REDINGTON

Disruptive Landscape. Prudent Risk Management. Ensuring Growth.

Annual Report 2015 - 2016

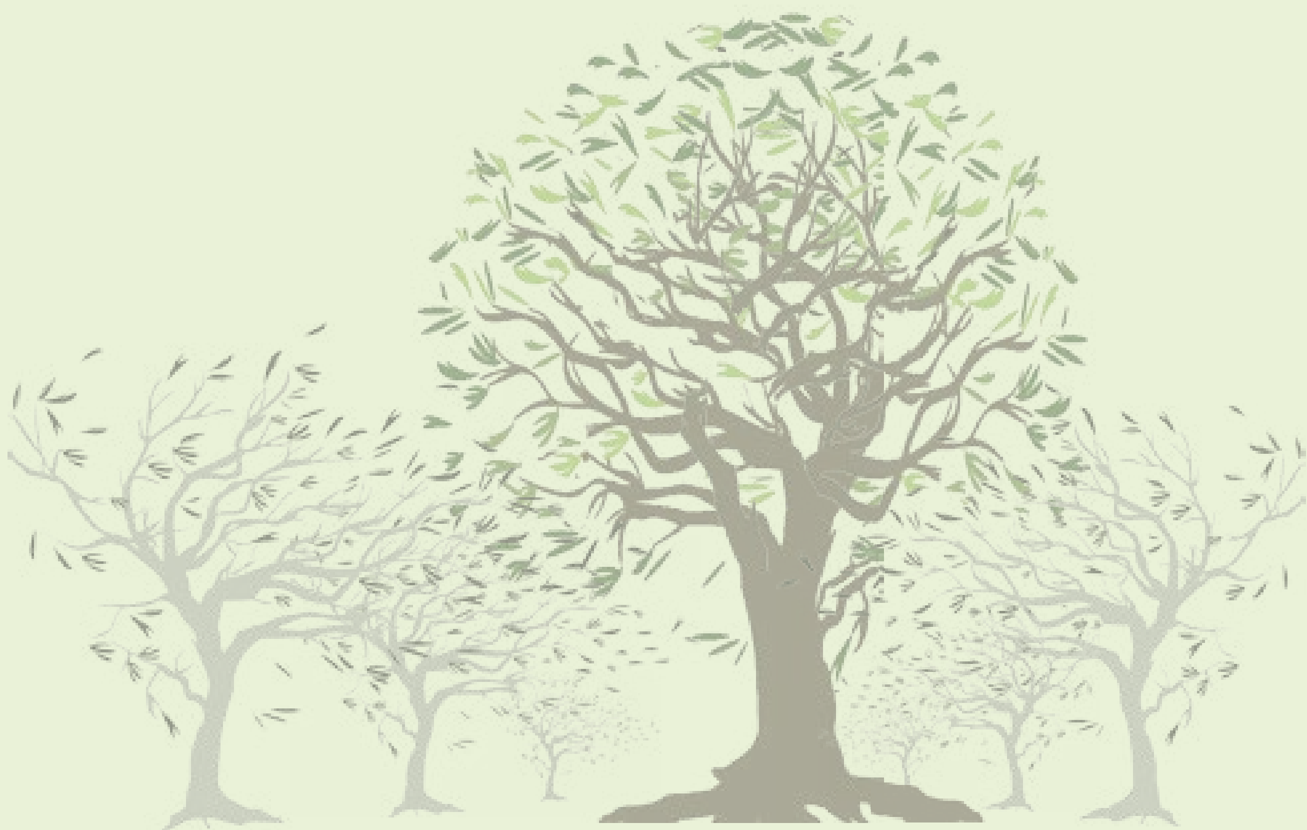
Contents

To put it simply, FY 2016 witnessed a Perfect Storm. And Redington was right in the middle of it. Gale winds blew on the company locally, regionally, and globally. It witnessed plunging oil prices; a strengthening dollar which put enormous stress on local currencies across markets where it has a strong foothold; and declining GDPs. It encountered challenges with product categories and de-growth in PC Industry . . . the list seems endless.

There can be no better way to describe this turmoil than to say, the company was in the centre stage of a VUCA World. The term VUCA-an acronym for Volatility, Uncertainty, Complexity, and Ambiguity-originates from the U.S. Army War College in Carlisle, Pennsylvania. It serves fittingly to describe work and social environments in the FY 2016 context.

VUCA by definition signals change; and change can be a harbinger of both challenge and opportunity. How well a company views a VUCA environment and how prepared it is to capitalize on opportunities, tells the story of its leadership capability in particular, and its people in general. For instance, the accelerated pace of change in a VUCA world demands faster decision making and immediate responses in the business and market environments. Volatility mandates clear vision. When drowned in an Uncertain and Complex environment that inherently leads to Ambiguity, a company needs nimble leaders at the helm. Leaders who can make sense of the chaos, think divergently, seek collaboration from all ranks, prudently manage risk, and connect the dots of opportunity to navigate the company in the right direction through the turbulent times.

And that is exactly what happened in Redington. Against this daunting backdrop, the company has emerged from the gray skies showing growth in top and bottom line both in India and overseas. Its leadership (which is no longer simply the domain of senior management teams but encompasses employees at all levels), responded to these challenges in a timely and resolute fashion, leveraging opportunities while astutely managing risk. That story lies within these pages.



Corporate Information

Chairman	Prof. J Ramachandran
Vice Chairman	R Srinivasan
Managing Director	Raj Shankar
Whole-Time Director	M Raghunandan (Retired w.e.f May 24, 2016) E H Kasturi Rangan (Appointed w.e.f May 24, 2016)
Directors	R Jayachandran Tu, Shu-Chyuan Lin Tai-Yang Nainesh Jaisingh N Srinivasan (Resigned w.e.f May 24, 2016) B Ramaratnam (Appointed w.e.f May 24, 2016) V S Hariharan Keith WF Bradley Suchitra Rajagopalan
Company Secretary	M Muthukumarasamy
Statutory Auditors	M/s Deloitte Haskins & Sells
Internal Auditors	M/s Ernst & Young, LLP
Secretarial Auditor	CS R Bhuvana

Bankers – India	ANZ Banking Group Ltd	IndusInd Bank Ltd
	Axis Bank Ltd	Kotak Mahindra Bank Ltd
	Barclays Bank PLC	Standard Chartered Bank
	BNP Paribas	State Bank of India
	Citibank N.A.	Societe Generale
	DBS Bank Ltd	The Bank of Nova Scotia
	Deutsche Bank AG	The Bank of Tokyo Mitsubishi UFJ, Ltd
	HDFC Bank Ltd	The Hongkong and Shanghai Banking Corporation Ltd
	ICICI Bank Ltd	Yes Bank Ltd
	IDBI Bank Ltd	
Bankers – Overseas	Mashreqbank, UAE	BNP Paribas, UAE
	ICICI Bank, UAE	DBS Bank, Singapore
	Standard Chartered Bank, UAE	BNP Paribas, Singapore
	National Bank of Fujairah, UAE	HSBC, Singapore
	Dubai Islamic Bank, UAE	ICICI Bank, Singapore
	Axis Bank, UAE	Maybank, Singapore
	Deutsche Bank, UAE	OCBC Bank, Singapore
	HSBC Bank Middle East LLC, UAE	Standard Chartered Bank, Singapore
	First Gulf Bank, UAE	UCO Bank, Singapore
	Emirates NBD Bank, UAE	

Message to Shareholders

Dear Shareholders,

It is no exaggeration to say that FY 2016 was one of the toughest years I have seen yet. The all-round challenges faced by your Company, both in India and overseas, raged unabated through much of the year. But despite the huge ordeals on account of political uncertainties, depreciating currencies and unprecedented difficulties in the overseas markets particularly in the Middle East, Turkey and Africa, I am very pleased to share that your Company succeeded in registering strong growth both in India and the overseas markets.

On a consolidated level, your Company saw 12.2% revenue growth, 7.3% EBITDA growth, and 10.1% PAT growth. Revenue growth outside India was an impressive double digit at 18.7% and for India, it was 2.9%.

Again, all business verticals displayed growth, with IT contributing to 75% of the total revenue, Mobility, 23%, and Services, 2%. From the time your Company went public in February 2007, revenue has grown at a CAGR of 17% and EBITDA at a CAGR 17%. This has been possible due to well-planned and consistent expansion in operations through product and brand additions, expansion to new geographies, increase in market share and importantly, prudent risk management.

It is fitting that your Company has grown every business unit in FY 2016 whether it is the IT broad line distribution, IT enterprise business, mobility business, support services business, and logistics business, both in India and Overseas markets. This performance is significant as it comes at a time when globally many companies in this space have gone through a decline with some even exiting the market altogether. During FY 2016, your Company has grown its top and bottom line not only on a year-on-year basis, but also sequentially every quarter of the financial year.

Your Company's IT distribution segment (which includes PCs, peripherals, networking products, packaged and enterprise software, storage products, security solutions and high-end servers), continued to register growth although in single digit. IT distribution revenues account for 66% of total distribution revenues in India and 81% of total distribution revenues in Overseas. While overall global shipments of Desktops and laptops were on a decline due to muted consumer demand and longer technology refresh cycles, it did not affect your Company's growth as it was well positioned to take advantage of geographical and vertical based opportunities. Your company believes that Desktops and Laptops will continue to constitute the primary medium for content creation and will continue to be in demand in the corporate and government segments. With the anticipated pick-up in economic recovery in India and overseas, higher corporate investments and government spending, the demand for Computing products will remain steady, if not increase further. Your Company's long standing relationships with major IT vendors, its dominant market share in India and overseas, and its strong distribution network, make it well placed to cater to future market demand. In the India market, your Company has shown consecutive growth on IT vertical quarter on quarter. For FY 2016, the growth is 12.3%.

The non-IT distribution segment (includes telecom devices, digital printing presses, tablets and gaming consoles) constitutes 32% of the total revenues in India and around 17% of the total revenues in Overseas. While the growth in global Smartphone shipments may be moderate in the coming years, your Company's key markets - India and META (Middle East, Turkey and Africa), are expected to witness healthy growth in this product category.

There was a change in the distribution landscape of the Apple iPhone in India. Despite this setback, your Company continues to be one of the leading distributors for Apple in India, handling the vendor's entire range of products comprising the iPad, Mac, iPhone and iWatch. Apple has declared that it intends to invest aggressively in the Indian market and as it captures a larger share of the market, your Company will continue to benefit from it.

Because of the persisting adversity and challenges, your Company was not able to manage working capital better in FY 2016. This led to negative cash flow for the year. I would hasten to mention that with the steps taken by the management, the working capital days improved for the last quarter resulting in a positive cash flow for Q4 FY 2016.

I am happy to share with you some positive developments in the overseas markets. Number one, your Company's value added distribution business continued to show a strong growth in FY 2016, registering 30% for the year. Number two, your Company has been appointed as distributor for iPhone in UAE and Nigeria. In addition to this, your Company's market share, particularly on PCs in Turkey and in Africa, grew appreciably, contributing to the strong performance in revenue and corresponding growth in profits.

I would like to recall the statement mentioned in last year's message to Shareholders on the strategy carved out by your Company to address the E-Commerce segment. I am pleased to share with you now that it has started to show traction. As E-Commerce is slated to grow manifold, your company is well poised to capture the growth opportunities by addressing three kinds of services viz., (i) Distribution of products to E-Com Players (ii) Managing E-Com Logistics (iii) Providing post sale support services to products sold on the E-Com platform.

Other than the ADCs in the metros, your Company presently leases warehouses at close proximity to the market to cater to specific channel requirements. The introduction of GST will ensure integrated and uniform taxation across states and propel the demand for centralized warehouses like the ADCs. The phenomenal pace of growth of e-commerce in India is also translating to increased demand for large back-end centralized warehousing facilities and logistics. Your Company will, if necessary, expand its ADC network beyond the metros to cater to this demand.

I am overjoyed to share with you that ProConnect Supply Chain Solutions Ltd., which your Company set up in 2012 as a wholly owned subsidiary for providing logistics services, has had an exceptionally good year. Revenue grew by 45% and Profit after tax grew by 60%. Significantly, 53% of ProConnect's business is now generated from third party customers across different product categories and industry verticals.

With a wide network of 90+ owned service centres and 270+ extended service centres in India and Overseas markets, your Company is catering to post sales service requirements for Information Technology and Mobility products through the brand 'Ensure'. The shift in consumer behavior towards purchasing new products rather than repairing defective ones, poses a threat for the paid services model. Ensure plans to bring in more vendors for supporting their warranty services.

I am pleased to tell you that Your Company has invested in LinkPlus, a leading Oracle distributor in Turkey. We believe that Oracle-software, hardware, engineered systems and the cloud businesses are poised for a big growth going forward. Post end of FY 2016, we acquired an additional 10% stake in Link Plus and with this the total stake in LinkPlus now stands at 80%.

Taking first steps in the new technology space of Cloud Computing, Your Company has successfully launched the RedCloud portal. Developed wholly in-house, the portal offers our partners a seamless interface through cataloguing, auto-provisioning and auto-billing of vendor products and solutions. Going forward, your Company plans to include Managed Services offerings on this platform in order to offer a complete range of cloud products and services to end customers through the Company's partner network.

Your Company's performance in the middle of an unprecedented market volatility could not have been possible without the dedication and commitment of the employees who have stood rock solid in delivering the Company's objectives. A fitting example would be the flood situation in Chennai in the first week of December 2015, when the team stayed at the office premises round the clock for several days, to ensure that the data center was fully operational and there was no risk to business continuity. I am deeply touched by the solidarity and commitment and I thank them for their show of strength.

Your Company set up a Foundation last year to implement various CSR activities for the betterment of the community. It addresses needs in quality education for the underprivileged, the urban poor and the economically challenged. I am happy to say the Foundation has made good progress this year. Details are included in this report.

Finally, I would like to thank all the Directors on the Board, Employees, all Stakeholders, Promoters, and Shareholders for their continued faith and trust in the Company. I look forward to their support this coming year and in the future.

With warm regards,

Raj Shankar

Managing Director

Financial Highlights (Since Listing)

Standalone Financials

(₹ in Crore)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	CAGR
Total Revenue	12,675.88	12,070.38	11,304.65	10,454.55	9,871.48	8,144.84	6,278.84	5,896.43	5,649.83	4,589.49	12%
EBITDA	377.43	346.24	337.23	342.80	321.24	249.92	201.60	173.87	148.25	101.76	16%
PBT@	285.64	272.75	315.44	248.94	233.29	193.40	153.16	124.25	103.57	65.63	18%
PAT@	188.90	181.96	239.79	171.37	156.81	128.44	99.46	80.69	67.11	42.42	18%
Networth	1,438.73	1,360.57	1,266.75	1,065.47	908.97	764.06	675.98	614.39	569.56	535.02	
Capital Employed	1,916.24	1,644.35	1,623.78	1,684.74	1,529.69	1,279.09	1,051.50	904.29	821.82	852.09	
EBITDA / Revenue	2.98%	2.87%	2.98%	3.28%	3.25%	3.07%	3.21%	2.95%	2.62%	2.22%	
PAT / Revenue	1.49%	1.51%	2.12%	1.64%	1.59%	1.58%	1.58%	1.37%	1.19%	0.92%	
Return on Average Capital Employed *	31.25%	30.88%	29.30%	32.33%	35.01%	33.04%	31.67%	31.20%	25.87%	19.85%	
Return on Average Equity *	23.70%	23.74%	39.59%	44.00%	50.03%	48.44%	38.97%	29.76%	24.60%	17.91%	
EPS (FV ₹ 2) (₹) #	4.73	4.55	6.01	4.29	3.94	3.25	2.54	2.07	1.72	1.28	
Book Value per Share (FV of ₹ 2) (₹)	35.99	34.04	31.71	26.69	22.81	19.28	17.19	15.78	14.63	13.74	

For EPS calculation-weighted average number of equity shares have been considered. During the year 2010-11, Face value of shares got split from ₹ 10 to ₹ 2. EPS and Book Value for earlier years converted basis face value of ₹ 2

* Investments made in and Dividend income received from wholly owned Subsidiaries is excluded

@ Including profit on sale of long-term investment in Easyaccess Financial Services Limited of ₹ 65.76 Crore during FY 13-14

Consolidated Financials

(₹ in Crore)

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	CAGR
Total Revenue	35,476.33	31,622.67	28,005.09	24,210.38	21,222.02	16,722.66	13,277.65	12,375.99	10,542.53	8,853.90	17%
EBITDA	817.58	761.89	719.61	684.20	633.40	471.65	365.72	329.57	259.04	198.47	17%
PBT	594.09	555.46	485.11	462.41	450.33	351.00	275.92	219.02	177.06	127.25	19%
PAT@	425.66	386.53	336.65	323.11	292.74	226.00	184.33	159.66	136.07	101.70	17%
Networth	2,787.41	2,374.17	2,021.29	1,640.68	1,322.48	1,255.32	1,075.72	1,002.20	721.49	625.61	
Capital Employed	5,388.40	4,446.83	3,993.84	3,947.11	3,477.61	3,186.28	2,464.57	2,226.51	1,505.44	1,226.88	
EBITDA / Revenue	2.30%	2.41%	2.57%	2.83%	2.98%	2.82%	2.75%	2.66%	2.46%	2.19%	
PAT / Revenue	1.20%	1.22%	1.20%	1.33%	1.38%	1.35%	1.39%	1.29%	1.29%	1.12%	
Return on Average Capital Employed *	16.02%	17.22%	17.23%	17.69%	18.44%	16.01%	14.59%	17.23%	18.86%	18.19%	
Return on Average Equity *	17.07%	18.20%	19.11%	22.82%	23.93%	19.95%	17.74%	19.12%	21.68%	21.27%	
EPS (FV ₹ 2) (₹)#	10.65	9.67	8.43	8.10	7.35	5.72	4.70	4.10	3.50	3.07	
Book Value per Share (FV ₹ 2) (₹)	67.23	57.55	48.75	39.46	33.18	31.67	27.36	25.74	18.53	16.07	

For EPS calculation weighted average number of equity shares have been considered. During the year 2010-11, face value of shares got split from ₹ 10 to ₹ 2 EPS and Book value for earlier years converted basis face value ₹ 2

* While calculating Return On average Capital Employed and Return On average Equity, goodwill has been excluded / capital reserve has been included appropriately

@ Including loss on sale of long-term investment in Easyaccess Financial Services Limited of ₹ 9.07 Crore during FY 13-14

Breaking Perceptions

The Adversity Quotient of Redington came to the fore yet again in FY 2016. Redington grew top and bottom line despite difficult and complex market conditions both in India and overseas. It is pertinent that while some companies opted to pull their shutters down during this taxing period, Redington deftly accessed competitor market share. Through deliberate decision making and prudent risk management, a culture that is deeply ingrained in its DNA, Redington scripted a growth story to end the year on a positive note - strong growth in India and Overseas markets.

To understand the formula behind this achievement, it is worth demystifying Redington, the Company. Redington has, over the years, tenaciously nurtured leadership capability at all levels in its hierarchy. Founded on shared values and a common purpose, the company culture aligns everybody towards a common goal, the pursuit of which is achieved by single minded, collective pursuit.

Prevailing investor perception pegs Redington as a consumer company - one whose fortunes ebb and swell in line with consumer sentiments, fads, and preferences. But this is perception mislaid. In fact, a significant portion of Redington's business in India is derived not from the Consumer segment, but from the Enterprise segment. Despite the trying landscape of FY 2016, the Company's consolidated revenue grew by 12.2%. Its Enterprise business in India swelled by 16.8%.

The second perception that warrants correction is the direct correlation investors somehow make between certain consumer brands and Redington's sales performance. Consider, the Apple iPhone. While iPhone sales declined, the Mac business grew by a strong double digit. Redington has a purposeful strategy for mitigating this kind of product risk. In the Smartphone category for example, it has an impressive nine brand basket in its portfolio, one that will adequately shield the company from unexpected market whims.

The third prevailing apprehension is about Redington's fortunes in the Middle East, Turkey and Africa. While geo-political tensions, nose-diving oil prices, and depreciating currencies, all remain real, Redington derives an impressive 52% of its topline from that region. Redington has held on to its leadership position in the Overseas markets for 10 years in a row.

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> Redington derives an impressive 52% of its topline from the META region. Redington has held on to its leadership position in overseas markets for 10 years in a row.

Consider next the popular notion that Redington is getting disintermediated because of the onslaught of E-commerce companies and their compelling on-line sales strategies. It is a fact that these enterprises are witnessing exponential growth and are poised to scale even greater heights. Therefore, a question that haunts the mind is - will this impact Redington adversely? Should the Company follow suit and set up an on-line portal to partake of this bounty?

In reality, it is the brick-and-mortar retail companies that are facing disintermediation, not Redington. Given their extensive reach and coverage, the technology vendors do not side-step the distributors. It is safe to say that Redington now has four channels of business - Dealer/Reseller, Large Format Retailers, System Integrator (VARs) and the on-line channel. The company made a well thought out strategic decision, a smart one as it has turned out, to offer a suite of value added services to the online segment, over and above mere product distribution. Redington now manages their fulfillment centres and service their post-sales support requirements, adopting a fee-for-service model. This ensures the Company grows in tandem with all its on-line customers.

Redington's board has strong faith and belief in the Company's approach and growth opportunities. They find clarity in the 20/20 strategic plan which articulates various business prospects, most of which are presently in the roll-out stage.

Lastly, there has been some concern (although only in a few pockets) about PC de-growth and a follow on backlash on the Company's fortunes. On the one hand the company has over the years shifted its focus to the enterprise business in the IT vertical; on the other they have gained market share. This is evident from the fact that the PC market de-grew in India by 8% in Q4 but Redington grew by 6%. This is as true of META markets where the market de-grew by 28% while Redington grew by 10% in this period. This is a result of strong engagement with vendors and the Company's ability to identify and capture all available opportunities.

Building Trust

Redington aspires to be The Employer of Choice for today's workforce. Talk to its HR Department and they will tell you that their mission is to be amongst the top 50 Great Places to Work in India. They are determined to reach this echelon by 2020.

The Company, by definition, is non-hierarchical. It has an open door policy and encourages exchange of ideas between levels, through meetings and town halls.

Founded on the conviction that "people make the Company", Redington is openly proud of the people that reside on its rolls, and celebrates their diversity represented by age, gender, religion and experience. The Company's Long Service Awards which applaud longevity in the company, bear testimony to this culture. A wide age spectrum can actually be quite daunting for some companies as managing expectations across this base of people can be challenging. But not so with Redington where its HR practices will help transform the Company to sensibly balance traditional needs with the atypical aspirations of a fast growing millennial generation that is now working across the company.

Compensation is performance based. Employees at all levels are evaluated every quarter and compensated based on their performance score. This promotes individual excellence and encourages the spirit of team working to achieve the mutually agreed goals.

Founded on the conviction that "people make the Company", Redington is openly proud of the people that reside on its rolls, and celebrates their diversity represented by age, gender, religion and experience.

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Redington extends personal interest in the well being of all employees and has Health and Wellness initiatives through the year to benefit them.

Trust is implicit and mutual between Redington and its employees. During the floods in Chennai in December 2015, it was a voluntary gesture by the employees to keep the data centre and all systems safe and running. A four-member team comprising staff from the IT Department remained on campus round-the -clock for 4 days. Arrangements were made for food to be delivered, an exercise which in itself was quite testing. In recognition of the extenuating circumstances that many of its employees were in, the Company paid 2 week's advance salary to all. Lunch was served on the premises for one week to make it easy for staff to come to work without worrying about food.

It is no exaggeration to say that the Employee-Company relationship, the primary component of a strong organizational culture, adds a sense of deep commitment to the other elements of workplace productivity. The Redington work ethic finds a thread right across the organization. By consistently walking the talk, Redington's leadership has fostered an environment where honesty and trust win, no matter what. This approach has successfully led to much trust being built in the brand in the eyes of the larger community.

Managing Risk Prudently

Redington has a diversified product portfolio across 200+ brands in different categories, with a strong network spread across India, South Asia, Middle East, Africa & Turkey, supported by adequate warehousing facilities and service centers.

Redington (India) Ltd. (Redington), which commenced operations in 1993 in India as a single product distributor has now evolved into an integrated supply chain solutions provider with capabilities across distribution, logistics and after sales services. It is the second largest distributor of IT and mobility products in India and the largest in the Middle East and Africa regions. It has a diversified product portfolio across 200+ brands in different categories, with a strong network spread across India, South Asia, Middle East, Africa & Turkey, supported by adequate warehousing facilities and service centers.

For such an operation, risk management is a prime concern; and Redington has ensured that risk mitigation is woven into the very fabric of its operations. Consider for example, Product Risk. Redington services 130+ brands in India with a channel strength of 30,000+ partners, 90 warehouses and 320+ service centers. In the Middle East, Turkey and Africa (META) region Redington services 100+ brands with a channel strength of 11,000+ partners, 24 warehouses and 48 service centers. Its product portfolio in the IT vertical is so diversified that it represents most of the global technology brands in every major product category.

In order to de-risk its dependence on the IT vertical, Redington diversified into digital printing in 2005 and the smart phone in 2007. Currently, Non IT vertical (includes telecom devices, digital printing presses, tablets and gaming consoles) constitutes 23% of the consolidated revenues in FY 2016.

Geographical Risk - Redington operates in multiple geographies - 23 countries overseas to be exact, giving the Company immunity from geo-political risks in one or another country. Redington derives 62% of revenues from overseas markets. The company addresses 6 markets in the Middle East, 12 markets in Africa and 3 markets in South Asia in addition to Turkey and Kazakhstan.

Redington's distribution model results in two major potential risks to the company: **Inventory Risk** and **Credit Risk**. Redington's in-depth market knowledge and channel experience over the past years has enabled it to deploy a sound forecasting model. This combined with a prudent stock provisioning policy as also the contractual agreements signed with the vendors has helped it to successfully mitigate Risk of Obsolescence and the Risk of holding Ageing Inventory.

Let us turn to Credit Risk. Redington sells to both small retailers and large format retailers, giving them a credit period of 30-60 days . The Company mitigates credit risk by very strict receivables management procedures and policies. Redington has a dedicated, independent team to review credit and monitor collection of receivables on a pan India basis. The efficacy of this process is validated by the fact that receivables more than 6 months are just 5% of the total receivables. In the past five years, bad debts that have been written off have been sub 0.11% of sales revenues

Liquidity Risk - Over the years the Company maintained parity between net debt to equity. Its utilization of bank facilities is less than 60% of available limits, both in India and overseas. The Company monitors its leverage position very closely and maintains a strong financial discipline.

Geo-Political Risk - Redington continues to monitor its key overseas markets for political turmoil, falling crude oil prices, volatile local currencies (and subsequent economic growth worries), and geo-political tensions. It continues to keep watch for economic recovery in India on the back of the government's economic reforms. A tangible pick-up in consumer spending is yet to emerge. It is pertinent to mention that Redington has pulled out of or downsized its operations in a few markets in the MEA in the face of rising risk.

As regards foreign exchange, the company has a clear policy to hedge its risk. In India, about 80% of the vendors bill the Company in Indian rupees and for the balance 20%, Redington hedges the risk by taking a forward cover. In the Middle East, as most of the currencies are pegged to the dollar this acts as a natural hedge. In other countries wherever possible the Company takes forward cover, though in the case of Nigeria the Forex problem is compounded with the non availability of the US dollar.

Redington continues to monitor its key overseas markets for political turmoil, falling crude oil prices, volatile local currencies (and subsequent economic growth worries), and geo-political tensions. It continues to keep watch for economic recovery in India on the back of the government's economic reforms.

Being A Responsible Corporate Citizen

With its mission to empower the economically under privileged by providing multiple opportunities and platforms, promoting sustainable holistic development and social upliftment, Redington Foundation focuses on Employability Skill Development.

India is acknowledged as one of most promising emerging markets in the world. The country has the youngest workforce and is well poised to lead global economic progress in the coming years. It is imperative in this scenario that India's young are adequately empowered to capitalize on the opportunities and make a difference to themselves and to the country at large. However, there are huge pockets of population in India's semi-urban and rural geographies, who have missed the boat due to economic distress and therefore suffer from lack of proper education and training. Some lucky ones go to college but remain un-employable because they lack the skills to cross over to a corporate environment. The Redington Foundation aspires to make a difference in this area.

Foundation for CSR @ Redington is a trust formed by Redington (India) Limited to implement various CSR activities towards the betterment of the society. It endeavors to address needs in quality education and health care for the underprivileged and deprived urban poor and the economically challenged rural populace.

Employability Skills Training - Redington's Centers of pride

With its mission to empower the economically under privileged by providing multiple opportunities and platforms, promoting sustainable holistic development and social upliftment, Redington Foundation focuses on Employability Skill Development. The Foundation has set up Redington Smart Learning Centres, where it imparts employability skills training using the expertise of well-known corporate training agencies such as Crestpoint Consultants, 361 Degree Minds and Unnati Foundation.

Redington Foundation provides quality education that includes value education and life-skills education, to transform the quality of life for both the individual as well as his/her family. So far, 500 students have benefitted from this initiative and have become ambassadors for recommending the course to peers and friends.

The Foundation has started with Tamil Nadu for implementation of its strategy, but will soon expand its footprint. It associates with other well known trusts that serve the same objectives, and leverages their experience towards successful implementation. Some examples include Gandhigram Trust, Ramakrishna Mission, Lakshmi Seva Sangam and SSN Institution.

To improve employability of youth, the Foundation offers them training to smoothly cross over to a corporate environment. Various soft skills training like communication skills, interview skills, office etiquette, personality development etc. are included in the training. We take great pride and satisfaction in the fact that out of the first batch of 50 students, over 40 of them have been successfully placed with several corporates.

The Foundation is also committed to bringing the benefits of new technology to all members of the community, regardless of economic status. The Smart Learning Centres will help bridge this divide.

Vocational training for children with special needs

The Foundation is also active in the area of disability management. Recognizing that disability is not inability, it provides interventions to catalyze the holistic development of both physically and mentally challenged people. It has established resource centers in rural areas and formulates accredited learning programs aimed at mainstreaming differently-abled persons.

In order to empower the hearing impaired, the Foundation rolled out an exclusive program at Shanti School, Sivasailam. The program entails special educators and support staff who are focused on providing holistic development to the students. They are taught sign language and provided with special applications enabled Tablets for their advanced learning. The Foundation has partnered with Amar Seva Sangam, Amar Jyoti Charitable Trust, V-Excel Foundation, RASA Foundation, Gandhigram Trust and enables them to best serve the needs of differently-abled and underprivileged people in the rural areas.

Equipping and Recouping Schools

Devastating floods crippled life in Chennai and its neighbouring districts in December 2015 drowning the hopes of thousands of school children. The furious flood waters chased them out of their homes and washed away their school books, bags, stationery, and uniform.

Utilities such as blackboards, benches, lights and fans in schools and colleges were damaged partially or fully. In some cases, structural damages were acute. The Foundation immediately swung into action, by revamping desks, white washing walls and providing power back-up support and study material to the flood-affected children. The intervention helped the children get back to normalcy quickly.

The Foundation has offered scholarships to academically brilliant students who need financial support to continue their education. Laptops have also been distributed to help prepare students for this digital era.

The CSR team at Redington is dynamic and young. Their commitment and passion is sure to draw more volunteers into the fold helping scale the Foundation's reach and the number of beneficiaries.

Board's Report

To the Members,

Your Directors are pleased to present their Twenty Third Annual Report together with the Audited Financial Statements of the Company for the Financial Year ended on March 31, 2016.

The Directors feel it appropriate to present the Consolidated financial performance of the Company in the manner set out below, which factors in the prevailing geo-economical environment and the associated risks and rewards.

(Figures in ₹ /Crore)

Particulars	2015-16 India Consolidated	2015-16 Overseas Consolidated	2015-16 Total Consolidated	2014-15 India Consolidated	2014-15 Overseas Consolidated	2014-15 Total Consolidated
Revenue from operations	13,370.66	22,058.99	35,429.65	12,969.11	18,590.05	31,559.16
Other Income	27.26	19.42	46.68	42.80	20.72	63.52
Total Revenue	**13,397.92**	**22,078.41**	**35,476.33**	**13,011.91**	**18,610.77**	**31,622.68**
Total Expenses:						
a) Cost of goods sold	12,490.99	20,881.41	33,372.40	12,164.70	17,568.20	29,732.90
b) Employee Benefits	147.68	392.29	539.97	134.59	333.14	467.73
c) Other Expenses	339.31	407.08	746.39	323.27	336.89	660.16
Profit before Interest, Depreciation and Tax	**419.94**	**397.63**	**817.57**	**389.35**	**372.54**	**761.89**
a) Interest Expenses	86.18	93.49	179.67	70.68	87.92	158.60
b) Depreciation & Amortization Expenses	14.31	29.00	43.31	14.32	28.27	42.59
c) CSR	0.50	-	0.50	5.24	-	5.24
Profit before Tax	**318.95**	**275.14**	**594.09**	**299.11**	**256.35**	**555.46**
Tax Expense	110.99	35.40	146.39	102.26	42.78	145.04
Share of loss of associate	-	-	-	0.05	-	0.05
Minority Interest	-	22.04	22.04	-	23.84	23.84
Profit after Tax	**207.96**	**217.70**	**425.66**	**196.80**	**189.73**	**386.53**

Your Directors have made the following appropriations out of the Standalone profits of the Company:

(Figures in ₹ /Crore)

Net Profit of the Company (Standalone) for the Financial Year 2015-16		188.90
Less: Proposed Dividend @ ₹2.10 per Equity Share of ₹2/- each (i.e. 105% of the Face Value) for the year ended March 31, 2016	83.96	
Dividend Distribution Tax thereon*	15.39	
Balance Surplus carried in the Balance Sheet		**89.55**

* Net of Dividend Distribution Tax credit of ₹ 28.63 Lakhs on account of dividend received from an overseas subsidiary company.

Financial Performance of the Company

The consolidated revenue of your Company was ₹ 35,476.3 Crore as against ₹ 31,622.7 Crore in the previous year with a CAGR of 17% for last ten years (since listing). The consolidated net profit for the year under review was ₹ 425.7 Crore as against ₹ 386.5 Crore in the previous year with the CAGR of 17% for the last ten years (since listing).

The Earnings Per Share (EPS) on consolidated basis (based on weighted average number of shares during the year) increased to ₹ 10.7 for the year under review as compared to ₹ 9.7 for the previous year.

A detailed analysis on the financial performance of the Company is given as part of the Management Discussion and Analysis report which forms part of the report.

Statement on salient features of financial statements of Subsidiaries and Associate in the prescribed Form AOC 1 is appended as part of this report. The details of the subsidiaries incorporated during the financial year under review are given as part of notes to the consolidated financial statements.

Dividend

Considering the improved global performance of the Company the Directors are pleased to recommend an enhanced dividend of ₹ 2.10 per share (i.e.105% of the Face Value) for the year ended 31st March 2016 as compared to ₹ 1.90 per share (i.e. 95% of the Face Value) for the previous year.

Indian Operations

Information Technology Products

Personal Computing & Printing

The client space in IT business verticals (PC / Notebook) continues to undergo a churn with overall de-growth in demand for personal computers during FY 2015-16. It is now evident that the refresh-cycle for PCs / Notebooks have appreciably increased with the customer not finding too much incentive for frequent replacements / upgrades. Even the introduction of Microsoft's new Operating System, Windows-10 has failed to give any significant boost to the demand for new PCs / Notebooks.

The India PC industry has now become a four-horse race with HP, Lenovo, Dell and Acer supplying over 90% of the market demand. While the brands have tried their best to create demand and introduce new categories like convertibles and gaming notebooks, this has not been enough to rejuvenate customer demand.

It appears that most vendors have become dependent on "free laptop" deals floated from time-to-time by various state governments to shore up their overall numbers. Absence of such deals during any period has resulted in appreciable drop in PC shipments.

HP and Lenovo have positioned themselves aggressively to take market-share from competitors and your Company has been able to take full advantage of its relationship with these brands to grow its revenue in the PC segment. Additionally, your Company's strong engagement with vendors and partners in the projects segment (where it holds a leading position with most vendors) has also enabled it to maintain its share of wallet in the vendor pie.

The year 2015-16 saw the introduction of a new category of printers to the Indian market called "ink-tank". With the cost-per-page reducing substantially on the back of this new technology, we expect printer demand to be boosted.

Continuous efforts on the part of HP to bolster Consumables demand by working on cost-reduction saw the demand being appreciably stronger during last fiscal and your Company could take full advantage of it to grow its supplies revenue and market share. While refills and compatibles still remain a big challenge, it is forecast that the ink-tank technology which promises to drastically reduce the price gap between original and refill/compatible would go a long way in addressing this challenge.

HP continues to strengthen its presence in the Indian market by taking a strong position in the ink-tank category and your Company is expected to gain substantial revenue boost on the back of this development.

The Digital Printing vertical division continues to grow its base and with the annuity revenue from revenue-per-page growing sharply due to the increased installed base, this division demonstrated a 50% YOY growth. Your Company is strongly engaged with the Vendor to exploit more and more market segments for Digital Printing.

Commercial, Enterprise & Infrastructure

Investment climate of Corporates and Enterprises towards new technologies and solutions showed a degree of buoyancy during FY 2015-16 with vendors like HP, IBM, Oracle, EMC and Cisco finding opportunities in specific industry segments like BFSI and ITES. Your Company's strong engagement with the vendors at all levels enabled it to take advantage of many such opportunities.

While large-ticket deals were still few and far between, medium size investment in technology refresh gained momentum, presenting host of opportunities for revenue growth.

"Digital India" and "Smart City" initiatives have been initiated with a few states starting to work on infrastructure projects. As IT products are likely to form only a small part of the overall project, a new breed of System Integrators (SIs) having capabilities in offering overall infrastructure implementation are expected to gain prominence. Your Company is closely working with vendors to take advantage of the IT equipments that would be required to complete these projects. The work is still in its initial stages, but we expect to see the projects kicking off during FY 16-17.

Your Company is investing in Inside Sales, Consulting and Training capabilities to offer a differentiated value-add to its enterprise vendors and partners as this will also offer your Company significant, incremental earning opportunities.

Cloud Services

There is an inclined awareness amongst the Indian customers on the advantages that Cloud Technology offers, though some of them are still skeptical. More and more corporates are discussing transferring their non-critical work-loads to the Cloud to take advantage of Opex based infrastructure, rather than Capex based purchases. The questions have now shifted from "why" to "how" and "when".

Your Company has taken the initiative to invest ahead of time in the Cloud space by forming the "Cloud Solutions Group" and is steadily building up the infrastructure and skill-set required to make it the best-in-class Cloud Distributor, offering distinct, unique value proposition to its Vendors, as well as its channel partners.

A robust state-of-the art Digital Transaction Portal has been developed in-house to provide a seamless experience to partners to buy, provision, use and pay for products and services from various vendors. The Portal offers a single, simple and easy to use interface for partners and their customers to deal with different vendors without having to access each vendor portal independently.