



Message from the Vice-Chairman & Managing Director



Dear Shareholders,

I begin by thanking you – all our Shareholders, for supporting us and standing by us, through good times and through challenging times.

I raise a toast to all my extraordinary colleagues, who, over many years, have given this great Company of yours, the highest possible levels of commitment, dedication and unqualified support.

I wish to express my deep gratitude to all our Business Partners – Vendors and Dealers, who continue to bestow their confidence in your Company.

My sincere appreciation for the whole-hearted support that we have received at all times from our bankers and our auditors.

My heartfelt thanks to the Members of Redington's Board, whose guidance, advice and support has been invaluable, especially during one of the most momentous periods in your Company's history.

FY21 was unprecedented. An unknown virus, originating from deep within China in December 2019, had, by March 2020, spread across the Globe like a wildfire, in the form of a pandemic, aided by a supremely mobile & connected society. All of us are acutely aware of how this has fundamentally changed our lives. Many sectors of the economy, especially those engaged in Hospitality, Travel, Tourism, Entertainment and a multitude of Small & Medium businesses have witnessed closures for long durations, leading to loss of livelihood for millions. Rapid vaccination is now the single most important agenda for most National Governments.

The widespread "Engage-from-Home" has required individuals, societies, businesses & governments to turn to technology in order to evolve a working model and this placed your Company in an advantageous position.

Demand for IT & Mobility products, which help people engage with each other, witnessed a tremendous surge in demand and your Company's position as a premier distributor of such products enabled it to fully capitalize on this opportunity.

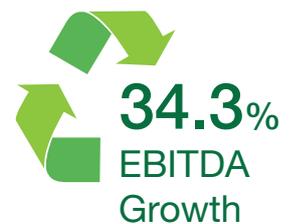
But this required planning, discipline and preparedness. As I had reported last year, we quickly devised a customized play-book to ensure the highest possible degree of Risk Mitigation & Business Preparedness. The principle of 7Cs (Cash Flow, Collection, Cost, Customer, Contract, Control and Communication), was always an integral part of our business philosophy, but our heightened focus during the last financial year, has now embedded it in our daily & routine decision making.

Across the diverse markets & geographies; with challenges arising out of the pandemic and often stoked by economic circumstances or socio-political turmoils, Redingtonians leveraged the 7Cs, to not only overcome challenges, but to do that with style and panache, going on to deliver historic Revenue & Profits. Each & every constituent came together to craft this record breaking performance.

The results require no elaboration

- Revenue growth of 10.7%
- EBITDA growth of 34.3%
- PAT growth of 46.8% (PAT growth without one-time tax effect - 64.1%)
- A 16.4% ROE
- A 19.9% ROCE (Gross); 36.5% ROCE (Net of Cash)
- Net Debt : Equity of (0.58) [Negative NDE]

The outstanding results are attributable to Top & Bottom line growths in India as well as Overseas theaters and through stellar contribution from both IT & Mobility business verticals. Growth in Mobility business, on



the back of very strong demand for Smart Phones was higher at 20%, as it contributed 35% towards the consolidated Revenue for FY21. In India, IT & Mobility delivered Revenue growths of 17% & 36% respectively. Fuelled by the high PC demands, Consumer IT in India grew Revenue by 26%.

Since listing, your Company has delivered a Revenue CAGR of 14% and PAT CAGR of 15%. Only the very best of organizations have demonstrated such sustained excellence.

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While Consumer IT & Mobility verticals flourished, demand for Enterprise products & solutions witnessed stagnancy, as SMBs and large Corporates deferred Capex and Technology refresh. However, as we entered the second half of FY21, organizations had started re-assessing investments and prioritizing spends on IT assets that would accelerate their Digital Transformation & equip them for the "Workplace of the Future".

Transition to Cloud has gained a bigger momentum, as the benefits of a flexible and on-demand infrastructure became self-evident during the pandemic. In FY21, our Cloud business witnessed a 53% YOY growth, reaching ₹ 917 crores. We plan to exponentially grow the Revenue from Cloud and Cloud Managed Services business in the

next 3 years.

The uncertainties imposed by the pandemic compelled us to temporarily defer some important investments during FY21. We did, however, continue to re-structure our business and build the skills necessary to address the growing opportunities in Emerging Technologies like Cloud, Data Analytics, IoT, Artificial Intelligence (AI), Machine Learning (ML) & Cyber Security.

We have restored our investment plans in FY22, and will strengthen our Services and Solutioning capabilities, as well as enhance assets essential towards your Company's Digital Transformation.

In the next two years, your Company's business model will be fully transformed, with the "Digital Way" at the front and center of everything that we do and every decision that your Company takes. Significant investments are planned towards upgrading our Cloud Management Portal and building an integrated Digital Business Platform.

For your Company's 3PL logistics arm, ProConnect Supply Chain Solutions Ltd. (PCS), FY21 was a period of consolidation & regrouping after the challenges of FY20. I am very happy to report that not only did PCS successfully turn the corner, but it also did commendably well in addressing the unprecedented situations created by the pandemic. Even during the strictest phases of lock-down, PCS Team kept operations going to fulfill deliveries to sectors deemed critical by the Government. The warehouses were kept operational with special permissions, working under strict COVID guidelines.

I would like to take this opportunity to express my personal gratitude to our very own front-line warriors at PCS. By the second half of FY21, PCS was back on its growth trajectory and it plans to significantly increase its Digital quotient through investments in Automation and Digital processes & systems, as it aims to become one of India's most tech-enabled SCM solution provider.

Despite remaining committed for many years to the Parts & Repair Services business that was housed under a wholly-

owned subsidiary, Ensure Services, it was concluded that this Line of Business was no longer strategic to your Company's future plans. We took a decision to divest Ensure and the exercise was completed during July 2020.

One of the most significant decisions taken during the FY21 was to settle the long running Gift Tax dispute with the Income Tax department, by paying ₹ 70.3 Cr under the "Vivad Se Vishwas" (VSV) scheme. The IT Department had filed an appeal in the High Court against a decision given in our favour by the IT Appellate Tribunal and unfortunately the Honourable Court's decision went against us. Although, we still believe our case to be strong, we decided against prolonged litigation at the level of the Supreme Court of India, in order to avoid years of uncertainty and significant legal costs.

During the most critical phases of the lockdown, Redington CSR Foundation undertook several initiatives to distribute items of daily necessities to the economically challenged strata of our society. The Foundation forged partnerships with local authorities and healthcare facilities to supply Personal Sanitizing Material, Masks, PPE Kits & Oxygen Concentrators. Many Redingtonians volunteered to help the Foundation to extend these humanitarian services in their localities, braving personal exposures and I am filled with a sense of pride at my colleagues' demonstration of the true Redington spirit.

Long before Environment, Social & Governance (ESG) entered the Corporate & Regulatory lexicon, we, at Redington, have actively promoted these good practices. We have tried to minimize our carbon footprint through optimal use of electricity & water at all our facilities, while ensuring containment of electronic waste through extended life-cycle management and safe disposal of IT assets. Apart from discharging some measure of our dues to the society through our CSR initiatives, we ensure social equality at workplace by promoting gender diversity, equal opportunity and meritocracy. Being a Board Managed & Professionally Run Company, a high level of Corporate Governance has always been our topmost priority. Your Board of Directors exercise a strong oversight on all matters related to statutory & business compliance, with comprehensive protocols, guidelines &

processes in place, defining all SOPs.

Effective succession planning is a key to business continuity. With an experienced and skilled Executive Management Team in place, your Board of Directors inducted Mr. Rajiv Srivastava as the Joint Managing Director of the Company. Rajiv brings deep experience of heading large organizations and spearheading strategic initiatives which have had far reaching impacts. His experience with premier Technology brands like HP & Microsoft will be invaluable, as your Company completes its shift to a Services & Solutions oriented Organization. Please join me in welcoming Rajiv into the Redington family.

Your support & encouragement, dear shareholders, are critical to your Company's success. The Board & the Management recognize our responsibility towards delivering value for your investment in us. For long, our dividend distribution policy mandated returning 20% of the annual consolidated profits to the shareholders. In my last address to you from these pages, I had mentioned that the Board continuously re-evaluates the dividend policy with the aim of maximizing shareholder returns, while ensuring Capital adequacy for business & investments.

In line with this commitment, I feel privileged to report that your Board has recommended a total Dividend payout of 60% of consolidated profits (40% normal Dividend and a special Dividend payout of 20%), amounting to ₹ 11.60/- per share. This is the highest-ever dividend payout and my team & I are delighted that we have been able to express a measure of appreciation of your continued support.

As I scan our horizon, I am struck by the range of possibilities that beckons us. Your Directors and your Managers have worked very hard to bring your Company to a stage where it is uniquely positioned to take advantage of all the opportunities that lay ahead. The challenges of the year gone by have only strengthened our resolve to ensure in perpetuity, the progress of Redington on the path of Profitable Growth.

I once again thank you for your support, confidence and guidance.

Raj Shankar
Vice Chairman and Managing Director