



“IntraSoft Technologies Limited Q4 FY17 & FY17
Earnings Conference Call”

May 25, 2017



**MANAGEMENT: MR. ARVIND KAJARIA- MANAGING DIRECTOR,
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Moderator:

Good day ladies and gentlemen and a very warm welcome to IntraSoft Technologies Limited Q4 FY17 and FY17 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 the 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 and 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. Today we have Mr. Arvind Kajaria – Managing Director of IntraSoft Technologies 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 wanted to thank you for dialing in to our March '17 Earnings Call. We have uploaded the investor presentation and financials on our website.

I would now like to start the discussion. 2016 was yet another record year for e-commerce and consumers continued to shift more of the retail spending to the Internet and online. Online retail sales grew 15.6% year-on-year as compared to barely 2.6% for physical stores last year. We achieved the rank of 223, largest online retailers in the US, a gain of 39 ranks from the number 262 last year as per the Internet retailer's top 500 guide 2017. This is a fourth consecutive year that we have featured in this prestigious list of online retailers. This will help us attract even the larger brand and potentially open up large business opportunities on an ongoing basis. We grew by approximately 49% during the calendar year 2016 as compared to 23% for Web only retailers overall increasing our market share year-on-year.

Our engagement with our suppliers continues to deepen as we add more products to our assortment. During the quarter, we added many newer products as well as new suppliers across all product categories. Increased levels of automation also enabled double-digit gain in employee productivity during this year as well. This resulted in a healthy growth in the number of orders. We expect gains in productivity to continue as automation and process optimization drive efficiencies enabling cost saving as we grow the volumes. We will continue to focus on our technology architecture to grow the business. Efficiency we believe is our differentiated offering. In this quarter, our data analytics team greatly improved the algorithms which helped us increase our inventory turns. This innovation has not only freed up capital but we were able to warehouse more SKUs making them eligible for faster delivery thereby positively impacting sales. This enabled the company to improve its inventory turnover from 11.4 to 13.4. We expect the efficiencies to further improve to allow the number of turns to increase. The focus for this year has been to increase cash flow generation and we are happy we have been able to achieve that through a mix of increased inventory efficiency, better terms from our suppliers and a substantial reduction in advance payments during the year. As we restart on our growth



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path these measures will greatly enhance our ability to scale and we believe we will continue to generate enough free cash flow to grow the business and at the same time repay the existing loans. We remain optimistic of improving the top line growth of 31% achieved last year which is above the industry growth rate. We believe 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 Mohit Kumar Jha who will discuss the financials in greater depth. Please take it from here Mohit.

Mohit Kumar Jha:

Thank you sir and good afternoon. I would like to start with the performance for the quarter and for the financial year ended March, 2017. I will now take you through the highlights of financial year ended March '17. Our revenue from operations touches ₹939.01 crores, a jump of 31% over FY16. Profit after tax is at ₹13.80 crores, a growth of 94% over FY16 which is net of exceptional item. Free cash flow of ₹36 crores added during the year which is the result of improvement in working capital cycle, negotiation with our suppliers on improved terms and improvement in inventory turnover ratio. Additionally, due to the cash flow improvements the company repaid 50% of its working capital loan in the US during the quarter and now has only ₹16 crores outstanding debt as on March 31st. Whilst we are already net debt free on the consolidated basis, the continued improvement in free cash flow helps us reduce finance cost on the coming year itself.

Now let me take you through the performance for Quarter 4. In Q4 FY17 revenue from operations touches ₹216.10 crores, a jump of 16% over Q4 FY16. As on 31st March, 2017 our inventory stood at ₹41.25 crores which includes ₹12.5 crores of goods in transit. As on March 2017 our accounts payable days for our e-com business was 13 days and inventory and receivable days were at 27 and 4 days respectively. On the balance sheet front during the year, our total debt reduced to ₹16.21 crores as against ₹36.42 crores in FY 16 and we anticipate going down this path. On trade payables front we had witnessed an increase of ₹5 crores as compared to last year. To explain it further please note, in our balance sheet, supplier balance comes under two heads broadly, one is trade payable and other is short-term loans and advances which mostly consists of supplier balances. If you see March '16 numbers, we had ₹25.62 crores as short-term loans and advances and ₹32.42 crores as trade payables, so net of ₹7 crores was payable. On March '17 we had ₹4.97 crores as short term loans and advances and ₹17.38 crores as trade payables, so net Rs. 12 crores was payable thereby an increase of Rs. 5 crores under payables as compared to last year. However, on our PPT we only show you payable days as trade payables divided by cost of goods sold and multiplied by number of days in a year. That is why on AP days number you see a decline however on net basis our payable days have improved and reflecting in our cash flow generation. To explain it further; initially we spent our efforts in converting our supplier from advance days to credit days which is a slow process and as you see this process is close to completion as advances have reduced dramatically. The process to increase credit days of credit suppliers is easier and benefits of



which will come in the coming years. And we look forward to continue on the momentum we have achieved. Thank you and we are now open to questions.

Moderator: Thank you very much. Ladies and gentlemen, we will now begin with the question and answer session. We have the first question from the line of Manjeet Buaria from Solidarity Advisors. Please go ahead.

Manjeet Buaria: I wanted to understand of the total 940 crores sale this year, how much percent of that is coming from Amazon?

Arvind Kajaria: Generally we would have mapped the online buying pattern in the US. Approximately 70% to 75% is coming from Amazon from the sales that we have reported.

Manjeet Buaria: Which is the other top 3 interfaces from which the sales come like is there some concentration there or this is like across many platforms, the remaining 21%?

Arvind Kajaria: eBay is the second largest.

Manjeet Buaria: That would-be how much percent?

Arvind Kajaria: That would be about 10% to 15% and then we have from our store as well and then we have Sears, Rakuten and the others which is mentioned in our presentation.

Manjeet Buaria: My second question was on working capital what you just explained. So basically the advances which were visible under current assets essentially were the ones which were lying with our suppliers, right?

Arvind Kajaria: Correct.

Manjeet Buaria: And that were netting it off from the trade payables when you were doing your working capital calculations?

Arvind Kajaria: Correct.

Moderator: We have the next question from the line of Nishit Shah from Ambika Fund Cap. Please go ahead.

Nishit Shah: My question is Arvindji, you talked about from a negative working capital; negative cash flow to a positive cash flow in FY17. Now as your business ramps up and you try to reach or original level of growth that you had seen in FY15 and FY16, one would expect that based on this transformation you would not see a corresponding increase in the working capital needs. Would you like to elaborate on that?



Arvind Kajaria: We believe that our brand and our service is quite important now to all the vendors that we represent and we anticipate increasingly better terms as we move and scale the business and increase the volumes on per vendor basis. We believe that this will be the source of capital that we use to scale the business. That was important because it is very expensive to continuously rely on external debt and we felt that this was a better way given the way that our importance and our negotiating power is increased in the market. So we do not anticipate relying much and hopefully none at all on any external capital or any equity dilution and slowly moving to the best possible terms available from supplier's credit.

Nishit Shah: Taking it further if I look at the Wayfair or if I look at the Amazon's own supplier credit in fact they work on two months of negative working capital Amazon and even Wayfair has 40 days of supplier credit. So could it be that we could be ending up over a period of time with some 20-25 days of creditors, supplier's credit and inventory could be about 20 days odd and debtors is around 4 days which is the case consistently over the last four quarters so you could be ending up with the situation where you are working capital becomes practically close to zero?

Arvind Kajaria: That is the end endeavor and as we have shown consistently and in my commentaries I tried my best to explain that this is a process that we are heading towards. We believe that on the ground we have enough muscle power to negotiate and engage to demand that kind of credit from what we are currently getting. This is also like any other business process, it's a slow process. It's a question of earning the trust and the respect of the vendors. We believe that as we progress on our journey we should be in the situation that you mentioned. But it is going to take its few quarters and maybe couple of years to reach that.

Nishit Shah: On the inventory side, there is in the last quarter 4th Quarter of FY 17, there has been a marked reduction. I think your inventory has come down in number of days, so this looks like more sustainable in your view?

Arvind Kajaria: Yes sir as I explained earlier, the innovation that happened because of the algorithms generated by our data analytics team, we were able to reduce the number of days where it takes for the material to reach us. This helped us make our products eligible for faster delivery and that is what is reduced the number of SKUs and the amount of inventory required without impacting sales. So we anticipate that to continue and we anticipate that on a moving basis you should see a lower ratio. I mean the turnover ratio will be higher as we have projected. So we went from 11.4 to 13.4, hopefully we will grow that ratio even more.

Nishit Shah: So that will not affect your top line growth without...

Arvind Kajaria: Yes, all of this without impacting our top-line growth.

Nishit Shah: And how does this Internet retailer ranking helped you if you can elaborate a little bit on that. You are now 223 if I'm not wrong?



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- Arvind Kajaria:** Yes sir you are right.
- Nishit Shah:** How does it help you really in business there?
- Arvind Kajaria:** It's the main trade publication that is published and obviously when any vendor looks at tying up with an online retailer, the first thing he sees is the rank on that list and obviously as your ranks improving, it shows the quality of your services, the quality of your software, the quality of your delivery engine and you are able to attract much larger brands who have a much larger sales and online presence. So we see that happening as we embark on our journey.
- Moderator:** We have the next question from the line of Mohit Jain from Anand Rathi. Please go ahead.
- Mohit Jain:** First is on your outlook for 18, now growth seems to be coming back so it's turned out much better quarter than last one. So are you again going back to this 30%-35% kind of a growth rate, is that doable? And second your change in strategy with some of the vendors, so those guys have come back now that the March quarter is over and this year we will now see this growth on a quarterly basis coming back?
- Arvind Kajaria:** Yes I will re-read my last portion of my commentary which kind of explains everything that you asked and then if you have further questions I will be happy to address it. So we remain optimistic of improving on the top line growth of 31% achieved last year which is above the industry growth rate. We believe we are at a point of inflection and remain committed to a sustainable growth while delivering superior returns to our stakeholders. So with now the credit angle and the financing angle and the technology out of the way we are going to come back with full focus on improving the top line.
- Mohit Jain:** So that basically means 30-35(+) because this quarter we did 17% on a YOY basis?
- Arvind Kajaria:** Yes, but in a very integrated business like ours everything inches gradually so you don't want any either sudden shocks or sudden surprises. We believe that we are committed and we are happy to report that they are on that path.
- Mohit Jain:** Second based on your orders delivered like what was the number for this quarter?
- Arvind Kajaria:** The orders delivered while it directionally proves to you where we are going. It has no impact really on the financials and there is no direct correlation. So we have kind of indicated to you that we are on the right path.
- Mohit Jain:** So this number will no longer be part of the quarterly results.
- Arvind Kajaria:** We don't believe that it's a trackable number even from our perspective. If you track the top line that is exactly what you can use for whatever purpose you need to assess.



- Mohit Jain:** And same is the case with number of vendors?
- Arvind Kajaria:** That we are trying to show you directionally that the more and more vendors are coming as, more and more products are coming, so all of this results in an increased top-line. But on a quarter to quarter basis's there may be seasonal dysfunctional or there maybe seasonal up and down which is very difficult to predict and it doesn't really impact the trend of the business.
- Mohit Jain:** Last is on the way we have reported 4Q historically. I read your release but this time the discounts will again come in 3Q but your losses were quite low in 4Q. Does that mean that profitability for 3Q 18 will be much better, expected to be better because all the discount will get materialized in that particular quarter, 4Q will be more evenly spread out this year?
- Arvind Kajaria:** We have historically been experiencing a back loading of trade rebates on the Quarter 3. We are trying to even out that but what you said is correct, most of the trade rebates as we hit the volumes you see the discounts being accounted for in Q3.
- Mohit Jain:** So that YOY margin expansion may actually continue this year as well?
- Arvind Kajaria:** Yes we hope.
- Mohit Jain:** Quantum of discount remains same.
- Arvind Kajaria:** Yes we hope to achieve that.
- Moderator:** We have the next question from the line of Nirav Dalal from Maybank. Please go ahead.
- Nirav Dalal:** In terms of shipping costs, they have increased as a percentage of revenue this quarter, so any indicative number or a direction in terms of that.
- Arvind Kajaria:** I believe you should look at that number in conjunction with cost of goods sold. Sometimes what happens is when there is a high-value item oversold in the quarter then obviously the shipping percentage falls and if it's a low value items the shipping increases. So if you club both the numbers together and then compare year-on-year or a quarter-on-quarter basis, you will see that there is hardly any difference.
- Nirav Dalal:** Directionally do you see the overall cost coming down as a percentage of revenues, at least the shipping plus the cost of goods?
- Arvind Kajaria:** Classic finance tells us that the more volumes you achieve, the higher logistical discounts and optimization you should achieve. We are definitely tracking that number and we hope to achieve that but we are still very-very small in the overall pie even at 939 odd crores we achieve is very-very small compared to some of our larger competitors. So while I think directionally you are right, we should see some kind of leveling or even a fall in that



percentage but that would only come in as the numbers become much larger which we are working very hard towards and it is our endeavor to achieve those numbers.

Moderator: We have the next question from the line of Rahul Dhruv from Active Box. Please go ahead.

Rahul Dhruv: I just had a couple of questions. One was on your product categories with basically there has been a good jump in furniture and lawn and garden category. Where do you really see the growth going forward, which category do you really see taking it up?

Arvind Kajaria: Home improvement and home products is where a strong focus of 123stores and that market is increasing faster than the other categories. We are very well poised, the maximum number of vendors that we have is in that category, so we see that doing very well and our focus on that particular category. Also a category which is doing very well is toys and games on the Internet. If you heard my earlier commentaries we are very focused on that but the January to March quarter, generally toys and games are little subdued. If you see the October to December which is the holiday quarter the toys and games increase. From 123stores perspective we are not really focused on any one category, we are more focused on what is selling at the moment and any vendor in a particular category is doing well within the categories that we operate which is given in our power point. We would find that vendor and start selling his material. Some of our favorite ones are mentioned is home, toys, we are very focused on sports and we are very focused on musical equipment, pet supplies, anything to do with pets. So those are the categories that we are currently operating in.

Rahul Dhruv: My next question is on the working capital days which has gone down from 22 to 18. Do you expect a similar kind of fall for the full year from 18 to 14 or any number that you have in mind or target that you have in mind?

Arvind Kajaria: I have written that in my commentary, I will be happy to re-explain that. We believe that 123stores is now a very important component of our engagement with our vendors, increasingly they are seeing us as their online partners and increasingly we're engaging and giving support and in turn receiving support. So we believe that we have earned our brand and we have earned our ratings enough to continue to ask for more and more credit. As that happens and I have full reason to believe that will happen, so we will continue to fund our business through this financial mechanism. And as and when that happens you should see an increase in the amount of trade payables and hopefully that number should see from 18 heading downwards. I would not be able to give you the exact number. But that actually I can tell you that that is what we are endeavoring towards. A reduction in inventory and increase terms from our suppliers is what should impact the working capital number of days.

Rahul Dhruv: Your gross margins have improved by around 30 basis points; operating margins are around 70 basis points. So I am seeing 1.9% is where the operating margin is. Where do you see it 3 years out, what do you think it will ultimately settle down at?



Arvind Kajaria: In the retail business especially the online business, the real game is of hitting the volumes and not having to invest equally in other technology etc. We have already made that investment. The game is that you initially invest in growth, you take new vendors, you take new products and you increase the top line. As you see the top line increasing, you are able to negotiate better logistics cost and other associated cost and that is where you see an increasing margin. Right now we don't have an industry standard of a particular rate, so I'm unable to offer that exact number to you. But we believe that number is on an increase as you've seen on a year to year. And it would be our endeavor to grow the business and keep an eye on profitability.

Rahul Dhruv: Your spending on technology, what kind of spending you have on an annual basis and how do you account for it?

Arvind Kajaria: For us technology is a complex set of algorithms. That is how we define our technology, so the team is constantly studying. We generate tons of data on an everyday basis and we have a full team that does a forensic and a very in-depth analysis on how we can use that data to better our ratios of delivery, our ratios of pricing, etc. And a one clear visible outcome of that team has been able to come up with a better algorithm for inventory into our warehouses. What that does is that now goods that is coming in much faster, we have been able to reduce inventory number of days. So technology for us is understanding how we can, for example, if we get an order and we back to back place it in 6 hours, technology for us means trying to study the data, see where the flags are and see how we can in turn place that order in 5.5 hours instead of 6 hours. So one team studies the concept and then the entire technology team codes it, beta tests it and implement it. And as and when they are successful we see that reduction in the time and that reduction causes an increase in top line. How we account for it, it is all debited as employee expenses in EBE. Even though the benefits are enduring, as a matter of conservative accounting we debit to PL account in the quarter which has been incurred.

Moderator: We have the next question from the line of Manjeet Buaria from Solidarity Advisors. Please go ahead.

Manjeet Buaria: First I wanted to understand over the last 5 to 7 years how was this 15% commission which we are paying today to Amazon or eBay moved essentially? What was it like 5-7 years back or maybe not for you but in the market?

Arvind Kajaria: The commission to the market places is very difficult to negotiate and it's almost consistent for everybody. So I don't believe that anybody gets a lesser commission than 123stores on a financial basis. That said as your number and your importance on the marketplace goes up, you get other benefits like maybe a human contact there or your receivable days can reduce or you could have some other operational benefits. But I'm not aware of any financial benefits or a reduction in commission. From time to time the market place on their own, do some promotion for categories they want to internally project or increase their presence in those categories and they reduce the commission but that reduction is for everybody not only for 123stores.



- Manjeet Buaria:** What I also wanted to understand was the trajectory of this commission, so three years back was just 15% and even today it's 15% or three years back it was 13% or 14% and they increased the percent or so over the three years. So I wanted to understand historically how it has moved.
- Arvind Kajaria:** To the best of my knowledge it is been consistent at about 15% for Amazon.
- Manjeet Buaria:** For the last 5-7 years?
- Arvind Kajaria:** Yes.
- Manjeet Buaria:** Just to understand when they plan to take increases, is it the planned increase where you are informed in advance and you can rework your supplier agreements that way or it can happen arbitrarily?
- Arvind Kajaria:** It has not happened so far, so we don't have any experience of that. But we are informed if there is a category promotion; we are informed well in advance so we can take advantage of the same.
- Manjeet Buaria:** The SMEs with which we work today, at what size of internal revenues, do they become large enough to move this thing from you to in-house or move to a FBA who will then offer them even the customer complaint handling return policy, etc., which they may not be offering today since they are small. So is there any revenue size a thumb rule at \$20 million people start moving this away, at \$50 million they start moving this away?
- Arvind Kajaria:** Frankly we have not in our 5 to 7 years in this business seen anybody move because they hit a certain figure. It is more that they don't have the entire infrastructure to address the demands of selling online and if they try to create it then I believe then the ROI does not come in and they have a shift in focus from what is on the product to nuances of online selling. The customers are very-very demanding and all the market places also have a very stringent response policy. I believe the product companies don't believe that it's worth their while to do it in-house that is our belief and I'm confirming that we don't know of anybody who hit a certain figure and then decided to move on.
- Manjeet Buaria:** About moving to FBA directly?
- Arvind Kajaria:** So moving to FBA directly is an option but then FBA is only a storage facility, right. You still have to sell it, you still have to price it, etc. It's like only half the work done.
- Moderator:** We have the next question from the line of Amit Agarwal, as an individual investor. Please go ahead.



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- Amit Agarwal:** Can you let us know the sales growth for this quarter in constant currency, like dollar terms?
- Arvind Kajaria:** For the January to March?
- Amit Agarwal:** Yes. There is a jump of 50% in general expenses, can you explain the reasons for that because sales are growing at lesser rate and general expenses are growing at the rate of around 45% to 50%, any reason for that?
- Arvind Kajaria:** So general expenses, it should be in tandem with the top line growth which are the normal expenses. The extra expenses we should read it as investment into visiting more trade fairs, finding out people and increasing basically market development expenses.
- Amit Agarwal:** Same for marketing expenses of jump by 35%, do you expect the similar jump this year also or lesser?
- Arvind Kajaria:** The marketing expense if you are meaning the sales and marketing that is in tandem with the top line, it is a percentage. And we have seen the jump in direct correlation with the top line. We do not see an abnormal jump in it.
- Amit Agarwal:** Do you see yourself in next 3 to 4 years building your own warehouses and most of the money building warehouses like Amazon is building a lot of warehouses themselves?
- Arvind Kajaria:** As of this moment that is not the model that we anticipate to pursue. We see ourselves more as a technology driven online retail and we feel that it is better ROI and return for our stakeholders to use FB and other facilities which are much cheaper than we can ever hope to run it by ourselves. So it doesn't make financial sense for us.
- Amit Agarwal:** In near future you won't be building your own warehouses at all?
- Arvind Kajaria:** At this point we have no plans to do that.
- Mohit Kumar Jha:** We have approx. 16% growth vis-à-vis corresponding quarter of last year in terms of dollar revenue.
- Amit Agarwal:** So it's a similar growth, Indian currency as well as in dollar terms, right?
- Mohit Kumar Jha:** Yes almost same.
- Moderator:** We have the next question from the line of Lalaram Singh from Vibrant Securities. Please go ahead.
- Lalaram Singh:** Can you give some update on-boarding of big clients like you were in discussions with Samsung, so what is happening on that front, any traction there?



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- Arvind Kajaria:** Yes the brands that I had mentioned in my earlier commentaries, we are very much engaged with them. These are large brands and its best to take them slowly. But we are selling all the brands that we had mentioned earlier including Samsung and LG, etc.
- Lalaram Singh:** Is it fair to assume that the contribution from those as of today is very miniscule and can it ramp up to a great extent?
- Arvind Kajaria:** Yes, all of these would be relatively small right now. But as we hit the numbers and we interact and engage more with them, it's a relationship. It's not exactly only based on price, it's a relationship and as the relationship deepens we understand the commercial behavior of each other and we understand their products better, we get a better deep inroad into their management. We meet them on a regular basis, discuss sales strategies, launch of new products, etc. You should see the quantum percentage increase in sales coming from these brands in the quarters to come.
- Lalaram Singh:** Do we assume the similar margins on those products because I believe electronics generally command lower margins, so can you give us some color on that, the margins on those products, electronics?
- Arvind Kajaria:** I believe you are right. But the brands that I earlier mentioned we don't do only electronics with them. You are absolutely right; electronics is a very competitive brand and sometimes is either low margins or very low margins. So we have not really, as a result, focused on the electronics part of the business. We are focused more on stuff like air conditioners, on washing machines and mainly home products which have better margins than electronics but I think your understanding is correct.
- Lalaram Singh:** Can you just give us the constant currency growth for the full-year as well?
- Mohit Kumar Jha:** This would be approximately the same as 31% because our revenue is mostly in dollar terms.
- Lalaram Singh:** I thought that it would be higher because the rupee has appreciated over the last one year.
- Moderator:** We have the follow up question from the line of Manjeet Buaria from Solidarity Advisors. Please go ahead.
- Manjeet Buaria:** I wanted to understand when the supplier chooses between IntraSoft and any IntraSoft's peer, what are the things that they look at? How is it in terms of them giving their business? Is it like they want to de-risk the supply and then they just select 3-4 different people, is there any price competitiveness in that, so how does the customer select IntraSoft or any of its peers?
- Arvind Kajaria:** The selection process is no different from either when a large Indian company selects its sellers and distributors. That said we are not the exclusive ones to almost a bulk of vendors we



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worked with. They normally have two or three people. The choice is obviously the number of years that you have been in business, the quality of rating and the online feedback that is available on all the market places which is a strong reason why people come to us. Our entry into Internet retailer as number 223 is a very strong vocation of why we are seeing people very eager to join forces with us. And last but not the least, pricing is a consideration also. So obviously they would go more likely with the people who are offering them a higher price.

Manjeet Buaria: So on this pricing bit of it from your 3-4 years experience basically, how intense is it? Have you seen under cutting of prices in categories at different points or nothing like that?

Arvind Kajaria: You mean at the consumer level?

Manjeet Buaria: No, the supplier selecting between you or your competitor, have your competitors indulge in under cutting of prices just to get business in the past?

Arvind Kajaria: I would like you to look at this at a much higher level. I think since you ask my experience, we believe it is more of a relationship game. Just if you walk into somebody's office and offer to buy at 5% higher than somebody else I don't believe that you will get the products in that way. But if you started slow, build up the relationship, help him understand what are the nuances of selling online, how you manage and the sales engine and how you give the feedback to him and the consistency on which you sell his products and the focus and time, time is a very big factor in all of these. So you maybe if you work with somebody for two or three years then is when you start really accelerating the business. It's a combination of all, I can't pinpoint on anyone facet of what I said.

Moderator: Thank you. Ladies and gentlemen as there are no further questions, I would now like to hand the conference over to Mr. Kajaria for closing comments. Thank you and over to you sir.

Arvind Kajaria: Thank you everybody for spending your time with us and patiently hearing our story. We at IntraSoft remain committed to grow the business. We believe we have a very strong on the ground engine and as a company we remain committed to growing the business and providing superior returns to all our stakeholders. Again I thank you for your support and encouragement which is very important for us. Thank you everybody.

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