

Redington (India) Limited

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CIN : L52599TN1961PLC028758

08th August 2017

The National Stock Exchange of India Ltd
Exchange Plaza
Bandra-Kurla Complex,
Bandra (E), Mumbai – 400051.

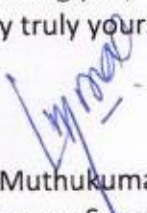
Sub: Submission of Annual Report for the Financial Year 2016-17

Dear Sirs,

In terms of requirements of Reg.34(1) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, we are enclosing herewith the Annual Report for the FY 2016-17, which was approved and adopted at the Annual general Meeting of the Company held on 28th July 2017.

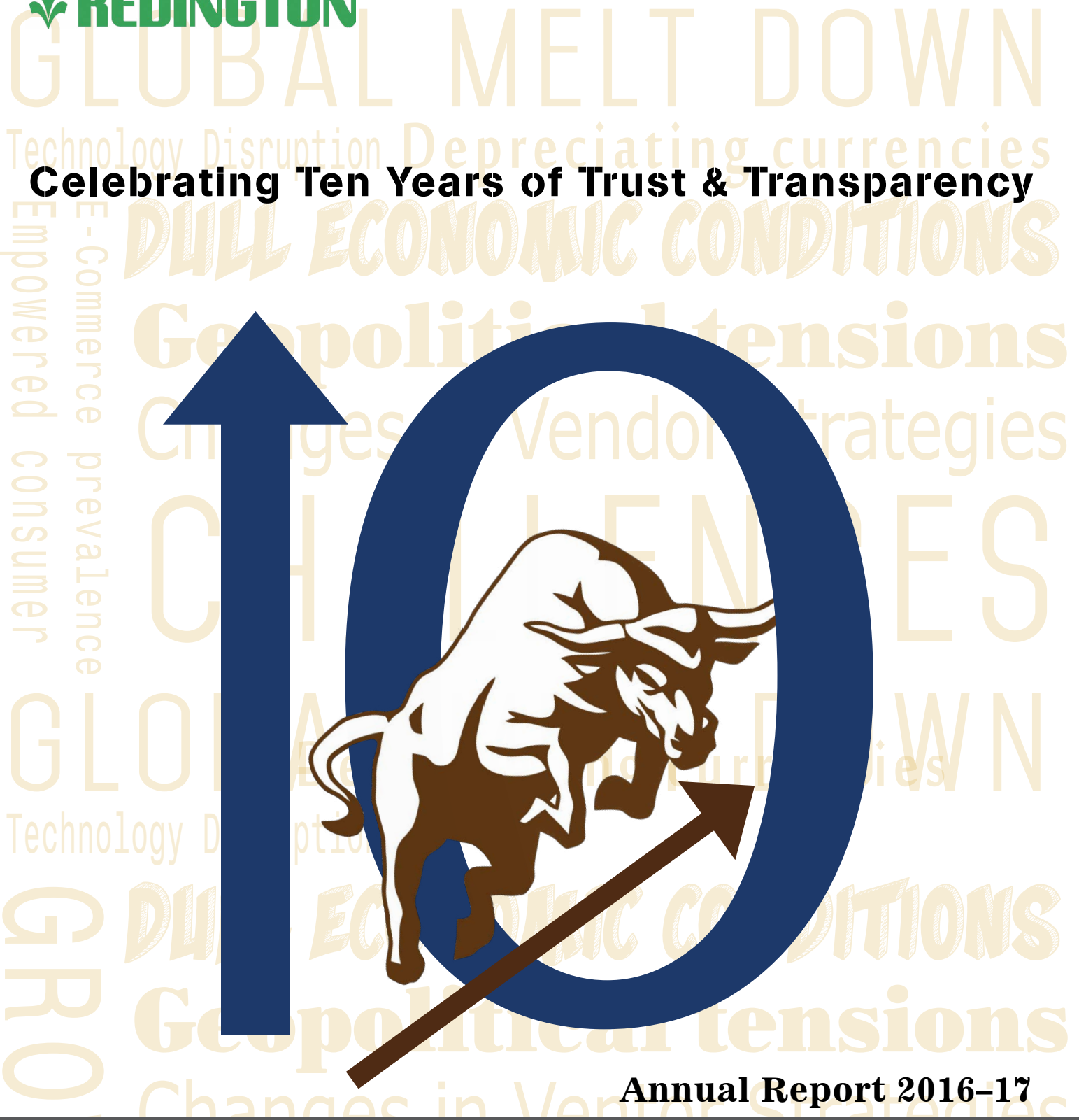
Please acknowledge the receipt of our communication.

Thanking you,
Very truly yours,


M. Muthukumarasamy
Company Secretary

Cc : BSE Limited
Floor 25, Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001





STOCK EXCHANGE TARGETS PHONE MARKET BUSINESS

7.24↓ 695.35↑ 130.85↑ 466.00↑ 561.40↑ 20.00↑ 55.90↑

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Ten years ago, we listed on the bourses and it has been an exhilarating journey. By consistently growing Revenues and Earnings throughout this decade, we have demonstrated perseverance of purpose and excellence of performance. We have invested in future growth by expanding product categories, establishing new partnerships, venturing into new geographies and entering into new business lines.

Along the way, we have addressed various market idiosyncrasies by deriving strength from our understanding of the underlying dynamics and taking timely, informed business decisions.

We have seen numerous challenges and disruptions- global financial slowdowns, unstable currencies, geo-political tensions, technology disruption, demonetization, changing consumer tastes and demands, growth of E-Commerce and vendor mergers and acquisitions. Through it all, we have retained an unwavering focus on our goals and continuously looked for growth opportunities even during the most challenging times.

We owe our success to the support that we continuously receive from all our stakeholders - our vendors, our business partners and not the least, our shareholders. But a large part of the credit must go to the most important stakeholder of all - our people, who work for the Company's objectives with unflagging passion and dedication.

We have resolutely nurtured a culture of learning amongst our employees and have provided them with an ambience conducive towards realizing the full potential of their professional ambitions. While equipping them to address the ongoing business challenges, we have encouraged them to explore the opportunities presented by the fast evolving technology landscape and use them to further our business interests.

It is this work-culture, promoting a degree of "intrapreneurship" within the organization, which has helped transform a home-grown company into the multinational powerhouse it is today.

Corporate Information

Chairman	Prof. J Ramachandran
Managing Director	Raj Shankar
Whole-Time Director	E H Kasturi Rangan
Directors	Tu, Shu-Chyuan Lin Tai-Yang Udai Dhawan B Ramaratnam 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 Axis Bank Ltd IDFC Limited BNP Paribas Citibank N.A. DBS Bank Ltd Deutsche Bank AG HDFC Bank Ltd ICICI Bank Ltd	IDBI Bank Ltd IndusInd Bank Ltd Kotak Mahindra Bank Ltd Standard Chartered Bank State Bank of India Societe Generale Federal Bank The Hongkong and Shanghai Banking Corporation Ltd Yes Bank Ltd
Bankers – Overseas	Mashreq Bank, UAE Axis Bank, UAE National Bank of Fujairah, UAE Emirates NBD Bank, UAE First Gulf Bank, UAE Dubai Islamic Bank, UAE Deutsche Bank, UAE Standard Chartered Bank, UAE ICICI Bank, UAE BNP Paribas, UAE	HSBC Middle East LLC, UAE BNP Paribas, Singapore HSBC, Singapore ICICI Bank, Singapore Maybank, Singapore OCBC Bank, Singapore Standard Chartered Bank, Singapore UCO Bank, Singapore The Bank of Tokyo-Mitsubishi UFJ, Ltd



Message to Shareholders



Dear Shareholders,

I am filled with much nostalgia as I look back to 2007 when your Company was listed on the bourses. At that time, we had 55 brands and were present in 11 countries. Today we have 200+ brands and are present in 24 countries. While each of the years in this last decade had its own share of spikes, dips and challenges, your Company grew consistently in all its markets. Further, by adopting a transparent work ethic, your Company earned the trust of both vendors and partners alike, across all the markets. This gives me a great degree of delight and satisfaction which is what I wish to whole-heartedly celebrate today.

From the time your Company went public in February 2007, Revenue has grown at a CAGR of 17%, EBITDA at a CAGR of 16%, and PAT at a CAGR of 16%. This has been possible due to a well-planned strategy based on a clear understanding of the various markets and their requirements. The strategy focused on geographic expansion, diversification of products and brands, prudent risk management, nurturing relationships with

vendors and partners, and our intrapreneurial culture. The dedication and competency of our people is reflected in their commitment to shared objectives, ability to quickly adapt to changing environments and finding innovative solutions for business challenges.

As you may be aware, the Board had declared a special (Interim) dividend of ₹ 2/- per share (i.e 100% of the Face Value) to commemorate the completion of ten years of listing in the bourses. Further, considering the improved performance of the Company for the financial year 2016-17, the Board recommended a final dividend of ₹ 2.30 per share (i.e 115% of the Face Value).

You may recall my mentioning last year that we were facing challenges in effectively managing our working capital. The good news is that during FY 17, we have been able to significantly reduce the working capital resulting in positive free cash flow. Your Company's overseas subsidiaries contributed significantly to the free cash flow.

During the year under review, we have once again registered strong growth, both in India and overseas markets. Revenue from India and Overseas operations grew by an impressive double digit at 18% and 15% respectively. All business verticals displayed growth, with IT contributing to 71% of the total revenue, Mobility contributing to 27%, and balance from Services.

Muted growth in the demand for IT products continued in FY 16-17 with PC and Print segment witnessing negative or flat growth. However, pockets of opportunities in the Enterprise and Infrastructure space, where we witnessed strong performances in Networking, Security, Server and Storage portfolios, allowed the Company to compensate and deliver a 2% growth in the IT vertical. The customers in the BFSI and Telco segments have shown good traction and this is expected to continue. We expect our IT vertical to grow at a healthy pace in the coming years, on the back of significant Government investments in Smart City and Digital India Projects. These initiatives have just started gaining momentum and we expect to capitalize on significant opportunities going forward.

In the Mobility vertical, we continued to derive value through the Apple business both in India and the Overseas markets. However, the growth in the non-Apple Smartphone segment was 39%, a clear indication that the other brands in our portfolio have started to contribute quite significantly to the growth. Overall the momentum in this segment looks promising.

I am pleased to tell you that your Company is evolving as a Cloud Solutions Provider in partnership with the Global 'Big Four' in Cloud Business - Amazon Web Services (AWS), Microsoft, IBM and Oracle. We are launching our

automated Unified Cloud Platform across multiple cloud service providers. This is a self-service platform which can be used for ordering and monthly billing. The Cloud Solutions Group provides cloud consulting, migration and managed cloud services.

Staying true to its strategy of periodic diversification, your company has evaluated opportunities in businesses such as 3D Printing, Solar and Heath & Medical Equipment. These are still at a nascent stage but we are confident that these businesses will become interesting once we achieve economies of scale.

Redington Gulf FZE remained the No.1 distributor in the MEA region for the 12th consecutive year. It gives me immense pride to share with you that this subsidiary has been placed amongst the top 24 'Great Places to Work' in the UAE.

Your Company has always been at the forefront of Technology adoption and Process Innovation. I am pleased to inform you that your Company has been an early adopter of digitalization towards driving agility and efficiency across the organization. We have defined a well-focused strategy and digitalization roadmap for us to stay competitive and drive future growth.

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 another very good year. ProConnect is now fast growing into a 'crown jewel' within the Redington Group. ProConnect has acquired a 76% stake in Rajprotim Supply Chain Solutions Ltd, a Warehousing and Logistics Company having strong presence in Eastern and North Eastern part of India. This investment in Rajprotim will enable ProConnect to expand its Supply Chain business in the above region, resulting in 'net new business'. In addition, we expect this to bring in synergy for ProConnect across other regions within the country as well. We are well geared to adapt to the GST model and ProConnect will play a huge supporting role as a launch pad in this regard. With GST implementation, we could potentially see a reduction in warehouses, and a probable reduction in logistics and inventory holding costs with marked improvement in delivery timings.

Ensure Support Services has turned itself around by recording a good bottom line growth during FY 16-17. It is focusing more on the enterprise segment and now has 1800 customers in the Infrastructure Management Services division. The company upsells Managed Security Services which has good future growth potential.

Chennai faced a natural disaster, Cyclone Vardah. I am pleased to share with you that we managed and mitigated the crisis through robust business continuity plans and

disaster recovery strategy. Your Company's subsidiary ProConnect played a big role in ensuring TATs were met and customers were served inspite of this difficult circumstance.

Mr. R Srinivasan and Mr. R Jayachandran, the founder Directors of the Company retired during the year. I wish to express my deep gratitude for the guidance and wisdom received from them over the years. Mr. Udai Dhawan was co-opted as a Director during last year in place of Mr. Nainesh Jaisingh who expressed his inability to continue as a director due to his enhanced role and added responsibilities within his organization. I wish to take this opportunity to thank Mr Nainesh for his significant contribution to the Board. I am happy to share with you that all these changes were seamless.

Your company believes in giving back to the society and the Foundation set up two years ago continues to implement various CSR activities for the betterment of the community. It addresses needs in quality education for the underprivileged, the differently abled and the economically challenged. It is gratifying to note the good progress made by the Foundation during this year, details of which are included in this report.

Looking at the future, my Vision for your Company is "to become the most preferred Service Provider in the B2B & adjacent spaces, across different industry verticals, technologically enabled, offering simple and complete cost effective solutions, by keeping customers' best interests at all times".

I wish to once again thank all my colleagues at Redington for their phenomenal contribution towards your Company's growth. I also wish to thank all the stakeholders for their continued faith and trust in the company. I look forward to their on-going support this coming year and in the future.

With warm regards,

Raj Shankar
Managing Director



Financial Highlights (Since Listing)

Standalone Financials												
(₹ in Crore)												
Particulars	2016-17	2015-16^	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	CAGR
Total Revenue	15,480.7	12,674.0	12,070.4	11,304.7	10,454.5	9,871.5	8,144.8	6,278.8	5,896.4	5,649.8	4,589.5	13%
EBITDA	391.5	377.9	346.2	337.2	342.8	321.2	249.9	201.6	173.9	148.3	101.8	14%
PBT®	300.9	285.5	272.8	315.4	248.9	233.3	193.4	153.2	124.3	103.6	65.6	16%
PAT®	201.7	188.7	182.0	239.8	171.4	156.8	128.4	99.5	80.7	67.1	42.4	17%
Networth	1,546.3	1,538.4	1,360.6	1,266.8	1,065.5	909.0	764.1	676.0	614.4	569.6	535.0	
Capital Employed	2,244.1	2,016.0	1,644.3	1,623.8	1,684.7	1,529.7	1,279.1	1,051.5	904.3	821.8	852.1	
EBITDA / Revenue	2.5%	3.0%	2.9%	3.0%	3.3%	3.3%	3.1%	3.2%	2.9%	2.6%	2.2%	
PAT / Revenue	1.3%	1.5%	1.5%	2.1%	1.6%	1.6%	1.6%	1.6%	1.4%	1.2%	0.9%	
Return on Average Capital Employed *	24.6%	30.0%	30.9%	29.3%	32.3%	35.0%	33.0%	31.7%	31.2%	25.9%	19.9%	
Return on Average Equity *	21.2%	22.2%	23.7%	39.6%	44.0%	50.0%	48.4%	39.0%	29.8%	24.6%	17.9%	
EPS (FV ₹ 2) (₹) #	5.0	4.7	4.6	6.0	4.3	3.9	3.2	2.5	2.1	1.7	1.3	
Book Value per Share (FV ₹ 2) (₹)	38.7	38.5	34.0	31.7	26.7	22.8	19.3	17.2	15.8	14.6	13.7	
# 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 ₹ 65.8 Crore during FY 13-14												
^ Figures for the Financial Year 2015-16 are restated in line with Ind AS												

Consolidated Financials												
(₹ in Crore)												
Particulars	2016-17	2015-16^	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	CAGR
Total Revenue	41,156.1	35,476.2	31,622.7	28,005.1	24,210.4	21,222.0	16,722.7	13,277.6	12,376.0	10,542.5	8,853.9	17%
EBITDA	866.2	817.6	761.9	719.6	684.2	633.4	471.7	365.7	329.6	259.0	198.5	16%
PBT®	654.5	590.3	555.5	485.1	462.4	450.3	351.0	275.9	219.0	177.1	127.3	18%
PAT®	464.2	423.5	386.5	336.6	323.1	292.7	226.0	184.3	159.7	136.1	101.7	16%
Networth	3,147.9	2,949.4	2,374.2	2,021.3	1,640.7	1,322.5	1,255.3	1,075.7	1,002.2	721.5	625.6	
Capital Employed	5,025.2	5,665.9	4,446.8	3,993.8	3,947.1	3,477.6	3,186.3	2,464.6	2,226.5	1,505.4	1,226.9	
EBITDA / Revenue	2.1%	2.3%	2.4%	2.6%	2.8%	2.9%	2.8%	2.8%	2.7%	2.5%	2.24%	
PAT / Revenue	1.1%	1.2%	1.2%	1.2%	1.3%	1.4%	1.4%	1.4%	1.3%	1.3%	1.12%	
Return on Average Capital Employed *	15.3%	14.9%	17.2%	17.2%	17.7%	18.4%	16.0%	14.6%	17.2%	18.9%	18.19%	
Return on Average Equity *	15.3%	15.6%	18.2%	19.1%	22.8%	23.9%	19.9%	17.7%	19.1%	21.7%	21.27%	
EPS (FV ₹ 2) (₹) #	11.6	10.6	9.7	8.4	8.1	7.4	5.7	4.7	4.1	3.5	3.1	
Book Value per Share (FV ₹ 2) (₹)	78.2	73.2	57.6	48.8	39.5	33.2	31.7	27.4	25.7	18.5	16.1	
# 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												
^ Figures for the Financial Year 2015-16 are restated in line with Ind AS												



The Journey

From a humble beginning in the year 1993 as distributor for the HP Printers in India, Redington has evolved into an end-to-end supply chain solutions provider. It was listed on the Indian bourses in 2007. This has been an eventful journey marked by the evolution of strong relationships with the brands, creation of channel structures, efficient product management and prudent risk management. The Company's growth has been primarily driven by its quality human capital and the success of the Company is a testimony to their contribution over the years.

In the initial years, Redington's business comprised of volume driven products like printers and PCs along with components like hard disks, memory chips and processors. Recognizing the changing landscape, the Company graduated into value oriented technology distribution offering Enterprise and Infrastructure products. This led to Redington's transformation as an Integrated Services and Solutions partner.

Key Business Attributes

- ▶ Identify a growth opportunity ahead of competitors to enjoy early mover advantage
- ▶ Successfully de-risk both product category and markets by well thought-out diversification
- ▶ Establish win-win partnerships with both vendors and partners
- ▶ Adopt and invest in new age technologies paving the way for future growth
- ▶ Focus on customer's needs and requirements

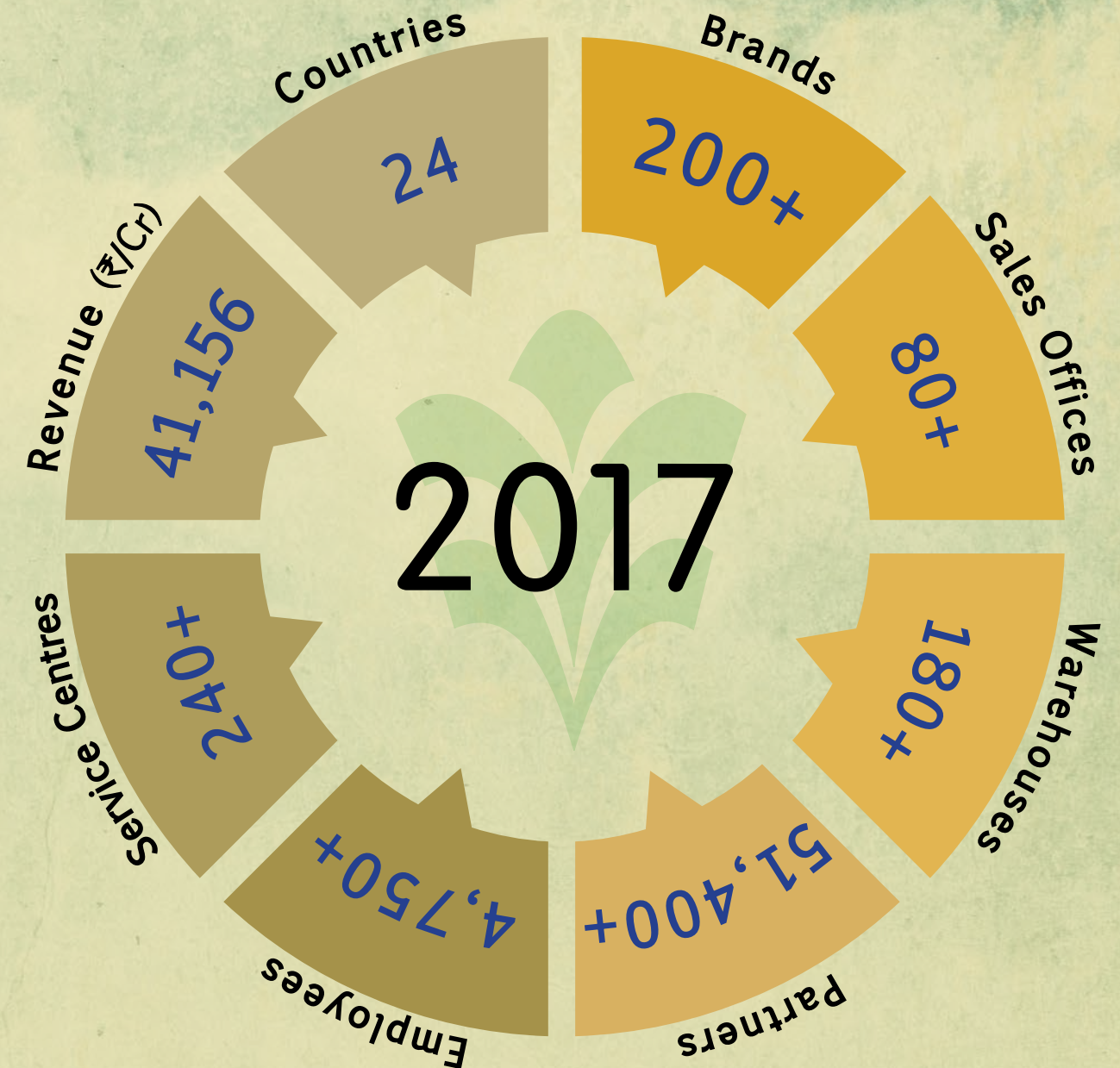
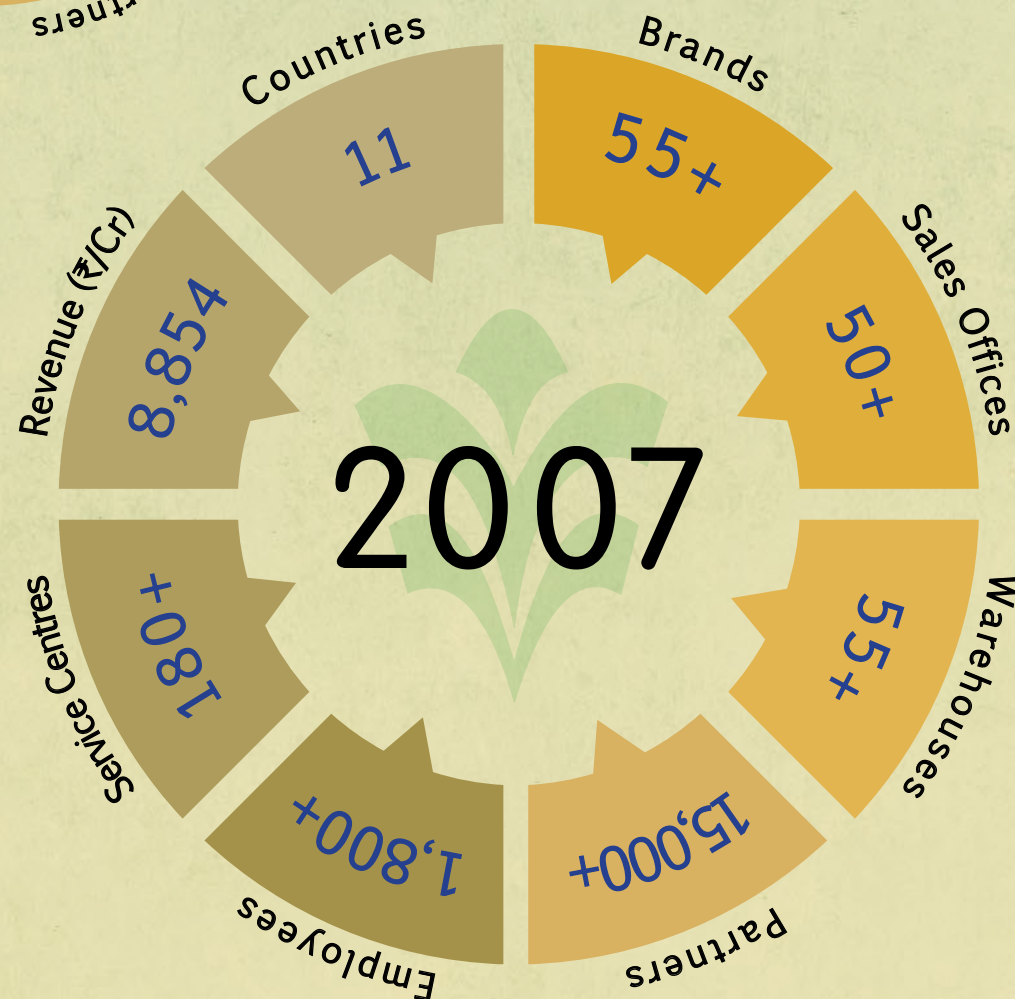
The Strength of the People at the Core



The Growth Story



In India, the Company has focused on continuously augmenting its brand portfolio to have a comprehensive bouquet of products, technologies and solutions. Redington has emerged as a partner of choice for vendors, thanks to a wide range of skill sets to suit a brand's unique Go To Market (GTM) strategy, as well as for customers, given its full suite of products and solutions to cater to all their requirements.



In the overseas market, Redington commenced its distribution business in 2000 with HP for consumables. Over the last 17 years the Company has consistently acquired new brands (presently 100+) across numerous product categories and addresses 22 markets in the Middle East, Turkey, Africa and CIS regions through an in-country business model, catering to the technology requirements of both consumer and enterprise customers.

In 2010, Redington took a 49.4% stake in Arena, a broad line distributor, listed on the Istanbul Stock Exchange. In 2015, it took 70% stake in Linkplus, a value added distributor, in Turkey.

The services business was branded as Ensure Services in 2013. The Company now has 50 service centers in the region. Similar to India, warehousing and logistics were housed under the ProConnect brand, first in the UAE followed by Saudi Arabia.



Diversification for Growth

While continuously growing its portfolio of IT products since 1993, the Company anticipated the need to build the next growth engine and took steps to develop a portfolio of non-IT products in 2006.

A foray was made in the smartphone distribution space through a tie-up with BlackBerry. At that time, BlackBerry phones were being sold only in the 'locked' form through telecom operators. Redington signed-up with BlackBerry as a national distributor for both retail & channel distribution of 'unlocked' phones. This partnership successfully enabled the entire distribution ecosystem for the brand in India. Within 2 years, the volume scaled-up significantly to a level where 'locked' units contributed only a minuscule portion of BlackBerry sales in India.

This success paved the way for signing up with Apple for pan India distribution of iPhones, marking another milestone tie-up in the smartphone space. Apple's brand image and Redington's distribution capacity and network enabled yet another fascinating success story.

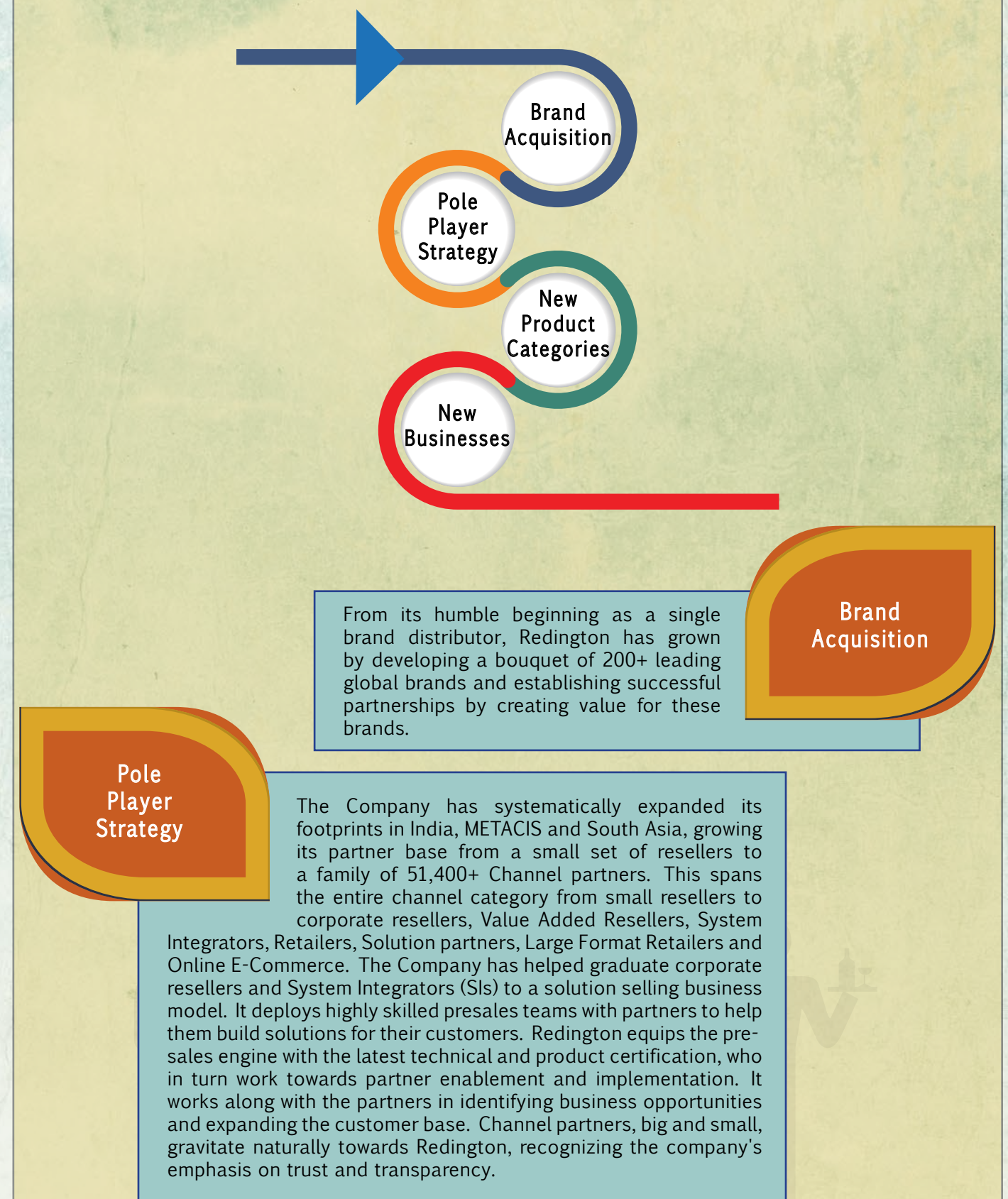
With both BlackBerry and Apple, Redington was instrumental in demonstrating to the brands, the inherent reach and superiority of a well-structured channel based GTM in India, as opposed to the operator based product sales strategy that these brands had adopted in other countries.

The strategy to move beyond IT has been a winning one for the Company: Nearly 30% of Redington's revenues now come from its mobility and services portfolios.

This is but an example of how the Company has made portfolio diversification the cornerstone of its growth strategy.



The Four Vectors of Growth



New Product Categories

While consolidating and nurturing its business in the Personal Computing and Printing space, the Company has continuously strengthened its Value portfolio of Server, Storage, Networking, Software and Security products and solutions. The Company can justifiably claim a well-diversified bouquet of brands in these verticals.

With the explosion of consumer demand of Smartphones, Mobility has been a huge growth engine for the Company. Redington has some of the best brands in this space with its relationships with Apple, Google Pixel, Samsung, Xiaomi and Asus. It also leads in the distribution of the lifestyle products from Apple.

The Value brands gave the Company opportunities to participate in some of the marquee Government projects like APDRP, SWAN, Biometric solutions for UID, Passport Seva Project for Ministry of External Affairs, CBDT, School Projects and many others. Redington commands dominant market share in such projects and is a lead distributor for brands like Cisco, DELL-EMC, HP and IBM.

New Businesses

With the view of leveraging the infrastructure and capabilities built around warehousing & logistics services over the years towards developing 3PL opportunities and in order to convert hardware support division into a truly neutral service provider, your Company hived them off into two separate wholly owned subsidiaries.

During 2012, the Company set up its warehousing & logistics subsidiary, ProConnect Supply Chain Solutions Limited, which apart from handling Redington's Supply Chain requirements, has gone on to add many prestigious independent customers, across different industry verticals. ProConnect offers an entire gamut of Third Party Logistics (3PL) services to customers spread across 12 different industry verticals. Redington aims to grow ProConnect from a pure warehousing entity to an integrated logistics solutions provider.

Ensure Support Services (India) Ltd. has been incorporated for the purpose of carrying out support services business in India. Ensure started operations from April 2014 as a neutral, independent service provider and provides a range of support services for various IT, Telecom and Consumer Electronics products.

Redington has also ventured into emerging business lines and has taken small steps in verticals like 3D printing, Solar, Health & Medical Equipments and Cloud.

The Winning Strengths

Redington's success is underscored by its customers and its people. Its ability to execute, understand and manage risks, and its fantastic portfolio of brands, products and markets give the Company a winning edge in all the geographies that it operates in.

Customer

Whether it is a customer with requirement for a single product line or one requiring support for large turnkey projects running into multi-million dollars involving multiple vendors, Redington's excellent execution capability has always been a source of great comfort and assurance to its vendors and partners. Redington strives to offer all its partners, big and small, the same degree of superior customer experience. The Company has an exclusive team for each vertical/product category and through its product management model, offers the customer a complete understanding of the domain. Redington does not transact with the end customer directly but connects only through its channel partners, building trust and transparency.

People

By far the biggest asset for Redington has been its high quality human capital - people who are custodians of knowledge about Vendors' processes, Market dynamics, Credit intelligence, various aspects of complex Project Management while delivering Revenue and Profit objectives.

Redington's skilled resources have been pivotal in building channel relationships and nurturing them to grow along with the brands. They play a major role in accessing Market Intelligence which is crucial for effective Risk Management. Redington's growth in Revenue @ CAGR of 17% and PAT @ CAGR of 16% is largely on account of its people, who have been the prime movers and key contributors in its storied journey till date.

