"Redington (India) Q1 FY16 Earnings Conference Call"

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Moderator Ladies and Gentlemen, Good Day, and Welcome to Q1 FY16 Earnings Conference Call of Redington India hosted by Axis Capital. 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 now 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 a great pleasure; I welcome you to the First Quarter FY2016 Earnings Call for Redington India Limited.

We have with us Mr. Raj Shankar – Managing Director; Mr. Krishnan – Chief Financial Officer and Mr. Jayaraman – Treasurer from Redington India Limited. The call will begin with a brief management discussion on the performance for the quarter ended June 2015. This will be followed by an interactive Q&A session. The conference 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 and thank you to everyone who has joined us today. Just to give you a quick overview on the quarter gone by. I am actually very happy and pleased to share with you that we have registered a growth both on the top and bottom-line and this is across both India as well as the overseas market. Both theaters have contributed to this growth.

It is important to keep in mind a couple of factors: Number one is, outside India as all of you would know continues to be plagued with lots of geopolitical and other tensions and there has also been an aggravation on account of currency volatility. In spite of these very adverse backgrounds I am very happy to share with you that outside India has registered a growth both on top-line and a faster growth on the bottom-line. The value business especially outside India grew significantly and our non-IT business particularly on the Samsung Mobile Phone also registered a very impressive growth. Turkey unfortunately for us continues to be a market where our bottom-line have got impacted and as all of you would know, given the way tax is computed, Income Tax is computed in Turkey, with a high currency volatility there tends to be a significantly higher tax rate, effective tax rate applicable than what it should have been. But in spite of that we have still delivered a growth on top and bottom-line outside India.

Now when I look at India, I am again very pleased to share with you that we have had a very impressive growth both on IT and on non-IT. I want to put a couple of matters to rest right at the outset. The first, last quarter that is in Q1 FY15 we had the benefit of land sale which gave us a good contribution to the profits. If for a minute you eliminate that and look at the growth of India without the land sale, I am pleased to share with you that the growth is north of 35% in terms of profits. Now this has also come on the back of a double-digit growth in IT where it has grown by close to 11%.

As far as the Apple business is concerned, there were a lot of concerns that with the addition of distributors which was 2 to 4 we still continued to grow the Apple business overall. So I repeat again, while in a two distributor scenario for iPhone we had a significant market share and we had a significant contribution from iPhone business, I am pleased to share with you that overall the Apple business for us in the last quarter has grown albeit by 2%. And here is the good news, the Mac business has grown by 76% and some of you would recall that there was a similar impressive growth on the Mac business also in Q4 which is January, February, March. Even though there is a decline in the iPad business as well as the iPhone, overall to reiterate the Apple business has grown for us.

I just want to leave one more perspective with you and that is, while the contribution of the Apple business to our overall business for the quarter gone by is about 10.4%, let me tell you in the same quarter last year the contribution of Apple to the overall revenue was also 10.4%. So in effect there is absolutely no detrimental impact of the Apple change in distribution landscape to our business.

The one other point I want to touch upon before I hand you over to, for the questions is, the logistics business has registered again an impressive growth of about 27% on the revenue and close to 46% on the profits. This is a business where you would recall we had taken a conscious decision to step up our efforts and scale up the business given the explosion of the business opportunity as per as the online business is concerned.

With this I will pause and hand it over back to Priya and hand it over to you for any questions.

Moderator: Thank you. Ladies and Gentlemen, we will now begin the question-and-answer session. The first question is from the line of Sreevatsan Ramachandran from Spark Capital. Please go ahead.

Sreevatsan Ramachandran: Sir just wanted to get your thoughts on the traditional PC business in the domestic market, there is some anticipation of growth to pick up in the second half, do you think those thoughts are still pretty much will play out over the course of second half of this financial year and maybe in FY17? That’s one piece. Second is on the government business, are there any signs of large activities that are happening on the government side?

Raj Shankar: Right. So as far as the PC business is concerned in India, interestingly each one of the vendors has de-grown, for instance HP has de-grown by 25%, so has Dell, so has Acer, Lenovo is the only exception which has grown by 15%. Now when you look at our performance, Redington's performance for the same period, our Lenovo business has gone up by 53%, our IBM business has gone up by example 42%, our overall growth on PC has been much better compared to the industry, we have been gaining market share. This was point number one.

Your other question about the government related business, while in the past it was probably completely nonexistent, we have started to get some enquiries but it is still at its initial stages, we are hoping that in the next quarter or two we should see an acceleration of the investment in

IT infrastructure by the government. As we speak, there are various enquiries which we are participating as you know not directly but through the system integrators and if some of these fructify which we think should happen in the next couple of quarters, that should be an accentuation to growth.

Sreevatsan Ramachandran: Sure sir. On the logistics business just wanted to understand, I do not know it is premature to look at ROE, ROCs on these business but wanted to get your thoughts in terms of when say may be the Chennai ADC goes full-fledged and operating at full capacity what kind of ROEs should these businesses have may be at a 90%, 95% capacity utilization or a mix which is more optimal business mix in terms of either only warehousing or warehousing with other value added services like shrink wrapping and other things possible, put together. Just wanted to get your comments both on what would be the ideal business mix you would look at and what would be the ROE, ROCs of that ideal mix?

Raj Shankar: Okay. So in the way we look at it, first is, even though logistics (**Inaudible-12:00**) tend to be capital intensive, but the way we are trying to drive this business we wanted to make it as capital light as possible and we would therefore look at more leased warehouses but in ideal locations taking into consideration the optimization of the logistics and proximity to the places of demand. Having said that, for us more than return on capital employed, if you look at from an ROE perspective, at the moment given our investment in this business, our ROE would be in the vicinity of about 10%, but we are just as you know in the second full year of operation so we should expect that this ROE in the next couple of years we should hope to probably look at anywhere in the vicinity of about 15% or north of that. If that would explain?

Sreevatsan Ramachandran: Sure sir.

Moderator: Thank you. The next question is from the line of H.R. Gala from Panav Advisors. Please go ahead.

HR Gala: Sir, you gave a perspective that current going seems to be good as far as concerned on the PC front. Do you think these growth momentum **(Unclear-14.05)** in the coming month?

Raj Shankar: I lost you in between, but if I understand your question you are saying that we had in spite of market de-growth in PC, Redington managed to grow some of the PC business. If you had questioned whether this growth momentum would continue?

HR Gala: Yes, that is my question.

Raj Shankar: Okay. So the short and sweet answer is, yes, and I will clearly articulate why. In the past our main business on the PC was more to do with HP and Acer but in the recent past and in the period going forward, in addition to focusing on HP and Acer we are going to double click on the Lenovo business which is doing very well for us and we would also want to double click on our Dell business which is something which we did not have in our portfolio. So both these are going to definitely give us higher accelerated growth compared to what we have done in the past.

HR Gala: And what will be your take on the profitability, like in this particular quarter we have seen our operating profit margin including other income but excluding **(Inaudible-15:29)** has increased by about 0.2% on a consolidated basis. So do you think this profitability will continue throughout the year?

Raj shankar: Okay. So once again a little bit of gap was there in what you said, but I understood broadly your question, again the margins have gone up if we eliminate the land sale, so your question is would this continue, is this I guess your question?

HR Gala: Yes, that's right.

Raj Shankar: Okay. So in our perspective by and large this should continue, the trend should continue because our drive both on the erstwhile volume business as well as on the value added distribution continues to track very well whether it has do with software and security, whether it sis to do with PCs, whether it is to do with networking. And just to give you with one of the global vendors in networking we have set an all-time high record in terms of sales numbers where in their financial year we have done north of $100 million which is something which was never done before. So the long and short of it is, we are tracking very well on a number of product categories within IT and this momentum should continue and our profitability should be in line with what we have delivered.

HR Gala: Okay. Now last question from my side, on consolidated number even after eliminating **(Inaudible-17:05)** our other income plus operating other income in the first quarter of FY15 happens to be 16.79 crores and that has come down to 9.77 crores in this first quarter. So was there any one-off item last year?

S.V. Krishnan: Yes, there is no other one-off, these are the regular other incomes that we get in the form of interest being collected from customers on account of overdue, so those are the things which normally have come down and hence the overall other income has come down vis-à-vis last quarter.

HR Gala: Okay. Was there any FOREX included in the other income in the quarter CAGR?

S.V. Krishnan: There was some small FOREX gain that was there in the previous year, whicht is not there in the current year.

HR Gala: Okay. How much was that amount sir?

S.V. Krishnan: For Q1 of last year it would be less than $200,000. Less than a crore .

HR Gala: Oh! So it is not a significant amount?

S.V. Krishnan: Yes.

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

Priya Rohira: Just wanted to understand more on pro-connect with respect to these services which we are offering to the ecommerce players. And secondly, is it possible for you to share the revenues which we are now getting from the external clients? I will just come for more questions once we look at this.

Raj Shankar: Okay. So the first is, just to put things in perspective, In the same quarter last year 74% of the business was captive, 26% of the business was third party. Now this third party business has grown by 50% this year, so that is the good news, so 26% has grown to 38% contribution in Q1 of FY16. Now this business is cutting across number of industries, though there is also a strong bias towards some of these online business opportunities. If that could answer your question Priya?

Priya Rohira: Yes, that’s helpful. The second thing is on Ensure Support Services, is it possible for you to share in terms of the growth outlook, because given the way the online players are doing we have a good scope for warranty and post warranty services, how do you see this and given the fact that we are moving more towards a network oriented economy, so this entity has a higher role to play.

Raj Shankar: You are absolutely right Priya, so we are looking at Ensure services again from two important lines of business, one, as you said the warranty and the repair services be it during warranty or outside warranty for both IT and some of these mobile devices, and the other is the enterprise side of the services. At the moment for us the enterprise side of the services is growing fast. As far as the mobile devices is concerned, the opportunity is big but I must confess at what is typically known as L1, L2 repair the compensation is not very economically interesting. Of course we do participate in that opportunity, but that is not economically very rewarding but we have a good balance between doing both the repair services as well as the enterprise services.

Priya Rohira: Sure. And is it possible to share Ensure's contribution, because I know the gross margin would be upwards of 50%, so I just wanted to understand this improving profile towards services actually.

Raj Shankar: Okay. So Ensure services if you look at it as we would always know from a revenue it has a very small contribution, but overall if you look at Ensure's services, just to put things into perspective, in India the profits have grown by close to 30% and outside India, I mean consolidated on Ensure services… Just bear with me, give me a brief moment, let me check the overall Ensure services growth numbers, but India profit growth is north of 30%. Is that fine Priya, so we will get back to you on the numbers?

Priya Rohira: Yes, can I just go ahead with the questions by the time we can come back over here?

Raj Shankar: Yes.

Priya Rohira: Krishnan, is it possible for you to share the breakup on the IT, non-IT, India and overseas? And the CAPEX which you are looking at for FY16 more so with the fact that the logistic business seems to be doing quite strong?

S.V. Krishnan: Okay. For the quarter in terms of India split, IT would contribute about 66% of the overall revenue, the non-IT and services could be the balance. With respect to overseas, the non-IT and services contribute about 14% and balance is IT. So if you look at on a consolidated basis 78% comes out of IT and the balance about 22% comes out of non-IT and services. Regarding the CAPEX point, our estimate is it can range between Rs. 70 crores to Rs. 80 crores for the full year and as we said mainly it will be in logistic phase.

Priya Rohira: Okay, that’s helpful. And last question, it relates more on the overseas business. We have done remarkably well both in fourth quarter and the first quarter despite the economic and geopolitical challenges and this quarter I think would have got impacted by Ramadan, right, if I just want to understand it correctly, when do you see things stabilizing and improving, at least the non-IT part of the business seems to be doing quite great, but just want to understand do we see H2 to be better than H1?

Raj Shankar: Priya, that is clearly what we think should happen. The reason why you saw the non-IT, particularly on the Samsung do well is because our telecom part of the business particularly in Africa fortunately was not impacted on account of all these geopolitical tensions. As far as Middle East is concerned, I think the H2 for us would be definitely strong, like it was demonstrated even in the last year, so that would definitely continue, your point is valid.

Moderator: Thank you. We have a follow-up question from the line of Sreevatsan Ramachandran from Spark Capital. Please go ahead.

Sreevatsan Ramachandran: Yes sir, just wanted to get your thought on the 18 to 24 month period in the overseas business, if the mix of non-IT and within IT the mix of value business goes up would it be fair to assume margin move up to increase from the current levels?

Raj Shankar: Absolutely yes, strangely though that is exactly how we are thinking and planning, we would like to believe that we have reached probably a second position on the value business in the Middle East, Africa, in the next couple of years our plan is to clearly scale the business to take a pole position and that as you know is the margin rich business. On the non-IT particularly on the mobile devices, as mentioned to you we are in dialog, we have already added a few brands but we still have not taken brands on the Tier-I space esspecially in the Middle East, once that gets added we expect that business to grow and that would also give us a good growth in the margin. So overall your point is valid that both on value business and on the non-IT there would be a scale and there would also be a margin increase.

Sreevatsan Ramachandran: And sir my next question is on the capital allocation, over the last three years we have possibly allocated more capital to the overseas business given growth in the traditional distribution business was tepid here, so just wanted to get your thoughts how we could look at it over the next 2, 2.5 years, do you see more capital gain being allocated within India, are there any capital expansion plans? And second is, any thoughts on any other areas you think you could utilize your capital?

Raj Shankar: Great question, that is exactly how we have thought as well, so one, in the period going forward India would clearly be the focus market for us in terms of investment, we would look at investing both in our current business, the logistics business, we are also looking at and evaluating some of the newer business opportunities in India, so that would clearly be an area for, market for investing into the future. Sorry, your second question was sir, I missed it?

Sreevatsan Ramachandran: On in terms of capital allocation what you wanted, that was my second question.

Raj Shankar: So, like you said capital allocation would be for India, I thought you had two questions, but anyway. The capital allocation going forward would clearly be in India and as I mentioned it would be in the current business, in the logistics business and also we are looking at evaluating and investing into some of the newer business opportunities.

Moderator: Thank you. The next question is from the line of Nimit Shah from ICICI Securities. Please go ahead.

Nimit Shah: Sir just wanted your views about the growth which we have delivered on the IT business in India, it is after a three-four quarters of muted growth we have again reported 10% to 11% growth. So what has led to that and is that sustainable going forward or is that number basically we are looking for the full year as well?

Raj Shankar: So with regard to the last quarter, as mentioned our growth in IT in India was about 11%, yes we had our soft growth in IT in India in the last few quarters, we expect that in the previous going forward this kind of a growth momentum would continue and this we expect both in our traditional volume business, the PC, printers and the PC components and peripherals, and we are also expecting a step-up in our value added distribution business on the rest of the products including all those networking, software, servers etc. So we should expect a similar kind of a growth rate in IT going forward.

Nimit Shah: Sure. And so this is excluding any revival seen on the government side of the business?

Raj Shankar: Yes, at the moment we have not had the benefit of that, though as I mentioned earlier on another question that it seems to be trickling so far but we are hoping that some of these should manifest itself into a bigger opportunity in the next few quarters.

Nimit Shah: And sir this also means that within IT if the value added products growth is faster than it will be helpful for our margins as well?

Raj Shankar: Absolutely. In fact the margins on the value business for us is definitely high, but there is one challenge I must add here that it tends to be also a little more working capital consuming because particularly on the value added side of the business be it the government or the large corporate, the credit period that we would have to extend tends to be longer than what we would typically give in our traditional IT business. So to that extent the working capital might go up, but definitely there is an opportunity for us to scale and earn more margin.

Nimit Shah: And what would be the share of this value added products currently for our IT business?

Raj Shankar: In India this would contribute to north of 60% to 65% of the total top-line though on a bottom-line perspective it would be even more, and outside India currently it is still hovering around 18% and it is slated to grow much faster in the next couple of years.

Nimit Shah: So one year before India the share would be around 50%, 55% or…?

Raj Shankar: Thereabout, I would not have the data ready with me but I can only tell you that overtime the value added distribution business has consistently grown for us, so it would be in the vicinity of that I won't have the data ready with me.

Nimit Shah: Sure. And sir one more thing, sometime back there was some article in some media about Apple appointing one more distributor for Delhi that is Optimious Group, so any thoughts from that front?

Raj Shankar: We have absolutely no communication from Apple in this regard, as far as we are concerned this is not reality, it is for us business as usual so I cannot comment on this anymore.

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

Priya Rohira: Yes, I just had follow-up two questions. One, is it possible for you to help us on the working capital movement in terms of working capital days? The second thing is, just wanted to understand on the cash flow given the fact that we have managed margins and packed performance quite well and the non-IT growth has been quite strong.

Raj Shankar: So Priya there is one thing that did not work well for us in Q1, it is that our working capital went up, this is largely on account of two reasons that is the contribution to this from overseas, there is also a contribution to this from India. In this the main element is to do with inventory. In India because there was in relation to this Bureau of Indian Standards and there was unfortunately or fortunately a compelling need to increase the level of inventory on iPhone, on iPad and on Mac and because it was generally viewed that getting these kinds of approvals would be time consuming there was a request from the vendor to step up our stocking so that in the period when we are trying to, I mean when the BIS certificate is being obtained at least the market does not run out of inventory. So what really happened is, each one of the distributors and Redington including has to therefore stock up in order to meet with this particular situation. So on account of this in India the inventory levels went up. Outside India the inventory levels were high but particularly in Turkey where consciously we decided to go slow on our business to have, we could have very easily sold that product but we would not have made margin, we wanted to make sure that we are able to get the right level of support from the vendor and therefore it was a conscious decision to hold back on the inventory and not sell it at the cost of margins. So to this extent there was an increase in the inventory at the consolidated level by four days, so to that extent there has been a detrimental impact on both working capital as well as on the free cash flow.

Priya Rohira: But just as a follow-up, this would definitely ease off given that this is just a very short-term phenomenon as far as both the countries are concerned?

Raj Shankar: Absolutely, our strong view is that the quality of inventory is not at all suspect, we would be able to sell it profitably, it is just that we have taken a conscious decision to hold back on the sales even at the cost of an increase in working capital.

Priya Rohira: Sure, that's helpful. The second question is more on the increase in other expense at the consolidated level with respect to this quarter, was it purely on account of advertisement expenses or was any promotion over here in terms of more of say on the Apple side if you have to do any more advertisements in the market, so that has gone up 18% from Q1 of last year to Q1 of this year?

S.V. Krishnan: One reason is the advertisement and promo related expenses, plus there are also some payments towards the consultancy charges, so these are the two main reasons it had moved up it otherwise from the perspective of normal expenses it has quite grown similar to the revenue.

Priya Rohira: Sir this payment for consultancy would be more of one-off in nature, right?

S.V. Krishnan: Yes.

Moderator: Thank you. The next question is a follow-up question from the line of Sreevatsan Ramachandran from Spark Capital. Please go ahead.

Sreevatsan Ramachandran: Sir just wanted to slightly understand this advertisement reimbursement from Apple, is there a quarterly lag that typically plays over from the time actually we spend to the number it comes into from an cash flow point of view?

S.V. Krishnan: See, from the cash flow perspective there could be maximum a quarter lag, but from the P&L perspective you can see a similar addition happening at the gross margin level, so that is why we were saying normally it will be EBITDA neutral.

Sreevatsan Ramachandran: Okay, fair enough sir. The second piece was on the growth options we were exploring outside IT and outside mobile phones such as on the areas of consumer durable or brown goods, so just wanted to know is there any update on that front, do you think that business is a viable business which can form a large part of a domestic business or is it something which is you would not focus too much of management synergy as things stand now?

Raj Shankar: Okay, like I said earlier we are evaluating a few business opportunities and we have narrowed it down, probably in the next quarter we would have firmed up very clearly our plans in terms of these business opportunities, point number one. Point number two, if these business opportunities we are able to execute it, this should result and it is not fair to look at a one year, two year but if you look at over a three to five year scenario at that time some of these new business opportunities that we plan to get into and plan to execute well, should contribute quite significantly almost to the extent of the net new EBITDA growth of almost EBITDA contribution of almost about 25% at that point in time.

Moderator: Thank you. The next question is from the line of Vikas Chiraniwal from Franklin Templeton. Please go ahead.

Vikas Chiraniwal: Just a couple of questions. One on Samsung in Africa, if you could give us what was the growth this quarter and where did it come from?

Raj Shankar: So the growth is from Samsung particularly where we have opportunity in West Africa, our growth was somewhere in the vicinity of close to about 80%.

Vikas Chiraniwal: Wow! Any particular change in the market dynamics that led to this because we were sort of de-growing in Africa, because Samsung was losing share and there was a lot of competition within the existing distributors of Samsung, so what really changed, somebody exited the market, what happened?

Raj Shankar: Two things happened, one is essentially there were two players, we were one of two and the other player did not participate as actively for the last quarter but because of that there was also an addition of a new distributor that Samsung had done. The fact that we have continued to play that market, the fact that we have a much better experience allowed us to be able to take advantage as the first player was slowing down and before the third player could take advantage we took advantage of the market and really scaled it up. And to your next logical question, how do we see the next quarter we expect this momentum to continue because we think that the first player probably is a little more wounded and it would take them a little more time to get back into the business as aggressively as they once used to play.

Vikas Chiraniwal: Right. This I assume is Nigeria, right?

Raj Shankar: That’s right.

Vikas Chiraniwal: But again, the whole currency situation you had sort of bagged down a bit in Nigeria, so that risk and that defocus is behind us now?

Raj Shankar: No.So, like I said part of the reason is to do with the fact that if the other player had continued to play the game then it would have probably put us into a little more, we could not have probably done the kind of growth we get. So I would not say that the currency issue is completely addressed, we did have a 5% further so called deprecation of the currency of Naira against the US dollar last quarter, but because one of the players was not playing the game with full force this allowed us to be able to manage the market, I would not say dictate the price but be able to hold on to our price but be able to hold on to our pricing and ensure that we are not only able to scale but also make that into a reasonably profitable business.

Vikas Chiraniwal: Sure. The other question was on cloud, we have talked about in the past, the market is gradually but surely moving towards cloud solution rather than a box solution, we wanted to have an offering there, where are we on that business?

Raj Shankar: So the good news is that we are at that stage where probably by the end of this quarter, the current quarter we would be platform operation ready, cloud platform that is that allows us to be able to transact across various vendors on a consumption based model. With regard to the services piece, this is something that we are looking at an inorganic approach and we would follow that hopefully before the end of our financial year with something that would help us to be able to ensure that the address on the cloud both the consumption as well as the various services. So I don't know if that would answer your question.

Vikas Chiraniwal: No, that is helpful.

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

Priya Rohira: Just one follow-up question on the overseas business on the value side, you mentioned about the additional Tier-I vendors in the Middle East, we already have vendor relationships across media players or are there certain brands which are doing much better or is it more in terms of the distribution landscape? Just trying to understand more on the vendor profile requirement or the distribution side requirement.

Raj Shankar: Priya, interestingly for us on the value business outside India three things have worked well coincidently, number one, we have been able to clearly gain market share with some of the major vendors that we are participating. This includes business brands like Oracle that we signed about a year ago, we came in as a third player but as we speak we are already less than a year come to the second position and we are scaling up. So one is, we are clearly growing our market share, the second important growth driver for us has been addition of brands, we have added quite nice set of brands both in the Middle East but more importantly in Africa that has also helped us to scale this business. And the third, we have also added a few markets and that though it is just one or two, in those markets that has also helped us in terms of further growing this businesses. So when you take them in perspective market share gains, addition of brands as well as an addition of market has helped us to grow this business quite significantly.

Priya Rohira: Would it be fair to say that two or three years down the line the overseas business would replicate the value business or shadow the value business which we have in India?

Raj Shankar: I would put it this way, so the overseas business at this point in time is probably contributing to less than 18% but in the period going forward in the next two to three years I expect this to contribute to anywhere about 30%. Now keep in mind that even as we speak for last quarter rough and ready from a top-line 59% of the business comes outside India, so if out of that and that continues to be let's say in the vicinity of about 55% to the overall Redington group revenue in that 30% would be value business, that would be quite significant.

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

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

Raj Shankar: Thank you Priya. Just as closing comments I would like to share with you, I am very pleased with the results that we have shared with you for Q1. Highlights, our India IT business has grown quite nicely, about 11% on the top-line and without the land sale would be north of 30% from a profit perspective. Point number two, our overall Apple business has grown, the highlight here being the Mac business has grown by 76% from last quarter on the back of another very strong quarter which is in Q4. The third, our Logistics business which has grown quite impressively in terms of revenue and profits where our profits grew by 46% over last year. As far as outside India is concerned, our value business has done quite nicely and grown very impressively in terms of top and bottom-line. And the non-IT, particularly the Samsung business has grown quite impressively on a strong set of numbers particularly on the top-line on account of the opportunity in Africa. Overall, we think this kind of a growth momentum should continue into the quarters going forward and H2 we expect it to be a quite solid set of numbers given some of the new business opportunities that the company plans to embark. With that, once again thanks to everyone for joining in. Thank you.

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