



Redington (India) Ltd

Q2 FY 2017 Results

Conference Call

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MANAGEMENT : **MR. RAJ SHANKAR – MANAGING DIRECTOR – REDINGTON (INDIA) LTD**
MR. S. V. KRISHNAN – CHIEF FINANCIAL OFFICER - REDINGTON (INDIA) LTD
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ANALYST : **MS. NIKHAR JAIN – EMKAY GLOBAL FINANCIAL SERVICES**

Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY2017 Results Call of Redington (India) Ltd hosted by Emkay Global Financial Services. We have with us today Mr. Raj Shankar, Managing Director, Mr. S.V. Krishnan, Chief Financial Officer and Mr. S. Jayaraman, Vice President, Treasury. 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 the 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. Nikhar Jain of Emkay Global Financial Services. Thank you and over to you!

Nikhar Jain: Good evening everyone. I would like to welcome the Management and thank them for giving us this opportunity. I would now hand over the call to Mr. Raj Shankar for his opening remarks. Over to you, Sir!

Raj Shankar: Thank you. Good afternoon to one and all. Thank you for joining us on our Q2 earnings call. First of all, I just want to share with you that there have been a few very interesting and positive developments and there also have been some one-off events that have taken place. So, let me start first start with some of the positive news.

Our earnings growth for RIL consolidated was 3% for the quarter, whereas our revenue growth was 16% and for a minute, you disaggregate that between India and overseas, India grew its topline by 12% whilst overseas grew by 19%.

We are extremely pleased to share with you that there has been a very substantial decrease in the working capital; some of you would recall that we had taken this as a very important mandate. I am again pleased to share with you that the working capital has reduced from 58 days last year to 46 days in Q2 of this year and again if you look at, between both India and overseas, India has brought down the working capital by 9 days and overseas has brought down the working capital by 11 days.

The other interesting and positive development is that we threw up cash in Q2 to the extent of Rs. 529 Crores and just to share with you when you look at Q2 of last year we had a negative cash flow of about Rs. 370 Crores. This free cash flow happened both in India as well as outside India.

The other interesting development is ProConnect, probably for the eighth consecutive quarter, has delivered some very interesting results. The sales grew by 28% for the quarter, 58% growth in EBITDA and 45% growth in PAT.

Now it is important to also let you know that there were one-off events that happened both in Nigeria as well as in Turkey.

In Nigeria, the exchange rate depreciated significantly by over 34%, resulting in a translation loss of about \$2.4 million. If, for a minute, we also look at Turkey where again for all the reasons known to us, there again, the currency depreciated because of the geopolitical conflicts; there has been a huge impact in our business resulting in a significant decline in the earnings.

Now, if for a minute, we eliminate the Turkey and the translation loss in Nigeria, then the earnings growth for RIL consolidated would have been a 20% growth and similarly, if we look at the overseas business, for a minute, the Middle East, Africa and Turkey business, without Turkey and without the one-off translation loss in Nigeria, the growth in the earnings would have been 45%. So, the point that I want to make is, yes, there has been a translation loss in Nigeria. There has been a serious impact to the earnings in Turkey, which has pulled down the earnings growth of the company; however, if we look at the core business, whether it is in India or outside India, both theaters have grown significantly their bottomline. I will pause here to take questions from any of you. Thank you.

Moderator: Thank you very much. We will now begin with the question and answer session. We will take the first question from the line of Madhu Babu from Centrum Broking. Please go ahead.

Madhu Babu: Sir, congrats on improvement in the working capital. So how would the net debt position currently be, because we have generated a good amount of free cash flow?

S V Krishnan: End of September, it is 0.4 times to equity.

Madhu Babu: So, we expect this kind of working capital from here on and has higher traction of Non-IT led to this reduction or could you give the breakup, I mean, between IT and Non-IT, what is the growth and what led to this working capital reduction?

Raj Shankar: With regards to the working capital reduction, as I mentioned to you, all three factors, which is inventory there was a substantial reduction, receivable also there was a good collection and reduction that took place. Likewise, payable interestingly for this period also went up. So the net and sum is that we had all three variables lay out very well this quarter. Now with regards to split of business between IT, Non-IT and Services, roughly, it is about 70% on IT, 28% on Non-IT, and about 2% on Services.

Madhu Babu: Okay, that is for this quarter?

- Raj Shankar:** Yes.
- Madhu Babu:** How are you seeing iPhone 7 traction and what is the outlook for the Apple Portfolio going forward?
- Raj Shankar:** If the last two weeks is any indication to go by, so far the sellout has been extremely good, but again, as it always happens typically for Apple just when you think the product is selling at insane velocity, it is on allocation, so the long and short of it is, the response so far has been very good.
- Madhu Babu:** Okay, Sir. I will come for a follow up.
- Moderator:** Thank you. We take the next question from the line of Priya Rohira from Axis Capital. Please go ahead.
- Priya Rohira:** Congratulations to the Management team on a strong working capital management delivery. I think it has been much faster than what any one of us would have anticipated. I just wanted to understand in terms of the demand environment in IT and Non-IT mainly in IT, which globally has seen some negativity for a couple of quarters, and how have we grown even on a market share. I just want to understand what has been our growth in India versus the industry average, same thing for overseas as well and I just follow onto it globally Microsoft has been trending quite strong. Have you seen improvement in terms of Microsoft field, if you could just give some qualitative insights, it would be helpful?
- Raj Shankar:** Surely, Priya. So, first point is, for us, IT has grown quite nicely both in India as well as outside India. Just to give you a sense, in India, the IT growth has been about 16% and if you look at this IT growth, essentially, has been both on our traditional PC business as well as very importantly on our value added distribution business, so that is tracking quite well. Now when you look at outside India, interestingly just to give you a sense on how the PC business has played out in Middle East, Turkey, Africa, the PC business overall grew by 2% after a decline over a number of quarters whereas Redington for the same quarter grew by 22%, so the good news is that in spite of the fact that the PC market has been slowing down quite significantly, we have managed to gain market share and grow far ahead of market. With regards to Microsoft, our experience has been good because their focus has been more into Cloud, more into Office365, etc. We continue to have a good traction, but all of us are generally waiting for the next version of Windows as you know from 10 it is moving on to the next version and that is the expected to be again a game changer, so we are hoping and praying if that plays out well, this is going to become another significant catalyst or a trigger to the PC and hence the overall IT growth if that explains.

- Priya Rohira:** Sir, that is helpful, I was looking more in terms of the feelers which we are getting on the Surface Pro 4 and whether this can be a killer product like Apple iPhone?
- Raj Shankar:** It may not be a fair comparison, Priya. We, by the way, distribute Surface Pro in parts of Middle East and it is doing very well; we are addressing both the consumer and the commercial space, but like in terms of numbers, I must say it certainly is same in comparison with some of the other competing brands, but the good news is that we carry this product and so far the traction has been good.
- Priya Rohira:** Sir, that is helpful. The second thing is I just want to understand a little bit more on to how using this IT demand environment in India, last quarter was the first time we saw double-digit growth of 14%, this quarter we saw 16% and then the H2 has been very strong compared to H1. Would we see improvement or what segment, the enterprise or the government, what segment is actually contributing this growth?
- Raj Shankar:** For a change, we have seen growth in consumer, we have seen growth in enterprise, in fact, on both spaces and particularly, some of this also got further accentuated on account of Diwali and a few others, you know that is a lot of buildup for that, but be that as it may we are seeing definitely traction across brands, across product category, both in consumer as well as enterprise.
- Priya Rohira:** Sir, this is the last question. I just want to understand how has been the Non-IT growth both in India and overseas, there seem to be a quite strong delivery over there?
- Raj Shankar:** The Non-IT growth has been extremely strong at 141% growth outside India, but I must confess this is largely on the back of the Apple contract that we received for iPhone in UAE, which we did not have in the same or we had it, but it was for a lesser period last year. So, in all fairness I must say the large part of this growth is inorganic as well; as far as India is concerned it was about 8% and honestly we feel for that quarter typically as you would know when Apple has that NPI, which is the New Product Introduction, which happens in October, so OND quarter, which is the first quarter of Apple's financial year tends to be the best quarter and the converse is also true, which is the last quarter of Apple, which is Q4, July, August, September tends to be not their best quarter. Hence, therefore, if you look at it in that context, we have still grown by 8% for last quarter in India.
- Priya Rohira:** Can I have the liberty of asking one last question? I just wanted to understand more on the margin trajectory, you know, last year we had around 2.18%, this year, it is around 1.96%. Would we attribute this largely to the currency volatility we have seen in Nigerian Naira?

Raj Shankar: Absolutely, Priya. As I was saying if only we didn't have the forex loss or the translation loss on account of Nigeria and if only we did not have this kind of 29% earnings degrowth in Turkey, which is on the back of 74% income tax rate. If only for a minute, you keep this outside the equation as one-off events, then our growth would have been 45%. So, therefore, to answer your question, yes, you would see a marginal decline on the EBITDA for this year, this quarter compared to the previous period this is largely an account of these one-off events.

Priya Rohira: Sure, that is helpful. I will come for follow up questions once participants have been addressed.

Moderator: Thank you. We take the follow up question from the line of Madhu Babu from Centrum Broking. Please go ahead.

Madhu Babu: Sir, what are the chances of other broadening of portfolio, in terms of any new offerings you are trying to add in the portfolio?

Raj Shankar: Great question. So, one of the things that we are trying to do is we are now on our mission to investing in some of the emerging businesses, be it cloud or be it some of the other initiatives for which we are at very early stages, but however, I want to clarify when I say investment, this investment is not capex in nature, but this is purely for top talent, so especially when you want to build a cloud practice, then it is important to build, I mean hire top talent who obviously come with top money to be paid, so this is something that we are building. I must tell you while it is very, very early stages, but so far the traction and the response has been good, so therefore some of these will yield results and start to payback probably it make take a year or two, but I am extremely excited with some of the investments that we are making and some of the new emerging businesses that we are investing. So, at this point in time, I am a little constrained to share with you specific details on some of the other emerging businesses outside of cloud, so we have already started to invest in people and in completely the whole organization and we have also started to get some initial contracts, so once we have a little more clarity around how this is going to play out, we will start to share some more details, but for now, take it from me that as our going is good in IT, our core business continues to hold well, our Non-IT is also growing reasonably well. We are also now investing in terms of top talent for some of the emerging businesses.

Madhu Babu: Sir, my question is on the new emerging areas. Are we into this smart cities for Indian Government, some of the security solutions like CCTVs and all that? Is it the portfolio we are looking to expand into?

- Raj Shankar:** Yes, absolutely. So, we are not directly involved in terms of in either the tender process or whatever, but we are certainly involved with some of those companies which are engaged in delivering these solutions and we would be in all sort of be a distributor of choice on several brands for these smart city projects.
- Madhu Babu:** One last question, Sir, in terms of the smart phones, the Chinese are gaining good ground in India, so any further tie-ups we are exploring there?
- Raj Shankar:** Just to share with you, you would be aware that Xiaomi is something that we already have an engagement now. We are an offline distributor for Xiaomi. In addition to that, I am not sure that you are also aware that LeEco is something that we have also signed and we have also you know gotten into that business. So, we are also excited with that opportunity. We have also got some engagement with some of the other Chinese vendors, you know, where we are in the last stages of contracting with them and hopefully in the near term, we should be also distributing, so to answer your question, yes, we are seriously engaging with some of the other Chinese vendors as well.
- Madhu Babu:** Okay, Sir. Thanks a lot.
- Moderator:** Thank you. We take the next question from the line of Akshen Thakkar from Fidelity Investments. Please go ahead.
- Akshen Thakkar:** Congratulations on decent set of numbers and especially the efforts on the working capital side and it is the second quarter where we have seen positive free cash flow, which is encouraging. My question is related to that. So, you have seen net debt come down as per your presentation, but we have still not seen the impact of that in your net interest costs. I am guessing that is partially because of the FX losses over there. If that is the case, could you just help us quantify what was the FX loss that you have booked in the net interest line in Q2 and H1?
- S V Krishnan:** Akshen, it is not because of FX. It is because this reduction has more so happened in the month of September, so that interest is a factor of average working capital, so you did not see the benefits straightaway in this quarter; that will happen in the subsequent quarter.
- Akshen Thakkar:** So, from next quarter onwards, you should start seeing net interest cost fall. Is that the right way to think about it?
- S V Krishnan:** Absolutely, you are correct.
- Akshen Thakkar:** And, the forex hit, would it be in your EBITDA margins?

S V Krishnan: Yes.

Akshen Thakkar: My second question was, you know, iPhone 7 has been doing well. Typically, we tend to see a cyclically or seasonally strong December quarter for the Non-IT business in India because of the new product launch; however, this time we have more, you know, competition. How should we think about the seasonality in the Non-IT business in India in Q3? Would it be similar to what you have seen in the past or it should be more or less slightly see a slower growth?

Raj Shankar: The competition picture has not changed in Q3 this year compared to Q3 of last year. So in that sense, you know there is going to be little or no impact on account of competition per se, but on the contrary if you look at, if I have to be a little more brutally frank that the response on iPhone 7 and 7 Plus is far higher than the response that we had on iPhone 6S, you know, which was launched last year the same period. So to that extent, we are lot more bullish in terms of the growth this quarter compared to what it was the last year. Does that explain?

Akshen Thakkar: It does. So, you see anywhere between 20% to 70% growth in Q3 over Q2 on the Non-IT business. So, given that your response to iPhone 7 has been better. Last year, it is about 17% to 18% sequential growth, so growth, at least directionally, should be higher than that. Is that the right way to think about it because your ASPs are higher plus volumes would be higher?

Raj Shankar: So, you are pretty logical in your thinking, but all that I can say is it all depends on allocation. If they give us what we want, I can tell you whatever numbers that you just said, yes, it is more than possible, but if we do not get the allocation that we want, then I guess; so finally it is a factor of the demand and supply and I am hoping and praying that if only they can cater to our demand, then you know the growth should look good.

Akshen Thakkar: Can you expand on that allocation? I am sure there are four guys right now. How does Apple decide on allocation? Globally they have a problem that they did not anticipate iPhone 7 doing as well and their production is lower than the demand for the product. Are you referring to that as generic phenomena or within the four suppliers also, there could be a mismatch in what allocation is to different suppliers?

Raj Shankar: It is exactly your first point. So the fact that they did not anticipate at the response on iPhone 7 and 7 Plus would be so good and just again to be a little more specific, iPhone 7 Plus, the response has been quite good far better than anticipated, but unfortunately there are supply constraints so that's exactly what I meant and hence to that extent it all depends

on how much India gets and then, of course, whatever India gets you can be a rest assured, we will get more than our rightful share.

Akshen Thakkar: See, if we keep tracking iPhone sales in India YOY that will be a fair estimate to your growth. Fair enough. Okay, thank you guys and all the best for the coming quarter.

Moderator: Thank you. We will take the next question from the line of Srivathsan Ramachandran from Spark Capital. Please go ahead.

Srivathsan R: Just continuing on what Akshen was discussing on the debt side. Could you just give a breakup, what is in India and how much of it is outside India?

S V Krishnan: In total, it is about Rs. 1400 Crores split into Rs. 750 Crores in India and Rs. 600 Crores overseas.

Srivathsan R: Last two quarters, we have seen relatively lower capex and whereas last year, we saw a big healthy capex on the ProConnect business. I just wanted to understand what is the outlook, not necessarily from a two-quarter perceptible, but a 6-8 quarter perspective on the ProConnect business?

S V Krishnan: Last year, we started the logistics operations for various E-commerce sectors that involved additional capex. Since that part is as of now stabilizing, there is no additional capex to the extent of what we did last year to what we made this year.

Srivathsan R: I just wanted to get your thoughts on capital allocation, as things stand now; net debt what used to be at least almost one time, may be, three to four years back is down to 0.4 kind of number. Wanted to get your thoughts, what will be medium term net debt equity targets or do you look at higher dividend payout ratio or buybacks or just wanted to pick your brains on those lines?

Raj Shankar: So, as far as net debt is concerned, what has happened last quarter was definitely a positive aberration, but we expect this in the way forward, to settle down around 0.6 thereabout as of the net debt. Now, with regard to the some of the other points, at this point in time, I would want to reserve my comments with your permission.

Srivathsan R: Sure. Thank you.

Moderator: Thank you. We will take the next question from the line of Nimit Shah from ICICI Securities. Please go ahead.

Nimit Shah: Good evening, Sir and congratulations on the good improvement in the working capital side. Sir, just one question from my side, while you have mentioned about the one-offs in the overseas business, the profitability on the Indian business also is up by only 1% on a year-on-year basis, despite IT growing at a much healthier rate, so any reasons you would like to highlight for the lower profit growth in the India business?

Raj Shankar: So, one of the key reasons is some of the investments that I talked about when I said investments about top talent, all these are essentially done in India whether it is Cloud or some of the other emerging businesses. Just to give you a sense, a big part of the increase that you see in SG&A would essentially come out of people cost and a large part of that is attributed to some of the investments that we have done in top talents. So, this is one of the reasons. The other reason is in terms of the overall mix of business between IT and particularly Non-IT for last quarter July, August, September, considering that our main brand was Apple that did not play out as well as normally it would, being the last quarter, as I explained earlier in the call today, Q4 of Apple's financial year generally tends to be a weak quarter and therefore to that extent this particular period is more a negative aberration as far as I am concerned.

Nimit Shah: But if I recollect correctly, the Apple is a low margin business for us. So, if the contribution from Apple is lower and the IT business has grown very strongly, then should it not have a positive impact on the net margins of the profitability?

Raj Shankar: What you generally say is correct, so the point I am making is this, just conceptually IT tends to be good in margin, gross margin, good in EBITDA margin, as well as reasonably okay on ROCE. Typically, if you look at the smart phone business, there the margin tends to be much lower compared to IT at a gross level. It also tends to be lower compared to IT at EBITDA level though the ROCE tends to be better than IT, but this last quarter in particular, I repeat again, because some of the way the product demand and supply happened, unfortunately we were saddled with inventory and plus this also resulted in a certain erosion in margins, which is getting reflected in terms of lower EBITDA. So, while I agree with you, conceptually it makes sense when you look at a proper business mix between IT and Non-IT. This particular quarter unfortunately things on the Non-IT side did not play out as well. So, the point I am making is IT continued to show growth in margin, continued at gross level, continued to show growth at EBITDA level, unfortunately on a Non-IT side, it did not play out the same way.

Nimit Shah: Thanks a lot, Sir. That's it from my side.

Moderator: Thank you. We will take the next question from the line of Saurabh Lodha. He is an individual investor. Please go ahead.

Saurabh Lodha: Good afternoon, Sir. I just came to know from the news article that we have been appointed as a national distributor for Google Pixel phones, so can you throw some light on the same, how big is this opportunity for us?

Raj Shankar: Yes, we have signed up with them. They have done the launch very recently, as you would know. It is still early days, but I can tell you so far again, there have been only limited quantities that have been made available, but the response has been good. I am only hoping that they would continue to double down on this particular initial success and I am hoping this should scale, but at the moment, I don't want to speak too much because it is just about a week or 10 days since we have launched this, so it is too much at early days to make any comment other than to say the response so far has been good.

Saurabh Lodha: Another question is that you, nowadays, basically, we are seeing E-commerce companies like Amazon and Flipkart. They will sell directly to the consumers and then from their own fulfillment centers. They also deliver the good to the end consumer through their own courier company. So, how this all, basically, will affect our company because they are also into sales of laptops and mobiles, so does that, you know, eat into our distribution pie as we basically help them to do all these things, if you can throw some light on the same?

Raj Shankar: So, if I understand your question well, you are saying E-commerce companies typically have a direct relationship with vendor on one hand and directly supply to the end customer through courier service, so your question is, whether our business is impacted because of this, am I understanding it well?

Saurabh Lodha: That is perfectly right, Sir.

Raj Shankar: So, let me tell you first the good part. All these online companies, we sell to them, so in other words, barring very few vendors where we have a direct relationship, very few one or two, in every other case, they go through a distributor and I must tell you that we have a very enviable relationship with all these online companies from Redington distribution standpoint. Likewise, as you would know also on ProConnect, we have a good engagement, with each one of these E-commerce companies where we are providing logistic service to them and to that extent, we are also able to participate in that opportunity; so the good news is both on distribution as well as on the logistics, we are able to capitalize on the E-commerce business. At the moment, they have not been able to disintermediate our business.

- Saurabh Lodha:** So, to cut it short, basically, you don't see E-commerce as a threat to our business model, basically, right as of now?
- Raj Shankar:** No, on the contrary for us, we always say that E-commerce is another additional route to market. So, in the past, we were selling to Large Format Retailers, to the Dealers, to the Re-sellers etc., now E-commerce is another route to market for us. So, it is an additional opportunity as far as we are concerned.
- Saurabh Lodha:** One last question is that, in last two years the stock price of our company has not moved up much, so are we taking any steps basically to improve the, you know, shareholder interest, because also volumes are not very much on both the exchanges, so we do not see much interest in the stock buying and selling of the company. So, is company going to do something you know, to say increase the interest of the shareholders, to revive the interest in the company trading, share trading, something like that?
- Raj Shankar:** So, the first thing that I want to say is we are now focusing as you can see in making sure that the performance of the company across some of the key parameters are not compromised, so we had taken a mandate that we will definitely improve on working capital. I am glad that in Q2, we have been able to deliver that both in India as well as outside India. We had also taken a mandate that we will try and deliver free cash flow and I am also pleased that has happened, so the point I am making is that, at this time if you look at the logistics business, this again we took it as a very important initiative and again for the 8th or the 9th quarter, there is a significant growth on top and even the higher growth on the bottomline. So the long and short of it is, the company is doing everything possible to make sure that there is a proper laser focus on some of the key parameters and make sure that we are able to deliver a consistent performance and the rest, we actually leave it to you to try and really make sure that we get the fair price.
- Saurabh Lodha:** Thanks for your reply, Sir, and I wish you all the best for the next two quarters of H2, thank you so much.
- Moderator:** Thank you. We will take the next question from the line of Komal Maheshwari from Pi Square. Please go ahead.
- Komal Maheshwari:** Congratulations for good numbers. Sir, I have one question that as you said in previous call that E-commerce is another way to marketing. So, if we say that big billion day and all that has come up, like different, different schemes so how will it impact to our growth, so what can we expect from this, I mean from the schemes?

Raj Shankar: Great question. So, if you remember one of the points I mentioned when Priya asked how is your IT business doing, I said it is doing well both on consumer as well as on the enterprise and, just for a minute, to jog your memory I said, in India on the volume side of the business which is the PCs, the printers, we registered a growth of 18%. Now, this was possible essentially because we were able to participate in some of the opportunities to sell to E-commerce companies on the back of whatever you said be it the big billion day or whatever, so whether it is the smart phones, whether it is PCs, whether it is printers or accessories, we have had a good run particularly during this period and so therefore to answer your question, how does it impact us? It impacts us positively. So, we are not only able to uplift our sales as I also said on the ProConnect side, which is the logistics part of the business, that has also benefited; so some part of the growth in terms of top and bottomline is also attributed to this.

Komal Maheshwari: Okay, Sir. Are we also looking forward, like at this point we are distributing Samsung. We are having the customers of Samsung and Apple. Are we also looking for to merge with other companies like OPPO, so is there any connection, I mean are we distributing that phones?

Raj Shankar: Ya, we do just to share with you today we distribute as Redington Group, we distribute about 12 to 14 brands and this cuts across whether it is right from Apple to Asus to erstwhile Blackberry to you know whole host of them. So the point, which I am making is that yes, we are building a bouquet. In some of these cases, we may not have a national play as yet, but we may have a very regional or a local play, but overtime as we are able to take this from a local play to a regional and national play, you will see this really become nice and big.

Komal Maheshwari: Thank you, so that was all from my side. Thank you so much.

Moderator: Thank you. So we take the last question from the line of Charanjit B from Divitas Capital. Please go ahead.

Charanjit B: Congratulation on good set of numbers. My question is I have been seeing that promoters stake has been decreasing over the last few years, so can you shed some light on that?

Raj Shankar: First of all, as you would know, the promoter honestly does not even have a board seat. They currently have about 8%, so in a way of speaking, we pride ourselves in saying that we are a board managed company and you know we have a chairman who is an independent director and we have four other independent directors with diversified experience and very distinguished set of board that we have. In a way of speaking, my own point to you would

be that if and they were never, as they do not have a board seat, they were not involved in either the strategy or in any of the operational matters of the company so in a way of speaking while we thank them for having been a financial sponsor to the company in the past, but from the time we went public honestly it did not really matter whether it is only from a steady point of view that we have a promotor otherwise honestly it didn't make a difference.

Charanjit B: That explains my question. Thank you very much. Have a great Diwali and hope you continue to deliver some great numbers.

Raj Shankar: Thank you very much. Really appreciate!

Moderator: Thank you. As that was the last question, I now hand the conference over to the Management for closing comments.

Raj Shankar: So, thank you once again to one and all for participating. So, just very quickly to sum up, there were a number of positives. Our topline grew double digit, our working capital both in India and outside India, you know we were able to reduce substantially, ProConnect once again delivered some very good set of numbers. This is probably almost 8th or 10th quarter in a row. We generated free cash flow positive at that for, over Rs. 529 Crores. Overall, it has been a great quarter. I also must say that there were two one off events that happened, one is the translation loss in Nigeria and the other is Turkey and as I said, if for a brief moment we keep this out of the reckoning, Redington Gulf, Middle East, Turkey, and Africa would have grown their earnings by 45% and Redington India consolidated would have grown by 20%, their earnings. So, I once again, thank you for your interest and happy Diwali to one and all.

Moderator: On behalf of Emkay Global Financial Services that concludes this conference. Thank you for joining us. You may now disconnect your lines