



IntraSoft Technologies Limited

# “IntraSoft Technologies Limited Q1 FY19 Earnings Conference Call”

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IntraSoft Technologies Limited



**MANAGEMENT: MR. ARVIND KAJARIA – MANAGING DIRECTOR,  
INTRASOFT TECHNOLOGIES LIMITED  
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**Moderator:** Good day ladies and gentlemen and a very warm welcome to the IntraSoft Technologies Limited Q1 FY19 Earnings Conference Call. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve 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 '\*' then '0' on your touchtone phone. Please note that this conference is being recorded.

We have with us today on the call Mr. Arvind Kajaria – Managing Director of IntraSoft Technologies Limited, and Mr. Mohit Kumar Jha – CFO of the company. I am now 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 into our June '18 earning call. We have uploaded the investor presentation and financials on our website. Kindly note we have presented our performance for the e-commerce business in the press release and presentation as the company's primary business is in the area of e-commerce carried out by its fully owned subsidiary 123stores Inc. incorporated in the USA. Accordingly, the updates for e-commerce reflects the consolidated performance of 123stores Inc. only and not the consolidated operations of IntraSoft Technologies Ltd..

I would now like to start the discussion. We have developed a robust growth over the last 4 years having gone from US \$ 21 million in annual revenues in FY 14 to US \$ 179 million in FY18 last year, a compounded annual growth of 70%. During this time we have learned a tremendous amount about the operating characteristics of our model while establishing a leadership position among the top third-party (3P) retailers of the US marketplace. In the quest to be the one stop online shopping destination the leading market places continue to increase the sale mix from 3P sellers to achieve the widest product selection. This along with the continuing shift from offline to online in the US's retail space should result in expanding addressable market for 3P sellers on the sustainable basis.

This year we intend to focus our energies on consolidation of our operations and an improvement of our cash flows to ensure sustainability as we begin our next trajectory. In the last few years we've built a robust platform while maintaining our positive ratings and deepening our vendor relationships. Going forward we aim to achieve an efficient working capital profile that will help us solidify our vendor base and leverage our market place position to drive the next level of growth without the need of external capital.

On the inventory front we have seen a slower movement off late due to changes in seasonality and inventory mix. We anticipate inventory turns will remain slow during the next couple of



months and improve during the holiday season as our inventories software continues to get more data driven.

On the suppliers front we continue to engage with our suppliers to enhance our credit limit and improve our terms of trade. Over the last few years we have worked hard to increase automation, scale our order processing platform and optimize our analytics engine. We would continue to invest our resources in further optimizing our technology platform to stay ahead of competition.

Overall we believe that our decision to consolidate our operations is essential for the next leg of growth and align our operations to market realities. As we achieve an efficient working capital cycle profile we would strengthen our base for the next leg of consistent growth over the next few years. We continue to remain excited to be part of the growing US e-commerce market and aim to be among the leading 3P sellers. I take this opportunity to thank the team who has worked so hard to make this happen. My gratitude also goes to the other stakeholders for their constant advice, encouragement and support.

I now hand over the floor to Mr. Mohit Kumar Jha who will discuss the financials in more depth. Thank you.

**Mohit Kumar Jha:**

Thank you, sir, and Good Afternoon to all. I would like to start with the performance for the quarter. Revenue from e-commerce business was US\$38.2 million as compared to US\$39.8 million. Operating margin for the e-commerce business for the quarter was 0.67% in Q1 FY19 as compared to 1.91% in Q1 FY18. Inventories at the end of June 30<sup>th</sup> was US\$17.3 million consisting of total of goods in transit. Inventory includes inventories at the fulfillment center of US \$ 9 million, goods in transit from suppliers to the fulfillment center of US \$ 5.8 million and goods in transit to the customers of US\$ 2.5 million reflecting a 7.7 turns on an annualized basis. From this quarter we have recalculated inventory turns to reflect the overall inventories value rather than only inventories at the fulfillment centers.

Our account payables at the end of June 30<sup>th</sup> was US\$5.2 million as compared to US \$ 4.4 million same time last year reflecting 13 days of suppliers credit on an annualized basis. We generated operating cash flow of US\$0.37 million this quarter as against a negative cash flow of US\$2.2 million during the same quarter last year and a negative cash flow of US\$3.2 million in the previous quarter. We are happy with the trend in Q2 as well and anticipate better cash flow generation in Q2 as compared to the June quarter.

We repaid nearly US\$0.8 million of debt this quarter, our borrowing now stands at US\$11.35 million, Any cash surplus post reinvestment in operations would be used towards reduction of debt. Thank you everyone and we are now open to questions.

**Moderator:**

Thank you very much. Ladies and gentleman, we will now begin the question and answer session. The first question is from the line of Varun Ghia from Equitree Capital. Please go ahead.



**Varun Ghia:** If I see since the last Q4 FY18, the cost of sales have increased from 66% to 72% and though you have decreased the shipping and handling and sales or marketing expenses by around 4% the another 2% difference being lower margins so wanted to understand what is the reason for this and how do you see the gross margins behaving in the next few quarters?

**Arvind Kajaria:** The ideal way to look at margins is considering total cost by combining COG, shipping and sales and marketing expenses as there are many moving parts like product mix, promotion by market places, the specific products etc. Yes, this is declined by nearly 2 percentage points this quarter but while gross margin has decreased, our cash flow from operations is improved from a negative of US \$ 2.2 million to a positive of US \$ 0.37 million. So, in our view gross margin going forward should be viewed along with the growth in cash flow and not in isolation.

**Varun Ghia:** But where do you see this margins stabilizing at because the operating level there is hardly any margins earned?

**Arvind Kajaria:** We have just started the process of cash flow generation because we believe that we've reached a level where now all our systems are ready and we need to enter the next leg of trajectory. So, we firstly focused on the market places, we optimize that then we optimized the delivery engine then we realized that for us to grow to the top, the capital also has got to be efficient. So, we moved our thoughts towards cash flow generation and again gross margin should not be looked at in isolation. It should be more viewed alongwith cash flow generation.

**Varun Ghia:** Last time when we discussed the inventory you said would come down drastically in the next two quarters so what has happened to the deep discount products which you had what, how is that being sold off?

**Arvind Kajaria:** The inventory has come down but the sales speed didn't pan out as planned. We saw a slower moment in inventory turns off late due to changes in inventory mix like you just mentioned. We started to reverse this trend and expect the inventory levels to reduce during the few months and the usual cost of business and it should normalize by the holiday season. So, some of it will come up this quarter and the balance whatever is we should see the normalization by the December quarter.

**Varun Ghia:** So, in the June quarter the inventory which is in transit should that come down?

**Arvind Kajaria:** I think it has come down. Mohit is giving you the numbers, you can do the calculation. And it will continue to come down and normalize by the end of the December quarter.

**Varun Ghia:** What is the reason for decline in revenues like you were guiding around 25%-30% of growth and there is sudden decline in revenues?

**Arvind Kajaria:** We took some time off to pause and adjust to market realities specially the fact that if we keep on growing without the cash flow working capital profile than our requirement for capital would also grow. And we believe that to burden the company with more debt in the long-term



is not the way we would like to look at it , nor are we looking for dilution of equity so the next best way to have sustainable capital was to generate the capital from operations and we are very happy internally that we believe that our brand and our services and the value that we offer to our vendors is strong enough for them to offer us the cash flow that will help in growing the business. So, as and when that happens you will see top-line growth without the use of any external capital and that is what we paused this quarter to put everything into gear.

**Varun Ghia:** Is there any change in the guidance like due to consolidation what do you see the revenues and stop growing at?

**Arvind Kajaria:** It's difficult to mention at this time but internally what we are targeting is anywhere between flattish to may be a 10% growth in the year but that is our sense of it. It all depends on how much we are able to generate the cash flows. So, I will just repeat it's very important that our systems become scalable, our marketplace ratings are become scalable but we need to have an efficient scalable working capital model before we take the next level of growth because otherwise capital itself will become a roadblock as we grow the top line and that is something that we don't want to get into.

**Moderator:** The next question is from the line of Gaurav Rateria from Morgan Stanley. Please go ahead.

**Gaurav Rateria:** Just a question Arvind on a high-level, what has driven the shift in focus from growth earlier to considering our working capital and trying to become free cash flow positive and how long do you think this transition period will go on for the company?

**Arvind Kajaria:** It's a journey that we are going through so I think we should be seen as more our work in progress company than somebody who is reached the final point. The industry itself is evolving. We needed to do the whole market place rating review bid because we wanted to ensure that we are able to sell at will which is where we have achieved that. Then we had to set up the technology platform and the output of that you can see already in the operating cost going down which is providing us a very good leverage against our competitors. The third part was the capital so we saw the December and March quarter, we over relied on the inventory to give us the top line and then we realized that if we continue to do that if we continued to grow the top line without a change in working capital profile then what's going to happen is as we grow from here 3-4-5X then so will the debt and that is something that internally we are uncomfortable with. So, there are 3 sources of capital so either we could have taken debt or we could have diluted equity or improved our working capital profile to finance the growth. So, we needed to build it to a level before we could take this decision and we believe that our brand and value add to our vendors is strong enough for them to participate in our growth. So, which is why we use this financial year starting to make this working capital change, there is no change in the business, there is no change in the model . But we needed to make this change so that the next 3 or 4 years we can continue to grow without the need of external capital. So, is there something else you asked or was this the answer you are looking for?



**Gaurav Rateria:** That's precisely the answer. The second question I had is what are the milestones one should watch out to understand that this transition is now over and the growth can accelerate and what gives you confidence that once the growth accelerates again in the next few quarters or sometime there will be no change or there will be no increase in debt and there will be no change in working capital from a business model perspective?

**Arvind Kajaria:** Part of our thought process is, if you see the industry is specially the retail sector most of the large companies have grown because of the cash flow from operations and we believe that that's very essential because it also makes all the other stakeholders participate in our growth and as we should see as a benchmark the increase in suppliers credit and increase from cash flow. A case in point in the last quarter we had a negative cash flow of US \$ 3.2 million and a corresponding quarter a negative cash flow of US \$ 2.2 and this quarter we had a US \$ 0.37 cash flow improvement. So, what I'm trying to say is that we've made that change, give us a quarter or two, right now we are very focused on cash flows from operations and as you see that increasing quarter-on-quarter you will also see the growth coming back. That is how we've internally planned it. Whether we take debt or not I'm personally not in favor of debt at all because we believe that we are providing a very valuable service to all our stakeholders and we should not invest our own capital except to build the platform which I think is already built and except to make a brand that I think is almost been built so incrementally it may require some capital which we anyway have but for the working capital we would not like to invest our own money moving forward. So, we should see a reversed trend quarter-on-quarter and growth should come back in a couple of quarters.

**Gaurav Rateria:** Is it fair to conclude that this slowdown in growth purely decision driven out of company shifting focus and nothing to do with the marketplace, there is nothing slowdown happening in the marketplace as such?

**Arvind Kajaria:** Yes I opened by saying in my press release I hope you have had a chance to read it that this was internal decision that we took. Just to repeat myself if we are continued on the previous path then we could have still maintain the top line growth but then we would have to resort to external debt beyond our balance sheet. And that is something that we are not looking to do which is why we said take a couple of quarters pause, get the whole working capital profile into shape and then resume the growth. That we believe is more sustainable and we also believe that we create more shareholder value in the long-term.

**Moderator:** The next question is from the line of Sameer Shah from Value Quest. Please go ahead.

**Sameer Shah:** On the creditor's days, we have taken this call of slowing down growth right now so then in terms of credit limits typically my understanding was that we promised them higher volumes and then get higher credit from them. So, what happens to that part so the improvement in working capital primarily will come from inventory, is that a correct understanding?

**Arvind Kajaria:** Your understanding is absolutely correct. When you offer higher volumes to the vendor he becomes more entranced to you and the chances of his leaving us become that much higher so



that is what we endeavor to do is to give him a higher volume. Higher volume means in return a credit for us. In the interim what you have seen of course is also a reduction in inventory which has increased the cash flow from operations but moving forward is going to happen exactly the way you have said. At the same time there are lot of vendors who may not have agreed to us and still need some more time maybe a couple of more quarters to increase their credit to us. So, that is why you will still see a cash flow but it is mainly from inventory for now but going forward will see the benefit of supply of credit as well, increasingly.

**Sameer Shah:**

Is there a fear of us making substantial losses in the inventory that we hold?

**Arvind Kajaria:**

So, for us it's a journey, it's a work in progress. So, we don't believe that fear is really found. The industry itself is going through many-many changes and I believe that being a young company at an early stage rather than we fear that we should adopt that so that we have the agility to change. We have already said that we built up inventory and I have already made that change of slowing down because of that realization that extra inventory meant extra debt.....

**Sameer Shah:**

So, we will not shy away from basically if we have to take 5-10 crores loss and sell the inventory to release working capital how is the company thinking about that?

**Arvind Kajaria:**

It's a normal operation I've already said it couple of times earlier and I have said it a little earlier today also, it's all normal business. We had ordered more inventory than we should have in the earlier quarters now some of them are seasonal which cannot be sold in the month of August and September. So, as the winter season comes those products would get normalized. I had said that and I actually repeated occasionally.

**Sameer Shah:**

Last question on the software, we were going to decide on this improvement to the software how much would be the cost that would be incurred? Is that firmed up or we are still in the process of....?

**Arvind Kajaria:**

No the software is under development. In the couple of quarters as we see the improvement we will be able to give you more light on it. But it's essential to improvise on the shipping transit as well as cost going forward.

**Sameer Shah:**

But the cost on that will still take a couple of quarters to...

**Arvind Kajaria:**

Yes.

**Moderator:**

The next question is from the line of Rahul Dhruv from Pegasus. Please go ahead.

**Rahul Dhruv:**

I was just taking on the margins, what part of the margin decline this quarter would be from one-off or from inventory losses?

**Arvind Kajaria:**

We are not looking at that from the same way that you are, we are looking at that we have to generate the cash flow so it's not a conscious decision to sell it a profit or loss. We are more



...tied to the vendor so we take this consideration of what should be sold depending on his needs and then the market needs. So, it's not something that we have gone and sold and we got a loss. It's not like that. It's a normal operation. We hold extra inventory some of it was sold in the last quarter some of it will be sold this quarter and as the products meant for the holiday season then that season comes it will get sold off.

**Rahul Dhruv:** What is the more sustainable margin because the margin declined basically so what we are looking at is now is that we are going to be free cash flow positive but the fact is our margin profile has permanently changed, would you agree to that?

**Arvind Kajaria:** We are more looking at cash flow as a source of capital to grow as so the flipside is that if we continue to focus on margin then the whole business would require more debt or more equity dilution. So, cash flow would include a component of margin, it would include a component of float; it would include a component of whatever credit we are getting from our vendors. So, together it's called cash flow. So, from that aspect yes you may be right. But from our aspect the way we look at it is that we so long as we continue to generate that we would have enough capital to grow manifolds from here which is what we are endeavoring.

**Rahul Dhruv:** I'm trying to understand on a sustainable basis will we go back to where we were or somewhere in between where exactly would we settle on margins?

**Arvind Kajaria:** So, margins should be looked along with cash flow and so long as we are generating cash flow, it doesn't matter to us what margin we are generating because margin is a component of cash flow so if we have generated cash flow de facto we have generated margins as well. To give you an exact figure we have just started with this process from this quarter. Give us a couple of quarters and you will be able to see it from the numbers itself. But our focus remains that our primary goal is to generate that cash flow because we need the capital to grow the company.

**Moderator:** The next question is from the line of Sunil Jain from Nirmal Bang. Please go ahead.

**Sunil Jain:** You said that cash flow is necessity I agree with that and one of that component is the profitability or operating margin or gross margin whatever you may say. This quarter you reduced the inventory and because of that there is a free cash flow but every time you can't keep on reducing inventory somewhere we need to grow also and for that unit to do some operating margin. So, that's why we were asking like where is the operating margin level we should work with? Definitely one component as you said is operating margin so what is that component, is it lower than what we are doing right now or it is at the similar level what we were doing two quarters back? I'm not talking about one quarter down the line but maybe once you clear up the current problem then going forward thereafter.

**Arvind Kajaria:** The way to look at how we are looking at it is we need the capital and cash flow to grow the business because otherwise you will have to resort to debt. So, the ideal way to look at gross margins is it's a component of cash flow. Now you are right cash flows have come from inventory for this quarter because we just started the whole process from April so I'm





requesting that you give us a couple of quarters and you will be able to see the numbers. For me, to give exact numbers is difficult at this point but the retail business primarily works more on cash flow. So, if we are able to generate that and create us a robust growth then obviously from the operating leverages the margin will also begin to come but that could be some time away. So, what exact number I'm requesting a couple of quarters before you can actually fix on that number.

**Sunil Jain:** How is the competitive intensity in your space of world?

**Arvind Kajaria:** The larger the size of the market, larger the interest and obviously the competition. The key winner will be the people who are able to generate the capital for growth and have the technology platform to seamlessly deliver the product. So, I think we have achieved one and from April this year we have started on the endeavor to build on the other one.

**Sunil Jain:** My question was more related to the other people whether are they becoming more aggressive while dealing with their vendor or its normal as it was there in the previous quarter?

**Arvind Kajaria:** I can't say that things have changed from this quarter itself but yes; as people figure out the scope of the business we have seen competitive forces coming in. But like I said again we have an edge on this, we have started much earlier and I believe our platform is much more capable than what we've seen out there so far. So, soon as we make this change and we do the transition I think we should outdo the competition.

**Sunil Jain:** So, the changes required in your existing IT platform?

**Arvind Kajaria:** Not IT platform alone, it's the working capital profile so we would grow with the credit money rather than invest our own capital because we think that any company's capital is to a certain limit and it will become a roadblock for growth if we don't make that change now.

**Sunil Jain:** In your IT platform also you need some changes.

**Arvind Kajaria:** That's on an ongoing basis.

**Sunil Jain:** Nothing so special in that?

**Arvind Kajaria:** Yes that's on an ongoing basis and we have been doing that for a number of years now.

**Moderator:** The next question is from the line of Sameer Shah from Value Quest. Please go ahead.

**Sameer Shah:** This slowdown in growth is it certain segments that we are de-focusing on or how are we approaching that part of it?

**Arvind Kajaria:** We have a large universe of vendors and some of them are taking more time to improve the terms of trade and it's a negotiation game so you don't want to be seen as focusing only on one



thing. Some volumes may have fallen because of a delayed negotiation so that is why my understanding is that as these terms of trade increases so will the volume and so will the credit.

**Sameer Shah:** So, it is not that we are kind of de-focusing on any particular segment, it is more terms of trade driven?

**Arvind Kajaria:** Yes, it is basically a design that I have done to make my capital scalable. I've just told you that if you want I can repeat that because without it then we would have to resort to millions of dollars of debt which is something that we are not willing to do at this stage.

**Sameer Shah:** If you can give some color on what's happening in the market overall.

**Arvind Kajaria:** The market in our belief continues to grow. There is a strong need for a player in between the brands and the marketplaces because the marketplaces keep focusing on the customer. So, their philosophy is to serve the customer and the brand philosophy is to develop products on a competitive basis so there is somebody who has to fill in the gap and the market is huge and we are the ones filling that gap and the other 3p sellers as well. The eventual winners are going to be those who have the capacity to endlessly deliver from a technology platform as well as have the scalable capital.

**Sameer Shah:** Currently in the market which are the players who are or segments which are doing well?

**Arvind Kajaria:** Actually, I could give color, the furniture; home improvement, etc. continues to grow. It seems to have found a sweet spot in the online space. That's to say the others are not going. But frankly Mr. Shah the volume of the market for me to give you any specific indication would not be correct. So, my sense is that more and more products are moving online which I mentioned in my opening statement there continues to be a strong need for a player like us which is a bridge between the marketplaces and branded product manufacturers and we will do everything in our power to fulfill that need.

**Moderator:** The next question is from the line of Manjeet Buaria from Solidarity Investment. Please go ahead.

**Manjeet Buaria:** My first question was where you are negotiating on better credit terms again do you have to compromise on your gross margins with them so does the vendor asked you to take a lower margin for giving you better credit terms?

**Arvind Kajaria:** There is not one way to look at it. It's a very dynamic situation. We have hundreds of vendors so not every vendor thinks the same way, not every vendor needs the same way. But on a very general level yes if somebody is going to give you a 60-day, 90 day credit then obviously you have to offer a competitive price as well. So, when you offer the competitive price then it could also affect the margins yes.



**Manjeet Buaria:** In situation like this where we are today where you are trying to pivot your model to more cash flow focused model what if your key competitors continue to be willing to take more debt on their respective balance sheets and keep terms more favorable for vendors, won't the vendor just migrate to them over time?

**Arvind Kajaria:** That's for my competitors to see. I believe that if you keep on taking debt then at one point you're going to be not be able to grow. There is only a limited capital available to every company. And picking in capital doesn't mean that you are offering better service, it's only one of the components. It's also relationship that we have been in this business for 4 years now and they are very crude on to our working. It's also whether you have the market place ratings and the number of reviews so it's all an ecosystem. The point I'm trying to make is that this is a conscious decision they have taken and we can only take such a decision when we are relatively confident that this is the best way forward as compared to option A, B and C and there was a time to do it and this is the time because we are now starting a next leg of growth. So, we had to have a period where we could just sit down and strategize on how to take the volumes moving forward and how to finance it.

**Manjeet Buaria:** This time the investor presentation was started giving in US dollar million denomination and the amounts are just too small, any specific reason why you just converted to that?

**Arvind Kajaria:** No, there was no convert. That was to give you an even better idea of the financial performance of 123stores which is a primary business of our company. So, this way all the PL account and balance sheet items are now available to everybody to see. That's an additional disclosure we made.

**Manjeet Buaria:** Basically when you report your annual report that would be in rupees, right end of the year?

**Arvind Kajaria:** Yes.

**Manjeet Buaria:** So, when we look at the dollar numbers in your presentation today basically they were converted directly into your quarterly result is that you have just used the current conversion rate to do that?

**Mohit Kumar Jha:** Manjeet I would like to take up this question. If you see the currency rate in March quarter since then rupee has depreciated by about 5% so showing the performance in INR terms would not actually give the true picture of the e-commerce business so that is why we decided to present the actual dollar terms performance in our presentation.

**Arvind Kajaria:** As an additional measure. The earlier presentation is also attached so you can anyway see that.

**Moderator:** The next question is from the line of Mehul Sanghvi, individual investor. Please go ahead.

**Mehul Sanghvi:** What do you do for coming days are coming years for shareholders values and if the investor since long investing in your company they are still think to way long with your growth path so



what you will do for those two things in coming years in coming days, be crisp and clear if possible.

**Arvind Kajaria:** Yes Mr. Sanghvi it's a journey that we have undertaken. It's not only up to us, it's a market at large. There are lot of competitive forces. What we can offer you is a strong focus and a commitment to do the best to give you the best possible returns.

**Mehul Sanghvi:** Be specific what you will do for coming years because this is generalized. I'm requesting you be specific that these things will happen in the coming years, coming quarters then it creates a shareholder value in immense path because any which ways this is the main motto of any of the investors which are investing your company. I'm requesting you please elaborate in detail or throw light on a detail would be highly appreciated.

**Arvind Kajaria:** What we are endeavoring to do is to grow the company manifold from this position. We have set the base I have said in my earlier press release the one that I released for the March quarter that we believe that all our systems have been finally built and on riding on that now we are going to increase the top-line as soon as this transformation takes place from the working capital which maybe for last couple of quarters. So, as you generate the cash flow we are going to use the cash flow to grow the company and as the top line grows you're going to see shareholder returns because obviously the company is going to grow on the same capital base. So, you are creating infrastructure without really diluting equity. We believe that it should give you superior returns and that is what we are deeply committed to do and thank you for being with us in our journey.

**Moderator:** Next question is from the line of Keyur Shah from Emkay Global. Please go ahead.

**Keyur Shah:** I'm very new to the company and the business as well so what I would like to understand is why take up this inventory when your sales is going to move in the winter season as it is?

**Arvind Kajaria:** No, this is the inventory that we have been holding on for some time which was earlier ordered and we didn't anticipate, we thought that it will get sold much earlier. Some of it is been residually left which can only take place now in the October-November-December quarter.

**Moderator:** Thank you. As there are no further questions I now hand the conference over to the management for their closing comments.

**Arvind Kajaria:** Thank everybody for dialing in. We remain very excited about the business. We are now preparing for a next leg of growth and we thank you as always for your continued support and guidance. God bless. Thank you.

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