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September 20, 2022

The National Stock Exchange of India Limited,
Exchange Plaza,
Bandra-Kurla Complex,
Bandra (E), Mumbai – 400051.

Symbol: REDINGTON

BSE Limited
Floor 25, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai — 400 001

Scrip: 532805

Dear Sir/Madam,

Sub: Investor Meet Transcript

This is further to our letter dated September 14, 2022, regarding investor meet presentation and recording. In this regard, we are enclosing herewith the transcript of investor meet held on September 14, 2022. The same will also be available in the Company's website at https://redingtongroup.com/india/financials-and-reports/

For Redington Limited

Muthukumarasamy Muthukrishnan

Digitally signed by Muthukumarasamy Muthukrishnan
Date: 2022.09.20 18:16:26 +05'30'

M Muthukumarasamy
Company Secretary

"Redington Limited - Investor Meet 2022"

September 14, 2022

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 14th September 2022 will prevail

MANAGEMENT	**MR. RAJIV SRIVASTAVA – MANAGING DIRECTOR, REDINGTON LIMITED** **MR. S. V. KRISHNAN – GLOBAL CHIEF FINANCIAL OFFICER, REDINGTON LIMITED** **AND SENIOR MANAGEMENT TEAM OF REDINGTON LIMITED.**

Moderator: Good evening, everyone. Thank you so much for meeting us today at Redington's Investor Conference 2022. We extend a very warm welcome to each one of you. My name is Himani, and it is a pleasure to host such an exclusive event. To speak about our business insights and strategy, we also have our global leadership team present here. Now I would like to call upon Mr. Rajiv Srivastava, MD Redington, to speak about the strategy way forward. Thank you so much.

Rajiv Srivastava: Good evening. Himani, thanks so much. Good evening, and a very warm welcome to all of you. It's so good to be face-to-face after such a long time. I think we're doing this almost after 4 years or maybe a little more than that. We always used to release these conferences earlier and then pandemic happened. So, obviously, we couldn't do that and thank you for being patient with us and thank you for covering us during the pandemic as well. Can I make a request, if you can -- this light is really coming directly in the eye.

But thank you for covering us. Thank you for engaging with us, and thank you for doing everything around our messaging during the pandemic time. And this is a restart of sorts. So, we are restarting the whole engagement, face-to-face one more time, and I really want to give a big thank you and a warm round of applause to all of you for being with us during this journey. I know this is a very aware group. You all know what's going on in the market. You all know what's going on with Redington, but also in the industry as part of the industry. So, you are very aware group and I thought it was a good time to meet up with you. We need to understand what's happening, how you're perceiving us, how you're seeing us. I've had engagements with all of you or with a lot of you on the investor calls and a lot of probing on the investor calls is very insightful. So, I always look forward to these kind of engagements as the personal learning experience to know exactly what you think about us and how we are perceived and how we can really take the company forward.

So, there's no real reason of doing this investor conference today. And what we're doing is I'm hoping to have a very interactive session today. We've got a whole global leadership team, which I will just introduce to you in a minute. And then the way we are structuring this discussion is between Krishnan, our Global Chief Financial Officer; and myself, we will take you through the slide deck that we've got over here. There are portions on which I can draw upon the expertise of my global leadership team as well. And then we can go on for question and answers, but you feel free to raise your hand and ask any questions any or clarifications or give or make a point at any point in time on any side that you want to.

Okay. With that, let me just go through and just cover to you as to what we're going to talk today. There will be a bit of a thing about Redington, who we are, some things about our financials and then a bit more about how we see the market, what we see our strategy as going to the market to capitalize, to maximize from our perspective, what kind of company we are trying to become from a capability perspective and so on and so forth. So, this is pretty much the agenda that we are trying to cover. But before I go any forward, like I said, let me introduce to you our global leadership team. And when I call out the names, if all of you can just stand up by, and that will be great. This is S. V. Krishnan, he used to be the CFO of India earlier, but beginning of this year, he took on the role of Global Chief Financial Officer for Redington India. We've got Sriram Ganeshan. Sriram was the CFO for Redington, Middle East and Africa on the Board of Redington Turkey, and he's relocated to India now, operates now out of Chennai, and he is the Global Chief Commercial Officer.

We got Serkan Kutlu. Serkan used to be managing strategy in Turkey earlier in our Turkey in Arena, and he's relocated to Dubai recently to be the Global Chief Strategy Officer for Redington. We got Soumitra Das. Soumitra joined us just a few months ago. He is the Global Chief HR Officer for Redington. We've got Ramesh Natarajan. Ramesh is the CEO for our India business, India and South Asia. We've got a few countries covered in South Asia. Then we got Vishwanath. Vishwanath joined us recently a couple of months ago, probably beginning of this year and he is the CEO for Middle East and Africa. He is Ramesh's counterpart for Middle East and Africa. Then we got Kasturi Rangan. Kasturi is the Managing Director of ProConnect which is our logistics subsidiary, 100% owned by Redington. We got Serkan Celik. The picture is a little different for Serkan. Apologies for that. It doesn't show a beard there, but Serkan is a wise man, that has a nice good beard. And Serkan runs Turkey Arena for us, where Redington has a 49% stake, but majority controlled and Serkan is the counterpart for Vis and Ramesh in that place.

Then we got Cem Borhan, Written as Cem but pronounced as Cem from a Turkey perspective. In Turkey we got 2 business units. Cem runs the other business unit, which is a 100% Redington company called Redington Turkey. So, Cem is based in Istanbul, as is Serkan. Then we got Malay Shankar. Malay joined us recently, a couple of months ago, maybe 3 months ago. He joined us to be the CEO of our Logistics business, ProConnect. And then we got Deepak, the youngest entrant into the Redington family. Deepak joined less than a month ago maybe, yes. Is that right, Deepak? Yes, less than a month ago, he has joined us to run our shared services.

So, thank you so much, all of you for being here and championing Redington for such a long period of time. Some new, some more recent, but overall extremely nice to have you guys.

And let me share with you who we are. And clearly, there are just 1 or 2 takeaways from this slide. We are a $8.4 billion running across 40 countries, a completely 100%. There is no promoter in the company. So, we are a completely professionally managed Board governed company. That's who we are. There is no promoter. All the promoters in the company exited prior to 2016. And so this becomes a truly professional organization run by the leaders that you're seeing over here. We have a very accomplished Board. I'll just introduce you to the Board in just a minute. and the Board is run by a Chair of the Board, who is an Independent Director, a company which is AA+ rated from a long-term perspective by all the nominated trading agencies in the country.

And then largely what we would like to call ourselves is because of our presence in the geographies that we are, we are largely in emerging markets, multinationals. So, originating out of India initially going across to a lot of emerging markets, and I'm sure that I'll make that clear to you in just a bit. And there's my apologies, I can't walk that side because what is happening is this session is getting live telecast as well. So, it's on the Zoom, I've been forced to be on the podium. So, I can't just move around a bit.

But let me give you a sense as to about our portfolio as well. And this is very interesting. We are a company which does pretty much anything and everything that you can conceive of in the technology world. We do the smallest accessory like a mouse or a pen drive or something of that smallest nature. And then we do the highest end of the highest level of data center products that you can think of. And everything in between, PCs, notebooks, servers, storage, network, software, whatever you can conceive of or think of, we do in the technology world. And then we also do a whole range of mobility products. Now I'll call them smartphones right now, but there's much beyond smartphones because we've got a range of mobility and all mobility, you know that it's becoming extremely intelligent today. You have a watch, which is intelligent. All your biometrics parameters can be measured. You can send a mail on that. You can receive phone calls. So, very, very intelligent devices.

So, we do a whole range of all these products. Then we also do a bit of beyond products. We do consultancy and advisory services, and I'll talk to you about that in a minute. We do logistics, like I said, Malay and Kasturi are here. We do logistics services for Redington, but largely more than 85% of that business is from outside of Redington. And then we are also doing a whole range of products in the solar energy space. So, we are firmly in and pretty much the only distributor in the country and the only provider in the country as an organized green energy, sustainable energy player in the market today. So, this is pretty much a portfolio that we do. And we do software, we do annuity, we do subscriptions, the way in which you can sell today in a variety of different business models. And this is what I wanted to talk to you about, why are we an emerging market distributor. Because if you see our footprint, you would find that the footprint is all emerging markets. It is India, it is Middle East, Africa, it is Turkey, and it has got a few countries in South Asia. We don't do Southeast Asia in the traditional sense, which is Vietnam, Philippines and those kind of countries, we don't do, Malaysia, Indonesia, we don't do them. But we do Nepal, we do Bangladesh, we do Maldives, those kind of countries we do.

So, typically, a very strong emerging markets multinational players that we have and a good position in most of the geographies. We are a clear #1 or we are just at the shooting at #1 position in the one place that we are not number one right now, and we will get to that position. I'm pretty certain that we'll get to that very soon. So, that's how we are structured and that's how we are present in all these countries. We have an in-country sales motion in most of these places that we are present in.

And just to give you a sense of who we are from a brand perspective, you'll find that we've got 290 brands that we deal with. So, that means pretty much everyone in the technology world, globally, global technology world, no matter where they originate from, whether it is U.S. or it is U.K. or it is other countries of Europe or Asia Pacific, China, Japan, wherever you can think of, Korea, you will find that Redington has a very strong story with them. And our go-to-market is extremely complex. At one end, we buy from all these 290 brands that I talked to you about. And the other end, we service customers through a variety of different kinds of partners that we've got. These partners can be the guys who just take title to goods and give it to the customers. These could be partners who put some integration wrap onto it. They do some services around it. They take it as a system integration partner or they take it as a subscription partner. So, that's one range of partnerships that we've got. And then we've got business model partnerships. So, whether they are online, offline, retail stores, large formats, Reliance Jio, whatever you can think of and we deal with each one of them.

So, our go-to-market is immensely complex, but I think that's the beauty of who we are in the middle of such an exciting game plan. And I wanted to talk to you about the Board of Directors. So, our Board of Directors got our Chairman, Professor J. Ramachandran. He just retired. End of July, he retired from IIM Bangalore after being a Professor of Strategy for many, many years, and he's a very accomplished guy. He's done work with Harvard University, many other universities in Europe as well. He writes papers, books, and he's on the Board of a few companies. So, he's a very accomplished person. Hariharan, the other guy who is in Singapore, he runs his own business. He used to be a Vice President in HP earlier many years ago. Keith Bradley, he used to run Ingram in North America, and very recently. He shifts between Philippines and U.S. now. Ramaratnam, who was with Deloitte earlier from a consulting part. Anita, she was with many technology companies with Sun, with Cisco, a whole range of companies and now she's based in Mumbai, and she's at capital market, but a human resources expert.

And then you see at the bottom, Krishnan and myself. On the right side, they are non-exec directors because Synnex is a big stakeholder in our company at 24%. And we've got 2 members from Synnex who are on the Board of Redington. One is David Tu, Tu Shu. You know Chinese have also got a Christian name, all Chinese they do have a Christian name. So, that is David Tu and then Chen, Yi-Ju, her name is Evelyn Chen. So, she is the other one. So, there's 2 people who are Directors on the Board of Redington. Okay.

And this is a shareholding. You would find that there is Synnex, which is the largest, but there are two directors on the board from Synnex. Whole range of FIIs, mutual funds, open holding and fairly distributed, I would say. And when I do my calls, investor calls at the end of every quarter or when you're declaring your results for the quarter, we do get a fair amount of representation. We always have 150, 200-odd people on the call from a variety of companies that you guys represent clearly, but many beyond as well, and that's always a very good and rich interaction.

I'm going to shift gears over here and invite Krishnan to take you through a few slides on our financials. So, after giving you a bit of a down or load down on how we are as a company from who we are as a company. Just Krishnan, if you can come up and take the financial slides here. And I'll just come back for the rest of the stuff.

S. V. Krishnan: Thanks, Rajiv. First of all, extremely happy to note that all of you have spent time to meet us and for also covering us on a continuous basis. Imagine how it is to talk about financial numbers to a set of august people who breathe financial numbers all the time, live with financial numbers. But all of you know the Redington story well and the numbers by heart because I keep telling the internal team members the tracking that you all have in terms of numbers are very difficult. It's very complex to understand. So, we have just kept a few slides on the financial numbers, but anything more that we can answer at the time of Q&A. These are, I mean, the broad financial numbers, the key metrics from the time we went IPO, I could think of the time during the IPO when we had our merchant banker, Mr. Puranik and team and a couple of investors saying, you are already at about Rs. 8,000 crore and we had seen in the market the companies have long growth and higher growth, after IPO all this fizzles out.

I mean would this be the case in the case of Redington? We said, no, the industry is very attractive and we are very well positioned. We will be able to grow at the same pace in the future. I just want to tell you 15 years down the line, you can see the numbers from Rs. 8,000 crore, Rs. 8,600 crore by FY '07 to Rs. 62,000 plus crore in the last financial year. In the last 5 years, you can see every year, we have added about Rs. 5,000 crore to our turnover. And revenue has grown by 7.5x in this 15 years. EBITDA in the same time has grown by 9.5x and the profit after tax by 12.5x.

So, there has been a consistent growth. It's just not a point to point. This is something that has been a Redington history for the last 30 years. We have not had a degrowth in any of the key metrics in any of these years. So, that's something that we had maintained even post IPO. And the most important thing that we always focus on and pride ourselves is we want to grow our EBITDA faster than the revenue, our profits faster than the EBITDA. That's something that also been achieved over a period of time.

While we focus on the P&L, we also make sure that our balance sheet is also is in a proper shape. And we always strive to make sure that we create shareholder value. We have been very highly focused on it. And you can see and as I said, the profit after tax have gone up at 12.5x. Incidentally, in the same period, our market cap has gone up by 13x. We all used to read as part of our academics that valuation will run in parallel to profit. So, incidentally, we had seen it is similar over a much larger period. And we had been paying quite consistently dividends, and we used to have a 20% payout in the past. As our cash flow has improved, our debt equity situation has become much better.

We had declared last time, last year that our policy has changed to 40% payout. But still, if you see for the last 5 years, our payout percentage was about 38%. And the return ratios have also been quite kept well, you all would remember, we used to have a philosophy of 20%, 20%, 20%; 20% growth in profits, the 20% return ratios and the 20% dividend payout in the earlier era. So, you can very clearly see that focus has enabled us to have better returns both at ROCE level as well as a return on equity level. And this is something which we are confident we should be able to maintain as we get into the future.

And as I've said, we always ensure the balance sheet hygiene. There is a saying, the top line is vanity, bottom line is sanity, the cash flow is reality. And we truly follow this to the extent across Redington, the DNA. One of the important metrics is one component, at least of the working capital is something that each of the employees goaled on. Because we feel revenue is like a rubber ball. As you drop it, it can come back. The profit is like a cork ball, the cash flow is like a glass ball. If you lose it, it's not going to come back. So, we focus on this. We have ensured that there is a consistent cash flow generation which can happen in this business by consistent reduction of working capital. There were a lot of focus in terms of making sure that the working capital that's deployed in the business is rationalized, is optimized and we have seen the results over a period of time.

It used to be 50-plus days, about 6, 7 years back. We had been consistently bringing it down. It had come down below 20 days in the last 2 years, mainly to do with the demand environment and the shortages in this industry. But as it gets normalized, we still think it would range about 30 days, et cetera. So, we are very confident in terms of making sure the optimization of working capital, which will result in the positive cash flow coming in and which is what will make us invest more in the core business as well as for investment into the future.

And then we also make sure that our risks are addressed in a proper fashion. The 2 important risks in the distribution business is receivable risk and the inventory risk. You all need to know at any point in time, we have about Rs. 10,000-odd crore of outstanding in the marketplace. So, it's not easy. It's like we are running like a mini bank across, as Rajiv said, 40 markets. So, you can imagine how difficult it is to give credit. If you have sold last year Rs. 62,000 crore, which means Rs. 62,000 crore of loan, a sort of credit we had given to about 40,000 and odd channel partners across 40 markets and each of this at the same credit range between 15, 30, 60 days, we had collected back with a delinquency ratio of 10 bps over a pretty long period of time, right?

So, this is something that is because of the robust process and control that we have on our channel partners. Second, inventory management. You all know this is a very unique industry, the price moves only in one direction, which is southward. There is no other industry where you will see a phenomena like this, plus obsolescence is very high to the extent where we internally say, if you sit on stocks, it's like sitting on a time bomb, right?. So, it requires churn. You need to estimate the demand well. You need to order this thing properly, timely and then make sure it gets liquidated. And this is something that we had done it again and again and again over a period of time, quite consistently to the extent where if you see our inventory provision, which is a consistent provisioning norm, it ranges between 4 to 5 bps. So, one way of looking at this industry, it's a low-margin industry.

It's a 2% business. But what is important for you to know is the 2 important risks, the 2 critical risks has got managed on an average at about 15 bps, vis-a-vis 2%. So, this is something quite comfortable, I'm sure. While in the ecosystem across the globe, there are a lot of geopolitical tensions, a lot of new developments that are happening day by day. We have continued the growth momentum as late as last quarter. We have grown our revenue by about 25% in Q1 year-on-year, and profits to be about 33% and maintain our return on capital employed and return on equity at about 20%. And this is something that we would try to do as much as possible, and we are very well geared up in terms of making sure that these financial metrics are achieved.

So, with that, I would give it back to Rajiv. Thank you. If there are any questions, we can address in Q&A.

Rajiv Srivastava: Thanks, SVK. All right. I think let me move on to the other part of the presentation now as to what's happening? What are we seeing in the world of technology around us, what's changing and what is staying steady? And then how are we as a company gearing up or making the moves to ride the tech wave that exists today? And you'll find there is one thing which is really consistent and you can make this slide as a true slide for most parts of our journey is most part of the last 20, 25, 30 years of our journey is the shift towards digital is going to impact pretty much every single aspect of who we are as individuals and who we are as organizations.

So, when you go to engage with consumers, all of us are dealing with changing lifestyles. A couple of years ago, you weren't so addicted to your cell phones, but today, you wouldn't probably give it up for anything else. And there is so much of sharing of information or so much of hooking up that you have with that thing. But they're just one aspect of consumer, but consumers decide to work, live, work, whatever they do at any point in time from wherever they can, convenience becomes such a big thing. So, there's a shift in the way consumers are behaving these days. How you acquire customers has completely shifted and I know when I started my selling many years ago, it was only a physical face-to-face, handshake and then only the sales would start to happen. Not anymore, you're targeting and addressing customers in a very different way. You are engaging with your own employees differently, no longer would you only have an HR team chasing the people for feedback or for anything else.

Now it's a very digital way in which HR or the leaders in the companies are engaging with the employees and how you deliver because your output or your ability to succeed with your customers depends upon the kind of experience you deliver to them. And that's the single biggest determinant across the world today of making more revenue growth, making profit growth, whatever you can think of as a growth parameter. So, delivering experience through an operational excellence framework is something which is very big. And then today, innovation cannot happen unless you are digitally enabled.

Whether you have to design a house, you have to design a bridge, you have to design a gear, manufacture something, design a drug, whatever you can think of, whatever you can do as evolving something, even thoughts and ideas, you go and do a huge amount of research online to get some new thoughts and ideas and put together.

So, I think every single thing, every little tiny aspect of our lives today is governed or determined digitally today. And in that sense, some technology trends are more relevant than others, and I'm picking and choosing just 4 or 5, 5 of them over here. All of us we use hand phones, every single data that we use on our hand phones is kept somewhere in the cloud. So, if you have a Google mail, you have your bank transactions or you have a Paytm or any other Razorpay, UPI transaction, whatever you may think of, every single thing is on the cloud. Now rewind yourself back 10 years ago, this wasn't the case, okay? Maybe your mail was there, but your financial transactions were much less or not there at all and so on and so forth. Your entire pictures and photos, your family and your albums, every single thing happens to be on the cloud.

So, that's for individuals. For companies, the cloud can be on within the company or it can be outside as well. Now 5G, in my opinion, is going to be a big game changer. I was in Korea some couple of years ago, 3 years ago, I was in Korea before just before the pandemic. Korea is the country which is the best in terms of bandwidth connectivity, speeds as well as connectivity, okay? And they had rolled out 4 years ago, 3.5 years ago, they had rolled out the 5G networks. And I could physically see the power of what a 5G can do. A 5G network is a network with 0 latency, okay? You understand latency, right? When you and I speak on WhatsApp between Delhi and Mumbai, you'll find that sometimes you are missing something, right? There's a gap, there's a delay. And those kind of things don't happen on a 5G-enabled network.

So, what it does is it enables a huge amount of revolution, almost a revolution in remote health care, remote surgery. Huge amount of revolution in remote training and development in retail management in video and voice conferencing, any application that you can think of is going to be revolutionized by 5G. So, whereas 5G today for us might become that when you go to buy a hand phone, we always ask a question, is it 5G enabled or not? And maybe that's pretty much what we think it is.

But life is going to be dramatically different as we go forward on the 5G network. Each one of you, when you do your transactions on your phone, you're always concerned that am I leaking my data? Or is my data protected? Or is my data getting compromised? Same for companies as well. When you go to your companies and ask the CIOs of your companies, you will find that there are hundreds of thousands of phishing attacks or pokes into your network, which happen on a daily basis, okay? And it's not an industry phenomenon or one single industry type phenomena, any industry because people are phishing for data, people are phishing for information, both individual as well as corporate information.

We know that how much we have shifted from a physical transactions on money to a digital economy. We know UPI has gained traction at least 7, 8 times in the last 3 years, and that's something which is a reality. And we know that there are different ways in which tech is emerging right now, and we are trying to capitalize on that. And the significance of this for any company and significance of this for Redington clearly is, if you're not seized of this, you will not make the moves that keep you relevant to the market, okay? You will be pulled back, you will be going behind and the tech-dominated world, not keeping currency of technology is actually getting obsolete here. So, it's a very straight line equation for a company like us that we must do everything to capitalize on the trends that are taking place today.

And then while that is one dimension of trend, which is tech, but also the business models are changing, how many of you used to buy from going to retail shops and buying and have now shifted to buying online, okay? And I'm sure each one of you do a few transactions online for every kind of equipment or types of items that you buy for your home. The more commoditized the equipment, the more easier it is to buy online, okay? You do that all the time. And so the experience is determined by how you can get information about a product and how you can execute a transaction. So, you go research online and go touch and feel offline and then come back and buy online or you research online first and then go and buy offline.

So, the customer journeys today have become completely discontinuous. It's very difficult to predict where the customer or the consumer is going to start upon. What is your vantage starting point? We don't know that. And so we got to make sure that we are always online, offline in a true omni channel sort of a world. People used to buy products as products by absolutely down payment for everything that you did and no longer you would want to get the best commercial deal available. And same for companies, companies used to buy downtime products, products while paying a down payment on a capital expense basis, but it shifted to, okay, I need only a tiny bit of amount of information today. Help me if I can pay only for this. So, there are consumption models, we are shifting. And then there are all kinds of investments that are taking place on new technology, people are looking at diversification of product solutions and services. And the work location is a very interesting one.

And I'm sure all of you deal with it. I'm dealing with it. I mean, employees are finding it incredibly difficult to come back to the office or companies are finding it incredibly difficult to pull employees back to the office. That's the reality. And you can't grudge it because during the pandemic, all work happened. So, people say, look, here we are. We used to do everything offline. Why are you forcing us to come back to the office? And very difficult to find a counter argument to that. And you'll say, look, fine, okay, you don't want to come to office every day, but choose some days or the managers or the bosses will turn on and say, okay, find out some day or 2 in the week, can you do that?

So, what you're doing is you're enabling a work style and a lifestyle, which is a hybrid lifestyle, completely. It requires different kinds of devices. It requires different kinds of software setups, collaboration, all kinds of different techniques which are required as you talk about this. And so we said, look, what will help us succeed and survive in this environment. If you net out the tech trends and you net out the business model trends, we said how do we continue to grow and at a very fundamental level, very base level. There are only 2 ways in which growth happens, okay? One, the growth happens when you sell more to the same guy. So, you buy a smartphone, we sell you a cable. We sell you an accessory. We sell your screen guard. Or you find a new guy to sell to or find a new customer. Fundamentally, only these two, okay. In our distributed world of geography, it plays out in this way.

We gain market share, which means we find new customers to sell to. We find new business opportunities which is a combination of both, more to the same guy or find a new guy to sell to. We do new geographies. So, we're finding new guys to sell to, and we are doing brand acquisitions. We have so many brands already, but we have gaps as well. And so we are making sure that we are trying to do all of that as we increase our sales. So, I think those are the elements that we are trying to do and how is the question, the how is the digital play that we talked about and I'll talk a bit more about how we are trying to become a more capable company to leverage our growth that we really need to do. And there are some qualitative parameters over here. We want to make sure that we are a leader in environment, social and governance metrics of any global standard that you can think of. And we hope to become the most admired company on the planet. Really, those are the things apart from the business objectives. Those are the things that we are going to be talking about.

And so you've got tech trends, you got business model trends, you got how we're trying to think about the growth, what we are thinking about from a growth and how does growth happen for us. And then the last element is about what's our approach to business. And it couldn't get more simple than this, okay? You saw all the leaders over here who are a combination of global leaders and geography leaders, geography leaders, geo leaders as well. So, that's one Redington as a philosophy that we will do everything which is consistently leveraging on the global best practices. The other thing is that we aim to be the best provider, the biggest partner, biggest partner for every single tech provider and every single downstream partner in the geographies that we play in.

And then because we are pivoting and we talked about everything digital, we are pivoting a model to become the only digital distributor in the world. I mean the largest and the best digital distributor in the world, and that changes your business model like nothing else would. And the fourth is because the shift is happening in the buying behavior, buying partners are shifting from products to solutions services and everything in between, we must do whatever it takes to be able to provide products and as a service, as a subscription model to you. So, it's a very simple approach to us. So, in each one of these, there's a ton of work which is required on each one of them at the back end, but very simplistic 4 key parameters that we need to be thoughtful about.

And to get to that slide, get to that pitch about simplicity of approach and business, you've got to think about how will it happen, okay? And I've always had a very strong belief that companies survive in the long run not because of the products that they differentiate on, not because they build lots of good people who can come and start to sell or come and start to service. But companies survive in the long run because they build deep capabilities. Those capabilities are extremely differentiated. Those stand you apart, okay? And we've got a few capabilities to talk to you about. I'm not going to talk to you about all of this, but a few which are really material in the world of today. And the first one is people, okay? We do believe that we've put together a really second to none, an absolute best-in-class global leadership team, which has got very diverse experience, people who have domain. And you saw when I introduced people to you, there were some who are very new as fresh as 1 month, 3 months, 6 months old, and some who got the knowledge base and the experience of the organization they have built over so many years.

And it's a very healthy blend of inside and outside that is playing out for Redington today in a very, very strong way. And I believe there's a good hallmark of how we will take the company forward. We also believe creating a very, very strong high-performance organization. In the world of today, which is very unforgiving, you miss a step on tech, you get relegated. You miss a step on business trend, you get relegated. You miss anything in the market, any beat you miss in the market, you can really miss out. And that really means that we have to be a very outside and outward focused organization, which thrives and drives on high performance and has got a very good mix, ideal mix of people centricity with performance orientation. Those are the two things that we are very extremely focused on creating the high performance.

And then culture. If you think of companies, like I said earlier, a company can copy my products, a company can copy my incentive scheme, a company can copy whatever I've got in terms of programs and policies, the only thing that is not copyable is culture. And you take a look at history of companies which have survived over long periods of time, you will find that the one which has had a real nice, robust, solid culture, likable is the one which has delivered returns over a long period of time. And there are many, many companies, many, many things of that nature, some of them captured in great stories and books, but I'm sure you're familiar with all of them. And then apart from the cultural aspect of it, you really need to be thoughtful about who are your biggest assets in business. And we truly believe our biggest assets in business are the employees that we have. If they are happy, they will serve you well. If they're happy, they'll go and sell more. If they are nice and happy and well taken care of, they will make sure that customers have a good experience.

So, everything fits in very well in an employee-first approach and in no other approach. So, that's from a business or people perspective. Then we also believe the differentiator in the market or capability is going to be tech capability, okay? And we've got many vectors in this, many directions in which we have to take care of a tech capability. We deal with vendors, okay, 290 of them we deal with vendors. We deal with 40,000 partners. We deal with our own employees, all the 5,000 employees that we've got, we deal with a whole range of other stakeholders that exist in and around the ecosystem that we operate in, which can be ISCs, which can be SIs, partners, people who don't necessarily do business with us, but we are obligated to engage with them, right? And you've got to make sure that every single journey, every single journey of this is digitally enabled. That's how you become a digital company. You can't just do one part of the business and say, you are digitally super. We have to make sure that every single part of the journey is digitally enabled, and that's how you become a digital company.

And so we are doing a whole ton of projects in the company as we speak. This year, our investments in technology are really humongous. Maybe last 4 or 5 years, put together is we are making investments in technology in just this one year. So, I think that is as precious to us as possible. We talked about digital distribution in the world. Our attempt is to be really the number one digital technology distributor in the world. And that has many aspects and dimensions to it. What you do currently, okay? And what you will do in the future? And how do you enable an ecosystem where partners thrive on our platform. So, partners come to sell, customers come to buy and some others come to sell capabilities. And if you have a good way of trying to work this ecosystem and marry the three, capabilities of services, products and the customers buying requirements, you are extremely rich or your ability to serve those customers with a great experience is going to be very high. And that's what we are attempting and working on. Our digital platform is live today. People can come and place orders. It is live for a B2B business, okay? In India, the way we are set up, I can't do a consumer digital B2C business, I can't do yet. We will in some time. But right now, we can do B2B and our B2B platform is live and some of these functionalities have started to work for our customers. Guys, if you have any points to add at any point in time, you can talk about that.

Let me give you a sense on Logistic service. And this is our 100% owned company called ProConnect. ProConnect is a company which is largely a 3PL service provider. They do only 15%, 10% to 15% of the business is in-house Redington business. And the rest of the business, they got more than 150 warehouses in India, rest of the business is all third-party business. We believe this is a huge asset for us. One thing which happened during the pandemic was that we saw the supply chain of the world, not only in India, the supply chain of the world was disrupted. It was disrupted in many ways. You couldn't find containers. You couldn't find shipping lines. Costs were escalating, fuel costs were different. There was no adherence to any kind of timeliness to delivery. Every single parameter, which is really standing out in the logistics supply chain world was broken.

And here we are sitting on an asset as powerful as that, that can really be a crown jewel. And supply chain has become very tech-dominated now, okay? Because every part of the chain has got to be information enabled and you have to get the information you want on whatever supply chain that we're trying to do so that you can plan your business, and we are a great ally in making sure that every business is supported by right availability of right products and right skills at the right time at the right location. And that's really our obligation to each one of you, and that's what we try and do very strongly. So, I think it's a great story, and we're investing a ton of technology in our supply chain business to make sure that our customers are served well.

Then this is the other one. This is the reason why Deepak has been hired in the company about a month ago. Look at a number of purchase orders that we manage. Look at the number of partners we manage, 40,000 partners, more than 100,000 invoices every quarter and end-to-end supply chain, which is from the time you make a code and the time you collect money. So, the entire go to cash process, which involves engaging with partners, vendors, customers, every single thing that you can think of. And if it is in a manual way, there is no hope in hell for us to be successful here or provide any experience. So, we automated this. So, we set up a separate company called RedServ Global Solutions Limited, RGS, which is providing services to in-house and to a very small number of customers, but this will scale up just the way ProConnect has scaled up to provide an 85-15 outside inside. I'm sure that this will also scale up over time to get to a good space where we can be very differentiated because the complicity of operations that we manage is humongous. And it is of great value to a lot of partners.

Why would an HLL not use that, which is a similar sort of a thing here. I'm just using an HLL as example, but anybody can use it. A bank can use this, okay. Anybody can use this because there's so much of gravitas so much goodness in efficiency of your operations today, okay? Then we acquired a company in Gulf, a company called Citrus Consulting. Now if you're trying to move from the world of products to solutions and services, then one of the essential cogs in the wheel is being able to provide consultancy or advisory services to your customers. And this is a company with just exactly that, for a complete end-to-end back-end data center, consultancy and advisory to migration to cloud, to analytics, to data management and all of that, it does, it's a very strong company. We are engaged in a lot of it.

This is much less in India right now, largely in Middle East and Africa and we are winning big in this space right now. And then cloud, I'll talk to you in a minute about why cloud is so critical and so important to us. But clearly, we will scale our cloud business. That is the way in which the world is moving. That is the way in which you saw your own companies adopt applications or run applications during the last 2.5, 3 years of the pandemic time. Every company said, okay, a marketing manager gets up and says, look, I must go and do this target audience marketing with a target bunch of my customers, but I have to run an application. How do I do that? The traditional way would be go, call for a server storage application code. Somebody will develop code on that and then you go roll out, it takes 6 to 9 months to do all that versus you say call an application cloud company and say, look, let me put this on the cloud. Adobe comes in with their marketing application software. Amazon comes with a back-end data center, and you are up and running in a couple of weeks. So, that is so strong. That's the whole proposition of cloud. The world is moving towards that. Only about 12% to 15% of all workloads are on cloud today, okay?

So, think of it, 88% to 85%, 85% to 88% is an open field. And that's what we are attempting to do. How can we become a $1 billion cloud business in a very short time. And that's something that is important. And there's a genesis. If you see just the last year with just 779 you see in 2024 and you'll see 917 in 2025. In that 1 year, $138 billion is going to get added in the cloud services, okay? Whereas in the traditional services, 838 is becoming 868. So, it's about $30 billion, $31 billion. So, the investments are disproportionately in favor of cloud today, okay? And that's the reason why cloud is so important that if any company, like I said earlier, if you don't catch a trend in the tech world, you really can become obsolete. So, I think it's important for us to capture the trend. And these are the trends that are happening in cloud, okay? There is a focus on vertical industry. So, whether it is a financial services world, it requires a different kind of cloud architecture. If it is a manufacturing world, it requires a different kind of cloud architecture, retail industry, film and video, hospital, health care, everybody requires a very different kind of a nuanced thing.

And it's only important that we recognize this and make sure that we are playing in the right sort of space. And there are many solutions that are required. You do backup, you do disaster recovery. Ultimately, if everything is on the cloud, your companies don't need any server, so really you don't have a server in your company at all. It's all in the back end. We run it like that now. You have a cloud center and then you put everything else on the cloud. And you have a disaster recovery center because your applications are critical, you must never lose them. You disaster recover them on some other sites. So, it's a completely fail over fail safe sort of arrangement, both on cloud, think of it that way. So, it's like double the potential that is possible, okay?

And so what we did was, while we set up a huge team in the company to run the cloud business, we also realized that it's a highly tech-enabled business. Because it is complex, it requires many elements. It requires advisory, it requires products, it requires services to be delivered and provisioned. So, how does it happen? Assuming your company is trying to use some software and you want it only for a month, okay? So, we'll tell an application provider or tell an Amazon or somebody, okay, I need this space or this software only for one month, that's subscription. So, you pay when you use, don't pay when you're not using. Like I said, I do it all the time. I have a personal Zoom licensing, okay? I have a company license as well. But when I host my family gathering, some of my friends gatherings, I use my license. And the months I know I'm going to use them, I pay for that month and the months I don't use them, I don't pay. Same with LinkedIn, I'm a LinkedIn premier subscriber, use it for the months I used to and don't use it for the month you don't use to. So, it's so convenient. And all of that, my platform can allow you to do that.

It can allow you to be as flexible as possible. It can allow you to demand and get what you want as services for your company, for individuals, for anything. And that's how the CloudQuarks platform is. It's a very strong platform. There are 11,000 partners who are registered on this platform in a time frame of 6 months. That's growth I haven't seen earlier and 6,000-plus of them transacting today. And that, like I said, is a really incredible sort of a growth. I wanted to give you a sense as to we talked about why cloud is important, but how it is relevant and how it's showing up in our revenues today. And this is my figures of last year, not of this year. So, we've got $190 million of cloud products, which has now become an annual recurring revenue, okay, for which you don't have to keep working every time. So, the more you can get to an annual recurring revenue or you can get to a more revenue, which is assured at the beginning of your fiscal year, that much less you have to work on or you have to go and do something else and get some of the work to be done. So, I think that's the significance of this slide. It works through a whole range of hyperscalers like Amazon, Google, Microsoft, Oracle and IBM and everyone else here.

This is the other slide that I want to talk to you about. So, you saw that we got 250 to 290 brands. We've got that many brands, right? Okay. So, we carry them. We make sure that there is a revenue commitment to each one of them in some reasonable way, but you can't have a strategic relationship with every one of them. And so only a top 15 with whom we want to have a global relationship. You want to make sure that these 15 get a pride of place, a really, really differentiated positioning and engagement between them and us to maximize because they are the movers and shakers of the tech industry, okay? A lot of trends in the market are set by companies like Google and Microsoft and IBM and HP and Dell, those kind of companies, Apple, those kind of companies set the trends in the market. And so you've got to make sure that we've got a very deep strategic partnership going with them. We got those players. We've got 40 countries. We've got 35,000-plus partners. We also work. Like I said, our GTM is extremely complex. So, what we also do is we also work with the system integration partners like Infosys, TCS, Wipro, Cognizant, Accenture and many other similar partners across the world, Hitachi and Mitsubishi and a whole bunch of those players, we can work with them. And then we work with the big 4. The big 4 like E&Y, Deloitte and KPMG and McKinsey, those kind of people who do a lot of work in our space. They advise, they consult, but they also do tons of work on the services sector. And we got pretty much our coverage is absolutely unparalleled because we work like I said, the GTM is so evolved and so complex, we work with pretty much every segment of the market. So, we would have a reasonable understanding and knowledge of what's changing, but also of what who is buying what and so we can align ourselves from that perspective.

All right. So, much for the tech pitch that I wanted to make to you or give you a sense as to how tech and Redington are blending together. How is Redington trying to capitalize on the evolving tech market through the capabilities that we are constructing in the company. And I'm just going to give you a sense as to our approach and I told you in the beginning that we are going to be leading in ESG. Right now, I think we have a BBB rating on ESG from MSCI. There's a global rating. We are 60 and 580, Sriram? Yes. We are rated 60 on a list, which has got 580 companies. So, we are in the top 7%, 8% right now. No reason why we shouldn't become better. And so our drive is going to be towards improving ourselves on the ESG. We mentioned to you about how we are both governed and professionally managed. So, we always are very conscious of making sure that our governance levels are the highest, you cannot slip up on governance because our model is so evolved and so distributed, that it kind of invites or opens itself up to a whole range of holes and we've got to make sure that every single hole is plugged in from a process and a governance perspective. So, our governance is extremely, extremely complex and evolved from that perspective. We believe we have a very strong commitment to the communities we serve around us. We got a whole social conscious, lots and lots of work is going on in the communities around us, in education, in skill development and just lifting up the living in certain places, in some villages that we work in. We are working with those communities in those locations.

And then from an environment perspective, and I must admit there's a lot more we can do on the environment. Right now, like I said, we have a very strong solar energy business that allows us to play a small role in ensuring clean and green energy, sustainable energy. But there can be many, many more such things that we can really do in the environment space, regenerating the environment, regenerating the water bodies, doing whatever we can to make sure that we are ourselves, green certified in every single aspect of what we do. So, I think that's our approach towards ESG. I'll just give you a sense of recognitions, and I'm sure this is something you can have a laundry list, but we have a ton of recognitions going just because the way we engage with our partners and vendors, they think we are a reasonable company to deal and to do business with. But the award which really soothes me, soothes me no end is this one, okay? And I think all of us would do whatever it takes to be recognized as a real company trusted by every single constituent that does business with us. Because trust is a single biggest barometer of people coming back to you, for your employees to be working with you, for your vendors to be engaging with you and doing business with you. For your partners to look up to you and believe in the fairness of your processes. And I'm really humbled that the relevant forces in the market, believe we are a company that is really up there from a trust perspective, and I really respect and I accept this with all humility and make sure that we are able to discharge our commitment towards this.

That's all I wanted to talk to you about. I hope you've got a good sense of who we are and what's happening in the market and how we are trying to sort of play our game. All my leadership team is here. We can have questions on geographies, territories or any function or anything that you can have or any comments to make, any advice, and I'm more than happy to pick up any advice, like I said, I recognize the power of this forum. You guys are extremely, extremely aware and knowledgeable and I'd love to take some knowledge back.

Participant: **(Inaudible) (1:15:57)** So, like buying these cloud platform and redistributing it to SME clients or the guys who can't afford, let's say, complete cloud migration solution from a tech provider. Correct my understanding if I'm wrong.

Rajiv Srivastava: Totally right. And my apologies, I missed to introduce one very important person on the team, Rakshit. Rakshit, you are around somewhere? Rakshit? Rakshit runs our cloud business, and I'll leave it to him to answer that. And I'll reinforce your understanding. It's not 80%, it’s probably more than that, which is a cloud resell today, okay? Like I talked to you about what is today and what directionally that we are headed to. But Rakshit, please go ahead.

Rakshit Bhatt: Good evening, everyone. So, I think a very interesting question. And your understanding in terms of reselling is absolutely right. What do we do in the SMB, SME space for cloud adoption? Now when we connect with our partners, so Rajiv was mentioning about 2x partners and 5x customers, right? So, what are you doing? You are in a way influencing the partners to improve in the cloud consumption. Now what's happening is the partners are not only about reselling and consuming. These partners and the core to cloud business, what do you think about enterprise as a large SI player, right, their ecosystem is thriving on the technical presales ecosystem, right? And in cloud business in Redington, what do we do? We have the technical presales ecosystem for these partners who are playing in the SMB space.

And see the connection is as follows, then we are also linked with the hyperscalers, correct? So, 2 are Microsoft, 2 are AWS to improve on their market reach in India. It's not only about consuming. How will they consume if they don't implement? That is where Redington plays a role. And that is where there are programs we partner with hyperscalers in terms of you can speak about assessment to migration to modernize, right? That's the first part. The second part is the professional services element of it, where in the professional service element, through the partner ecosystem, now in this forum, I can only state that there are a set of partners with whom we are working very, very closely in terms of looking at the co-sell model of services, right? What is there with them, what is not with them and how can Redington do it? That's the second part of it.

And then third part of it is the recurring customer base. So, there is a huge customer base. If I look at the Tier-2, Tier-3 cities in India, who are really looking at managed service in a pay-as-you-go model. They can't afford people, but they can still afford a small aspect of services. That's what Redington cloud does today. I hope I answered your question.

Participant: (Inaudible) (1:19:18) onetime revenue or it is also a recurring revenue like once anybody has taken a cloud package or any cloud subscription through you? Whether your revenue will continue till the time the subscription continue or you can renew directly? And secondly, in terms of like the solution, is it a onetime solution like once you help a customer migrate to the cloud, and then over the period of time, he can run his affairs on his own. So, these 2 things also, if you can elaborate, that will be great.

Rakshit Bhatt: Very interesting questions. So, from a revenue model perspective, Rajiv kind of showed a glimpse about our ARR, right? So, within the ARR, so as it happens in every business, so there is a component of a banked revenue in it, right? So, in our business, it is about acquiring new partners, new customers, it is also about retaining the current partners in those customer sets. So, one of the parameters for my teams across India is also about retaining customers, correct? So, that's on the distribution side. So, the subscription continues.

And we can have a wider discussion outside, no problem. So, if you look at the product lines of Microsoft or a product line for AWS, what happens is there are some of the business lines who are easily shiftable, right? A partner or a customer can easily shift. But there are service lines where the shift is not very easy. It requires a technology transition. So, both aspects are covered by our business. So, I would say, to answer your question on the distribution on that side, there is a bank revenue attached, the renewal factor is there and there is net new attached. So, all 3 combine to our new revenue pool, where we are looking our month-on-month or year on year growth.

Now to the solutions side, a very interesting question. I will say that there are a certain set of solutions. Now my answer will be catering to India and the regions we cater to. And if you look at the maturity of the markets today, and as Rajiv said, right, it's only 12% to 15%, which are there on the cloud. And if you look at the enterprise customers, they are there. If you look at from an industry vertical perspective, let's look at the industry vertical, banking, finance, insurance, even in the BFSI, insurance is late, but banking and finance, banking has really gone up. Now what is my solution when I go to a banking industry, okay? Now think about working with AWS on one side and this big fintech platform on the other side. So, what will a fintech platform look at? A fintech platform will look at acquiring all the major banks in India. Where is Redington in this? Redington is enabling all this, one from a consumption perspective. Second, there are some of these fintech platforms who further need in terms of their internally, they have become so huge, they still need to migrate at some aspect. So, there are solutions. So, my focus today, if you ask me what is my top focus, assessment, migration and cloud security. These are 3 answers. Am I too focused on modernization today? Absolutely, yes. But do I see too many leads in the Indian market today on the modernization aspects? No, in this space we play. I hope I answered your question. Thank you.

Participant: I have a few questions. Some of those questions got answered. But normally, when it comes to the Indian market, so an AWS or Microsoft, don't they directly deal with customers? Or is there a level of size of companies that they will deal with directly? Where does that cutoff comes where they stop dealing directly where players like you come in? And are you the only player or are there any other competitors? So, can you name a few of them? So, that would be very interesting.

And similarly, if you see a geography like U.S., does this happen in U.S. also that there will be a set of customers that AWS or Microsoft will not deal with directly, and they will have a Redington kind of a company in the U.S.?

Rakshit Bhatt: Very interesting question again. So, let me put it this way. Now if you look at the big hyperscalers, the top 3, Microsoft, AWS, Google, let's talk about them. All 3 at the end of the day are selling cloud, public cloud. And within that public cloud, what you have at the back end is the data center. What they are also selling is availability of applications. What they are also selling is uptime, right? And now coming to your question, so why I was relating is, every cloud provider has a different model. Now the reason I bigged up on this kind of give you a view of how they sell is because if you take Microsoft, so they have enterprise as a business line for them, where they directly do with enterprise large-scale customers. So, their sales force or their account management team is focused on those large accounts.

But do they have the market reach, their sales coverage in a country like India? And when we talk about geo. So, you differentiate, how do we differentiate? So, enterprise, they do directly. I'll give you one more aspect. Even within enterprise, some of the enterprises are so large, those enterprises behave as different organizations within them. And there is a subset of those enterprises, which have no one to handle. So, I can just state in this forum that when we talk to Microsoft, we also talk about enterprises at a sub-enterprise level. As a cutoff, what happens is when it comes to geos. So, I'm talking about the Tier-2, Tier-3 cities in India. That is where player like us come in, in terms of improving the market reach, in terms of taking the solution ideas.

Rajiv Srivastava: I think I can supplement. I used to work for Microsoft for a few years, not many years, a few years in between and also HP for a long time. All of these companies, Microsoft, HP, Google, everybody has a list of accounts, list of customers. And they are really the largest of the large customers. I don't think they make a cutoff that I must handle 100. I think first cutoff for them is global accounts, okay? Accounts like Nestle or Citibank, those kind of accounts become really the large accounts for any of these organizations.

So, their first cut off is Fortune 100, that becomes a direct engagement for them. Now you've got to separate engagement and fulfillment, okay? I may engage directly, but I may fulfill through a partner, which is what happens in most cases. So, most of these companies, they will cut off at 100, 150, 200 of the largest accounts in the world. If you take an ET 500 today in India, that's where they will cut off at a 500 or 300 or something like that and they won't go beyond that. Even in those accounts, now the selling motion is very complex because it depends upon who owns the account. If you are trying to go and sell, we are sitting in the Reliance Jio Center. If you're going and sell into a Jio, a Google may want to come and sell it, but the account may be owned by TCS, right? And so then the whole orchestration becomes very different. But most companies try and have a direct relationship or engagement focus on the top 100 to 150 accounts in the countries.

Participant: So, the second part, who else is doing this in India?

Rajiv Srivastava: Who else is doing this in India? Companies like Ingram, Ingram is doing it in India. A distribution company, Ingram also is doing that in India. And yes, is there anybody else?

Rakshit Bhatt: So, from a compete perspective, we have Ingram, Tech Data is there, Crayon is there. So, they play in different markets at a different level. But I will not state who is the direct customer who's doing volume equivalent to us? But the only thing I can state here is, if I talk about the hyperscalers today, and the information is there in public domain, we are in strategic tie-ups with the hyperscalers long term.

Participant: That is not exclusive, right?

Rakshit Bhatt: It's exclusive in India.

Participant: So, it's like in your agreement says that they will not tie-up with anyone else?

Rakshit Bhatt: No, it doesn't say that. But if I talk about the current fiscal, it's exclusive.

Participant: No, I'm just trying to think what exactly do you bring on the table? There could be anyone standing up and saying that I'll do this for you, and I'll do it cheaper because let's say Redington is charging X, I'll give it to you 10% discount, let me do it. So, what exactly are you bringing on the table which differentiates you?

Rakshit Bhatt: So, there are 2 parts. See, to the first question that was asked to us. If you talk about the distribution business, the question that you just asked me might be applicable to some extent, okay? In terms of you might say there is one company Redington who's offering X discount. I'll go to another organization which is offering Y discount. But when we talk about the space we are handling, the SMB and the SME space, these are not very low-ticket size numbers. Even these customers, they don't move and move out every day just for a 1%, 2%. There is a stickiness attached to it. So, that's why I was answering my question is that when we do distribution, we also do technical presales because there is a level of technology support that is going on in terms of cloud adoption.

So, a CTO or a CIO will not blend his decision on a 1%, 2%. He will blend his decision on what is the architecture capability that was brought on the table by Redington and enable. I hope that's one of the differentiates I can really think of and that I apply daily.

Ramesh Natarajan: The question is we've got a lead advantage of over 7 years over the other competitors here in this country. Two, the base of customers and the base of partners that we have built as an ecosystem and has been relevant and sticky to us and who has probably grown their businesses because of our collaboration with them for the last 7 years and more have bought a lot more time for anybody to catch up. So, we've got a leadership advantage here. And hence, there is a lot of investments by the hyperscalers for us to try and grow our businesses in much more multiple times the next 3 and 5 years, which is where I think Rajiv talked about $1 billion cloud organization by a certain time frame, okay? So, that's the lead advantage, which differentiates us from the pace of ecosystem they've already built. So, I think they are on a catch-up mode. And I think in my observation, they are about 3 and 5 years behind or at least 3 and 4 years behind.

Rajiv Srivastava: But look, I would never tend to look at it as a competitive world. What we said was globally, 12% to 15% of the migration has taken place on cloud. In India, it is a single-digit number. So, the market opportunity is 91%, 90-plus percent. There is no hope and help for Redington to convert the market. No chance we can do it. And you figure out any industry you go to, you go to motorcycles, you go to scooters, lamp, shades, whatever industry you want to go to, there isn't one single and competition is good for the industry. We need it because it allows you to proliferate the concepts. We are at a space right now where the concept of cloud selling has to get more and more and more and more proliferated. We need more Crayons. We need more Ingram Micro and we need more of Tech Datas to start to help us proliferate. Our differentiation will build. We are building the way you mentioned about making sure that we are technically sort of more capable.

And something that consumes me is just that point, how are we trying to become more relevant to our customers in the tech domain? That's all my thing is. Don't worry about Ingrams and Crayons because the market is so huge right now and whoever does a better job of capability creation is going to be the real winner in the marketplace. And that's who we are. That's exactly who we are. Nothing else we are trying to do, okay? Because the market size is right now, so early stage, so nascent and so huge that I think we need people to step up and say, "look, let me go and position cloud more and more to more and more customers." That helps all of us.

Participant: **(Inaudible) (1:32:04)** $190 million you showed as recurring revenues, right? So, that is recurring in the sense that for how long it is recurring and so that is only going to grow from here, right, $190 million?

Rajiv Srivastava: That is right. Recurring means it gets renewed every year. You still have to do the work of renewal because like I said, in subscription, somebody can say, I switch it off tomorrow. I don't want to buy it, and it can be off. So, the dynamics of the industry are a little different, okay? When you have a hardware product, you can't switch off because you have the product. So, you got to pay for it. But when you have a software product, like I said, I gave the example of Zoom for myself, I also have Adobe license similarly, okay? Then I can switch off and then somebody can't pay.

So, the way the industry works is, it works on a mechanism of trying to step up how to ensure customer stickiness and customer consumption, consumption and adoption rather. So, I consume, but I adopt as well. And so when it comes to the end of the year, I'm so dependent upon it that I must continue to use it. So, I think a lot of conversion, about 70% of conversion is automatic. The balance 30%, you've got to work for it. Some will get lost, okay, out of $190 million, maybe 15%, 20% will get lost. And so you got to find net new the way Rakshit was mentioning. So, you got to create net new. That's our last year revenue. This year is going to be a dramatically different number.

Participant: And in your presentation, you showed that since last 15 years, your revenue has grown at 14%, EBITDA at 16% and PAT at 18%. Do you feel that still the EBITDA and PAT growth will outpace revenue growth in future the way things are?

Rajiv Srivastava: I really hope so, yes.

Participant: And then most of the people feel that your margins are at peak.

Rajiv Srivastava: Look, that's a deeper sort of a question, and I don't want to trivialize or be very superficial about it. Margin is a combination of many things, just the way it is a combination of many things in your businesses and the businesses that you guys run. In our business also, margin is a combination of many things. It is a combination of all the cash things that you saw, all the operational excellence things that you saw. So, there is an operational excellence element to margin improvement, okay? When you're trying to grow your revenue and EBITDA and your PAT, you're getting operating leverage, which is going back. The more you can control your Opex, the better your operating leverage you can get, and so you can get that. So, there will be one part of the operational excellence element that keeps coming in because of that.

The second part of it comes in because of the business mix that you have. You have a business mix, some products in your business mix are less remunerative and less profitable. Some products are more remunerative and more profitable. My ProConnect business is more remunerative. My solar business is a double-digit gross margin business, whereas every other business is less than that. My services business will hopefully be a much, much, much more remunerative than anything else.

So, I think the way we have to think of ourselves today is how do I pivot my product portfolio and my geos, some geos are more profitable for me than other geos. So, we have to constantly think of ourselves as reverting across the dimensions of product portfolio, operational excellence and geo coverage, which allows me to have a nice healthy blend. And that's the reason I said I really hope so that we can continue on it. If I continue to do exactly the same thing that I did forever, they'll be ahead.

Participant: So, services as a percentage right now is how much? For example, in cloud, I understand 10% is services

Rajiv Srivastava: No, it's not. 10% is not services. Services right now about 2% or 3%, okay? It's not 10%. Our attempt is to get towards 10%. And once I shift that, then you'll find a huge shift in margin profile. On an expanded cloud revenue a 10% of services revenue at a 30% gross margin, and you can do your calculations yourself. So, I think we've got a whole sort of complex algorithm going behind our margin management.

Participant: I'll go ahead with the question. Sir, in the presentation, you talked about becoming #1 digital technology distribution company. So, what is number one? I mean, can you be a little specific, is it by revenue, market cap, profits or anything?

Rajiv Srivastava: I can't control market cap. So, it's largely by revenue and how we want to think of ourselves as a technology distributor. If you look around the globe, you'll find that hardly any distributor has such an intense focus on converting their business to a digitally denominated business, which means, like I said, all the journeys that we've got, vendor, customer, partner, employees, all the journeys that we've got should become highly tech-enabled. And that's where you're trying to rush towards that make it so easy for every single stakeholder of ours to engage with us that they naturally start to do a lot more.

And there are many other things we have to do, it’s not only technology, we have to do engagement and relationships and all of that and capabilities. But we're trying to say that if you enable all these journeys in a very good way and continue to do all the other capabilities that I talked to you about, hopefully, we'll be in a space that everybody will deal with us in a very digital manner because that's the way the world is moving right now.

Participant: So, I also want to understand how do you see this distribution business in the medium to long term? I mean there are a lot of pushes and pulls in the sense we are seeing, as you said, omni channel and D2C and so on and so forth. So, we also had GTM change for one of the clients. So, in the medium to long term, how do you see this distribution space evolving? Do you think that this will present a lot more opportunities? Or you think that the adjacencies can scale up significantly like ProConnect and other businesses? Which will be the way to pivot your business?

Rajiv Srivastava: I'll just give you an answer. I'm just making a note of 3 questions you asked. And all 3 of them are different, right? Each one of them is a little different. I'll give you a sense of your second question, which is online. Let me answer that as the first question. And I'll talk to you from a lot of experience on this because I used to run online business for HP for many years in the region. Apart from other GTMs and I also used to see the way consumer online behavior has evolved in countries of Southeast Asia and China and Japan and Australia.

Now for some reason, for some strange reason, Europe is not heavily dominated by online, okay? Neither is Australia. The country that adopted online the most was China, okay? And they use to buy products. Suddenly JD.com, Alibaba and Dudu, 3 companies, they came up. And overnight, everybody saw the business shift towards online. So, much so that in a very short time over 1.5 years or 2 years, the consumer PC business and the phone business shifted to almost about 60% online, okay? And then at 60%, it stayed for a bit, and now it has come down to around 50-odd percent. So, there is a plateauing of online. In India also, if you see, in 2014, when online started through Flipkart and Snapdeal at that point in time and then later on to Amazon, when it started, it went up a significant amount earlier. It was started small, about 15%, went up to about 45%, and it's come back to about 28% to 30%, okay? Every market has a plateauing effect of online. It is not a one-way uncontrolled growth engine. And the reason for that is because each one of you in this room, you want choices of buying patterns. So, the model which will evolve and serve, and that's the reason we didn't say online, we said omni channel. The model which will continue to sustain and survive is an omni channel model, which allows customer choices, okay?

So, I'm less concerned about online because we play in the online world. My digital platform allows you to buy online. So, we are in a place where we are building capabilities, like I said, to give you the choices that you want, okay? So, that's one thing out of the way. The second point of yours about how the distribution business is evolving? And look, that question has been coming to me earlier when I was not in this company and even now when I come in this company. And if you see with all the pulls and pressures of distribution, the pulls and pressures of distributions are disintermediation. Why should I give 2% to a distributor when I can sell directly, okay? And you take a look at markets after markets after markets across the world, distribution business has only become stronger and stronger and stronger. Not one country has reduced dependence on distribution. Every country has only increased their dependence on distribution, which means there are inherent benefits of reach, customer centricity, partner management, marketing services, demand generation, whole range of things. Like I said, 290 brands, only 15 we can manage, the balance have to reach somehow.

How will those brands reach the market? They can't reach the market on their own. They can't create a high-cost infrastructure to reach the market. So, those are the reasons for which, the whole emphasis and the distribution business has continued to thrive and become stronger and stronger and stronger. In every product category you can think of, whether it is soaps, it is televisions, white goods, it is technology goods, it is phones, it is motorcycles, whichever you can think of. Hero Honda can go to customers directly, but they don't, right? I'm sure if I have to buy a bike, I can pay online and say, look, send me a bike, but I don't do that. Nobody does that, right?

So, you'll find that, that space, again, for reasons of reach and so many reasons, so many value additions are there because of which the distribution business only continue to become stronger. In the part of world in which we exist, there are even more inherent reasons. And I think Krishnan explained it beautifully when he said, we are a mini bank extending Rs. 62,000 crore of credit every year. Find any other one who would take a bet on a partner in Lagos in Nigeria for selling $100,000 here. You won't find anyone. And there are many, many, many, many such reasons. Even in Delhi, you won't find. In Mumbai, we had a partner meet just before you guys came in, we had a partner meet and the discussion around that was, a lot of discussions from partners was, how can I get credit more. I can grow my business, but how do I get credit more, okay?

And there are many such examples, reach, coverage, logistics, supply chain, expertise, technical, talking to getting building other expertise from us, knowledge, all of those, right? So, those are the ones. The adjacencies that you mentioned about are relevant, are real. And we've got to be very thoughtful and considered about what adjacencies can we play in? Our services is a natural adjacency. Some of the products in the tech world are natural adjacencies for us. And like I said, we do accessories all the time. We do watches, we do wearables, hearables, all kinds of things we do. So, I think there's a whole ton of stuff that is possible in the adjacency world that we should be thoughtful about. And we are very, very, very focused on. One of the growth factors for us is adding new brands and adding new products sort of thing.

Participant: Could you speak a little about direct-to-retail? I think the third point you mentioned on digital distribution. So, if you think of the business, you go through sub distributors and then go to retail. And now we're thinking of direct-to-retail. So, if you could just give us some color on where are we on this initiative? And how are you thinking about executing on this?

Rajiv Srivastava: I'm going to defer that question to Ramesh. He is running a very strong initiative right now in India on D2R. So, Ramesh, all yours, man.

Ramesh Natarajan: Thank you. Good question. In the same lines of what Rajiv was talking about disaggregation, what value does any aggregator bring to the table? And I think from the point of direct-to-retail, what makes data from the point of sale to be captured in relevance to the demography, in relevance to the product structure that keeps going in those markets, in relevance to the seasonality that gets to be brought in, in that area, your customer profiles, your buying patterns are certain elements today, which is compelling the OEMs, the alliances to work with this to get a direct-to-retail, which is far more digitally enabled so that a lot of these data getting captured as analytics throws back a lot of insights on your product design or your product costing or your demand forecast or your time to market, which is when direct-to-retail becomes a lot more smarter as against a 2 Tier-distribution structure.

Now there are 3 elements of class of retailers. Now if you look at brand exclusive retail store, they are far more evolved in terms of whatever we spoke on those 5, 6 parameters. And there are multi-brand stores who are obviously evolving, still contributes close to about 50% to 60% of this market minus the large format, minus the direct-to-retail. See today, sub distributors or the second-tier-distributors just about brings in only credit. And mind you folks in the last 12 quarters when the market was wriggling for supplies, none of those Tier-2 really could get the capacity, and we were the ones who the Tier-3 or the point of sales that was looking out for stocks had to rely and depend upon. And hence, a lot more connect closer to the customer if we can get across, that is making direct-to-retail a compelling proposition moving forward. Now we are as good in our today's model, catering to a good lot of Class A retailers because of the kind of financial processes they have, adequacies, capital adequacies they have. We're working towards a lot of fintech ecosystems coming across to us, helping us to make good the credit management for Class B and the Class C retailers, which is nothing, not only metro but it's also about the Tier-2, 3 and 4 markets. We're slowly getting there, a good lot of the top end of the pyramid has been brought inside the direct-to-retail. In the next couple of quarters and year, we should be in a position to get a lot more into the ecosystem.

Rajiv Srivastava: Serkan, do you have any D2R in your country?

Serkan: On the online channel, we have a similar situation. And together with the increase of the online sellers, we are serving to the partners who is making the retail business on the online with the logistics services, with the technical infrastructure services, and we help them to develop their businesses with the infrastructure that we provide them in the market. Just a few years ago, there was not a channel, we call them marketplace players. There was not a channel like that. And last year, we made a $100 million revenue with this newborn distribution channels. So, together with the increase of the new go to ways to the markets, we are going directly to the partner sets to support them to develop their businesses.

Rajiv Srivastava: Okay. Vish, anything from you?

Participant: So, if I can just follow up. So, you have the business wherein you go direct-to-retail, does it mean that in terms of working capital funding, that's done by NBFCs, right? That's what you would ideally do. And does that mean that what credit you would normally give a sub distributor, that sort of saves you on capital? Is that the end state? And the second thing is where are we on the journey? How many retailers do we have today? And how big is that as a part of the overall business today?

Ramesh Natarajan: I think a good part of, as I said, Class A retailers is already on, not too sure what percentage of it, but it's a fair percentage, a double-digit percent is already on board. But the question of working capital, will it get reduced? Yes, it can get reduced. And yes, it can also grow more depending upon the point of sales. But the whole advantage of direct-to-retail is the retailer doesn't need to have inventory in his stocks. He can obviously look at inventory just in time from us, okay, on a daily basis, having 2 shots of inventory, one in the morning and one in the evening.

So, predominantly, we're giving an advantage that direct-to-retail need not have retailers to stock huge amounts. You can probably look at it from 1, 2 and 3 days and be in a position to replenish the inventory on a regular scale. And that's what Serkan brought in, it's mobile warehousing or city hubs that can help support the retailers around that space on everyday inventory dropdowns, everyday collections, which makes the direct-to-retail a lot more faster cycle turnarounds. And of course, it saves us. But what it might bring in a little higher cost, but that's exactly when you disaggregate one single layer, it helps us to try and make good that part of the cost in terms of serving the direct-to-retail market.

Participant: So, I'm just wondering with cloud migration and growth of hyperscalers, how do you all think about the risk of some of these large guys directly sourcing their enterprise IT needs from the brand without going to a distributor like you guys?

Rajiv Srivastava: They do it all the time. There are a lot of large accounts. They have a direct relationship, both engagement and fulfillment is direct. A lot of accounts have got that kind of a bank behavior. And that's existing in the market. Like I said, the equilibrium of the ecosystem is 80-20 indirect-direct. So, that's the way it is staying for many, many, many, many years in the last so many years, and it doesn't bother us because that part of the business, like I said, their contracts with a lot of global accounts of these not only hyperscalers, but any global provider like a Dell, HP, their contracts with global accounts may permit them to only sell and supply and manage them directly. And so they would be doing that. They will be forced to do that. In case the accounts or the contracts are not like that, then it's okay for that brand to say, okay, fine, I have an indirect sort of motion in that account. But it's been happening, there is a nice healthy sort of a balance here.

Participant: Is there a way to get a sense of what percentage of revenues or what percentage of business which sells, let's say, server-specific equipment could be at risk if more moved to the hyperscalers who would just source directly? I mean is there a way to size that?

Rajiv Srivastava: I'm sure there's a way to size that. We wouldn't have done it yet, but there could be a way to size that as to the way the acceleration of adoption towards cloud is happening or will happen, we can project into the future. We know the server industry, we can say how many part, what part of that server will go directly to hyperscalers. But think of it this way, a lot of these hyperscalers, not always they buy directly though and they don't always buy the most branded stuff. One thing which cloud has said is, would you know on which brand of server does your cloud infrastructure runs, you would not know. None of you would know, okay? So, in a way, it is de-branded the industry. The only brand you're worried about is what works with you on your access point. So, you're worried about your laptop brand. You're worried about your phone brand. But your server brand you won't really worry about. And that's true for so many of these back-end data center cloud providers. They said, look, leave it to us, we will manage your infrastructure, the uptime of your infrastructure, leave it to us. And they don't necessarily buy direct all the time. They buy it through people like us. Amazon does that, so does Google, so does Microsoft, sometimes they buy directly, sometimes they buy indirectly. There are all kinds of motion. Like I said, it's a nice healthy sort of a good balance, the universe is steady.

Ramesh Natarajan: Rajiv, can I give an extension of that statement on your first question. The top end of the pyramid always, as we are speaking about, gets to adopt technology faster. And hence, a lot of these listed accounts or named accounts are predominantly with the OEMs. But you always look at a customer triangle. If you take the top end of the pyramid, which contributes huge volumes, but look at the customer base between the mid-market and the lower end of the segment SMB, that is a real large set of customer bases, which is where we as Redington, play a larger role of bringing the tech adoption faster. It takes a long time for the SMB at the mid-markets to adopt. Look at the conventional technologies where we have been in the last servers, storage, networking, so on and so forth, the quantum of business which goes direct is probably as what Rajiv says about 20%, 25%. The base of mid-market in SMB is the larger 70%, which is being managed by us. The same story will hold good for cloud in some time to come.

Participant: Can I go ahead?

Rajiv Srivastava: There's one at the back. Yes.

Participant: Just wanted to understand what impact would it have? A lot of these laptops and hardware brands, they go direct-to-consumer. I'm thinking about, say, Apple opening their own online store in India, you already have Dell and IBM, and others do the same thing, right? So, how does that impact your business? And secondly, even with Amazon, you have these stores that are storefronts for these brands. Again, how does that impact your distribution business?

Rajiv Srivastava: This happens every quarter, if not every month, yes. Some brand wakes up and says look, I must go direct to this route, disintermediate Redington, disintermediate Ingram, let me go direct. Apple did that last year, Lenovo did that, Dell did that, Acer, 4 brands last year. In some part of their go-to-market model, disintermediated a distributor, okay? And they said let us go directly to some of these players.

And we should never grudge that because brands will do what makes sense for them, right? They're not wedded to Redington, they're not wedded to Ingram. They're not wedded to anybody else. They are wedded to themselves. They got to make themselves successful. If they find that one particular go-to-market has not been serviced well or served well or is not as remunerative as it should be, and they want to make a choice, we should respect that. And I would do exactly the same thing when I was on the other side, like I said, I ran HP for many years in India. I would do exactly that. I won't be sensitive to anything else because I would be sensitive to making sure that my business is healthy.

And what now and when I'm on this side, I can't grudge that. So, the only thing we have to be doing or we have to be thoughtful about is what are the other strategies we are adopting in our business to mitigate the downside of anybody taking some business away from me, okay? And I'll talk to you in a bit about that, we are not a company which is dependent upon the largest of any brand for that matter, okay? We've got to figure out our own strategies, our own roads, our own go-to-market approaches and our own market segments to continue to be healthy and happy.

When these 4 brands went direct in some part of the GTM, okay, Apple, Dell, Lenovo and Acer, like I said, 4 brands went like that. Last year in India, we had what, a 20% growth over year, 21% growth in India. Because you could reimagine your GTM to continue to grow. And I think that's the right way of playing it as well because I don't control every other company's GTM models. We control our own approaches to make sure that we are always staying ahead of the curve and growing no matter what happens. And there's enough spaces in the marketplace.

S. V. Krishnan: Just to supplement this, some of these GTM changes will also be helpful for us, not necessarily –

Rajiv Srivastava: They will be helpful.

S. V. Krishnan: -- every time that it has to be adverse for us.

Participant: Can you elaborate on that? I mean, why did you say it could be helpful?

S. V. Krishnan: I mean it is possible where some of the brands will change the GTM where they can reduce the number of distributors, the accounts which they are driving directly, for some reason, they did not find that to be useful or remunerative, they go through the distribution. It has happened and it has helped us, and it is part of the game like that is adversely impacting us. There is also vice versa that's possible.

Ramesh Natarajan: The great part in time is that in the last about, let's say, when demand was chasing supply over the pandemic times, with predictable payment cycles, there are some OEMs who went direct to certain GTMs. And come back to normalization times, I would have to admit that certain GTMs have come back to us. Now it's all about how much predictable one can be on the cash flow. To that extent of margin, profitability and working capital, it gets managed, failing which it obviously gets pushed back to the extent of how we can manage the working capital so it's far better on a large scale of economy, there's an acute advantage that we bring to them as well.

Participant: And on your cloud business, you spoke about how you're focused now on the services side, on cloud assessment, migration and services like that. But that seems to be more a large enterprise kind of service offering. So, I was curious that you said that your focus on SMB and the large enterprises are anyway catered to directly or through system integrators with relationships globally. So, how should we think about this?

Rajiv Srivastava: You're answering that?

Rakshit Bhatt: So, I think, again, we spoke about enterprise and large SIs, right? But the question to ask here is, are the large SIs, do they have immense capability, right? And if you talk about migration, assessment, modernization, when we talk about large SIs, I think they are real well solid engine carved in, I come from a large SI, by the way, from experience.

So, where do we play a role? But let us ask us ourselves a question. Are the large SIs focusing in this space that we are running, the SMBs and the SME? Are they giving them the kind of service what they are giving to an enterprise today? As R.N. said, that space is not being catered to. If you look at the hyperscalers as well, there is where hyperscalers probably have started looking at Redington to play in that space. And that is where I say solutions.

***Participant**:* *But isn't it very difficult to* (Inaudible) (2:01:01)

Serkan: I would like to add something here. There is a general misunderstanding about the cloud services. Everybody – not everybody, but lots of people think that when you migrate your systems to cloud, it is a kind of plug and play and everything is solved. It's not like that, okay. You rent a place or a capacity from the cloud server, a storage area, but somebody has to run the system anyway. Somebody has to optimize the daily operations. Somebody has to look at the new security requirements of these cloud services, whether even if it is in the cloud.

And in the big enterprises, for the biggest ones, let's say, the big guys like Amazon or Microsoft is going direct, okay. For the other enterprises, maybe they have some very good technical teams that they can manage their own cloud system. But for most of the SMBs and the enterprises, there is not that kind of a technical knowledge, and they need some services and our partners, in general, is the parties who is giving the services and they need our support or sometimes we give directly services or the education for the people in our partners, in the SMBs or the enterprises. So, there's a huge area of the services. It's not only for the plug-and-play game, but not for the big enterprises, very big enterprise maybe, but huge for the SMBs and the other enterprises.

Rajiv Srivastava: Look, I'm really mindful of everybody's time over here. We are on the time. Is there one last question that we can answer. I'll try and wrap up after this one last question.

Participant: Couple of questions. Start with just on the services piece, actually. When you sort of say you build on technological presales capabilities and all those sort of things you work with the partners, generally, I'm just trying to get a sense on, isn't that the case that your services arm in a way may end up competing with those service providers sitting on the partners or on the resellers part? I mean, where there is a line drawn between you guys and the service providers and the partners?

And also, when you say you're building technological presales capabilities, what does it take? For example, is that number of people you will hire are going to increase significantly? The certifications are going to increase significantly? I mean what does it take probably to build those capabilities to scale those capabilities?

And the last question is since you're talking about cloud in India and cloud abroad as well, are the approaches or are the market segments really different or the approach is generally the same? For example, if you have to scale up 2x from here on, probably you will need X amount of people in India, X amount of people outside India. And hence, the approach largely remains the same. I mean, some color on that will be helpful.

Rajiv Srivastava: Okay. I can give you a sense of each one of them right now, okay? First is, are you competing with your service providers in the customer bases that you are trying to play with, play around in those. See, think of what a customer requires today. Till yesterday, if you wanted to set up an IT setup, you would probably buy a server, storage, some software application and generally you do that. But today, when you talk of setting up any IT infrastructure, any set up, then you have a server, you have a storage, you have network, you have cybersecurity, you have some applications on top of that, so on and so forth.

The number of elements that are required to manage a bill of material or a solution sale is far higher, okay? And lots of service providers will try and say, look, we can do all of it, but very few hardly and classic companies like ours, which are classic tech aggregators, if you will, because we've got all the brands. We've got all the products with ourselves. We are a classic tech aggregator. So, that's one way of trying to think of it that, how it is a collaboration versus not a competition.

The space In the ma'ket, like I said, and specifically in the services domain, if you want to think of cloud is sub 10% versus 90%, right? And tha''s a huge amount of space which is open–-whichever customer you go to today, whichever partner you go to, or whichever partner takes you to a customer today, yo''ll find that there are tons and tons over tons of open spaces. And let me give you a live example from your perspective.

You go to an HDFC, okay, HDFC Bank or you go to Mahindra & Mahindra or you go to any of those players, they would have one uber system integration partner who is working for them or with them. But then they got tons of small, small, small, small applications within their account which are not getting served by anyone, okay? And somebod''s got to do them. So, there is going to be a coexistence or multiplicity of partners in every large account space since you refer to large accounts, i''s multiplicity of partners in those large account space. So, i''s not that there's never going to be a competition, i''s going to be who can uncover the opportunity and build deep technical domain capabilities to solve for that specific space that yo''ve got. So, tha''s one thing.

Second is you talked about technology, technical presales, certification, capability and all it. I''s a peopl''s business. Services is a people's business. You need to acquire the right talent and you need to equip that talent with the domain in which you need to serve, or you want to serve with your technical capabilities and competencies, and you need to make sure you're enhancing or upgrading their technical capabilities forever annually okay? Technology is not a static thing, right? It keeps upgrading. It's a people's business. And our job is to make sure we acquire the right talent, like I don't know if I've said that, we acquired lots and lots of people. In the last one year, we've acquired many, many people in the cloud part of our business or in the services part of our business, which can help us go and sell and do services and management of services for these customers.

Between India and Middle East, is the approach same or different? It is similar. Similar approach because the engagement will be different because the customers are different types, the locations, the geographies are different, countries are different. The way you engage may be very different, but the competencies we are building is a cross-company competency framework. I can't build a different competency in every country because that will be incredibly expensive and not leverage on anything, and we'll be operationally extremely inefficient. So, we are building a technology capability just the way any other service company would do, which allows me to serve multiple customers for the same kind of requirement across geographies and persons.

Participant: Sure. Just one follow-up on that. So, basically, I get that point of services being a people's business. But can you give some color in terms of your hiring plans going forward to reach a certain scale because there is some linearity you agreed towards in the services business? And the second part is, is there a sort of a limit to which services business can be in terms of the overall cloud reselling business? For example, if, let's say, you reach to a X scale $100 in a cloud business, services probably won't go beyond, let's say, $12 to $15 because of the inherent nature of or the character of that particular.

Rajiv Srivastava: No, we are not ambitious enough to get to 15 out of 100. We are ambitious to get to 10 out of 100. So, we're saying if we can get to 10% of our services of the overall cloud business being serviced, that's where our ambitions are right now, and then we'll see how it grows, and we'll recalibrate once we reach 10%. Because right now, like we said we are 2%, 3%. So, getting from 2%, 3% to 10% is like 3x to 4x or 5x. If it is 2, then we are getting to a 5x business. So, our ambitions are not that large.

Look, I think we are not constrained by how many we will acquire, okay? As we scale out, we will continue to acquire. I think that last year, we have built up a force of about 200-odd people we've acquired in the technology part of our business, which is a combination of technical sales and cloud services, right? Because you can't just do one. You have to make sure you're advising, consulting, proposing, all of that, right? In that's space we acquired that many people. We are not going to be constrained by how many people will be required. We will be maniacally focused on getting to that percentage in our cloud business. Thanks so much.

Moderator: So, we have one question from an online participant. The question is on the cloud business. The question is, can we get more color on expected revenues for the next 3 to 5 years on the cloud business? The value-added portion, not the pass-through with the cloud providers? And what margins do you expect?

Rajiv Srivastava: I think we put it on the slide where we want to be on the cloud business. We said we want to be $1 billion in the cloud business over the course of the next 5 years, hopefully, we should get there sooner than that, Rakshit. So, don't worry, I'm not setting any quota for you right now. But hopefully, we'll get to $1 billion very soon. The cloud business in the products revenue gets you a 5% to 7% gross margin. The cloud business in the services domain gets you a 30% gross margin. Those are the numbers that we can share right now. Okay.

All right. Thanks so much. Look, I'm just going to round it up with 2 slides for you but let me tell you one thing. It's been a fascinating discussion. Really fascinating because the depth of questions was absolutely -- and I've made a ton of notes over here, depth of questions was absolutely great. You guys were probing on the aspects of business where we really need to be probed. And we really need to be up for scrutiny on those parts of the businesses, which are absolutely critical for us to get to on the services, on the cloud, on the transformations, on the changes in the market and really how Redington is trying to lift and shift our own game to be always ahead of the curve.

And I've got 2 slides to share with you. What is this slide? We talked a lot about that. Who are we going to be? What is our strategy going to be? And we said instead of trying to talk about brands like Microsoft and Amazon and Dell and Google and HP and all of that, we are a tech first company, okay? We will always be ahead of the curve. We will always be doing whatever it takes to bring the latest technology into the market.

The thing that we are really focused on is making sure that latest tech finds its way into consumption and usage faster than ever before. There is a rate at which tech gets innovated much faster, and there is a much lower rate at which techs get adopted. The more we can bridge the gap between adoption and innovation, the better economic and social value we will be able to deliver to our customers and partners, okay? And that plays to my point number one on driving innovation into market, bringing innovation to market faster.

The second is because all of you are driven by choices, you buy through a variety of choices. We got to make sure that we are always ahead of the curve on innovating our products and services are delivered and consumed to our customers. So, whether it is online, off-line, omni channel, it is services model, it is Capex, Opex, it is BNPL, whatever it maybe, you will find Redington as a willing and very capable learner and innovator in that space.

And the third is because we serve so many brands, we have an obligation to make sure we are doing more than just product positioning for them. And this is a range of services that we got to make sure we are always providing to them, a range of services on GTM, partner development, market development, whatever we can think of.

So, that's the business part of our strategy that we are trying to do. But there's a softer element to Redington, okay? And a softer element to Redington is this framework. And you heard me say talk earlier in one of my slides about trying to be the most admired company in the world, okay? We will get there eventually. And I'm hoping that we'll get this sooner than later. And the reason I'm saying so confident that we'll get there is because we are focused on it. And it takes many dimensions to get there. It takes a dimension of business, which is about the financial performance, about leadership, about innovation, about the way you engage with your customers, partners and bringing thought leadership to the table.

And then there is a huge amount of cultural dimension to it which is about how we deal with our employees, and you heard me talk about employee-first culture and how we would deal with all of you and also with our partners and customers and vendors and other stakeholders that we've got, okay? And how do we come across as a company, we just got a real nice, good social conscious in that.

And the third piece is how authentic we are as a company? And how is it that we do what we say, and we say what we do as an organization? And if you take away one thing from our presentation today, take away this slide, this is a driver for us. There is a slide which really captures the ethos of Redington today, that we are focused maniacally on making sure that we get to a point where every employee wants to continue to work and deliver the best for

Redington. Every vendor wants to do business with us because we are so innovative and thoughtful and every partner wishes to engage with us because we are a fair, nice, likable organization. That's what we are, and that's the slide that I really wanted to make sure that I showed you.

Thank you so much. It's been a long sort of a discourse with all of you. But I really like the interaction, and I appreciate the fact that you took time on the evening to come and engage with us. Thank you so much. Are we inviting everyone for dinner whatever? You want to come up?

Moderator: We would like to thank each one of you. Thank you so much. Have a wonderful time. Dinner will be open shortly. We invite you for the dinner. Thank you so much.