Redington

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INITIATING COVERAGE

REDINGTON LIMITED

IT Services and Technology Solution Provider

NOVEMBER 2025

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Redington I BUY I TP: Rs 370

Where technology meets scale

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Initiating coverage

We initiate coverage on Redington Ltd with a BUY rating and target price of Rs 370. Redington stands as a dominant and well-diversified technology distributor in India, spanning mobile devices, cloud and software solutions, and ICT products. The company enjoys strong partnerships with global majors such as Apple (largest distributor in India), HP, Dell, Lenovo, Samsung and many other brands. Redington is at an inflection point in its high-growth, scalable cloud and software business, and it aims to expand 3x over the medium term. Rising premiumization trends, a forthcoming PC refresh cycle, and the upcoming Windows upgrade are expected to further accelerate demand across its Mobility and Electronics (MSG & ESG) segments. Valuations at 9.7x FY27E EPS offer an attractive entry point. BUY.

- **Cloud and Software Solution - Game changer:** Redington's Software Solutions Group (SSG) and Cloud segment are set to be key value drivers, with revenues expected to grow 3x over the next 4-5 years, expanding their contribution from 15% to over 30%+. *Anchored by strong partnerships, this subscription-led, high-retention business (95%+) delivers 5.5-6% gross margins versus 4–5% in hardware.* Its proprietary CloudQuarks platform supports provisioning, billing, analytics, and lifecycle management for 40,000+ resellers and SMBs, fostering deep engagement. *With cloud adoption in India, MEA, and ASEAN still nascent compared to the West where software forms ~25% of IT distribution Redington* has a long runway for sustainable growth and margin expansion.
- **Premiumization & Refresh Cycles - Twin growth levers**: Redington is well-positioned to benefit from rising premiumization in mobility and an upcoming PC refresh cycle slated to start from H2FY26. Premium smartphones from Apple, Samsung, Motorola, and Google are driving higher ASPs, supported by Redington's strong premium retail network. *On the enterprise side, deferred upgrades and the Windows 10 end-of-support in Oct'25 are set to trigger a major replacement wave, led by AI-enabled PCs*. These trends strengthen Redington's growth visibility across consumer and enterprise segments, while its expansion into 300+ cities deepens reach beyond metros.
- **Best-in-class distributor on all parameters:** Redington is the 8th-largest distributor globally and the clear leader in India, the UAE, and Saudi Arabia. Its 40,000+ channel partners across Tier 1–4 cities provide unmatched reach, while exclusive partnerships ensure strong vendor stickiness. The company delivers steady cash flows through disciplined working capital management and maintains a healthy 0.3x debt-to-equity ratio (best in the industry). Beyond distribution, Redington is evolving into a solutions-driven enterprise with investments in its cloud marketplace, AI integration, and sustainability verticals such as solar and device refurbishment.
- **Valuations, view & risks:** We are factoring in 14.0%/18.6%/22.1% Revenue/EBITDA/Adj. PAT CAGR over FY25-28E. We value the company at an average of 14x PE & 2x PB on Sept'27E to arrive at TP of Rs370. **Initiate with a BUY.** *Our positive stance on Redington is given its leading market positioning, underlying growth in the segments of operations, and ability to generate healthy OCF and superior return ratios.* **Risks** include vendor concentration (Apple, HP, AWS, Microsoft), channel partner risk, working capital intensity in hardware, and geopolitical/FX volatility.

Target Price	370	Key Data	
		Bloomberg Code	REDI:IN
CMP (Rs)	250	Curr Shares O/S (mn)	781
		Diluted Shares O/S (mn)	781
Upside	48%	Mkt Cap (Rs bn/USDmn)	195.6/2,356
Price Performance (%)		52 Wk H / L (Rs)	335/177
		3M Average Vol.	7.279M

	1M	6M	1Yr
Redington	-9.5	0.1	26.7
Nifty	2.0	5.0	4.6

Source: Bloomberg, NSE, Company, As on 5th Nov 2025

Shareholding pattern (%)

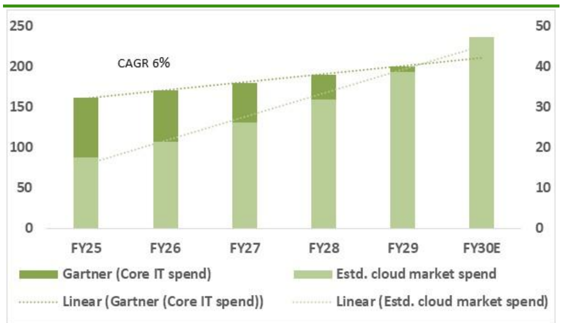
	Sept-25	Jun-25	Mar-25	Dec-24
FIIs	*61.81%*	*62.58%*	*60.57%*	*58.53%*
DIIs	16.97%	16.65%	17.87%	18.64%
Public	21.17%	20.71%	21.50%	22.82%

Source: BSE

Why you should read this report

- Understand how Redington is different from other ICT players
- How has Redington dealt with the Arena situation
- How does Redington maintains strong cash flows in a working-capital heavy business

Accelerated CSG and SSG spend (US$bn) to drive Redington growth



Source: Industry.

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Y/E (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	PAT	PAT (%)	EPS	ROE	ROCE	P/E (x)	EV/EBITDA (x)
FY23	7,93,768	26.7%	21,188	2.7%	14,394	1.8%	17.8	20.8%	22.9%	21.0	9.3
FY24	8,93,457	12.6%	18,772	2.1%	12,386	1.4%	15.6	16.3%	16.1%	16.0	10.5
FY25A	9,93,336	11.2%	20,534	2.1%	18,205	1.8%	23.0	13.7%*	16.3%	10.9	9.6
FY26E	11,50,908	15.9%	23,407	2.0%	15,451	1.3%	19.5	15.6%	17.2%	12.8	8.4
FY27E	13,04,894	13.4%	29,980	2.3%	21,236	1.6%	25.9	18.1%	20.0%	9.7	6.5
FY28E	14,69,923	12.6%	34,275	2.3%	24,278	1.7%	30.5	18.4%	20.3%	8.2	5.6

*Source: Company, MNCL Research estimates. *Adjusted RoE*

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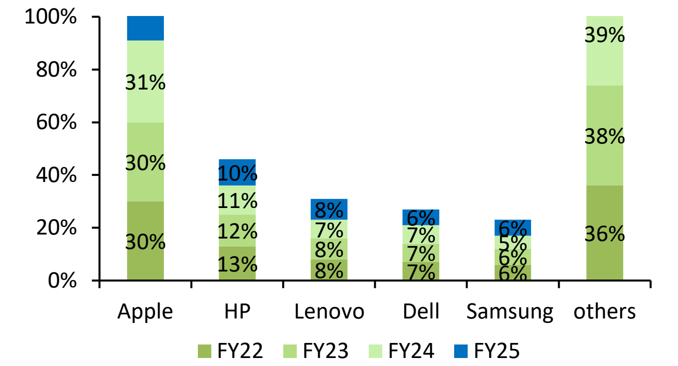
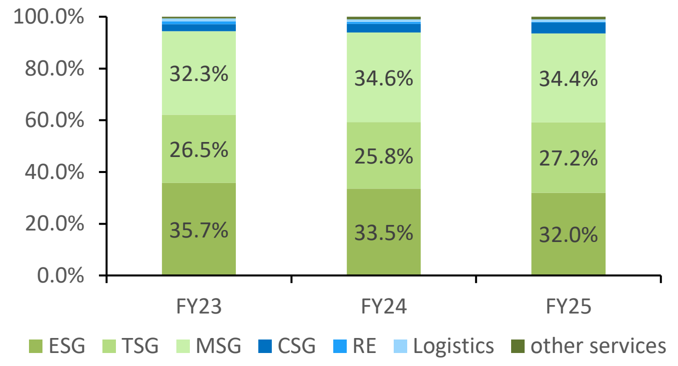
Investment Thesis in Charts

Exhibit 1: Key OEM partnerships continue to drive topline growth



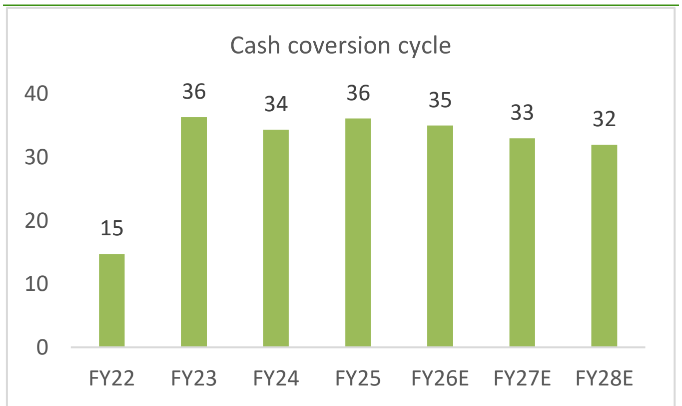
Source: Company, MNCL Research

Exhibit 2: Revenue growth remains steady across key segments



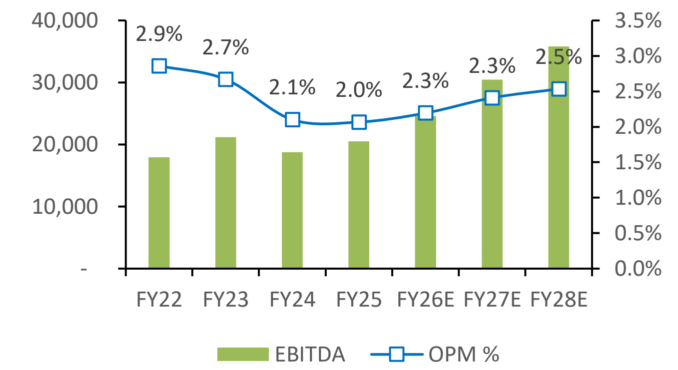
Source: Company, MNCL Research

Exhibit 3: Cash conversion cycle to improve as contribution from cloud increases



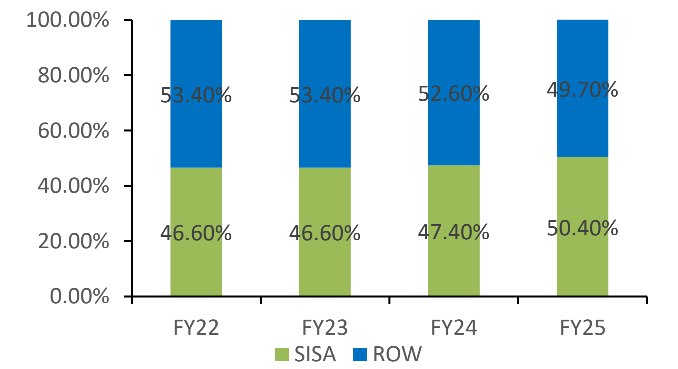
Source: Company, MNCL Research Estimates

Exhibit 4: Operating margins expand steadily as cloud contribution increases



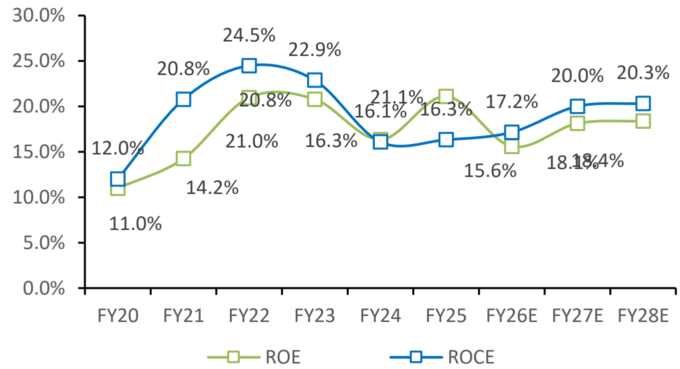
Source: Company, MNCL Research Estimates

Exhibit 5: Geographic mix - Contribution across regions



Source: Company, MNCL Research

Exhibit 6: Superior return ratios



Source: Company, MNCL Research Estimates

Exhibit 7: DuPont Analysis

Particulars	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit to sales	*2.0%*	*1.8%*	*1.4%*	*1.8%*	*1.3%*	*1.6%*	*1.6%*
sales to asset	*3.40*	*3.41*	*3.66*	*3.60*	*3.52*	*3.47*	*3.44*
Asset to equity	*3.02*	*3.19*	*3.10*	*3.00*	*3.16*	*3.14*	*3.06*
ROE	*21.0%*	*20.8%*	*16.3%*	*13.7%*	*15.6%*	*18.1%*	*18.4%*

Source: Company, MNCL Research Estimates. RoE for FY25 in on adjusted PAT.

FAQs

How Redington is different from other players?

Redington is 8th largest distributor globally and unlike other distributors that operate largely as hardware resellers, Redington has transformed itself into a multi-vertical, multi- geography solutions provider. It is uniquely focused on emerging markets like India, MEA and ASEAN. Redington connects global OEMs such as Apple, HP, Dell, AWS, Microsoft, and Motorola with a vast base of 40,000+ channel partners, while also scaling newer businesses in SaaS, cloud, security, printing and solar distribution. Hardware continues to provide scale and market leadership, but the growing cloud/software business contributes high-margin, sticky, recurring revenues with strong cash conversion, structurally lifting profitability.

Exhibit 8: Redington vs other ICT players

Distributor	Mobile Phones	Laptops & PCs	Cloud Solutions	India	ASEAN	EMEA
Redington	☑	☑	☑	☑	☑	☑
Rashi Peripherals	✗	☑	✗	☑	✗	✗
Ingram Micro India	☑	☑	☑	☑	☑	☑
Savex Technologies	✗	☑	☑	☑	✗	✗

Source: Company, MNCL Research

Redington stands out as the only large-scale distributor with a clear focus on emerging markets (India, MEA, ASEAN, Turkey and CIS) where technology penetration is still low offering a longer growth runway compared to global peers like Ingram or TD Synnex that are more developed-market centric. Unlike domestic peers such as Rashi or Savex that remain hardware-focused Redington has diversified into cloud, SaaS, and sustainability verticals (solar, refurbishment), creating higher-margin, recurring revenue streams. Its unique mix of scale, diversification, and future-ready platforms (CloudQuarks) positions it as more than a distributor.

How has Redington dealt with the Arena situation?

Exhibit 9: Key events

Year	Details
2010	Redington acquired a 49.4% stake in Arena for ~$42.46 million, entering the Turkish market.
2015	Establishment of Paynet by Arena
2015	Acquisition of Redington Turkey (formerly LinkPlus)
2021	Arena acquired Brightstar Telekomünikasyon Dağıtım Ltd. Şti., a leading mobile device distributor in Turkey, for $35 million.
2024	Redington Turkey entered CIS with software distribution model
2025	Divestment of Paynet by Arena- Full divestment at $89 million share value
2025	Arena assigned its device distribution and supply agreement with Vodafone to Datagate Bilgisayar Malzemeleri Ticaret A.Ş. for ~$8 million.

Source: Company, MNCL Research

Arena: Redington's Turkish subsidiary, primarily engages in IT and mobility distribution including operations under Connect Teknoloji Sanayi ve Ticaret A.Ş(K connect) which manages the Vodafone distribution contract in Turkiye. Arena continues to face challenges arising from the country's volatile geopolitical and economic environment, FY2024-25 was marked by high inflation and interest rates exceeding ~50% on local currency borrowings. Also it saw some shift in consumer demand following Turkiye's March 2024 election. This situation has impacted business stability leading to elevated inventories and extended collection cycle.

Arena responded swiftly by restoring inventory, receivables and operating expenses to more sustainable levels by year-end, culminating in a positive profit after tax in the final quarter. A major milestone during the year was the divestment of its FinTech arm Paynet, for USD 89 million, which enhanced liquidity and allowed Arena to sharpen its focus on its core IT distribution business.

Redington owns 49% stake in Arena. The debt on Arena's books are to the tune of USD 90-100 mn dollar which translates to an exposure of around 50 mn $ (Rs 4-5) bn for Redington. As of FY 2025–26, Redington continues to operate Arena with heightened caution given receivables of around USD 8 mn pending. Redington is trying to improve the situation by employing tighter working capital management measures and a focus on core distribution, divestment of non-core assets, strengthened governance frameworks, and enhanced stakeholder engagement. Overall, while Turkey's macroeconomic instability remains a key concern, Redington's exposure is limited and continues to be actively managed through prudent operational and financial oversight. The company has also recalibrated Arena's operations, particularly under Connect Teknoloji Sanayi ve Ticaret A.Ş (K Connect) which manages the Vodafone distribution contract in Türkiye.

While Türkiye's macroeconomic instability remains a concern, we believe Redington has managed the Arena situation effectively. Through proactive risk management, disciplined operations and prudent financial oversight, the company has limited its exposure and safeguarded operational performance, positioning itself to navigate ongoing market challenges with resilience and agility. We expect the cautious approach to continue and limit the downside.

How does Redington maintains strong cash flows in a working-capital heavy business?

Redington maintains strong cash flows in a working-capital intensive business by keeping its net working capital cycle lean at ~34–40 days. Company is able to maintain this as high-growth segments like Cloud Solutions (CSG) and premium Mobility (MSG) have comparatively shorter receivable cycles, which improves asset turns and liquidity. Its cloud/software portfolio contributes ~6% gross margins versus 4-5% in hardware, adding recurring, asset-light revenues with strong cash conversion. Combined with reduced reliance on factoring, an AA+ credit rating and strict opex discipline this ensures Redington consistently generates sustainable free cash flows even at scale. Redington has one of the highest Capital turnover ratios in the industry of 8.5-9x vs industry standard of 7-7.5x.

Exhibit 10: Redington's business verticals

Segment	Working Capital (Approx)	ROCE (Approx)	Revenue contribution as on FY25
ESG (Enterprise Solutions Group)	High	~16–20%	32%
TSG (Technology Solutions Group)	High	~16–20%	27%
MSG (Mobility Solutions Group)	Low	~25–28%	34%
CSG (Cloud Solutions Group)	Upfront	~30%+	4%

Source: Company, MNCL Research

We believe with the rising share of high-margin, asset-light segments such as Cloud and software solutions Redington's business mix is structurally shifting toward faster cash conversion and improved capital efficiency. This evolution supports sustained high ROCE and ROE levels going forward and maintain strong cash generation even in a working-capital-intensive environment.

Cloud and Software Solutions to lead the growth

Cloud computing refers to delivering computing resources such as servers, storage, databases, networking, software and AI tools over the internet (“the cloud”) instead of relying on physical on-premises infrastructure. Rather than buying and maintaining expensive hardware enterprise can rent what they need on a pay-as-you-go basis from cloud providers like AWS, Microsoft Azure, or Google Cloud. Over the last few years, businesses of all sizes have been moving away from traditional on premises IT infrastructure toward cloud-based solutions. This trend has been particularly pronounced among small and medium enterprises (SMBs), which often face resource constraints and limited IT expertise.

In India, around 60% of SMBs are already using cloud in some form (though many are at early stage of adoption) for ASEAN, the public cloud market is projected at approximately growing to about US$43.06 billion by 2030 (CAGR ~14.6%). This large and growing TAM gives us confidence that cloud adoption will continue to provide sustained growth opportunities for Redington in these markets.

Three primary models have emerged for SMBs looking to migrate to the cloud: a). Cloud Adoption via Managed Services (ITES) or b). Cloud Adoption via Distributors c) Cloud directly through hyperscaler

a) Cloud Adoption via Managed Services (ITES): When an SMB partners with IT enabled services provider the ITES provider acts as full-service partner that guides the SMB through the cloud journey. The engagement will typically begin with comprehensive overview of the SMBs current IT environment to understand and determine which applications and data are suitable for migration. Based on the assessment the provider will design a customised strategy.

Organizations can choose to work with IT service providers such as TCS, Infosys, HCL for a complete cloud transformation solution. These providers manage the entire process right from consulting and migration to ongoing monitoring, security and compliance.

Assessment → Strategy Design → Migration Execution → Post-Migration Support → Ongoing Management

This model is best suited for enterprises with complex, hybrid or regulated workloads as it reduces migration risk and ensures optimized architecture. However, it involves higher upfront and ongoing costs and may lead to vendor lock-in. Overall, the total cost impact is about 20–40% higher than using cloud services directly. This model is mainly suited for mid market enterprises with employee size of 500-5000.

b) Cloud Adoption via Distributors :

In this model, the distributor does not act as a service provider but rather as a facilitator and enabler. Distributors bring together offerings from multiple vendors such as AWS, Microsoft and Google into a single platform where SMBs can easily compare, purchase and manage cloud services. This gives SMBs or their local resellers the ability to run cloud solutions directly, with access to billing tools, usage monitoring, and multi-cloud management.

In this approach organization can procure cloud services through authorized distributors like Redington, Ingram Micro or Savex. This model allows organizations to purchase cloud credits or licenses at a 2 - 10% discount compared to direct pricing. Distributors also provide optional value-added services like migration support, billing optimization and local assistance. It also offers flexible payment terms (30-90 days). In this model, Redington operates through its channel partners and does not engage directly with end customers ensuring a partner-led delivery approach.

Aggregation → Marketplace Access → Self-Management → Enablement & Training → Ongoing Flexibility

This option is particularly beneficial for small and mid-sized businesses that want cost efficiency and simplified billing. However, it provides limited technical or architectural support unless additional services are purchased, requiring the organization to have internal IT expertise. The total cost is generally similar to, or up to 10% lower than going direct.

c) Cloud directly through hyperscaler: In this model, SMBs will work directly with cloud players like AWS,Azure,Google cloud. In this model, companies pay on a pay-as-you-go basis and can access the provider’s built-in migration and management tools. Optional support plans are available, typically costing 10–20% of the monthly cloud spend.

Direct Engagement → Infrastructure Setup → Security & Compliance → Operations & Monitoring → Scaling & Optimization

This approach offers the highest level of flexibility and control, but it also places most of the responsibility on the SMB. Companies with mature IT teams or digital-first strategies will find this model attractive, while SMBs with limited technical depth may struggle with its complexity and resource requirements. Moreover, since SMBs are relatively small in scale, it is often difficult for them to directly engage with large hyperscalers and get the level of attention or customization they require.

Exhibit 11: Cost comparison of all 3 modes

Option	Who Manages Migration	Upfront Migration Cost	Monthly Cost Impact	Discounts / Credit Flexibility	Best For
IT Service Provider	External expert	Rs 10–25 lakh	+20–40% over cloud spend	Low	Enterprises, regulated workloads
Distributor (Redington / Ingram)	You or partner	Rs 2–5 lakh	±0% (can be 5–10% cheaper)	High (INR billing, credits)	SMBs, mid-market, hybrid users
Direct Hyperscaler (AWS/GCP)	Internal team	Rs 0–10 lakh	Base usage	Medium (startup credits, EA)	Startups, tech firms, skilled IT teams

Source: Industry, MNCL Research

CSG revenue is projected to rise sharply by FY28E implying strong growth momentum. In FY25, cloud contributes around 4% of revenue which is expected to increase to 9.0% by FY28E reflecting 40%+ CAGR.

Among the 3 modes , buying through distributor is generally the most optimal choice for an SMB as it offers the best mix of cost efficiency and flexibility.

Exhibit 12: Model wise use cases

Mode	Use Cases
Through Distributors / MSPs	- Email and collaboration tools (Microsoft 365, Google Workspace)
	- Basic website and application hosting
	- Data backup and disaster recovery
	- Simple SaaS integrations (CRM, HR, accounting)
	- Endpoint security and patch management
Through IT/ITES or System Integrators (SIs)	- Lift-and-shift or re-platforming of legacy applications
	- Hybrid or multi-cloud architecture- DevOps automation and CI/CD pipelines
	- Database migration and modernization
	- Data analytics and business intelligence
	- Managed cloud operations- Security, compliance, and governance setup
Direct with Hyperscalers	- Cloud-native application and microservices development
	- AI/ML model training and deployment
	- High-performance computing (HPC) and simulations
	- Large-scale data lake and data warehouse solutions
	- IoT and edge computing deployments
	- Global-scale enterprise infrastructure
	- Advanced analytics, automation, and FinOps

Source: Industry, NCL Research

Redington's role in cloud

Redington has launched Cloudquarks, a digital marketplace that simplifies multi-cloud adoption in emerging markets. It aggregates leading hyperscalers (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. Beyond aggregation, Redington adds value through credit support, localized billing, channel enablement, training and managed resale models which reduce adoption friction for partners and end-customers alike.

Exhibit 13: Redington's partnership

Partner	Initiative	Focus Areas	Region	Key Highlights
AWS	Red.AI	Generative AI, Machine Learning, Cloud Services	India	Launched in September 2024, Red.AI aims to enable technology partners to learn, adopt, and experiment with AWS's generative AI services, targeting sectors like EdTech, government, and healthcare. The initiative provides technical support and resources to develop innovative solutions.
Zoho	Cloud Solutions	Unified Enterprise Collaboration, CRM, Email Services	India	Strategic partnership to extend Zoho's business solutions to a broader audience across India, utilizing Redington's extensive network of partners. Solutions include Zoho Workplace, Bigin by Zoho CRM, and Zoho ZeptoMail.
Google Cloud	Cloud Adoption	Google Workspace, Cloud Services, Chrome Enterprise	India	Partnership to drive the distribution and adoption of Google Cloud services among SMBs, education, and public sector segments. Redington aims to address the demand for Google Cloud-based services in India.
Talend	Data Integration	Data Integration, Data Quality, AI-Augmented Analytics	Middle East & Africa	Appointed as a value-added distributor to deliver Talend's solutions across the region, helping organizations manage and analyze data effectively.
Qlik	AI Adoption	Data Integration, Analytics, AI Solutions	Middle East & Africa	Partnership to drive the adoption of Qlik's solutions, including Qlik Talend Cloud® for AI-augmented data integration and Qlik Answers™ for extracting insights from unstructured data.
Huawei	Cloud Services	Cloud Infrastructure, AI Solutions	India	Extended strategic alliance to include access to Huawei Cloud's suite of services, aiming to accelerate cloud adoption and digital transformation.

Source: Company, MNCL Research

Cloud Advisory & Implementation Process:

Cloud Advisory & Strategy → Security Assessment → Cloud Economics (TCO/ROI) → Cost Optimization → IT Infrastructure Assessment & Strategy

Together, these elements enable enterprises to adopt cloud solutions that are secure, cost-effective and strategically aligned with their long-term goals.

Redington is a preferred choice for SMBs because it offers a wide range of cloud and IT solutions through an extensive distribution network making enterprise-grade services accessible even in smaller cities. Additionally, it provides simplified billing, technical support and scalable solutions allowing SMBs to adopt and manage cloud services without needing in-house expertise

Case Study: Migrating SAP Business One to AWS for Tenx Software Foundation

Tenx Software Foundation, an SAP partner, wanted to modernize its SAP Business One (SAP B1) and HANA database environment, previously hosted on-premise. Managing hardware, backups, capacity planning, and compliance manually was creating high IT overhead and limiting scalability.

Redington implemented a fully managed hosting solution on AWS, deploying SAP B1 in a secure VPC with automated backups, encryption (via AWS KMS), and real-time monitoring through CloudWatch and CloudTrail. Remote access was enabled using AppStream, improving mobility and performance.

This transformation reduced infrastructure management burden by over 60%, improved compliance and security, and enabled flexible, pay-as-you-go scalability. Additionally, global access with lower latency enhanced user experience.

By leveraging Redington's cloud expertise, Tenx shifted from heavy IT administration to innovation-focused operations, positioning itself as a more agile and future-ready SAP solutions provider.

Source:Company

Software Solutions

The Software Solutions Group (SSG) currently contributes around 15% of Redington's total revenue it is split between TSG and CSG and is growing over 25% YoY. SSG has been created to accelerate value-added services. Margins in this segment covering software solutions including SaaS, security and hyperscaler services are higher than hardware (gross margins of 5.7–6%) this gives a good boost and diversification to Redington's business model. Unlike hardware, software requires minimal inventory holding carries higher margins, and builds sticky customer relationships through license renewals and recurring consumption. We believe this segment is expected to grow roughly 3x over the next 4-5 years.

As per grand view research ,The global software licensing management market size was estimated at USD 3.29 bn in 2024 and is projected to reach USD 7.91 bn by 2030, CAGR of 16.2% from 2025 to 2030.

Redington acts as a key partner for software brands like Oracle, IBM, Splunk, Veeam, Rubrik, Micro Focus and Veritas in India, the Middle East and Turkey. The company distributes these solutions to vendors, system integrators and enterprise customers while managing logistics, licensing and compliance. Redington also provides training and technical support to partners to help them sell and implement enterprise software. It assists enterprises with consulting, deployment and financing so they can adopt cloud, AI and data management solutions. By connecting global software vendors with local markets, Redington helps drive adoption and expand business opportunities.

Growth in software licensing market is driven by rapid cloud adoption, rising cybersecurity needs, and stricter compliance mandates. Over 65% of enterprises already use cloud-licensed software, while subscription, usage-based, and hybrid models are replacing perpetual licenses due to flexibility and scalability. Industries like banking, healthcare, and manufacturing are prioritizing digital license governance to reduce risks. Meanwhile, leading providers are investing 7–12% of revenues in next-gen platforms, AI-driven compliance, and adaptive licensing solutions.

Vendor / Platform	Segment	Why Attractive for Redington
Microsoft / Oracle	Enterprise software, ERP, hybrid cloud	Large installed base; distributors help with channel access, licensing, and billing flexibility
CrowdStrike	Endpoint cybersecurity (cloud-native)	Rapid growth in cyber / endpoint space; demand rising after high-profile breaches
Check Point	Network security, firewalls	Long-established enterprise presence; trusted by many enterprises with renewal-based revenue potential
SAS	Data analytics, AI/ML	Strong analytics capabilities; complements Redington's data solutions efforts; recently selected Redington as regional distributor (SAS)
DataQuarks / SecureQuarks (Redington)	Proprietary platforms (analytics, cybersecurity)	Helps Redington differentiate; builds potential for recurring revenues and value-add services

Source: Company, MNCL Research

By aggregating leaders like Microsoft, Oracle, CrowdStrike, Check Point, and SAS alongside its proprietary platforms, Redington offers a comprehensive software stack spanning productivity, cloud, cybersecurity, and AI. This mix allows it to participate in multiple secular growth areas, while differentiating itself from traditional hardware-only distributors.

Exhibit 14: Redington v/s other ICT players

Feature / Capability	Redington	Ingram Micro	TD SYNNEX	HCL Infosystems	Arrow Electronics
Regional Presence	Strong in India, Middle East, Turkey	Global, strong in India & Middle East	Global, moderate India presence	India-focused	Global, limited India presence
Exclusive / Leading Brands	Rubrik, Veeam, PTC (3D design / industrial software)	Limited	Limited	Limited	Limited
Partner Network	Extensive reseller & system integrator network, certified partners	Large, global network	Large network, enterprise-focused	Medium network, mostly India	Medium network, enterprise-focused
Enterprise Enablement	Consulting, deployment, AI/Cloud adoption support	Consulting & deployment for enterprise	Strong enterprise enablement	Services + consulting	Limited deployment support
Focus on AI / Cloud / Data Solutions	Strong emphasis on AI PCs, cloud adoption, data resilience	Moderate	Strong	Moderate	Moderate
SMB / Tier 2 & Tier 3 Reach	Very strong, especially in India & Middle East	Focus on larger enterprises	Focus on larger enterprises	Strong SMB focus	Limited

Source: Company, MNCL Research

Redington has unique partnerships with Rubrik, Veeam, Veritas and PTC CAD/industrial software which competitors generally do not carry. Competitors mostly focus on Microsoft, VMware, Cisco, Adobe, and cybersecurity vendors.Redington combines this exclusive portfolio with regional reach, partner enablement, financing, AI and cloud focus giving it a strong differentiator in the market.

1. Rubrik: Rubrik focuses on cloud data management, backup, disaster recovery, and AI-enabled operations. It is growing fast, with 41% revenue growth in FY2025 and rising subscription revenue. Few distributors in India and the Middle East offer Rubrik, giving Redington an edge in enterprise backup and AI-powered data solutions.

2. Veeam: Veeam provides cloud backup, data protection, and disaster recovery software. Its annual recurring revenue grew 18% in 2024, with strong profitability. Redington's partnership allows it to offer robust data protection solutions in a market where competitors have limited presence.

3. PTC (CAD / Industrial Software): PTC delivers 3D product design, PLM, IoT, and industrial software. It is seeing strong adoption in manufacturing and engineering, especially with AI-enabled design tools. Redington is one of the few distributors in India and the Middle East, opening opportunities in industrial and manufacturing sectors.

4. Veritas: Veritas focuses on enterprise storage, backup, and data management solutions. It shows steady multi-year growth with solid returns, concentrating on cloud data management. Redington's partnership positions it strongly in enterprise data resilience, differentiating it from competitors focused on general IT or cybersecurity.

Exhibit 15: Redington's brand across

Segment	Brands
Cloud	aws, Azure, Dynamics 365, Google Cloud, salesforce, GitLab, INDUSFACE
Software solutions	ANSYS, esri, experian, IBM Silver Business Partner, MICRO FOCUS, ORACLE, ptc, opentext, WhatsApp, ZOHO, Trellix, sustainical
License and subscription	D-Link, DELL EMC, CtrlS, COMMSCOPE, CITRIX, CHIKO, Canon, Cambium Networks, chromeOS, CISCO Distributor, SOPHOS

Source: Company, MNCL Research

Redington's partnership ecosystem spans cloud hyperscalers, enterprise software leaders, and license/subscription specialists, creating an end-to-end stack that few competitors match. Redington integrates cloud, security, productivity, and infrastructure solutions under one umbrella, making it a one-stop distribution and advisory partner.

TSG to grow on the back data center demand

Redington's Technology Solutions Group (TSG) is emerging as a key growth driver supported by rising enterprise IT and data center investments across India and the Middle East. Despite near-term margin pressure we believe scale, capital efficiency and growing participation in AI and cloud infrastructure will drive sustained earnings growth and improved ROCE.

In TSG company provides IT solutions to large organizations. It helps companies with servers, storage, networking, cloud services, cybersecurity and data analytics. TSG also offers consulting and support to make IT systems work better and safer. By working with global technology partners, it helps businesses modernize, adopt new technologies and grow efficiently.

TSG contributes roughly around 20%+ to the total revenue; Redington has typical enterprise deal sizes ranging from Rs 1–2 Bn. Margins in this segment are relatively lower versus the regular business (2-3% for regular business and lower for large deals) but this business requires minimal working capital requirement as it operates largely on a direct SEZ-to-SEZ model. Moreover, beyond EBITDA there are almost no incremental costs so direct PAT margins improve significantly on each incremental deal, making the segment highly capital-efficient and a strong contributor to overall profitability. With a target ROCE of around 16-18%, the segment is highly capital efficient.

In Q1 FY26, Redington's TSG faced margin pressure due to several challenges. Competition is rising in this space especially from global and local players, as demand grows in data center and AI infrastructure. Vendors are also facing restricted margin pools, which limits the margins passed on to distributors. At the same time large deals mainly private-sector deals in India and the UAE are increasing in size in data center and AI segments. These large deals usually have lower margins, even if they sometimes improve working capital. We believe ongoing competition and vendor pricing limits will continue to put pressure on overall margins.

Exhibit 16: India: Data Centre Growth & Investment to 2030

Metric	Value / Projection
Current capacity (2024/Apr 2025)	~1,263 MW across top 7 cities
Expected capacity by 2030	~4,500 MW (or more)
Alternative higher projection	~8,000 MW by 2030
Investment required (new investment until 2030)	USD ~20-25 billion
Higher investment if targeting 8 GW	USD ~30 billion facility-capex

Source: MNCL Research

Exhibit 17: Middle East / GCC: Growth & Market Size Projections

Metric	Value / Projection
Market size (2023)	~ USD 2.75 billion
Projected market size by 2030	~ USD 6.29 billion
IT load / capacity growth	From ~1,480 MW in 2025 → ~2,980 MW by 2030
CAGR	~12-15% (2024-2030)
GCC specific market size by 2030	~ USD 9.49 billion

Source: MNCL Research

These trends will drive demand for cloud, AI infrastructure, cybersecurity, and hybrid data solutions all of which sit squarely within TSG's core portfolio and vendor ecosystem. We maintain a constructive view on TSG as a scalable, capital-efficient business segment with high ROCE potential supported by secular data center and cloud investment tailwinds.

Premiumization trend in phones and laptops

Historically for Redington the Mobility and Consumer Electronics segment (MSG/ESG) has been a cornerstone of Redington's business, contributing nearly 70% of the company's total revenue. This segment has consistently demonstrated strong growth, driven by rising consumer demand, vendor innovation cycles and Redington's deep channel partnerships across urban and emerging markets.

India's smartphone market continues to show resilience and evolution, growing 4% year-on-year in 2024, according to IDC

In mobility, the premium and entry-premium segments saw substantial growth in 2024. The premium category expanded ~34.9% YoY and while the entry-premium segment grew ~35.3% YoY. This indicates a growing consumer appetite for higher-end devices that offer better performance, design, and future-readiness. The overall average selling price (ASP) for smartphones in India also reached an all-time high of $275, marking 10.8% increase YoY a clear signal of consumers moving up the value curve**.**

Higher and stable ASPs enable distributors to plan purchases, manage cash flows and reduce stock risks more effectively. While OEMs may sell directly in certain cases, this has little impact on distributors. We believe most OEMs will continue to focus on their core strengths such as product innovation, branding, and premium strategy, rather than handling mass-market distribution, which involves large volumes for 3–4 margin.

Exhibit 18: Smartphone ASP in India (2025)

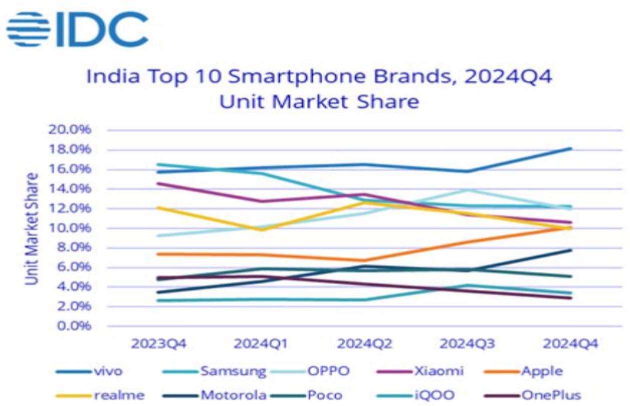
Segment	Price in INR	Price in USD
Entry-Level	Rs 6,000 - Rs 12,000	$72 – $145
Mid-Range	Rs 12,000 - Rs 25,000	$145 – $301
Premium	Rs25,000 - Rs 50,000	$301 – $602
Ultra-Premium	Rs 50,000 and above	$602+

Source: Industry, MNCL Research

According to counterpoint research, smartphone prices in the entry-level segment have seen a noticeable increase over the past five years, rising from approximately Rs 5,991 in 2018 to around Rs 7,126 in 2023 indicating a ~20% increase driven by factors such as rising component costs, currency depreciation and inflationary pressures.

Another key driver of this trend is the rapid adoption of 5G devices, which now account for 79% of all smartphone shipments up from 55% in 2023. Consumers are no longer satisfied with entry-level features they are actively seeking longer lifecycles, better security, AI-driven features and hybrid-use performance, especially in a post-pandemic hybrid-work environment. The transition to 5G is not just about faster speeds; it's about enabling new experiences. Users are increasingly engaging with high-definition video streaming, mobile gaming and augmented reality applications, which demand the enhanced capabilities that 5G offers. This shift is also influencing the smartphone market, with a significant increase in the availability and adoption of 5G-enabled devices across various price segment.

Exhibit 19: India smartphone market share



Source: IDC 2025

When it comes to premium smartphones, iPhone and Samsung naturally emerge as market leaders. The iPhone market in India has seen a remarkable jump over the past few years, growing from just 1% market share in 2019 to around 8% of India's smartphone market today, according to CyberMedia Research. The festive quarter (October–December) consistently drives a major sales push highlighting Apple's strong presence in the premium segment. Factors such as rising disposable incomes and attractive offers like no-cost EMIs have made Apple the preferred choice for many consumers. To meet the growing demand and reduce dependency on China, India is also expanding its iPhone manufacturing base. As per Bloomberg, 1 in 5 iPhones sold globally is now Made in India.

In India, Apple works with only two distributor partners: Redington and Ingram Micro. Until 2018 in total 5 other distributors were also associated with Apple. However, in mid-2018, Apple restructured its sales strategy retaining only these two distributors. This gives these distributors including Redington a significant advantage in catering to India's growing premium smartphone demand. Redington controls majority of Apple's India distribution positioning it as one of Apple's most important partners in the country.

Even though the mobile market in India is highly penetrated, we believe rising incomes and premiumization will continue to drive growth for this segment. Most users still own low- or mid-range Android phones, leaving significant headroom in the premium segment**. As consumers replace their phones every 2- 4 years many are upgrading to higher-value devices, supported by easy financing and trade-in options. Growing disposable income and aspirational spending trends are pushing users toward premium brands. Demand from Tier-2 and Tier-3 cities is also rising as affordability and awareness increase. Even with limited new user additions, the overall market value is expanding as consumers shift toward better more value add smartphones**.

In android space, Samsung (Redington distributes Samsung only in ROW markets) has always given a tough competition in premium segment. As per IDC Samsung has surpassed apple in the super premium segment (smartphones priced at $800 and above / around Rs 70,000). The was mainly driven by new launches in its Galaxy A, M and F series which introduced AI enabled features to the mid-range segment.

Together Apple and Samsung continue to dominate India's premium smartphone market with Apple leading in controlled premium sales and Samsung leveraging its wide product range and to capture both mid-range and super-premium consumers. Similarly, Redington has played a critical role in enabling this transition by managing more than 5,000 premium Motorola retail stores across 200 cities supported by a dedicated team of 70 area managers. This effort has helped Motorola gain meaningful share in the premium Android segment. The brand increased its market share from just 0.7% in 2020 to 5.0% in 2024, translating to a 62% CAGR

Mobility contributes ~30–35% to the total of Redington's consolidated revenues. While margins in smartphones are thin the business is attractive due to its high turnover, strong premiumization tailwinds and efficient working capital cycle of around 30-35 days. Unlike peers, this segment helps Redington to have better efficiency.

Exhibit 20: Important events in MSG

Year	Important Events
2003-2006	Forayed into mobility business with Motorola
2007-2010	Strengthened the Mobility portfolio with BlackBerry Smartphones in India and Nokia in the Gulf Region.
2011-2014	signed up with Apple iphone business
2019-2022	Expansion of Mobility Portfolio into Android with Google Pixel, Motorola and Nothing.

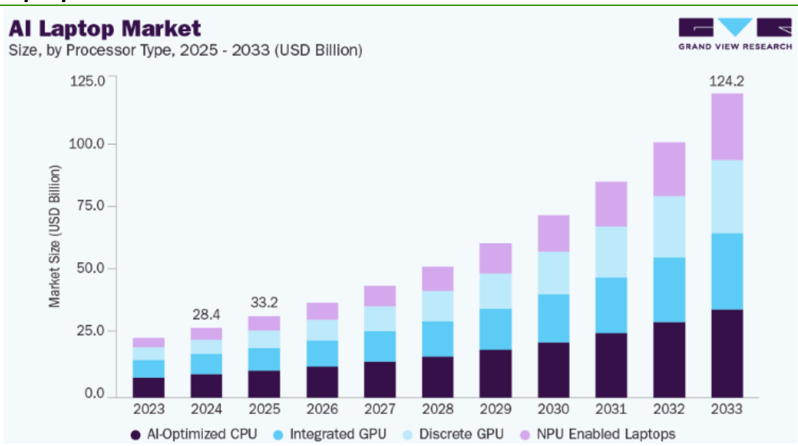
Source: Company, MNCL Research

AI-PCs: The Next Growth Catalyst

The global AI laptop market size was estimated at USD 28.4 bn in 2024 and is projected to reach USD 124.2 bn by 2033, growing at a CAGR of 17.9% from 2025 to 2033.
-Source:Grandview Research

Our channel checks suggest that premiumization in laptops and PCs is emerging as the next major structural shift driven by the rise of AI-powered PCs. Currently, Core i3 processors are being fully utilized in AI PCs and once this segment is phased out, Core i5 and AI-enabled PCs are expected to take their place which will offer higher performance for advanced workloads. These devices, equipped with dedicated AI co-processors and on-device intelligence enable enterprises and individuals to run demanding applications locally. Key drivers include the impending end-of-support for Windows 10 adoption of hybrid work, increased content creation and growing use of AI-enabled applications making performance and security top priorities. Students and professionals in design and research are also emerging as a strong demand segment. **Major OEMs such as HP, Dell, Lenovo, and Apple are actively rolling out AI-PC roadmaps making the transition inevitable. Although starting selling prices are expected to remain in range of around Rs 50,000- 65,000, the value delivered per device will increase sharply creating a strong incentive for earlier refresh cycles.** IDC forecasts AI *PCs to become mainstream by 2026, triggering one of the largest upgrade cycles in the history of the PC market. India, with its installed base of 55-60 mn PCs this represents a particularly large opportunity as enterprises, SMBs and households gradually migrate.*

Exhibit 21: ***AI Laptop Market***



Source: Grand view research

For Redington, this shift towards AI PCs fits perfectly with its strengths. In 2024, about 13–15% of Indian households owned a PC up from 6–8% in 2019. This growth is due to rising demand, lower prices and increasing interest in AI PCs. Ownership is much higher in cities with 21.6% of urban households compared to just 4.2% in rural areas. With a wide partner network and strong reach in rural and semi-urban areas, Redington is well placed to benefit from both enterprise upgrades and new demand from first-time buyers. As AI PCs enter the market, the prices of regular laptops and PCs are expected to drop making them more affordable for Tier 2 and Tier 3 cities and driving deeper market penetration.

Furthermore, recent GST and income tax reforms are expected to significantly boost disposable income. The income tax relief including tax free income up to Rs 1.27 mn and a simplified tax regime is projected to free up roughly Rs 40,000 per taxpayer annually increasing spending power for consumer electronics. Aggregate consumer spending in India is expected to rise by over Rs 1.9 lakh crore, creating a favourable environment for early upgrades and first-time PC purchases. These fiscal measures combined with falling PC prices in basic devices and growing interest in AI-enabled devices are likely to accelerate adoption across both urban and rural markets, further expanding Redington's addressable market.

OEM'S comment on AI Laptop and refresh cycle demand

Dell emphasized the upcoming Windows 10 end-of-life (48 days away) as a major driver of the global PC refresh cycle; Dell estimates ~50% of the installed PC base still demand will spill into FY27.

Dell highlighted that it is witnessing significant growth in enterprise demand for AI-capable infrastructure, noting that "enterprises are actively buying and deploying AI in their current infrastructure, which is very encouraging."

HP saw strong momentum in AI PCs, with the number of new enterprise customers in this segment doubling quarter-over-quarter , signaling rapidly growing demand for AI-enabled devices.

Lenovo expects AI PCs to make up 80 percent of the PC market by 2027, as hybrid AI is creating growth across those products. Additionally, it is driving a smartphone refresh.

Exhibit 22: AI Use cases

Client	What They Deployed	Key Outcomes / Benefits
Automotive Firm (via HCLTech + Dell + Intel)	Deployed Dell AI PCs for 30,000+ users (engineering, manufacturing, corporate functions). PCs with Intel Core Ultra + integrated NPUs and Intel vPro. ● Rollout was persona-driven and phased. ● Zero-touch deployment.	• Real-time insights at the edge in factories. • Streamlined IT operations. • Better cross-functional innovation (engineering + manufacturing + corporate). • Efficiency gains and sustainability improvements. (HCLTech)
Deloitte (Dell + Intel AI PCs)	Dell / Intel provided AI PCs to Deloitte to accelerate developer productivity and support hybrid work / innovation. (Intel)	•Improved developer workflows. • More innovation across teams. • Better responsiveness & flexibility. • Enhanced support for AI-enabled tasks. (Intel)
HP + Intel Collaboration / Early Prototype Users	HP & Intel tested early AI PC prototypes (about 8 months ahead of full launch) across many configurations. Tested with real-world apps: e.g. Power BI, Tableau, Adobe Lightroom, etc. (Newsroom)	• Significant performance improvements vs prior generation machines: e.g. up to ~45% faster for Power BI; ~48% faster for Tableau; ~32% faster for Lightroom. • Validation of user-benefit before launch. • Helps in communications / sales enablement because metrics are clear. (Newsroom)

Source: Industry, MNCL Research

Focus on emerging markets

Redington has also been focused on emerging markets and has built a differentiated model by having local presence with service led distributors. While many competitors build their scale across the US, UK or China, Redington has chosen to grow where opportunities are deeper with significant revenues from India, Middle east, Africa , Turkey and parts of South East Asia. Today Redington operates in 40+ countries and works with 290+ global technology brands. It reaches customers through a network of over 70,000 channel partners and runs 174 warehouses. This scale is not in developed markets but in places where demand for digital infrastructure is just taking off. These are markets with fast-grow**ing** populations, rising smartphone and internet adoption and governments that are actively pushing for digital transformation.

why emerging markets fit Redington

- **Scale + local presence** Redington operates through local entities and templates across ~40 countries with thousands of partners and extensive warehousing and service centers. That scale in fragmented markets is a barrier to entry for many global distributors who run centralized models out of advanced markets.
- **Route-to-market depth** The company runs multiple purpose built routes to market (vendor managed partners, Redington-managed partners, digital B2B, LFR, telco channels) which convert vendor partnerships into reach into millions of consumers and SMBs and builds a capability that matters most where channels are fragmented and offline still dominates.
- **Asset + service stack** Beyond simple distribution Redington bundles credit/financing, inventory management, pre/post sales services, local regulatory compliance and 3PL, a product + services stack that raises switching costs for vendors and partners in emerging markets.

Exhibit 23: Geography-Specific Macro Tailwinds

Geography	Government Mission / Policy
India	Production Linked Incentive (PLI) for IT hardware; state-level data centre incentives (single window, power/land facilitation)
Gulf (KSA, UAE)	Saudi Vision 2030; UAE National AI Strategy; government incentives for cloud, AI, and data centres
Africa	Mobile-first fintech promotion; digital payments expansion; multilateral and private infrastructure funding
Turkey / CIS / ASEAN	Support for software/subscription models, local ISVs, cloud adoption, and fintech development

Source: Company, MNCL Research

Historically, Redington has faced several challenges operating in emerging markets, particularly in Saudi Arabia (KSA) and Turkey.

KSA (Saudi Arabia)

In Saudi Arabia, Redington previously faced challenges from high inflation, driven by rising housing and food costs, along with elevated interest rates, which increased borrowing expenses and dampened consumer spending. Government measures, such as a five-year rent freeze in Riyadh and tighter loan repayment limits, have helped stabilize the economy.

Changing Dynamics: Inflation has started to ease, and interest rates are beginning to moderate, signalling a more stable economic environment. Consumer confidence and spending are gradually recovering, particularly in sectors driven by technology and enterprise solutions.

Implications for Redington: These positive trends create a favourable operating environment for Redington to expand its distribution network, increase sales of premium and enterprise technology products, and potentially offer financing options more efficiently to customers.

Redington views the Kingdom of Saudi Arabia (KSA) as a key strategic growth market rather than merely an incremental geography. The company is committing significant investments in capital infrastructure, and localized operations to strengthen its presence in the region. Redington expects its growth in Saudi Arabia to be driven by strong structural tailwinds including government-led digital transformation initiatives, public sector modernization and the accelerating adoption of cloud and emerging technologies under Saudi Vision 2030.

Turkey

In Turkey, Redington has faced significant economic instability, including the depreciation of the Turkish lira and persistently high inflation, a all of which constrained profitability. Customer insolvencies in its Turkish subsidiary, Arena, led to provisions of $8 million, further impacting performance.

Changing Dynamics: The Turkish government has introduced several measures to stabilize the economy:

- **Monetary easing**: The Central Bank of the Republic of Turkey (CBRT) has reduced its benchmark one-week repo rate from 50% in March 2024 to 40.5% in September 2025. This gradual easing aims to stimulate economic activity while balancing inflation control.
- **Fiscal and structural reforms**: The government projects inflation to decrease to 28.5% by the end of 2025, with further reductions to 16% in 2026 and single digits by 2027. This plan includes fiscal consolidation measures and a commitment to reducing reliance on inflationary policies.
- **Tax reforms**: To enhance budget revenues and curb dollarization, Turkey has increased the withholding tax on short-term Turkish lira deposits and investment funds by 2.5 percentage points. This move aims to stabilize local investments and reduce the strong shift toward foreign exchange funds.

Exhibit 24: Important events

2011–14	Bought 49% stake in Arena- Turkey
2015-2018	Acquired a 70% stake in Linkplus (Turkey) through Redington Gulf FZE, later increasing it to 100% ownership by 2018
2021	Acquisition of brightstar (Turkey)

Source: Company, MNCL Research

Despite ongoing challenges, Redington continues to adopt a prudent approach toward its operations in Turkey. The company is actively managing its exposure by simplifying its portfolio, divesting non-core assets such as Paynet, and concentrating on its core distribution business. It has also started reporting financial results separately for Turkey, including its Arena subsidiary, to better isolate market volatility and provide clearer performance visibility. While Redington remains cautious about short-term growth prospects, it is closely monitoring macroeconomic developments and government stabilization efforts, positioning itself to capitalize on potential recovery opportunities as the Turkish economy strengthens.

Vodafone Device Distribution Agreement (Assignment to Datagate)

- Redington’s subsidiary Arena assigned its device distribution & supply agreement with Vodafone to Datagate in Turkey. Deal value ~ USD 8 million.
- While this is more of a distribution deal, it shows execution in the devices/telecom supply chain domain.

Lateral checks

PCs/Laptop

We spoke to a dealer who sources stock from Redington. He highlighted that AI-driven demand is on the rise, though more use cases are yet to be developed. He noted that the PC refresh cycle, typically every 5 years, is expected to pick up, which should drive incremental demand. On the software side, he mentioned that most enterprises have already migrated to Windows 11 ahead of Windows 10 support ending, and further demand is anticipated. Additionally, HP AI-enabled laptops are priced from Rs 55,000 onwards, while prices of regular HP laptops have also risen in response to strong dollar.

Mobile phones

We spoke with a large multi-brand retailer operating more than 100 outlets across Tier 2 and Tier 3 cities in India. The discussion provided insights into the distribution structure, margins, demand trends, and working capital dynamics in the mobile phone industry. Apple products are distributed only through Redington and Ingram, who act as national distributors. Retailers are required to commit their volume requirements every quarter, and this forecast becomes binding. If demand is lower than expected, the retailer bears the inventory risk, as Apple does not allow flexibility in allocation. For Android brands such as Samsung, OnePlus, Oppo, Vivo, Motorola, and Google, distribution is also managed through Redington and Ingram. Margins for Apple are about 7-8% , while Android devices offer around 10-12.5%. From a demand perspective, Apple sees steady traction, though growth is constrained by its strict supply-side structure. The real growth momentum is in premium Android phones, particularly in the Rs 30,000+ category, where Samsung (S-series and Fold/Flip models) and OnePlus are performing strongly. Google Pixel has a presence, but volumes remain niche.

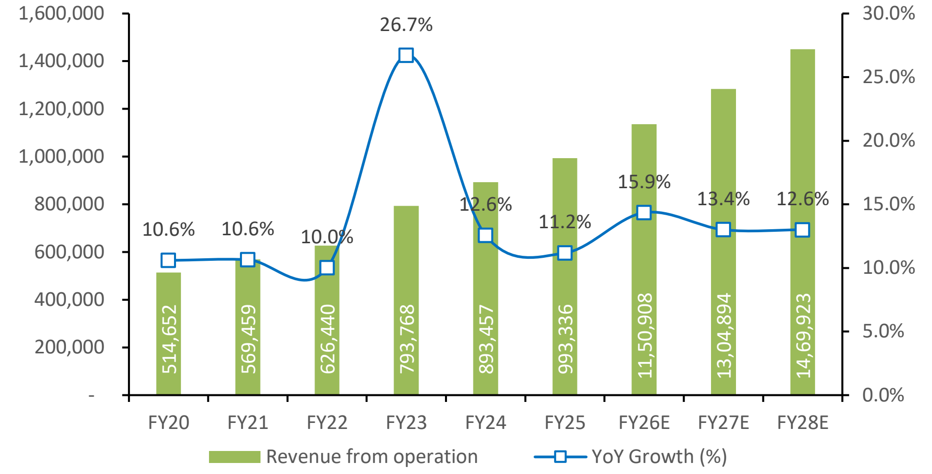
Servers and Enterprise solutions

We spoke to a partner who supplies peripherals and IT solutions to mid-size enterprises, and feedback suggests that demand for servers and storage is reviving, particularly among mid-size enterprises that are again investing in on-premise infrastructure. The server market is highly customer-driven, with buyers typically pre-deciding OEMs such as HP, Dell, or Lenovo, making distribution more about fulfillment than pushing a brand. On the software side, distribution is viewed as a sticky, recurring, and relatively high-margin business (6–7%), as renewals and trust ensure limited customer churn. However, working capital pressures are intensifying, with credit cycles stretching to ~70 days (vs. 45 earlier), making large server deals (~Rs 200 crore) unattractive due to thin margins of only 1–2%. Market consolidation has concentrated ~90% of share among 4–5 large distributors, though thin margins prevent pricing power. At the same time, new themes such as refurbished laptops and enterprise video-conferencing solutions are gaining traction.

Overall, industry participants highlight that Redington’s scale, breadth across OEMs, cash flow strength, and multi-product portfolio make it a dominant and irreplaceable player.

Financial Analysis

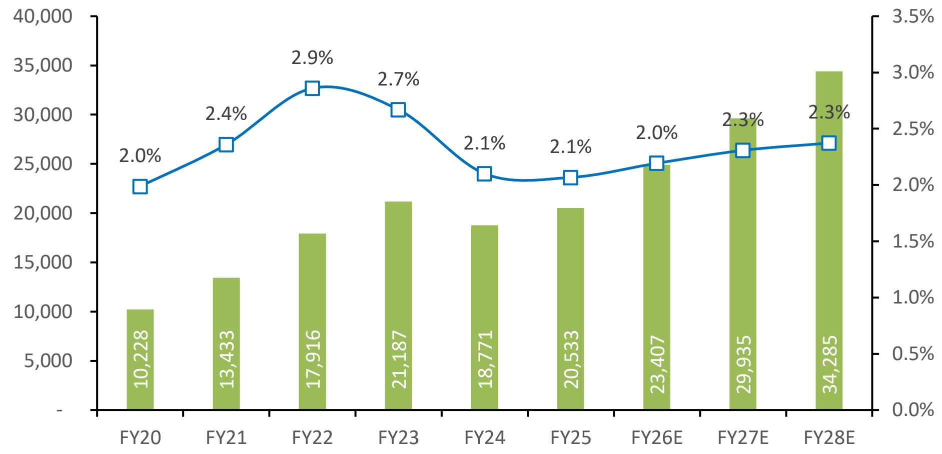
Exhibit 25: Revenue from Operations (Rs mn)



Source: Company, MNCL Research Estimates

We expect a 14.0%/18.6%/22.1% Revenue / EBITDA / PAT CAGR over FY25-FY28E for Redington, driven by its deep OEM relationships and global distribution scale Historically, Redington has delivered steady growth supported by diversified end markets across IT, mobility, and enterprise solutions. We estimate revenue to grow from Rs 993 Bn in FY25 to Rs 1,469 Bn in FY28E Growth will be led by increased cloud adoption and rising IT spend by SMBs and enterprises. Its strong balance sheet and asset-light model make it well-positioned to capture long-term tech transformation tailwinds across India, Middle East, and Africa.

Exhibit 26: EBITDA and EBITDA margin (Rs mn)

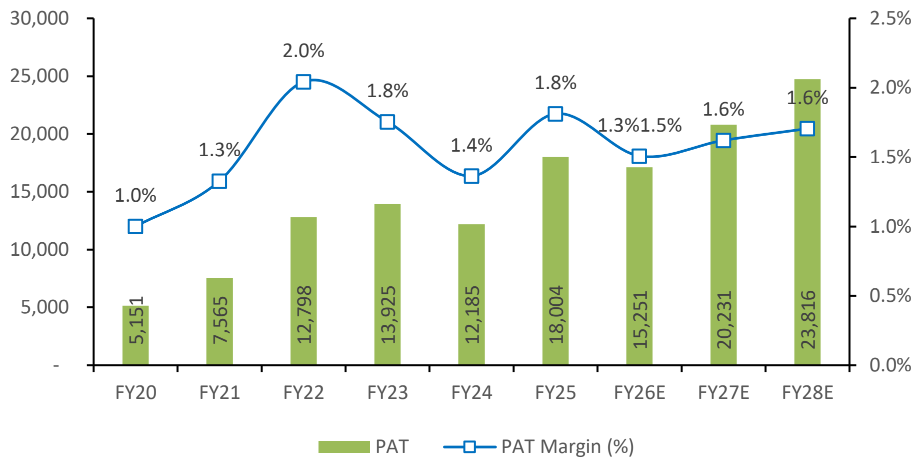


Source: Company, MNCL Research Estimates

We expect EBITDA to grow from Rs 20.5 bn in FY25 to Rs 34.2 Bn by FY28E, translating to a 18.6% CAGR, supported by strong revenue growth and increasing contribution from higher-margin cloud and services offerings. EBITDA margins are expected to gradually expand driven by improved operating leverage, scale benefits in the distribution business and a growing share of annuity-led service revenues.

However, if growth in cloud and software does not materialize as expected or if pricing pressures in TSG segments persist as observed in Q1FY26 the company could continue to face margin pressures.

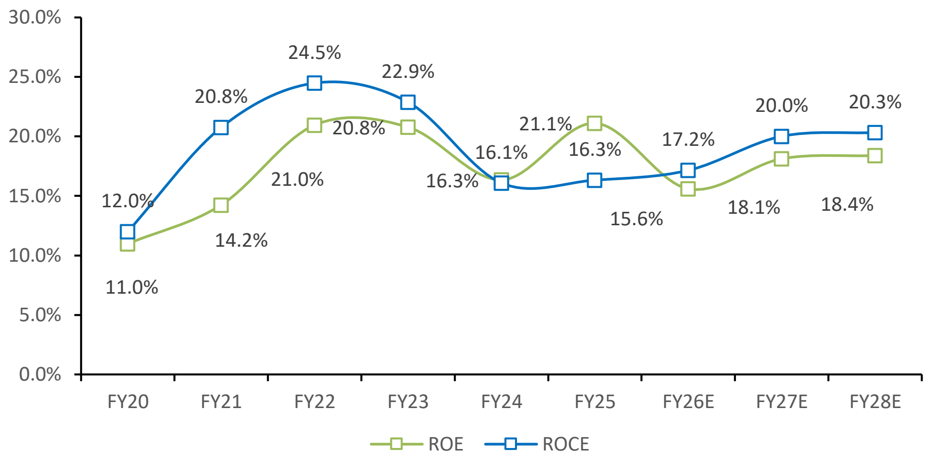
Exhibit 27: PAT and PAT margin (Rs mn)



Source: Company, MNCL Research Estimates

We expect PAT to grow from Rs 18bn in FY25 to Rs 23.8bn by FY28E supported by stable margins, strong operating leverage, and sustained growth across cloud, enterprise, and mobility segments. PAT margins are expected to remain in the 1.3–1.6% range consistent with historical performance. Redington's asset-light model, disciplined working capital management and focus on value-added services position it well to drive consistent bottom-line growth.

Exhibit 28: Return Ratios



Source: Company, MNCL Research Estimates. RoE is on reported PAT.

ROCE is expected to improve from 16.3% in FY24 to 20%+ by FY28E, driven by better working capital efficiency and a favorable business mix. While mobility and TSG deals are relatively lower margin they are highly efficient from a working capital standpoint and contribute positively to return metrics. Additionally, the scale-up in high-contribution segments like cloud and services is expected to aid overall profitability. ROE is projected to rise 18%+ by FY28E, reflecting Redington's capital-light model, disciplined execution and growing annuity revenues.

Exhibit 29: DuPont Analysis

Particulars	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Profit to sales	*2.0%*	*1.8%*	*1.4%*	*1.8%*	*1.3%*	*1.6%*	*1.6%*
sales to asset	*3.40*	*3.41*	*3.66*	*3.60*	*3.52*	*3.47*	*3.44*
Asset to equity	*3.02*	*3.19*	*3.10*	*3.00*	*3.16*	*3.14*	*3.06*
ROE	*21.0%*	*20.8%*	*16.3%*	*13.7%*	*15.6%*	*18.1%*	*18.4%*

Source: Company, MNCL Research Estimates

Peer comparisons and Valuations

Exhibit 30: Peer comparisons

Particulars (in mn)	Revenue			EBITDA			PAT			ROE(%)			Working Capital Days			Asset turn		
	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24
Redington Ltd	**6,26,440**	**7,93,768**	**8,93,457**	**17,916**	**21,187**	**18,771**	**13,148**	**14,393**	**12,385**	**21.0%**	**20.8%**	**16.1%**	**32**	**30**	**28**	**3.4**	**3.4**	**3.6**
Ingram	3,11,757	3,47,275	4,02,063	8,894	10,777	7,977	6,539	7,943	5,222	16.1%	17.2%	9.6%	33	34	37	3.1	3.2	3.3
Savex	2,41,069	3,27,767	3,31,267	7,960	11,038	8,307	5,351	6,784	3,598	30.7%	29.5%	13.2%	44	52	64	5.0	4.2	3.5
Rashi	93,134	94,543	1,10,947	3,012	2,577	2,928	1,824	1,232	1,438	37.4%	19.3%	12.8%	53	64	70	3.5	3.4	2.9

Source: Companies, Ace equity

Valuation & View

Base case

PE: We have assigned a P/E multiple of 14x in our base case. This premium is justified by Redington's differentiated positioning across mobility, cloud, and ICT products, and its proven ability to secure large enterprise and Datacenter deals. The company has historically delivered a topline CAGR of 11–13%, and we believe this growth trajectory is sustainable, with further margin expansion likely as cloud and annuity-based services become a larger part of the revenue mix.

Redington stands out as the only ICT distribution player in its segment with consistent positive cash flows, an asset-light model and a pan-EMEA presence. Given its strong execution, robust working capital discipline and a growing services portfolio, we see a compelling case for sustained re-rating. The company is well-positioned to deliver steady double-digit growth, stable margins and technology-led value creation, supporting a higher valuation multiple over time.

Bull case

PE: In the bull case, we have assigned a multiple of 15x, reflecting the company's stronger growth prospects. Revenue growth is expected to be significantly higher than the base case mainly driven by increased contributions from large deals and accelerated expansion in high-margin segments. While this growth strategy may put some pressure on EBITDA margins in the short term due to margin dilution from larger contracts, it is expected to enhance overall capital efficiency. As a result, the company's ROCE is likely to improve reflecting a more productive use of capital and working capital will also benefit from the influx of large deal inflows and improved cash conversion cycles. Overall, this scenario balances higher growth and improved capital returns with a modest trade-off in margin performance.

Bear case

PE: In the bear case, we assign a lower multiple of 10x, reflecting a more cautious outlook on the company's growth prospects. We assume that cloud adoption will not accelerate as expected, resulting in slower revenue growth. Additionally, EBITDA margins are likely to remain subdued due to limited scale benefits and continued cost pressures. While this scenario suggests a more conservative financial performance, it highlights the potential downside risk if market adoption and operational efficiencies do not materialize as anticipated.

Exhibit 31: Valuation table (based on Sept'27e)

Particulars	Base	Bull	Bear
Implied P/E	**14**	**15**	**10**
Target Price	**392**	**420**	**208**
Upside	*56.8%*	*68.0%*	*-16.9%*
Implied P/E	14x	15x	10x
P/B			
Book value	178	181	181
Multiple	2.0	2.2	1.3
Target Price	**356**	**397**	**235**
Upside	*42.6%*	*59.0%*	*-6.1%*
Multiples Method (50% weights)			
P/E	392	420	208
P/B	356	397	235
Estimated share price	**370**	**410**	**220**
Upside	*48.0%*	*64.0%*	*-11.5%*

Source: MNCL Research Estimates

Key risks to target price:

- Vendor concentration (Apple, HP, AWS, Microsoft)
- Channel partner risk
- Competitive pressures from global/domestic distributors,
- Geopolitical/FX volatility in MEA/ASEAN markets.

Leadership team

Professor J.Ramachandran (Chairman, Non-Executive Non-Independent Director): Professor Ramachandran is a qualified Chartered Accountant, and a Fellow of the Indian Institute of Management, Ahmedabad. His was Professor of Strategy at IIM Bangalore. His research on firm growth and governance has been published in leading journals, including *Harvard Business Review* and *Strategic Management Journal*, and has won awards such as the IMD FDC Award and several Academy of Management recognitions. His award-winning teaching cases have been honored by EFMD, AIMS, AMDISA, CEEMAN, and Tata Steel–IIMB. Widely recognized as an outstanding teacher and advisor, he consults with Indian and multinational firms.

V S Hariharan (Managing Director and Group CEO): Mr. Hariharan has over 30 years of leadership experience in sales, marketing, and general management. He has held global and Asia-Pacific leadership roles at Hewlett-Packard. He was an entrepreneur with Third Wave Power reaching 6+ million rural customers, and contributed significantly at Wipro Infotech. With a B.Tech from IIT Madras and an MBA from IIM Bangalore, his leadership emphasizes innovation and new business models. As Group CEO of Redington, he is driving growth and transformation across high-potential markets.

S v Krishnan (Finance Director): Mr. Krishnan is an experienced finance leader with expertise in budgeting, forecasting, risk management, and compliance. At Redington, he played a pivotal role in the company's equity raising and 2007 listing in India. Known for his collaborative leadership, he has been central to Redington's financial strategy and growth. Earlier, he worked with Ashok Leyland Limited.

TU, SHU-CHYUAN (Non-Executive Non-Independent Director) : Mr. Tu is Vice President of Synnex Group, Asia's largest IT distribution and supply chain provider. With over 40 years in the global IT industry, he has expertise in strategy, product marketing, and channel management. Since joining Synnex in 1994, he has driven its expansion to 51 markets and nearly doubled turnover to USD 26.4 billion. He also serves on the Board of Synnex HQ and its joint ventures. Previously, he worked with Novell and other U.S.-based networking companies.

CHEN YI JU (Non-Executive Non-Independent Director) : Ms. Chen has over 20 years of experience in financial investment and corporate finance in the IT industry. Since joining Synnex in 2008, she has led overseas subsidiary and investment management, contributing to joint ventures in Indonesia and Vietnam. Earlier, she held roles at CMC Magnetics, Argus Technology, and Lite-On Group.

B. Ramaratnam (Independent Director): Mr. Ramaratnam, a Chartered Accountant and graduate of the University of Mumbai, has over four decades of experience in audit and assurance. He served as Audit Partner at Deloitte Haskins & Sells until 2015, after earlier roles at PwC and AF Ferguson. He has worked with leading national and multinational clients across sectors including manufacturing, software, real estate, financial services, and pharma. He also serves as an Independent Director at Cholamandalam Financial Holdings.

Anita P. Belani (Independent Director): Ms. Belani is a seasoned board director, NRC expert, and leadership coach with 30+ years of experience across HR, business leadership, and consulting. A recipient of awards such as the *Most Influential HR Leader Award* (2017) and *Woman Super Achiever Award* (2008), she has led India operations of global consulting firms, managed P&L, and built high-performing teams. An ICF-accredited executive coach with 20 years of experience, she has coached numerous CEOs and CXOs across industries.

Sudip Nandy (Independent Director) : Mr. Nandy has over 40 years of leadership experience spanning India, the USA, and the UK. He was Managing Director and Operating Partner at ChrysCapital, serving as Executive Chairman of Infogain and Board Member at LiquidHub and GeBBS Healthcare. He also chaired Ampere Vehicles, now part of Greaves Cotton. Earlier, he spent 25+ years at Wipro, where he led US R&D, European operations, and later served as President of Technology, Media & Telecom and Chief Strategy Officer.

Financials (Consolidated)

Exhibit 32: Consolidated Income Statement

Y/E March (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Revenues	**6,26,440**	**7,93,768**	**8,93,457**	**9,93,336**	**11,50,908**	**13,04,894**	**14,69,923**
Raw Material Consumed	5,88,550	7,46,328	8,42,805	9,41,137	10,92,014	12,35,980	13,92,281
% of revenues	*94.0%*	*94.0%*	*94.3%*	*94.7%*	*94.9%*	*94.7%*	*94.7%*
Employee Cost	8,857	11,684	12,894	14,232	16,594	17,586	20,949
% of revenues	*1.4%*	*1.5%*	*1.4%*	*1.4%*	*1.4%*	*1.3%*	*1.4%*
Others	11,117	14,567	18,985	17,433	18,894	21,349	22,418
% of revenues	*1.8%*	*1.8%*	*2.1%*	*1.8%*	*1.6%*	*1.6%*	*1.5%*
EBITDA	**17,917**	**21,188**	**18,772**	**20,534**	**23,407**	**29,980**	**34,275**
EBITDA margin (%)	***2.9%***	***2.7%***	***2.1%***	***2.1%***	***2.0%***	***2.3%***	***2.3%***
Depreciation & Amortisation	1,413	1,554	1,811	2,176	2,240	2,628	3,020
Other income	876	1,419	2,638	2,280	2,346	2,500	2,800
EBIT	**17,380**	**21,053**	**19,600**	**20,638**	**23,513**	**29,852**	**34,055**
Net interest cost	1,156	2,719	3,853	3,302	3,704	2,674	3,003
Exceptional items	0	0	0	6,257	0	0	0
Impairment of goodwill and other intangibles				245			
PBT	**16,224**	**18,335**	**15,747**	**23,348**	**19,809**	**27,178**	**31,052**
Taxes	3,075	3,941	3,360	5,143	4,358	5,942	6,774
Effective tax rate (%)	*19%*	*21%*	*21%*	*22%*	*22%*	*22%*	*22%*
Reported PAT	**13,149**	**14,394**	**12,386**	**18,205**	**15,451**	**21,236**	**24,278**

Source: Company, MNCL Research Estimates

Exhibit 33: Consolidated Balance Sheet

Y/E March (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
SOURCES OF FUNDS							
Equity Share Capital	1,563	1,563	1,564	1,564	1,564	1,564	1,564
Reserves & surplus	56,287	67,710	73,924	85,647	95,898	1,10,929	1,29,245
Shareholders' fund	**57,850**	**69,274**	**75,487**	**87,211**	**97,461**	**1,12,492**	**1,30,809**
Minority Interest	**3,228**	**3,658**	**3,132**	**4,761**	**6,100**	**7,200**	**8,500**
Def tax liab. (net)	85	55	69	117	190	275	450
Other Liabilities	3,977	3,507	3,168	3,537	3,883	4,324	5,210
Trade payables	1,01,542	1,09,711	1,18,687	1,33,915	1,67,118	1,93,053	2,17,468
Other current Liab.	17,479	46,627	43,393	46,299	52,241	58,547	64,465
Total Liabilities	**1,84,159**	**2,32,832**	**2,43,937**	**2,75,840**	**3,26,994**	**3,75,891**	**4,26,901**
Net Block	1,471	2,759	2,743	2,680	3,700	4,720	5,750
Goodwill	617	850	860	754	725	725	725
Non-current assets	8,401	7,573	8,494	9,849	11,168	11,352	11,540
Inventories	43,830	70,853	66,528	62,865	74,796	81,270	91,547
Sundry debtors (current)	86,751	1,20,301	1,39,344	1,73,305	1,98,650	2,25,228	2,49,686
Cash	32,895	18,589	16,120	13,570	23,285	36,936	51,047
Bank balance	3,698	918	86	244	-	-	-
Loans & Advances	-	-	-	-	-	-	-
Other assets	6,489	10,372	9,542	12,270	15,400	17,500	19,500
Total Current Asset	1,73,663	2,21,375	2,31,620	2,62,254	3,12,131	3,60,934	4,11,780
Total Assets	**1,84,158**	**2,32,832**	**2,43,937**	**2,75,840**	**3,26,994**	**3,75,891**	**4,26,901**

Source: Company, MNCL Research Estimates

Exhibit 34: Cash Flow Statement

Y/E March (Rs mn)	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Operating profit bef working capital changes	18,900	22,381	20,585	22,855	23,407	29,951	34,290
Trade and other receivables	-14,600	-29,493	-19,739	-34,590	-25,345	-26,578	-24,457
Inventories	-12,966	-24,395	4,399	3,674	-11,931	-6,474	-10,277
Trade payables	23,389	2,086	8,925	15,269	33,203	25,935	24,415
Changes in working capital	-6,244	-51,367	-5,625	-14,684	-3,038	-5,988	-9,025
Direct taxes	-2,764	-3,349	-4,166	-5,245	-4,358	-5,942	-6,774
Cash flow from operations	**9,892**	**-32,335**	**10,794**	**2,927**	**16,011**	**18,021**	**18,491**
Net Capex	-1,178	-1,570	-1,037	-1,363	-1,020	-1,020	-1,030
Others	612	3,326	2,489	6,962	2,346	2,500	2,800
Cash flow from investments	**-565**	**1,756**	**1,452**	**5,599**	**1,326**	**1,480**	**1,770**
FCF	8,715	-33,905	9,758	1,564	14,991	17,001	17,461
Increase/(decrease) in debt		23,936	-3,378	-2,647	-211	3,369	3,466
dividend	-4,531	-5,158	-5,628	-4,847	-4,847	-4,847	-4,847
Cash flow from financing	**-4,761**	**15,286**	**-13,809**	**-11,711**	**-7,488**	**-4,045**	**-4,274**
Net change in cash	4,566	-15,293	-1,563	-3,185	-2,486	4,461	8,158

Source: Company, MNCL Research Estimates

Exhibit 35: Key Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratio (%)							
Revenue	*10.0%*	*26.7%*	*12.6%*	*11.2%*	*15.9%*	*13.4%*	*12.6%*
EBITDA	*33.4%*	*18.3%*	*-11.4%*	*9.4%*	*14.0%*	*27.9%*	*14.5%*
Adjusted PAT	*69.2%*	*8.8%*	*-12.5%*	*47.8%*	*30.3%*	*32.7%*	*17.7%*
Margin Ratios (%)							
EBITDA	*2.9%*	*2.7%*	*2.1%*	*2.1%*	*2.0%*	*2.3%*	*2.3%*
PBT from operations	*2.6%*	*2.3%*	*1.8%*	*2.4%*	*1.7%*	*2.0%*	*2.1%*
Adjusted PAT	*2.0%*	*1.8%*	*1.4%*	*1.8%*	*1.3%*	*1.6%*	*1.6%*
Return Ratios (%)							
ROE	*21.0%*	*20.8%*	*16.3%*	*21.1%**	*15.6%*	*18.1%*	*18.4%*
ROCE	*24.5%*	*22.9%*	*16.1%*	*16.3%*	*17.2%*	*20.0%*	*20.3%*
Turnover Ratios (days)							
Debtors	51	55	57	64	63	63	62
Inventory	27	35	29	24	25	24	24
Creditors	63	54	51	52	53	54	54
Cash conversion cycle	15	36	34	36	35	33	32
Solvency Ratio (x)							
Current Ratio	1.5	1.4	1.4	1.5	1.5	1.5	1.5
Per share Ratios (Rs)							
Adjusted EPS	16	18	16	23	20	26	30
BVPS	78	93	101	118	132	153	178
Valuation (x)*							
P/E	22.9	21.0	16.0	10.9	12.8	9.7	8.2
P/BV	3.2	2.7	2.5	2.1	1.9	1.6	1.4
EV/EBITDA	10.8	9.3	10.5	9.6	8.4	6.5	5.6

*Source: Company, MNCL Research Estimates. * RoE is on reported PAT basis.*

Exhibit 36: Quarterly profit and loss

Y/E March (Rs mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Particulars							
Net sales	2,24,334	2,12,823	2,48,956	2,67,160	2,64,397	2,59,520	2,90,756
Net Raw mat cost	2,11,683	2,01,262	2,36,475	2,52,997	2,50,385	2,46,680	2,76,237
Employee cost	3,225	3,490	3,471	3,509	3,763	3,836	3,748
Other operational expenses	4,833	4,361	4,428	4,629	4,014	5,002	4,882
Operating EBITDA	**4,593**	**3,711**	**4,582**	**6,025**	**6,235**	**4,002**	**5,889**
Other Income	793	530	567	484	701	495	428
Reported EBITDA	**5386**	**4241**	**5149**	**6508**	**6936**	**4498**	**6316**
Depreciation	517	510	495	540	631	402	555
EBIT	**4,870**	**3,731**	**4,654**	**5,968**	**6,305**	**4,096**	**5,762**
Interest	1,064	806	841	840	816	565	1,164
Profit Before Tax	**3,805**	**2,925**	**3,813**	**5,128**	**5,490**	**3,531**	**4,598**
Tax	567	754	985	1,099	2,304	714	1,096
Profit After Tax	**3,239**	**2,170**	**2,829**	**4,029**	**3,186**	**2,817**	**3,502**
Growth (%)							
Revenue	2.7%	0.4%	12.0%	13.7%	17.9%	21.9%	16.8%
EBITDA	-15.4%	-11.4%	-4.8%	16.5%	35.8%	7.8%	28.5%
PAT	-1.4%	-14.9%	-9.2%	15.8%	-1.6%	29.8%	23.8%
Margin (%)							
EBITDA	2.0%	1.7%	1.8%	2.3%	2.4%	1.5%	2.0%
EBIT	1.8%	1.5%	1.6%	2.1%	2.1%	1.4%	1.8%
PAT	1.4%	1.0%	1.1%	1.5%	1.2%	1.1%	1.2%

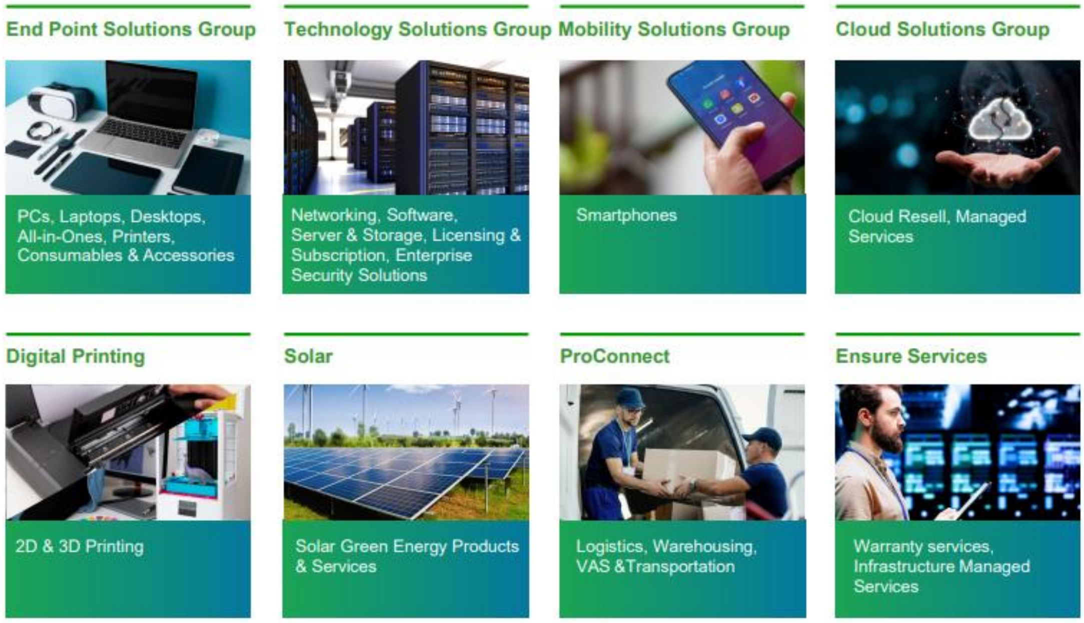
Source: Company, MNCL Research

About the company

Redington Limited is a leading Indian provider of integrated supply chain solutions, specializing in the distribution of information technology (IT), mobility, telecom, cloud, lifestyle, and solar products. Established in 1993, the company has evolved into a global technology solutions provider with a presence in over 40 countries across Asia, the Middle East, Africa, and South Asia.

With a strong focus on innovation and operational excellence, Redington continues to play a pivotal role in bridging the technology adoption gap, empowering organizations to leverage cutting-edge solutions for enhanced productivity and growth.

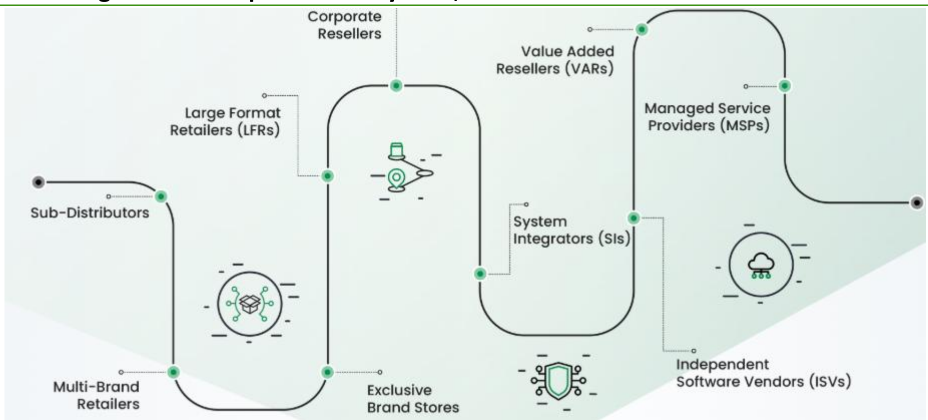
Exhibit 37: Redington's portfolio



Source: Company, MNCL Research

Redington has built a robust go-to-market ecosystem that connects technology vendors with end customers through a wide range of partners. The company's distribution network spans sub-distributors, multi-brand retailers, large format retailers, and exclusive brand stores, while also engaging with corporate resellers, VARs, system integrators, MSPs, and ISVs. This extensive channel network enables Redington to deliver technology solutions seamlessly across diverse customer needs and markets.

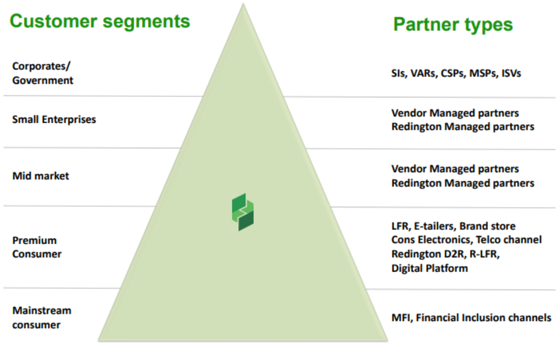
Exhibit 38: Redington channel partner ecosystem,



Source: Company, MNCL Research

The company has established a strong global presence across India, the Middle East & Africa, and Singapore regions where competitor presence remains relatively limited. With a widespread network of sales offices and stock points across all four zones in India (North, East, West, and South) the company ensures deep market penetration and efficient service delivery positioning itself as a market leader in these high-potential areas.

Exhibit 39: Redington's customers segments and partner ecosystems



Source: Company, MNCL Research

Redington serves a wide spectrum of customers, from large corporates and government organizations to small businesses and everyday consumers. It reaches these segments through a diverse network of partners, including system integrators, retailers, telcos, digital platforms, and financial channels. This deep and flexible partner ecosystem is a key reason why Redington has emerged as a leading distributor at scale across multiple regions and market tiers.

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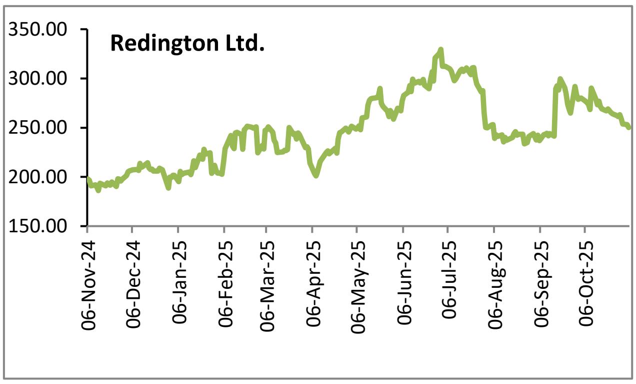
Price chart



Source: Ace Equity