Redington Limited (REDIND)

CMP: Rs. 378 | Target: Rs. 500 (32%) | Target Period: 12 month | BUY

September 9, 2026

Riding premium consumer tech & AI cloud infrastructure

About the company- Redington is one of the world's Top 10 technology distributors (#8 as of June 2026), with a strong leadership position in emerging countries across India, the Middle East and Africa (MEA) with a presence across 40+ markets. Its portfolio spans mobility, consumer electronics, enterprise infrastructure, cloud, cybersecurity and software solutions reducing dependence on any single technology cycle.

- The company has 73,000+ channel partners, ~450 brands, 168 warehouses and 71 sales offices across 40 markets through 33 in-country operations.

Investment Rationale

- **Leadership market position and strong vendor relationship:** Redington is a market leader in key emerging markets like India, MEA where it has major focus. Globally, it is ranked 8th despite not having business in large markets like US, Europe and China. The company has partnerships with large established vendors across each segment like MSG (Apple, Samsung, Google), TSG (IBM, Dell, Lenovo), ESG (Lenovo, Acer, MSI) and SSG (Microsoft Azure, AWS, PaloAlto). Its scale supports preferred vendor relationships, access to a broad reseller/customer base and better economics, while geographic diversification reduces dependence on a single market.
- **Play on premiumisation trend:** Redington's strong presence across premium smartphones (Apple, Samsung, Google), laptops and high value technology products position it to benefit from the change. For instance, Apple's smart phone market share has increased from ~4% in FY23 to ~9% currently. Apple as a vendor contributes ~31% to Redington's revenue. Similarly, AI PCs are gaining strong traction at enterprise level esp. for data security and privacy which alongwith eventual refresh cycle mandate with winding of Windows 10 is creating strong demand. All these higher ASP trends support better realisation, revenue and profitability for Redington.
- **Diversified play with SSG and TSG emerging as key value drivers:** SSG grew 53% YoY in Q1FY27, while TSG grew 49%. SSG is benefiting from increasing adoption of cloud, cybersecurity, software subscriptions and managed services. Its increasing contribution (from 12% in FY24 to 17% in FY26) is better on margin (targeting 5.5-6% gross margin) and esp. working capital front as it involves minimal inventory factor. TSG is positioned to benefit from superlative growth in enterprise IT, AI infrastructure and data-centre investments.

Rating and Target Price:

Although Redington earns mediocre EBITDA margin of 1.9% and net profit margin of 1.3%, the company earns healthy RoCE and RoE in mid to high teen range, supported by healthy asset turn and efficient working capital management. Management has been stating its focus to maintain ~18% RoCE even in new ventures it may plan. Its valuation is comparable with global peers while we believe it can command better multiple owing to presence in faster growing emerging economies. We recommend Buy on Redington with a price target of Rs.500 (valuing at 16x FY28E EPS).

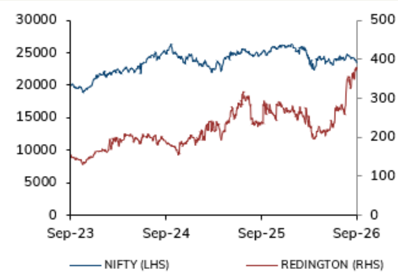
Particulars

Particular	Amount
Market Capitalisation (Rs crore)	29,574
Debt (FY26) - Rs crore	2842
Cash (FY26) - Rs crore	1121
EV (Rs crore)	31,294
52-week H/L (Rs)	382/191
Equity capital (Rs crore)	156
Face value (Rs)	2

Shareholding pattern (%)

Particulars	Sep-25	Dec-25	Mar-26	Jun-26
FII	61.8	61.9	61.5	62.0
DII	17.0	17.2	17.1	16.3
Government	0.1	0.1	0.1	0.1
Public	21.1	20.7	21.3	21.6

Price Chart



Key risks

- Competitive pressures from global/domestic distributor.
- Channel partner credit risk.
- Supply chain risks due to West-Asia crisis.

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Conviction Pick

ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials (Rs. Crore)	FY24	FY25	FY26	2-year CAGR	FY27E	FY28E	2-year CAGR
Net Sales	89,346	99,334	119,162	15.5	149,837	178,922	22.5
EBITDA	1,877	2,029	2,229	9.0	3,036	3,752	29.7
EBITDA margin (%)	2.1	2.0	1.9		2.0	2.1	
Net Profit (Adjusted)	1,219	1,340	1,565	6.0	2,168	2,423	24.4
Diluted/Adjusted EPS (₹)	15.6	17.1	20.0		27.7	30.9	
P/E(x)	24.2	22.1	18.9		13.6	12.2	
EV/EBITDA (x)	16.5	15.3	14.0		10.5	8.6	
RoCE (%)	17.8	16.7	16.5		20.7	22.5	
RoE (%)	16.1	15.4	15.4		19.6	19.0	

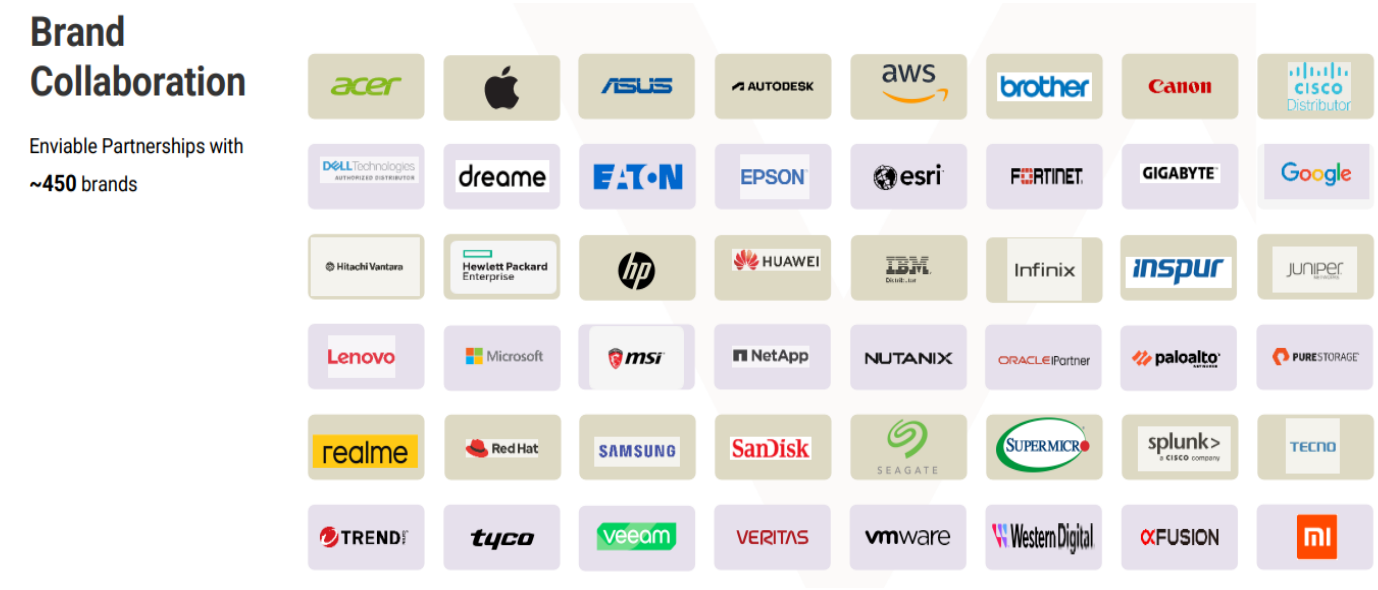
Source: Company, ICICI Direct Research

Company Background

Incorporated in 1961, Redington Ltd started its technology distribution business in India in 1993. Currently, it is one of World's top 10 technology distribution and solutions company with operations spanning India, the Middle East, Africa, Turkey, South Asia and South-East Asia. The business has evolved from a traditional hardware distributor into a broader technology ecosystem player covering mobility, endpoint devices, enterprise infrastructure, software, cloud, cybersecurity, professional services, digital printing, solar and supply-chain solutions.

- **Evolution of Redington Ltd.**
    - 1993–1998: Built its hardware distribution business around HP, Epson, Seagate and Intel, while establishing Redington Services, which later became a foundation for its solutions business.
    - 1999–2002: Expanded into PCs, servers, enterprise software and networking, adding brands such as Compaq, IBM, Microsoft, McAfee and Cisco. It also implemented an ERP system and expanded into the Middle East, starting with Dubai and Saudi Arabia.
    - 2003–2006: Entered mobility through Motorola and expanded into Africa through Nigeria and Kenya. The company crossed US$1bn in revenue and entered HP Indigo.
    - 2007–2014: Commissioned its first automated distribution centre in Chennai, expanded mobility through BlackBerry and Nokia, entered the Apple Mac ecosystem, and acquired a 49% stake in Arena in Turkey.
    - 2015–2018: Strengthened its ecosystem through ProConnect, expanded Microsoft cloud, AWS and Cisco businesses, and entered the Apple iPhone business.
    - 2019–2022: Expanded its digital and platform-led model through Brightstar Turkey, Redserv and RedingtonOnline, while adding Google Pixel, Motorola and Nothing to its mobility portfolio. Redington also transitioned to a professionally managed, no-promoter structure.
    - 2023–FY26: Accelerated its shift towards software, cloud, cybersecurity, AI, digital platforms, professional services, data-centre solutions and subscription-led models. SSG crossed US$2bn (17% of revenue), launched a dedicated cloud portal and divested Paynet in February 2025.

Exhibit 1: Key brands Associated with Redington



Source: Company, ICICI Direct Research

- **Ownership:** Redington is a professional managed company with no single promoter. Currently, majority of its stake is held by institutions, wherein Synnex Technology International Corporation holds 24.12% along with other investors holding rest of the stake.

  Key leadership includes Prof. J. Ramachandran (Chairman and Non-Executive Non-Independent Director), V.S. Hariharan (Managing Director & Group CEO, S.V. Krishnan (Finance Director, Whole-time). As of March 31, 2026, the Board comprised eight directors. Alongside the Chairman, Hariharan and Krishnan, the Board included B. Ramaratnam, Anita Belani, Sudip Nandy, Tu Shu Chyuan and Chen Yi Ju. The broader operating leadership is organised by geography and business, with dedicated CEOs/presidents for India, Middle East, Saudi Arabia, GCCL, Turkey/Africa/Egypt/CIS, Southeast & South Asia, ProConnect, Redserv and SSG.

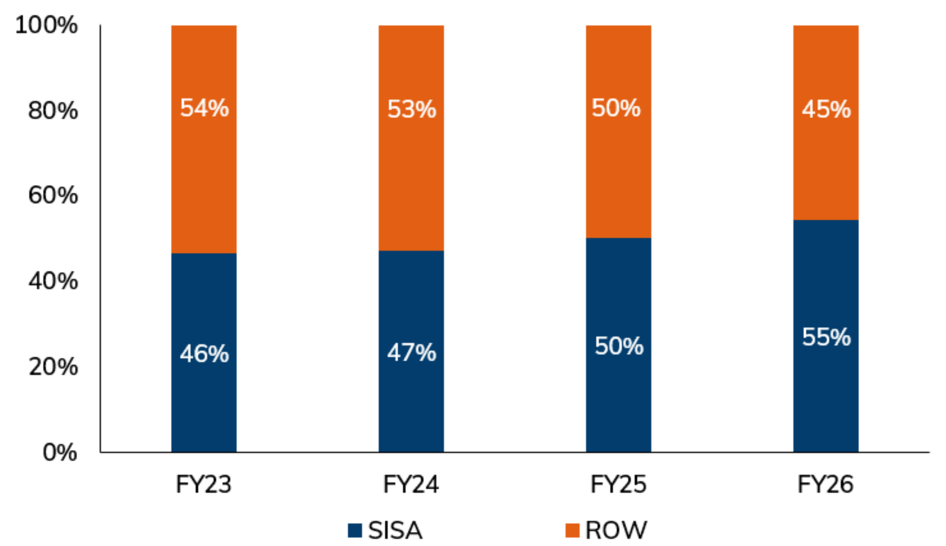
- **Geographic Footprint:** Redington operates across 40 markets through 33 in-country operations.

  The footprint covers:

  - SISA - India, Singapore and South Asian Countries
  - Growth geographies - India, Middle East
  - Emerging geographies – Africa, Turkey, South Asia
  - New geographies – ASEAN, CIS and South Africa

  FY26 revenue was split approximately: 55% - SISA, 45% - Rest of World.

Exhibit 2: Revenue Mix by Market



Source: Company, ICICI Direct Research

- **Current Business portfolio:**

  Redington operates across Mobility, Endpoint, Technology and Software Solutions, supported by logistics, renewable energy, digital printing and technology services.

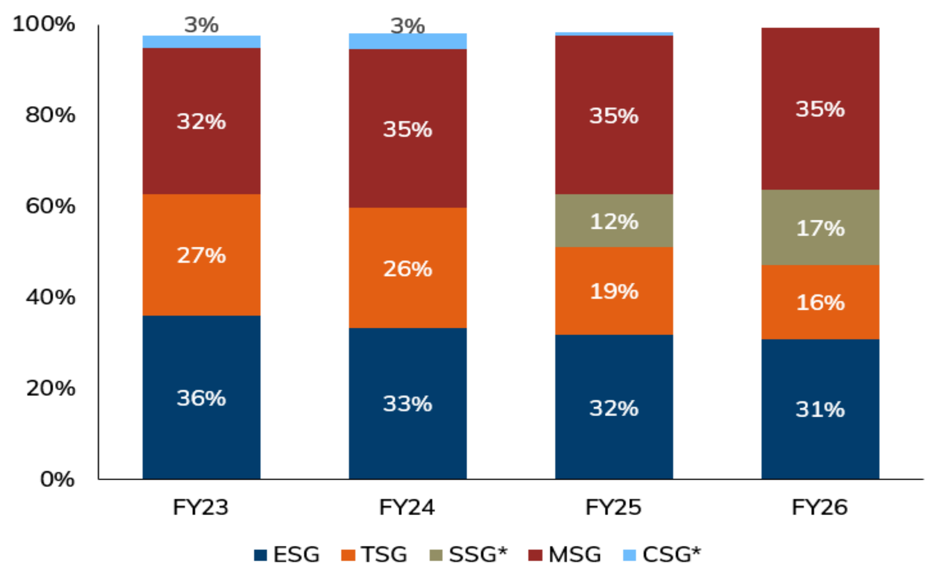
  - **Mobility Solutions Group (MSG):** MSG comprises smartphones and feature phones, along with mobility and lifestyle accessories. It is Redington's largest business by revenue, contributing ~35% of total revenue. The distribution model spans Online Enterprise General Trade Distribution, Direct-to-Retail, E-commerce and Large Format Retail/Regional Chains, providing broad reach across consumer channels.
  - **Endpoint Solutions Group (ESG):** ESG includes commercial and consumer PCs, tablet PCs, printers and supplies. It is the second-largest segment, contributing ~30% of total revenue. The business

has 10,000+ partners and distributes products through retailers, resellers, e-commerce and institutional channels.

- **Technology Solutions Group (TSG):** TSG covers enterprise infrastructure, servers, storage, networking, software and security solutions, contributing ~16% of total revenue. Distribution is primarily through system integrators, ISVs and solution providers, enabling Redington to address enterprise technology requirements.
- **Software Solutions Group (SSG):** SSG focuses on cloud and professional services, software licensing and subscriptions, and enterprise security solutions. It contributes ~17% of total revenue. Redington has 130+ technology vendors across software, cloud and security with 10,000+ partners. Its key vendors include Microsoft, AWS, Autodesk, Red Hat, Fortinet and Palo Alto Networks, giving Redington exposure to the growing cloud, software and cybersecurity markets.
- **Logistics:** Operated through wholly owned subsidiary ProConnect Supply Chain Solutions, the business provides warehousing, transportation and value-added services (VAS) and operates across India, UAE and KSA.
- **Renewable Energy:** Redington's solar business distributes solar panels and inverters through B2B and B2B2C channels, working with system integrators and installers.
- **Digital Printing:** The business covers 2D printing through its HP Indigo partnership and 3D printing through Visuali, providing additive manufacturing solutions including prototyping, metal and plastic printing, and CNC machining.
- **Ensure Services:** Operating across 28 countries, Ensure Services provides vendor-certified technology support and infrastructure management solutions, focused on improving technology performance, reducing downtime and strengthening business continuity.
- **DigiGlass:** DigiGlass is Redington's cybersecurity and managed security services platform, helping organizations strengthen cyber resilience through security architecture assessment, protection and 24x7 managed security services.

MSG, ESG, TSG and SSG provide ~98-99% of the total revenue to the company.

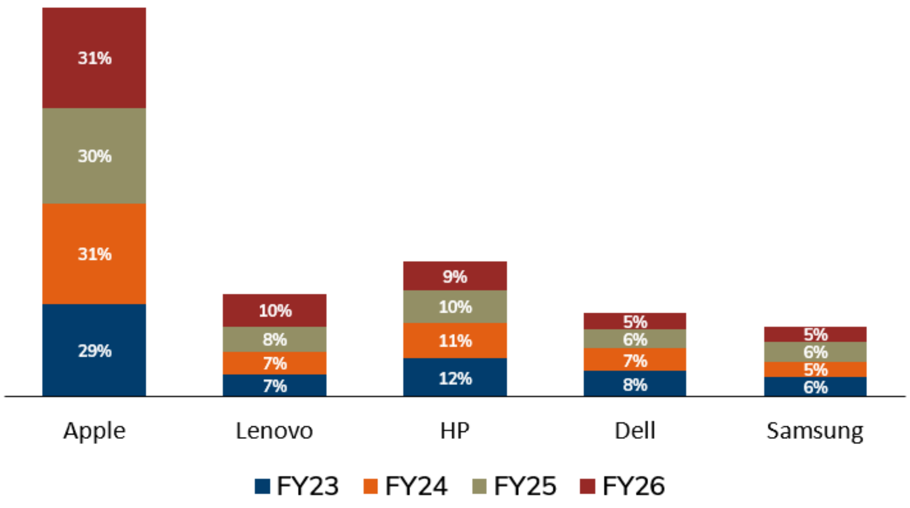
Exhibit 3: Segment wise revenue



Source: Company, ICICI Direct Research   * Company changed Reporting segments

- **Vendor Ecosystem -** Redington's vendor relationships are a major component of its competitive positioning. The FY26 top five vendor mix was approximately: Apple - 31%, Lenovo -10%, HP Inc -9%, Dell- 5% and Samsung - 5%. Within SSG, the top vendor ecosystem includes Microsoft, AWS, Autodesk, Red Hat, Fortinet, Palo Alto Networks.

Exhibit 4: Vendor wise Revenue



Source: Company, ICICI Direct Research

- **Competitive Landscape -** Redington competes with global distributors such as Ingram Micro, TD SYNNEX and Arrow Electronics, and domestic players such as Rashi Peripherals and Savex Technologies. Competition is driven by vendor relationships, product availability, pricing, financing, logistics and channel reach.

  Redington has a strong position in premium mobility, with Apple, Google and Samsung among its key vendor relationships. It is one of only two Apple distributors in India, alongside Ingram Micro, giving it direct exposure to Apple's premiumization-led growth. Redington also distributes leading PC and enterprise brands, providing a diversified vendor portfolio. Redington's competitive advantage lies in the combination of scale, vendor relationships, broad product portfolio and deep emerging-market distribution reach.

- **Subsidiaries and Key Group Businesses -**
  - **ProConnect Supply Chain Solutions -** Supply-chain, warehousing, transportation, fulfilment and value-added logistics.
  - **Redserv Global Solutions** - A wholly owned subsidiary of Redington Limited, operates as the Captive Global Capability Centre (GCC) for the Redington Group, providing a resilient and scalable shared-services platform.
  - **Redington International Mauritius Ltd** - Key holding/operating structure for Middle East, Turkey and Africa.
  - **Redington Distribution Pte Ltd, Singapore -** Anchor entity for Southeast Asia expansion.
  - **Arena, Turkey -** Redington's Turkish step down subsidiary, primarily engages in IT and mobility distribution, the subsidiary continues to face challenges arising from the country's volatile geopolitical and economic environment, marked by high inflation and interest rates exceeding ~50% on local currency borrowings

  The current subsidiary structure also includes numerous operating entities across UAE, Saudi Arabia, Qatar, Bahrain, Egypt, Kenya, Ghana, Uganda, South Africa, Turkey, Kazakhstan, Azerbaijan, Malaysia and other markets.

- **Digital Distribution Infrastructure –** Redington is increasingly adding a digital layer to its physical distribution network. Key platforms include:

- CloudQuarks - A digital marketplace that simplifies multi-cloud adoption in emerging markets. It aggregates leading hyperscaler (AWS, Microsoft, Google, Oracle, etc.) alongside SaaS, security and AI offerings. Through this marketplace, SMBs and enterprises gain a single integrated platform to compare, purchase and manage cloud subscriptions with flexibility and transparency.
- CloudQuarks 2.0 - Expanded lifecycle-management and analytics capabilities.
- Redington Online - The group's digital B2B/e-commerce platform.
- Cloud Portal - A dedicated platform for cloud products.
- Reonix - Subscription renewal automation.
- TrackMyCloud - Cloud usage and optimisation integrated with CloudQuarks.

Investment Rationale

1. Scale advantages - Top-10 Global Footprint, #1 Regional Pure-Play:

Exhibit 5: Top 10 Global Technology Distributors 2025

Source: Company, ICICI Direct Research

Globally, Redington ranks 8th largest by revenue while this has been achieved despite avoiding large and mature markets like US, Europe and China. The company has mainly focused on emerging market geographies wherein it ranks #1 in India and in MEA. Here, the long-term opportunity growth is expected to be better considering the under-penetration in these geographies. The company is relatively amongst the faster growing entities among top 10 companies. As per reports, Global distribution market size stood at $531 bn for CY25 and has grown ~15% YoY while Redington has managed to outpace this growth with recent quarters indicating much stronger performance.

Redington's scale is a structural competitive advantage that is difficult to replicate, particularly amid the current geopolitical environment. It is one of the world's Top 10 technology distributors, with a strong leadership position across India, the Middle East and Africa. It has 73,000+ channel partners, ~450 brands, 168 warehouses, 71 sales offices and presence across 40 markets, Redington provides vendors with a broad, established route-to-market across India, Middle East, Africa and other emerging markets. Replicating this network would require significant time, capital, vendor relationships and local execution capabilities. Its diversified presence also provides an advantage as vendors increasingly seek geographic diversification and reliable distribution partners amid shifting global supply chains and geopolitical uncertainty.

2. Diversified technology portfolio provides multiple growth engines

Redington has evolved from a traditional IT hardware distributor into a multi-vertical technology distribution and solutions platform, with four core businesses - Mobility Solutions Group (MSG), End Point Solutions Group (ESG), Technology Solutions Group (TSG) and Software Solutions Group (SSG). This diversification reduces dependence on any single technology cycle while allowing the company to participate across consumer devices, enterprise IT infrastructure and recurring software/cloud spending. FY26 revenue across the core verticals stood at ₹1,18,242 crore, with MSG accounting for the largest share at ~35%, followed by ESG at ~30%, SSG at ~17% and TSG at ~16%. Importantly, the fastest-growing businesses are now the enterprise- and software-led segments, indicating a gradual improvement in the quality of the revenue mix.

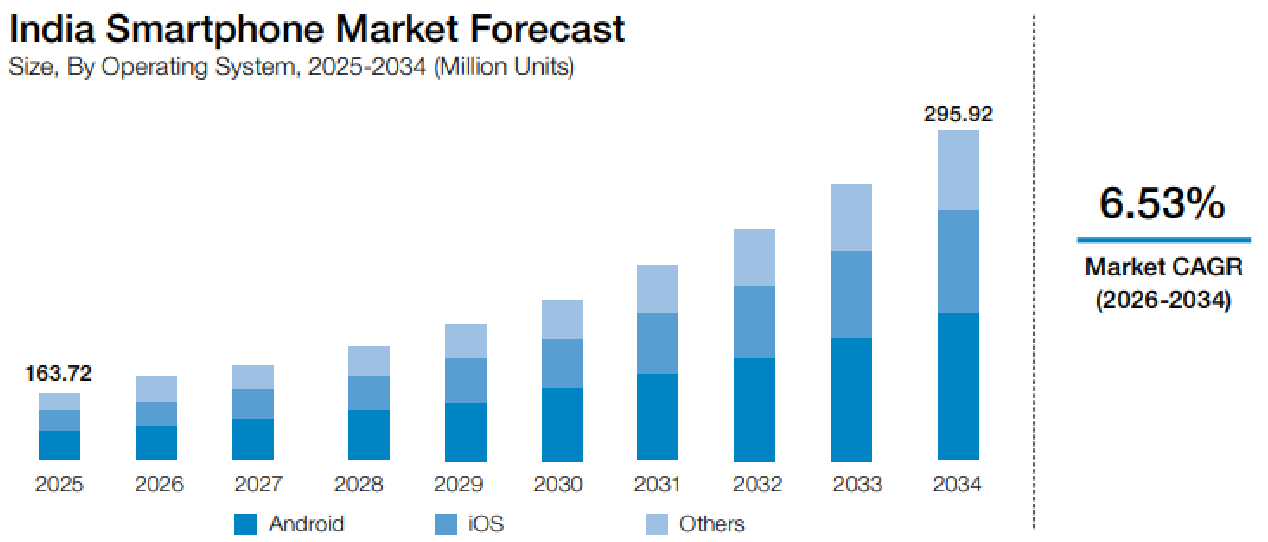
The diversification has strengthened further in Q1FY27. All four core businesses delivered double-digit growth, with SSG growing 52%, TSG 50%, ESG 35% and MSG 21%.

a) MSG: Premiumisation driving growth

MSG primarily comprises **smartphones, mobility/lifestyle accessories, wearables, smart-home products and headphones**. Premium phones are witnessing healthy demand while driving much higher value growth owing to superior realisation, creating a favourable environment for Redington's MSG business. Thus, MSG grew 23% in FY26 and remained strong at 21% in Q1FY27, demonstrating continued momentum despite a maturing smartphone market.

The global smartphone market remains on a steady growth path, with shipments estimated at approximately 1.25 billion units in 2025, supported by rising consumer demand in emerging markets and technological advancements in mature regions. Growth is increasingly being driven by 5G adoption, which accounts for over 50% of new sales globally, while innovations such as foldable displays and embedded AI features are reshaping consumer purchase preferences. For Redington, these trends are important as a shift towards higher-value smartphones and newer form factors can increase average selling prices and value growth even when industry unit growth remains modest.

Exhibit 6: India Smartphone Market

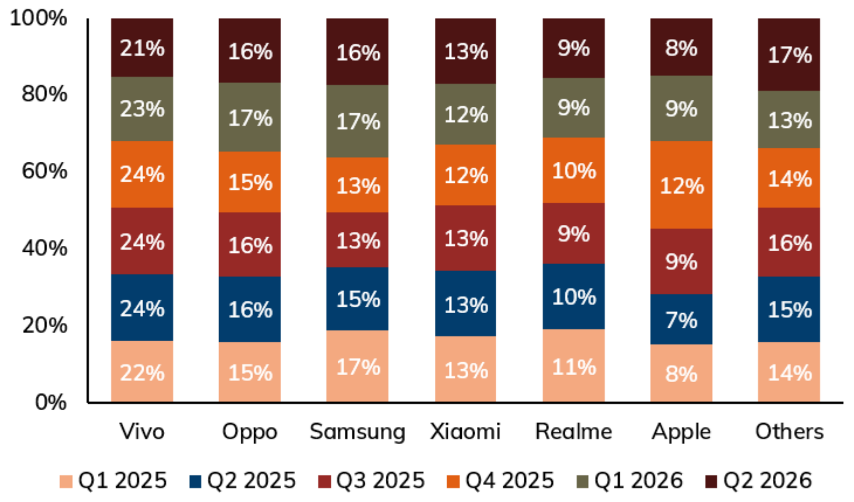


Source: imarc Group, ICICI Direct Research

India's smartphone market is increasingly transitioning from volume-led growth towards premiumisation, higher ASPs, greater retail penetration and value-led growth. Smartphone shipments fell to their lowest first-half level in five years in H1 2026, with Q2 volumes declining 11.1% YoY to 33.2 million units, taking H1 shipments to 64.2 million units. However, the decline in volumes masks a significant shift in the product mix towards higher-priced devices. Smartphone prices have risen 35–45% YoY, as brands reduce models below ₹20,000 and focus increasingly on higher-priced models to offset rising memory costs and protect margins.

This premiumisation is already visible across price segments: the sub-₹15,000 segment declined to 27% share from 32%, with volumes falling 47% YoY, while the ₹15,000–30,000 segment grew 24% and the >₹30,000 segment grew 16% in Q2 as per reports. The increasing contribution of premium smartphones, alongside the emergence of foldables and AI-enabled devices, should support higher realisations and value growth for the mobility distribution ecosystem. Thus, while smartphone unit growth is currently subdued, the shift towards premium devices and new form factors provides Redington with a pathway to sustain MSG growth through higher value per device rather than relying solely on volume expansion.

Exhibit 7: Brand wise market share in Indian Smartphone Market



Source: IMARC Group, ICICI Direct Research * Values in CY

b) ESG: AI PCs and premiumisation driving higher realisations and aiding growth

ESG **covers desktops, notebooks/laptops, tablets, workstations, printers, gaming products and accessories.** AI-led PC adoption and premiumisation are creating a new upgrade cycle for Redington's ESG business, with growth increasingly shifting towards higher-value devices. The business serves both consumer and commercial customers. ESG grew 16% in FY26 and 35% in Q1FY27, making it an important scale business while newer technology categories develop.

The global PC market grew significantly in 2025. Shipments went up by about 9.1% year-on-year. This growth was driven by companies upgrading their systems, the shift away from Windows 10 (which is nearing end-of-support), and new technology trends. Total worldwide shipments for the year were over 278.7 million units, showing strong demand for notebooks, desktops, and workstations everywhere. The main reason for this surge is the fast adoption of AI-capable PCs. These devices mix standard computing hardware with specialized AI processors like Neural Processing Units (NPUs) and better GPUs. AI-capable PCs accounted for about 31% of all PC shipments in 2025, a sharp rise from 15% last year. The AI PC market is set for huge expansion this decade. Projections show the market size will grow from about $91.23 billion in 2025 to over $260.43 billion by 2031, with a CAGR of around 19.1%. This trend confirms that AI-capable PCs are becoming essential for personal and work use globally.

Exhibit 8: Global AI PC Shipments

	Shipments		
Items	2023	2024	2025
AI Laptops	20,136	40,520	1,02,421
AI Desktops	1,396	2,507	11,804
AI PC Units	21,532	43,027	1,14,225

Source: Company, ICICI Direct Research

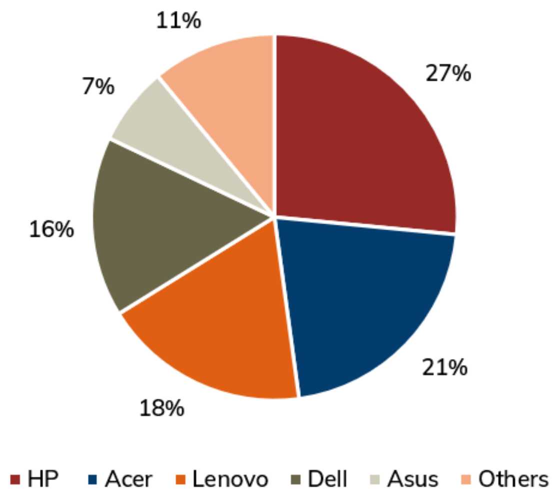
The Indian PC market logged a record 15.9mn shipments in 2025. The replacement cycle remains strong, with Q1CY26 shipments increasing 31.1% YoY to 4.4mn units and Q2CY26 shipments increasing 12.1% YoY to 3.9 million units as per reports. Rising laptop prices owing to memory shortage has led to pre-stocking and pre-buying which boosted this growth.

In Q2CY26, Notebooks grew 14%, premium notebooks priced above US$1,000 grew 78.7%. AI enabled PC shipments grew even stronger more than doubling to 109.9% YoY. In Q1FY27, 36% of India's commercial PC revenue for Redington came from sale of AI PCs.

The important change is mix rather than just volumes. Demand is shifting towards:

- notebooks over desktops,
- premium devices,
- AI-enabled PCs,
- gaming PCs.

Exhibit 9: Brand wise market share in Indian PC Market



Source: IDC, ICICI Direct Research

Tablets form a smaller part of ESG. Indian tablet shipments were 1.1mn in Q2CY26, up 3.4%, supported by enterprise and institutional demand.
Printers include printers, toners, ink cartridges and other consumables. The opportunity is increasingly moving towards ink-tank systems, multifunction printers, managed print and higher-value commercial printing.
ESG provides a large, established revenue pool while the shift towards premium PCs, AI PCs, workstations and commercial refresh creates scope for value growth.

c) TSG: Data-center build-out to drive a multi-year infrastructure growth cycle

TSG covers servers, storage, networking, collaboration and power infrastructure, serving enterprises, system integrators and data-centre customers. Rapid expansion of data-centre capacity is creating a structural growth opportunity for Redington's TSG business, as every new data centre requires a broad stack of servers, storage, networking, power and related infrastructure. The segment grew 13% to ₹19,295 crore in FY26, with growth accelerating sharply to ~50% in Q1FY27. Nearly ₹1,000 crore of large deals were executed in Q1FY27, primarily with Indian data centres, highlighting the increasing contribution of data-centre projects to TSG growth.

India is entering a significant data-centre capacity expansion cycle. Data-centre capacity stood at approximately 1.6GW in mid-2026 and is expected to reach ~6GW by 2029, implying a near four-fold increase in capacity over the period. Whereas the Middle East datacentre market is set to reach almost US$7 billion by 2030, tripling its capacity to 1.5GW, driven by government initiatives and cloud-AI demand with UAE and KSA leading the transformation. Africa is entering a phase of accelerated growth, with demand for capacity expected to rise from about 0.4 gigawatts (GW) 2025 to 1.5 to 2.2 GW by 2030.

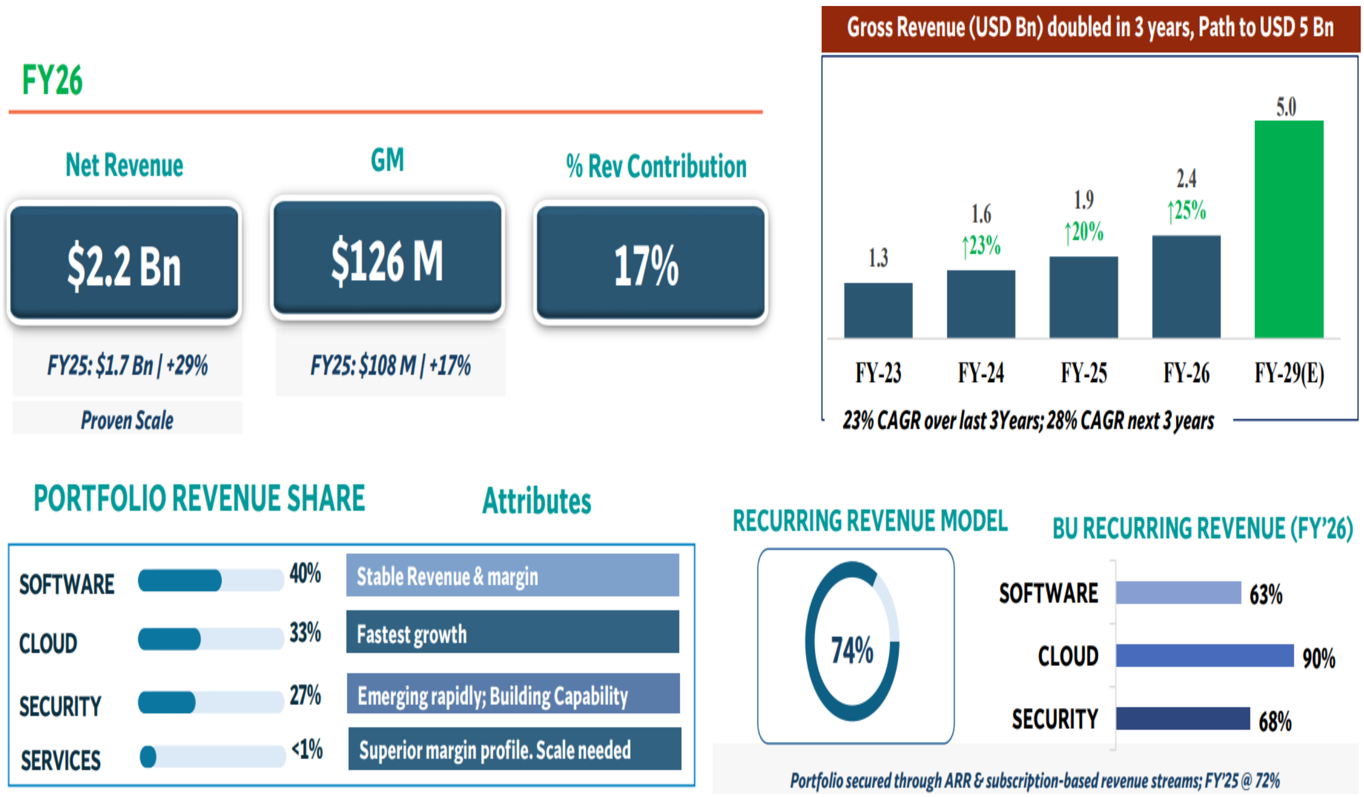
The associated infrastructure requires servers, storage, networking, power, cooling, security, software and services, allowing Redington to participate across multiple layers of the infrastructure stack.

A single data-centre project can require multiple infrastructure categories, enabling Redington to participate in servers, storage, networking and power rather than relying on a single product. The ~₹1,000 crore of large deals in Q1FY27 demonstrates the scale already flowing through the business. While these large deals carry relatively lower margins than regular TSG distribution, RoCE is expected to be maintained. Thus, the rapid build-out of India's data-centre infrastructure provides Redington with a multi-year, broad-based TSG growth opportunity, with AI and cloud adoption acting as additional catalysts.

d) SSG: High-value, recurring software and cloud business to drive margin and earnings quality

SSG is the key structural driver of Redington's earnings-quality improvement, combining rapid growth, a higher-value-added margin profile and a large recurring revenue base. **The segment covers cloud solutions, cloud resale, software licensing and subscriptions, enterprise cybersecurity and professional services**, allowing Redington to participate beyond the initial hardware sale and generate revenue throughout the technology lifecycle. SSG is the fastest-growing core vertical, increasing 37% in FY26 and ~53% in Q1FY27, and now contributing ~17% of revenue. Around 74% of SSG revenue is recurring. **Margins** in this segment covering software solutions including SaaS, security and hyperscaler services are higher than hardware (gross margins of 5.5-6% in SSG) this gives a good boost and diversification to Redington's business model.

Exhibit 10: SSG Segment Summary



Source: Company, ICICI Direct Research

The addressable market for cloud, software and services is expanding rapidly, with India representing one of the fastest-growing opportunities. The global market for IaaS, PaaS and SaaS is estimated at US$515 billion in 2025 and is projected to reach US$1.07 trillion by 2029, implying ~20% CAGR. Within this, Redington's key markets are growing even faster: India's market is expected to increase from US$8.4 billion in 2025 to US$24.5 billion by 2029, implying ~31% CAGR, while MEA is expected to grow from US$3.9 billion to US$8.1 billion (~19% CAGR) and SESA from US$12.7 billion to US$28.9 billion (~23% CAGR). This gives Redington exposure to some of the fastest-growing cloud and software markets across its operating footprint.

Cloud is also broadening the role of Redington from a conventional licence reseller to a technology orchestrator. The company is increasingly involved in cloud provisioning, subscription renewals, cloud optimisation, cybersecurity, professional services, customer success and AI marketplaces, supported by platforms such as CloudQuarks, Reonix and TrackMyCloud. These capabilities increase the value-added component of each customer relationship and create opportunities to monetise customers repeatedly rather than only at the point of initial product sale.

3. Strong channel & brand partnership alongwith wide geographical presence provides stability

Redington's second major advantage is its geographical footprint. The company operates across 40 markets through 33 in-country operations, with 73,000+ channel partners, 168 warehouses, 71 sales offices and ~450 brands.

Exhibit 11: Geographic Footprint

Source: Company, ICICI Direct Research

SISA

- India revenue crossed ₹63,000 crore in FY26.

  In Q1FY27, SISA revenue increased 63% YoY, EBITDA rose 50% and PAT increased 56%.

  Importantly, growth was broad-based:

  - MSG: +88%
  - TSG: +57%
  - ESG: +49%
  - SSG: +42%

Middle East

The Middle East provides a second major growth engine, particularly across UAE, Saudi Arabia and GCC markets. The region has increasing demand for enterprise IT, cloud, cybersecurity, mobility and data-center infrastructure.

- Redington's long-standing vendor relationships and established channel network provide a strong base to capture this growth.

Africa, ASEAN and CIS provide additional optionality

- Africa remains relatively underpenetrated in technology, while Singapore provides a strategic base for Southeast Asian expansion. CIS markets provide additional geographic diversification.

4. Margins and return ratios expected to witness uptick

- Traditional hardware distribution is inherently low margin. Redington's SSG business, by contrast, increasingly consists of cloud, software subscriptions, security and professional services. These businesses have higher value addition, greater recurring revenue and lower inventory intensity.
- SSG grew 37% in FY26 versus 20% consolidated revenue growth and accelerated to ~53% in Q1FY27. With ~74% recurring revenue, the segment also provides greater earnings visibility.
- This creates opportunities to increase revenue per customer and partner without requiring the same physical inventory intensity as hardware distribution.

Exhibit 12: Sustainable growth through SSG

Source: Company, ICICI Direct Research

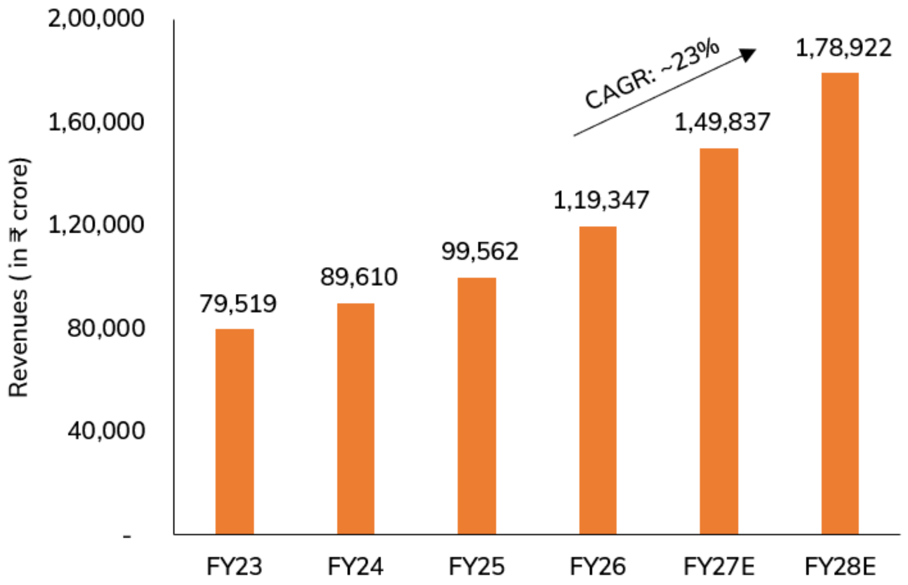
- The key benefit, however, is not margin expansion alone but improvement in return on capital employed (ROCE), which remains a key filter for Redington when evaluating growth opportunities. The company is willing to participate in large lower-margin TSG/data-center deals where the capital requirement and working-capital cycle remain favorable enough to generate acceptable threshold ROCE (~16%).
- This is particularly relevant as TSG benefits from large datacenter and AI infrastructure projects: nearly ₹1,000 crore of large deals were executed in Q1FY27, primarily in Indian data centers. Management expects large deals to flow in for next 4-6 quarters with strong order pipeline.

Key Financial Summary

Revenues to grow at CAGR of 23% over FY26-28E…

Redington's revenue witnessed steady CAGR growth of ~14.5% over FY23-26. Going ahead, we expect Redington's revenue to witness strong growth backed by premiumisation trend picking up in India. Further Redington shall benefit from increasing ASPs owing to input cost inflation wherein major cost inflation is witnessed in memory prices. We expect Redington's revenue to grow by ~23% CAGR over FY26-28E.

Exhibit 13: Revenues to grow at 23% CAGR during FY26-28E

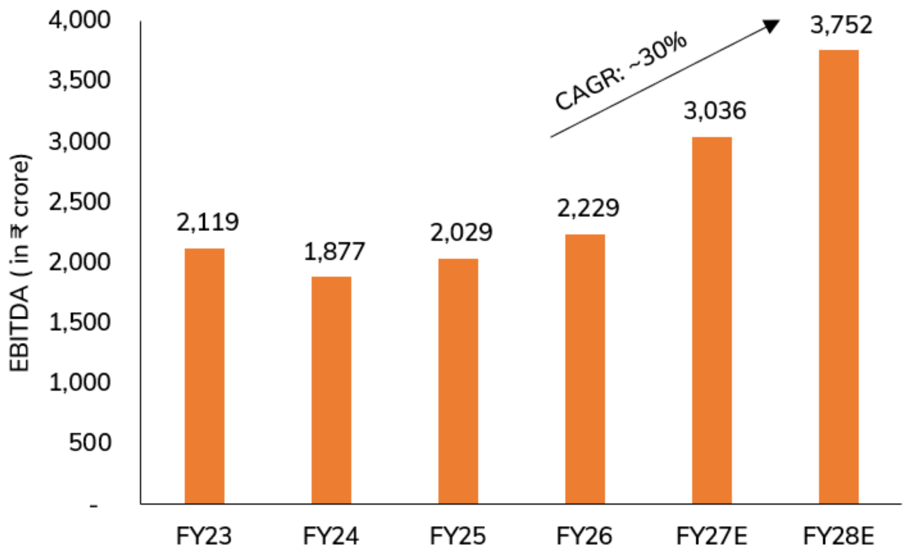


Source: Company, ICICI Direct Research

EBITDA margins to witness uptick aided by product mix…

Redington being a distribution company earns EBITDA margins of ~2%, however Redington has been receiving lot of traction from data centre deals and its SSG business which carriers a bit higher margins. Also, with ASPs going up, there would be profitability flowing to EBITDA and PAT. We expect EBITDA margins to improve going ahead supported by change in business mix & increase in ASPs of products.

Exhibit 14: EBITDA margins to expand

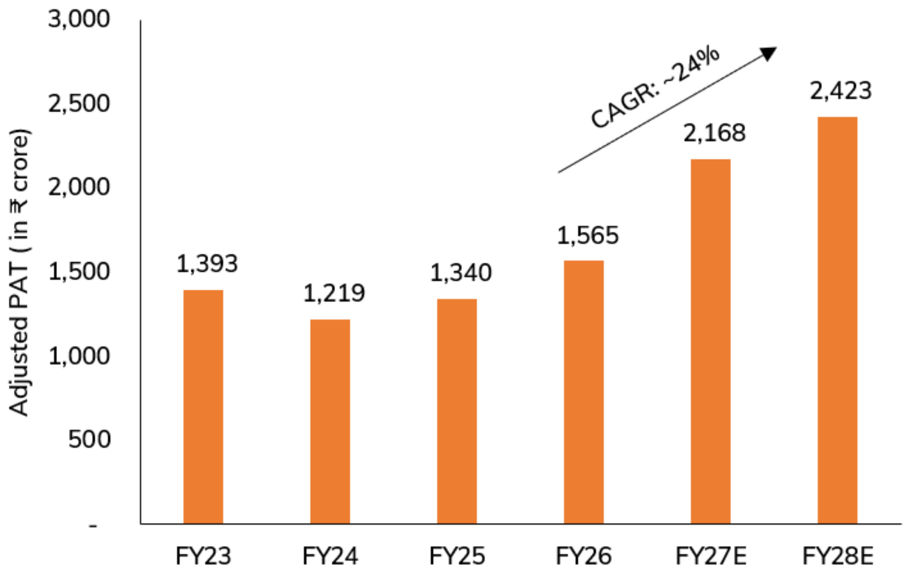


Source: Company, ICICI Direct Research

PAT expected to grow ~24% CAGR over FY26-FY28E...

Redington's PAT witnessed modest growth of ~4% over FY23-26, while going ahead PAT is expected to witness strong growth of ~24% CAGR over FY26-FY28E backed by strong topline growth and slight margin expansion.

Exhibit 15: PAT trajectory

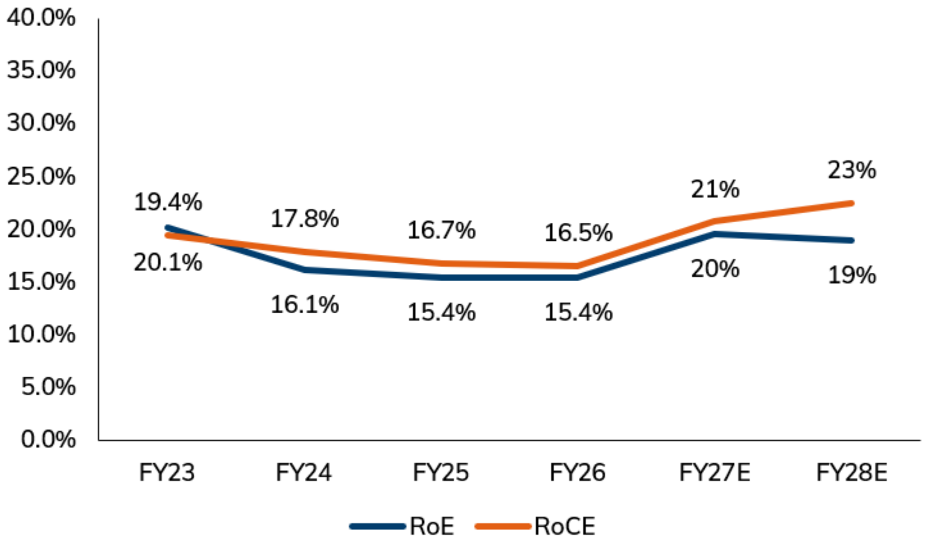


Source: Company, ICICI Direct Research

Return profile expected to improve...

Return ratios are expected to improve further as profitability is expected to improve. Currently as of FY26, ROCE and ROE stood at 16.5% and 15.4% respectively. We expected ROCE and ROE to further improve to 20%+ by FY28E.

Exhibit 16: Return ratios to improve ahead led by better profitability



Source: Company, ICICI Direct Research

Key Risk and Concerns

Vendor concentration

Although vendor diversification is improving, the business remains dependent on a limited number of large technology brands. Any loss of a major distribution relationship like Apple, adverse change in commercial terms or direct-to-channel strategy by an OEM could materially affect revenue and profitability.

Low-margin business model

Traditional hardware distribution operates at structurally low margins. Small changes in gross margin caused by product mix, pricing pressure or large enterprise deals can have a disproportionate impact on EBITDA.

Working-capital risk

Despite improving working-capital efficiency, the core hardware business remains capital intensive. A deterioration in debtor collections, inventory turns or supplier-credit terms could increase borrowings and finance costs.

Channel partner credit risk

Redington distributes products through a large network of channel partners. Weakness among resellers or enterprise customers can result in delayed collections, higher provisions and inventory build-up.

Arena/Turkey risk

Arena continues to be a drag on consolidated profitability. Q1FY27 Arena recorded a ₹64 crore loss, of which Redington's share was ₹31 crore. The business is undergoing restructuring following the exit from mobility and the divestment of Paynet, alongside gross margin pressure in its IT business. A slower-than-expected recovery could continue to dilute consolidated earnings.

Financial Summary

Exhibit 17: Profit and loss statement Rs. crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Revenue	**99,334**	**1,19,162**	**1,49,683**	**1,78,783**
% Growth	11.2	20.0	25.6	19.4
Other income	228	185	154	139
Total Revenue	**99,562**	**1,19,347**	**1,49,837**	**1,78,922**
Employee Expenses	1,423	1,611	1,946	2,324
Other expenses	95,882	1,15,322	1,44,700	1,72,707
Total Operating Expenditure	97,305	1,16,933	1,46,646	1,75,031
Operating Profit (EBITDA)	**2,029**	**2,229**	**3,036**	**3,752**
% Growth	8.1	9.9	36.2	23.6
Interest	330	359	390	431
PBDT	1,699	1,871	2,646	3,321
Depreciation	218	206	219	243
PBT before Exceptional Items	1,481	1,664	2,427	3,078
Total Tax	514	413	516	804
PAT before MI	1,340	1,565	2,168	2,423
Adjusted PAT	**1,340**	**1,565**	**2,168**	**2,423**
% Growth	9.9	16.8	38.5	11.7
EPS	**17.1**	**20.0**	**27.7**	**31.0**

Source: Company, ICICI Direct Research

Exhibit 18: Cash Flow Statement Rs. crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Profit after Tax	1,821	1,284	2,065	2,412
Depreciation	218	206	219	243
Interest	330	359	390	431
Cash Flow before WC changes	2,368	1,849	2,674	3,087
(Inc)/dec in Current Assets	-3,300	-6,401	-7,292	-6,455
Changes in creditors	1,523	4,648	5,113	3,617
Other current liabilities	471	189	612	665
Inc/(dec) in CL and Provisions	1,994	4,836	5,725	4,282
Net CF from Operating activities	**6,183**	**7,970**	**10,465**	**9,782**
(Purchase)/Sale of Fixed Assets	**-223**	**-122**	**-122**	**-263**
Others	-11	-19	8	-1
Net CF from Investing activities	**-234**	**-140**	**-113**	**-265**
Dividend	672	334	651	727
Others	-480	-326	75	-144
Net CF from Financing Activities	**192**	**9**	**725**	**583**
Net Cash flow	6,141	7,838	11,076	10,101
Opening Cash/Cash Equivalent	1,621	1,381	1,122	1,100
Closing Cash/ Cash Equivalent	**1,381**	**1,122**	**1,100**	**842**

Source: Company, ICICI Direct Research

Exhibit 19: Balance Sheet Rs. crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Equity Capital	156	156	156	156
Reserve and Surplus	8,565	10,004	10,929	12,615
Total Shareholders' funds	8,721	10,161	11,086	12,771
Minority Interest	476	263	366	377
Total Debt	2,809	2,842	3,307	3,594
Other liabilities	156	66	90	147
Total Liabilities	**12,161**	**13,332**	**14,849**	**16,889**
Gross Block	810	905	1,025	1,225
Acc: Depreciation	338	408	582	778
Net Block	472	497	443	447
Capital WIP	11	67	24	40
Total Fixed Assets	483	564	467	487
Non-Current Assets	796	527	574	625
Inventory	6,287	8,171	9,972	11,562
Debtors	17,332	21,583	26,793	31,466
Other Current Assets	1,227	1,493	1,774	1,967
Cash	1,381	1,122	1,100	842
Total Current Assets	26,227	32,368	39,639	45,836
Current Liabilities	15,345	20,127	25,831	30,058
Net Current Assets (Ex Cash)	12,264	13,362	14,907	16,619
Total Assets	**12,161**	**13,332**	**14,849**	**16,889**

Source: Company, ICICI Direct Research

Exhibit 20: Ratio Analysis Rs. crore

(Year-end March)	FY25	FY26	FY27E	FY28E
Per Share Data (₹)				
EPS	17.1	20.0	27.7	31.0
Cash per Share	17.7	14.3	14.1	10.8
BV	111.6	130.0	141.8	163.4
Dividend per share	8.6	4.3	8.3	9.3
Dividend payout ratio (%)	50.2	21.3	30.0	30.0
Operating Ratios (%)				
EBITDA Margin	2.0	1.9	2.0	2.1
PAT Margin	1.3	1.3	1.4	1.3
Return Ratios (%)				
RoE	15.4	15.4	19.6	19.0
RoCE	16.7	16.5	20.7	22.5
Valuation Ratios (x)				
EV / EBITDA	15.1	13.9	10.4	8.5
P/E	21.8	18.7	13.5	12.1
Market Cap / Sales	0.3	0.2	0.2	0.2
Price to Book Value	3.4	2.9	2.6	2.3
Working Capital Management Ratios				
Inventory Days	23.0	25.0	24.3	23.6
Debtors Days	63.5	66.0	65.3	64.2
Creditors Days	49.1	55.2	56.4	54.6
Solvency Ratios				
Debt / Equity	0.3	0.3	0.3	0.3
Current Ratio	1.7	1.6	1.5	1.5
Quick Ratio	1.2	1.2	1.1	1.1

Source: Company, ICICI Direct Research

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