"Redington Limited

2025 Analyst & Investor Meet Conference Call"

March 06, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 7th March 2025 will prevail

MANAGEMENT: **PROFESSOR J. RAMACHANDRAN – CHAIRPERSON AND NON-EXECUTIVE DIRECTOR – REDINGTON LIMITED**
MR. V.S. HARIHARAN – MANAGING DIRECTOR AND GROUP CHIEF EXECUTIVE OFFICER – REDINGTON LIMITED

MR. S.V. KRISHNAN -- FINANCE DIRECTOR (WHOLE-TIME) – REDINGTON LIMITED
MR. RAMESH NATARAJAN – CHIEF EXECUTIVE OFFICER – REDINGTON INDIA & SSA
MR. VISWANATH PALLASENA – CHIEF EXECUTIVE OFFICER REDINGTON MIDDLE EAST AND AFRICA
MR. SERKAN CELIK – CHIEF EXECUTIVE OFFICER – ARENA GROUP
MR. CEM BORHAN – CHIEF EXECUTIVE OFFICER – REDINGTON TURKEY

MR. SERKAN KUTLU -- GLOBAL CHIEF STRATEGY OFFICER – REDINGTON LIMITED
MR. SOUMITRA DAS – GLOBAL CHIEF HUMAN RESOURCES OFFICER – REDINGTON LIMITED
MR. DEEPAK PULIGADDA – GLOBAL CHIEF TECHNOLOGY OFFICER – REDINGTON LIMITED
MR. VIJAY RAGHAVAN – CHIEF EXECUTIVE OFFICER – PROCONNECT SUPPLY CHAIN SOLUTIONS
MR. SRINIVASABABU VELLANKI – SENIOR VICE PRESIDENT REDSERV GLOBAL SOLUTIONS
MR. PUNEET CHADHA – CHIEF MARKETING OFFICER – REDINGTON LIMITED
MS. NEHAL SHARMA – VICE PRESIDENT—REDINGTON CLOUD SOLUTION GROUP – MEA
MR. V RAVI SHANKAR – CHIEF FINANCIAL OFFICER– REDINGTON LIMITED
MR. ARUN SRINIVASAN – CHIEF FINANCIAL OFFICER – REDINGTON MIDDLE EAST AND AFRICA
MS. PALAK AGRAWAL – GENERAL MANAGER, MERGER AND ACQUISITION AND INVESTOR RELATIONS – REDINGTON LIMITED

Palak Agrawal: Good evening everyone and welcome to Redington 2025 Analyst and Investor Meet. I'm Palak Agrawal, I lead Investor Relations for Redington. I would like to welcome each of you for coming here today from far and wide.

We would like to cover a little about us, what we do, what the market holds for us and our strategies for growth. Without further delay, I would like to invite Mr. V.S. Hariharan, our MD and Group CEO to lead us forward.

V.S. Hariharan: A very good afternoon, warm welcome to this meet and I've probably interacted with a lot of you over the earnings call and good to see so many familiar faces against the names of the questions asked and look forward to the next three, four hours both in the presentation, the Q&As and then beyond that.

So what I will do is take a little bit through our story, where we have been and what is what separates us, what is our DNA and then as we unfold the presentation, I'll come back to talk about a little bit of the strategies moving forward. So let's talk a little bit about the company.

You heard a lot of this in the video, our scale, how big we are in terms of number of employees, channel partners, brands etcetera. That has really got us to a position where we really get a table with a lot of our brands. From products perspective, we have a range of products from mobility, PCs, server storage, software, cloud, AI and we keep adding more in the technology domain and a few in the non-technology domain.

We've been a board-governed company for a while now and 2017 the promoter stepped off and we've been a fully board-governed company and we're very fortunate to have a fantastic board, very qualified, very experienced and we're also fortunate today to have the chairperson of the board with us, Professor Ramachandran.

You'll hear from him later today and he'll also be there to interact on the Q&A and I think you will see how much of a strength the board brings to the company from an advisory governance perspective. We've also been a very stable company when it comes to credit rating, very stable when it, we've also got a good ESG rating as well and of course the financial performance.

You will hear from my friend and colleague Krishnan later about how we have done over the last 17 years since IPO and even in the last few quarters, how we have progressed and we are very proud that we are nearly $11 billion last year and component annual growth rate of double digit in that journey from IPO and a very good ROCE as well. We also invested in ESG a lot, so you see the Redington Towers in Chennai is actually a LEED platinum certified building. We'll share with you as time comes in terms of our ESG focus and how that intersects with our business strategies as well.

This has been talked about, I wanted to re-emphasize the fact that we are the seventh largest IT distribution company in the world. The total distribution market size is about $400 billion globally and we were number nine the previous year, we've climbed to number seven. Obviously, we aspire to be in the top five and we'll work very hard towards that and take a note that this is with the fact that we are not operating in U.S., in Europe or in China, so we are not in the three biggest markets of the world yet we are number seven and the distance separating us two or three in front of us is not that large and we aspire to grow.

Talking a little bit about the geography piece, again you heard a lot about this, we have been, we are in 40 markets and what is important is we just don't get into a market, we take us, we strive to get a strong leadership position, we are number one in India, number one in UAE, number one in Saudi. These three markets are 70 of our business and we are number one in Africa and number two in Turkey and you'll hear from the Turkey leader, in a challenging market we have done very well to build a business like that.

And in the 40 markets that we are in, the unique thing for us is we have in-country presence with in-country templates, so we don't kind of replicate a template, we make sure that we localize, at the same time we remain compliant because we are a listed company and that's how we differentiate ourselves from our peers. Some of the global distributors find it hard to localize and some of the local distributors find it hard to be compliant, so we take that middle position between and make sure that we get our advantage there.

We continue to add the last couple of years, we got into South Africa, we've got into CIS countries and now we are ready to get into ASEAN. Talking about brands, we have nearly 450 plus brands but the top 10 brands comprise about 80% of the business and with these brands we obviously work much closely, have joint business plans, we have initiatives and we're also represented in all their partner advisory boards.

So we really get a seat at the table trying to get to learn strategies early and to influence and shape their narrative, our narrative, so that's a privilege we enjoy because we are the seventh largest and because of our size and scale. Though the next 400 brands are getting very critical, talking about technology solutions, cloud solutions, there are many brands that are growing in the space of software and everything as service and new categories are also growing.

And it's really critical for us as we get into the next decade that we really get a lot of these software companies get to the top 10 and you will see in time to come the software part of the business and the software service part of the business is going to grow very rapidly.

So that's how we look at brands. Another very important dimension for us is reseller partnerships. We have over 70,000 partners that we work with and the most interesting thing is it is very segmented. You can see at the bottom we work on segments that go into rural, mainstream, then we get into large format retailers, e-tailers and brand, mono-branded stores, consumer electronic stores.

We have created our own channels, you'll see some of that later like D2R, Direct-to-Retail. We also, as we go up the food chain, we work with vendor managed partners as well as Redington managed partners in the value business and at the top end of the pyramid where you have enterprises and government, we work with SIs, value-added resellers, cloud service providers, MSPs, ISPs, the whole range and so we have sales teams, business unit teams, brand sales managers who can really focus on specific partnerships with right domain knowledge.

What does this all mean for Redington? So we have really taken three dimensions. We have a portfolio of businesses, right now organized under four business units. We have a portfolio of brands, top 10 being about 80% of the business and then the 400 plus brands and we have a portfolio of geographies. This allows us to really decrease our risk, manage our business quarter to quarter.

There could be an NPI this quarter in mobility but there'll be something else next quarter. Similarly, one geography is doing very well in these quarters and then there is a festive season coming up. So our portfolio of geographies, our portfolio of businesses, the portfolio of brands really help us minimize risk and of course the most critical thing there in the dotted line that you see the omni-channel array of retail reseller partners which is 70,000 plus gives us that edge to reach any customer anywhere.

Next, I'm going to get into a little bit of a professorial thing in terms of talking about what we do and our DNA. This is a question a lot of people asked. Are you a trader? Are you a distributor? What do you do unique and what is the asset that you build? What is different about you?

And so typically we play a large role between the brands and the customers. The brands create the innovation, the technology, the customers consume technology and we are enabling technology adoption. And how do we do it?

We build an asset, an IP in the business model and it is a combination of people, process and technology. We have product managers, product marketers, we have operations people, we have finance people, channel sales and marketing. You saw our demand generation as well.

So the whole nine yards and over the last 30 years we have been working on hardware and physical solutions which is more than 90% of our business. And traditionally in hardware the kind of things we need to do is engage and create a supply chain and you will hear from our ProConnect leader later the kinds of things they do. So the 3PL stuff, warehousing, freight, getting the product from the vendor all the way to the customer.

We also do a lot of inventory management. The whole inventory management is risky for brands to manage the inventory. We manage on their behalf very efficiently, effectively. We also have grown from managing and providing credit to the channels to getting financing options and we have now a variety of financing options, not just channel finance, project finance, different kinds of financing options.

Over the last decade, decade and a half, we've gotten to the value business. We have known how to create product configuration, product solutioning, pre-sale support and we've got teams building this out on server storage software. Not just that, the channels have evolved over the last decade, decade and a half. So we have an omni-channel approach and you saw the different tiers of channels to reach different types of customers. So we've taken an omni-channel approach.

We also built our own unique routes to market. There are a lot of available routes to market today available in the market, but we have created our own for certain brands, certain products to maximize the efficiency and effectiveness of their reach. We also have our own inside sales team. We have also an inside marketing team, so we are able to do marketing qualified leads and sales qualified leads. So this has happened over the last 30 years.

Over the last five years, we have really got engaged a lot more on non-physical solutions, which is a different cup of tea. And here things are sold, software licenses are sold, you sell everything as a service and you will hear terminologies like IaaS, PaaS and SaaS. But the beauty of this route is end customers consume technology. They don't own technology and it's not an event-based consumption, it's an ongoing consumption.

And the business for us is a monthly run rate business, sometimes even weekly, sometimes annual. It is good for us because once you're locked in, you keep getting the business, but we need to keep differentiating. We need to keep adding value to retain that business.

So to do this, we have been building, obviously credit and financing is a DNA that's known to us, but we've been building platforms like CloudQuarks which does customer analytics, which does lifecycle management. We are able to drive consumption, we are able to create a marketplace. We are in the beginning of that stage, but we want to really scale up some of these initiatives.

We are getting into professional managed services, professional services and managed services and we want to really scale this up. And so this is an area that's what is going to trend into the future and we must be part of it and we must be really good at it. We are very good at the top part and we are very good at the bottom part, but we must scale up.

So that's a little bit about our DNA and value added in addressing both these strengths. Now let's talk a little bit about the assets behind our DNA. What are they and how do we evolve and stay ahead? Some of them are very typical of any organization, but we have a strong IT team. We are working on digital transformation because as AI and cloud is on us, we must make sure that we have cutting edge IT internally.

We are on the cloud already and we are secure. We are an ISO 27,000 certified company. We have a lot of bots we have put to use. We have over 500 bots. So robotic process automation is critical for us. We are working on how to set ourselves up for data and analytics and to digitally transform. We're also building a GCC, a global capability center, so that we have capability in the areas that we need to build capability for and enabling them with AI.

Two other things that we have built over the years which we are very proud of and very critical pillars of the assets that we have. One is ProConnect, the supply chain team and they deliver best on integrated logistics, the solutioning approach. Recently, about a couple of years back, we launched a premium mobility brand and we built a separate channel for that.

And to being able to build a solutions approach for logistics, that channel is critical for us too. So we use a lot of tech enabled platforms there. And the last one, which is also a critical asset we built, is a back office, which is based in Chennai, where we do everything from order to cash, procure to pay. And we also are looking at how to do business process restructuring and create better efficiencies. And I mentioned about bots already. A lot of the bots are in operation in the back office.

Before I go there, you look at the kind of transactions we do. We process 900,000 sales orders in a year, 500,000 POs, 100,000 invoices and 60,000 parts. And that's where a very efficient running machine is critical. We also have great access to funding to run our operations daily and we have a good relationship with the leading banks.

RTM assets is another very, very critical enabler for our success and behind our DNA. We built some unique routes to market. I talked about D2R, it's Direct-to-Retail for some premium mobility brands. We work with regional LFRs, not just Pan-India LFRs. We work with outbound retail, but we also work with small retail. We work with a lot of consumer channels that we build out. We work with MFIs. We also built out Redington-led mid-market and enterprise channels.

This is an addition to the vendor managed channels. And we've talked a lot about the digital platform over the last two years. This has really made a significant difference for our long-tail smaller partners, which there are whole lots of them and we want to be able to grow the long-tail partners.

And finally, CloudQuarks, I mentioned that it's again a very good platform for really making it digital first when we interact with our cloud partners. So again, the last two slides, I wanted to share with you our DNA and the assets behind our DNA.

I look at the leadership team. I think this is a very critical element. We have a very experienced and diverse team. It's almost like a soccer team. We have 12 people here. Krishnan will come later, my partner in crime. He's a CFO. He's been with the company for more than 25 years and amazing guy. I've been here for a year and a half, as many of you know.

And what I've seen invested in some of the leadership teams here is amazing. And that's what has helped us to be growing double-digit every year. And then you have Ramesh, who leads India. Amazing stuff that they have done. You'll hear from him. Vish, who leads Middle East Africa. Again, you'll hear where we are headed in Middle East Africa.

A lot of you have asked questions on how do we manage risk versus return. And Krishnan will talk a little bit about it and so will Vish. Serkan Celik and Cem, who are leaders in Turkey. You'll hear from Serkan later about Turkey and some of the innovations there. Serkan Kutlu, who leads our Strategy Office. You'll hear about the market trends and how we are looking at them.

Soumi is our HR leader. He'll not speak today, but he'll be there to interact. Deepak Puligadda, who leads our Technology Office. He'll also be there to answer questions. Vijay will talk a little bit about ProConnect. And Srinivas, who leads our back office, is also here. He'll answer some Q&As.

In addition to that, we also have Puneet Chadha, our chief marketing officer. And he's here in this room. And Nehal, who leads our cloud business in MEA. And we have the CFOs from India and CFOs from MEA. So we have a whole team here.

We want to make sure that we give you a chance to interact with them. And of course, Nehal, who leads our IR(17:30) (Wrongly said, its Palak who leads the IR). To summarize, we talked a lot about who we are, how we come together. I think this is a very important slide for me. Our portfolio of businesses that we have built, a portfolio of brands that we have built over the last 30 years, combined with the leadership position that we have built, gives us scale. Super critical, because today, a lot of brands are consolidating.

And they want to talk to the leaders. And they want to have fewer distributors who can invest, who can make a difference for them. On the other hand, we have a portfolio of geographies. And we are in emerging geographies. We are in emerging markets, multinational. And the routes to market we have created, the key assets I talked about, the operational efficiency gives us the identity.

Behind it all is a fantastic, not just a leadership team, a middle management team, and a great team of 5,200 Redingtonians. And our DNA, I talked a little bit about the DNA that we have created in the secret sauce, the IPs in the business model, the IPs in people, process, and technology. And so that's what makes the difference of who we are.

Thank you. And now I would like to introduce Krishnan, my colleague, CFO, Group CFO. Thanks, Krishnan.

S.V. Krishnan: Good evening to all of you. A sincere thanks for having come here and spend your valuable time. I'm sure you have got a lot more contents to hear from all of us, the global leadership team, our chairman is here. And I'm sure the next three hours is going to be an interesting time.

Here is I am. If there is one individual who had been in touch with you, I'm sure there are constituents who have been there. I mean, with whom I had been in touch for almost 15 plus years. You haven't come here to listen to me, I'm sure. But I will try to be as brief as possible. And of course, there are a lot of contents that will come after this.

This is, you will see across the board, our performance over a 17-year period, we got listed in the year 2007. We were a company with about INR8,000 plus crores of revenue, and about INR102 crores of profits. I still remember during the IPO time. I mean, some of the prospective investors asked us, you have done a great job. You are already an INR8,000 crores company.

How much more can you grow from here? I wish some of them are in this room. We are today, as we finished the 17th year of FY '24, we are 10 times bigger. And I'm also very proud to tell you, maybe as we finish this year, the incremental revenue could be of the size. The, I mean, the nature of the business hasn't changed.

But what you see here very clearly is a consistent year after year after year growth. A 15% revenue CAGR in this period, a 15% EBITDA CAGR in this period, and a 16% profit CAGR in this period. We would want the numbers to talk for itself. A 10x growth in 17 years in revenue, 11x in EBITDA, and 12x in profits. Stellar performance.

And of course, you can see, I mean, the percentage hasn't changed much. That's the way the industry is. Even the global players, there are many of them who are listed, about between 2% to 2.5%, stretch 2.7% is operating profit. And about 1 to 1.2%, to stretch about 1.4% is the profit after tax. When I joined the organization, the revenue in 1998 was INR280 crores. And you can see where we are now.

And this, this consistent increase is possible, because number one, we are present in some of the interesting, the fast growing, and also difficult markets. And we have also built the business model so intensely, the in-country, the business model, which Hari talked about.

I mean, what that in-country means, in every market, we have entities incorporated there, we have the local nationals working there, we have stocks on the ground, we build in local currency, we give credit. In all respects, we compete with the local players as a local player. That's the business model that we had built, which is why our results show so consistently the performance like this.

And just not the seventh largest player, in all our markets, I would say we are either number one, or a close number two player. And this is something which is, which is a very, I mean, very stupendous infrastructure that we had, that we had built. And since we are a global player, I thought it's important, we need to compare how we are vis a vis the global top one and top two.

In terms of CAGR, we are twice over compared to them on a similar period. So, I mean, this is something which is, which is very credible, as far as we are concerned. And I mean, you are going to interact today with the constituents who have made this happen over this period.

Now, I am sure in the last two years, this has been in the top of your mind. And this has this has come out in various, various discussions. What's happening in Redington? Why the margins are coming down? Why your working capital is going up? Is something wrong?

I thought it's important for you to understand. In the last few years, what has changed in the market? What was unique during the COVID period? So, you can see here, a period just before COVID, the COVID period, and the post COVID, of course, one year and we have nine months of results in front of you. What is important about COVID period?

That's a time the demand for the IT products shot up in the market. All of you know about it. I mean, there was work from home, learn from home, even this thing play from home. So, it created a lot of consumer demand. It spiked significantly. The enterprises need to prepare themselves for the same work from home, work from office, hybrid model, digitalization.

So, there was a huge demand for the IT products that gave us an advantage in terms of revenue. But at the same time, because of the supply chain challenges, on account of lockdowns, COVID related, etcetera. And as all of you know, the chip shortage that was acutely being faced for almost about 18 to 24 months, resulted in supply being highly constrained.

That was a time the demand was chasing supply. And as, if I may say, an intermediary between the brands and the channel partners, give us a huge advantage, just not on revenue growth, on profitability, and also on working capital, because when there is high demand, supply is less, my inventory is less, my AR is less and accordingly working capital is less.

But you need to give us a credit. If you go back to all the conversations we have had that time, we had forthrightly told you, this is not sustainable. While we did not know how long, but we did tell you, it will get normalized, we have been saying it, we are in the normalized period. So, we are not surprised at all.

But the beauty is, see where we are, as we speak now, be it in terms of operating profit, be it in terms of PAT, be in terms of return ratios, and I am going to show the working capital days, we are better than the pre-COVID days. That is something which we had worked on it and we feel very, very happy and confident about maintaining this.

And again, if I need to talk about, I mean the global players, you see a range in terms of the profit percentage, you see the range in terms of return ratios, we are on the top end, sometimes even beyond the highest range of the global. So, here is a company which is just not the leader in the markets, which has grown significantly faster in all the three key metrics, but the profitability and return ratios are also better.

And I can tell you for your comfort, the leadership team which is here is governed while our variable and incentive metrics are based on profit growth, revenue growth, whatever you look for is there as part of the, I mean the performance metrics. ROCE is a gate.

What do I mean by gate? We achieve 120%, 150% in terms of revenue and profits. We do not achieve the specified threshold ROCE, we get zilch. So, look at how aligned is the leadership compensation with how, I mean a company need to get run and this is one of the reason why you see, I mean numbers like this, I should say superior numbers like this. One is the financial numbers. What about other metrics?

Number of markets, number of brands, customers, number of warehouses, warehouse space, invoices, bankers. Believe me, we are a much, much larger company today vis-a-vis where we were and this is just point-to-point. If I give you, while we have a challenge in terms of the data, but if I can call out and give you over a 17-year period, I am sure it would not be very different from a revenue or whatever you have seen in the, I mean in the previous slide, much larger setup and while revenue went up by 10x, profit went up by 12x, look at the market cap that again had gone up by 10x.

All of us have studied, I mean the market cap over a longer period of time will be a reflection of profits very, very clearly. That is the way it is and even in terms of our credit rating, in terms of size, in terms of the rating, we are rated A1+ which is the highest rating for short-term debt in 2007 which continues till now, but for a much, much larger amount and in between we also had a dwell rating, we also had a long-term rating which is AA+ and we were told by the rating agencies that there is no distributor globally who enjoys this rating.

And this we are, I mean we are having it for the last about two plus years, this makes a big difference between how we are positioned, how the investor community, I am sure many of your debt colleagues in the mutual fund must be subscribing to our CPs and it, I mean it helps us significantly in terms of the finance costs.

And finally, again during this period, if you want to see the split of India vis-a-vis overseas, it is broadly been within a given range, while since the U.S. dollar balance sheet and P&L when it gets converted, there are some exchange rate advantage in the case of overseas, but at this size to maintain roughly a 45-55-50-50 balance, I think it is to do with as Hari said, the multiple units, multiple geographies, multiple business, whatever metrics I had told you, each and every business manager, each and every country manager is gold on and what you see and what all of us are seeing is an aggregation of that.

Balance sheet, in this industry we strongly feel balance sheet management is the crux. In our internal reviews, we give very high preference to where we are in terms of balance sheet. Just, if I just need to tell you, we are in the month of March and we may be tracking some some growth. If you want higher growth, just let loose on, on our balance sheet, we can get higher growth.

It is, it is easily possible, but we do not do, we have never done. Why? Because it is not sustainable, it will disturb the market. So, the balance sheet hygiene is something that we had always been focused on and that is a key strength of Redington. Just look at the debt equity ratio.

Over a similar period, our norm, our comfort is about 0.7x. We have ensured majorly it has been well within that. There was a time between 2011 and '13 where it, I mean, it went, it went above that and we modulated the dividend to such an extent that we were, we were quickly back on track. And similarly, when our debt equity came down significantly in the last four, five years, we have increased the dividend payout.

Earlier, it used to, it used to be 20%. If you look at the last five years, the dividend payout is about 40%. So, this balance sheet discipline, we think is very important, that again differentiates us with many players in this industry and the key component of this debt equity is, of course, the working capital days, which again, I am sure, you will recognize that pre-COVID, our working capital days were about 45, 45 plus days.

You can very clearly see on the screen, It went down substantially during the COVID period. As I have said, it is more one-off. It has gone up, but we are at about 35, 36 days. We keep hearing from people, what happened? Why your working capital days has gone up? It is still much lower than what it was in the past. And we had said, our expectation is about 35 to 40 days and we are within that range.

Risk management with a wafer-thin margin like this, it is very important you manage the risk quite intensely. And we are in markets which are not easy markets, which has lot of geopolitical tensions. So, it is important our risk management model is robust. What are all the key risks? While we can talk about outside of this geopolitical risk, some earthquake can happen in some place, some war can come in, war can get stopped, but those are completely beyond our reach.

And when there is a COVID moment, we know how to handle and you have seen, how have we handled? But the key business risks are receivable risk because we are credit, I mean, we are giving credit in the market. Inventory risk, as we are keeping inventory in the market, there is a commitment to the vendor, we will keep inventory.

Third is the forex risk. We have, I mean, we have given the forex risk separately because that is something not controllable. The receivable risk and inventory risk is something that is built in into the business, so we know how to handle and we keep track of it day in and day out. What you see here is our provisions, inventory and AR provisions over this period. We have a very consistent provisioning policy, which we have been following across.

It has a conservative bias and you can see over the 17-year period, our inventory provision is about 10 bps, 0.1% of the revenue, sorry, our receivable provision. Our inventory provision is 6 bps, which is 0.06% of revenue. So, together we are talking about a 16-bps charge in P&L for both the risks.

In this period, the maximum at any point in time has been 30 bps. But uniquely what you can see here, whenever there is a spike, the subsequent year there is a trough. What shows is, we know how to handle if there is an exigency because of whatever reasons, right. So, this is something which has helped us to maintain our profitability to say 10 bps of delinquency, 6 bps of inventory loss, you can easily size what is the quantum of risk that we are talking about.

Next is forex. To deal in 40 markets as wide as Nigeria, Kenya, Turkey, Rwanda, so you can imagine how difficult some of these markets are and you can see there how the depreciation has panned out in this period. I mean, I am talking about the currency depreciation. We have, since we do not, we do not control, we are not in control of the forex market, our policy is to take a plain vanilla forward contract, pay the premium, build the premium as part of the product pricing. That has saved us.

You all know, you must be tracking from INR83 to INR87, INR88 Rupee has moved. We are unhurt because we have taken the, we have taken the cover. So, we blindly take a forward cover, that is our policy. But having said that, there are some markets where, I mean forward contracts are not possible. So, in which case, we have different other, other methodologies, the business model could be such that a natural hedging is possible. If that is also not possible, then say in the case of MEA, we do offshore business out of UAE or we downsize the business.

For example, what happened in Sri Lanka two years back, right. I mean, we could not take a forward contract, dollar was not available with the central bank, we could not bill from the other place, we downsized. What happened in Egypt one year back, we downsized.

What is happening in Bangladesh today, we have downsized. But since you have multiple markets, it does not impact us. But again, the key is, if you need to size this risk on, for this period, our forex loss is about 5 bps in P&L.

I am sure many of you must be tracking the cash flow and this is one subject which this group keeps, I mean keeps looking at and there are investors who say, if a company does not generate consistent cash flow, I do not invest in it. I just want to tell you, this is a business where we are not a manufacturer, we are not a brand owner. As a person between the brands, as a company between the brands and the channel partners, you cannot look at cash flow for a shorter period.

You have to look at it for a longer period. That longer period will give you, because some of the short-term volatility, some festival season went well, some festival season does not went, I mean go well, an NPI went well, make a big difference in terms of that quarter closing, which will impact the free cash flow. So, if I need to tell you over a 17-year period, we went IPO in 2007.

The money that we mobilized was INR138 crores net. For your info, 11 years down the line, it got returned back to the shareholders, maybe a different set of shareholders in the form of a buyback. No capital got raised.

In this period, no capital got raised. 15% CAGR, we just saw. 40% dividend is the dividend policy, last 5 years we have paid 20% from IPO till that time. Third, look at the debt equity, during our IPO the debt equity was 0.7 times and today it is about 0.2, 0.22 times. So, here is a company which over this period has generated sufficient cash to fuel the growth of 15% CAGR, to pay back shareholders at these payout rates. Third, and also to repay the bank to an extent where we are quite comfortable as a finance side, I can very clearly say our gearing is really good enough to fuel the growth into the future.

We don't feel any challenge in that. So, this is what in our view, very important. I can tell you for your comfort, internally in Redington, the key mantra is what you see there. The top line is vanity. Believe me, top line is vanity. Bottom line is sanity. Cash flow is reality. Now, these are about the past. What are we thinking about the future?

You will, you will hear from all our leaders and I think that is a very important part of this meeting, but we also thought it is important to brief you as to our current thinking in this subject. One is inorganic growth. First, I want to calm down your mind, you know about Redington.

We are very sensitive about the capital allocation. We don't put money onto anything without being sure that it is going to be value accretive for us. So, we will be careful, but if there is, if there are some areas, what the thought process would be?

It could either be in areas that will, that will help us in our, organic growth or it will fill certain gaps to make a much stronger organization into the future or it could be in some specific segments, a business segment or it could be a unique service capabilities or it could be some vendor relationship or an interesting assets.

These are the areas, if we think it is going to add value for us as we move into the future, we would make some investments and we also want to make sure that the leadership position that we have created, we don't want to lose out on the key markets. So that is something which whatever we do will ensure our leadership position is protected.

As Hari said, the global and local model, Redington is a classic example of distributed decision making. As we speak here, an employee in Nigeria, an employee in Angola is taking a credit decision, is taking a stock decision and, and we are quite okay. That is a distributed decision, decision making model that we had built having said that there are some governance standards, there are some compliance standards which are strictly need to be followed as a rule book being driven by global.

So, that global - local - glocal model is something while is working very fine, we would want to perfect it, we would want to make sure it is a big enabler. And then finally, we would want to make sure that the entity structure is such that if there are any capital requirements as we move into the future, we should be able to generate that. Next, we would want to make sure that our performance, the financial performance and the business performance is on the top of the range.

At the same time, maintaining the strong balance sheet, that is something which is completely non-negotiable. Second, as a listed company, I am sure all of you know, there are, I mean there is a quarterly exam that we need to write and then clear that exam, you are, you are watching us every quarter. While we need to make sure that our quarterly performance is good, but at the same time, we also need to make some investments into the future which you will keep hearing what those areas are, that is not going to give immediate returns.

But as an organization where we would want to make sure we succeed into the future, we have to make those investments and also make sure that our future growth is secure. And then finally, since we are present in multiple complex markets, each market has different maturity levels in terms of the financial situations and we would want to make sure we navigate successfully by using technology. And finally, finally, the comfort that I can give you, whatever number that you see will always be a risk-adjusted profit.

There is nothing you need to be worried in the mind as to, is this number without this, without this, can it go down? It could be conservative, like we had seen in the risk management slide, where we had to provide for an AR because we feel it has got delayed, but we will make all, efforts to collect, when it gets collected, it will get reversed. So we will do whatever it takes to make sure what you have seen in the last 17 years gets replicated, if possible, even better as we move into the future.

And we will definitely keep you informed on each of the steps. Thank you and all the best. Thanks.

[Video Advertisement 45:22]

Ramesh Natarajan: Good evening, let me give you folks a couple of seconds to settle down their emotions. Okay. And one needs to really give it a whole lot of partners out there, whose engagements and relationship with Redington has been over the last three decades, completely transforming themselves from three generations that at least I have known of. I have been here for about close to 28 years. This is a true story and there are many true stories that have been a part of the journey of Redington.

And hence we are where we are today. Just to give you that, just one of the stories. But since we started in 1993 to where we are today, the second generation is also probably working towards handing over the mantle to the third generation.

And that's the transformation that we all have worked together. Quickly, running on to the performance. I think there's a whole lot of talking that has been done by Hari and Krishnan. And I don't want to really run through the numbers. The numbers are there for you to see. But what gets orchestrated behind is the truth of the culture and the philosophy that we have built on this growth journey.

It's the stakeholders in the space, I think as Hari spoke about the rental management, the brand management. But what goes very clearly is that how does Redington establish itself to be a tactical and a strategic player for them? Most of the brands, at least the top 10 to 15 brands that contributes close to 80% of our business have been with us for about two decades, if not close to three decades.

What gets them sticky with Redington? What gets them to drive growth along with us? And that's exactly where we transformed ourselves from just being a pure play components player, or a PC player, or a print player, or notebook player, to a value-added distributor, to a technology solutions distributor, and a go-to-market transformative distributor.

And there are a lot more coming in our ways. A lot of these have happened by virtue of brands bringing in newer forms, the world changing in terms of IT getting consumed. In all of it, how has Redington and the stakeholders, and the people, and the team that we have, have transformed themselves from being who they were, getting themselves certified, trained, transforming the channel models, working along with the partners to figure out how they would transform.

How do we get them to be using technology? How do we ensure we train them up to democratize technology to the customers? And hence, from the time the tech comes into the time, partners adopt and get the customers to adopt and make it a complete life cycle management.

It's what Redington has been doing over the last many, many years. 2007, when we got to public, I know for a fact that a lot of go-to-market new changes that were coming around, large format retailers, e-tailers. And along with them as an ecosystem, we have collaborated, we have worked against them or along with them.

We have been rendering a whole lot of services, but they could not do so. No more it is “I” or “you” or it is a “we”. And we have ensured that every single go-to-market have been a very collaborative approach in the ecosystem.

And it's now an ecosystem-accelerated transformation journeys that we folks are going through every two to three years out. As I said, the left side of the slide would probably talk about many go-to-markets that has evolved over the times. Everything is a learning that comes in about 18 to 24 months like the Moore's law.

And every time when there is a change and transformation in the market, how do we adapt, get the part of the ecosystem, work with the brands and ensure that business model gets proliferated and gets to accelerate and grow. And as we keep getting onto that, there are adjacencies that comes across channel, technology, product, project management, direct-to-retail, regional efforts on one side. And we also have many products and categories that we think, how do you take it to the different pipes here?

So that you get to reach the product to the nook and corners of the country. Okay, so we've got many of these that are obviously helping us build scale. Now, we've got again, there's always an 80-20 rule.

So the 20% of the partners contribute 80% of the business, but how do you get 80% of the partners to actually develop more? So we've got telesales, we've got demand generation. The key critical element for us is that how can Redington ensure partners growth?

And we can get the partners to grow, we automatically grow. Well, external environment is something that is what it is as it evolves. But how do we work closely together of not getting a partner stagnating with something, but keep enabling the growth journeys, not just with one product category, but with one market, one brand, but with multiple brands, adjacent technologies, getting them certified.

That's the crux of how we use many of these GTMs to accelerate, not just the partner's journey, the brand journey, and our journey together. Key element is the people for us, that's our strength. Most of our key resources, both in the middle management and at the top are very fungible.

We understand multiple technologies. Like the way Hari said, the advantage of having many brands, many geographies, many GTMs, many approaches gives us a 360 degrees of understanding what works when, who do we leverage and how do we leverage, what's accelerating growth and what's decelerating, and what's the future technologies that we need to invest and grow. This template that we follow gets impregnated with the partners, most of the partners, some are capable by themselves, some we need to make them capable.

And today, as the world evolves, we have invested into many technologies that will get us to be digitally available, and digital is all about scale. It's very easy for some models, which are one to many, but it's so complex to make a many to many. In this context, we have been tuning this up in the last three decades of how to manage the many to many ecosystem in a complex, but a lot more future ready, easy manner.

What we bring is bridging the divide in a way that makes it easy for each constituent in the ecosystem to play the game much easier. You don't have to take all that load. We bring that load, simplify it and make it easily workable for you.

We've got a very nice diversified portfolio. If you look at our endpoint devices, enterprise mobility, they're very balanced in terms of about 30%, 30%. But in each of it, there are many, many products, categories, go to markets that we keep building year on year, every year in working with the constituents.

Cloud is obviously a 4%, but it's obviously growing pretty faster than what we had expected. There are many other digital printing on demand, 3D printing, textile printing, and more so many other areas that we keep adding up to the product category, which also goes behind the performance that we kept looking on the other side. We spoke about the ecosystem, talked about the product categories, but this is about where we are today.

And as we look at, how do we position ourselves as we move forward on the opportunities? India, obviously becoming the fifth largest economy, being most importantly, the highest knowledge economy available. Availability of knowledge resources in India will probably be number one in about 35% of the workforce being in India.

So that gives you a huge headroom for growth. One of the reasons why GCCs are coming into India is obviously to try and anchor the advantage of cost, anchor the advantage of the knowledge economy, and the advantage of technological supremacy that we in India are obviously getting across. Along with that, you can see the proliferation of data centers, not just the real data centers, but the latest AI-based GPU data centers, Gen-AI data centers, the India AI mission, which is obviously contributing to the growth of servers, storage subsystems, and cloud.

Third, India is slowly - slowly moving towards premium product baseline. While there's still a huge bottom of the pyramid that we're still to explore from an IT perspective, and there are ways and means that we're working with most of the stakeholders to figure out how do we penetrate, but as we move up the layers, the premiumization is coming up, both in terms of mobility and in terms of the other products, nicely fueled and aided by AI.

Okay, and all of these three are growth engines, regard our ecosystem, people, partners, and brands, and our digital platforms, cloud platforms, trying to help bring in a very seamless orchestration of not just the forward integration with the partners, but with the backward integration with the brands that helps us to serve the market with speed, agility, low cost to serve, and hence have a higher productivity as we move forward, not just pure play hardware, but a whole lot of software defined.

The world is moving towards subscription and consumption. And this, we, in the last about three decades, have transformed from all the business models to the latest business models. And I want you to all know, we're getting ourselves equipped for even the future business models that are slowly coming around.

We're going to talk about high performance computing, we're going to talk about capex to opex, leasing models is all some other models, which we would obviously wait for some pilot before we try and bring in scale so that it gets easily economical and commoditizable. Thank you so much.

Viswanath Pallasena: Good evening, everybody. It's such a pleasure to be in front of all of you to share some insights into the Middle Eastern Africa region where I work out of. First up, I have to say congratulations to the leaders of Redington for having set foot on this territory of Middle Eastern Africa.

But yes, it's going to be 25 years next year as we start this April of the, since the start of the business there. In the next five minutes or so, I look forward to giving you a view into what we, where we play and what are the things that we do and how we went, how we performed as well. First up, it is a market which is very, very huge.

The GDP is sizable and is growing, the Middle Eastern Africa region. Just the Middle East countries where we are today, we have UAE just to talk about and Saudi Arabia which are growing at an impressive rates today and are very sizable as well. Much of that growth is actually coming from today as they pursue non-oil kind of income coming in.

And that contribution actually is driven and has to lot to do with what we have in common which is IT. Our IT business there in the market has been steadily growing and it is a sizable $119 billion that is expected this year. It is overall a very exciting place to be in terms of where we are playing today.

And if you look at how we have performed in the last 17 years since the company went public, we have grown our revenues steadily at a CAGR of 10%. A double-digit growth in revenue in a market which is highly competitive and also highly diverse in its nature and has multiple risks where we had to play has been a significant achievement of the past leaders in Middle Eastern

Africa. EBITDA for us has grown almost in double digits, it's in fact 9% and actually grown six times in the last 17 years.

PAT as well, similarly grew. So summing up, I'd like to say that we have built scale in Middle Eastern Africa and profitably too. And this is one of the, and as we look forward, is one of the most exciting places to be with the digital transformation that is happening across, the transformation to cloud that is happening and the urbanization of the rural that is happening in much part of Africa as we speak.

So we are in an exciting place. So how do we win and what are we doing there? Distribution for us has been reimagined in Middle Eastern Africa. For us, when we started out, we have today, as Hari spoke and my earlier predecessors spoke, Ramesh also spoke about what we do in taking the market.

We have the technology solutions group, the cloud business group, the services group, endpoint solutions group as technology is consumed by an end customer, mobility business, as well as the solar business that we have. Taking all of these things to market, we are today very happy to say that in much of the markets, most of the markets, in fact, we are either the number one or the number two distributor in that market and by a distance as well.

And as we started out Redington 1.0 many years ago, we built a fantastic logistics and a supply chain capability across the multiple. Hari talked about the 40 countries that we do engage with. Much of the 40 countries are around in our region, actually.

We have tremendous amount of opportunities as well as tremendous amount of challenges which SVK touched upon and much of that discipline that has resulted in the business that you're seeing in the steady business that is coming from the Middle East and Africa has been contributed by the team of Middle East and Africa team who are posted in wide and far away geographies, experiencing much of the volatilities there, yet managing the business in a very fine way.

So in terms of Redington 1.0, it's all about disciplined buildup of capabilities being an efficient logistics and supply chain provider. Adding, we then went on to add training and pre-sales to that to actually add a layer which actually makes our partners bigger than what they are. We went on in Redington 2.0 to actually add consulting and services around it, wrapped around.

Now what this made our partners to do is to, instead of investing themselves in their capabilities of consulting, in their capabilities of having to service, in not doing that but to look to us to actually provide that and then providing that white-labeled service to their customers. This was then as the business models transformed and then we created a solutions synergy around it and then went to market with a different business model through our digital platforms and processes.

The many platforms that you see today operating worldwide in Redington have, some of them have actually originated from the Middle East and Africa region. Cloud Cox, as we talk about it, which is the platform that we used, started out by our employees in Redington Gulf in the technology solution, what we used to call the value solutions group, putting together and imagining what will be required to come up with the marketplace to meet the cloud solutions requirements in the future.

And that digital went on and then we created also the digital platform for us a kind of loosely what we call as a digital twin of Redington as well in our markets. So with these things, we are today the technology catalyst that we want to be in the market.

We have in Redington in multiple calls and multiple forums, we have mentioned that one of the missions and one of the critical things that we want to do and achieve is to reduce technology friction in the market. Technology friction, as we define it, is the difference between the rate of innovation and the rate of adoption and playing a role. For that, one has to be not just a distributor, has to be a catalyst and also lead to become a technology aggregator, which is what we want to become.

And Middle East and Africa region is actually playing that role as well, adding to the strengths of Redington overall. And this is what makes us special in the market. This is what makes us to be sought after in the market.

And by being there and doing all of these things, we add that strength and longevity and future success for the Redington group overall. With that, I would like to invite my next speaker, Serkan Çelik.

Serkan Celik: Good evening, everyone. When we talk about Turkey, there is always two words come into the place. The first one is the opportunity and the second one is the fluctuations or the risk, whatever you call it.

And in fact, this is not only for Turkey, but as Mr. Vish mentioned, it is for Africa. It's also valid for the CIS countries that we are operating like Kazakhstan or Azerbaijan. And this situation, the opportunity versus the fluctuations or the risk situation, in fact, creates a very interesting area for us to develop ourselves and to create new things and to navigate in this very difficult environment, teach us how to behave in that environment, gives us a huge competitive advantage.

I would like to mention to you about a great success story, I believe, which is PayNet. We divested three weeks ago. This is a fintech startup initiative developed in the last eight years period in Turkey with Arena.

As I mentioned, operating in a very fluctuating, very difficult environment like Turkey, teach us how to find different financial solutions to develop our business with our partners and to support their business, to improve their business together with the end users. So with that knowledge, we created PayNet. And this fintech initiative reached almost to $11.2 million service income and $6.3 billion EBITDA and $4.4 million PAT at the end of eight years, last year, in calendar year 24.

And we divested this entity with a valuation of $94 million total consideration, which is a full cash payment. And we already got the money in our pocket. So when we look at the multiplies, you can see that it is almost nine times of the gross profit or 10 times or 12 times of the EBITDA and 20, 21 times of the PAT valuation, which is a huge success, I believe.

And this example, the success of PayNet gives us a huge encouragement to go after that kind of the new initiatives, new thinking, new opportunities in the markets that we are operating. In these 40 markets, we believe that there are lots of similar or in a different form, but new adventures, new startup thinking, new ideas for us to go after that. In that case, for this $94 million valuation or the cash income we got, we decided to use 90% of this money to allocate to debt repayment services.

So it will strengthen our core business and it will help us core business to be a more healthy, more steady growth trajectory. And on the other hand, as I said, we will continue to go after the new initiatives, new thinking, new ventures to create new PayNets in the coming years to create a huge additional values for our company. When we look at the investment in Turkey, it started in 2010, at the end of 2010.

And since that day, we had a growth in that market. Sometimes we had good results. Sometimes, as I said, due to the fluctuations, we had the weak results. But at the end of today, when we look at the CAGR rate, in the last five years, especially, we have a very good trajectory. And the revenue CAGR is 20%, EBITDA CAGR is 35%, and the PAT CAGR is 17% in between FY19 and FY24. And we believe that although we have lots of fluctuations in the market, these results are very promising for the future.

And when we look at the market conditions in Turkey, the inflation, the interest rates, the GDP growth, the IDC growth ratios, when we look at our industry, it is very fluctuating. And stability, having the stability in this market is the most difficult thing. But we know how to navigate in that environment, as I said.

When we look at this kind of the fluctuations, how to manage the opex, how to manage the working capital, how to manage the gross profit, how to manage the relations with the partners, with the vendors, or with the other stakeholders, like the financing institutions in the market, is the most crucial one. And we had a great experience there. And we already very experienced to implement the required measures to recover when there is a negative result in the results due to these fluctuations.

And in this year also we implemented these measures to recover the profitability. And now, as of today, after the divestment of PayNet and the debt payment to the financial institutions, I'm much, much more confident about the profitability performance of the company in the coming periods.

In Turkey, we have two entities. Arena is mostly on the hardware side of the business, on the enterprise business, on the mobile business, or the end-user business. We are on mostly the hardware side. Redington Turkey, another entity led by Cem, is mostly dealing with the software part of the business. And there is a huge, great success in that company as well. And when we look at the software business, the recurring and the subscription revenue is growing very rapidly. And there's a sustainable growth we see.

And for the coming periods, we believe that it will be a much bigger game for us in the market. And also, when we look at the software and solution vendor portfolio, it's a diversified structure.

And we have some exclusive distributions on the software brands, which gives us the revenue and the PAT growth at a very high levels.

And over the last three years, when we look at the PAT, it is always constantly higher than 2%, which is very, very good results we believe. And this success also gives us encourage to replicate this model in some other emerging markets like CIS. And we started to operate in the CIS region with this software distribution model. And the first results that we are having now is very promising for the future. And we will go after that opportunity for the other regions as well.

And when we talk about, as I said, the Turkey or the Sub-Saharan Africa or the CIS regions, one of the most coming question is what is your strategy? Why you are in this environments? We believe that having this experience, having this teams, having this knowledge to operate in this environments, in this markets is one of the biggest competitive advantages of Redington, because we are operating in this geographies with a very huge track record, very long track record.

And as of today, we are the seventh largest IT distributor of the world. And we have the ambition to be in the much better results, let's say in the top five in the coming years. And this competitive advantage will give us that opportunity to step up in the coming years. I believe this. Thank you.

Vijay Raghavan: Redington not only transforms the life of the partners. I'm here in front of you to present before the update on ProConnect Global. We are integrated 3PL logistic service provider. We operate in India, UAE and Saudi. We have presence in these three regions now. We are basically a contract logistics and secondary transportation provider. We also handle freight forwarding in overseas. We have mission critical division, which addresses basically the critical spare parts handling. We have almost 600 employees on our roles across regions.

We handle more than 800 customers. All these are numbers. And in terms of volume, actually the captive business in the last three years has come down to 23% to 25% in India. And in overseas, it's 34%. In terms of volume, we handle more than 1,60,000 SKUs. So that's about the volume. And in terms of financial performance, the operating profit continuously is in the double digit. Our CAGR from the inception is, in terms of revenue, it is 25%. EBITDA, it is 23%. EBIT and PACT, it's 17%.

Moving on to the market trends, what we are seeing in both the markets, India and overseas is that there is a huge investment that is coming in, in terms of space and infra. And there is an investment in technology and green logistics is gaining momentum. And we also have the technology, which is basically any service which is done now without the AI or the machine language, it is very difficult to manage the entire flow of the transaction. So AI enabled requirements are coming in, especially on the demand forecasting. This is the challenge.

And being an organized player, actually the organized market, organized players, the market is going to grow from 6% to 15%, almost 9% increase we are expecting by FY '29. So how do we respond to these market challenges? Infra investment, we do have investments. We have very recently invested in quick comm. In overseas, we have formed automated distribution center, which is a state of the art, hopefully with an automated environment with robotics in place. And we are more solution-oriented organization.

We focus more on solutions and we go by customer-centric approach, wherein we have a very strong solution team for each and every vertical that we handle, we have a solution that clearly makes a difference. And in the market, we are also seeing the change in the business model where generally everybody now started getting into the CPU model than the cost-plus model.

Earlier it was cost-plus model, which was actually creating a lot of requirement from the logistics service provider because cost consciousness has come in. So CPU model is gaining momentum. So we are also marching towards that. And technology again, here dashboards and KPI monitoring is mandated.

Last mile delivery, we have gone into the green logistics. We have engaged bikers and EVs for our last mile delivery, especially for the D2C activity for Redington. On the value proposition, what we have in ProConnect is that, see any logistics company, this is the core value that is required, which is speed, accuracy, visibility with an optimized cost, with a good vendor base. Vendor here means our source, where the service provider for us. So this base is very much important. This is fundamental for any organization and especially the logistics organization where earlier it was good to have, now it is must to have.

And on this, being an integrated services provider and focusing more on the mission critical activities, these are the core values that we have, which we keep in our mind in our operations, day-to-day operations. Compliance focused, SLA adherence, consistent delivery on the KPI, each customer is having a different KPI, so we need to adhere to the compliance requirement of each and every customer. We do have control towers, 24 by 7, we have a surveillance done, both in India and Saudi. Our focus is more on customer-centric approach.

As I mentioned earlier, for each solution, for each vertical, we need to have a different solution. So it is customer-centric approach that we have at an optimized cost. End of the day, cost is important. And our focus area going forward, what we already started doing it, both in India and overseas is that, geo-expansion, we would like to get into Tier 2 and Tier 3 cities in India. We do have pan-India presence, leveraging Redington's relationship. We have a pan-India presence, we will continue to leverage that and we'll expand into Tier 2 and Tier 3 in India.

In overseas, GCC countries, we would like to expand. And vertical expansion, we have FMCT, FMCG, IT telecom as a major vertical, which we are focusing as on date. In overseas, we do have freight forwarding as a major business, but we would like to expand into other verticals. In India, we would like to get into pharma, auto and chemicals. And in overseas, apparel, e-comm. Apart from that, we have pharma and food products.

In terms of technology, we do have a control tower, which is connected with all the warehouses pan-India, in India, and it's AI-enabled, wherein we can ring-fence the safety aspects. For overseas, the new warehouse, what we are having in Saudi will be AI-enabled and with robotic and completely automated environment. Service segments, we'll be focusing more on mission critical service because of value product and high-value, high-margin business. And in overseas, we would like to focus on 3PL and B2C.

These are the brands that we have. For each verticals, we have the brands listed here in India and overseas. This is just to give you a perspective on how our solution is focused. For each of this vertical, for each of this brand, we have developed our own solutions and we are becoming more of a strategic partner than a service provider. Thank you.

Serkan Kutlu: Hello, everybody. Welcome to our event. Thank you for being together with us today. I'm the Global Chief Strategy Officer for Redington. And as an important part of my role, I monitor, track and try to understand technological trends, market opportunity, how this market opportunity is affecting the distribution ecosystem and ourselves? And together with our global extended team that you have together with us today, build strategies, drive strategies, support our teams for inorganic and organic growth initiatives.

I would like to give you some glimpse of the industry, technological trends, industry trends, as well as market opportunity that we have today and try to cue our Group CEO, Hari, regarding the strategies that we are developing to address those trends. So, if you look at the overall industry, there are lots of things happening. I wanted to show you four major technology trends that I totally believe are shaping our lives today.

And I will be talking more about cloud in the upcoming slides. But cloud, especially hybrid cloud, is shifting the customers' behaviors. And this behavior is not only because of the technology itself, but the business model. Shifting customers from being a customer to becoming a subscriber, becoming a consumer. And this trend helps them, from the customer's perspective, helps the customers to consume the technology without any upfront large costs, as well as helps them adapt with the dynamic workloads very easily.

There is one more aspect that I've been seeing a lot. Together with the cloud, customers are now able to reach to top-notch technology through these new subscription models. If a customer might like to build some data analytics software a couple of maybe 10 years back, it would have cost a lot for them. But going directly into a hyperscaler or any data analytics company, they can start using day one.

The other important aspect is AI. Everybody's talking AI as a stand-alone technology, but in Redington, we believe that AI is not a stand-alone technology. It encompasses over everything. It is coming from the smartphone to cloud. It will be everywhere. It is now becoming in everything that we touch, we will start seeing AI.

I can give you some examples as such. Like 5, 10 years ago, if you wanted to build a website, if you go to a website builder, you would need to pick and choose what you want to do through the website. But if you go to a website builder today, you will just have a chatbot answering you.

What do you want to do? What is the content of that website? What kind of a website you want to build? Who is the audience? It is like becoming a very, very smart wizard talking to you and helping you build that website. Even a 9, 10-year-old person, I mean, a child can build a website together with his AI. And one important aspect is, cloud is enabling AI a lot to reach to the masses.

One other aspect is cybersecurity because we are in a hyper-connected world. And in a hyper-connected world, cybersecurity is an unavoidable requirement. As cloud is helping AI to develop, AI is helping cybersecurity to innovate itself. And it will become like the main aspect of cybersecurity in the upcoming years.

The final one, sustainability. The customers are now -- not only customers, all the ecosystem players, the vendors as well, are building their technologies around sustainability goals. This is becoming a very critical aspect of the technology itself. It is coming in our lives in a way, not only for the future of the sustainability as a technology, circular economy as a business model, it's started to come into our lives as well. So these four major areas we see as important technology trends to share with you.

In the first video, maybe some of you have maybe noticed at the end, it says, future is now. And Redington is ready for that. This chart shows -- I mean, the first time I've seen this chart, it's been maybe seven years ago. I've been tracking this for a lot. In the first time when I've seen this, the inflection point, it was showing 2027-2028, but we are past that. It is now past.

Now cloud, it's not only cloud infrastructure, it's not infrastructure systems, it's not only infrastructure software, it's not the services. In all the dimensions of enterprise and technology now, we are spending more on cloud than the traditional. We have passed that point. We are now going into a cloud-driven world that is unavoidable. And the market analysts, markets inside companies are clearly saying that the cloud will reach out to $1 trillion as of 2026. It's a big opportunity.

When you're talking about cloud, the biggest drivers of this, I mean, new technology or business model is hyperscalers. And as you well may see, there are two major companies driving this, AWS and Microsoft, which we are distributing in many, many different geographies today.

And there is a, if you have -- I mean, looking at the previous slide, this kind of an impact in the IT spending, now cloud or this kind of technologies are not only relevant to large enterprise companies. It is relevant for midsize companies, second tier companies, or SMBs, SMEs.

So these hyperscalers are coming to us again and again, willing us to create more partners, onboard more partners, educate more partners so that they can expand their base. They want to scale and they've clearly recognized that they cannot do it by themselves. So we are helping them a lot to make a bigger ecosystem that understands and enable customers with the new developments in cloud.

I also want to bring forward some understanding for you about the software market. We are talking about cloud, but nothing -- not yet moved to cloud, obviously, as we've said, 50% maybe moved to cloud, but we have to understand that cloud is consisted of three major things. One of them is infrastructure, platforms, and the software.

Big piece of software is also moving to cloud, but as you may see, there is a $775 billion of software just in grift relationship with cloud today. The business model is shifting. I believe totally that in the upcoming years, most of the software will be cloud-based. There are lots of native cloud software developers today.

The important takeaway from the slide for me, the narrative, is the direct business and indirect business that is, I mean, driving the software. As you may see, nearly one-third of the business is now indirect. What we see is this indirect portion is growing a lot because as we have said, scaling in software and cloud, it is -- the technologies are democratizing. So it will become not only a playground for large enterprise, it will be a playground for all. So it is going to scale up.

This indirect doesn't necessarily mean that everything's indirect going through distributors. There are Tier 1 partners as well. So the market addressable for us is not like one-third of it, but still as the smaller partners come in place, smaller and mid-sized customers come in place, distributors will play more and more role in the software ecosystem.

If you look at the market opportunity from the perspective of our regions that we operate, first of all, India, we are -- I mean, looking out India, it's a massive market. It is $140 billion market driving innovation. We see a couple of trends happening. Ramesh also mentioned premiumization. This is a very active trend that we see. And the wealth in India is driving, especially India, first Tier 120 million people is driving premiumization a lot. We will see that AI smartphones and PCs in the upcoming one or maybe two years will keep on driving this as well.

The other thing is startup ecosystem that is, I mean, flourishing in India. It is a very important part of the dynamic that we are addressing. And thirdly, as well in the India slides, you have seen GCCs now helping scale India's role in the AI cloud and many other enterprise IT space.

When you look at Middle East, there are two countries driving Middle East growth. One of them is Saudi. When you look at Saudi, all the brands are now coming to Saudi and it's like an attraction center for many global brands. Saudi is just attracting companies not only for R&D or manufacturing many, many different aspects. And now they are, most of the brands are establishing their headquarters for North Africa as well from Saudi. So one of the big, maybe the largest economy.

The other one is UAE. And we see that both of those economies, Saudi, UAE, as well as the rest of Middle East, smaller countries, they are trying to diverge from their -- diversify their economical growth coming from oil or this kind of carbon products to other technological aspects. So they are trying to change their economical growth to other aspects. And we see a lot of infrastructure investments in the region.

Africa, I mean, I've been thinking Africa, how should I explain it to you and explain the changes happening that I've been also observing. I've just used the word fast forwarding. Actually, it's a bit -- they're actually, rather than trying to catch up with the traditional way of doing things, they are innovating. A very good example Serkan gave in the fluctuating and challenging markets, you have to be innovative. And that's where we have created PayNet. And in Africa, we see that as well.

Rather than catching up with the traditional banking, they're investing heavily in fintechs. Maybe some of you may heard about that and PESA is a big success in East Africa, and it's spreading all across. The other thing is cloud is helping small, mid-sized enterprises to create new technologies. I mean, maybe they might not have the traditional IT infrastructure, but easy access to cloud with a very -- I mean, if you connect to Internet and cloud, now you have all the things that you may need to create a new application, right? So Africa is using that advantage a lot.

Turkey, we know we are having a lot of difficulties. And I'm a Turk myself, and I know living there, it's not been easy for the -- I mean, we're getting back to my childhood, like 1980s. It has been a very similar thing, but I can assure you, we know how to navigate this, okay? And not only Turkey, difficult geographies is our game. And we have been there for many years. We have done that, and we know how to navigate this.

And we are trying to find the pockets of profits, trying to find the areas that we need to invest. And we see that there is a huge demand in software business in Turkey. That's why in Redington Turkey, we are focusing a lot on software, and you have seen the results. So in those type of geographies, you have to be vigilant and agile. And that is what we are trying to do.

Asia is a new market that we want to play some role, big role in. And all of our vendors are inviting us there, especially software vendors, hyperscalers are invited there because they have seen the capabilities that we have created in the last five, seven years, okay, and they want to leverage on that in South Asia markets. And we will be keep on investing on this.

Finally, I would like to show you one slide regarding how these changes is shaping distribution ecosystem. I mean, we are now in the digital era. We are now talking about AI, cloud, all the machine learning, analytics, all those things. And it is really shaping our company. And the things that we are constantly talking day in, day out is the physical supply chain turning into cloud and digital ecosystems.

And we are investing heavily on this. I mean, investing doesn't necessarily mean money. We are investing a lot of time, a lot of resources. And we are working on this heavily. And we have been successful. And we will keep on investing to become more successful.

Product distribution is more changing into a customer service orientation, customer service led solutions. How is that affecting us? Now we are also introducing a terminology within ourselves, customer success, customer lifecycle management. You have seen in the beginning of Hari's slide, customer lifecycle management is becoming like a very important aspect of our lives. And we are trying to adapt it in our day to day.

And finally, as you may see, now we're talking about not only the standard traditional IT offerings, we are talking about AI cybersecurity, cloud a lot because it's inevitable. As I've shown you, now the overall traditional IT is becoming more like a cloud environment. So we are playing a big role there and we'll keep on.

Thank you very much for coming again. And I will give the word to our -- I think there's a video coming in and then Hari will be back. Thank you.

[Video Advertisement]

V.S. Hariharan: Thank you. Hope you got a little bit of an idea on each of our leaders and how they manage the different businesses and geographies and also partners. We do these videos on partners, their real-life stories. We want to give them visibility of what they've been through. And it's an emotional connect that our teams have with them. So it's really important. It means a lot to us. It means a lot to them as well.

Okay. So I'm going to take the next 10 minutes to tie together what we've been doing, what our strengths are, and more on where are we headed? When I got on board in about six months, we got the global team together and we said, what is it that we must do to take Redington as a sustainable company in the next decade? So we said there are four pillars. One is we have a fantastic core business. We want to continue to sustain the profitability of that core business. Don't want to lose sight on that and really want to continue that.

The second is we need to find ways and means to accelerate business growth. Clearly, we operate in markets that have good growth. There are trends in the environment. So what investments do we need to make so that we can drive growth faster? The third is our assets are our business model, our RTMs. How do we hone in on them and really make them work for us?

And last but not the least, we said we are a big company spread across many geographies. You saw the differences. India, stupendously well over the last decade, just growing, and Ramesh and team have done a fantastic job. Middle East, Africa has risks and we had to really balance and learn how to manage risk versus return. And the team there, along with Vish, have done a fantastic job.

And last but not the least, Turkey, you saw what we have done very creatively and uniquely in the software business, the PayNet business. So we really need to marry how we work as a company and leverage all our strengths and DNA. So let's talk a little bit about the core business first.

Within the core business, clearly, we heard this multiple times. There are many opportunities, but I'm just highlighting a few. The mobility business, the smartphone business is flattening across the world. We all see that. And though we've had a great run over the last two, three years, there are a few opportunities for us to continue to hone in on. The premium phone segment Ramesh talked about, that's going to be huge for us, continuing to grow on that.

The AI-enabled smartphone, they're already out, but they're not yet use cases and applications that can drive the refresh faster, we believe it's going to happen in the next year or two. Wearables is another area we're beginning to play, and we want to leverage that and get share in that. And upcountry penetration in India, upcountry penetration in Africa, all of those will be critical talking points for us in terms of trying to drive growth.

The second area is the PC group, the endpoint solutions group. Clearly, we have made a lot of progress on emerging professional solutions. These are things like professional displays, professional audio, surveillance devices, etcetera, etcetera. We want to continue to make progress. Not a massive market, but it's a good adjacency.

AI PCs are out, but we have not seen them really impact in terms of revenues and ASPs, average selling prices. But we believe with the right use cases happening, it is a matter of time that that will happen. Gaming is an area we have invested in a few spaces in both India and Middle East, Africa, another area we will continue to look at how to grow.

And last, which I am personally very excited about, is the PC for the mass market. Take a country like India. You have 50 million, 60 million PC install base for 1.4 billion people. And the disposable income, the consumption, and all of that. Even take a country like Saudi Arabia, there's a 5 million, 6 million PC install base for a 36 million population. You can go on and on. The PC penetration is not anywhere near the smartphone penetration. So it's a huge opportunity. At some point, some inflection points are going to come.

Thirdly, on the technology solutions area, clearly the growth is all on software-led hardware. Networking solutions are growing. You see a lot of networking with a big software component. Hyper-converged solutions. So server, network, storage all coming together. Hyper-converged solutions. There are new brands, new players, very interesting space.

Security solutions. There's a lot of conversation on security. That's continued to grow and boom and we have partnership with all the leading brands. And we also have our own solution on SOC, Security Operation Center. And last, on-prem infrastructure as a service will also be an area for us to play.

As was talked earlier by both Serkan and some of the geo-leaders, AI will be across all of them. It's not a specific thing. We are already selling a lot of servers AI-enabled. PCs will be AI-enabled. Storage will be AI-enabled. So it will be all across. So that's what we see in terms of growth opportunities on the core business.

Next, talking about geographies. But before I do that, again, a little bit of an academic approach on looking at the markets and saying, where are these markets? We are largely playing emerging markets. We call ourselves emerging markets multinational. So we've always seen a gap on technology adoption in our markets versus the West. But as we go forward, clearly, we are seeing the technology adoption, the gap is narrowing.

India, Saudi, UAE, all three markets, it's just maybe a few months behind. What's happening on cloud? What's happening on AI is all catching up in these markets. There are obviously markets like Africa and Turkey where there will be a gap. So we need to learn to play both. A bunch of countries in our portfolio that are like Western markets and a bunch of countries that are more like developing markets. And we need to be able to play both.

So as a concept, when we look at this, so how do we grow geography? So we look at India, UAE and Saudi, which is 70% of our business, one type. And we feel their new technologies, digital technologies, will explode. And we need to be able to focus on embracing those. And how do we bring those to our ecosystem here? Similarly, the route to markets are getting very specialized in these markets. It's not the omni-channel is clearly evolving. You have so many.

You have PAN-India LFR. You have regional LFRs. You have D2Rs. You have mom and pop stores. You have micro -- so you really have to navigate and create RTMs for different products, different bands, to reach the market segments in the right way. We talked a lot about it. And this has been a question that we've got asked many times. Why are you still in Africa? Why are you still in Turkey?

I hope we answer those a bit more clearly. These are tomorrow's markets. They are very important markets. We have done a lot of hard work. We have learned this in our DNA, how to really manage risk and return, and yet get you the right kind of returns that shareholders expect. We don't want to give that up. We really want to take this forward.

With the cloud software AI. We believe that these markets are going to move faster into the new technologies, and our ability to play there is going to be better. And we also need to be able to play with alternate business models. We're looking at both Africa and Turkey and CIS regions, not just software and cloud, but how do we play hardware differently?

And lastly, I think I alluded to this earlier. Clearly, we look at ASEAN. And when I talk about ASEAN, I'm talking about Singapore, Malaysia, Indonesia, Thailand, Philippines. In addition to South Asia, where we already are in Bangladesh and Sri Lanka, how can we build a business which is more focused on cloud and everything as a service, and also look at professional services? So that's our thinking in terms of taking advantage of growth opportunities and what we can do.

So I talked about core business. I talked about geographies. Now let's talk about the piece on cloud. I want to do, again, a little bit of how we do cloud, how we're thinking about cloud. It's a bit more complex in detail, but I just wanted to share this with you. Serkan talked about the opportunity. Clearly, only about 7%, 8% of the total cloud business has gone through distribution. Though it's growing at 40%, 50%, there is a lot more that will happen. And what is this? And are we really addressing all of that? That's another question.

So I've broken up the pieces into a few parts. First is the infrastructure as a service. This is with the hyperscalers. I think we have taken an active leadership role in India, in Middle East Africa, and Turkey, taking the pole position as a distributor who understands how to drive cloud. And we have done a whole lot of things. Resell, consumption, how to access hyperscaler marketplaces.

So all these things, and we've been awarded the number one distributor award by the hyperscalers in both these regions as a result of that. We want to continue this journey, but we want to create stickiness. We want to create value so that the business that the hyperscalers do with mid-market and small enterprise continues to work through Redington because it is digitally oriented. So it's important that they understand that we are bringing value in terms of driving consumption workloads and professional services.

The second and third opportunities, platform as a service and software as a service. And again, when you look at this, a lot of software that exists today in the licensing format is slowly moving to subscription. A lot of what these were being sold direct is suddenly coming to, conversations are beginning to happen with us, many, many brands. In the last year alone, we have signed up at least a dozen brands which were software as a service going direct, coming to us. We still think the addressable platform as a service, software as a service market is huge.

We have not even touched the verticals. There are many domains that we don't understand. We don't have competency. So as we go into the next year, we're going to invest in software solutions, creating a group, creating investments on going after this in a much bigger way. Today, our business is about 4% of Redington is hyperscaler. Another 5% is non-hyperscaler software, subscription, and licensing. About 9%, 10% of the company is software. How do we fast forward this in terms of revenue and bottom line is what we're going to look at in terms of investment.

Lastly, professional services is an area that we have invested in, in India. We have created competencies in-house. We've also got a delivery team. Our goal is not to take all of this ourselves, but really use that competency to train our resellers so they can deliver this, so that there's a much larger force. In Middle East Africa, they have done this without building a team by just taking the competency and really taking the business and applying it to delivery partners. But we will do a combination of both because we need to bring the industry ecosystem and our partners along in this journey.

Now, all this is great, but how do I do it and what is the kind of investments needed? How do you do it? What are the areas we need to invest? This page summarizes that in a very simple way. We need to build a digital-first orientation. When it came to hardware, digital came as an afterthought. We do have digital, but we say we do digital for this, digital for that. Here, it's a digital-first approach where everything happens on digital. Purchase orders, sales orders, provisioning, lifecycle management, analytics, you name it.

We've got a platform which we've built over the last 5 years. Now we are reinvesting in that platform to make it better for the future, and we'll continue to invest on it. It's a three-pronged strategy. First, we need to understand what does the customer need and what are the customers looking for? Customers and how are they going to consume? They will subscribe, they will consume, and they will need services, whether it's migration, modernization, DevOps, FinOps.

We need to build all the competency and the domain knowledge around that, and we are doing that in-house, both the sales team and pre-sales team. Similarly, for partner, we need to identify new partners, but existing partners who want to get in the journey of cloud. So we have created a partner academy for building competency and training these partners.

And finally, which is also very critical, is with the brands. We're going to add new brands, and we're going to add many new solutions to each brand. So we need to be constantly seeing how to build this out. And the most important piece, I believe, is the marketplace. This trend is going to go from one to many, from too many to many. So we're going to have brands providing software solutions, we're going to have ISVs, born-in cloud players, digital natives, all being part of the ecosystem, and we're going to have our resellers, MSPs, CSPs.

So we have to really create a fantastic platform with domain experts internally, and so that's what we're going to invest in. And finally, some critical pieces like, creating a cloud center of excellence, some good use cases that we can repeat, professional services delivery arm, a demand generation engine, all of these will be critical. And I think this is a very, very important play for us as the software and software as a service and Agentic AI, all of that explored.

The third part, we talked about core business, we talked about cloud. We want to talk about innovations. We have actually several innovations within Redington. We don't normally share these innovations, and they happen to enhance our business, they happen to enhance our operations. But with the PayNet success, we feel like we should be able to take many of these innovations and incubations, we call this business model innovations, to a different level.

So we have a business called DigiGlass, which is a security operations center, a managed security services business, which we flow through our two-tier partner ecosystem in Middle East Africa, which we're now looking at expanding overseas outside of MEA as well. And this is an area we believe will complement our security business in a big way. We've also got an innovation on robotic process automation, a product that's created in Turkey. It's an affordable solution to automate workflows using agents and robots.

We believe products like these, along with AI, will also create a potential for a future value creation. And there are a number of AI pilots within the company. I can name some of them, but there are too many of them. And they demonstrate the utility of novel technologies, how they'll be applied. And so we have now got even more energized to say, let's build on those. They will enhance our business. They will be revenue generating all the time. And at some time, they will have created such a value that other people outside will also want to lay their hands on this technology. So we are heading a completely interesting direction on innovation.

To summarize the four pillars and what are we doing, clearly on the core business, we want to drive adjacencies as hard as we can. Clearly, smartphones are plateauing, PCs are plateauing, things are going to happen, but we really need to do that. We really need to create operational efficiencies within our core business to continue to generate gross margins, profits in the right direction.

We want to drive business growth in cloud and AI. We also want to be able to take advantage of the trends in the geographies that was talked about. And we want to continue to work on innovations. RTMs, we did not specifically talk about in the summary slides, but there are a lot of RTMs we built, which we want to scale. A lot of business models we built, we want to scale.

We also have an ESG strategy, which we have not shared here. But things like those we want to build across Redington, it obviously has to make sense for business and not just a compliance strategy. And we are trying to leverage lots of best practices across Redington, what we have developed in one place, how do we take it to another place. That's kind of a quick summary of this.

It's my great privilege and honor to introduce our chairman of the board, Professor Ramachandran. And he will share with his thoughts on governance and what he's seen the company in the last 20 years and where he sees the strengths and capabilities. Thanks, Professor, for being here.

J. Ramachandran: Thank you, Hari. And thank you all for coming this evening. Really appreciate this. In fact, I was the Chair of this company when we went public in 2007. And when Krishnan in his remarks was mentioning that some of you who are present at that time are present today are representing the organizations which participated in our IPO in 2007 are here today. It gives me a great pleasure to have you all here.

One of the questions which may be bothering at the back of your mind is, why is the Chairman coming last and not coming first? The reason is I'm a professor. And the big worry for a lot of the leadership team over here was, if you ask a professor to come and talk, the entire presentation, the meet will be full of his talk. So I'll try and be as brief as possible. But before I get into what I came to address here, I'm sure you'd appreciate the kind of work our leadership team has done. And the idea behind having this meet was to actually explain to you how well Redington is managed.

I'm sure you're persuaded by the presentations our team has made and see the logic as to how, despite participating and competing in what we have described by many of us as difficult markets, we are here to ensure that our shareholders' life is not difficult. And we have ensured that we're able to deliver the kind of results which as Krishna described, if you remember, as outstanding results. Ladies and gentlemen, may I request you to join me in congratulating this leadership team.

Now, if Redington is so well managed, how well is Redington governed? That's the question you need to ask. Why is that important? It's important because, as we described, Redington is a board-led institution. And how did we come to be a board-led institution when the dominant model across India in particular is what we call as a promoter-governed institutions, and whereas Redington is a board-led institution. Right?

If you go back, let me give you through the milestones that we went through so that you're able to appreciate the perspective with which I'm coming and making this presentation to you. We began, as Krishnan pointed out, in 1993. We went public in 2007. And at that point in time is when we raised an equity of INR138 crores. And 2017 is when we became what we call a board-led institution because that's when our founder, Mr. Srinivas, stepped down, and the investments he and the others, the early founders had, they all divested their holding. And that's when we became a board-led institution.

And as has been pointed out to you, ladies and gentlemen, we are the seventh-largest IT distribution company in the world. And we don't participate in the three largest markets of United States, of Europe, of China. It seems these difficult markets, as they're described, that we have built our leadership position and come to the top 10, and as you heard our leadership team mention, is we were aspiring to be in the top 5. And believe you me, we will get there.

So here is a big change from a founder-managed institution to a board-led institution. And as all of us know, migrating from being a founder-managed institution to a board-led institution is not an easy proposition. And we have examples around us. We know of a leading software services company which went through this crisis. We also have seen lots of cases where you see when there are family-managed businesses, and there's a transition which is intergenerational, you have challenges in migration.

Redington has managed to navigate this transition from being a founder-managed institution to a board-led institution. So often the question, I'm told, comes across from investors, and we have conversations with them, is being promoter-less actually a handicap? Because promoters have skin in the business, they are there all the time, and they're interested in the business. Who is there interested in the board of Redington who has skin in the game? Right?

As a consequence, is Redington vulnerable to underperformance? Because the board doesn't worry about the business. Here's the data, ladies and gentlemen. I think Krishnan gave you the results from 2007 to 2025. And for my presentation, I split it into two periods. From 2007 to 2017, and from 2017 to date. And as you will see, our growth in revenues went up from 8,000 crores to about 40,000 crores in 2017. From 40,000 crores, we closed last year at close to 90,000 crores, and we are well in position to substantially better that this year. And you'll see our profit performance.

Around 100 crores, as Krishnan mentioned, we went public. 464 crores in 2017. And last year, we delivered 1,200 plus crores. And market cap, which went up from 1,000 odd crores to 4,000 odd crores, is over 16,000 last year. And as on date, it fluctuates by the day. It's substantially grown. And what is remarkable about Redington, as I'm sure all of you would appreciate, is as companies grow, they grow by infusion of fresh capital.

This company, ladies and gentlemen, has grown the way it has without raising additional equity from the market. The entire growth, just an order of magnitude, being achieved by investable surpluses generated from operations. So what is the governance philosophy? Because underneath the journey this company has in the marketplace, in difficult markets, the challenges it has negotiated, the investments it's made, what's been the governance philosophy and how does it help?

The overarching governance philosophy we have at Redington, the board of Redington in particular, is we will always put Redington first. As you know, there are competing demands in terms of different stakeholders in the enterprise wanting to further their individual preferences and so on and so forth. So we operated the philosophy that what is good for Redington is good for all. And that's where it becomes very important to appreciate some of the things which our leadership team is presenting to you.

The nature of the business that we are in, the kind of markets we are in, the volatility we experience and negotiate, throws up multiple risks. So every time you come across a risk and want to take a judgment call on whether you want to pursue that particular opportunity or the risk, you go back and ask ourselves, what is good for Redington? If it's good for Redington, we shall pursue it.

And you must appreciate the kind of markets we are present in, the kind of technologies we are present in, invariably when people talk in terms of taking the risk, they all talk about taking, what is the risk of doing something. In the kind of markets that we are in and the kind of technology spaces we are in, the risk of not doing is as important as the risk of doing. So the judgment call the board has to make every time you're taking those judgments is not only ask ourselves, what is the risk of doing? We also ask ourselves, what is the risk of not doing?

While this is a nice governance philosophy, we'll turn around and say, Professor, come on, you're not in a classroom lecture. Tell us, how do you design? What are the guiding principles that you have?

Let me give you the guiding principles. The first guiding principle we follow is profitable growth. I'm sure you heard Krishnan say it very clearly. We can bump up our revenues tomorrow if Krishna allows us to open the tap on investing and creating more working capital. But we balance it. We will not privilege growth over profits, nor will we not invest in growth. So it's a dynamic balance that we manage to achieve by privileging both growth and profits in a manner which enables Redington to make progress and the results is in front of you.

The second is built to last. We don't take quarterly calls. We're conscious of the quarterly results, but we don't take quarterly calls. The question which Hari was mentioning and responded to and Serkan talked to you about are Turkey markets. Please look, we stayed on in Turkey and you had an outstanding success in the form of PayNet. Hari talked about one Redington, how each market informs the other. So presence in some markets, which may not be very obvious otherwise from outside, and the benefit and the leverage that provides us is something which we look for and we ensure that we are managing this company for the long run.

The third, of course, is socially sensitive. Now why is it important? I think all of you, especially as investors know, ESG is big and typically it comes to conversations about ESG, everybody talks about governance. Like I said, we believe we are very well governed and the other thing to talk about is always environmental sensitivity and Serkan Kutlu talked to you about how we are sensitive about putting up sustainable initiatives and so on and so forth, both in terms of the market opportunity and in terms of our CSR initiatives.

It's also important for us to be socially sensitive from a very different perspective. As you know, we are operating in 40 different markets with 40 different ecosystems, 40 different political cultures, 40 different societal challenges. And each of these markets we are aware of our role and especially as you said, in many of these markets we are the market leaders. So we need to signal our sensitivity in these markets and to retain our positions.

Take for example in many of these markets the requirements many of these governments have is that we try and employ more people locally from nationals of those regions into our company. So we are sensitive about it, so we do what is called localization of talent and so on and so forth. We invest in building talent in those markets. So for us being socially sensitive is extremely important

And of course the fourth composition which many of you will ask me about is, in the absence of a promoter, how do you ensure the board remains committed to it? So we employ what the principle we called as a stable change. We believe having a board which is full of people all the time presence, all the time, all these years is not necessarily good for us nor do we want to have a situation where there's a lot of change in the board as a consequence we lose memory especially in the absence of a promoter who is present typically in other enterprises.

So we follow what is we call a stable change and here is an illustration of how our board composition has changed. There's one stable element as all of you can see there for perhaps too long, you will see how it goes. I've been in the board since all the time and you will see as you look at our structure we ensure that there is passing of the baton which happens from one generation to another generation. The office of the chairman also will see such a transition so be rest assured about it but there will be stability in the enterprise

And you'll want to know what's the shareholder returns like. You will see from the slide over there the kind of profits we generate in the first 10 years of being in founder managed enterprise towards last 8 years of being a board managed enterprise. The numbers speak for themselves and we have managed to achieve this growth. After returning as Krishnan said the capital that we raised in 2007, we've managed to achieve this growth by having a more liberal dividend payout policy.

We today distribute 40% of our profits as you can see the numbers over the dramatic increase that we have given to the shareholders and that comes because we ensure as Krishnan said that our capital is very efficiently employed. The other question I'm told constantly which comes from the floor of the house is, what is the role of Synnex Technologies? Are they a financial investor? Are they a strategic investor?

So let me give you the ownership structure over the years and start from the right you will see the top shareholders of Redington today in 2025 and we've given you the data backwards from 2025 look at 2017 and look at 2007. Synnex Corporation has maintained its investments all these years and you also see some interesting data in that that we have many a few who have remained invested with us for a long time. And number of investors in this room have been with us after we transitioned from being a founder-managed enterprise into a board-led institution.

So how is the best way to describe Synnex Technologies? The best way to describe Synnex Technologies is actually to say it's a committed investor and why is that important?

Like we said, if we have to build to last if we want to negotiate the volatility in the markets we've chosen to compete in both in terms of technologies and geographies, it's important to have an investor support in the kind of strategies that you want to follow and here ladies and gentlemen I'm pleased to tell you in addition to Redington we have a whole bunch of you who have been engaged shareholders and I would like to thank you a lot for being so engaged with us and so supportive of us in our journey and wanting to establish a leadership position in the markets we compete in.

And what enables us to demonstrate the kind of results that we have achieved over the years is it's very important for us to have stability in the ownership structure for us to make those judgment calls that we have made. And here is where it's very interesting. I'm sure you must have noticed the numbers that Krishnan shared with respect to how some of our global peers have performed the last decade or so within the last decade if you see what sets aside Redington apart from its outstanding performance is the stability in the leadership ownership of the company. Our global peers have gone through multiple changes in terms of the ownership structure from private equity to public markets. And so on and so forth so what enables Redington is the fact that we have a shareholder base which is extremely supportive of our aspirations. Why is it again important, as has been repeatedly presented to you.

We operate in technologically volatile markets we operate in markets which are volatile and we market operate in markets where the policy environment can be unstable so negotiating these volatile environments requires us to be having a comfort of a supportive shareholder base and for that I want to thank all of you for it in conclusion Let me assure you ladies and gentlemen Redington is a well governed well managed institution and we will do what it takes to create value all along

Thank you very much once again for coming this evening.

Palak Agrawal: We will now be opening the Q&A session. Everybody who wants to ask questions may raise their hand and we will have our team members run over a mic to you and whenever you start please start with your name and the organization name so that it is easier for us. We are just setting it up so give us two minutes and we will be there.

May I now invite Professor Hari sir and Krishan sir to please come on stage

Namit Arora: Good evening my name is Namit Arora from Indgrowth Capital. Firstly many thanks to Professor Hari, Mr. Krishnan and the entire team for being here it's been very useful. My question is, if you take a view over the next 5 years or 10 years, obviously you are in 40 geographies and is there at all a thought you did mention a couple of times about the US, Europe, obviously you are making a big push in ASEAN now maybe CIS.

So you are already number 7, aspiration is to get to number 5. Any thoughts on the developed markets that you are not present in? That is one. Second thing is that, from growth drivers perspective one is obviously execution, yours is a very execution led business as well but are there any adjacencies that you are thinking on building all this core which could drive further growth? So one is geography expansion to developed markets and second is adjacencies into services leveraging your core. Thank you

V.S. Hariharan: I will take that if anyone wants to jump in. So first of all, I think as of now we don't have ambition, we have enough growth available in our markets. Having said that, there is a one of the things that was shared on Turkey with their entity going to USD160 million from almost nothing which is software led business is what we want to replicate in markets like ASEAN, Central Asia, South Africa

And I spoke about, there is a lot of construct that is happening in terms of CloudQuarks platform, how we deal digital first etc. If we are able to build something that is phenomenal, that can then take on something which is non-hardware oriented beyond the emerging markets and if it is honed well enough to scale, at that point we may consider and evaluate but as of now clearly emerging market is the way to go for us, that's the first question.

Adjacencies, see we see a lot of adjacencies everywhere. And there is a demographic adjacency, there is a technology adjacency, so there are many adjacencies. On the services part let me answer that question first. We have clearly taken on and said we will be in professional services in cloud but are we going to consume and do all of it ourselves, absolutely not because then we will be building a services company.

We will be building a competency and we will be building an ecosystem and a marketplace, so that we can bring our resellers along in the journey but we will get better margins in that because we will share those professional services margins with our resellers and there will be ISVs, bun cloud, DNI's, digital natives all in that picture.

Adjacencies are many. For example, the component market is opening up again, the component market we were in 20 years back and now the component market we had gotten out of it but looking at what's happening in the Make In India, looking at what's happening in the AI GPU space, the component market is exploding. So we are continuously evaluating all the adjacencies in the technology but we did not talk about all these things because they are all in evaluation stage or not big enough for us.

Clearly cloud and what AI is going to do for us, will be areas that we will look at. We will also look at Prof alluded to sustainability and so did some of the other speakers, we want to look at recycling as a market.

So we have already started working on pilots on recycling where we can take back product, put it through the food chain, can we refresh the tech cycle faster, there are zillions of opportunities and we have our channel footprint, we have our relationship with the brands on PCs, we can do a lot of things. So there are many but right now none of them are big enough to say we can call that out as a big market to explore.

Namit Arora: Thank you for your detail and candid thoughts and all the best to the entire team. Thank you very much.

Sachin Shah: Hi, this is Sachin Shah from Emkay Investment Managers. A question to Mr. Krishnan and also Mr. Hari. It's a combined question, one on the finance and another on the business side. So in one of the slides as you rightly showcased that, for a 10%-12% kind of a growth and assuming a 40% dividend payout and I'm assuming that you don't want to reduce that too much as we go ahead.

At the same time you also have the option of increasing your leverage, that's what your balance sheet strength is today. But obviously you will have certain internal tolerance level in how much leverage you would like to go and at the same time thinking about the complementary the business scope to grow. So what is a more realistic growth with your balancing of the leverage, keeping more or less the dividend payout or you are seeing in terms of your business economics getting better?

I'm sure not too much on the working capital side but maybe your profit margin is getting better with some of these new businesses. So what is the more and I'm talking about the next 3-5 years so what is the more realistic growth, keeping all of this in balance for the next 3-5 years or should we be happy with just this 10%-12% growth?

S.V. Krishnan: It's a very interesting question. This debate regarding the cash flow versus growth, is something that's prevalent across everywhere. See this business structurally offers a certain margin, that we don't see changing differently and we have our own plans which got shared in terms of what we need to do, to increase that at par with say about 1.2% of PAT and assume there is a 40% dividend that goes and say some small amount gets into some capex.

The same 0.7% gearing will get us at, say about 10 turns of asset turnover only a 10%-12% growth. And if we are able -- if we see growth lower than that the cash flow generation can be quite significant and that's something which is natural. If you see consistently a higher growth, as we speak now we don't foresee a challenge.

As I've said we have sufficient leverage in terms of taking care of the growth, but what would we do to ensure that growth in place. I mean just to go back to that point, we can accelerate the growth if we are able to pump in more working capital can we do?

We can, but we would want to make sure that is not value dilutive for us because the market works on some balance. If I just need to give you an example, assume there are three distributors. Our own experiences a 40% stretch 45% market share is fine in a three distributor mechanism. If you want to take it up to 60, it comes out at a much lower return and as I've said return is a metric that we apply to decide which is the position that we should stay on.

So, if there is a growth opportunity, we will definitely take the growth opportunity. Do we see the growth opportunity in the market place? I can tell you we are at a very interesting stage and since we have a very good capital structure in place we don't foresee a problem, but we will definitely not chase the revenue, which compromises on the returns that we will be very clear. I'm sure I've answered your question.

Sachin Shah: Well, partly yes, but as I was trying to understand because you have a good balance sheet, so you can leverage a little bit more keeping the same business economics and that's where the growth will come and also keeping in tandem the dividend payout. So what is that growth number that you can go up to because I'm not asking what's your balance sheet leverage that you want to take maximum to, there will be a ballpark range whatever it is, internally that's your risk management.

So what kind of growth you think you can deliver with that kind of leverage because market growth is there it's about you balancing it all the things?

S.V. Krishnan: See over a pretty long period we have grown at 15%, take even the last few quarters we are able to see a similar growth rates. We don't foresee that as a challenge. If there is an accelerated growth possibility obviously it can be better.

Sachin Shah: Thank you.

Lokesh Manik: Yes, hi good evening my question is to Hari sir. So you mentioned in the cloud space you want to not be a service company and rather be a marketplace in an ecosystem. So in that context if you can share what are the capabilities you are developing on the side of demand generation to be able to understand what are the requirements of the enterprises and on the supply side as to how are you enabling your resellers to match those capabilities A and enable them to outperform pure play services companies in the ecosystem and does your strategy of one Redington India come into play out here?

V.S. Hariharan: Great question. So I did try to put some plug-ins on what are the competencies we are going to create. Clearly one competency is the CloudQuarks platform, which is a very enabled digital platform, which has life cycle, analytics and all of that. So that's going to be leveraged across all geographies. It's a common platform that we have taken a lot of time. Before I came in one of the things that we were struggling with is we had multiple platforms.

CloudQuarks was the only standardized platform, but even there every geography had their own nuance and twist. So we are going to have leveraged platform work in process. If you look in AWS and Azure, we have a lot of competencies we have built in house and those competencies we have to use to take on services and services business and train our resellers on it.

Clearly that's an area we will embark on. We have a delivery team in India right now for delivering services. We don't have overseas because of the cost arbitrage and things like that. We are going to leverage that capability also in other geographies to have a common delivery team, but the idea is not to scale the delivery team. What we will do is there is so many topics when it comes to cloud, migration is one topic.

When we go and look at ASEAN migration is not that critical, there are a lot of people who are already doing migration, they want AI, they want Agentic AI as a topic and we are actually doing some Agentic AI POC's in India which we want to leverage to ASEAN. So the thought process will be we build each of these because the partner academy, it all sounds very simple. We have a partner academy in India, we have a partner academy in MEA.

We need to take our competencies build a proper partner academy, we need to be able to scale to have enough trainers who train the resellers. Similarly, marketplace seems like a simple concept and people like AWS and Azure have struggled for years to create a marketplace which works well for hardware and there are a few companies I will not name them who are already doing marketplaces on software.

So these are complex tasks, each of them is a multi-year journey. CloudQuarks is a multi-year journey marketplace is a multi-year journey, the partner academy is a multi-year journey, what brands we partner with is a multi-year journey. We are just beginning to scratch the surface on the brands, we have the hyperscaler brands and a few SaaS brands, but there are a whole lot of

SaaS brands which are very interesting and even bigger companies who have been in software for a while like the Adobe and the Autodesk of the world who moved to subscription model.

They are all getting very smart about how these things are going to work, they want to get into a no touch model in the whole purchase order coming from the customer, to the reseller, through the distributor, through the vendor and so we need to be able to build these capabilities. Today, we might have anywhere between 15 and 20 touches because we need to check the credit, is credit there not is the PO clean not clean, payment coming not coming.

There are multiple things and we take it for granted. So again it's a multi-year journey each of these capabilities, but when we have built it we will we can easily scale and put through any brand, any product, any solution for any geography that's how we are thinking about it.

Lokesh Manik: So would it be right to understand today majority of the revenue in clouds is driven by migration and license reselling?

V.S. Hariharan: In terms of services it's a wide variety, it's services is still a small business and we do reasonable amount in India is still very small and MEA and Turkey is small, but I wouldn't say migration is the largest, there is actually a lot of other things. We also do - we do AI we do DevOps, FinOps, it's spread across all of them. We would like to build specialized practices in four, five of them that's what I would say as we are now.

And we need to build domain practices also in security and AI and all of them. Similarly on delivery and services we need to build four, five really good practices where we can train our resellers on those, but migration will not be the largest I wish it was but it's not the largest.

Lokesh Manik: My name is Lokesh Manik from Vallum Capital. Thank you so much.

Jigar Savla: Hi sir. This is Jigar Savla from Vihas Ventures, very grateful for the detailed presentation. Just on the side slide that you presented for 17 years we have grown at almost 15% in the core business which would be double of the industry growth rate and we would have taken a lot of market share from all these countries and since we are still not looking to get into the developed markets.

So it would be fair to assume that the growth rate should be aligning to the industry growth rate only now from the core business for next 5 years, 10 years or is there still room for growing the market share?

V.S. Hariharan: You are absolutely right. That's one way that we will think about. So we look at what's the growth rate in India, what's the growth rate in UAE, what's the growth rate in Saudi. We must grow minimum at that growth rate and again capital as Krishnan pointed out will be one thing we will look at, we don't believe, it’s currently the way we look at the growth rates and you saw Ramesh's slide, Viswanath's slide as well as the Turkey slides.

You saw that the growth rates are anywhere between 10% and 12% or 8% and 10%. So we are in that ballpark. I think the software subscription business will grow the fastest as we see and so right now we don't see a different strategy than that, but again we come to a very interesting opportunity in these geographies, we will look at that.

Jigar Savla: Sir and just on the - just to take it forward from my friend Sachin who questioned you on the ROE and thing, so if we just take…

Viswanath Pallasena: One minute. Just wanted to add saying that before you look at us there is an impact to the industry growth and therefore would you see us reducing our growth from the past to now. We are constantly looking at opportunities continuously. As you can see the market and the business models are also changing. Going forward you will see we never had software companies who were primarily direct before, 100% of their business used to be direct before.

Now we see those companies coming to look to us for distribution, there are many opportunities like that. If you look at the - what we have today is 30%, 40% of the distributor TAM as we call it, DTAM today, but if you look at the opportunity outside of that is different and therefore as those vendors and those people look at having to look at the leverage that they need without having to go direct, to go through distribution where they get faster access to market.

The market for DTAM or distribution what you call addressable market changes. So we can - we look forward to looking, pursuing growth as those opportunities come as well.

Jigar Savla: Thank you. Just on a second question which was on the growth and the dividend payout, so if we just take theoretically that we have a 20% ROE and we are distributing 40% of the profits. So then we are left with just 12% growth without changing much of the leverage, is it not wise to just reduce the payout ratio to 15% and grow at 17% or is there a pressure?

J. Ramachandran: I am more than happy not to give dividends.

Jigar Savla: Or is there a pressure from our committed investor to have a high payout ratio?

J. Ramachandran: There is no pressure from anybody. We manage the company like I said for Redington first and the question you asked about the market growth rates what Vish was explaining to you. The market growth rate, don't look at the overall market growth, partition it, the direct market what when does it go directly now share of that is shifting to distributed markets. So the actual rate of growth in terms of opportunity size is much larger than the overall market growth.

So the play space for us is much bigger. So I don't think we should worry too much about the kind of growth opportunities that we have over here in these markets and to answer the question of should we go to advanced markets. Our advantage is these markets and we don't see a significant advantage going into the advanced markets of the world, and as Hari's presentation talked about, we have a very interesting characteristic if you see in our profile in many of our markets like especially the growth markets as I described, there is increasingly a convergence between the advanced markets and these markets in terms of the rate of technology adoption.

So to that extent we are well positioned because acceleration of adoption in these markets will give you more opportunities to grow.

Manish: Hello sir. My name is Manish from Nirmal Bang Securities. My question on your decision making approach towards the entry of a particular geography and exit from that particular geography, how you make the judgment around it, what are the factors you consider that's the first question.

The second question on the inorganic growth opportunity, Krishnan mentioned in presentation that we look at the competency, geography etcetera, but if our current financial metrics like we generate 20% ROE. So when you do the acquisition metrics acquisition, what is the financial metric we need to adhere to that decision for M&A?

V.S. Hariharan: So maybe I'll take the first question in terms of entry and exit part. I think in the last, let's say, one year we have taken a decision to enter into central Asia and taken a decision to enter into South Africa and taken a decision to enter into ASEAN. And all these markets we first developed a three year business plan and we look at - in that three year business plan what is the first obviously we'll have to look at all the baseline stuff.

In terms of risks we have and the risks are all the three risks that Krishnan pointed out, forex risks, interest rate inflation all of those risks we look at, but we'll also look at that business plan does that tell us when we'll get to breakeven and how much and what are the willingness of the brands to work with us in a market. So we look at three aspects. One is the financial plan, risk plan and the interest for brands to partner with us.

And once we do that we have a kind of a plan a year-on-year plan in the budget to be able to take that on. So it's a very systematic structured approach. In terms of exit from a market, it's not too many markets we have exited, so it's not an easy one to say. What we look at like when we were looking at Turkey with all the things that happened in the last year as in when PayNetdivest what will the profitability look like?

Is it still an interesting market to pursue? It's an interesting from a ROCE perspective, very interesting from an EBIT perspective, but because of the high interest rate PAT was stressed. So we looked at can that be reset and how will it look like. So that's something we look at and it's not too many markets we have exited because we always are able to cough up enough margins and to manage the profitability level in a market which looks stressed. Krishnan you want to talk about the other one.

S.V. Krishnan: Yes. See the first and foremost our objective at least in the core business is we would want to do by ourselves. When we say we are in 40 countries, in each of the countries we have built it grounds up in a Greenfield mode, but there will be opportunities, there will be need for you to keep looking at alternatively the inorganic opportunities, it could be market, it could be product category, it could be vendors.

Assume we would want to do business with one vendor who has a very long standing tie up with another distributor and we are not able to crack and we feel we need to have that vendor in the market place that leads us to an acquisition opportunity. So our primary objective is to do by our own, but this is an option. If we find that that's a need we would definitely go for that.

However, it will always be at an EPS accretive return non dilutive mode, but will it happen in the very first year? I am not very sure, but you have to look at it over a reasonable period and then take a view and if you look at some of the inorganic avenues that are there, there are certain services related, niche capabilities and wherever we are talking about software services, the cloud etcetera these may not come at our type of evaluation.

I mean a PAT into 10 times, a PAT into 12 times. I mean it is they will talk about revenue into whatever is the time. So if it's a gap, if it's a very important gap that need to get filled in, I mean, filled in for us to build a very strong organization into the future, we have to take a view and maybe we have to look at the return over a period of time, but please understand Redington is a conglomerate.

There can be one or two acquisitions here and there per se may not I mean may not give us immediate returns, but you will never get compromised at an overall level.

Manish: Lastly on the recent macro factors like we all hear the trade war related risk and your business model is exposed to global supply chain. So how you think on that risk and I know it is evolving dynamic things, what is your view, how you any template you have created within your strategy war zone. Can you share some insight about that it will be great?

V.S. Hariharan: I wish I had an answer for you, but like you said it's a moving target. We do talk to brands all the time and the brands are also dealing with these new things. I know several brands, for example, have stocked up in the US for 4 months, 5 months of inventory to work through the issue of tariff and those kinds of things coming.

I believe we are less exposed right now because of two reasons a lot of the products that we work with come from let's say Asia could be China, could be Korea, could be Malaysia and beginning also a lot of products are being manufactured in India. So India consumes India. At least the volume products and we believe similar direction heading in Middle East Africa. I don't know if you have read the news recently, but in the last 2 years, 3 years several of our tech providers have set up factories or setting up factories in Saudi.

So there are some very interesting dynamics that is happening. So we believe we will be able to access product from our own areas, without tariffs affecting us, but again too early to conclude anything because you don't know how the dynamics will change. So we don't know, for example, a brand that's an American brand and the product is manufactured in China is there going to be a tariff for that brand coming from China to some other country, you don't know.

So it's a bit of a tricky area we don't know, we will just watch closely where this goes and that's all I can say I don't know if you want to jump in.

S.V. Krishnan: See I think this can also create lot of local manufacturing to happen and if that's something that really this thing pans out well, we will have a big advantage all this could pan out over a period of time because these products will become quite affordable and the under penetration in our markets for the devices that we handle is so much that if there is an inflection point which we think in the markets that we are in will come because of the, I mean, the price points, the opportunities is huge, but I mean right now it is too hypothetical and very theoretical also.

J. Ramachandran: Let me add the theory part of it to you. The more difficult the condition the better off we are, that's what our entire DNA is of what we talked about all along. The more volatile it is, the more we are able to negotiate this volatility very well better than others. So you asked about the risky decision making and so on and so forth. Our first test, of course, we will do all the analytics and so on and so forth is an assessment of our ability to win.

Can we win in those markets and so if you go back and look at what are the source of advantage that we have and can we win in that market. Second principle I said is we ask ourselves is the risk of not doing greater than the risk of doing it and that becomes important for us and it's interesting in our business it's very peculiar business. Please note our business is not necessarily capital intensive.

So we will make commitments, we will make strategic commitments in terms of we want to participate in those markets, but we can afford to given the nature of the business that we have do what I call flexible commitments. We go back and probe, we make incremental investments and say okay let's deploy some resources and check it out because we want to make sure that the opportunity is not noise, but actually an inflection point.

So we have some of these guidelines which you work on and saying is an opportunity which requires significant commitment in terms of resources yes or no, is a risk worth pursuing or not pursuing, can we afford it and above all of course the acid test is can we win. We believe that we can win not necessarily as Krishnan said in the next six months, but we see that actually can create a pole position for ourselves in those markets we will go and that's how we have grown this company for the last 30 years.

Many of the markets we participate in most people don't and the reason we are seventh largest despite not being in the advanced markets is because we cherry pick those markets

Manish: Thank you sir and really appreciate answering all my questions and the most efficient risk management company I have seen. Thank you.

J. Ramachandran: Thank you so much.

Namit Mehta: My name is Namit Mehta from KC Capital. Can you talk a little bit about why the company has traditionally or historically favored dividends vis-a-vis buybacks especially, given the often favorable stock price of the company, and if you can talk a little bit about current deliberations on the same matter as well?

S.V. Krishnan: See it is an option that we have. We do keep evaluating which option is better. This is quite simple and see you need to understand one technical aspects here, more than 50 percentage of our business happens outside of India, how as a parent organization how would we get the dividend from the overseas that dividend technically speaking is taxable. I mean provided we don't distribute that to the shareholders.

So if it is a dividend income and a dividend expense, it is not taxable in a strict sense. If it is a dividend income and a buyback we get taxed and net-net you as a shareholder and neither the company gets benefit out of it. I am not getting into the buyback vis-a-vis dividend taxation, but this is at the company level we find it I mean quite comfortable.

But having said that this is a constant debate that happens in the board and as we move forward when we see an opportunity we could choose either of that.

Nitin: Yes, hi good evening. This is Nitin from Investec. Thank you for the detailed presentations Mr. Hariharan, Mr. Ramachandran, Mr. Krishnan. There is something which I felt was missing in the overall thing where you gave us a wonderful direction, good historical context. You fell I think it fell a little short of the ultimate vision of where you think the business should go, there is direction there.

But anything in terms of vision you would like to communicate on the software and the services and all of that that you see over the next 5 years and how do you think we should get there and how is the board looking at incentivizing the leadership to really get there and how do we plan to do that?

V.S. Hariharan: Thanks, Nitin for that question. It is like we all say vision is a combination of baby steps and I wish I had everything crafted out clearly because technology trends are changing, a year and a half back I would have said AI fantastic thing in the horizon, but we have seen in the last year what little impact it has had on the business clearly there is a lot of progress being made on use cases and pilots.

So we have to build out baby steps towards the larger vision, what is the larger vision clearly we want to remain in distribution that's very clear. Clearly we believe software will become a subscription become a much larger part of the business that's very clear. We want to be in emerging markets very clear, we want to build a sustainable Redington which is what we talked about one Redington and there was some discussion about leadership, succession planning and all of that.

So we want to build a top five in an industry globally with a sustainable company we want to build that. We definitely want to play a role on ESG and we want to be one of the places where we can create our own mark on sustainability. So that clearly some what you call some areas that we have called out, does it change a lot from where we are and get us to a new place maybe not yet, but we will craft it as we go along is what I would think, but we want to build a sustainable multinational that's respected as an emerging market multinational based out of India that's our goal.

J. Ramachandran: Thank you for that comment. I'm curious to know what kind of a vision would you like to hear because wordsmithing is easy. So the question is I'd like to hear more about from you go ahead. You're asking us to give specific numbers for you will be from 100,000 crores company to 200,000 crores company, is that what you're looking for.

Nitin: No, so let's say we have this slide which says from distribution to aggregation.

J. Ramachandran: Sorry.

Nitin: From distribution to an aggregator and we have done wonderfully well as a distributor. What got us here over the last 25 years, 30 years we have done it beautifully it's stable stakes now. Now the next 10 years will require something different. So for the next 10 years obviously you might want to shift focus by driving more service which is what we have articulated multiple times, but what would the size or proportion of business you would like from that business is what I would like to understand.

Because that has implications as an analyst when I look at it in terms of what ROCEs could be in the future. I completely appreciate that it's a risk adjusted growth company, risk is beautifully managed, all that is well known, just curious to know how you're thinking about it on a going forward basis maybe 5 years down the line, 10 years down the line what are your big thoughts there?

J. Ramachandran: I think necessarily our articulation of the vision can necessarily be very broad like we said we want to be among the top five companies in this world. The reason we can't do very specifically and say one, two, three, four, five is because of the volatile nature of the industry that we are in and we are seeing a lot of it is interesting inflection points and many counts AI being a case in point.

You keep hearing all the time at one hand whether AI is hype or AI is real, is AI is partly true or it's going to be a substantial change. Given that kind of volatility that we are witnessing and then that's the nature of our business and our markets as you said. The only way we can manage and diversify, is manage diversify our risks and like we presented to you a manager diversify - we diversify our risks on three parameters.

One on geographies. So we are saying if you're seeing interesting geographies we'll pursue those geographies like we have Hari talked about getting into ASEAN. Similarly looking at in terms of brands like we work with the top 450 plus brands, like we've talked about 80% of our top line comes from 10 brands, but we know actively working and creating a platform and a mechanism by which we enable the next 100 branches once a foot to gain market share, so we do that.

The third of course is respect to categories, we're looking at different categories and now again we're talking about how do we come out with new go to market initiatives like we have done in the Android phone space and so on so forth, what we'll see us is incrementally exploit opportunities as they arise because the nature of this industry is such it's not something where you bung in so much capital upfront and say that it becomes substantially higher in the future. Please note the innovation in this industry comes from the vendor community.

It's the HPs of this world which come out of new technologies, it's we who translate or accelerate that adoption of those technologies by traditionally by giving capital and logistic support. Now we're increasingly as we talked about giving knowledge support and services support. So that is a dynamic process for us for us. For us to be able to come back and say like a chemical business I can put a significant investment in this which will generate so much return it's very hard to say.

At a very broad level, we want to be on the top five like we discussed as of now we don't have plans to go into the advanced markets because we are not able to see a pathway to a victory over there we want to be only in markets where we'll win. Third we want to defend the markets where already leaders in, but we will keep exploiting the opportunities as and when they arise. How big the opportunity is, in our business it is a short cycle since we came on exploiting. I don't know that answers the long winded answer gives answers your question.

Nitin: We can catch up over dinner.

S.V. Krishnan: If I can add on Nitin. See the thing is the industry you would have seen in various presentations today, very clearly in our view moving towards software subscription, cloud etcetera, but as Prof said see we are not driving some of these changes. These changes are driven in the marketplace and the OEMs in particular. If you go and talk to the OEMs very clearly their plan moving forward.

See if wishes were horses believe me the old TSG can be a part of what you are, I mean, what we say as the software subscription on the cloud, will it happen when it will happen and what proportion and what pace? Some of this are right now not very clear. If you look at globally even the global tech distributors many of them they think that that's a farce. I am able to see a good growth in the core volume business.

Let me focus that's going to give me for another whatever years the growth. There are some who have invested who are ready. We are in the process and we would definitely feel that's an area where we need to make investments and be ready and then capture the growth. So it is too difficult at this point in time to put a number, but we are very clearly positioning ourselves seeing an opportunity and I think we will be able to exploit

J. Ramachandran: I will be curious to get your opinion on this. From a board perspective I am asking the ideas come to us where we may have to make significant investments up front, almost like a venture fund would you recommend that we do that?

Nitin: So that's another thing I wanted to ask you is the kind of investments that you would require for this transition, how large are they in terms of moving from let's say over the next five years, six years from a pure hardware distribution to software services and all that?

J. Ramachandran: We are already well on the way.

Nitin: We are well on the way, the investment made over the last five years all that is clear, but in terms of specific capability acquisition that you might require how large would they be and would that really require a different structure overall which is exactly what you are asking me, so how large would that be is it…

J. Ramachandran: It can be very large if you are getting it, it could be like we are saying. There is a lot of pilots which are being done which is being done in the company you have heard about a lot of pilots which are being done what are new opportunities coming up technology opportunities of the kind that we are good at, it requires capital commitment. So one way to set up the capital to actually create a subsidiary which says it is a technology investment fund. If I do that how would you guys react.

Nitin: How would you guys react it depends on the size how large it is.

J. Ramachandran: Let's say I am talking about - if given our market cap is INR18,000 crores, will you allow me to set up a INR1,000 crores fund and I am dead serious about it because I do have that challenge because the moment we perceive such opportunities you guys will come back and say hey you are a distribution company why are you moving away from it.

Nitin: It is interesting, it will be - I think I think I need more details to figure that, but it makes a lot of sense.

J. Ramachandran: Look exactly the challenge. If everybody knows how the future will unfold decision making is trivial.

Nitin: Okay. There are companies which have done this, but it is…

J. Ramachandran: I would love to know which ones.

Nitin: We can catch up over that.

V.S. Hariharan: So Nitin just to add a different dimension to it. Let's say we want to do even a string of pearls acquisition in the cloud space. It is something - if I am a let's say already a cloud software or a services provider then it is different in terms of how much what is my war chest and what will my investors say versus being a distribution company, trying to invest in a string of pearls, is that something you guys would support that is a question because Krishnan did talk about inorganic and we have been evaluating our first priority is in the cloud space because we want to build quickly on two, three things.

One is competency, two is access to brands and access to customers and three is some core capabilities when we play in cloud and there are lots of companies available which can be pursued in that whole string of pearls conversation. Again is that a concept that you will pursue because it is going through our mind in terms of fast forwarding, what you are really looking at is if I have to set up a vision and say right now if 4% is my cloud business and including other software 9% and 0.5% is my professional services.

Can I make that 9% to 30% in the next three to four years and can that professional services component go from 0.5 to 5 for argument sake. It is all possible, but the company will look different and we will have to go into a fast forward mode in terms of the string of pearls M&A will have to do.

J. Ramachandran: And we are happy to socialize those thoughts with you, I mean, we really welcome your guidance on these matters because we are very clear at the end of the day your interest and the company's interest are very much aligned. Like I said we will do what is good for our interest is automatically good for our shareholders and we will be definitely guided by you. If you people have ideas on that, how to negotiate this, we are more than happy to listen to you, including over dinner.

Garvita: Hello sir, this is Garvita from Seven Islands, PMS.

S.V. Krishnan: If you can wait for a minute, there is one question that's being asked, sorry.

Participant: I'm referring to Nitin's question. So where that question comes from is, so when you reach certain stage, you have strong distribution business and you have, you're going to have a strong subscription business. These two businesses, will derive a lot of software services business, consulting services business. And this business can contribute significantly to the bottom line and capital ratios.

So if you expand this business, because anyway, the world is moving into subscription, and you have enough distribution presence, you have already leveraged that, you know how to do that. So the key is, do you have the building blocks of service lines which will help you sell these services more effectively. You have to carve out services, like what a typical IT Services do.

So you have to follow the IT Services methodology in creating service lines for this. I don't know what it is today. Actually, I wanted to understand your revenue mix in terms of service lines. How does it look today, and how will it evolve over the next few years?

So that will help you to say that this is the way my business will change and this is the margin mix. So the kind of, I don't know, the current margin mix of software services, so can it be like a typical IT Services business or I won't say it's a product business or an IT Services business. So the returns, capital returns are good, growth opportunities are good. So that's the context to his question?

V.S. Hariharan: Good question again. Let me talk a little bit about services. So we have, and I ask Ramesh to jump in on some data. We have created a services delivery business with competencies to deliver services around the cloud business. And the way we looked at is, if I put in a dollar of investment on people, competent people, what is the dollar of gross margin can I generate?

And what can I generate? In India, what can I generate in ASEAN? What can I generate in Middle East Africa? What can I generate in the U.S.? So I'll give an example. So in cloud, if I put in $1 in a resource for professional services, in the beginning I was able to generate only $1 of gross margin. Then we went to about $2 of gross margin.

But we're not able to go beyond that in India. Maybe we can push the envelope and get to $2.5. In ASEAN, maybe we'll get $3. in Middle East Africa, especially Saudi and UAE, maybe we can get $3.5, $4. In the U.S., we might get $5. That becomes the crux of the discussion in terms of, are we set up for getting into a people-intensive business, or are we set up to create that competency level?

Because Agentic AI will also go in that direction, because this whole concept of service as a software and not software as a service is headed in that direction where the big SIs are not well set for that because there are going to be many ISVs that are going to provide the Agentic AI.

Question is, will I build an army of people into services to build that out? So far, whatever pilots we have done in India, it shows that we'll have to really build a different animal and the profitability will start looking different. Your profitability might look good, but your ROCE will look bad. So it's a question of what are we?

And should we create two separate companies, two separate businesses. Those are all discussions we can have. But that's the crux of the whole discussion.

Participant: I understand that because the culprit in this case is the India market. India publics in the market…

V.S. Hariharan: No, you have to build in India, but deliver for the world, you can do that.

Participant: You can do that, but if you do, the businesses in India won't give you the kind of margin you expect. So in most businesses, when it comes to software, you may get a little better margin in hardware than in software?

V.S. Hariharan: And you will have to go to U.S., you'll have to go to Europe to deliver the service. Question is, is that our capability in Forte because we are not in those markets. So what is the best can I get? I can get in some in ASEAN, I can get something in Middle East Africa, but it's not going to cross the threshold of what I need to build a scalable business.

Participant: One other question I have, you gave two nice videos on how you help your distributors. So, Krishnan, the question is about. You've helped them with getting bank credits and all that. Would that entail at some point in time a credit risk for you, directly or indirectly?

S.V. Krishnan: See, first and foremost, we have relationship with some of these customers for decades. We know them well, and see, a credit decision is a mix of science and an art. If we decide to take a credit view basis there, financials balance sheet, I am sure, each one of us will give only a fraction of what we give now, right. It's a trading community, majorly a reseller community.

You have a relationship, you know their flow. So long as we are clear that his business model is right, no, if I may use the word, no siphoning of funds out, we are quite okay. If that means we need to support them for whatever reasons they got struck, we need to support them for them to come back. It's an investment. Can it go bad? Chances of going bad is there.

But look at it this way, like what Prof said, the cost of not doing. Here, if he succeeds, he becomes the most loyal customer for you. Right? You have to take some bets. We feel very happy and proud that we have been part of some of these transformations of the customers and through our decisions on taking a view on them.

But there is no, I mean I can't say this is right, this is wrong, but we just need to take certain puns. These are some customers whom we have seen it for years and the revival of them, I mean makes us lot of proud. And create a much better relationship with them.

Participant: I thought you are already operating a venture fund for distributors?

S.V. Krishnan: There was a question from behind.

Garvita: Yes, sir. This is Garvita from Seven Islands, PMS. My question is about AI. So it has been the buzzword today in the discussion as well. I would want to understand more on how do you see AI is going to leverage our business? Second is, what type of contribution or how much contribution we can expect from AI to the EBITDA margin?

As you have mentioned that we have already started up on AI PCs and AI in all, majorly all of our segments. So, what do we see our business go to? Where do we see our business go to with the AI?

V.S. Hariharan: So, let me try and answer that. I think there are some of it embedded in the presentation. So, the three things that we see that AI will contribute for us. One is AI enabled devices growth. And you are absolutely right, AI PCs have been launched and we have rolled them out, but their contribution to our revenues have been very limited as of now.

And these are no hidden things. You can look at the IDC market definitions and everything. We are selling some, but it's not made an impact. Similarly, you would have seen that both Apple and Samsung have come out of the AI enabled smartphones. Some of it is already embedded in their business volume growth.

But clearly, we have not seen the kind of inflection in these devices that ought to be there. Where AI has created some amount of inflection and growth is on the server storage space. So you see data centers and the TSG business, the Technology Solutions Group business, that going up a lot driven by AI. But again, not significant the inflection point type thing. So those are products.

We are incorporating AI into our own internal business, internal IT, to see if we can generate more efficiencies. We're also working with new vendors. There are lots of new software vendors which are focused on only AI-created solutions. That will potentially give us new revenue opportunities in the future. That includes things like Copilot from Microsoft and many others.

So there is a sliver you will see there. So AI enabled devices definitely going to make an impact. We have not seen the big impact yet. AI software will make an impact. We have seen some not big enough. On the Technology Solutions Group, AI enabled GPUs, we have seen an impact but may not be an inflection point. I don't know if Ramesh you want to.

Ramesh Natarajan: So yes, Hari, I think most of it is well done. See, either it is the GPU data center, GPU Servers, any other service, AI is now embedded in everything. Whether you want to give it as a product to the customer, or you want to buy any SaaS or any of the servers or cloud, AI is embedded. To the point where all the three of them on AI had alluded to, 20 years later, now we're looking at components.

So in that context we're trying to see if we can build a space of confidence that can help us drive application specialists for certain verticals to figure out, and of course India is also coming up with a semiconductor backdrop, that is something which we want to see if we can build ISVs with certain vertical solutions through the set of confidence that we can do by virtue of the ecosystem and take that forward for your ask on higher gross margins that can come our way.

Still a long way to go not everybody has probably done this pretty well, but we obviously wanted to do pilots. These pilots have to achieve some skill at some point in time before we probably can commit to you.

Palak Agrawal: We'll take this question, if there is any question next, as the last question for today.

Sarvesh: This is Sarvesh from Maximal Capital. I have two questions. So first, on the online B2B marketplace, you would have seen the kind of valuation some of these private companies command. So what is our strategy here, how big we are and can we make it in a really big thing because this can be immensely valuable as you know? So that is one.

And second is that we talked a lot about risks. That we have managed all our risks very well in this last 25 years. So now in this sort of a market where there's so much of forex risk, so much of AR inventory risk, a lot of players I presume must be going bust from time to time. So are we not having a roll up strategy here because you know it is not possible that every company is able to manage these risks so well?

So obviously in a typical, distribution business many of these peers may be making mistakes and then there would be an opportunity to acquire them at distress valuations. So is that also something of a thought that comes to you?

V.S. Hariharan: Maybe I'll take the first question and Krishnan if you can take the second one. So the online marketplace, we don't do direct to consumer, it's all B2B, so it's only to resellers. And our strategy right now is to use the digital platform to do two things. You saw there are 70,000 partners. We can never have a sales force to deal with 70,000 partners.

So we have a list of managed partners which are managed by our account sales team. But we have a long tail of partners who interact with us on the digital platform through our inside sales reps. And that's the business we want to grow, because these long tail partners don't get face to face interaction with anybody. And so we want to grow that.

We also have a long tail of brands. We talked about 450 brands. And sometimes we are not able to get the right kind of help for these brands to grow their business. So the long tail of brands and the long tail of partners is what we are trying to grow through our digital platform, the B2B platform, the hardware platform.

And we actually started off by wanting to do the whole nine yards, including our managed partners and corporate resellers. But we found it's most effective and efficient if we use the digital platform for this, because we also have to look at capital deployment. Do I put salesperson? Do I put a digital platform on top? Do I just substitute for that? Because there is a cost for everything. And we found that the digital platform works best for the long tail. As of now, that's our strategy.

S.V. Krishnan: See you are right that because of the inherent risks that are there are constituents, mostly the smaller players, if I may use the word, the promoter managed the owner managed companies, do go bust and we keep seeing such situations across in various markets. Why shouldn't we buy them out? See the mathematics will work like this.

If the contracts they have is already there with us, they exiting the market gives us more opportunities and there is no need for us to pay a price for it. If they have some unique assets, as I have said, assume some very good contracts which we would want to have, we don't have, then it makes sense.

And there are instances like that. And every time when situations happens like this, we do discuss, is that something that interests us and why? Unless and until we get a very clear as answer, we don't choose that.

J. Ramachandran: Let me just add to it. It should move the needle for us. It's just an incremental thing. It doesn't really make a significant difference for us because as Krishnan said, their exit actually enhances our business otherwise. But if we, not necessarily distressed assets, if there are good companies which we think will add value and is able to help us move the needle, we'll definitely consider those opportunities. We'll not walk away from those opportunities.

S.V. Krishnan: I know we have said one last question. I have seen two people raising their hands. If, yes, please. Sorry, Palak, just since they would want to.

Soumil Zaveri: My name is Soumil Zaveri from DMZ Partners. Thanks so much for such a detailed insights and presentation on the business. It's a simple question and I appreciate professors comments on the progress we made as a board led business rather than a promoter led organization. But as long term shareholders who are interested in alignment of incentives, would be just great to learn a little bit about the KPIs or metrics you all use internally, to incentivize? Yes, I know he spoke about ROCE. I presume there's different metrics you'll incentivize using for different tenors or different timelines. Just a little bit of…

J. Ramachandran: You want me to give you all our winning strategies.

Soumil Zaveri: I figured you'd say something like that, professor.

J. Ramachandran: Look, the key in our business, like ours is human capital intensive business. How well we manage our people and culture is the key issue in it. And let me assure you, we spend a lot of time making sure that our people are excited. We energize them with opportunities, with careers and so on and so forth. And some of them done outstandingly well.

You heard Vijay Raghavan today from who's a ProConnect CEO. Found his talent, we gave him the opportunity, he's delivered. So you saw Serkan Kutlu Global Chief Strategy Officer, as part of our Turkey operation. It now runs our Global Strategy on this one. So you're seeing so many multinational people over here.

So we will make sure that we get the best in class talent. And that's very critical for our business. And that's where I think some of your questions on should we get into the software services kind of a business, we'll start competing for talent with those people and the compensation structures, the profiles are very, very different from our business itself.

But we have very much aligned our leadership team to the shareholders' interests and we'll ensure that they further ring-fenced, if I may, to sustain the contribution to the company. We are very alert to it.

Nikunj: Good evening sir, my name is Nikunj. Thank you for the fantastic presentation. Two questions, one is very specific to the factoring and the interest cost. Over the last couple of years, incremental gross margin improvement and efficiency improvement, all of what we've done has gotten diluted or negated by the increase in factoring and the interest cost?

Now that we have Paynet being sold for about INR900 crores, we are not aware of where the debt is sitting in the overall consolidated entity. If it's at 45% interest rate environment, and then it will make a big impact. So just wanted a little guidance on going forward in the next few years. Have we seen the peak of factoring and interest costs as such? And what kind of decline, I'm not looking for a number for sure, but what kind of decline can we see in that aspect?

And the second question is regarding your rankings. You moved up from double-judge ranking towards seven now in the world. And you're aspiring to go higher. What would have Redington, what has Redington done differently than all the other competitors to kind of have scaled up all these years in terms of corporate strategy?

It's a little broad. Maybe you've answered it in all these different ways, but I want to understand what has happened differently and here on, what are we doing differently to kind of get there?

J. Ramachandran: You want a lecture?

Nikunj: I'm game.

S.V. Krishnan: See, on the factoring and the interest costs, there are two things. Number one, say about 3 years back, right? The interest rates even globally has been far low. That was the case pre 7, 10 years. U.S. interest rates were sub 1 that moved up to 6. When we have international operations, how can that be very different from -- this is to do with the inflation rates in the respective countries.

So one is the interest rate increase that happened across the globe. As we speak now, we see that softening, and I am sure in about 1 to 2 years, things could soften and we will start seeing that advantage.

Second, very specific. A very significant part of the factoring and the interest cost is Turkey related, which is where you are penitent. It is very important. If I may ask Serkan to give a broad perspective about what is our thinking, Serkan.

Nikunj: No, because INR900 crores in a 45% interest rate environment can become meaningful to our bottom line. That's the reason I am asking?

Serkan Celik: Yes, but there is another challenge. Let me explain. There are some Turkish lira business, there are some USD business in Turkey operations and the big majority is with the USD. So when you want to finance your USD business with Turkish lira loan or vice versa, Turkish lira business with USD loan, then it will create an open position on your FX hedging policy and it will create a huge risk. So you have to hedge it.

So in general, I can say that taking the hedging policy into consideration as well, we will use this money to close most of the USD loans parts. But at the same time, we are decreasing the volume of our Turkish lira businesses to decrease the Turkish lira loan amount of the company, which means that the money will benefit us on the USD loans interest costs mostly. We can say it. There will be a very important effect of this cost saving on the interest loan, but it will not be 45% Turkish Lira interest rates.

Nikunj: Thank you. Appreciate it.

J. Ramachandran: Let me take a short edit. We'll give you a brief answer. Won't give you a long answer. Like we said, we tread where others dare not tread first. We go into those difficult markets. Why is that important? That's important because the nature of this business is such that incumbency matters a lot. If you're first, it makes a significant difference because you've got the assets on the ground and the knowledge on the ground.

And how do you manage the volatility? In fact, if you've seen some of our annual reports, we talk about what is significant characteristic of what Redington is, it's what we call our adaptive capacity. in volatile markets, how do you really adapt very quickly? And we show evidences of how we calibrate our presence in different markets and so on. We learn from each market and translate to other markets. That's one part of it.

The second is a bigger secret. I thought you folks would pick it up and talk about it. How many listed companies do you have in this space? We went public in 2007. The next IPO happened last year. Our ability to mobilize capital and manage a company which is listed is an extraordinary skill that we have. We underplay our governance capabilities. Because in our growth business, ours is a working capital intensive business.

Our ability to deliver, quarter-on-quarter, year-on-year is important not only for shareholders also for the financiers. So most other companies, if you see, don't have the same level of skill sets if you'd like to believe, and how do you actually access public capital markets and respond to public capital markets. So we manage both the banking industry as well as the public capital markets.

Nikunj: And by profit. Size, where would we be in terms of world ranking?

J. Ramachandran: Profit size, of course. In teams of…

Nikunj: Largest is about 60 billion. No, absolutely. Because you're talking about top line, and I feel top line is a big driver for...

S.V. Krishnan: We haven't done that exercise, but my sense is we could be similar or maybe one notch better. But we just we haven't done that...

J. Ramachandran: Intuition, maybe we will be 6, but we'll check on that and come back.

Nikunj: Appreciate that. Thank you.

V.S. Hariharan: It could be better because the percentage-wise, most of the players, at least two, three players ahead of us are all 1.1% PAT, plus minus.

Participant: Greatest talent in this business is managing risk and growth on a scale and size. So that is the crux of this business. So that's why there is strong entry barrier. The kind of entry barrier you have created is fantastic because the kind of risk you manage, 40 countries currency, you are -- currency room must be the, a forex room must be the most complex room. Everyone is worried how to manage forty currencies. It's a terrible business. Not everybody can do it on a scale.

J. Ramachandran: You are absolutely right. How do you manage the risk, sir?

Mr. Puranik: So thanks for the finest presentation. I have been seeing your presentation from the first one, 2007 till now. This is the finest presentation ever made by your company.

J. Ramachandran: Thank you all. People wanted to have dinner, will have dinner.

V.S. Hariharan: We just want to thanks.

S.V. Krishnan: So before we disperse, I think it's very important we recognize the people who had worked behind. I mean Palak, as all of you know. She had got a marriage in her family, we just got over and she was doing both in parallel. Puneet, Ritesh and the marketing team completely put the things across, wonderful job and the videos they have created, all those have happened within few days. Sita had made all the logistics arrangements very well done.

And the SGA team, they have been there throughout for anything that we wanted, Shikha, Dharmik, Shogun. Thank you, all the very best. Sameer Bhai, thank you. And thanks to all of you for having come and spent 3-4 hours with us. Thank you.

Palak Agrawal: Before we break for dinner, we have CEO of ADAPT, she's the CEO of ADAPT, Prabha Hari. It is an NGO set up in 1972. She wants to introduce her and just say a few words for two minutes. Prabha, can we have you on stage?

Prabha Hari: Thank you Redington, thank you Sita and Ritesh and the team that has so patiently connected with us and we were happy to partner with you. So like the MC said, our organization is ADAPT, able, disabled, all people together. You may know it by the former name which was Spastic Society of India, one of the pioneer NGOs in India, working in education and treatment for people with disability.

So when we talk of corporate partnerships, it goes beyond just CSR and the 2% that is mandatory. What we find that really works is making meaningful partnerships with people and not just the company. So we look forward, let this be the first of a wonderful partnership like we have with several other corporates in the world. And we look forward, thank you Sita for making this happen. And I hope this is the first of many. Thank you.

V.S. Hariharan: Thank you. There is a small gift actually from ADAPT, right, so which we've got it from their company or from their not-for-profit and please enjoy it. Please enjoy it. Made by people.