

September 30, 2025

## Redington Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Commercial paper	1,900.00	1,900.0	[ICRA]A1+; reaffirmed
Fund-based – Cash credit	541.00	841.0	[ICRA]AA+(Stable); reaffirmed
Short-term – Fund/ Non-fund based facilities	2,104.50	1,854.5	[ICRA]A1+; reaffirmed
Long-term/ Short-term – Unallocated facilities	354.50	304.5	[ICRA]AA+(Stable)/[ICRA]A1+; reaffirmed
<b>Total</b>	<b>4,900.0</b>	<b>4,900.0</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The ratings consider Redington Limited's (REDIL) strong operational profile, characterised by its leading market position in distributing IT hardware and mobility products in India, West Asia, Turkey and Africa. It has established tie-ups with leading vendors such as Apple Inc., Dell Technologies Inc., and Hewlett Packard Company (HP), among others, and a diversified product profile categorised into technology solutions group (TSG), endpoint solutions group (ESG), mobility solutions group (MSG), cloud solutions group (CSG) and others. The ratings also draw comfort from REDIL's wide distribution network of large channel partners catering to consumer and enterprise segments as well as its robust credit appraisal systems.

Healthy demand for IT hardware products and the company's established and diverse vendor base have resulted in a healthy revenue growth at a CAGR of 14.1% over the 5-year period ending FY2025. REDIL's consolidated revenues grew by 11% in FY2025 to Rs. 99,333.7 crore supported by a healthy growth in multiple revenue segments in CSG, TSG and MSG in its major geographies of India, West Asia, Turkey, and Africa. In Q1 FY2026, the company's revenue grew by 22% on a YoY basis aided by healthy demand in its CSG, MSG and TSG, despite the headwinds from its Turkish operations on the back of high inflationary and interest rate environment, even as other markets grew. Favourable demand from these businesses, coupled with the replacement demand for products sold during the Covid-19 pandemic, are expected to support revenue growth in the near term.

ICRA notes the completion of the sale of Paynet Odeme Hizmetler AS (Paynet) to lyzi Payment and Electronic Money Services Inc., Turkey (lyzic), for a net consideration of around Rs. 625.8 crore in FY2025 has aided improvement in the company net margins. REDIL's operating and net margins moderated in Q1 FY2026 on account of lower realisations in Turkey, increase in other expenses towards investments in talent and technology upgradation, along with a few high-value and low-margin orders in the TSG business. Its earnings are, however, likely to be supported by better product mix, stable demand and improved operational efficiency. REDIL's financial profile remains strong with increasing scale of operations, healthy net worth, comfortable leverage and coverage metrics, and a strong liquidity position. Its total outside liabilities to tangible net worth improved to 2.0 times as of March 2025 (2.1 times in March 2024) and is likely to remain range-bound in the near term.

The ratings are constrained by distributor-specific factors like low operating profit margins and high working capital requirements necessitated by stocking requirements and credit sales. With rising share of revenues from its overseas markets, REDIL's operations remain exposed to geopolitical risks; although the same is largely mitigated by its robust risk management practices. Further, revenues are susceptible to growth and strategies of key vendors, though this is partly mitigated by established relationships with clients.

The Stable outlook on the company's long-term rating reflects ICRA's expectations that the company's revenue and earnings growth will continue to be supported by stable demand across segments, its established market position, and wide distribution network.

## Key rating drivers and their description

### Credit strengths

**Leading market position in distribution of IT hardware and mobility products in India, West Asia, Turkey and Africa** – REDIL has a strong market position in the distribution of IT and mobility products across the geographies of its operations, namely India, West Asia, Turkey and Africa. Around 50% and 42% of its revenues and operating profits, respectively, were generated from non-SISA (Singapore, India, South Asia) operations in FY2025. The company is the market leader in West Asia and Africa, supported by its established relationships with OEMs, early-mover advantage and a strong distribution network (more than 70,000 active channel partners). In India, it is a major distributor garnering a significant share of the IT distribution business along with its closest peer, Ingram Micro India Private Limited. A wide range of brands and a large product portfolio enable REDIL to sustain its market position even in a changing demand environment.

**Strong financial profile characterised by healthy revenue growth, comfortable gearing and strong cash balances** – REDIL's revenues have grown at a CAGR of 14.1% over the 5-year period ending in FY2025, supported by healthy revenue growth from both its SISA and rest of the world (RoW) operations. Its operating margins declined marginally to 2.5% in FY2025 (2.6% in FY2024) with a change in revenue mix, competitive pricing, and large deals. In Q1 FY2026, the company reported revenues of Rs. 25,952.0 crore, a YoY growth of 22%, on account of improved revenues in the MSG and CSG businesses. The company is likely to achieve steady revenue growth in FY2026. Its margins moderated in Q1 FY2026 on account of increase in receivables provisioning and low-margin high-value deals in the TSG business across India and UAE. However, improved operational efficiencies and decline in receivables provisioning are expected to increase the company's margins in subsequent quarters.

The company's gearing remains strong at 0.3x with a robust net worth position, aided by decline in working capital debt. Total outside liabilities to net worth was 2.0 times as of March 2025 (2.1 times in March 2024) and is likely to remain range-bound in the near term, while coverage metrics remain comfortable. The liquidity position is strong with stable operational cash flows and healthy cash and bank balances. ICRA expects REDIL to sustain its healthy financial profile given its large product offerings, and strong associations with vendors in India as well as overseas. REDIL also enjoys strong financial flexibility with lenders, which helps it to raise debt at a short notice.

**Tie-ups with leading vendors across IT, mobility, and electronics space** – REDIL has over 400 vendors in the domestic and overseas markets. Its key vendors—Apple, HP, Dell, Lenovo, and Samsung—collectively generated about 60% of its revenues in FY2025. The share of Apple, among its vendors, was the highest at 30% in FY2025. Established relationships with its vendors aid favourable credit periods, which reduces the company's working capital intensity. Further, comprehensive contracts with vendors mitigate risks of product and technology-related obsolescence.

**Robust credit appraisal and recovery systems enable tight control over operations** – REDIL has robust internal control and risk management systems that insulate its business from the possible risks of price movements and technological obsolescence, through contractual arrangements with vendors. REDIL maintains strong credit assessment norms and provisioning policies to minimise credit risks. It follows healthy foreign exchange risk mitigation practices such as hedging most of its forex exposure, which helps minimise foreign currency fluctuation risks.

### Credit challenges

**Low operating margins** – Inherent to the nature of the distribution business, REDIL's profit margins remain low as reflected in operating margin of 2.5% in FY2025. However, the net margins improved to 1.8% in FY2025 (PY: 1.4%) on account of the

consideration received from the divestment of Paynet. The company’s profit margins have moderated in Q1 FY2026 on account of the increase in low-margin high-value deals in the TSG business across India and West Asia, coupled with a high one-time receivable provisioning in Turkey. The company’s working capital requirements continue to remain high because of stocking requirements, given the wide reach, scale and credit sales inherent in its distribution business. ICRA expects the working capital requirements to remain at current levels for the near term.

**Exposure to geopolitical risks and susceptibility of revenues to key vendor performances** – With a large share of business generated from overseas operations, REDIL remains exposed to geopolitical risks because of its presence in countries with a history of political instability. However, REDIL’s proactive measures and strong risk management practices, led by control on working capital and cost-optimisation measures, have limited the impact to a large extent. Further, any subdued performance of vendors’ products or loss of business from key vendors could impact REDIL; though the multiple brands in its portfolio and its enduring relationships with vendors act as a mitigant.

## Environmental and Social Risks

**Environmental considerations** – Given its distribution nature of business, REDIL’s direct exposure to environmental risks as well as those emanating from regulations or policy changes is not material.

**Social considerations** – Social risks for distribution companies such as REDIL are low.

## Liquidity position: Strong

REDIL’s liquidity position is strong, with cash and bank balance of Rs. 1,372 crore as of March 31, 2025, stable operating cash flows, moderate capex plans and no major debt repayment obligations. Further, the company had a buffer of over Rs. 2,500 crore in working capital against sanctioned lines, as on June 30, 2025.

## Rating sensitivities

**Positive triggers** – The ratings could be upgraded if the company sees sustained revenue growth, improvement in operating margins, and efficient working capital management, while maintaining debt levels and a healthy liquidity profile.

**Negative triggers** – Pressure on REDIL’s ratings could arise in case of a sharp deterioration in its liquidity profile or debt indicators arising from any major debt-funded capital expenditure or acquisition, or large expansion in operating cycle. The key metrics for a downgrade include total outside liabilities to net worth above 2.5 times, on a sustained basis.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of Redington Limited. See Annexure II for the list of subsidiaries considered for consolidation.

## About the company

REDIL is a leading distributor and provider of supply chain management solutions for IT products (personal computers (PC), PC building blocks, networking, software, cloud, security and enterprise solution products) as well as consumer and lifestyle products (telecom, digital lifestyle products, entertainment products and digital printing machines) of over 400 brands in India, West Asia, Turkey, Africa, Singapore and South Asia.

### Key financial indicators (audited)

	FY2024	FY2025
<b>Operating income</b>	89,345.7	99,333.7
<b>PAT</b>	1,238.6	1,820.6
<b>OPBDIT/OI</b>	2.6%	2.5%
<b>PAT/OI</b>	1.4%	1.8%
<b>Total outside liabilities/ Net worth (times)</b>	2.1	2.0
<b>Total debt/OPBDIT (times)</b>	1.3	1.1
<b>Interest coverage (times)</b>	2.8	3.7

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

### Rating history for past three years

Instrument	Current Rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	Sep 30, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Commercial Paper	Short Term	1,900.00	[ICRA]A1+	24 Sep 2024	[ICRA]A1+	01 Sep 2023	[ICRA]A1+	28-Jul-2022	[ICRA]A1+
				07 Jan 2025		22 Jun 2023			
				07 Mar 2025					
Unallocated facilities	Long Term/Short Term	304.50	[ICRA]AA+ (Stable) / [ICRA]A1+	24 Sep 2024	[ICRA]AA+ (Stable) / [ICRA]A1+	01 Sep 2023	[ICRA]AA+ (Stable) / [ICRA]A1+	28-Jul-2022	[ICRA]AA+ (Stable) / [ICRA]A1+
				07 Jan 2025		22 Jun 2023			
				07 Mar 2025					
Fund/Non-fund-based facilities	Short Term	1,854.50	[ICRA]A1+	24 Sep 2024	[ICRA]A1+	01 Sep 2023	[ICRA]A1+	28-Jul-2022	[ICRA]A1+
				07 Jan 2025		22 Jun 2023			
				07 Mar 2025					
Fund based facilities – Cash Credit	Long Term	841.00	[ICRA]AA+ (Stable)	24 Sep 2024	[ICRA]AA+ (Stable)	01 Sep 2023	[ICRA]AA+ (Stable)	28-Jul-2022	[ICRA]AA+ (Stable)
				07 Jan 2025		22 Jun 2023			
				07 Mar 2025					
Non-fund-based facilities	Short Term	0.00	-	24 Sep 2024	-	01 Sep 2023	[ICRA]A1+	28-Jul-2022	[ICRA]A1+
				07 Jan 2025		22 Jun 2023			
				07 Mar 2025					

### Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term - Fund Based/CC	Simple
Short-term fund/non-fund based	Very Simple
Commercial paper	Very Simple
Long-term/short-term – Unallocated	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or

complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

**Annexure I: Instrument details**

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash Credit	-	-	-	841.0	[ICRA]AA+(Stable)
NA	Fund/Non-fund based facilities	-	-	-	1,854.5	[ICRA]A1+
NA	Unallocated facilities	-	-	-	304.5	[ICRA]AA+(Stable)/[ICRA]A1+
Yet to be placed	Commercial Paper				1,900.0	[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

Direct Subsidiaries			
Sr no	Name of subsidiary	Ownership (%)	Consolidation Approach
1	ProConnect Supply Chain Solutions Limited	100	Full Consolidation
2	Redington International Mauritius Limited	100	Full Consolidation
3	Redington Distribution Pte Ltd	100	Full Consolidation
4	Redserv Global Solutions Limited	100	Full Consolidation
Step-down Subsidiaries			
Sr no	Name of subsidiary	Ownership (%)	Consolidation Approach
1	Redington Gulf FZE	100	Full Consolidation
2	Redington Egypt Ltd (LLC)	100	Full Consolidation
3	Redington Gulf & Co LLC	70	Full Consolidation
4	Redington Kenya Limited	100	Full Consolidation
5	Cadensworth FZE	100	Full Consolidation
6	Redington Middle East LLC	100	Full Consolidation
7	Ensure Services Arabia LLC	100	Full Consolidation
8	Redington Qatar WLL	49	Full Consolidation
9	Redington Qatar Distribution WLL	49	Full Consolidation
10	Redington Limited (Ghana)	100	Full Consolidation
11	Redington Kenya (EPZ) Limited	100	Full Consolidation
12	Redington Uganda Limited	100	Full Consolidation
13	Cadensworth United Arab Emirates LLC	100	Full Consolidation
14	Redington Tanzania Limited	100	Full Consolidation
15	Redington Morocco Ltd	100	Full Consolidation
16	Redington South Africa (Pty) Ltd.	100	Full Consolidation
17	Redington Gulf FZE Co, Iraq	100	Full Consolidation
18	Redington Turkey Holdings S.A.R.L.	100	Full Consolidation
19	Arena Bilgisayar Sanayi ve Ticaret A.S.	49.40	Full Consolidation
20	Arena International FZE	49.40	Full Consolidation
21	Redington Bangladesh Limited	99	Full Consolidation
22	Redington SL Private Limited	100	Full Consolidation
23	Redington Rwanda Ltd.	100	Full Consolidation
24	Redington Kazakhstan LLP	100	Full Consolidation
25	Ensure Gulf FZE	100	Full Consolidation
26	Redington South Africa Distribution (Pty) Ltd	100	Full Consolidation
27	Proconnect Supply Chain Logistics LLC	100	Full Consolidation
28	Redington Senegal Limited S.A.R.L.	100	Full Consolidation
29	Redington Saudi Arabia Distribution Company	100	Full Consolidation
30	PayNet Odeme Hizmetleri A.S.	49.40	Full Consolidation
31	CDW International Trading FZCO	100	Full Consolidation
32	RNDC Alliance West Africa Limited	100	Full Consolidation
33	Redington Turkey Teknoloji AS	100	Full Consolidation
34	Ensure Middle East Technology Solutions LLC	49	Full Consolidation
35	Proconnect Saudi LLC	100	Full Consolidation
36	Redserv Business Solutions Private Limited	100	Full Consolidation
37	Redington Distribution Company	99	Full Consolidation
38	Citrus Consulting Services FZ LLC	100	Full Consolidation

39	Arena Mobile Iletisim Hizmetleri ve Turketici	49.40	Full Consolidation
40	Arena Labs Teknoloji Cozumleri Anonim Sirketi	49.40	Full Consolidation
41	Paynet (Kibris) Odeme Hizmetleri Limited	49.40	Full Consolidation
42	Africa Joint Technical Services	65	Full Consolidation
43	Redington Angola Ltd.	100	Full Consolidation
44	Redington Saudi Trading Company	100	Full Consolidation
45	Redington Bahrain W.L.L	49	Full Consolidation
46	Redington Gulf FZE Jordan	49	Full Consolidation
47	Arena Connect Teknoloji Sanayi Ve Ticaret Anonim Sirketi	49.40	Full Consolidation
48	ProConnect Holding Limited	100	Full Consolidation
49	Redington Gulf Arabia for Information Technology	100	Full Consolidation
50	Redington Green Energy Limited	100	Full Consolidation
51	Redington Kazakhstan Technology	100	Full Consolidation
52	Redington Malaysia SDN Bhd	100	Full Consolidation
53	Proconnect Supply Chain Logistics, Qatar	49	Full Consolidation
54	Redington Azerbaijan Technology	99	Full Consolidation
<b>Associates and subsidiaries of associates</b>			
Sr no	Name	Ownership (%)	Consolidation Approach
55	Redington (India) Investments Limited (RIL; Associate)	47.62	Equity method
56	Currents Technology Retail (India) Limited (subsidiary of RIL)	47.62	Equity method

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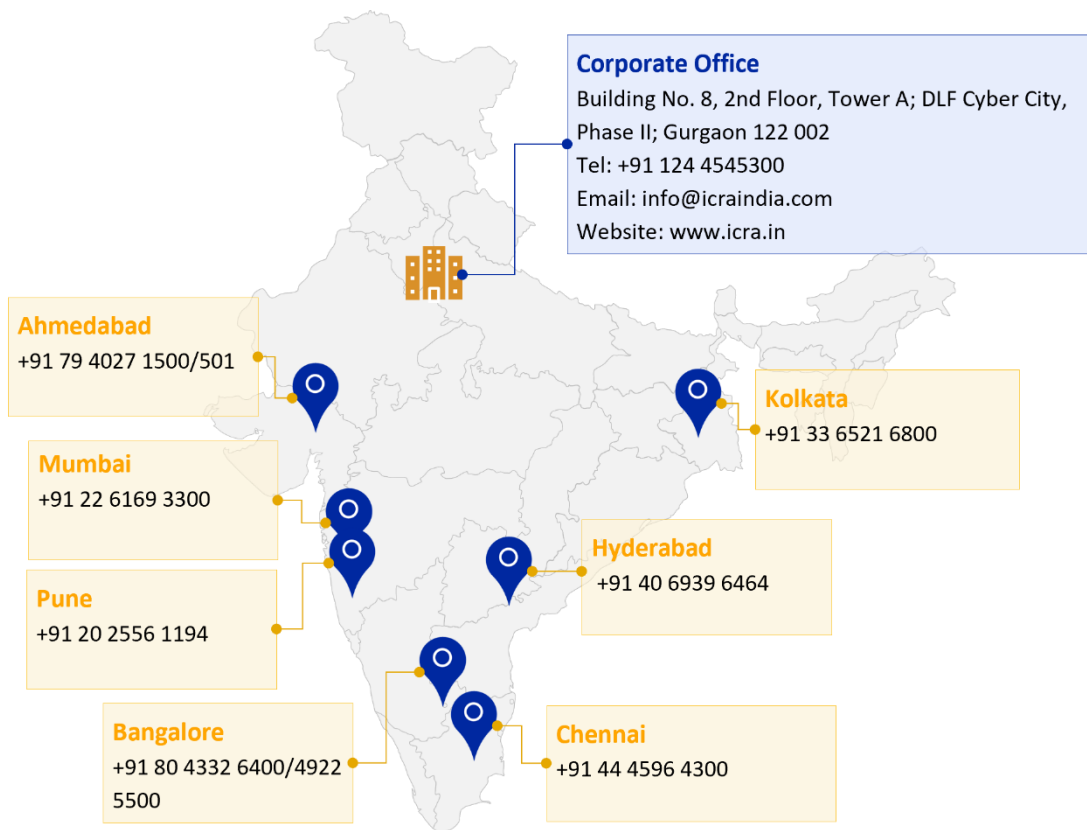
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