“Redington (India) Limited
Q3 FY16 Earnings Conference Call”

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Moderator Ladies and Gentlemen, Good Day, and Welcome to the Redington India Q3 FY16 Earnings Conference Call hosted by Axis Capital Limited. 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 '*' and then '0' on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Ms. Priya Rohira. Thank you and over to you, ma'am.

Priya Rohira: Thanks Lisa. A very good afternoon, good evening, and good morning to various participants' joining us from various time zones. It is with great pleasure; I welcome you to the Third Quarter FY2016 Earnings Call for Redington India Limited.

We have with us Mr. Raj Shankar – Managing Director; Mr. S.V. Krishnan – Chief Financial Officer and Mr. S. Jayaraman – Vice President, Treasury from Redington India Limited. The call will begin with a brief management discussion on the performance for the quarter ended December 2015. This will be followed by an interactive Q&A session. The conference will be archived and the transcript will be available on their website. I will now hand over the floor to Mr. Raj Shankar – Managing Director for the initial presentation. Over to you, Mr. Raj Shankar.

Raj Shankar: Thank you Priya and hello to everyone on the call, thanks for dialing in. Very briefly, as far as Q3 FY16 is concerned, we registered a 6.7% revenue growth, 8.2% EBITDA growth, 9.2% profit growth. And if you look at on an YTD basis for nine months into the current financial year, our revenue growth again was 6.8%, our EBITDA growth was 8.6% and our profit growth like in Q3 was 9.2% for the nine months period.

In spite of the huge challenges, uncertainties, difficulties in the overseas markets particularly in Middle East, Turkey and Africa, I am very pleased to share that both on revenue as well as on profits the overseas markets grew by a strong double-digit. And as far as India is concerned, while we grew the bottom-line, we had a marginal de-growth as far as the top-line is concerned. This is essentially on account of what we call the non-IT business in which the Apple iPhone is a very big component. So in other words, the IT business continued to register a growth, albeit a single-digit. And again if you look at it on a YTD basis, overseas market grew top-line and bottom-line by a strong double-digit. And as far India is concerned, again there was a growth both on top-line and bottom-line, though the bottom-line growth was higher as compared to the top-line. Overall, given the challenges and the difficulties in the market, we are pleased with the business performance for the quarter gone by.

I now would like to welcome any questions you may have on our performance for the last quarter.

Moderator: Thank you. Ladies and Gentlemen, we will now begin the question-and-answer session. Our first question is from the line of Priya Rohira from Axis Capital.

Priya Rohira: My first question relates to the strong performance in the overseas operations, would be helpful if you can outline the reasons over there despite a tough environment. The second thing is, on the India operations if you make the last year like-to-like comparison on the market share with respect to what you have currently in Apple, what could be the YoY growth in India. Thirdly, can you give us the breakup between India, IT and non-IT? And lastly, gross margins have expanded by 48 bps, what have been the reason, if you could throw more light with respect to ProConnect and Ensure Support Services.

Raj Shankar: So Priya, first is with regard to the overseas markets, there were two, three positive developments. Number one is our value added distribution business really gave a nice growth, we registered a 24% growth for the quarter gone by, this is on the back of previous two quarters where we again grew by a stronger number compared to the 24%. So that has been a very positive development. Again, the other thing that worked well for us was the addition of Apple iPhone distribution which we signed up for UAE and towards the fag end of the quarter I am pleased to share that Apple has appointed Redington for distribution of their iPhone as well as their iPad for Nigeria market. So this also gave us a little bit of a tail win which is partly one of the reasons why you see the growth. In addition to this, our market share particularly on the PC side of the business in Turkey and in Africa grew quite nicely, we were able to gain market share and that is also partly the reason why you see a strong performance as far as revenue is concerned, and the corresponding growth in the profits. To your other question about…

Priya Rohira: The Apple performance in India, if I were to compare the current market share in Q3 FY15 where you had a strong volume and a strong market share, I mean what could be the YoY growth in that respect like-to-like, adjusted for the current market share in Apple.

Raj Shankar: So first is, I am glad that you asked this question Priya, because in Q3 FY16 we were one of four distributors and we had a market share of about 29% - 30% whereas in Q3 FY15 we were essentially one of two and we enjoyed a market share of close to 55%. So to your question if we therefore normalized this particular distribution landscape, then actually speaking we would have shown a growth for this quarter, though I would require a little more time to actually work out the numbers, but to give you a high level picture we would have certainly grown by a strong single-digit or a weak double-digit number.

The next question you had was from an India perspective, you wanted to know about the IT and the non-IT growth. As far as ITis concerned, again it is for the fourth quarter consecutively that we have been growing, it grew at 7%. As far as non-IT is concerned, regretfully because the iPhone business did not do as well in Q3 FY16 as it did in Q3 FY15, therefore there was a de-growth of 29% also accentuated because of the change in the distribution landscape.

And to your last question about ProConnect in particular, again I am pleased to share with you that ProConnect had another good quarter where again there was a growth in both the top-line and bottom-line by to the extent of almost about 35%. As far as Ensure is concerned, like I have mentioned in my last call, I think Ensure is still going through a correction phase, probably as I said, it would take a few quarters because we are bringing about a change in our whole business of model and business mix, so this will fructify in the next few quarters and then you will start to see Ensure also giving us good contribution to the profits.

Priya Rohira: I just had one follow-on to the Apple question, can you share the YoY growth in Mac because that has been growing at greater than 50% for three consecutive quarters.

Raj Shankar: As far as the Mac is concerned, if you look at the cluster of Mac PCs and then you add iPad, etc to it, minus the iPhone, the business for Q3 FY16 grew by 39.6%. So you would recall that even in the previous two quarters which is Q1 and Q2 we registered a growth of north of 50% in both these quarters.

Moderator: Thank you. Our next question is from the line of Ashwin Balasubramaniam from HSBC Assest Management Company. Please go ahead.

Ashwin Balasubramaniam: My question basically, if I look sequentially in terms of your sales and your purchase of goods, I think sequentially there has been a much higher growth in terms of both sequentially and probably YoY as well, the goods purchase have increased by higher amount as compared to your sales both in the standalone and in the consol operation. So first question, is that a seasonal thing? And the second question is, I mean if not, is it leading to a inventory build up? And also related to this, if you could just give some color on how your working capital days would have moved during the quarter?

Raj Shankar: I am not very sure or very clear about your question. So the first question about the fact that there is a sequential growth and a year-on-year growth on revenue both on India standalone and consolidated, so is that your question?

Ashwin Balasubramaniam: No, my question is more related to the inventory, so I think if I look at your number I think the goods purchased has moved up sequentially by a much larger amount as compared to the sales, so I am assuming that would largely be due to some kind of inventory buildup, if I am not mistaken. So just wanted to know how the inventory situation has moved.

Raj Shankar: So our days of inventory outstanding for Q3 was 40 days compared to the same period last year where it was 33 days. So your observation is right that our inventory position has run up more than what it used to be. So this is essentially or rather only and only on account of the Apple iPhone where again if you look at year-over-year, that is in Q3 of FY15 and compare the inventory levels to Q3 of FY16, there has been a surge in the inventory by close to about 26, 27 days. So this on Apple iPhone alone has cost this increase in inventory, if you for a brief moment consider that as an aberration and look at the inventory across the rest of the product groups whether it is IT or in non-IT, then we are tracking well as far as the 32, 33 days are concerned. Over to you.

Ashwin Balasubramaniam: So what would have the same number have been in Q2 FY16?

Raj Shankar: 32 days.

Moderator: Thank you. We have a follow-up question from the line of Ms. Priya Rohira. Please go ahead..

Priya Rohira: I just checked, what was the share, I mean you did allude to the value business going strongly overseas, but what would be the breakup of volume and value both in India and overseas? And secondly, just an affirmation, do you think the current run rate which you have seen in overseas operations is sustainable? And lastly on the arena performance, there seems to an increase in the minority interest, obviously it is done well, so just wanted to allude over there as well.

Raj Shankar: So Priya, there is one point on your earlier question I stand corrected, so on ProConnect I did not have the proper figure in front of me, so allow me to share that once again. For Q3, I am really overjoyed to share that our revenue growth was 51% and our profit growth was 62%, so first I thought I would correct that mistake that I made earlier.

Priya Rohira: And is the share of external clients now inched up given if I look at 51 and 62?

Raj Shankar: Absolutely, so what used to be more like 45:55 has now become 52:48, as in 52% of the business is coming out of third party customers or clients and 48% and less is coming out of Redington business.

Priya Rohira: And how would this compare YoY, I am sorry I just want to close this loop here.

Raj Shankar: So when you look at YoY, so it used to be probably about 40:60, as in 40% from third party and 60% coming out of Redington. So as we speak, the third party business is what is driving this revenue growth up.

Priya Rohira: In terms of volume and value breakup for both India and overseas operations?

Raj Shankar: So what I have readily with me here which I would like to share Priya is, if you look at for a minute consolidated, while I will try and check the details on India and overseas separately, on the volume part of the business the growth is 4%, on the value part of the business the growth is 23%. Now the interesting part as I talked about this is, that overall approximately the ratio of volume to value has now become close to about 55% being volume and 45% being value, which in my opinion is a very healthy mix. And just to give you a sense, this has been growing sequentially from a value business perspective, has been growing sequentially for the last five quarters. So it is a very positive trend and we are quite excited about it. You asked one more question about Arena where you said there is hike or a spike in profit, what has basically happened is, actually our corporate income tax for last quarter was less compared to what it was for the same quarter of FY15. So while overall the performance has been good given the circumstances, we got a benefit of a lower income tax and therefore there has been a spike in the profit after tax.

Priya Rohira: And from the overseas business what growth we have seen this quarter which is an impressive 21%, do you see this sustaining given the new product launches which are there? And do you see a similar trend what we have seen in India when you move to Lenovo and the higher growth brands which you would want to replicate even the overseas, that it could add fillip to the growth rate which we are seeing right now in the overseas market?

Raj Shankar: See, as far as the overseas is concerned, I think we have had definitely a good quarter last quarter, as I gave you a full year picture, we have grown by 11% on revenue. My sense is that if that is more representative in the way forward, we really do not want to become overly aggressive. But what we are particularly seeing is, in some of these markets given the uncertainties and the serious difficulties of doing business, I think it is common knowledge what is happening in this part of the world, we see a lot of competitors slowly pulling out or scaling down their business and that we see as an opportunity and which is where also we are able to scale up and gain market share. So to answer your question, 21% is not something that would be a fair estimate for Q4, but I think the trend would be more like the annual number which is 11%.

Moderator: Thank you. Our next question is from the line of JV Giri from IIFL Capital. Please go ahead.

JV Giri: Number one, can you throw some color on how you are progressing in the Middle East and Africa Markets, how the sales have been impacted by the weakening macro situation there? Secondly, for this quarter can you elaborate with some numbers from the currency impact? Thirdly, you have invested a couple of quarters back a $5.5 million in Turkey, it comes in the notes to your accounts this quarter also, so can you explain the thinking behind that and how is that done till now? Then this quarter what was the movement in the total working capital days, you have explained the inventory but how is the total net working capital movement? Then back on the business front, any new names signed up or how is the pipeline of new names signing up on any of your businesses whether it is phones or the software looking in India and outside? And lastly, in India how about the impact of ecommerce platforms, any impact that you are seeing or anything that encourages or worries you?

Raj Shankar: I may want to request you to probably repeat some of your questions, but to the extent I recall on your questions, let me start by just going about it. So the first question you asked about sales overseas, so as I have been sharing, for Q3 our sales revenue has been good across both the IT and the telco part of the business across Middle East, Africa and Turkey, so overall it has been a good run. And this also got further boost on account of the addition of Apple iPhone in UAE and in Nigeria. On a YTD basis I think I have already shared that our sales growth outside India is about 11%, this is on the first part of the question. I will take it in a random order rather than the sequential manner in which you asked.

JV Giri: So if I may just follow-up, till now the iPhone signing has added to the revenue stream and the growth has been seen from there, but incrementally are you holding your ground in terms of absolute top-line, given that you mentioned that some competitors are scaling down in the context of the weak macro, in other words, is the weak macro something that impacts you because a lot of investors keep mentioning this that you have among the highest exposures to the so called troubled areas, so would like to have your thoughts on how do you see that moving forward.

Raj Shankar: So just to give you first of all a sense that the iPhone contract for UAE, we had less than a quarter as far as OND is concerned and therefore this growth is not only on account of Apple iPhone. While I do not have the statistics readily, but if for a minute I strip out the Apple iPhone effect, even then the growth would be in the vicinity of about 12% to 14% out of the 21% growth we talked about. So to answer your question, our rest of the business is holding well in spite of the uncertainty in this part of the world, the answer is, we have been thus far managing to gain market share and grow revenue in each of the theaters that we participate.

JV Giri: If I may just slip in one more question there to just better understand, so your gain of market share is basically because you think that competitors are folding up and there is weakness in the comparative environment which is impacting them more than you and that gain is offsetting the macro weakness?

Raj Shankar: So as you can imagine, this is a very difficult question to answer in terms of quantifying it. I was giving you a perspective, one… Let me put it differently, on 18 out of 23 vendors that we have in the volume business, we have the pole position, we have the market share. So that pretty much explains whether there is competition playing actively or whether competition is falling on the way side. If 18 out of 23 vendors we have a leading market share or a pole position, that pretty much explains the kind of dominant position which we have with regard to this product category in this industry.

The second is that, when you look at probably a little differently which is, if you look at how PCs have grown, example in UAE, PC has de-grown by a whopping 30% plus, but if you look at how has Redington done, Redington's de-growth is only 9%. So when you look at it, whether you look at it by product category, by market and even by brand, we still have outperformed the market, we have a leading market share and collectively we continue to grow whether it is volume or value, IT or telco. So this is pretty much on the first point.

JV Giri: And on the PC part, your strongest growing brand is still Lenovo, because that is supposed to be increasing market share across the world in PCs at the expense of the traditional giants?

Raj Shankar: Interestingly if you look at the quarter gone by, every brand has de-grown double-digit including Lenovo and the only brand which has done well in this part of the world is Dell, when I say well, they had 0 growth, they did not de-grow they did not grow, whereas every other brand whether it is HP, whether it is Lenovo, whether it is Acer, whether it is Asus, they had all de-grown. But interestingly, while Dell did not grow or had 0% growth, we grew by 24%. So if that explains that we are not over dependent on only one brand, yes we had a good run when Lenovo was really scaling up, but at the same time for us since we have a very good bouquet of all PC brands whichever brand that does well we then have a good piggy ride on that back.

Next is, with regard to your question on a company that we invested. First is, I want to clarify there was no investment that was done earlier, the investment was done in October, November, December, actually it was done in the last towards the fag end of November 2015. This was point number one. We had invested in a company which amongst other things had a distribution contract for Oracle and our sense is that this Oracle business whether it is a software, the hardware, the engineered systems or the cloud business is poised for a big growth, and given that we also have a good engagement with Oracle in the Middle East and I am pleased to share with you the just about a weak or 10 days ago we have also been appointed by Oracle for some of the markets in Africa. And it is our in-house view that Oracle probably in the way forward would be amongst the top five or four leading technology firms given their dominance in software, the hardware and also very importantly the strong foray now into the cloud. So this is one of the reasons why we looked at the investment. To put it in summary, we invested in this company called Link Plus, we have acquired 70% of the shares at $5.75 million and the balance 30% is to be acquired over a three-year period basis of PE multiple of 5 times. Thank you.

JV Giri: Can you comment please on the working capital and on the India impact of positive or negative of the ecommerce platform?

Raj Shankar: So with regard to the working capital, our working capital for the previous quarter that is in Q2 was 57 days, whereas in Q3 it shot up to 60 days. This is only or essentially on account of an eight-day increase in the inventory. So in other words, if you look at receivables or you look at payables collectively, then we are doing well but it is on inventory as I mentioned essentially on account of the iPhone where it has shot up quite sharply in OND which we did not anticipate and therefore the working capital overall has gone up by 3 days.

With regard to the ecommerce, so that ecommerce is a business which more from a ProConnect point of view which is our logistics business where we had a huge advantage whether it was during the festival season, whether it was the Diwali, bumper sale and what have you. So we had a good run during that period and therefore the ProConnect business if one of the reasons you see a nice sharp increase in revenue and more importantly on the bottom-line is largely on the back of solid boost in the ecommerce business. And as far as the distribution business is concerned, there has been no sharp increase or decline, so for us like we are looking at large format retail or the value added reseller as a route to market for us ecommerce is an additional route to market.

Moderator: Thank you. Our next question is from the line of Priya Rohira. Please go ahead.

Priya Rohira: I just have two more follow-on questions, could you help with the contribution of Link Plus in this quarter? And second thing, any update on Xiaomi? And lastly, are you seeing any enquiries from the Government vertical from the SI side on projects on the smart cities which could be a growth driver for us?

Raj Shankar: The contribution of Link Plus for this quarter would be in the vicinity of approximately about $200,000, probably slightly less for this quarter, so let's say about 1.3 crores. So that is on the Link plus.

Priya Rohira: I mean in terms of margins if it is 1.3 crores on the top-line, the margins would certainly be better right, given that it is more value and Oracle based?

Raj Shankar: No, I meant bottom-line Priya, 1.3 crores. Next is with regard to the Xiaomi performance, now unfortunately there is on ironical situation that we are in and that is, we see that there is a direct correlation between the online sale and the offline sale. So at a time when the online sale picks up quite aggressively because these online companies would discount big time, and especially during some of the festivals, sale or the festival season and the bumper sale, that has unfortunately a directly opposite effect as far as the offline is concerned, that tends to slow down. So especially during O&D when the online sale was pretty aggressive for most part of the period, we see that this portion of the business has become slow particularly in a brand like Xiaomi where a significantly high part of that business continues to come out of online.

As far as the trends in the government business is concerned, again from last quarter there was absolutely no major project that really happened but we are hoping that this is something that in the next couple of quarters should because there are a lot of government projects that we are hoping will soon come into play. So at the moment for Q3 there has been no advantage, but going forward we see this as a strong opportunity or an area for growth.

Moderator: Thank you. Our next question is from the line of Janish Shah from Quantum Advisors. Please go ahead.

Janish Shah: I was just listening to your outlook, basically the commentary on the growth on the overseas business, I just want to have a little bit of a sense that given the changing environment in Middle East and Africa which are largely dependent on oil and how is the business, so we have done exceedingly well in this quarter but if we look at period for next two to three kind of an outlook how do you see the markets changing around in this geography and how is the business panning out for you? And second is on the margins, do you see change in the margin profile given the product mix changing or given the growth trajectory is changing over next couple of years or so? I have a few more, if you want I can finish my questions and then you can answer.

Raj Shankar: No, I will take your questions probably, I will first answer some of the questions that you have raised so far. So with regard to the overseas, to give you a sense on the outlook for the next two, three years, the first point I want to submit is, oil price at $34 I think is new normal, yes it is expected that a lot of prediction that it could probably go up to $40, some are saying it will go down once again to $30 and below. But at these levels surely the governments are facing a huge challenge in terms of balancing their budget, about fiscal deficit, then GDP growth slowing down, etc, etc. Now see, the government is looking and putting in huge measures where they are withdrawing a lot of subsidies which they had given till recently. Now going forward, we do not know what are the other measures that the government would take to try and keep the economy going. Now from our standpoint this is where probably there would be a difference between companies who have strong fundamentals, who have a sound business model and a very strong management team would probably have to go through this difficult period, but if we are able to continue to demonstrate the kind of performance that we have done in the last few quarters, I think we will continue to have a reasonably good growth in the way forward. So I am not overly worried, yes it is true that the oil prices plummeted and the economy in this part of the world is looking weak, but there is another study that is being done, very interestingly which has a direct correlation between the oil price going down and the fact that datacenters will now start to grow up. The correlation is as follows, that for a fully functioning data center it is important to have low utility cost, low energy cost, it is about the maintenance of the datacenter which is more important and not so much the CAPEX which is one time. So the point which I am saying is, every interestingly, that with the oil prices going down, one of the businesses is our value added distribution business where we sell a lot of server storage, networking etc, there is a study which says that business should start to look up. So if at all we are seeing a positive side of that. So overall to give you a sense that in the next two, three years we do expect the different economies in the region to go through very difficult and challenging times, but I think if Redington continues to be remain focused, we expect some of the competitors to also slowdown or follow way and therefore when finally two-three years later things start to pickup, I think we would be well poised to enjoy the growth.

Janish Shah: The second is on the Indian businesses, there are two things which I want to know. One is the impact of GST, like how will it change your business in those changing environment? And second is on the consumer durables which the company has been looking at this business, is there any further thought or any progress which you think this business can be scaled up over a period?

Raj Shankar: I will take the second question first, as far as the consumer durable business is concerned, we have given it a good shot, we tried it for the last almost about six, seven years and somehow we have come to the conclusion that this business is very difficult for us to scale, especially the way we have been able to do the IT business, so to that extent the consumer durable business is not really our focus area in terms of growth opportunity in the way forward.

Your other question was on GST, so as far as GST is concerned, as we have always said in the past, now this in short is going to be a big benefit to Redington, given that we have so many warehouses, almost about 91 across on a Pan-India basis. Now this going forward with GST coming into vogue we do not require so many warehouses, so we can really do it in a more efficient manner, this will bring down inventory levels, this will bring down working capital, this would slightly push up the transportation cost but net and sum we see this as a very big advantage for us, especially on the ProConnect business.

Janish Shah: And have you calculated what kind of a margin impact this can have on the overall business for you?

Raj Shankar: I am not in a position to give you that data point now, would I take the liberty to coming back to you on this separately?

Janish Shah: Sure. Thank you.

Moderator: Thank you. Our next question is from the line of Anup Upadhyay from SBI Mutual Fund. Please go ahead.

Anup Upadhyay: Sir, I want to understand the kinds of engagement that we have with ecommerce companies. I understand that in the past we have been experimenting with different kinds of services providing erstwhile services and so on, it would be helpful if you could elaborate on the nature of the services that we are offering.

Raj Shankar: See, as far as the ecommerce companies are concerned, so from ecommerce business perspective today we provide essentially two kinds of services, one is the whole process of warehouse management services including transportation and delivery. The other part of the services is the whole process of doing the packaging, labeling, invoicing, etc, etc. So both these are the kind of services that we provide for them. Now the interesting part of this model is that we do it, we take a particular fulfillment center and some of these fulfillment centers are pretty large at about 50,000 - 60,000 square feet area, so we are able to completely manage it end-to-end in terms of sourcing the product, receiving it, doing the picking, packing, labeling, shipping, delivery etc and for different activities and different services there are different SLAs, Service Level Agreements that we have on which we are paid and compensated appropriately. So we have a very good comprehensive engagement as far as the ecommerce business is concerned.

Moderator: Thank you. Our next question is from the line of Prakash Chellam from JM Financial. Please go ahead.

Prakash Chellam: Could you just give me the numbers for ProConnect again in terms of revenue and PAT? That is my first question and for the nine months and the quarter. And second question, I understand that you are doing a lot of things around the cloud area, could you just give us a sense of what those activities and businesses would be? Thank you.

Raj Shankar: So on the first question, I am just thinking those numbers, but I will first say the growth numbers for the quarter, we grew by 51% on revenue, 62% on profit, on YTD basis, Krishnan do you want to mention?

S.V. Krishnan: Yes, YTD basis the revenue growth was 43% and profit growth was 58%.

Raj Shankar So this is as far as the ProConnect business is concerned. Now to your other point on cloud, what we have done so far is been able to, it was completely an in-house work, we are very proud to say that we have developed a red cloud portal or a platform and we have also been awarded the CSP contract, the cloud service provider contract which as you know is a very-

very important starting point in order for us to be able to scale this business. And as we speak, we are now completely operation ready, we have launched the Red Cloud portal and we have started to conduct certain businesses and this would include amongst other things the billing capability, the auto provisioning capability, etc. Now in the way forward, our whole endeavor is to try and include the MSP piece, the managed services piece so that we are able to provide to a number of end customers through our partner network this whole cloud services whether it is infrastructure as a service, whether it is software as a service. But majority of what we are doing today we have stared of is on high AAF, but in the way forward we hope that whether it is PaaS or whether it is SaaS, this is something that would also start to really pick up. But we are still early days but I am very proud to say that some of the vendors who have looked at our Redington Cloud platform are very impressed that for a company like us to have built purely something in-house and which has taken for some global competitors a huge sums of money over a long period of time, this is something that has worked well for us.

Prakash Chellam: This I presume is in addition to the range of cloud products and services, virtualization software etc which you already distribute for the likes of EMC and so on and so forth, is that right?

Raj Shankar: Absolutely. So in fact you hit it properly, so what we want to do over time is to look at white labeling a lot of services, so while we will continue to do the aggregators role for a lot of vendors and for a lot of resellers, but eventually our whole endeavor is towards white labeling a lot of services downstream.

Prakash Chellam: And to just close off on my question, could you give us the absolute numbers, revenue, PBT or PAT for ProConnect please, for the nine months and for the quarter?

S.V. Krishnan: For the quarter revenue was 30 crores. For nine months' revenue was 81 crores.

Prakash Chellam: And the profitability in absolute numbers?

S.V. Krishnan: For three months it was 2.4 crores, and for nine months 6.5 crores, both profit after tax.

Moderator: Thank you. As there are no further questions, I would now like to hand over the floor over to Ms. Priya Rohira for closing comments.

Priya Rohira: Thank you everyone for joining on to this call. On behalf of Axis Capital, I would like to thank the management team of Redington India for giving us a great insight. And would now like to hand over the floor to Mr. Raj Shankar for final remarks.

Raj Shankar: Thank you to everyone for participating in this call. As I mentioned earlier, I am very pleased with our performance for the last quarter where we grew our revenue, EBITDA and the profit after tax, we also grew on a YTD basis on revenue, EBITDA and profit after tax. This we have been doing quarter-after-quarter for many a quarters now in terms of growth. The good news is, all theaters are firing, all businesses and all business verticals are firing and the only area where we will improve in the way forward is on the working capital where it has shot up by three days and that was purely on account of the aberration we have discussed. So we will get our acts together and get our working capital under control this quarter. And therefore the way forward is only looking better in spite of all these challenges. Thank you once again.

Moderator: Thank you. Ladies and Gentlemen, on behalf of Axis Capital that concludes this conference. Thank you for joining us and you may now disconnect your lines.