IntraSoft Technologies Limited

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13th June, 2016

Corporate Relationship Department
BSE Limited
P.J. Towers, Dalal Street,
Fort, Mumbai

The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Mumbai

Scrip Code: 533181 / ISFT

Dear Sir / Madam,

Subject: **Transcript of Conference Call**

With reference to captioned subject, attached herewith is the transcript of the conference call arranged by the Company on May 30, 2016 to discuss the financial performance of the Company for the quarter and year ended on March 31, 2016.

This is for your information and records.

Thanking you,

Yours faithfully,
For **IntraSoft Technologies Limited**

Pranvesh Tripathi
Company Secretary

"IntraSoft Technologies Private Limited Q4 FY'16 Earnings Conference Call"

May 30, 2016

MANAGEMENT: **MR. ARVIND KAJARIA -- MANAGING DIRECTOR, INTRASOFT TECHNOLOGIES PRIVATE LIMITED**
MR. MOHIT KUMAR JHA – CHIEF FINANCIAL OFFICER, INTRASOFT TECHNOLOGIES PRIVATE LIMITED.

Moderator: Ladies and Gentlemen, Good day and Welcome to IntraSoft Technologies Limited Q4 FY'16 and FY'16 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 remainder all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. If you need assistance during this conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Arvind Kajaria -- Managing Director from IntraSoft Technologies. Thank you and over to you, sir.

Arvind Kajaria: Thank you. Dear all, I welcome everyone to the Q4 FY'16 and Annual Earnings Call for our company IntraSoft Technologies Limited. And I am joined by my collegue Mr. Mohit Kumar Jha -- Chief Financial Officer, and SGA -- our Investor Relations Advisors. We have uploaded on our website The Business Update Presentation, Press Release and a Document on FAQ. I hope all of you have seen it and would have got a chance to go through it.

FY'16 was a growth year for IntraSoft. We ended the year with over USD100 million of E-commerce revenues and believe that this is a significant step in our journey. 123Stores our E-commerce brand was ranked as the 262 largest online retailer in U.S. a gain of 130 ranks from the 392 position last year as per the internet retailers top 500 guide.

This is the third consecutive year that 123Stores has featured in this prestigious list of online retailers. We have also ranked as 11th fastest growing online retailer. We were also nominated as a finalist for the E-Retailer Growth Award as per a website that has been ranked in the internet retailer top 1,000 for at least two years and which achieved the highest growth rate in the current year.

For FY'16 our shipments grew by 155% year-on-year to 19,69,233 orders from the 7,72,981 orders. Our proprietary technology has made the supply chain fully automated with the exception of error related human intervention making us scalable. Even with this phenomenal growth and orders we have sustained our high customer ratings across all the market places which give us immense confidence to reach even larger heights.

The Board of Directors have recommended a dividend of Rs. 2 per share subject to shareholder's approvals at the AGM.

I shall now begin with a brief on our financial performance. For Q4 FY'16 we reported a consolidated income of Rs. 186.9 crores, up 85% Y-o-Y. For FY'16 our consolidated income was up 109% to Rs. 717.73 crores and profit after-tax including exceptional gains of Rs. 34.41

crores from the sale of shares held by Trust was Rs. 41.51 crores, an up 596%. We continue to maintain the sales momentum driven by large opportunities available in the U.S. E-Commerce market and the increasing need for three key sellers such as us.

I shall now talk about our E-commerce business. E-Commerce revenues increased 117% year-on-year in the current year to Rs. 699.07 crores. This growth was across all product categories with Furniture, Patio, Lawn and Garden which continue to be the largest category. On FY'16 basis our top categories were Furniture, Patio, Lawn and Garden with a 30% share Musical Instruments and Gadgets with a 20% share Home Improvement and Arts Crafts with 14% share, Kitchen, Dining and Appliances with 13% and Toys, Games and Baby Products with 11% and Sports and Outdoor with 8 % share.

The number of orders we grew for Q4 FY'16 was at 531,070 orders as a growth of 110% Y-o-Y. For FY'16 we ended close to 2 million shipments as I spoke earlier.

Gross margins remain comfortable and we negotiated volume discounts with our existing supplier base on last year’s performance. We also expanded our product catalog; we are now partnering with over 1,600 suppliers and selling more than 500,000 unique products to various market places.

As on March 31st inventory at warehouses was Rs. 55.30 crores largely this inventory comprises of fast moving items which help us give the customer a wow shopping experience.

I shall now give you brief on our E-greetings business. 123greetings continue to see increased mobile usage year-on-year with a 15.14 lakh card sent out in FY'16 versus 9.59 lakhs cards. Mobile application downloads reached 10.43 lakhs as on March 31st, 2016. The E-greetings business revenue for FY'16 stood at Rs. 17.80 crores.

With this, I leave the floor open for any Q&A. Thank you very much for your time.

Moderator: Thank you very much. We will now begin the Question-and-Answer Session. First question is from the line of Mohit Jain from Anand Rathi. Please go ahead.

Mohit Jain: Sir, can you give us break-up of your category wise sales for the fourth quarter?

Arvind Kajaria: I can read it again; I give the data on the basis of FY'16 on a quarter wise data we will share that data on our website.

Mohit Jain: All right and second is what is your outlook for FY'17 in terms of growth momentum and also in terms of margins, if you can help us understand that.

- **Arvind Kajaria:** Sure, we remain very optimistic like I said, all our systems are being very favorable and automation is on the up so more we automate, more it will become scalable. We see a lot of momentum amongst our existing suppliers, we have added many new suppliers and products. . We can take **clue** from the fact that you know we jumped a 130 ranks in the internet retailers guide which itself shows that we are raising and scaling and you know running much faster than some of our competitors out there. So we see the same kind of momentum on the current year as well.

Mohit Jain: Okay. And one the margins front EBITDA?

Arvind Kajaria: So on the margins front, you know we have continuously said that on a transactional level we continue to be profitable . Our Ethos is that we do not sell at any loss. The money once made from the transactions are reinvested into scaling the business identifying new products, new supplier's innovations, which is what will continuously get us the top-line growth. It is important to take advantage of this momentum in the market right place, right now in the market because the more and more suppliers, more and more brands we get into fold you know the future will be that much better and brighter both in terms of top-line and bottom-line. If you are looking for a specific question, then you can ask me.

Mohit Jain: Then lastly on your tax rate so, what should we assume currently your tax rate it looks low on PBT so, is there any specific guidance on the tax rate and should we build in 30% for next year?

Arvind Kajaria: No, we are in the full tax bracket both in the U.S. and in India, so you can provision accordingly.

Moderator: Thank you. Next question is from the line of Satish Bhatt from Anvil Shares & Stock. Please go ahead.

Satish Bhatt: Sir, I have two - three sets of question. Sir, I just wanted to have some light on it is just a thing that why our Q4 top-line growth is only 85% and not 100% which we had delivered in all the quarters? And regarding our margins also how you can throw light on those fronts, how scale benefits are going to reduce our COGS basically, if you can throw some light on that, and then I will come to my second question, sir.

Arvind Kajaria: I will answer your top-line question first Mr. Bhatt. So we have seen that we have grown 130 ranks in the internet guide for the last year. That shows that the momentum with us that, we are scaling so from our perspective we are not sensing any slow down or any program slow down or any activity which has caused us to slow down. From our perspective we have been nominated amongst the four people as the fastest growing E-commerce website in the U.S. so, I cannot tell why you feel that we have slowed down. If it is only from a numbers perspective a quarter may be a too short period for us to judge it because may be our focus was on adding newer suppliers which is normally the right thing to do at this time of the year,availability of inventory with some of our suppliers who normally tend to spend all the times in budgets and promotions planning for the whole year, it should not be looked at a particular indicator as long as the overall trend is healthy. As we stand I think we are growing faster than the industry and most of competitors we are seeing a traction from our suppliers and you know on a growth rate continues healthy on all front. On your margin question, the operating the business is you know tracked on a calendar basis which is January to December and we report from April to March. Now as it happens is that at least in the online retail industry you know all these rebates are back loaded into December that means you worked for the first two - three quarters and you get the incentive finally in the month of December. So, what happens is that while the earlier quarter looks weak, it all culminates into the December four quarter. So, if you wanted from a numbers perspective if you see the results, you know even last year we made a loss of 94 lakhs in the quarter four, but there was Rs. 756 crores profit in Q3 . So the margin you know loss was 1% on paper but it got more than made-up on December. Similarly, if you see the top-line of Rs. 186 crores that gross margin is at 1% loss. So it can be compared, and it is on momentum to achieve the same level that we did in December , 2015.

Satish Bhatt: Sir, my question number two, I was in U.S. for last one month and I had seen many stores of Macy's and target and I met many people there also working at the store levels. So there I have seen there are a lot of attritions coming to I mean a lot of people who have been sacked, or they are cutting down the stores and there they were saying that they were threat from the online, they are basically, their concern was that online is taking a far larger share so people are coming lesser towards brick and mortar. So how do see our business? I think this is the trend going to be then I think we have to have a big size in the company like country like U.S., I think we are nowhere to 100 million, we have to first target when you read reaching a $1 billion sir, because there the momentum is quite fast so fast, I think we have to reach the size of may be $1 billion. before we can really have say in our market. So what is the management vision on that how fast we can achieve that?

Arvind Kajaria: So , I appreciate your thoughts Mr. Bhatt and I concur with your findings on the ground. As I am repeatedly being saying that you know the momentum is with us what this particular word means is that more and more products are being sold online more and more of our suppliers in particular have understood the strength of veracity of our model. The fact that we are able to take one supplier and sell him across ten market place and giving him an unmatched distribution that he can never hope for. So, for us this is only the starting point, this is the beginning of the journey and nowhere even close to you know the end of it. That said, we need to continue to reinvest. We need to reinvest in man power and in management bandwidth in adding new supplier’s and in innovations and technology and in keeping up with any changes that our marketplace partners does, So from that perspective the management is completely focused on and deriving as much growth and as much sales momentum as possible because we agree with you that the winner at the end of day will be the person who is having the highest number of suppliers behind him and the maximum distribution. So we will continue to make money at the transactional level but at the PAT level; we may not be able to keep up the same ratios because we have used the money and reinvested back.The theory being that the person with a highest number of brands under its belt and the largest distribution will be the eventual winner. I hope that answers your question.

Satish Bhatt: Is it be fair for me to assume that in the next four years - five years we show grow at 100%?

Arvind Kajaria: The market is certainly there and you know we are aimed towards hitting those numbers . What happens along the way whether we will able to keep up that is the question? So, what I am trying to say that the market is certainly there, intrasoft is certainly geared up and we have the right technology and investments in place and the vision and the will to achieve those numbers, what happens along the way is we will have to take it up.

Satish Bhatt: What type of hindrance do you envisage and what the back up plans either?

Arvind Kajaria: So these are similar questions over the last one year which I have been repeatedly kind of answering the capacity to build up a large vendor network is going to be a key operational challenge. We need to invest much more in humans that will go on the ground and sign up these people, which means investment in people, investment in travel, investment in getting them on board, suffering on margins of new product which will neutralize the margins from the existing suppliers which have become more matured so all of these factors are going to contribute towards hitting that whatever magical numbers that we may think the market be off

Moderator: Thank you. The next question is from the line of Ruchi Burde from Emkay Global. Please go ahead.

Ruchi Burde: Sir, could share more detail on this is preparatory time for IntraSoft to gear up for coming season, so in this quarter what company has taken initiative in terms of vendor addition and in terms of headcount addition?

Arvind Kajaria: Our team has spent most of the quarter at the U.S. negotiating with our current vendors on business plans and how together we can beat any competition and exploit the maximum opportunities that are coming our way. We have also invested a lot of time in visiting road shows and conferences where we have been successfully able to sign on new products. So, you should see similar kind of growth momentum as we go along. From a technology aspect our continuous endeavor is to reduce the order lag time that is the time from which we receive the order and time we execute because more and more online consumers are getting conscious so the fact that they want the order to be delivered in the fastest minimum time and you know in the quickest possible time and I think we are gearing up rather very geared up to match that and which is evident from the continual growth even though we are achieving close to 100% growth our ratings are still the same, which means we are able to service within the same technology a much larger audience and keep them satisfied.

Ruchi Burde: And also sir, in terms of headcount addition, could you share what was the headcount the quarter gone by which area we have added more seats?

Arvind Kajaria: So we are not typically software company so, you know the headcount is probably not the best way to view us. We are more architects and we require people who understand and can add value to the system as I do not think there has been much addition in terms of numbers but there has been some addition at a senior manager level which will definitely help in drilling deeper and making sure that our numbers continuously to be better. Moving forward we hope to add more and more category managers who will be responsible for new products addition to our team, the older people will move on to managing the existing suppliers, and increasing the business with them and we will increase the team in the category management to add new vendors. The other area where we think we might need some people is the customer support because with the increased number of orders there is naturally an increase in the questions.

Moderator: Thank you. The next question is from the line of Nishit Rathi from Chanakya Wealth. Please go ahead.

Nishit Rathi: Just wanted to understand a couple of things, your number of SKUs have gone up on like the staggering number right from 3,10,000 SKUs last quarter to 500,000 SKUs this quarter. So can you just throw some light out there what really has happened?

Arvind Kajaria: Thank you, Mr. Rathi, yes, I can. What happens is that this is what I have been speaking about many quarters. The pleasure begins when your relationship with your vendors start to improve and become better and both of us learn to rely on each other. So let us see if a vendor has got 2,000 products, initially we had launched only 100 or 150 but as the comfort and as the relationship and our understanding of the product increases we are able to add more and more products from the same vendor as well as products on the new vendors. So, there is always a scope to add more and more products and as the automation makes it easier to list more products seamlessly without much of human intervention you will see this number grow up and this where the sales are going to come from because more products we mean more sales.

Nishit Rathi: So then the next question is if I link your order growth for this quarter so for the last four quarters you have been growing order per day at 150% plus. This quarter was slightly lower at 110%. So, is this a quarterly aberration or what is it can you reclaim that what really happened?

Arvind Kajaria: I mentioned that earlier, so we do not see this as an aberration because we hit 262 in the internet retailer so, it obviously means that we are very-very successful in our business model and is very well being appreciated. The first quarter is normally the time when you sit down and you introspect the learnings of the holiday season, we spend a lot of time in making business plan and annual plans with our vendors. So, it is not that we slow down or it could be may be a way of looking at numbers but from our perspective ,the momentum is expected to continue and I have nothing really off beat to report to you.

Nishit Rathi: Okay. And the last thing is your inventory level this quarter was around Rs. 55 crores, right, does it means because if I look at broadly build the percentage of sales that will happen on inventory, will that increase going quarters or we will see momentum coming through in the sales number, how should we read that number? So, the number of days' inventory looks pretty high.

Arvind Kajaria: So we are not changing our concept of event led inventory or fast moving inventory we continue to stock only those items that have a positive momentum. The only thing I can add to what you said is that, I think, end of June, first week of July is Amazon's prime day which is called as the largest single shopping day in the summer months. So last year we felt that we have missed out on some opportunities so this year we are taking some extra precautions so that extra inventory might be on that account. Unless we take advantage of these days what one earlier person has asked how do you scale four times or five times from here, these opportunities need to be taken and we need to take them well for us to hit those kind of numbers.

Nishit Rathi: Sorry, I just sum it up, so you are basically saying that there is Amazon sale coming up in first week of July and to take advantage of that opportunity you have stocked it up is that correct?

Arvind Kajaria: Yes, that is in fact what I am trying to say but you know what I am also trying to say that there is nothing that is out of the ordinary in the inventory as the momentum goes up as our top-line goes up we would need to keep the fast moving items in stock because the online buyers are also looking for quick deliveries now a days. And to give the customers a wow experience we need to do that to beat competition.

Nishit Rathi: But your inventory as a percentage of sales will not go up?

Arvind Kajaria: We do not anticipate that, if there are certain opportunities along the way we are not going to you know deter from taking those opportunities.

Nishit Rathi: So can this be looked as a lead indicator of coming sale that is….

Arvind Kajaria: You will have to wait for a couple of quarters to really see because the opportunities coming up and we can certainly discuss those opportunities but with the opportunities come up then we would not be correct in you know not taking full advantage just because you know inventory goes up by a couple of percentage points. If you see the numbers that you are comparing has also gone up 85%-90% so automatically that would increase in that much of inventory because if you do not have that then your sales growth would fall.

Nishit Rathi: No, that I agree. That is why I am saying inventory days have gone up not only the inventory so which means inventory has grown faster than the sales growth for which. So which means to some extent that is explained by the Amazon sales which is coming up and you have stocked for that?

Arvind Kajaria: Yes, because we suddenly would not like to miss on that particular opportunity and it is very important for our partner to believe that we can support because in return then we get a lot of business from them on a continuous basis.

Nishit Rathi: Okay. So basically the new 2 lakh item SKU that you added that will primarily come on the drop ship model first, right, we do not need to stock for that?

Arvind Kajaria: Yes, we would rarely stock anything that we have added new. It is a very cumbersome process to add people, get experience with the product, get experience with the packaging and pricing, identify the fast moving items within that and then eventually if there is cost benefits or a wow customer experience benefit move it to some kind of inventory.

Nishit Rathi: And of this Rs. 55 crores, you do not in what percentage would be slow moving which is being stocked further last season has not moved is there a number of that or is that is very miniscule?

Arvind Kajaria: No, I do not have a number in front of me but I would like to tell you that would be a minuscule number.

Nishit Rathi: And the Rs. 36 crores loans that you have any color on that because earlier it was all unsecured loan this time for the first time I think we are seeing a Rs. 36 crores secured loan.

Arvind Kajaria: I will let Mohit answer that.

Mohit Kumar Jha: This loan includes $5 million loan taken for our E-commerce business from Citi Bank. This is an SBLC arrangement with Citi Bank India.

Nishit Rathi: Okay. At what interest rate?

Mohit Kumar Jha: Interest rate in the U.S. is around 4%.

Nishit Rathi: So this is Citi Bank India with a 4% interest rate?

Mohit Kumar Jha: Yes, Citi Bank India have opened SBLC in favor of IntraSoft and against that the beneficiary is 123Stores U.S. we have got this $5 million loan from Citi Bank counter part of India.

Nishit Rathi: And what is the collateral SBLC meaning?

Mohit Kumar Jha: We have given security in India in the form of Mutual Funds.

Moderator: Thank you. The next question is from the line of Abhishek Shindadkar from ICICI Direct. Please go ahead.

Abhishek Shindadkar: Sir, just wanted to understand, how should we read the trajectory of you know revenue per order metric and if you can also highlight how that metric could look probably two years to three years down the line?

Arvind Kajaria: So, if I read that question correctly, you are asking what is the sales momentum or projections moving forward, is that close to what you are asking?

Abhishek Shindadkar: Yes, and also the revenue per order metric has gone down from around Rs. 5,872 -Rs. 3550 so just wanted to get a sense of how should we read that trajectory.

Arvind Kajaria: Yes, I understand that question better now. So, the average selling price depends on the product mix. The margins per se are not linked to the sale price because you know at a competitive pricing level all comes down to a similar gross margin but the average selling price falls because of the product mix and you know if you see recently our Toy section is selling much better than we had anticipated and the value of Toys is much less compared to let us say Furniture. So, as the volumes of the Toys would go up you know this number would fall given the ratio that by which the Toys is increasing on the overall part. Conversely if we are able to identify and successfully sell a much larger value item then that would tend to go up but it has got nothing to do with you know margins is that what I think you are trying to arrive at. From a momentum perspective our belief and earlier a gentleman also pointed out that many-many products continue to see more robustness on the online front and the offline front, you know clearly the momentum is on our side. IntraSoft has you know ability to sell on 10 market places at the same time giving a huge value to any of our suppliers the kind of distribution we bring. So for absolutely no effort on his part his product is visible across 10 market places almost instantaneously. That is a huge benefit that we are offering to him and we feel that you know there is going to be steady flow of business from existing suppliers given our strong relationship which is now entering in the fourth year and fifth as well as our team would continue to add new suppliers along the way. So a combination of those both should help us take a larger share of a never expanding market.

Abhishek Shindadkar: Okay. That is helpful and just follow-up to that, you said that your Toys growing better then let us say your Furniture section so, you know the gross margin numbers for I am not asking the numbers for individual items but if you can elaborate as to where you would make better margins compare to let us Furniture or any other item?

Arvind Kajaria: So we do not sell something based on margins that is not our model, our model is to make sure that we have the highest customer rating we have a wow experience to our customers and we are able to sell and this is very important for you to understand that we are able to sell at the most competitive price, giving us the rating and thereby the orders. So we would necessarily have to achieve scale in order to kind of keep on increasing the margins which we are actually already are doing if you see the numbers but the margin is earned at a transaction level and reinvested into brining new suppliers back on board which again neutralizes the margin made from the existing suppliers. If we do not do that then it is not possible to hit the kind of top-line that we are currently hitting and if we do not do that then we lose the momentum, we lose the opportunities that this market place is currently providing us.

Abhishek Shindadkar: Okay, understood. And the second question is at what level of that number you would be worried at?

Arvind Kajaria: So we do not have a number in mind. We certainty have market dynamics in place. So long as we see the people affinity to our model and one thing I have mentioned earlier re-mentioning it is that we do not sell it at loss at a transaction loss so as long as I know that my team is adding to the bottom-line it is in our favor to keep reinvesting into those products because today theoretically if the margin is x and we invest in that product understanding how I mentioned earlier the packaging, the pricing, the delivery the review, then the same product will give two or three or four x one year - one and half years down the road but, if we do not make those investments now then, we do not have an understanding of the product and then we were kind of slow down.

Moderator: Thank you. The next question is from the line of Preeti Lalwani, as an Individual Investor. Please go ahead.

Preeti Lalwani: I just had a two questions, one was that recently we have raised funds through sale of treasury share and as one of the earlier participants also brought us forward that our debt levels have also gone up. So what exactly are we like where are we investing this and I mean what going to be application exactly?

Arvind Kajaria: We are followed what is called the SBLC route. So, we invest in funds here which we pledge to the banks here and in turn we get working capital limit for our overseas subsidiary, this we have found is the cheapest and the quickest way to fund the growth of our business. So if you see both sizes are going up the investment as well as the debt.

Preeti Lalwani: So basically this will I mean is the working capital is going to be inventory?

Arvind Kajaria: Part of it yes.

Preeti Lalwani: Okay. And the rest of it?

Arvind Kajaria: Rest of it to expand the team to build infrastructure which is what I have been repeating right through.

Preeti Lalwani: Okay, understood. And sir, like you know you just mentioning that we are investing in working capital in team in IT. So I mean what is the sort of outlook or the visibility that you have for the industry for the sellers as a whole.

Arvind Kajaria: We believe that more and more products are going from offline to online because of its efficiencies that an online model offers. We believe that most of these suppliers do not have the technological capability to go online and manage the whole infrastructure. So we are working with them to exploit the current void in the market place which is identified by offline products moving to online products. So our model has been proven again and again as it is shown by the numbers in terms of growth on the internet retailer as well as the revenue as well as the profitability. So we would like to be there and take full advantage of the opportunities we currently offered in the market place.

Preeti Lalwani: So, we believe that we will be able to maintain the momentum that we have created one in terms of revenue profitability and operationally also like number of orders shifts and products added so the entire momentum will be maintained or even improved?

Arvind Kajaria: The market momentum is certainly there, ma'am. To repeat myself I think we have not even hit the tip of the iceberg if we compare the size of the market, I believe that we have invested enough in technology, in the model in putting all the pieces together. So, in our opinion you know we are very well-poised to take advantage of the current situation. We have the will, we have the vision, we just have to execute well. On the margins front, top-line will continue to grow. The margins we will make at a transaction level and we will continue to invest in newer products till this momentum is there.

Preeti Lalwani: Okay, understood. Sir, I mean if I have a look on the break-up of product categories, I can see huge number coming from the Furniture category that is 30%. So, I mean any efforts on like not becoming to like wherein not increasing that portion any more or is it just like we are not looking at number at all?

Arvind Kajaria: So, I do not believe that we are focused on either reducing or increasing the numbers. what we are focused on is the products that are selling on the market places, once identify those products we identify the suppliers and we build a relationship with them. With the existing suppliers we identify more and more products that are selling well at a profit and we buy that and they can sell it on the market places. Earlier gentleman had asked me and I explained to him that why the number of products are going up because with our deep relationship with our suppliers they are offering us more and more portion of the category. So, I see the number of SKUs rising so, since large number is Furniture we should ideally see more and more product Furniture products go up as well.

Moderator: Thank you. We have the next question from the line of Dhruv Bhimrajka from Crescita Investment. Please go ahead.

Dhruv Bhimrajka: My question is regarding you consolidated balance sheet I see the long-term borrowing has gone up substantially from Rs. 2 crores last year to Rs. 33 crores this year. So, can you explain this sudden jump?

Arvind Kajaria: We have just explained that to the earlier investor, to the participant. So, what we are doing is the funds that we have raised is part sureties with bank here and we have taken SBLC which is a letter of credit from that bank and we have been given the same amount as debt to our U.S. business. So you should not look at it in isolation. You should see that corresponding value in investments has gone up matching with the long-term borrowings.

Dhruv Bhimrajka: Okay. And also the inventories have gone up from Rs. 12 crores to Rs. 55 crores so, why is this substantial jump in the inventory section?

Arvind Kajaria: We are not changing our concept of event-led inventory or fast moving inventory, we continue to stock only those items that have a positive momentum. However, there is an Amazon's prime day upcoming at the end of June or first week of July and we want to make full advantage of that because that is the largest single shopping holiday in the summer months. Last year we felt that, we had missed out some opportunities on that day and this year we were taking some precautions to make sure that we fully utilize the inventory from our perspective there has been no directional change in the amount of inventory we keep.

Moderator: Thank you. The next question is from the line of Ritesh Rangwala from Athena Investments. Please go ahead.

Ritesh Rangwala: Just a quick question, you currently had a 1,600 vendor base and now that you are still investing and increasing your headcount and your outreach program do, you have a target on how many vendors you would add in the next say one year or two years?

Arvind Kajaria: So, we do not have a number in mind but we are building up the team as much we feel, so it is question of being comfortable from an all-around perspective given you know the financial resources given we do not want to do anything at loss. So given how much available free cash flows with us, how much we want to re-invest, how much of back on adding on new suppliers, because new supplier addition will always incur some human cost, some marketing cost and you know the margin is going down because we are still increasing our learning from those new products. So it is all a function of that and the only logical answer I would like you to consider that everything at IntraSoft we try to grow in proportion to one another. So you know that is the most de-risk way of looking at is what we internally believe.

Ritesh Rangwala: Okay. But what would be your target vendor universe you know us like there would be around say a number like 10,000 -11,000 potential vendors that you could possibly target in five years or six years' time.

Arvind Kajaria: How many vendors in five years - six years' time?

Ritesh Rangwala: No, what I am trying to get is how big is the vendors in the U.S.?

Arvind Kajaria: The universe. So you know it is a huge market out there. It will be very difficult for me to give you a bloated number. The idea is that like in any economy if you and U.S. is a huge $12 trillion to $13 trillion economy, 4% to 5% the online retail has gone up to like 7% or 8% now so every year you know it is inching at a higher number so, the number of products and people moving online is also higher so, you know the only thing I can tell you safely is that right now we believe that the momentum is there and we would like to do our best to take as much market share as possible.

Moderator: Thank you. The next question is from the line of Amit Aggrawal from Levay Investment Private Limited. Please go ahead.

Amit Aggrawal: Sir, do you plan to sell your Greeting Card business it is becoming a very small business portion of the overall business plan, that is my first question. And second question is do you think about touching Rs. 100 crores debt this year?

Arvind Kajaria: I will answer your first question first so, Greeting continues to be our business that we grew up with, it continues to be a passion, it is very well-appreciated, the brand name is very well liked and appreciated globally. Yes, it has become much smaller than compare to the other business. We will see how best it can add to shareholder value and we will take that decision. So on your other question about debt, again I just one of to the earlier caller, it depends on the overall growth of the business, it is not we have targeted and picking that figure that you have mentioned as debt compulsorily, if the business justifies it, if the margin justified it, if we see the momentum we would certainly not deter from taking it. But if we feel that we need to slow down for we have our internal cash flows, we do not need the money then we will not take it.

Amit Aggrawal: And do you plan to raise equities this year?

Arvind Kajaria: So that again is a link question,for the moment there is no plans but it all depends on how the growth happens if the growth happens and the money is required and there is you know we all believe that that is best route to go our advisors we will take that route, but right now I do not have any plans.

Amit Aggrawal: And my final question is, do you use plants like FBA by Amazon and if yes what percentage of your sales is of FBA?

Arvind Kajaria: FBA**?**

Amit Aggrawal: Yes.

Arvind Kajaria: Is that what you are saying, so we extensively use FBA by Amazon because we believe it is a very good service that our partner has, and most of the inventory that we have parked is at FBA. So whatever warehouse sales that we do is we do through FBA.

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

Arvind Kajaria: Thank you ladies and gentlemen, for giving us your time and participating interest in our growth story. We continue to invest our time, keep our passion and focus on giving growth to IntraSoft. Again, thank you for your time. All the best.

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