would like to start with the performance for the quarter ended June 2017. Revenue from operation touched Rs.260.16 Crores a growth of 22% in constant currency terms. Profit after tax at Rs.3.61 Crores a growth of 36% over Q1 FY2017.

Now, I will take you through some of the highlights. Revenue from operation touched Rs.977 Crores a growth of 19% over trailing 12 months ended June 2016. Profit after tax at Rs.14.76 Crores a growth of 73% over trailing 12 months ended June 2016. Our free cash flow generation improved by Rs.46 Crores in trailing 12 months ended June 2017, which is a result of improvement in working capital cycle, negotiation with our supplier on improved terms and improvement in inventory turnover issue. I would also like to discuss some other financial parameters, which are as on June 30, 2017 inventory stood at Rs.61.58 Crores as compared to 57.59 Crores. While inventory has gone up on absolute terms; however, it has come down as a percentage of revenue. As on June 30, 2017 accounts payable days trailing 12 months for our e-commerce business was 12 days and inventory and accounts receivable days were at 24 and 4 days respectively thereby we witnessed an improvement of 2 days in the working capital cycle. Our cash position remains comfortable to achieve the projected growth. Thank you and we are now open to questions.

Moderator: Thank you very much. Ladies and gentlemen we will now begin the question and answer session. We will take the first question from the line of Rajnath Yadav from Choice Equity Broking. Please go ahead.

Rajnath Yadav: My first question is on the gross margin, it has declined by over 200 basis points on YoY basis, so what was the reason behind that and secondly we are negotiating new supplier contracts, so this will put some pressure on the gross margin going forward?

Mohit Kumar Jha: Thank you Rajnath, this is Mohit. For this particular quarter we enjoyed a promotional fee by a particular market place, which actually reduced the percentage of SME. Accordingly the selling price was reduced in the market place, but our total cost including shipping expenses was the same and hence cost as a percentage of sales gone up thereby reducing the gross margin; however, this got nullified at the EBITDA level.

Rajnath Yadav: If I see the EBITDA the margins has also declined on an annual basis from 2.1 it has declined to 1.5%?

Mohit Kumar Jha: Yes Rajnath, there is a sharp decline in EBITDA margin; however, we are using the free cash generated by business to repay our debts. From an accounting perspective it is seen that EBITDA



has gone down, but when coupled with finance cost, which is an integral part of our business our operating profit is more or less similar in absolute terms.

- Rajnath Yadav:** Are we anticipating further pressure in the gross margin with new supplier contract?
- Arvind Kajaria:** Again Mr. Rajnath this was one of promotion that we gone from the market place. In our view, there has been no drop in gross margins at all it is simply a numerical adjustment between CoGS and SME if you look at the numbers. We do not anticipate drop in gross margins as we move forward.
- Rajnath Yadav:** You are telling about this promotional offer, so it has been stopped for this quarter or for SME suppliers or it will continue?
- Arvind Kajaria:** No, this is one of the things, it may continue, this is very operational and it is difficult to assess what the mindset of the market place is at that time. They come up with time to time just like any other retail offering.
- Rajnath Yadav:** Which market place has done this Sir?
- Arvind Kajaria:** One of the key market places that we operate.
- Rajnath Yadav:** Our long-term debt has increased significantly, it has more than doubled as compared to Q4 FY2017, so any specific reason?
- Mohit Kumar Jha:** See our long-term debt has gone up; however, it is more or less similar as compared to previous quarter, so this is because of inventory level has gone up and we actually hit some of the credit limits with some of the suppliers, so we had to pay them as we are continuously working with them to increase credit limits, so now this is the procedural thing, so we believe going forward we will have this long-term going, going down.
- Arvind Kajaria:** Mr. Yadav if you follow our earlier concall transcripts towards the middle of the year is when we start a building inventory for the holiday season, inventory tends to be a little higher, that has gone up as Mr. Jha explained because what has happened with our suppliers credit is that some of our top, we got increase in the number of days, so if the credit was X dollars we got it increased from 20 days to let us say 30 days, but the X limit remain the same, but because of increase of sales in this quarter we hit the limits with some of our buyers. We believe that this is a procedural issue and just like the days went up the limits will also go up on due time. We do not see this as any impediment to growth, but it is procedural and it will slowly and gradually improve.
- Rajnath Yadav:** Final question. Just wanted to know as a third party seller are we taking a liability of a sales tax payment to the government or the vendor takes the responsibility?
- Arvind Kajaria:** No, different states in the US have different sales tax laws and we are filing the tax returns and making the necessary tax payments.



- Rajnath Yadav:** Why I was asking that recently there was a news of Amazon facing a tax liability of around 12 million from the state of South Carolina and what was the Amazon's response is that this was from the third party seller so they are not liable for collecting sales tax, so just wanted to know we are isolated from that or in future if many more states join such type of tax liability how it will impact the whole online business in US and how it will impact us?
- Mohit Kumar Jha:** So we are well aware of the sales tax debate going on. There have been number of representations within the government, within the state nothing has been finalized as of right now. From our part we are filing the returns and making the necessary tax payment. Our estimate is that even if it comes out in whatever way it comes out that each states charges their own taxes as well, which we do not anticipate happening, but even if it does we will have a very marginal impact on our financials because we are already paying the necessary sales tax.
- Rajnath Yadav:** Thank you Sir! That was from my side.
- Mohit Kumar Jha:** Thank you for your questions.
- Moderator:** Thank you. We will take the next question from the line of Satish Bhatt from Anvil Shares & Stock Broking. Please go ahead.
- Satish Bhatt:** Good afternoon Sir for the decent set of numbers. Sir, as we go back to may be some three quarters back we have stated that we are sending our entire accounts payable from may be 17, 18 day to may be to go to like 25 to 30 days, but if you see the last four quarters it has come down from 17 days to 12 days, but we have done very good in terms of improvement in the inventory days, so do you think in inventory days we have reached a peak we may not be able to go less than this, but how fast we will be able to increase our creditors, there is still I think something like 12 days we may have to go to 30 days so may conduct working capital negative business, you can throw some light on that?
- Arvind Kajaria:** Yes, absolutely. Thank you for your question. I let Mohit explain the first part of the supplier balances and state payables and then I will come to the inventory part. Please go ahead Mohit.
- Mohit Kumar Jha:** Thank you Sir! Satish as explained in our last earning call our supplier balance is come under trade payables and short-term loans and advances, which are actually netted off to arrive at net trade payables. Thereby we witness an increase of 2 Crores as compared to trailing 12 months ended June 30, 2016. To explain it further if you see our trailing 12 months balance sheet, which is June 2016 our trade payable was approximately 31 Crores, our short-term loans and advances were at 17 Crores, so net we had 14 Crores as trade payable. As on June 2017, we had trade payable of 22 Crores approximately and short-term loans and advances of 6 Crores approximately, so net we had trade payable of 16 Crores, so here we have witnessed 2 Crores increase in trade payables.
- Arvind Kajaria:** Thank you Mohit. To continue Mr. Satish the inventory focus has been on for may be a little longer than 6, 8 months, finally bore fruit in the last quarter or so. We believe that with our latest



software that there is some more miles to go and we can improve a slow, but a gradual improvement in the number of inventory days. This would automatically lead to a further reduction in the working capital cycle. Coming to the trade payable, I explained to the gentleman before this call it is a procedural where we have to, each company that you deal with has a CFO or a finance department in place and they love to look at our financials, have a talk with our bankers, etc., etc., and then kind of explain, so we believe that we have not had any headwind or any adverse questions from our suppliers and it is a procedural issue it will slowly come up. So while we knew that this is going to take time the focus we move to the inventory software, so when both workout simultaneously you can expect a further reduction in the working capital cycle. I hope that has answered your question.

Satish Bhatt:

Yes and Sir you told the gross margins for this quarter is quite low, may be the lowest in the last nine quarters because of that I think one of things, which you have done with your major supplier can you throw some more light on that on which part of the business this has been done and how do you see this impacting our business going forward?

Arvind Kajaria:

Again if you combine the SME that the sales and marketing expenses and CoGS there is virtually no drop it is just a way of presenting the data. One of the market places that we dealt in give us promotional offer, so I will give you an example suppose they were charging 15% on a particular category and let us say hypothetically it is electronics and for this quarter they give us promotional pricing of let us say 8% thereby reducing the fees by 7% so we took advantage of that and reduced our sale price by 7%, so in effect what happened is that the CoGS has a percentage went up and the sales and marketing expenses went down, so when you net it off there is absolutely no difference. From time to time, these market places in their own ambition to increase the sales of a particular category come up with promotions such as these and now as one to three stores is a major supplier and we enjoy a platinum and other status with all of these, these automatically come to us. These promotions help drive sales higher and I have absolutely little or very negligible effect if at all on any of our financial parameters. This will continue or not is something that it is up to them we would play our part in going along with it.

Satish Bhatt:

If you go to your presentation page 6 and 7, there are no numbers, how do we interpret what you desire, but that does not have any significance as long as the numbers are not there, so there are hardly any numbers how do we interpret what you have done, there are hardly any numbers, so will not show any significance as long as the numbers are not there, you missed it or something has happened?

Mohit Kumar Jha:

No, we have not missed it. I explained in to a last call the factors that affect our growth and what the industry is comparable is basically the growth numbers, the cash flow, free cash flow generation numbers and the margin numbers, those numbers have been given. The other numbers are all supportive of that particular cash flow generation that we are working on. Sometimes when you give these exact numbers they tend to mislead everybody into believing for example addition of SKUs in our opinion may slow down because some other parameter is more important, but that does not mean we are slowing down, so what we have done is we have indicated to you as a trend line that we are interested in increasing the number of suppliers, the



number of SKUs and all the other operating parameters, but we want to tell you that our focus is on generating free cash flow that is why we have given additional information on our workings capital cycle and our growth rates.

Satish Bhatt: When do you plan to double our number of SKUs from here?

Mohit Kumar Jha: I have mentioned in many of my calls earlier and I am doing it again. I do not see us in a J curve kind of a situation, we see a steady process, so from interest of what we are working towards is a steady quarter-on-quarter increase of SKUs, of suppliers, of all the other operating parameters because we would like to make sure that we give a very safe and a consistent performance to all the stakeholders that we have. We will reach the destination at the same time as if you hike up only one operating parameter and we believe that is not the right way to do it. What is the right way is to make sure that there is enough cash flow generation so that we able to support the inventory, we do not have to dilute equity, we do not have to make additional borrowing, etc., etc., so it is all are completely linked package and we would see a steady kind of a growth happening from now onwards.

Satish Bhatt: Thank you Sir!

Mohit Kumar Jha: Thank you for your time Sir!

Moderator: Thank you. We will take the next question from the line of Sanjay Bhatt from Bao Advisors. Please go ahead.

Sanjay Bhatt: I just had a couple of questions on the working capital part. I just wanted to know why there has been a change in direction in the short-term loans and advances that we give to our vendors, also the amount is very small some 5 Crores to 6 Crores it is a directional change?

Mohit Kumar Jha: Yes Sir! The supplier advances we have adjusted against their liability balances, so most of the advances got exhausted in the previous quarter so what balances you are seeing in this quarter, which is approximately 6 Crores, this consist of other balances other than supplier balances, so security deposits and some short-term loans.

Arvind Kajaria: Thank you Mohit. From my prospective there is no directional change is what the question you asked and Mohit has clarified that these advances are not necessarily vendor advances this could be rent deposit, etc.

Sanjay Bhatt: Just one more question on the working capital part. We have discussed in detail that trade payables we will be trying to increase over a period of time, I remember in our concall in Q3 we said that we have completed around 15% to 20% renegotiation of the vendors, do we have certain numbers that how much we have reached because the question is on the backdrop that we need to be ready for our Q3, so from that point of view will we able to cover major of our vendors with this renegotiation?



- Arvind Kajaria:** We explained it earlier in this call, what is happened is that we focused on increasing the number of days keeping the dollar value constant; however, the increase in sales some of our top vendors have hit the credit limits and now discussions are with them to increase the credit limits as well. The days have already been increased, so this takes a little time, it takes 4 to 6 weeks and the procedure is underway. That said we do not see a cash flow as an impediment to growth anymore. If we have to increase the inventory it will be adequately backed by a vendor credit.
- Sanjay Bhatt:** That is it from my side. Thank you very much.
- Arvind Kajaria:** Thank you for your time.
- Moderator:** Thank you. We will take the next question from the line of Mohit Jain from Anand Rathi. Please go ahead.
- Mohit Jain:** One is if you could share your order growth number for the quarter any range we will do, but we were not able to interpret it from the chart given?
- Arvind Kajaria:** There is no significant change in the average order value on a YoY basis, so what you can do is extrapolate there is a 22% constant currency growth then you can also take the order value to be growing anywhere between 18% and 22%.
- Mohit Jain:** Second is on your PBT growth, I heard your commentary on various accounting numbers, but if we adjust for all that and including finance cost look at PBT, so on a full year basis if we are growing at 25% or 30% then what should be a reasonable number for PBT growth?
- Arvind Kajaria:** Mr. Jain we need to invest also in the growth right, so there is no balance sheet item, which is accounting for the growth in revenue, which means we are not capitalizing any market development fees or cost, etc. So all of this has to come out from the PBT itself, so we are committed to not selling at a loss as some of our competitors and I am sure you read about the aggression that is seen in the pricing among everybody else including our competitors; however, because of our efficiency we do believe we will make a profit and the margin may not rise as much as the topline simply because we are reinvesting the money back in to the business. That said we do believe that there is going to be a lot of free cash flow generation, so we are not going to require any additional capital to service any debt, so from that prospective margin is not our immediate focus.
- Mohit Jain:** For 30% you are still sustained in terms of free cash flow, 30% kind of growth?
- Arvind Kajaria:** Yes, I have said again and again that we think that the minimum that we would hit for the year is 30%, we always as IntraSoft endeavour to reach higher limit that will depend on market behaviour.
- Mohit Jain:** Lastly if there any currency impact for you because it is US to US, so there is no change except that you translate your EBITDA into rupee terms?



- Arvind Kajaria:** Certain portion of the India employees get paid in rupees will get converted from dollars to rupees.
- Mohit Jain:** That is a small portion of the overall?
- Arvind Kajaria:** Very small portion, apart from that I believe and Mohit can clarify further. I believe that there is no major currency risk..
- Mohit Kumar Jha:** Most of our expenses are in US dollars itself, so I said there is no major impact in terms of currency fluctuation and so far our general and administrating expenses are concerned mostly are India based and are expensed in Indian rupees, so while there is intercompany transactions on services part so there we have witnessed some of the currency fluctuation effect.
- Sanjay Bhatt:** That will be only because you report in rupee, what I mean to ask is your cost of goods sold is totally in US dollars is it?
- Arvind Kajaria:** Yes, the total cost of goods shipping and SME is completely in US dollars so bulk of our income is all in US dollars and bulk of our expenses is also in US dollars.
- Sanjay Bhatt:** The percentage will remain more or less flattish and then you will convert it that is the only change, which will happen if rupee were to appreciate from here?
- Arvind Kajaria:** Correct.
- Sanjay Bhatt:** Thank you Sir! That is all. All the best.
- Arvind Kajaria:** Thank you so Mohit.
- Moderator:** Thank you. We will take the next question from the line of Manjit Buaria from Solidarity Advisors. Please go ahead.
- Manjit Buaria:** Thanks for taking my question. I just wanted to understand some time in I think the Q3 FY17 call we discussed the trade of between getting the working capital right under sales, which you are sacrificing in the short-term for that, so I just wanted to get a sense of and where we are on that process and how do you look at growth numbers going ahead in terms of this working capital adjustments you wanted to make?
- Arvind Kajaria:** I explained that a little bit earlier, I will refocus on it. From our prospective the change that we made in our working capital cycle somewhere around Q3 has been completed. We are not giving advances to any vendors anymore and our credit days and soon our limits will also increase, which is why we were focused on that model because now we have enough free cash flow to support the growth. From our prospective around 30% growth is what we feel comfortable with, now depending on the market situation and the efficiency of some of the software modules our team is working on and how it shapes up we will decide whether we can go better the numbers.



- Manjit Buaria:** I just asked in context of because what we saw this quarter YoY on the 17% to 18% kind of growth, so just wanted to get some sense in line of, so your full year guidance stands at 30% despite that?
- Mohit Kumar Jha:** Yes we believe that is the number that we are comfortable that we are going to hit.
- Manjit Buaria:** Thanks a lot Sir!
- Arvind Kajaria:** Mohit I would like to add one point here what you are saying 17% to 18% growth here I would like to highlight that this is because of the currency effect; however, in dollar terms we have grown by 22%.
- Manjit Buaria:** So when you give your guidance you give on dollar basis?
- Arvind Kajaria:** Yes.
- Manjit Buaria:** Thank you.
- Moderator:** Thank you. The next question is from Harshit Mantri from Stewart & Mackertich. Please go ahead.
- Harshit Mantri:** I wanted to ask that since you invest in Q2, so apart from the investment in technology optimization where are you looking for investments and capex is it employees development or anything like that?
- Mohit Kumar Jha:** Yes I have said in the past that we do not anticipate any major capex as far as our business is concerned. When I say investment is mainly in two areas one is the increase in our vendor base, which cause basically for our team to travel more, attend conferences and sign on the vendors, so that is clearly an area where we see the expense out. The second area is when we introduce new products into the system they are normally not optimized, so we do not get optimized pricing because of the kind of volume offtake that we can commit to because it is a new product, so gradually the margins on that could be flattish to start with and then gradually improve the quarters as we get more comfortable with the product.
- Harshit Mantri:** Your shipment orders are getting higher, but the value is getting lower the shipment order value, so this leads to higher shipping cost and the cost of goods sold, so how do you see this impact on the gross margins?
- Mohit Kumar Jha:** I just explained a little earlier we believe that the gross margins will be more or less constant. The effect that you may see from time to time is a seasonal effect. For example one of our important categories is toys, which typically tend to sell more in October to December quarter because of the holiday season, so typically the average order value would be lower for that quarter vis-à-vis other quarters, so as a percentage it may differ. That said January to March we normally lot of new homes are being furnished in the US, so we sell a lot of home improvement products



especially furniture, which typically tend to be of a higher value. So if you round it off on an annual basis the impact of each of this would get neutralize and you would get an apple-to-apple comparison.

Harshit Mantri: I just wanted to clarify that your orders are fulfilled by Amazon or yourself?

Mohit Kumar Jha: We use Amazon warehouses, which is called basically FBA for a bulk of our storage, but we also use some other warehouses located for rest of the US especially because we need to fulfill orders from other markets business as well.

Harshit Mantri: If it is done through the order of purchase by yourself also then what is the impact of the returnless refund policy mail that was sent by the Amazon to 3P sellers recently in the first week of this August month?

Mohit Kumar Jha: I am not aware of that mail, but we have a very standard returns policy, which is on our website, which is industry accepted and you can kindly read it and if you have any questions you can let me know, but we do offer a 30-day no questions asked returns policy. It is on our website and it is open to everybody.

Harshit Mantri: No, Sir it was that returnless refunds that if a buyer may receive a refund for an item without having to return it?

Mohit Kumar Jha: I believe that was in India was it? Did you read that in the US or in India?

Harshit Mantri: That was a mail sent from Amazon to the third party sellers.

Mohit Kumar Jha: For the Indian market right?

Harshit Mantri: Then I need to clarify that.

Mohit Kumar Jha: In my belief it was for the Indian market and we have had no such mail from our home market.

Harshit Mantri: This market place commission that varies from 8% to 15% right?

Mohit Kumar Jha: It depends on certain categories. It depends on their promotional strategies.

Harshit Mantri: So Amazon more or less charges around 15%?

Mohit Kumar Jha: For most of the categories yes.

Harshit Mantri: The other market places, which charges 8% what is the revenue from them or just if you could highlight that?



- Mohit Kumar Jha:** Different market places charges different fees depending on their necessity to increase the category sales of that category. Your question was what is our long-term wise sales, so Amazon is a leading marketing place.
- Harshit Mantri:** That I know, but the commission, which they charge next year eBay right after Amazon?
- Mohit Kumar Jha:** Followed by eBay and then we sell on seven other market places.
- Harshit Mantri:** So how much are the charges?
- Mohit Kumar Jha:** So it ranges between 8% and 15% and all of that is encapsulated in our sales and marketing expenses.
- Harshit Mantri:** That is it from my side. Good luck.
- Moderator:** Thank you. We have the next question from the line of Bhakti Thakkar from Ventura Securities. Please go ahead.
- Bhakti Thakkar:** How do you look into business continuity planning in case of your technology is going down in case of disaster or such situation?
- Mohit Kumar Jha:** All our assets are on the cloud the host on Amazon web services. As of right now they are a leading provider of cloud and to the best of my knowledge there is adequate backup in case of compromise on any of their centers.
- Bhakti Thakkar:** Thank you and one more question how do you look about your future strategy?
- Mohit Kumar Jha:** Our future strategy remains constant to build up our technology infrastructure that makes us more efficient in terms of delivery and reduce overall cost, which helps us price our products better thereby increasing sales and pitching in the economies of scale and improving our unit economics using the cash flow of the vendor credit to ensure that it is all internally financed thereby adding to shareholder value.
- Bhakti Thakkar:** But Sir there is no major capex in regards to technology expected right?
- Mohit Kumar Jha:** Whatever capex we have is being debited to the PL account in EBE employee benefit expenses.
- Bhakti Thakkar:** Thank you Sir!
- Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to the management for their closing comments.
- Arvind Kajaria:** Thank you again ladies and gentlemen for taking the time out to listen to our earnings call. We greatly appreciate your inputs and these inputs help us perform better and formulize our strategies for the future. Again thank you very much for all your support and kind consideration.



Moderator: Thank you. Ladies and gentlemen, on behalf of IntraSoft Technologies Limited that concludes this conference call for today. Thank you for joining us. You may now disconnect your lines.