Redington (India) Ltd

Q3 FY 2017 Results

Conference Call

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MANAGEMENT : **MR. RAJ SHANKAR – MANAGING DIRECTOR – REDINGTON (INDIA) LTD**
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ANALYST : **MS. PRIYA ROHIRA – AXIS CAPITAL LTD**

Moderator: Good day, ladies and gentlemen, and welcome to the Redington (India) Limited Q3 FY 2017 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 this conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. Please note that this conference is being recorded.

I would now like to hand the conference over to Ms. Priya Rohira from Axis Capital Limited. Thank you and over to you, Ma'am.

Priya Rohira: Thanks, Mallika. A very good afternoon, good evening, good morning to various participants joining us from various time zones. It is with great pleasure, I welcome you to the Third Quarter FY 2017 Earnings Call for Redington (India) Limited.

We have with us, Mr. Raj Shankar -- Managing Director; Mr. S.V. Krishnan -- Chief Financial Officer; and Ms. Sowmiya -- Manager, Investor Relations joining us from Redington (India) Limited.

The call will begin with a brief management discussion on the performance for the quarter ended December 2016. This will be followed by an interactive Q&A session. The conference call will be archived and the transcript will be available.

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. Hello to everyone on the call. I am pleased to inform you that for Q3 FY 2017 at a consolidated level, we had a strong 22% revenue growth and a 6% profit growth. The good news is both India and overseas grew pretty strongly. India grew top-line by 28%; and overseas business grew by 18%.

Now, when you look at the same statistics over a nine-month period, again, the consolidated revenue growth is 21%, with India growing at the rate of 20% and the overseas business growing at 22%, as far as revenue is concerned.

Now, for a consolidated perspective, for the nine-month period, the profit grew by 7% and in overseas grew by 11% and in India by 3%. An interesting and a positive development is, for the nine-month period ending 31st December, our free cash flows at the consolidated level was about Rs. 700 crores. A significant part of this came outside of India and India also contributed to positive free cash flow.

The one that is most satisfying is the fact that our working capital has significantly reduced compared to the same quarter last year. From 60 days in Q3 FY 2016, the working capital was reduced to 43 days in Q3 FY 2017 and again, when you disaggregate this and look at India and overseas, India from 66 days, the working capital was reduced to 44 days, and in overseas from 56 days to 43 days. There has been an all rounded improvement as far as working capital is concerned and all of you will recall that I had mentioned in my earlier call that we are taking working capital as a very important mandate.

So, when you look at nine months of FY 2016 the consolidated working capital was 66 days which for the nine month period in FY 2017 was reduced to 47 days, by a good 19 days and this is true for both India and overseas. In India, the working capital reduction for a nine month period was 20 days, and outside India was 18 days.

Outside of this, when you look at even the return on capital employed for the quarter there was an increase from 14.3% last year to 15.7% this year. Now, when you look at from a business standpoint every single business whether it is IT, Non-IT and our services grew both top-line and bottom-line.

If for a minute, we look at our ProConnect business which is our logistics piece, in Q3 our revenue growth was 57%; EBITDA growth was 71%; and profit growth of 69%. And for the nine month period, the revenue growth was 43%; EBITDA growth of 68%; and a profit growth of 66%. While Apple has been an important catalyst for our Q3 performance both in terms of top-line as well as to some extent on the working capital reduction, I just want to impress upon you that when you look at our business in India excluding Apple, the growth has been 26%. And when you look at our Non-IT business excluding Apple in India, we have grown by 50%. So, the point I only want to make is while Apple has been an important catalyst and we continue to grow that business, I am overjoyed to share with you that every other business including IT, the Non-IT excluding Apple and the services continue to show strong top-line and bottom-line growth.

With this, I will take pause and take any questions from all of you.

Moderator: Thank you very much, Sir. Ladies and gentlemen, we will now begin with the Question-and-Answer Session. The first question is from the line of Alekh Dalal from 130 Capital. Please go ahead.

Alekh Dalal: Can you just help us understand the margin decline on year-over-year in India and what drove that?

Raj Shankar: Now, if you look at the EBITDA margin as far as India is concerned yes, you would see that come off by about 0.4% but that is essentially on account of the business mix. Just to draw your attention that if you look at for a minute over a nine-month period last year, IT and Non-IT contribution was 76% and 22% and about 2% was services. But in FY 2017, the IT contribution has been 66% with Non-IT being 32%; and services being 2%. So, this business mix change has also impacted the EBITDA but that as you can see has been also significantly offset by working capital reduction and also improvement in ROCE **.**

Alekh Dalal: Okay. And in terms of your provisions for receivables, it looks like that from the first-half has gone up while your provisions for inventory has come down, what is the reason for that? And are you seeing any issues in the credit side on the dealer channels?

Raj Shankar: Well, I will just let our CFO Krishnan to give you a sharper answer. As a matter of prudent policy what we do is in the case of receivables wherever we think it is a little more doubtful, we have made that provision though there are impending legal cases where we are likely to get a favorable outcome. So, while we may have made a provision for good order sake in Q3, we are more than hopeful that this will get reversed in Q4 but having said that, I will hand it over to Krishnan to give you a sharper answer.

S.V. Krishnan: Yes, as Mr. Raj said, this is a just a situation as on 31st of December. There is no concern in terms of demonetization which is impacting the provision for doubtful debts. As of 31st December, we took stock of the situation and we had to consider the position.

Moderator: Thank you. The next question is from the line of Priya Rohira from Axis Capital Limited. Please go ahead.

Priya Rohira: Mr. Raj Shankar, we just want to understand in terms of the ground reality, how are you seeing the macro playing out both in IT and Non-IT in India and separately in IT and Non-IT even on the overseas market in terms of the accelerating smartphone adoption. If you can just help us more on the ground check rather.

Raj Shankar: So, first is when you look at PC to a certain extent that is representative or a barometer for the IT industry. At a global level in Q4, there was a de-growth of 1.5%. In India, the PC de-grew by 22% and in the Middle East, Turkey and Africa the de-growth in PCs from a market standpoint was 3%. Now what you might find it interesting is while in India, the de-growth in PCs may be 22% our PC growth was 18%. Now this is largely on account of our vendor mix. Similarly, if you look at outside India, the de-growth was 3% as far as market is concerned however Redington grew by 15% again on account of vendor mix. So, this is point number one from a PC perspective. However, I just want to add a point here that our in-house view is that the PC decline which has happened now for almost five years has now reached a point where the decline should stop in 2017 and from here on you should start to see some gradual growth as far as PCs are concerned. So, this is from one point of view. Now, when you look at overall from an IT perspective, I am very pleased to share with you that in India, our IT business has grown by 15% for the quarter and on a Y-T-D basis has grown by 16%. So, the point I want to definitely state here is that while overall the Non-IT growth has been faster, both for the quarter and on a Y-T-D basis, our growth on IT in India has been 15% and 16%. Now, for a brief moment if we shift gears to Non-IT, again for a minute if you look at India in particular, I am pleased to share with you that in Q3, our Non-IT business grew by 43% and for a Y-T-D period which is nine months ending December the growth was 28%. So, the performance both on IT and Non-IT has been strong both in India and outside India. And to your last question, as far as outlook is concerned, our view is that the opportunity for growth as far as IT is concerned in India is expected to continue though going forward this growth will be stronger on the enterprise side of the business than on the consumer side of the business and as far as smartphone is concerned again in India, this might surprise all of you, that in India, if for a minute you exclude Apple, our growth in Non-IT as I said earlier is 50%, which means that we have other brands that started to contribute quite significantly to the growth. So, overall the momentum looks good. If that answers your question Priya?

Priya Rohira: Thanks for this pretty elaborate explanation. Just as a follow-up to that. You mentioned that you would be more upbeat on the enterprise versus the consumer segment; some feelers more on the cloud part of the business would be more helpful. And second thing, when you mentioned that if we go ahead, how are you seeing any changes in the JFM quarter on the consumer side versus the December quarter especially in India?

Raj Shankar: Okay. So, as far as cloud is concerned all that I want to share with you is that we have taken all the right steps in terms of engaging with all the leading players on the cloud space starting with Amazon, with Microsoft, with Google, with IBM, with Oracle, the top five players though the two big boys being Amazon and Microsoft we are well engaged with that. But our whole game plan as far as cloud is concerned, in the way forward, is from a resell on the cloud. We are trying to also get into the managed services which is an area where we are now building the capability and building those platforms and that would take some more time before it would fructify. To your next question as far as consumer segment is concerned in India, I must tell you that, if there was one product category that did get impacted to a certain extent on demonetization though it may not be visible when I tell you that we have delivered a 28% growth in India is the consumer PC part of the business. That definitely experienced a significant slowdown whichever brand you look at, all the leading brands did go through a certain amount of decline. Now, do we expect that to continue into Q4? I expect it to get slightly better but I also believe that this slowing down of the growth rate on consumer PC will extend it to Q4. Does that answer your question, Priya?

Priya Rohira: Sure, that is pretty helpful. And just a last question, from my side in terms of the way we look at the momentum, you mentioned that you had added more vendors with a 50% growth. Any particular vendor you see which can replicate the success as we had earlier in BlackBerry and Apple? If you can share the name it is fine, but is it a yes, and something which you can share.

Raj Shankar: So, in lighter vein, Priya, we do not believe in a one-horse pony. So, we think as a distributor we should have a portfolio of brands and have such enviable portfolio that customers naturally gravitate towards us. So, to answer the question the rest of the brands while there may not be one that stands out, every brand that we have now added, whichever origin it may be, whether it is Chinese origin or the global origin, I can tell you that we are making some very positive strides. I am personally very excited with this opportunity. So, without naming any particular brand, I can tell you the portfolio is looking strong and we are poised to add in the next one quarter or two quarters, a couple of more brands that will make the portfolio even more interesting.

Moderator: Thank you. Next question is from the line of Akshen Thakkar from Fidelity. Please go ahead.

Akshen Thakkar: Congratulations on good set of numbers and also must compliment you for the additional disclosures that you all have put out on the quarterly presentations and lastly, good to see that the free cash flow improvement that you promised at the start of the year remains intact. Two questions for you guys. One was how do we think about thr cyclicality on the Non-IT business in India and outside India and typically Q3 tends to be a best quarter. But given where we are on the product cycle, how should we see seasonality for the next quarter and the second question was the tax rates seems a tad higher this quarter so, anything in particular and what should we think about going forward? Thanks.

Raj Shankar: Thank you, Akshen for acknowledging the numbers that we delivered. So, I will take your last question first or your second question first with regard to taxation. This is something that I have shared in the past and I say that with a little bit of grief, that once again, as far as Turkey is concerned for Q3, our effective tax rate was 67% and honestly, that was killing. So, just to give the right picture, if for a minute, you keep Turkey out of the equation, then our top-line growth as far as Middle East, Africa, is concerned would have been 19% instead of 18%. However our bottom-line growth would have been 31% instead of 11%. So, I am just leaving that as a point to just say that it is purely because of the effective tax rate being a punishing 67%, that it makes the numbers look a little weak so, that's as far as the taxation part is concerned. To your earlier question about seasonality, yes, you are absolutely right. OND is very strong quarter for Apple and also, historically has been a strong quarter for us. But as you would have heard from my commentary that even outside out of Apple, we have had a strong performance. Now, as far as Apple in particular is concerned, they continue to look at this current quarter JFM with the same sense of drive. So, while I am not sure exactly how it is going to pan out but I expect Apple to continue to do well because they are heavily India focused and we are well poised as we have always said in the past, given our relationship and engagement with Apple, well poised to ride on that growth wave. I do not know, if this broadly answers your question, Akshen.

Akshen Thakkar: Yes, it does. One follow-up question not relating to the question I asked prior. If I just look at the growth rate in the India IT business, we have seen an acceleration in the last two to three quarters and Q3 is a peculiar quarter given how demonetization impacted various business. So, just sort of wanted to clear whether there was any element of channel filling that led to higher growth this quarter in India IT or what you are seeing is actually reflective of the underlying growth that the company would have seen?

Raj Shankar: First, let me put the statistics before I give you my explanation. For Q3, in India, the IT growth was 15%, on a Y-T-D basis which is for a nine month period, it was 16%. So, logically speaking, the first six months' growth has been higher than what we delivered in Q3. That in itself should answer your question that channel filling is not what happened. So, the point I am making is that very clearly, if for a minute, we look at IT, between consumer and the enterprise business, the one that is holding very nicely quarter-after-quarter and growing at a strong double-digit is our enterprise business. The consumer business yes, has been growing albeit by a single-digit and that sort of slowed down as I said in Q3, because of demonetization. So, I would expect that the enterprise business should continue to get the traction that we have seen in this current financial year.

Moderator: Thank you. Next question is from the line of Madhu Babu from Prabhudas Lilladher. Please go ahead.

Madhu Babu: Sir, my question is on the Chinese smartphone players, like if you see Redmi, most of the sales are through online channel. So, do they still go through distributor like Redington or do they bypass us?

Raj Shankar: Yes, you are absolutely right. The good news is they have appointed Redington to do the offline distribution. You are right in assuming that in the past, they would only go direct through e-Commerce but now, they have seen the power of distribution. So, we see them also now invest more and they are keen to grow the offline distribution and that we are expecting to have a higher contribution to their overall business in the current year.

Madhu Babu: Okay. But would that be a risk that if you see some of the Chinese handsets bypassing distributors? I mean the way non-IT is being a big growth driver, so would there be a risk of these e-Commerce companies eating our share?

Raj Shankar: You know this is a concern which could have been there about a year or two years ago. But I can tell you, there were only two companies essentially even two years ago where vendors would go direct to e-Commerce companies. Out of that two, one was Xiaomi who have now chosen to also engage offline distribution and that leaves us with only one and I can tell you it is a matter of time when even they will start to engage offline distribution. So, I don't think that should be a cause of concern where a distributor will get short circuited with vendors going directly to e-Commerce. And for us, we look at e-Commerce as a very clearly go to market. So, like we are selling to resellers, large format retailers and so on, now we are also selling, and we have been selling to e-Commerce players. So, therefore, that is not a cause for concern.

Madhu Babu: Okay. And second, sir, on the enterprise side which we are bullish I mean, which are the sub-segment - is it servers or storage or is it mostly again PC or Laptops which will be the driver? And in terms of government spending, do we see any good orders from that in next one year?

Raj Shankar: So, on the first question with regard to silos we have essentially five silos. The one that is the strongest for us is networking that is doing very well. The second-high growth performance area for us is software and security. The third which is again growing reasonably well for us is the server and storage space. So, we see in all these areas good growth. To your point about the government spending on IT infrastructure, we have not yet seen a significant uplift. We are starting to see some traction but nothing significant. But we are only hoping that in the way forward if and when all this Smart City and Digital India and all of that and plus the Government, e-Governance and everything starts to come into vogue that should be a real catalyst to our business. But at the moment we are only seeing small traces of this Government spending on IT infrastructure.

Madhu Babu: And just lastly the free cash flows for this quarter and net debt as of 3Q?

Raj Shankar: One of the points Madhu that we have always requested to our investors and to our analysts is that you should look at free cash flows, especially in the case of Redington where there is a lot of seasonality, more on an annualized basis. Hence, we have chosen to give for a nine month period which is a little more representative than if it is for a specific quarter. But having said that, I would definitely try and give it to you offline if that is fine with you?

Madhu Babu: But is it negative?

Raj Shankar: Not at all. It is definitely positive. I just want to make a mention here. When we give our cash flows we are operating cash flows positive both in India as well as outside India for Q3.

Madhu Babu: Sir, last quarter I think there was a reduction in net debt, so last quarter it was Rs. 1,360 crores. So, as the working capital has come down now, has there been further reduction in the net debt on balance sheet?

Raj Shankar: Okay. As far as the net debt is concerned, I thought we have put there as 0.4

Madhu Babu: Absolute number?

S.V. Krishnan: Net debt is about Rs. 1,400 crores

Madhu Babu: Okay. So, that is flat.

S.V. Krishnan: Yes.

Madhu Babu: Okay. Sir, and just one last question. Broadly, I think if you see in the last three to four months, we have seen the global side there is some consolidation that happened in this distribution industry between Avnet and some of the global players who were doing some acquisitions. How do you see that, I mean whether this industry there will be some consolidation and if so, would we look at any acquisitions of value-added players in the distribution side?

Raj Shankar: This question is outside India or India?

Madhu Babu: It is globally, not just in India. In globally, U.S. and all there is some consolidation happening in distribution space. So, whether that would be a trend as such because what they were indicating is because of this cloud and all that, even the supplier side industry is also consolidating. Anyways, in that context, would we look at acquisitions on the value-added distribution side further from here on or how do we see our M&A strategy?

Raj Shankar: Great. So, as far as the enterprise business is concerned, we are evaluating various opportunities. It is more so in India than outside India and we are looking to see if there is some synergy so, we have identified a few strategic areas. We certainly do not intend to do an acquisition for the sake of doing it. But we intend to, wherever we think it is a strategic fit and we don't have those skill sets and capabilities, we will and we are evaluating, though there is nothing that has fructified as yet.

Moderator: Thank you. The next question is from the line of Rumit Dugar from Religare Capital Markets. Please go ahead.

Rumit Dugar: I had a question on return on capital. If I look at it, historically your company has delivered return on capital in the range of 17% to 18% which is currently at about 13%. So, really how do you guys think about that? Can it go back to 17-18% levels or you think given the current business mix and the way the growth outlook is, this is more or less going to be the steady state?

Raj Shankar: So, the first thing, if you will permit me to say, is that, for the quarter we delivered a 15.7% ROCE. Of course, it is not 17% or 16% I agree, but it is 15.7%. However, for a nine-month period, you are right that it is lower. Our clear endeavor is that with the way that we have managed to keep our working capital under check and control as we continue to do this successfully, in the way forward certainly, you will see us be in a position to deliver in the range of 16%-17% consistently over time. So, that is very clearly an internal mandate both on ROCE and ROE and is an important mandate that we are focusing towards.

Rumit Dugar: All right. And the business mix impact and the impact on margins etc., that despite all of that challenges you think you can still get to 16% - 17% over the next year or so?

Raj Shankar: So, the short answer is yes. But just for a minute to tell you, there are two things that we are working towards and both have to happen simultaneously for us to make this happen which is our endeavor. Number one, we have to get the business mix right between IT and Non-IT. If it gets skewed one way or the other, there would be one kind of a negative impact, so that is something that we are working very clearly and OND may not be representative from that perspective. With regard to the other point and that is to continuously keep our working capital under check and control, we have consistently managed to have the working capital under check and control in this year. See, honestly, 43 days what we have delivered in Q3 is a very good number and this is not something that I would say is sustainable but we are very clearly working towards what we delivered in Q2, where we delivered 46 days. So, that is a little more representative in terms of the working capital and the way forward. So, as long as we kept the working capital under check and control and we get the business mix right I think we are well-poised to deliver a 17% ROCE.

Moderator: Thank you. Next question is from the line of Prasad Padala from Investec Capital. Please go ahead.

Prasad Padala: Excuse me, if it is a repeat. But on the margin side, I mean obviously Non-IT is growing faster than IT. If I take a slightly longer-term perspective, may be two to three years, do you still think that we will be able to maintain margins at this level?

Raj Shankar: The short answer is yes, because we are looking at in the medium-term, that is if you take over a couple of years, you would see that in addition to IT and non-IT which currently or largely is smartphones, we are now slowly making a foray into certain other business verticals. We expect some of these in the next couple of years to really gain traction and these verticals have a higher margin, have an interesting and a much higher ROCE. So, to answer your question in the way forward, in the medium-term to long-term, we are not going to be only dependent on driving the IT and the Smartphone business. So, to that extent yes, this margin is sustainable.

Prasad Padala: Okay. So, if I look at your ProConnect business, although it is growing very rapidly still it is a very small portion of the overall business. So, firstly, what kind of growth rate do you expect over there and let us say if I take a five-year perspective, at least at EBITDA level, what portion can it contribute to the overall EBITDA?

Raj Shankar: As far as ProConnect is concerned yes, thank you for acknowledging that our revenue growth for Q3 was 57% and nine months was 43%. Now, we have internally what we call the Vision 2020 and if wishes were horses and if that becomes a reality I can tell you, we will be looking at a completely different number in the next four years as far as the ProConnect is concerned because you will agree that this company has been in vogue now for about four years. And last year, we probably breached the Rs. 100 crores number but this year, we would be doing far higher. So, in summary, over the next four years you would see that this is going to be a force multiplier in terms of both top-line and bottom-line.

Prasad Padala: Okay, fine. In terms of working capital, I appreciate the fact that working capital has actually come down but how much of control do we have on it? Actually, something like let us say a bad model similar to what happened in FY 2016. So, what are the risk of it actually spiking up?

Raj Shankar: So, you are right, Prasad, that risk is always there. But when you have a portfolio of brands considering that we have about 200 brands in our portfolio and we have both IT and Non-IT very well-represented. We are not over dependent on one brand and one product. So, even though at some point in time, some product maybe slow moving because of which inventory can get flared up, I really don't think that is a cause for concern. I just want to draw your attention for the last four to five quarters just on this point on inventory. In Q3 of FY 2016 our inventory in terms of days was 40 days. This was 35 days in Q4FY16, 36 days in Q1FY17, 30 days in Q2FY17 and 33 days in Q3FY17. So, if you look at it, there is a very clear consistent effort towards bringing the inventory days down, though within this, there could be some brand or some product where it could be high and low. So, to answer your question, the risk can be managed and we have demonstrated that over the last four to five quarters at least when you look at the statistics.

Prasad Padala: Okay, sir. And one last question, so if I just look at your IT segment, what portion would come from the PC and Laptop sales together?

Raj Shankar: My guess is within the IT, it should be roughly in the vicinity of about 23% to 24% which includes both the consumer as well as the commercial PCs

Prasad Padala: So, in enterprise, is it the similar mix in enterprise IT business as well or something like networking or cloud has higher share?

Raj Shankar: Okay. So, for us we classify all this networking, software, security, server storage, all that into the enterprise business that means the various products be it hardware, middleware, software that goes into an SMB or a large corporate etc., as an enterprise and that is the one that is really growing as we said earlier, by a strong double-digit.

Prasad Padala: Okay. No, I was saying within enterprise you have let's say cloud, networking and various verticals, right. So, within that, major portion would come from PCs or would it come from cloud?

Raj Shankar: Sure. But as I said earlier, so the first one is networking which is the one for example, Cisco and related products. The second one is software and security where we have a nice and very enviable portfolio of brands. And then it would be followed by sever and storage, these in the enterprise would be the top three business units. Does that explain your question?

Prasad Padala: Sure. I was hoping just to get a rough number on how big is your networking out of the total enterprise

Raj Shankar: Okay. So, if I have to again make a guesstimate. My sense is about 30% out of the enterprise business would come out of networking, software and security should be in the vicinity of about 27-28% and then you have server and storage which is probably about 20-21% and the balance would be the others

Prasad Padala: Yes, that is fine.

Moderator: Thank you. Next question is from the line of Garima Mishra from Kotak Equities. Please go ahead.

Garima Mishra: Sir, I had a couple of questions on the ProConnect business. What sort of investments are envisaged in this business say over the next couple of years? And the second one being most of the business currently is B2B, do we have any plans of adding the B2C business line to it as well?

S.V. Krishnan: Okay. As we speak now we have invested about Rs. 30 crores in the company and we think over the next three to four years in total, there would be an additional Rs. 150 crores of investment which will primarily be into building ADCs in the Tier-II cities once the GST gets implemented.

Moderator: Thank you. The next question is from the line of Alekh Dalal from 130 Capital. Please go ahead.

Alekh Dalal: Yes, if I just look at your capital employed relative to your equity, are you basically running on excess capital right now versus the earlier years and if so, how do you think about that?

S V Krishnan: See, Alekh this is the working capital intensive business and as we speak now we are in a very comfortable debt-to-equity situation. If there is a spike that happens in terms of revenue or there is some requirement for additional working capital, we should have that much more leeway. So, we can’t say we have excess capital, we have adequate leg room for capturing any spike that can come in terms of revenue. That is how we should look at this.

Moderator: Thank you. I would now like to hand the conference over to Ms. Priya Rohira for her closing comments.

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

Raj Shankar: Thank you, Priya. So, once again, I just want to share with everyone that we have had a good Q3, both in terms of our revenue growth and the profit growth, both for the quarter and for a nine-month period, for India and as well as outside India. We could bring down our working capital significantly again, both in India as well as outside India. We could throw up positive free cash flows for a nine-month period. And we are happy that overall, the performance in Q3 despite all odds, has been to our satisfaction and we hope that this momentum would continue going forward. Thank you to everyone who had participated on this call.

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

(This transcript has been edited for readability purposes)