

Redington (India) Limited

Notes to the Statement of audited Standalone / Consolidated Financial Results for the Quarter / Year Ended March 31, 2021

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 May 26, 2021 and May 27, 2021.
2.
 - a. The above financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (‘Ind AS’) prescribed under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India, in compliance with Regulation 33 and Regulation 52 read with Regulation 63(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing regulations”).
 - b. The figures of the previous periods have been regrouped / reclassified, wherever necessary, to conform to current period’s classification.
 - c. The figures for the quarter ended March 31, 2021 and March 31, 2020 as reported in these financial results are the balancing figures between audited figures in respect of the full financial year and the published unaudited year to date figures up to the end of the third quarter of the relevant financial year.
3. 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.
4. During the year ended March 31, 2021:
 - 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.
 - d. The SAR Share Allotment Committee of Directors of the Company has considered and approved the allotment of 1,31,522 equity shares of ₹ 2 each on March 20, 2021, pursuant to exercise of Stock Appreciation Rights granted under Redington Stock Appreciation Right Scheme, 2017.

- e. 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 waiver 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. The Company has paid the demand of ₹ 76.30 crores till date and out of which for ₹ 73.48 crores the Company has received the orders for full and final settlement under Direct Tax Vivad se Vishwas Act, 2020. Completion orders for the balance amount are awaited.

5. Subsequent to the balance sheet date,

- a. The Board of Directors of the Company at its meeting held on April 1, 2021, approved the elevation of Mr. Raj Shankar to the position of "Vice Chairman and Managing Director" with immediate effect. Also, the Board appointed Mr. Rajiv Srivastava as an Additional Director on the Board and as Joint Managing Director of the Company effective April 2, 2021.
- b. The SAR Share Allotment Committee of Directors of the Company has considered and approved allotment of 50,095 equity shares of ₹ 2/- each on May 8, 2021, pursuant to exercise of Stock Appreciation Rights granted under Redington Stock Appreciation Rights Scheme, 2017.
- c. The Board of Directors of Arena Bilgisayar Sinayi Ve Ticaret A.S. (Arena), step-down subsidiary of Redington International Mauritius Limited has authorised its Chief Executive Officer, Mr. Serkan Çelik, to approach Brightstar Telekomünikasyon Dağıtım Ltd. Şti. (Brightstar Turkey) and commence preliminary discussions regarding the potential acquisition of upto 100% of Brightstar Turkey from Brightstar Corp. and its affiliates.

Currently, Brightstar Turkey's operations primarily consist of value-added distribution of leading brands of smartphones, devices, consumer electronics and accessories to telecom operator(s). Arena believes that the potential acquisition of Brightstar Turkey could deliver significant strategic value to Arena.

- d. The Board of Directors at its meeting held on May 27, 2021 has recommended a dividend of ₹ 11.60/- per equity share of ₹ 2/- each (i.e., 580% of face value) for the financial year ended March 31, 2021 subject to the approval of shareholders in the ensuing Annual General Meeting.

6. 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.

7. Statement of Assets and Liabilities:

₹. In Crores

Particulars	Standalone		Consolidated	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
	Audited	Audited	Audited	Audited
ASSETS				
Non-current assets				
Property, Plant and Equipment	24.22	28.22	147.02	174.11
Capital work-in progress	-	-	0.29	0.06
Right-of-use-assets	20.36	23.24	177.09	230.26
Investment property	49.12	51.81	-	-
Goodwill	-	-	18.30	18.38
Other intangible assets	26.78	36.26	262.37	291.67
Intangible assets under development	-	-	0.65	11.41
Financial assets				
Investments in Subsidiaries and Associate	639.98	644.67	-	-
Others financial assets	2.58	2.68	20.49	20.24
Deferred tax assets (net)	16.09	18.10	28.93	29.95
Income tax assets (net)	99.18	130.35	113.10	147.93
Other non-current assets	75.81	72.89	80.77	78.56
Total non-current assets	954.12	1,008.22	849.01	1,002.57
Current assets				
Inventories	1,060.68	1,118.38	2,902.11	3,672.76
Financial assets				
Trade receivables	2,813.80	2,805.58	6,800.67	7,032.00
Cash and cash equivalents	303.45	617.33	2,938.58	2,343.54
Other bank balances	0.21	0.25	554.39	33.54
Loans	20.00	-	-	2.00
Other financial assets	28.08	46.71	198.80	199.67
Other current assets	81.04	117.19	305.51	370.15
Total current assets	4,307.26	4,705.44	13,700.06	13,653.66
Assets held for sale	0.10	-	8.00	-
Total assets	5,261.48	5,713.66	14,557.07	14,656.23
EQUITY AND LIABILITIES				
Equity				
Equity share capital	77.84	77.82	77.84	77.82
Other equity	1,989.89	1,723.97	4,855.87	4,231.03
Equity attributable to the shareholders of the Company	2,067.73	1,801.79	4,933.71	4,308.85
Non-controlling interests	-	-	372.97	381.27
Total equity	2,067.73	1,801.79	5,306.68	4,690.12
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	-	-	4.56	-
Lease liabilities	14.23	17.14	122.41	164.53
Other financial liabilities	-	-	6.53	0.38
Provisions	26.00	26.14	127.02	124.76
Deferred tax liabilities (net)	-	-	2.75	4.90
Total non-current liabilities	40.23	43.28	263.27	294.57
Current liabilities				
Financial liabilities				
Borrowings	0.99	1,172.30	434.34	2,537.48
Lease liabilities	7.27	10.37	54.52	72.70
Trade payables				
(A) total outstanding dues of micro enterprises and small enterprises	4.49	34.24	4.49	34.63
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	2,741.40	2,268.91	7,295.46	6,240.52
Other financial liabilities	137.03	140.15	228.21	184.79
Other current liabilities	198.00	197.07	803.32	486.94
Provisions	3.32	2.36	24.40	20.94
Current tax liabilities (net)	61.02	43.19	142.38	93.54
Total current liabilities	3,153.52	3,868.59	8,987.12	9,671.54
Total liabilities	3,193.75	3,911.87	9,250.39	9,966.11
Total equity and liabilities	5,261.48	5,713.66	14,557.07	14,656.23

8. Statement of Cash flows

Particulars	₹. In Crores			
	Standalone		Consolidated	
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
A. Cash flow from operating activities				
Profit for the year	263.33	489.60	786.61	533.92
Adjustments for:				
- Income tax expense recognised in profit and loss	204.39	136.20	341.52	158.36
- Depreciation and amortisation expense	27.83	26.22	148.20	155.40
- Finance costs	42.43	104.81	156.44	219.06
- Interest income	(23.96)	(1.26)	(56.62)	(22.73)
- Stock compensation expense	1.58	4.43	1.84	10.76
- Impairment of goodwill and other intangibles	-	-	6.34	4.68
- Allowance for doubtful receivables and other financial assets	16.79	47.51	51.71	100.00
- Gain on disposal of a subsidiary	(26.10)	-	(4.40)	-
- Dividend income from subsidiaries	-	(350.35)	-	-
- Income received from short-term investments	(1.69)	(2.37)	(1.87)	(3.26)
- Unrealised exchange (gain) / loss (net)	1.06	(3.85)	(0.84)	(6.26)
- Gain on modification of leases	(1.53)	-	(1.53)	-
- Loss on sale of intangible assets (net)	-	-	0.26	-
- Gain on sale of property, plant and equipment (net)	(1.70)	(0.75)	(1.29)	(0.96)
Operating profit before working capital changes	502.43	450.19	1,426.37	1,148.97
(Increase) / Decrease in trade receivables	(28.67)	(450.25)	23.72	(449.14)
Decrease in other assets	31.38	29.74	8.09	83.06
Decrease in inventories	57.70	414.59	690.14	405.72
Increase / (Decrease) in other liabilities	(0.65)	8.45	398.12	(208.28)
Increase / (Decrease) in trade payables	458.40	(100.66)	1,200.92	101.19
Increase in provisions	3.20	3.39	12.92	12.06
Cash generated from operations	1,023.79	355.45	3,760.28	1,093.58
Income taxes paid (net)	(153.79)	(115.76)	(263.39)	(127.93)
Net cash generated from operating activities	870.00	239.69	3,496.89	965.65
B. Cash flow from investing activities				
Payment towards acquisition of property, plant and equipment	(4.67)	(15.80)	(33.04)	(47.15)
Payment towards acquisition of other intangible assets	(1.08)	(16.33)	(14.98)	(36.65)
Proceeds from sale of property, plant and equipment and other intangible assets	2.22	1.10	10.00	3.56
Interest received	23.96	1.76	52.92	19.47
Dividend income from Subsidiaries	-	350.35	-	-
Income received from short-term investments	1.69	2.37	1.87	2.37
Loans given to subsidiary / associate	(42.00)	(33.10)	-	(33.10)
Loans settled by subsidiary / associate	22.00	58.20	-	58.20
Proceeds from sale of mutual fund investments	-	-	-	74.32
Purchase of mutual fund investments	-	-	-	(66.44)
Changes in bank deposits not treated as cash and cash equivalents	-	-	(538.50)	(22.12)
Proceeds from disposal of subsidiary (net of directly attributable expenses and cash disposed off, as applicable)	30.60	-	24.91	-
Acquisition of subsidiary, net of cash and cash equivalents acquired	-	-	-	(10.00)
Net cash generated from / (used in) investing activities	32.72	348.55	(496.82)	(57.54)
C. Cash flow from financing activities				
Proceeds from short-term borrowings (net)	(445.79)	1,187.15	(1,243.43)	2,023.26
Repayment of short-term borrowings	(715.95)	(863.16)	(752.01)	(920.37)
Proceeds from long-term borrowings	-	-	-	15.52
Repayment of long-term borrowings	-	(2.42)	(7.02)	(3.93)
Proceeds from allotment of shares under Stock Appreciation Right Scheme, 2017 / Employee Stock Option Plan, 2008	0.02	0.05	0.02	0.05
Dividends paid (including dividend distribution tax paid net of dividend distribution tax credit)	-	(295.70)	-	(352.97)
Dividend paid by step-down subsidiary to non-controlling shareholders	-	-	-	(6.43)
Finance costs paid	(44.10)	(102.81)	(143.55)	(208.06)
Acquisition of non-controlling interest	-	-	(0.31)	(11.00)
Payment of lease liabilities	(10.78)	(10.81)	(94.75)	(92.81)
Net cash generated from / (used in) financing activities	(1,216.60)	(87.70)	(2,241.05)	443.26
Net increase/(decrease) in cash and cash equivalents	(313.88)	500.54	759.02	1,351.37
Cash and cash equivalents at the beginning of the year	617.33	116.79	2,279.30	816.11
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	-	-	(113.06)	111.82
Cash and cash equivalents at the end of the year	303.45	617.33	2,925.26	2,279.30
Reconciliation of Cash and cash equivalents with the Balance Sheet				
Cash and cash equivalents at the end of the year as per Balance Sheet	303.45	617.33	2,938.58	2,343.54
Less: Bank overdrafts and cash credit facilities used for cash management purposes	-	-	13.32	64.24
Cash and cash equivalents at the end of the year	303.45	617.33	2,925.26	2,279.30

9. The Company has listed its commercial papers in the bourses of BSE and pursuant to such listing, below are the details of Redington (India) Limited on a standalone basis pursuant to Regulation 52(4) of the Listing Regulations:

- a. Commercial papers ('CPs') issued by the Company are rated CRISIL A1+ (September 30, 2020) & ICRA A1+ (November 6, 2020)
- b. The details of previous due date for payment of interest / repayment of principal of CPs are not applicable.
- c. The details of next due date (after March 31, 2021) for payment of interest / repayment of principal are not applicable as there are no outstanding CPs as at March 31, 2021.
- d. Other information:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Debt service coverage ratio (no. of times) [refer note (a)]	12.02	3.55
Interest service coverage ratio (no. of times) [refer note (b)]	21.24	3.70
Debt equity ratio (no. of times) [refer note (c)]	(0.21)	0.48
Asset cover ratio (no. of times) [refer note (d)]	2,103.20	2.54
Net worth [refer note (e)] (₹ in crores)	2,067.73	1,801.79
Capital redemption reserve (₹ in crores)	2.22	2.22
Earnings per share (EPS)		
(a) Basic EPS (₹)	6.77	12.58
(b) Diluted EPS (₹)	6.75	12.58
Net profit after tax	263.33	489.60

Formulae for calculation of ratios are as follows:

- (a) Debt service coverage ratio = (Profit/(loss) before tax – Dividend income + Interest expenses) / (Interest expenses + Repayment of Long term loans during the year)
For the purpose of calculation, loans having original maturity of more than 360 days are considered as Long term loans.
- (b) Interest service coverage ratio* = (Profit/(loss) from ordinary activities before tax – Dividend income + Interest expenses – Interest income earned on surplus funds) / (Interest expenses – Interest income earned on surplus funds).
- (c) Debt equity ratio = (Total debt – Cash and cash equivalents) / (Total equity – Investments in subsidiaries)
- (d) Asset cover ratio = ((Total assets - intangible assets) - (Current liabilities - Short term debts)) / Total debts
- (e) Net worth = Equity share capital + Other equity

* Since interest income has been obtained from surplus funds, the same has been adjusted with interest expense for interest service coverage ratio computation.

10. The Standalone and Consolidated financial results of the Company for the Quarter / Year Ended March 31, 2021 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 : May 27, 2021**