

Redington (India) Limited

Notes to the Statement of Unaudited Standalone / Consolidated Financial Results for the Quarter / Half-Year Ended September 30, 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 November 8, 2021, and November 9, 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 associate.
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, 2021:
 - a. Mr. Udai Dhawan (DIN: 03048040), Non-executive Nominee Director of the Company, has resigned with effect from close of business hours on July 5, 2021, due to other professional commitments.
 - b. Ensure IT Services (Pty) Ltd., South Africa, a wholly owned subsidiary of Redington Gulf FZE (RGF), has changed its name after the approval of the appropriate authorities to “Redington South Africa (Pty) Ltd” with effect from July 28, 2021.
 - c. The shareholders of the Company approved the following recommendations of the Board of Directors, in the Annual General Meeting (AGM) held on August 11, 2021:
 - i) Increase the Authorized Share Capital of the Company from ₹ 85 crores (divided into 42.50 crores equity shares of ₹ 2/- each) to ₹ 170 crores (divided into 85 crores equity shares of ₹ 2/- each).
 - ii) Amendment to Memorandum of Association of the Company in relation to the above Increase in Authorized Share Capital.
 - iii) Issue of bonus equity shares of ₹ 2/- each credited as fully paid-up equity shares to the holders of the existing equity shares of the Company in the proportion of 1 equity share for every 1 existing equity share held by Members with a record date of August 20, 2021. Accordingly, the Company issued 39,06,47,122 equity shares of ₹ 2/- each to the beneficial owners as at the record date on August 23, 2021.

- iv) Consequent to above, in accordance with Ind AS 33, the Earnings per share for all periods presented has been adjusted to give effect to the bonus issue.
- v) Authorized the Board/ Compensation Committee to make appropriate adjustments for issue of bonus equity shares as aforesaid, to the stock appreciation rights which have been granted (whether vested or not) to employees under Redington Stock Appreciation Right Scheme 2017, such that the number of stock appreciation rights which are available for granting and those already granted but not exercised as on the record date shall be appropriately adjusted.
- d. The SAR Share Allotment Committee of Directors of the Company has considered and approved allotment of 2,36,713 equity shares and 68,642 equity shares of ₹ 2/- each on July 13, 2021, and August 16, 2021, respectively, pursuant to exercise of Stock Appreciation Rights granted under Redington Stock Appreciation Rights Scheme, 2017.
- e. The Board of Directors of RGF, a wholly owned subsidiary of Redington International Mauritius Limited (RIML), at its meeting held on August 3, 2021, resolved to liquidate its wholly owned subsidiary Redington Cote d'Ivoire incorporated in Abidjan, Cote d'Ivoire. The operations of this entity will be transferred to RGF. Consequently, this is not likely to have any material impact on the consolidated results.
- f. The Group incorporated "Redington Bahrain W.L.L" in Bahrain during the quarter and "Redington Gulf FZE Jordan" in Jordan subsequent to the quarter. RGF holds 49% shareholding and has a 100% beneficial interest in these entities. These entities are yet to commence their operations.
- g. A binding Share Purchase Agreement has been concluded between Arena Bilgisayar Sanayi ve Ticaret A.S., a step-down subsidiary of RGF and Likewize Corporation (formerly Brightstar Corporation) relating to the acquisition of 100% shares of Brightstar Telekomünikasyon Dağıtım Ltd. Şti. (Brightstar). The acquisition is subject to receiving necessary regulatory approvals including from the Competition Board, as also fulfillment of certain mutually agreed conditions. As per the Agreement, Arena will pay USD 35 Million in cash for acquiring 100% shares of Brightstar.
- h. Pursuant to the Order of Regional Director dated September 27, 2021, Chennai, Rajprotim Supply Chain Solutions Limited (RCS), erstwhile wholly owned subsidiary, is merged with ProConnect Supply Chain Solutions Limited (ProConnect), with an appointed date of April 1, 2020. The merger has been accounted under the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combinations', and comparatives have been restated for merger from the beginning of the previous year i.e., April 1, 2020. The reconciliation of the profits for the above periods is given below which are different from earlier reported numbers.

| Particulars | Quarter ended | Half-Year ended | Year ended |
|--|---------------|-----------------|------------|
| | 30-Sep-20 | 30-Sep-20 | 31-Mar-21 |
| | (Unaudited) | (Unaudited) | (Audited) |
| Profit after tax reported in earlier periods | 182.30 | 281.25 | 786.61 |
| Add: Profit on account of merger of RCS* | 2.04 | 0.25 | 1.89 |
| Profit after tax as per the above results | 184.34 | 281.50 | 788.50 |

*Tax benefits available consequent to merger

| Particulars | Year ended |
|--|------------|
| | 31-Mar-21 |
| | (Audited) |
| Other Equity reported in earlier periods | 4,855.87 |
| Add: Effect on account of merger of RCS | 4.80 |
| Other Equity as per the above results | 4,860.67 |

- i. Liquidation process of “Ensure Services Limited” a wholly owned step-down subsidiary of RGF completed during the quarter.
- j. The Company has paid ₹ 21 crores to ProConnect, a wholly owned subsidiary of the Company, towards application of shares through rights issue. Subsequently, the Board of Directors of ProConnect in their meeting held on November 2, 2021, allotted 16,53,543 equity shares of ₹ 10/- each.

7. Subsequent to the quarter,

The SAR Share Allotment Committee of Directors of the Company has considered and approved allotment of 43,450 equity shares of ₹ 2/- each on October 8, 2021, pursuant to exercise of Stock Appreciation Rights granted under Redington Stock Appreciation Rights Scheme, 2017.

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. Statement of Assets and Liabilities:

₹. In Crores

| Particulars | Standalone | | Consolidated | |
|--|--------------------------------|----------------------------|--------------------------------|-------------------------------|
| | As at September 30, 2021 | As at March 31, 2021 | As at September 30, 2021 | As at March 31, 2021 |
| | Unaudited | Audited | Unaudited | Audited (refer note 6 (h)) |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 22.76 | 24.22 | 144.34 | 147.02 |
| Capital work-in progress | 82.15 | - | 82.17 | 0.29 |
| Right-of-use-assets | 18.60 | 20.36 | 184.08 | 177.09 |
| Investment property | 47.78 | 49.12 | - | - |
| Goodwill | - | - | 18.33 | 18.30 |
| Other intangible assets | 17.63 | 26.78 | 248.67 | 262.37 |
| Intangible assets under development | - | - | - | 0.65 |
| Financial assets | | | | |
| Investments in subsidiaries and associate | 639.98 | 639.98 | - | - |
| Others financial assets | 23.03 | 2.58 | 18.28 | 20.49 |
| Deferred tax assets (net) | 15.35 | 16.09 | 35.51 | 31.12 |
| Income tax assets (net) | 92.26 | 99.18 | 100.75 | 115.71 |
| Other non-current assets | 77.37 | 75.81 | 96.06 | 80.77 |
| Total non-current assets | 1,036.91 | 954.12 | 928.19 | 853.81 |
| Current assets | | | | |
| Inventories | 1,200.44 | 1,060.68 | 2,979.00 | 2,902.11 |
| Financial assets | | | | |
| Investments | 400.00 | - | 400.00 | - |
| Trade receivables | 2,968.53 | 2,813.80 | 7,206.30 | 6,800.67 |
| Cash and cash equivalents | 759.02 | 303.45 | 3,073.63 | 2,938.58 |
| Other bank balances | 0.26 | 0.21 | 684.42 | 554.39 |
| Loans | - | 20.00 | - | - |
| Other financial assets | 19.01 | 28.08 | 177.08 | 198.80 |
| Other current assets | 105.29 | 81.04 | 369.80 | 305.51 |
| Total current assets | 5,452.55 | 4,307.26 | 14,890.23 | 13,700.06 |
| Assets held for sale | - | 0.10 | 7.55 | 8.00 |
| Total assets | 6,489.46 | 5,261.48 | 15,825.97 | 14,561.87 |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Equity share capital | 156.26 | 77.84 | 156.26 | 77.84 |
| Other equity | 2,130.16 | 1,989.89 | 4,905.37 | 4,860.67 |
| Equity attributable to the shareholders of the Company | 2,286.42 | 2,067.73 | 5,061.63 | 4,938.51 |
| Non-controlling interests | - | - | 377.36 | 372.97 |
| Total equity | 2,286.42 | 2,067.73 | 5,438.99 | 5,311.48 |
| Share Application Money Pending Allotment | 0.01 | - | 0.01 | - |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Financial liabilities | | | | |
| Borrowings | - | - | - | 4.56 |
| Lease liabilities | 12.81 | 14.23 | 127.41 | 122.41 |
| Other financial liabilities | - | - | 6.56 | 6.53 |
| Provisions | 31.29 | 26.00 | 141.95 | 127.02 |
| Deferred tax liabilities (net) | - | - | 0.34 | 2.75 |
| Total non-current liabilities | 44.10 | 40.23 | 276.26 | 263.27 |
| Current liabilities | | | | |
| Financial liabilities | | | | |
| Borrowings | 0.48 | 0.99 | 396.81 | 440.42 |
| Lease liabilities | 7.07 | 7.27 | 53.99 | 54.52 |
| Trade payables | | | | |
| (A) total outstanding dues of micro enterprises and small enterprises | 1.47 | 4.49 | 1.47 | 4.49 |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises | 3,791.27 | 2,741.40 | 8,562.16 | 7,295.46 |
| Other financial liabilities | 134.46 | 137.03 | 178.83 | 222.13 |
| Other current liabilities | 168.71 | 198.00 | 782.06 | 803.32 |
| Provisions | 3.64 | 3.32 | 24.00 | 24.40 |
| Current tax liabilities (net) | 51.83 | 61.02 | 111.39 | 142.38 |
| Total current liabilities | 4,158.93 | 3,153.52 | 10,110.71 | 8,987.12 |
| Total liabilities | 4,203.04 | 3,193.75 | 10,386.98 | 9,250.39 |
| Total equity and liabilities | 6,489.46 | 5,261.48 | 15,825.97 | 14,561.87 |

10. Statement of Cash flows

| Particulars | Standalone | | Consolidated | |
|---|---|---|---|---|
| | For the half-year ended September 30, 2021 | For the half-year ended September 30, 2020 | For the half-year ended September 30, 2021 | For the half-year ended September 30, 2020 |
| ₹. In Crores | | | | |
| A. Cash flow from operating activities | | | | |
| Profit for the year | 674.16 | 114.48 | 562.24 | 281.50 |
| Adjustments for: | | | | |
| - Income tax expense recognised in profit and loss | 78.43 | 30.96 | 129.85 | 90.22 |
| - Depreciation and amortisation expense | 18.05 | 14.26 | 70.95 | 74.62 |
| - Finance costs | 4.79 | 39.23 | 58.66 | 94.79 |
| - Interest income | (1.32) | (15.77) | (15.81) | (34.93) |
| - Stock compensation expense | - | 1.57 | - | 4.26 |
| - Allowance for impairment of trade receivables and other financial assets | 8.66 | 4.28 | 23.91 | 11.18 |
| - Gain on disposal of a subsidiary | - | (26.10) | - | (4.40) |
| - Dividend income from subsidiaries | (452.28) | - | - | - |
| - Income received from short-term investments | (1.79) | (0.21) | (1.79) | (0.39) |
| - Unrealised exchange (gain) / loss (net) | (2.55) | 3.15 | (2.55) | 3.31 |
| - Gain on modification of leases | (0.02) | - | (0.02) | - |
| - (Gain) / Loss on sale of property, plant and equipment (net) | (1.82) | (0.44) | (2.25) | 0.27 |
| Operating profit before working capital changes | 324.31 | 165.41 | 823.19 | 520.43 |
| (Increase) / Decrease in trade receivables | (161.87) | 184.87 | (365.04) | 639.23 |
| (Increase) / Decrease in other assets | (14.99) | 4.27 | (47.26) | 36.03 |
| (Increase) / Decrease in inventories | (139.76) | (8.85) | (49.35) | 936.51 |
| (Decrease) / Increase in other liabilities | (31.80) | (17.23) | (64.07) | 30.09 |
| Increase in trade payable | 1,046.84 | 566.36 | 1,183.13 | 532.73 |
| Increase in provisions | 1.84 | 1.83 | 8.93 | 8.95 |
| Cash generated from operations | 1,024.57 | 896.66 | 1,489.53 | 2,703.97 |
| Income taxes paid (net) | (79.06) | (57.56) | (152.43) | (93.22) |
| Net cash generated from operating activities | 945.51 | 839.10 | 1,337.10 | 2,610.75 |
| B. Cash flow from investing activities | | | | |
| Payment towards acquisition of property, plant and equipment | (85.40) | (1.92) | (96.95) | (16.75) |
| Payment towards acquisition of other intangible assets | (0.04) | (1.08) | (3.59) | (8.91) |
| Proceeds from sale of property, plant and equipment and other intangible assets | 2.75 | 0.54 | 3.28 | 0.30 |
| Interest received | 1.32 | 15.77 | 14.14 | 34.09 |
| Dividend income from Subsidiaries | 452.28 | - | - | - |
| Income received from short-term investments | 1.79 | 0.21 | 1.79 | 0.39 |
| Loans given to subsidiary | - | (22.00) | - | - |
| Loans settled by subsidiary | 20.00 | - | - | - |
| Purchase of short term investments | (400.00) | - | (400.00) | - |
| Changes in bank deposits not treated as cash and cash equivalents | (0.01) | (0.01) | (120.67) | 11.05 |
| Proceeds from disposal of subsidiary (net of directly attributable expenses and cash disposed off, as applicable) | - | 30.60 | - | 24.91 |
| Payment of share application money towards subsidiary | (21.00) | - | - | - |
| Net cash (used in) / generated from investing activities | (28.31) | 22.11 | (602.00) | 45.08 |
| C. Cash flow from financing activities | | | | |
| Proceeds from short-term borrowings (net) | - | (445.75) | (30.46) | (984.41) |
| Repayment of short-term borrowings | (0.51) | (613.39) | (0.51) | (633.56) |
| Repayment of long-term borrowings | - | - | (10.44) | (19.74) |
| Proceeds from allotment of shares under Stock Appreciation Right | 0.29 | - | 0.29 | - |
| Dividends paid | (453.07) | - | (453.07) | - |
| Dividend paid by step-down subsidiary to non-controlling shareholders | - | - | (7.39) | - |
| Finance costs paid | (3.98) | (42.53) | (50.42) | (105.04) |
| Payment of lease liabilities | (4.36) | (5.82) | (36.38) | (34.76) |
| Net cash (used in) financing activities | (461.63) | (1,107.49) | (588.38) | (1,777.51) |
| Net increase / (decrease) in cash and cash equivalents | 455.57 | (246.28) | 146.72 | 878.32 |
| Cash and cash equivalents at the beginning of the year | 303.45 | 617.33 | 2,925.26 | 2,279.30 |
| Effect of exchange differences on restatement of foreign currency cash and cash equivalents | - | - | 0.95 | (85.41) |
| Cash and cash equivalents at the end of the year | 759.02 | 371.05 | 3,072.93 | 3,072.21 |
| Reconciliation of Cash and cash equivalents with the Balance Sheet | | | | |
| Cash and cash equivalents at the end of the period as per Balance | 759.02 | 371.05 | 3,073.63 | 3,096.78 |
| Less: Bank overdrafts and cash credit facilities used for cash management purposes | - | - | 0.70 | 24.57 |
| Cash and cash equivalents at the end of the period | 759.02 | 371.05 | 3,072.93 | 3,072.21 |

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:

| Particulars | Half year ended September 30, 2021 | Half year ended September 30, 2020 |
|--|--|--|
| Debt service coverage ratio (no. of times) [refer note (a)] | 63.70 | 4.71 |
| Interest service coverage ratio (no. of times) [refer note (b)] | 117.40 | 7.21 |
| Debt equity ratio (no. of times) [refer note (c)] | (0.70) | (0.21) |
| Net worth [refer note (d)] (₹ in crores) | 2,286.42 | 1,920.08 |
| Capital redemption reserve (₹ in crores) | - | 2.22 |
| Earnings per share (EPS)* | | |
| (a) Basic EPS (₹) | 8.64 | 1.47 |
| (b) Diluted EPS (₹) | 8.64 | 1.47 |
| Net profit after tax (excluding Dividend Income) | 221.88 | 114.48 |
| Current ratio [refer note (e)] | 1.31 | 1.29 |
| Current liability ratio [refer note (f)] | 0.99 | 0.99 |
| Long term debt to working capital [refer note (g)] | - | - |
| Bad debts to Accounts receivable ratio [refer note (h)] | 0.00 [^] | 0.00 [^] |
| Total debts to Total assets ratio [refer note (i)] | 0.00 [^] | 0.02 |
| Debtors turnover [refer note (j)] | 8.38 | 6.37 |
| Inventory turnover [refer note (k)] | 20.55 | 14.80 |
| Operating margin (%) [refer note (l)] | 2.5% | 2.1% |
| Net Profit margin (%) [refer note (m)] | 1.8% | 1.3% |

[^] Represents value less than 0.01.

* EPS without dividend income is ₹ 2.84 (PY: ₹ 1.47)

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 – Short term investments) / (Total equity – Investments in subsidiaries)
- (d) Net worth = Equity share capital + Other equity
- (e) Current ratio = Current assets / Current liabilities
- (f) Current liabilities ratio = Current liabilities / Total liabilities
- (g) Long term debt to Working capital = Long term borrowings (including current portion of long-term borrowings) / Working capital
Working capital = Current assets (excluding Assets classified as held for sale) - Current liabilities (excluding current maturities of long term debt, interest accrued on borrowings).
- (h) Bad debts to Accounts receivable ratio = Bad debts / Trade receivables
- (i) Total debts to Total assets ratio = (Non-current borrowings + Current borrowings) / Total assets
- (j) Debtors turnover ratio (number of times) (annualized) = Revenue from operations / Average Trade receivables
- (k) Inventory turnover ratio (number of times) (annualized) = (Purchases of traded goods + Changes in inventories of traded goods) / Average Inventories
- (l) Operating margin (%) = (Profit before tax + Finance costs – Dividend income) / Revenue from operations
- (m) Net profit margin (%) = Net profit after tax excluding dividend income / Revenue from operations

** 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, 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 : November 9, 2021**