

Redington (India) Limited

Notes to the Statement of Unaudited Standalone and Consolidated Financial Results for the Quarter and Nine months ended December 31, 2020

1. The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors of Redington (India) Limited (“the Company”) at their respective meetings held on February 8, 2021.
2. The above financial results comprise the Unaudited results of the Company and its subsidiaries (collectively referred to as ‘the Group’) and the Group’s interest in its associates.
3. A Limited review of the unaudited standalone and consolidated financial results of the Company has been carried out by the statutory auditors. A similar review of the financial results of the subsidiaries / associate has been conducted by the respective statutory auditors, as applicable.
4. The above financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “Interim Financial Reporting” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).
5. The Group is engaged primarily in the business of Distribution of Information Technology & Mobility products besides supply chain solutions and after sales service. As per Ind AS 108 “Operating Segments”, the disclosure of reportable segments, “India” and “Overseas” have been made in a manner consistent with internal reporting made to the Managing Director who is the Chief Operating Decision Maker for the Group.
6. During the quarter ended December 31, 2020,
 - a. Redington Gulf FZE (‘RGF’), a wholly-owned subsidiary of Redington International Mauritius Limited (‘RIML’), has acquired the balance 15.20% stake in its subsidiary, Citrus Consulting Services FZ LLC (‘Citrus’) for a consideration of AED 1,52,000 (\$ 41,360). Pursuant to this stake acquisition, Citrus became a wholly-owned subsidiary of RGF.
 - b. Registered office of the company has been shifted to “Redington House, Centre Point, Plot No. 11 (SP), Thiru. Vi. Ka. Industrial Estate, Guindy, Chennai 600 032, Tamil Nadu, India” after the consent of the Board of Directors on their meeting held on November 12, 2020.
 - c. The Company received an unfavourable order from the Madras High Court in respect of Assessment Year (AY) 2009-10, setting aside the order of the Income-tax Appellate Tribunal, in respect of tax on imputed capital gains on transfer of the Company’s investment in an overseas subsidiary to another overseas step-down subsidiary and certain other matters, resulting in a potential demand of ₹140.29 crores (excluding interest and penalty).

Pursuant to receipt of such order, the Company has performed a comprehensive evaluation of its various direct tax positions including the status of its pending litigations and the Company has, in respect of certain assessment years (including the AY 2009-10), made applications under the Vivad Se Vishwas scheme. The Company has opted

to avail the scheme after evaluating the pros and cons of continuing with the litigations and the benefit of wavier of interest and penalty that the scheme offers.

In view of the above, the Company has created a provision of ₹88.99 crores towards income-tax in respect of earlier years which has been disclosed separately under the head tax expenses.

- d. Linkplus Bilgisayar Sistemleri Sanayi ve Ticaret AS ('Linkplus'), a wholly-owned subsidiary of Redington Gulf FZE ('RGF'), has changed its name after the approval of the appropriate authorities to "Redington Turkey Teknoloji A.Ş.". Consequently, the trade name of ₹.6.34 crores has been written off in full.
- e. The businesses of the below mentioned step-down subsidiaries of the Company, to the extent applicable, were transferred to other step-down subsidiaries located in the respective countries within the Group on April 1, 2020 and Board Resolutions were passed to wind up these entities on October 29, 2020:

S.No.	Name of the Company	Principal business activity	Country of incorporation
1	Ensure Gulf FZE	Providing hardware support and maintenance services.	Dubai, UAE
2	Ensure Solutions Nigeria Limited	Providing hardware support and maintenance services.	Lagos, Nigeria
3	Ensure Technical Services Kenya Limited	Providing hardware support and maintenance services.	Nairobi, Kenya
4	Ensure Services Uganda Limited	Providing hardware support and maintenance services.	Kampala, Uganda
5	Ensure Technical Services Tanzania Limited	Providing hardware support and maintenance services.	Dar e saalam, Tanzania
6	Ensure Ghana Limited	Providing hardware support and maintenance services.	Accra, Ghana
7	Ensure Middle East Trading LLC	Providing hardware support and maintenance services.	Dubai, UAE
8	Ensure Services Limited	Providing hardware support and maintenance services.	Cairo, Egypt
9	Redington Qatar WLL	Servicing of information technology products	Qatar
10	Redington Kenya (EPZ) Limited	Distribution of information technology products, providing hardware support and maintenance services.	Nairobi, Kenya
11	Ensure Technical Services Morocco Limited (Sarl)	Providing hardware support and maintenance services.	Casablanca, Morocco

7. Subsequent to the quarter,

- a. The Group received an order of the Regional Director dated January 20, 2021 approving the merger of Auroma Logistics Private Limited ('Auroma') (a wholly owned subsidiary of ProConnect), with ProConnect Supply Chain Solutions Limited (a wholly owned subsidiary of the Company) with an appointed date of April 1, 2020. The above merger is a common control transaction and consequently does not have any impact on the consolidated financial results of the Group.
- b. The Board of Directors of ProConnect and Rajprotim Supply Chain Solutions Limited ("Rajprotim") (a wholly owned subsidiary of ProConnect), at their respective meetings held on February 4, 2021 and February 1, 2021 approved the merger of Rajprotim with ProConnect. Regulatory filings towards the merger will be initiated by both the companies.
- c. The Group incorporated a new company "Redington Saudi for Trading" in Saudi Arabia, as a wholly-owned subsidiary of Redington Gulf FZE. The entity is yet to commence its operations.

8. Impact of COVID-19

The Group/Company has considered the possible effects of known events arising from COVID-19 pandemic in the preparation of the financial results including but not limited to its assessment of Group/Company's liquidity and going concern, recoverable values of its financial and non-financial assets. The Group/Company will continue to monitor any material changes to future economic conditions and consequential impact on its financial results.

9. The Indian Parliament has approved the Code on Social Security, 2020 ('the Code') which, inter alia, deals with employee benefits during employment and post-employment. The Code was published in the Gazette of India on September 29, 2020. However, the date the Code and Rules thereunder will come into force are yet to be notified. The impact of the Code will be assessed and recognized post notification by the Company and its Indian subsidiaries.
10. The Standalone and Consolidated financial results of the Company for the Quarter and Nine months ended December 31, 2020 have been filed with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) and are available in Company's website www.redingtongroup.com.

For Redington (India) Limited

Sd/-

S V Krishnan
Whole-time Director and
Chief Financial Officer

Place : Chennai
Date : February 8, 2021