

Redington (India) Limited

Notes to the Statement of Unaudited Standalone / Consolidated Financial Results for the Quarter / Half-Year Ended September 30, 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 November 11, 2020 and November 12, 2020.
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 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”).
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 September 30, 2020:
 - a. The Board of Directors of ProConnect Supply Chain Solutions Limited (“ProConnect”), a wholly owned subsidiary of the Company, at their meeting held on July 15, 2020 approved the merger of Auroma Logistics Private Limited (a wholly owned subsidiary of Proconnect) with ProConnect. ProConnect has filed the scheme of merger with the regulatory authorities and is pending for approval.
 - b. The Company initiated and sold its investment in Ensure Support Services (India) Limited (“Ensure”), a wholly owned subsidiary of the Company to Accel Limited on July 31, 2020 for a consideration of ₹ 31 Crores. The sale was approved by the Board of directors of the Company at their meeting held on July 30, 2020. A gain of ₹ 26.10 crores and ₹ 4.40 crores (net of directly attributable expenses) were recorded respectively in the above standalone and consolidated financial results under “Other income”.

7. Subsequent to the quarter, 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.
8. Impact of COVID-19

COVID-19 pandemic has spread throughout the world and in India impacting business operation of companies across industry. The Group's warehouses had to be closed for considerable period of time, during the quarter ended June 30, 2020. There were minor disruptions in operation during quarter ended September 30, 2020. As a result, the revenue for the half year ended September 30, 2020 was impacted.

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

9. Statement of Assets and Liabilities:

₹. In Crores

Particulars	Standalone		Consolidated	
	As at September 30, 2020	As at March 31, 2020	As at September 30, 2020	As at March 31, 2020
	Unaudited	Audited	Unaudited	Audited
ASSETS				
Non-current assets				
Property, Plant and Equipment	25.71	28.22	162.30	174.11
Capital work-in progress	-	-	0.21	0.06
Right-of-use-assets	20.75	23.24	185.56	230.26
Investment property	50.46	51.81	10.63	-
Goodwill	-	-	18.32	18.38
Other intangible assets	31.49	36.26	287.84	291.67
Intangible assets under development	-	-	-	11.41
Financial assets				
Investments in Subsidiaries and Associate	642.52	644.67	-	-
Others financial assets	2.50	2.68	26.31	20.24
Deferred tax assets (net)	18.51	18.10	27.98	29.95
Income tax assets (net)	130.35	130.35	149.17	147.93
Other non-current assets	77.29	72.89	82.16	78.56
Total non-current assets	999.58	1,008.22	950.48	1,002.57
Current assets				
Inventories	1,127.23	1,118.38	2,682.61	3,672.76
Financial assets				
Trade receivables	2,613.57	2,805.58	6,273.24	7,032.00
Cash and cash equivalents	371.05	617.33	3,096.78	2,343.54
Other bank balances	0.22	0.25	22.02	33.54
Loans	22.00	-	2.00	2.00
Other financial assets	34.89	46.71	160.92	199.67
Other current assets	99.40	117.19	277.04	370.15
Total current assets	4,268.36	4,705.44	12,514.61	13,653.66
Total assets	5,267.94	5,713.66	13,465.09	14,656.23
EQUITY AND LIABILITIES				
Equity				
Equity share capital	77.82	77.82	77.82	77.82
Other equity	1,842.26	1,723.97	4,409.47	4,231.03
Equity attributable to the shareholders of the Company	1,920.08	1,801.79	4,487.29	4,308.85
Non-controlling interests	-	-	372.71	381.27
Total equity	1,920.08	1,801.79	4,860.00	4,690.12
Liabilities				
Non-current liabilities				
Financial liabilities				
Lease liabilities	15.49	17.14	130.21	164.53
Other financial liabilities	-	-	6.24	0.38
Provisions	27.10	26.14	125.72	124.76
Deferred tax liabilities (net)	-	-	1.02	4.90
Total non-current liabilities	42.59	43.28	263.19	294.57
Current liabilities				
Financial liabilities				
Borrowings	103.54	1,172.30	827.57	2,537.48
Lease liabilities	7.99	10.37	55.08	72.70
Trade payables				
(A) total outstanding dues of micro enterprises and small enterprises	6.25	34.24	6.25	34.63
(B) total outstanding dues of creditors other than micro enterprises and small enterprises	2,844.92	2,268.91	6,656.33	6,240.52
Other financial liabilities	168.92	140.15	197.65	184.79
Other current liabilities	153.87	197.07	482.45	486.94
Provisions	2.63	2.36	23.18	20.94
Current tax liabilities (net)	17.15	43.19	93.39	93.54
Total current liabilities	3,305.27	3,868.59	8,341.90	9,671.54
Total liabilities	3,347.86	3,911.87	8,605.09	9,966.11
Total equity and liabilities	5,267.94	5,713.66	13,465.09	14,656.23

10. Statement of Cash flows

Particulars	₹. In Crores			
	Standalone For the half year ended September 30, 2020	Standalone For the half year ended September 30, 2019	Consolidated For the half year ended September 30, 2020	Consolidated For the half year ended September 30, 2019
A. Cash flow from operating activities				
Profit for the year	114.48	196.83	281.25	242.83
Adjustments for:				
- Income tax expense recognised in profit and loss	30.96	52.96	90.47	55.33
- Depreciation and amortisation expense	14.26	13.09	74.62	80.30
- Finance costs	39.23	65.08	94.79	128.12
- Interest income	(15.77)	(0.94)	(34.93)	(16.49)
- Stock compensation expense	1.57	2.50	4.26	5.45
- Allowance for doubtful receivables and other financial assets	4.28	15.09	11.18	21.61
- Gain on disposal of a subsidiary	(26.10)	-	(4.40)	-
- Dividend income from subsidiaries	-	(135.97)	-	-
- Income received from short-term investments	(0.21)	(1.00)	(0.39)	(1.43)
- Unrealised exchange (gain) / loss (net)	3.15	(9.41)	3.31	(10.76)
- Gain on sale of property, plant and equipment (net)	(0.44)	(0.33)	0.27	(0.55)
Operating profit before working capital changes	165.41	197.90	520.43	505.17
Decrease / (Increase) in trade receivables	184.87	(498.17)	639.23	(265.83)
Decrease / (Increase) in other assets	4.27	(6.03)	36.03	(13.61)
(Increase) / Decrease in inventories	(8.85)	117.32	936.51	343.82
(Decrease) / Increase in other liabilities	(17.23)	36.67	30.09	(105.21)
Increase / (Decrease) in trade payables	566.36	384.46	532.73	(79.75)
Increase in provisions	1.83	0.88	8.95	3.69
Cash generated from operations	896.66	233.03	2,703.97	388.28
Income taxes paid (net)	(57.56)	(53.74)	(93.22)	(77.22)
Net cash generated from operating activities	839.10	179.29	2,610.75	311.06
B. Cash flow from investing activities				
Payment towards acquisition of property, plant and equipment	(1.92)	(2.02)	(16.75)	(30.20)
Payment towards acquisition of other intangible assets	(1.08)	(6.07)	(8.91)	(6.07)
Proceeds from sale of property, plant and equipment and other intangible assets	0.54	0.44	0.30	0.83
Interest received	15.77	1.03	34.09	17.29
Dividend income from Subsidiaries	-	135.97	-	-
Income received from short-term investments	0.21	1.00	0.39	1.00
Loans given to subsidiary / associate	(22.00)	(18.00)	-	(18.00)
Loans settled by subsidiary / associate	-	32.00	-	32.00
Proceeds from sale of mutual fund investments	-	-	-	30.30
Purchase of mutual fund investments	-	-	-	(37.30)
Changes in bank deposits not treated as cash and cash equivalents	(0.01)	-	11.05	(76.28)
Proceeds from disposal of subsidiary (net of directly attributable expenses and cash disposed off, as applicable)	30.60	-	24.91	-
Cash outflow for acquisition of additional control in step-down subsidiaries (net)	-	-	-	(7.00)
Net cash generated from / (used in) investing activities	22.11	144.35	45.08	(93.43)
C. Cash flow from financing activities				
Proceeds from short-term borrowings (net)	(445.75)	507.98	(984.41)	4,648.24
Repayment of short-term borrowings	(613.39)	(597.62)	(633.56)	(4,641.67)
Proceeds from long-term borrowings	-	-	-	19.87
Repayment of long-term borrowings	-	(0.24)	(19.74)	(0.24)
Dividends paid (including dividend distribution tax paid net of dividend distribution tax credit)	-	(128.40)	-	(128.72)
Finance costs paid	(42.53)	(63.21)	(105.04)	(122.19)
Payment of lease liabilities	(5.82)	(5.23)	(34.76)	(42.22)
Net cash used in financing activities	(1,107.49)	(286.72)	(1,777.51)	(266.93)
Net increase/(decrease) in cash and cash equivalents	(246.28)	36.92	878.32	(49.30)
Cash and cash equivalents at the beginning of the period	617.33	116.79	2,279.30	816.11
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	-	-	(85.41)	17.17
Cash and cash equivalents at the end of the period	371.05	153.71	3,072.21	783.98
Reconciliation of Cash and cash equivalents with the Balance Sheet				
Cash and cash equivalents at the end of the period as per Balance Sheet	371.05	158.67	3,096.78	844.72
Less: Bank overdrafts and cash credit facilities used for cash management purposes	-	4.96	24.57	60.74
Cash and cash equivalents at the end of the period	371.05	153.71	3,072.21	783.98

11. 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 September 30, 2020) for payment of interest / repayment of principal are not applicable as there are no outstanding CPs as at September 30, 2020.
- d. Other information:

Particulars	Half year ended September 30, 2020	Half year ended September 30, 2019
Debt service coverage ratio (no. of times) [refer note (a)]	4.71	2.74
Interest service coverage ratio (no. of times) [refer note (b)]	7.21	2.78
Debt equity ratio (no. of times) [refer note (c)]	(0.21)	0.58
Asset cover ratio (no. of times) [refer note (d)]	19.65	3.24
Net worth [refer note (e)] (₹ in crores)	1,920.08	1,669.46
Capital redemption reserve (₹ in crores)	2.22	2.22
Earnings per share (EPS)		
(a) Basic EPS (₹)	2.94	5.06
(b) Diluted EPS (₹)	2.94	5.06
Net profit after tax	114.48	196.83

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.

12. The Standalone and Consolidated financial results of the Company for the Quarter / Half-Year Ended September 30, 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 : November 12, 2020**