REDINGTON (INDIA) LIMITED

REDI for the Revolution

Redington (India) Limited ("Redington" or "the Company") is a supply chain solution provider with the solutions encompassing all categories of Information Technology (IT), Telecom, Consumer, and Lifestyle spaces across 37 emerging markets. Evolving from an IT products Volume Distributor to a Value-Added Distributor and operating worldwide, the Company not only provides hardware products such as computers, printers, and tablets to the consumers but also offers customized solutions to technology vendors for big businesses to operate with ease. The Company started operations as a distributor of only HP (Hewlett Packard) products and now has 200+ leading brand partners. Redington itself is a distributor of technology-based products and the Company's Indian subsidiaries ProConnect and Ensure Services offer logistics, warehousing, and after-sale service. As of Q4FY20 Redington has more than 235 warehouses, 200 partner service centres, 75 owned service centres, 80+ sales offices and 4650 people working in the organization.

Belonging to the commodity trading and distribution industry with technology being its niche, the Company targets wholesale and retail consumers. As a technology distributor, Redington ranks 2nd in India and is number 1 in the Middle East and Africa (MEA) region. Cloud services along with 3D Printing is something new and essential in every organization. Especially after the Covid-19 crises and the work from home culture coming into existence, cloud-based solutions have become a basic necessity for organizations. Partnering with big giants and having a well-integrated distribution system gives Redington an edge over the other companies.

Redington's Offerings

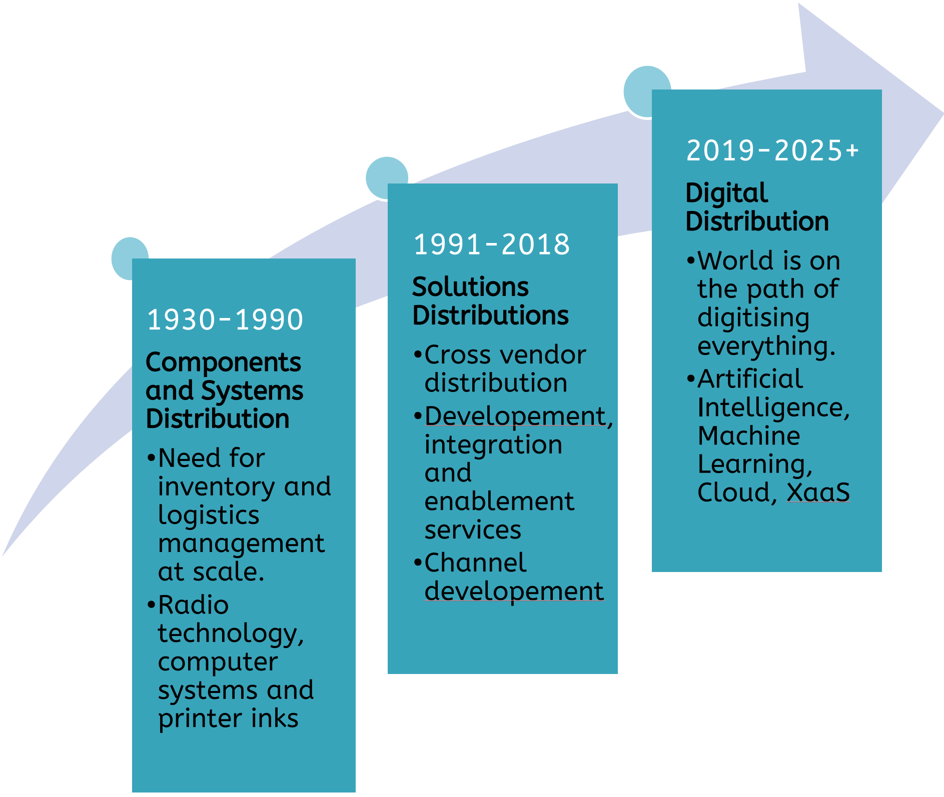
Birth of Redington India Ltd.

An entrepreneur by choice, R. Srinivasan is a man with very high business acumen. Holding an Electrical Engineering degree from Madras University and an MBA degree from IIM Ahmedabad, Srinivasan always wanted to start his own business. He tried to do so in Singapore during the 1980s where the foundation of Redington was laid down. However, due to the lack of funds, the major portion of the Company's equity was given to a Singaporean business group. Srinivasan's dedication to his goal and his undying love for technology made him start Redington in Chennai in 1993 post-liberalization, which has now emerged as a $7300 million distributor. Possessing prior experience with big giants such as The Coca-Cola Corporation and Readers Digest gave him an upper hand in terms of industry knowledge. Redington came up with its IPO in FY07.

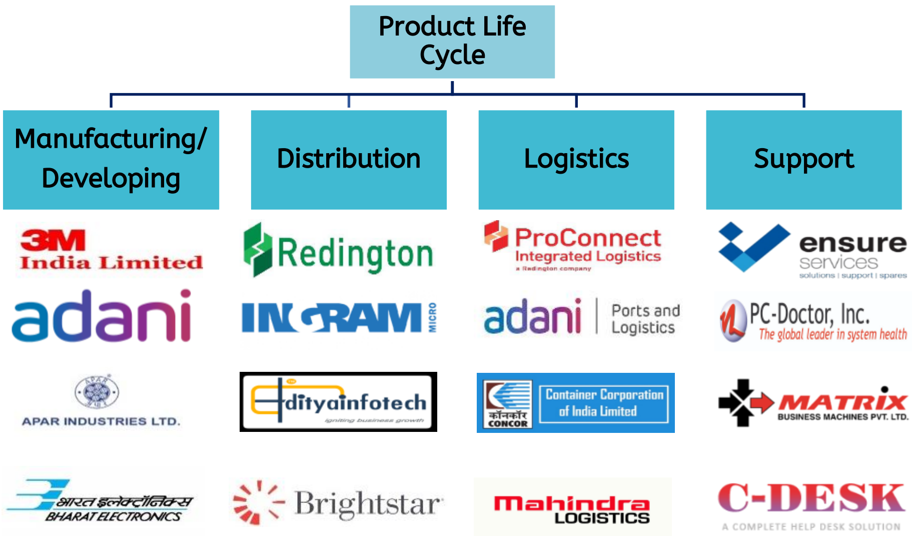
Information and Communications Technology (ICT) Industry

- The traditional global ICT spend grew by 4.0% to $4,200,000 million whereas a whopping 17.0% growth was witnessed in spending in New Technologies in FY19. Therefore, the total spend has grown by 5.0% and reached $4,900,000 million.
- The global laptop market is expected to grow by $7520 million during CY20-CY24 at a CAGR of 1.0%, with the Asia Pacific Region witnessing the highest growth. The demand for 2-in-1 laptops would increase because of their light-weight and high-end specifications. A significant market share is taken by the premium segment of laptops because of its long battery life, wide display screen, robust processors, and attractive design. However, the demand surge in gaming laptops has been due to an increase in the spiralling usage of online and AR/VR among youths and professional gamers.
- The global smartphone markets experienced degrowth of 1.0% in FY20 as per Counterpoint Research. The shipment volumes declined by 19 million units. This was the second consecutive year of decline in the smartphone shipment. The global mobility market faced challenges on both the demand as well as supply fronts. Heightened trade and geopolitical stress were major barriers to the supply chain of components such as memory chips. Vendors were simulated to align their future strategies as the fallacy of dependence on a single-source got exposed.
- The COVID-19 impact has stalled the growth of spending in the ICT industry as it remains flat at $4,900,000 million in CY20. ICT spending is expected to grow by at least 5.0% each year from CY21-CY23. The main drivers will be New Technology, Cloud, and Mobility.
- ICT spend in India grew by 4.7% to reach $90,870 million in CY19. IT Services and Enterprise Software secured the top position on the charts with 10.5% and 11.7% growth, respectively. Devices and Data Centre Systems grew by 7.0% and 1.4% respectively. The Data Centres growth was moderate whereas the Communication Services recorded negative growth of 1.7%.
- The BFSI sector and the Government Public Sector Units (PSUs) are digitizing their operations which is a good opportunity for the ICT industry. This is because this sector is a bulk buyer and occupies a major portion of the distributors' business.
- Cumulative Foreign Direct Investment (FDI) for the IT hardware and software sector has been $48530 million between the years CY00 to CY19. There have been 5300 tech-start-ups which have come up fuelling the industry to thrive. This is good news for tech distributors as they can have more partners and increase their range of products.
- Over the next 5 years, the growth in traditional tech spending is expected to come from Cloud, Mobile, Social, and Big Data/Analytics sectors. Significant growth will also be seen from major drivers like the Internet of Things (IoT), Augmented Reality/Virtual Reality (AR/VR), Robotics, Artificial Intelligence (AI), Blockchain, and NextGen Cyber Security.

- The whole IT distribution industry can be divided into three eras:



The following shows the Product Life Cycle and how Redington India has left its mark in 3 out of 4 stages.



Business Model

Redington India commenced its business in Chennai in 1993 with only the distribution of HP peripherals but it has now become a Company with 38,350 channel partners, 4830+ employees, and 200+ leading brand partners because of the Company's strategy of adding new products to the Company's portfolio. Evolving from a distributor to a Value-Added Distributor providing solutions and consultancies, the

Company has attained a high level of expertise in the IT sector and are still developing this expertise in telecom, home appliances, consumer electronics, and other consumer goods.

The Company follows an indirect sales model wherein it is involved in selling directly to the customer. The Company plays the role of a supply consolidator between IT manufacturers and thousands of IT channel partners.

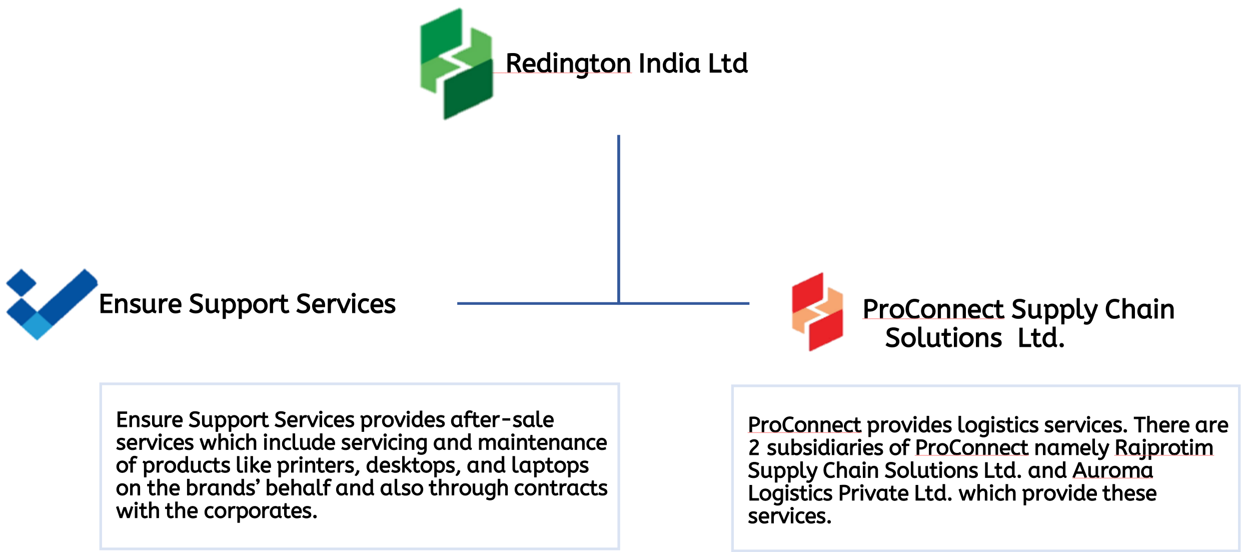
Redington purchases in bulk from the vendors and sells them to the resellers/sub-distributors/system integrators and retails on a principal-to-principal basis. The Company purchases either on credit or avails cash discounts from vendors. To stay in the competition, the Company has to mostly avail cash discount instead of buying goods on credit. By availing the cash discounts, the Company improves profit margin which because of the nature of the distribution industry is generally very thin. However, large Indian corporates and small and medium business houses favour purchasing from the distribution channels than the vendors.

The Company has organized its business into two main segments:

Volume Business: The products falling under this category are generally high-volume fast-moving products such as Samsung monitors, HP peripherals, Intel CPUs, Seagate Expansion hard disks, etc. Since the brands are well established, the job of demand generation is of the vendor whereas the distributor just acts like a bridge. The volume business requires stocking across branches and a considerable amount of capital.

Value Business: High-end and high-value products fall under this category. These products are sold as an entire package to the corporates which require a complete IT solution. The selling cycles are longer and many solutions require products from various brands. This category mainly includes products for networking from brands such as CISCO, Tyco, Systimax, and products for high-end storage such as IBM, HP, EMC, and also software brands such as Mcafee, CA, Sybase, etc.

Redington itself provides distribution services while its subsidiaries make it complete by providing the other services. This makes the Company a one-stop-shop for its customers.



Apart from these subsidiaries, Redington has an associate Company, Redington India Investments Limited and this associate Company owns a subsidiary namely Current Technology Retail Ltd.

Redington owns 57 foreign subsidiaries in various countries like Africa, the Middle East, UAE and the South Asian countries, among others.

Impact of COVID-19 Pandemic

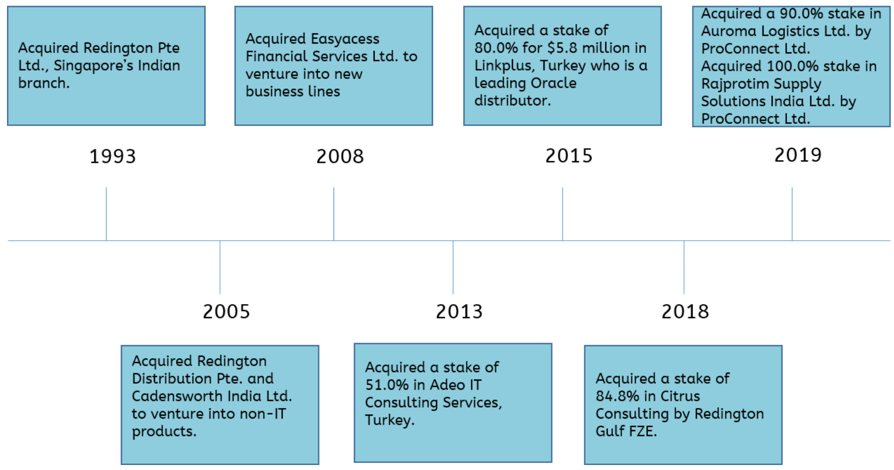
- The coronavirus outbreak has greatly affected the Technology and Distribution Industry. The COVID-19 pandemic would cause a decrease in ICT spending which would be the first decline in 5 years in India. It is expected to witness degrowth and reach $83,500 million i.e., a decline of 8.1%. Spending on devices and Data Centre Systems are expected to see a steep decline. Consideration of the life cycle extension of existing device assets by the Chief Information Officer (CIOs) in India will cause a further delay in new purchases.
- 75.0% of the companies belonging to the retail and transportation sector reported supply chain disruptions due to transportation restrictions, as flights and trains were discontinued along with a driver shortage in the case of road transport, in the initial stages of lockdown. This outbreak has delayed the launch of various new models of tech devices and it is still a challenge for the factories to operate at full capacity as the factories have to follow the social distancing norms to contain the spread of the virus. The pandemic has adversely affected the demand for non-essential commodities because of high rates of unemployment and salary cuts. The outbreak has also caused the risk of an inflationary rise in product prices because of the disruption in supply.
- With the country entering into an unlock phase, though the transportation has been resumed, there are only limited means and rounds of supply due to controlled and limited trains, flights, and lack of drivers for trucking. On the other hand, COVID-19 has not only caused losses and disruption but it has opened new avenues for the technology and distribution industries. The need for 5th Generation (5G) technology, the mass requirement of laptops for the employees working from home, cloud-based technology, IoT, AI, Telehealth, and speedy delivery are opportunities that are the need of the hour.
- Redington India has lost sales worth $24.1 million due to the pandemic. The Company's top line would have boosted by 15.0% and an increase in the bottom line would have also happened if this outbreak would not have happened. Raj Shankar, the Managing Director of the Company informed that the Company lost $110 million business in the foreign markets to Turkey, Middle East, and Africa. Another $27 million were lost to the South Asian countries including Singapore. These orders were confirmed but the Company could not execute them owing to the lockdown which led to the loss of business.
- The Covid-19 might have caused short term losses to the technology and distribution companies but it has been a blessing in disguise and opened an array of new opportunities.

Differentiating Strategies

1. Global Presence and Inorganic Growth

The Company's strategy of inorganic growth and expanding its business into new geographies have led to this vast network. The Company not only operates in India but it also operates in other countries like the Middle East, Africa, Turkey, Singapore, and other South Asian Countries as compared to its peer HCL Infosystems who has its presence concentrated in India and Singapore only. Redington India enjoyed a first-mover advantage on its commencement of business in the MEA region because at that time those economies were on the growth stage and the government spending on infrastructure had offered good market potential and higher margins for the Company. This helped Redington have a global presence and the robust system of distribution of IT products creates a moat around the Company.

A glimpse of Redington's Journey of Inorganic Growth



Source: Company, Leveraged Growth

2. Single-Sourcing Point for the Customers

A wide range of products such as PCs, mobile handsets, peripherals, packaged software, storage, printers, scanners, etc. is offered by the Company. The Company not only offers products but the Company also offers after-sale and post-warranty services which makes them a value-added distributor for vendors and customers. The Company is also involved in providing logistics support which includes reverse logistics, high-level repair services for mobile handsets and motherboards. This wide range of products and services offered by the Company, helps it achieve economies of scale and makes it a single sourcing point for the Company's customers.

Apart from the convenience provided to customers, the Company also hedges its own idiosyncratic risk by investing in different types of business and diversifying its portfolio, thereby hedging itself from the losses faced in case a particular business does not do well.

3. Building Long-Lasting Relationships

It is important to build long-lasting relationships with its customers, partners, employees, and other stakeholders. This strategy has helped the Company to grow and build a strong network. The Company started with only HP as its vendor in CY93 and as of CY20, the Company has partnered with more than 220 brands including Apple, Amazon Web Services, Acer, Asus, Oracle, etc.

4. Foray into New Verticals and Backward Integration

Certain services like logistics support, order fulfilment, inventory, channel, and credit management and information systems are required by all businesses irrespective of their industry. Hence, the Company forayed into new verticals like Gaming Consoles, Consumer Durables, and Digital Presses business. These unique sets of services provided will act as a major differentiator for the Company as it would be difficult for a small/medium scale distributor to offer such a wide range of products. The Company's strategy of having its own supply chain is an additional benefit. The Company provides supply chain services through its subsidiaries in India. Redington covers the distribution, logistics, and support services domains after establishing its own supply chain.
HCL Infosystems being a competitor of Redington India offers IT distribution and solution services but it does not provide services like Health and Medical Equipment distribution and it has not ventured into the Solar business.

SWOT Analysis

Strengths

1. **A Wide Spectrum of Product Offerings:** The Company offers a complete bouquet of IT products like peripherals, scanners, printers, PC components, packaged software, high-end servers, etc. through multiple vendors. Moreover, it also supplies mobile handsets. This comprehensive range of products offering helps Redington to achieve economies of scale and also provides the customers with a single sourcing point.

2. **An IT Distributor with a Customer Support Presence:** Redington has an extensive distribution channel. It provides end-to-end services comprising of warranty and post-warranty services, thereby offering significant value addition to vendors and customers. This has helped the Company to build a business partnership with global vendors.

3. **Broad Reach and Excellent Logistics Capabilities:** Logistics is one of the most important core competencies of Redington. To ensure easy accessibility of the products to the customers and higher penetration in the market, the Company has numerous warehouses spread across different states in India. It has over 38,350+ channel partners, 80+ sales offices, and covers 37+ markets, only in India. Similarly, local presence through several subsidiaries in the Middle East and Africa region aids the Company to address supply chain constraints of these geographies. The Company has the best IT distribution network in the Middle East and Africa region. Redington successfully manages such a huge network in a time and cost-efficient manner on the back of its robust IT infrastructure.

4. **Diverse Consumer Base:** The Company enjoys a strong relationship with the vendors and clients. Over the years, it has serviced vendors like HP, Microsoft, IBM, etc. The ability to provide a host of services like logistics, after-sale support, demand generation, etc. has helped the Company to build such a diverse vendor base.

5. **Early Investments in Emerging Tech Categories:** Redington enjoys the first-mover advantage because of its commencement of operations right after the liberalisation, privatisation, and globalisation of the Indian economy. The technology distribution sector was not explored in the 1990s and the Company made its move into the sector to secure its place in the industry.

6. **Track Record and an Eye for Grabbing Opportunities:** Since the listing of the Company, Redington has maintained its revenue CAGR of 14.7% and a profit CAGR of 13.3%. The Company also maintained a constant dividend payout of 20.0% of annual consolidated profits. These factors have helped the Company earn a very strong credit rating since the past two decades. The Company utilises every available opportunity by investing in skills, resources, and infrastructure well ahead of time. The Company partnered with its vendors from the introductory stage of emerging technology trends. This has helped Redington in setting standards and trends in the Company's interaction and offerings.

Weaknesses

1. **Rigid Processes:** The Company's adherence to rigid processes reduces the ability to move easily and quickly.

2. **Lack of Diversification:** The mobility portfolio of the Company is limited to Apple, Google, and Samsung only.

3. **Loss from the Solar Business:** The Solar Business of the Company did not do well because of which it had to downsize its operations and the Company plans to start it in the correct climate.

Opportunities

1. **Support from the Government:** The Government and PSUs are in the practice of digitizing the economy which will make the government a major buyer of the IT products and the services which are offered by the Company. The use of public interface functions and the back-end office requires

the latest technology. 18.0%-23.0% of the overall economic activity could be contributed by India's digital economy.

2. **COVID-19:** The COVID-19 pandemic has opened up various opportunities for the Company. Some of which are:
   a. The increased need for cybersecurity. This market is estimated to grow to $3100 million i.e., at a CAGR of 15.6% by CY22.
   b. The need for new technology such as cloud-based services will be required by the Banking, Financial Services and Insurance (BFSI) sectors and big firms. The public cloud market is expected to reach $8000 million by CY23.
   c. Work from Home culture has coerced the need for enterprise networking and this industry is expected to grow to $3600 million by CY24.
   d. Due to the pandemic, people realized the need for high-speed internet and 5G technology.
   e. Telehealth is another domain that is emerging. This domain basically offers medical services such as diagnosis, treatment, and operation online without the need for the physician to physically visit the patient. Due to the pandemic, there are many patients who are quarantined and they need medical assistance on a daily basis but because of the lack of doctors, they are being ignored. This technology solves that issue.

3. **Smartphone Market:** Smartphone market in India is estimated to grow at 14.6% CAGR by CY23. As Redington is already operating in this domain, it can take advantage of this opportunity.

4. **Software Market:** The software market is expected to grow at 14.1% CAGR between CY18-CY23. The Company deals in software and the same is sold as an entire package to corporates. The Company benefits from the software segment and hence, growth in this segment is a positive sign.

5. **Supply Chain Service Provider:** Redington's venture into becoming a Supply Chain Service Provider will be beneficial if the Company takes advantage of the IT Services market which is expected to become a $14000 million sector by the end of CY24 and grow at 8.6% CAGR between CY18-CY23.

Threats

1. **Economic slowdown:** As the Company is operating not only in India but internationally as well, the economic slowdown is expected to affect the Company adversely and decrease its profit after taxes.

2. **Political Risk:** Political tensions in any nation can cause a disturbance in the operations of the Company. Political instability is a result of a change in regime and uncertainty in tax, policies, property, and laws. The Company may face issues in quality, relationships, and productivity and this will affect the daily operations.

3. **India China Brawl:** The tensions between India and China is another possible threat that can affect the Company. There are various Chinese brands like Samsung and Lenovo whose products are dealt in by the Company and if there is a sudden ban on them then it can hurt the sales and profitability of the Company.

Michael Porter's 5-Force Analysis

Barriers to Entry

IT-distribution industry has created high entry barriers for new entrants. Some of the barriers are as follows.

- **Robust Vendor-Firm Relationship:** The relationship between the existing firms in the industry and the vendors are difficult to establish. The older firms seeded their relationships with their vendors at a very early stage. The firms have worked hard over the past 2-3 decades to maintain this bond. Vendors also prefer those distributors who have adequate geographical and local knowledge. Also, in the IT-distribution industry, the distributors are not only expected to have local knowledge but they are required to have the technical expertise as well which is generally missing in the new entrants.

- **Wide Reach and Infrastructure:** India being a vast country, companies have to set up a lot of sales offices and warehouses in order to have a wider reach and function with ease. A well-built infrastructure and IT support systems are essential for distributors to co-ordinate effectively with those warehouses and sales offices. For putting this extensive infrastructural network in place, a good sum of capital along with expertise in the field of IT is required. Redington has a large market share with a large number of channel partners, markets, and sales offices in India and globally. The Company has grown inorganically over the years acquiring several companies. Creating such an extensive network would be very difficult for new firms.
- **Requirement and Management of Working Capital:** The IT-distribution industry requires large amounts of working capital because of its nature of being a highly capital-intensive business. Offering credit to resellers, maintaining the inventory levels and optimum working capital levels, purchasing goods by availing cash discounts, and managing the working capital cycles requires the relevant resources and capital. Availing credit from vendors instead of cash discounts can lower the capital requirement but due to cut-throat competition in the industry and for the survival of the Company in the long-run, the firms avail cash discounts instead of credit.

Bargaining Power of Buyers

Redington India has its own supply chain services which makes it a single sourcing point for its customers and differentiates the Company from its competitors. However, the market has intense competition and close prices are maintained by the competitors. Moreover, the customer switching cost is not as high as the products do not have major differences. Therefore, the bargaining power of buyers is relatively higher.

Bargaining Power of Suppliers

Redington possesses its own supply chain and enjoys a well-integrated distribution system that acts as the backbone of the Company. Therefore, it can be concluded that the bargaining power of the suppliers is relatively low.

Rivalry among Competitors

The Company operates in a highly fragmented industry which makes it difficult for companies to increase prices. Because of the fragmented market, the competitive rivalry among firms is high. The gross margins of the Company reduced in CY19 due to tough competition resulting in price discounts. The firms try to operate at low costs to keep high-profit margins. Redington has been facing tough challenges from Ingram Ltd., Savex Ltd., RP Tech India, Tejas Networks Ltd., and others.

Threat of Substitutes

The main factor that differentiates Redington from other companies is that Redington provides a plethora of products that fulfil the distribution, logistics, and support services. There aren't many firms in the market which provide all the three services. The presence of such a network will make it difficult for customers to switch to a different brand but if a customer is searching for a product in only one segment then it is easy for them to switch to other brands. The Company does not provide any loyalty program for its customers. Therefore, the threat of substitutes is moderate in the case of Redington.

Branding and Other Initiatives

Branding

Redington India has created a brand image of "Brand Behind Brands."

The Company's brand strategy is to be positioned as a Company that can be trusted and that adheres to its commitments as evidenced by long-term association with vendors and channel partners. This has earned the brand a good reputation in the market.

The Company recently had a brand makeover in CY19. The Company launched a new brand logo along with a new tagline. The logo signifies synergy and how the organization believes in oneness with its consumers, vendors, partners, and other stakeholders to create an everlasting relationship. The addition of new shades of green to the logo symbolises the portfolio of businesses the Company is venturing into and diversifying its operations.

The tagline is “Seamless Partnerships.” This tagline perfectly fits for the Company as the Company has 38,350+ channel partners. Maintaining such a huge number of partners is not an easy task and Redington does it very smoothly.

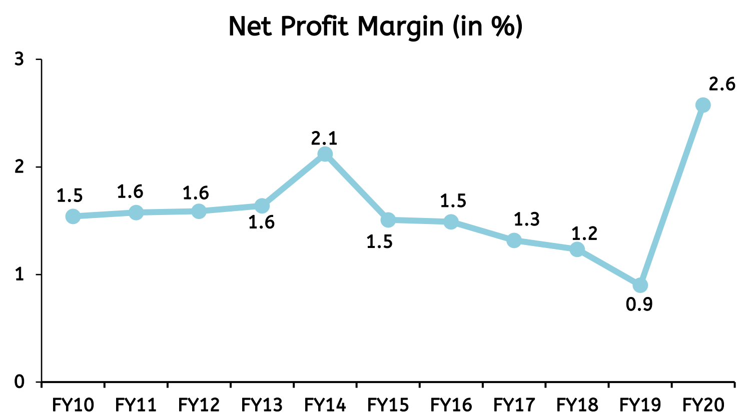
The brand strategies help the Company differentiate itself from its brand partners. Being a distribution firm, the Company needs to create such a brand image that people can treat it separately from its partners. Earlier the Company’s marketing strategies were driven by vendor objectives but now the Company markets the Company’s partner as well as the Redington brand along with the vendor objectives. The brand makeover will help the Company get into new partnerships and create a separate identity for itself. It will depict the direction in which the Company wants to go.

Other Initiatives

Redington Foundation believes that it is the Company’s responsibility towards the society to uplift the socially and economically backward section and protect the rights of women and children. The main focus of the foundation is providing education, creating employment, and healthcare. The Company has been involved in such initiatives from the past 5 years. These initiatives are looked upon and are having a positive impact the society. Out of 5000 students who took training at the Smart Learning Centres (SLCs) set up by the Redington Foundation, 3000 have received gainful employment. The foundation is helping migrant workers and has created a fund for donation to the hospitals during this COVID-19 period.

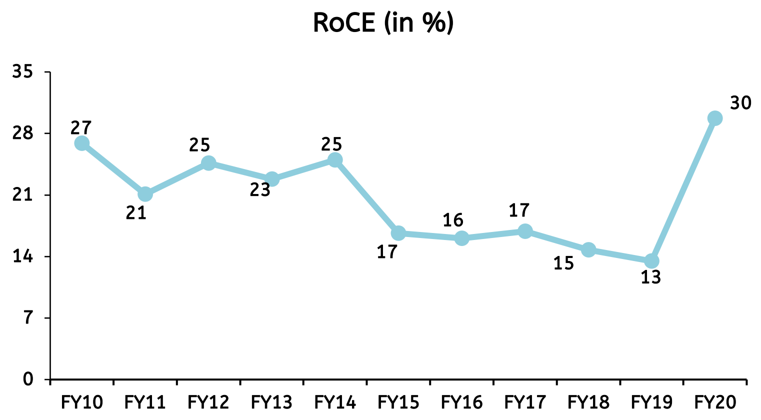
Financial Analysis

1. **What hurts profitability?**
   Net Profit Margin increased significantly in FY20 due to decrease in finance costs and the boom of the mobility business of the Company. The last rise in Net Profit was witnessed in FY14, due to the sale of shares of Easyaccess. The Company has recovered from the significant drop in profits in FY19 due to increased finance costs. A slight fluctuation in finance costs ends up impacting the Company’s margins significantly due to its ever-increasing debt level.



Source: Company, Leveraged Growth

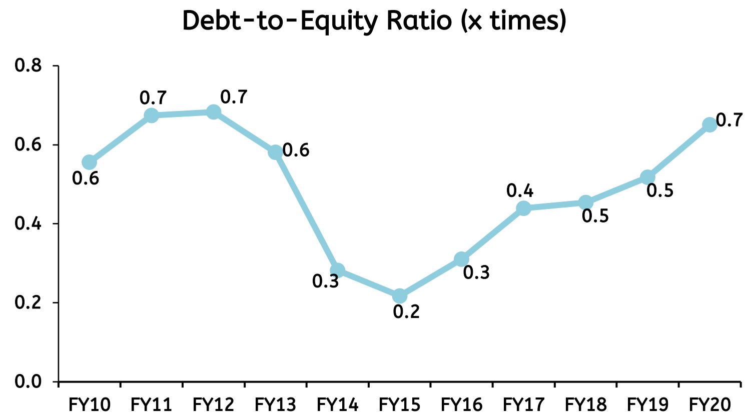
However, this sharp increase in the Company’s current earnings has been mainly due to its diversification strategy, and efficient capital allocation. The same can be noticed through the uptrend in the graph below.



Source: Company, Leveraged Growth

2. Funds Employed

There was a decline in the Debt-to-Equity ratio initially till FY15 due to the positive cash flows from operations for the 7 years preceding FY15. However, henceforth the ratio has increased as a result of the increase in debt every year. This increase in debt was to fund the working capital requirements of the Company. Redington has always ensured to not miss an upswing business opportunity. Therefore, as the Company expanded into different business verticals and handling the operations of various businesses, the working capital requirement rose.

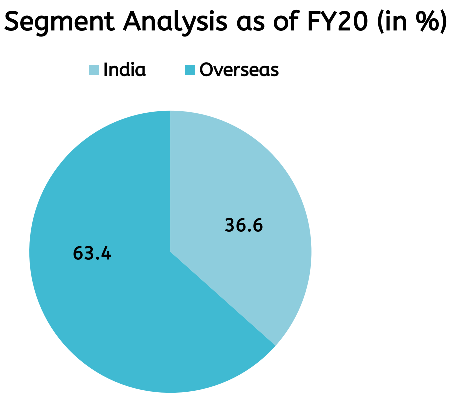


Source: Company, Leveraged Growth

3. Segmental Analysis

According to Ind AS 108, the Company identifies two major segments i.e., 'India' and 'Overseas.' The reported operating segments' performance has been as follows-

- The contribution of the Indian business to total revenue has remained in the range of 36-38% over a period of 5 years. The Indian business has grown at a CAGR of 8.80% since FY16 showing positive strength.
- The contribution of the Overseas business to total revenue has remained in the range of 62-64% over a period of 5 years. The Overseas business has grown at a CAGR of 10.21% since FY16 thereby indicating strong fundamentals.
- Growth in profits has remained better for the Indian business. Profits have grown at a CAGR of 18.9% for the Indian business and 12.2% for the Overseas business since FY16.



Source: Company, Leveraged Growth

The growth in the percentage of its overseas business was slightly more than that of the Indian business. The Overseas business of the Company grew by 10.7% whereas the Indian business saw a growth of 10.3%.

Risk Analysis

1. **Increasing Debt in its Capital Structure:** The debt-to-equity ratio of the Company has increased over the years which is indicative of the fact that the Company has incorporated more debt in its capital structure and this is not a very positive sign for the Company. The Debt-to-Equity Ratio was 0.4 in FY18 which increased to 0.5 in FY19 and is finally 0.7 in FY20.

2. **Inventory Risk:** The Company faces high inventory risk because the Company is into the distribution and trading of products. To mitigate this risk the Company takes measures such as stock rotation, marketing support, price protection, and prudent provisioning. Because of these measures, the inventory is provisioned at 0.04% of the revenues for the last 10 years.

3. **Currency Risk:** The Company operates not only in India but also worldwide. The Company has partnered with organizations from all over the world and hence exposed to high currency risk. To mitigate this risk, the Company takes measures such as currency hedging all exposures. In India, approximately 84.0% of the purchases are made in Indian rupee-denominated invoices and a forward cover is provided for the rest with the premium becoming a part of COGS. In the Middle East and Africa region, the currencies are pegged and transactions are denominated in USD along with local currency borrowing and effective control over forwarding transactions. These measures have enabled the seamless operations of the Company irrespective of currency rate fluctuations.

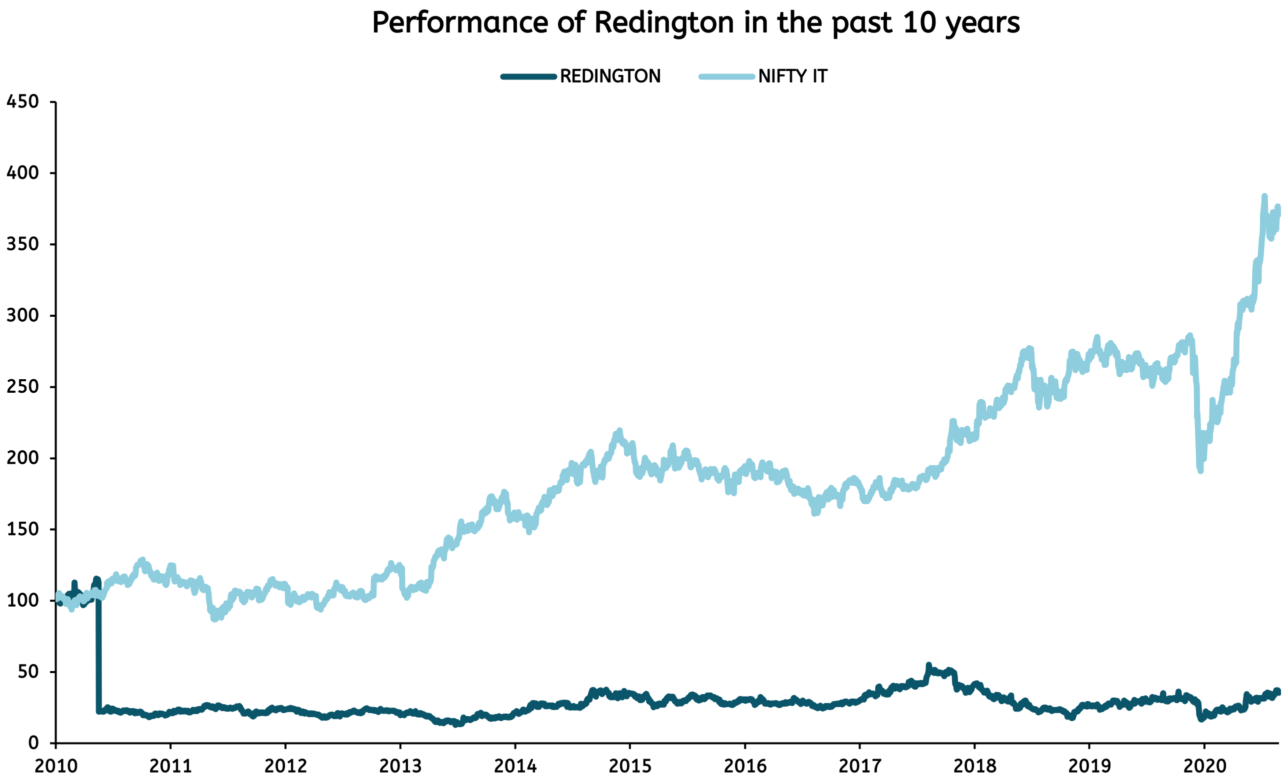
Corporate Governance

1. The Redington Board members possess knowledge about Accounting and Finance and have distribution and vendor experience. They are expert strategists, value creators, and leadership and talent managers.
2. The Board of Redington comprises of ten members as of Q4FY20. 8 directors are Non-Executive. The Chairman of the Board Prof. J. Ramachandran is a Non-Executive Independent Director. The board is constituted by 4 Independent Directors.
3. There are only 2 female directors out of which one is an Independent Director, and the other is a Non-Executive Director.
4. The Managing Director of the Company is Mr. Raj Shankar.
5. Chairman Prof. J. Ramachandran has independent directorships in 2 other companies namely Reliance Communications Ltd. and Sasken Technologies Ltd. Mr. Udai Dhawan is a Non-Executive Director of Prime Focus Limited and Mr. B. Ramaratnam is an Independent Director of Cholamandalam Financial Holdings Limited.

6. The Board complies with the requirements of SEBI (LODR), 2015, and Companies Act, 2013. Following the SEBI (LODR) regulation, none of the directors hold membership in more than 10 committees or Chairmanships in more than 5 committees at any point in the year.
7. The Promotor Holdings have been nil since Q2FY18. The promotor holding was stable at 8.2% from Q1FY17 till Q1FY18. Before that, the promotor holding for the Company stood at 13.3% for Q3FY16 and Q4FY16.
8. After Redington's promotor Harrow Investments exited at the end of Q1FY18 selling its stake to companies like Reliance Mutual Fund, Norges Bank, and Enam Group, the promotor holdings have been zero. After the exit of the promotors, the Company saw a rise in its share price.
9. There were 6 board meetings held by the Company in FY20. Meetings were held with a maximum gap of not more than 120 days. The quorum necessary for the meeting was present. There was one separate meeting held only by the Independent Directors of the organization on 6th February 2020.
10. There are briefing sessions held by the Company for the existing directors for a better understanding and knowledge about the Company's operations in India and its overseas subsidiaries.

The End-Note

- The Company faced short-term losses because of COVID-19 but it can make up for the losses by taking advantage of the opportunities that this pandemic has created.
- The future plan for Redington is to become a leading service provider with distribution being its backbone.
- The Company has made significant investments in building its infrastructure, resources, and network which has made it difficult for the competitors to beat Redington in the short-run. If the Company keeps up its pace then it can be a long-run leader as well.
- The Company plans to offer a vigorous platform powered by technology to entitle a smooth flow of products and services.
- The Company's emerging businesses include its Solar and Healthcare equipment business. The Healthcare and Medical Equipment business has done well. The Company is operating at the Pan India level but it is planning to expand this business to other areas as well.
- The Company also wants to enter the Gaming segment as Redington acquired Company Arena, Turkey.
- The Company targets to achieve RoCE of 20.0% by CY22.
- With the new brand image that the Company has created, it will be benefitting from the "Seamless Partnerships" if the Company continues to maintain long-lasting relationships.
- Tensions between India and China have to be taken into consideration and appropriate steps to mitigate the risk of these political clashes should be planned.



Source: NSE, Leveraged Growth

Disclaimer: The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. Leveraged Growth, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of Leveraged Growth. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Leveraged Growth to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt Leveraged Growth or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold Leveraged Growth or any of its affiliates or employees responsible for any such misuse and further agrees to hold Leveraged Growth or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.