September 30, 2026

Redington Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Commercial paper	1,900.00	1,900.00	[ICRA]A1+; reaffirmed	RBI
Fund-based – Cash credit	841.00	1,141.00	[ICRA]AA+(Stable); reaffirmed	RBI
Short-term – Fund/ Non-fund based facilities	1,854.50	1,854.50	[ICRA]A1+; reaffirmed	RBI
Long-term/ Short-term – Unallocated facilities	304.50	4.50	[ICRA]AA+(Stable)/[ICRA]A1+; reaffirmed	RBI
Total	**4,900.00**	**4,900.00**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of financial sector regulators other than SEBI.

Rationale

The ratings consider Redington Limited's (REDIL) strong operational profile, characterised by its leading market position in the distribution of information technology (IT) hardware, mobility products, software and cloud solutions across India, West Asia, Africa, Turkey, Southeast Asia and South Asia. REDIL has long and established relationships with leading technology vendors such as Apple Inc., Dell Technologies Inc. and HP Inc., among others. It also has a diversified product portfolio across the Technology Solutions Group (TSG), End Point Solutions Group (ESG), Mobility Solutions Group (MSG), Software Solutions Group (SSG) and other businesses. The ratings remain supported by REDIL's extensive distribution network, which caters to the consumer and enterprise segments, and its established credit appraisal and risk-management systems.

REDIL's consolidated revenue grew by around 16% over the five-year period ended FY2026, aided by favourable demand for technology products and solutions, and its established vendor base and wide geographical presence. The revenue grew by around 20% YoY in FY2026, supported by broad-based growth across the SSG, MSG, ESG and TSG segments. The growth was particularly healthy in Singapore, India and South Asia (SISA) region, which accounted for around 55% of consolidated revenues in FY2026. However, there were headwinds in West Asia amid the ongoing geopolitical challenges in Q4 FY2026. The revenue growth momentum continued in Q1 FY2027, supported by stable demand in India and increasing investments in data centres, artificial intelligence, cloud computing, cybersecurity, enterprise digital transformation and premium mobility products. The strong data centre pipeline and rising contribution from software, cloud and professional services are expected to support growth over the near to medium term. However, the impact on margins of changing product mix, rising input prices, component shortages and the possible deferral of replacement purchases by enterprises and consumers are key monitorables.

The ratings also factor in REDIL's healthy financial profile, supported by its large scale of operations, robust cash flows, comfortable debt metrics and liquidity. TOL/TNW increased marginally to 2.2 times as of March 2026 from 2.0 times as of March 31, 2025, owing to higher trade payables and other operating liabilities amid the expanded scale of operations. However, its coverage metrics improved in FY2026, as indicated by interest coverage of 4.2 times (3.7 times in FY2025).

The ratings, however, remain constrained by the inherently thin operating margins and high working capital requirements of the distribution business, arising from inventory stocking and credit sales. Given its sizeable overseas operations, REDIL continues to be exposed to geopolitical, macroeconomic, currency and credit risks. This was evident during the recent geopolitical tensions in West Asia, which resulted in supply-chain disruptions, higher freight and insurance costs, longer

delivery timelines and temporary delays in collections. However, the impact was contained to an extent through alternate shipping arrangements, additional insurance coverage and close monitoring of receivables. Further, revenues are susceptible to the 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 expectation that the company's revenue and earnings will record healthy growth on the back of stable demand across segments, its established market position and wide distribution network.

Key rating drivers and their description

Credit strengths

Leading market position in IT hardware distribution 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 45% and 37% of its revenues and operating profits, respectively, were generated from operations outside the SISA (Singapore, India and South Asia) region in FY2026. The company is the market leader in West Asia and Africa, supported by its established relationships with original equipment manufacturers (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 robust cash balances – REDIL's revenues grew at a CAGR of around 16% over the five-year period ended FY2026, supported by healthy growth across its Singapore, India and South Asia (SISA) and Rest of the World (RoW) operations. In Q1 FY2027, REDIL reported revenues of Rs. 34,922.5 crore, registering a YoY growth of 34.5%, driven by strong growth in India, execution of large data-centre deals and healthy demand across the TSG, SSG, ESG and MSG segments. Revenue growth is expected to remain healthy in FY2027, supported by demand for data-centre infrastructure, artificial intelligence, cloud, software and premium mobility products. Its operating margin moderated to 2.1% in FY2026 from 2.5% in FY2025, owing to product mix changes and elevated operating costs in overseas markets. However, operating profit levels improved on account of higher scale. Operating margin was range-bound at 2.0% in Q1 FY2027. It is likely to remain broadly in a similar range, as operating leverage and an increasing contribution from higher-margin software and services businesses are partly offset by the rising share of low-margin large deals and continued pressure from Arena. REDIL's total outside liabilities to net worth was 2.2 times as of March 2026 (2.0 times in March 2025) 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 the continued improvement in earnings. REDIL also enjoys strong financial flexibility with lenders, which helps it to raise debt at short notice.

Tie-ups with leading vendors across IT, mobility, and electronics space – REDIL has over 450 vendors in the domestic and overseas markets. Its key vendors—Apple, HP, Dell, Lenovo, and Samsung—collectively generated about 60% of its revenues in FY2026. The share of Apple, among its vendors, was the highest at 31% in FY2026. Established relationships with its vendors help secure favourable credit periods, which reduce the company's working capital intensity. Further, comprehensive contracts with suppliers 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 distribution business, REDIL's profitability remains modest. Moreover, its operating margin moderated to 2.1% in FY2026 from 2.5% in FY2025, primarily due to a higher contribution from relatively low-margin large deals and elevated operating costs in overseas markets. It is expected to remain range-bound going forward as well, with increasing contribution from large low-margin deals offsetting the upside from operating leverage. However, despite a moderation in margin, operating profits are likely to improve on the back of healthy growth in scale of operations. Its net margin declined to 1.1% in FY2026 from 1.8% in FY2025, as FY2025's net profit included an exceptional gain of around Rs. 625.8 crore from the Paynet divestment. Working capital requirements may increase with the larger scale of operations, although back-to-back payment arrangements for large data-centre transactions should limit incremental cash blockage.

Exposure to geopolitical risks and susceptibility of revenues to key vendor performances – With a sizeable share of its business generated from overseas operations, REDIL remains exposed to geopolitical risks and macroeconomic conditions of these markets owing to its presence in countries with a history of political instability. In Q4 FY2026, the West Asia crisis impacted REDIL's operations in the region. It faced challenges from disrupted supply chains, temporarily stretched receivable collections and increased freight, warehousing and insurance costs. Nevertheless, REDIL's proactive measures, including rerouting shipments, obtaining additional war-risk insurance and closely monitoring receivables, have contained the impact to an extent. Further, subdued performance of key vendors' products or loss of business from major vendors could affect REDIL's operations. However, its diversified portfolio of around 450 brands and long-standing vendor relationships mitigate the risk partially.

Environmental and Social Risks

Environmental considerations – Given the distribution nature of its 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 free cash and bank balance of Rs. 1,110.1 crore as of March 31, 2026, a buffer of over Rs. 4,000 crore in working capital limits as of July 2026 (standalone), and stable operating cash flows. This is against moderate capex plans and no major debt repayment obligations, apart from lease liabilities of Rs. 77.5 crore in FY2027.

Rating sensitivities

Positive factors – The long-term rating could be upgraded if REDIL demonstrates sustained revenue growth, improvement in operating margins and efficient working capital management while maintaining low leverage and a strong liquidity profile.

Negative factors – Pressure on REDIL's ratings could arise in the case of a sharp deterioration in its liquidity profile or debt indicators, resulting from any major debt-funded capital expenditure or acquisition, or from an elongated working capital cycle.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
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 of IT products (PCs, PC building blocks, networking, software, cloud, security and enterprise solution products) and consumer and lifestyle products (telecom, digital lifestyle products, entertainment products and digital printing machines) of over 450 brands in India, West Asia, Turkey, Africa, Singapore and South Asia. It also provides supply chain management solutions.

Key financial indicators (audited)

	FY2025	FY2026	Q1FY2027*
Operating income	99,333.7	119,162.4	34,922.5
PAT	1,820.6	1,284.2	453.5
OPBDIT/OI	2.5%	2.1%	2.0%
PAT/OI	1.8%	1.1%	1.3%
Total outside liabilities/ Net worth (times)	2.0	2.2	NA
Total debt/OPBDIT (times)	1.1	1.1	NA
Interest coverage (times)	3.7	4.2	NA

*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; *Result; Not available*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current Rating (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
	Type	Amount Rated (Rs. crore)	Sep 30, 2026	Date	Rating	Date	Rating	Date	Rating
Commercial Paper	Short Term	1,900.00	[ICRA]A1+	Sep 30, 2025	[ICRA]A1+	24 Sep 2024 07 Jan 2025 07 Mar 2025	[ICRA]A1+	01 Sep 2023 22 Jun 2023	[ICRA]A1+
Unallocated facilities	Long Term/ Short Term	4.50	[ICRA]AA+ (Stable) / [ICRA]A1+	Sep 30, 2025	[ICRA]AA+ (Stable) / [ICRA]A1+	24 Sep 2024 07 Jan 2025 07 Mar 2025	[ICRA]AA+ (Stable) / [ICRA]A1+	01 Sep 2023 22 Jun 2023	[ICRA]AA+ (Stable) / [ICRA]A1+
Fund/Non-fund-based facilities	Short Term	1,854.50	[ICRA]A1+	Sep 30, 2025	[ICRA]A1+	24 Sep 2024 07 Jan 2025 07 Mar 2025	[ICRA]A1+	01 Sep 2023 22 Jun 2023	[ICRA]A1+
Fund based facilities – Cash Credit	Long Term	1,141.00	[ICRA]AA+ (Stable)	Sep 30, 2025	[ICRA]AA+ (Stable)	24 Sep 2024 07 Jan 2025 07 Mar 2025	[ICRA]AA+ (Stable)	01 Sep 2023 22 Jun 2023	[ICRA]AA+ (Stable)
Non-fund-based facilities	Short Term	-	-	-	-	24 Sep 2024 07 Jan 2025 07 Mar 2025	-	01 Sep 2023 22 Jun 2023	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund Based/CC	Simple
Short-term fund/non-fund based	Simple
Commercial paper	Simple
Long-term/short-term – Unallocated limits	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	Financial Sector Regulator#
NA	**Cash Credit**	-	-	-	1,141.0	[ICRA]AA+(Stable)	RBI
NA	**Fund/Non-fund based facilities**	-	-	-	1,854.5	[ICRA]A1+	RBI
NA	**Unallocated facilities**	-	-	-	4.5	[ICRA]AA+(Stable)/ [ICRA]A1+	RBI
INE891D14C36	**Commercial Paper**	Jun 25, 2026	6.90%	Sep 22, 2026	200.0	[ICRA]A1+	RBI
INE891D14C51	**Commercial Paper**	Jun 25, 2026	7.00%	Sep 23, 2026	200.0	[ICRA]A1+	RBI
INE891D14C44	**Commercial Paper**	Jun 25, 2026	7.00%	Sep 24, 2026	150.0	[ICRA]A1+	RBI
INE891D14C93	**Commercial Paper**	Aug 14, 2026	6.64%	Nov 12, 2026	100.0	[ICRA]A1+	RBI
INE891D14D01	**Commercial Paper**	Aug 14, 2026	6.64%	Nov 13, 2026	200.0	[ICRA]A1+	RBI
INE891D14D19	**Commercial Paper**	Sep 03, 2026	6.65%	Dec 03, 2026	200.0	[ICRA]A1+	RBI
INE891D14D27	**Commercial Paper**	Sep 10, 2026	6.30%	Dec 10, 2026	200.0	[ICRA]A1+	RBI
Yet to be placed	**Commercial Paper**	-	-	7-365 days	650.0	[ICRA]A1+	RBI

Source: Company

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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.	100	Full Consolidation
3	Redington Gulf & Co SPC	100	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 Uganda Limited	100	Full Consolidation
12	Cadensworth United Arab Emirates LLC	100	Full Consolidation
13	Redington Tanzania Limited	100	Full Consolidation
14	Redington Morocco Ltd.	100	Full Consolidation
15	Redington South Africa (Pty) Ltd.	100	Full Consolidation
16	Redington Gulf FZE Co, Iraq	100	Full Consolidation
17	Redington Turkey Holdings S.A.R.L.	100	Full Consolidation
18	Arena Bilgisayar Sanayi Ve Ticaret A.S.	49.40	Full Consolidation
19	Arena International FZE	49.40	Full Consolidation
20	Redington Bangladesh Limited	100	Full Consolidation
21	Redington SL Private Limited	100	Full Consolidation
22	Redington Rwanda Ltd.	100	Full Consolidation
23	Redington Kazakhstan LLP	100	Full Consolidation
24	Ensure Gulf FZE	100	Full Consolidation
25	Redington South Africa Distribution (Pty) Ltd.	100	Full Consolidation
26	ProConnect Supply Chain Logistics LLC	100	Full Consolidation
27	Redington Senegal Limited S.A.R.L.	100	Full Consolidation
28	Redington Saudi Arabia Distribution Company	100	Full Consolidation
29	CDW International Trading FZCO	100	Full Consolidation
30	RNDC Alliance West Africa Limited	100	Full Consolidation
31	Redington Turkey Teknoloji A.Ş.	100	Full Consolidation
32	Ensure Middle East Technology Solutions LLC	49	Full Consolidation
33	ProConnect Saudi LLC	100	Full Consolidation
34	Redserv Business Solutions Private Limited	100	Full Consolidation
35	Redington Distribution Company LLC	99	Full Consolidation
36	Arena Labs Teknoloji Çözümleri Anonim Şirketi	49.40	Full Consolidation
37	Paynet (Kibris) Odeme Hizmetleri Limited	49.40	Full Consolidation
38	Africa Joint Technical Services	65	Full Consolidation

39	Redington Angola Ltd.	100	Full Consolidation
40	Redington Saudi for Trading Company	100	Full Consolidation
41	Redington Bahrain W.L.L.	99.80	Full Consolidation
42	Redington Gulf FZE Jordan	49	Full Consolidation
43	Arena Connect Teknoloji Sanayi ve Ticaret Anonim Şirketi	49.40	Full Consolidation
44	ProConnect Holding Limited	100	Full Consolidation
45	Redington Gulf Arabia for Information Technology	100	Full Consolidation
46	Redington Green Energy Limited	100	Full Consolidation
47	Redington Kazakhstan Technology	100	Full Consolidation
48	Redington Malaysia SDN Bhd	100	Full Consolidation
49	ProConnect Supply Chain Logistics, Qatar	49	Full Consolidation
50	Redington Azerbaijan Technology	100	Full Consolidation
Associates and subsidiaries of associates			
Sr no	**Name**	**Ownership (%)**	**Consolidation Approach**
51	Redington (India) Investments Limited (RIL; Associate)	47.62	Equity method
52	Currents Technology Retail (India) Limited (subsidiary of RIL)	47.62	Equity method

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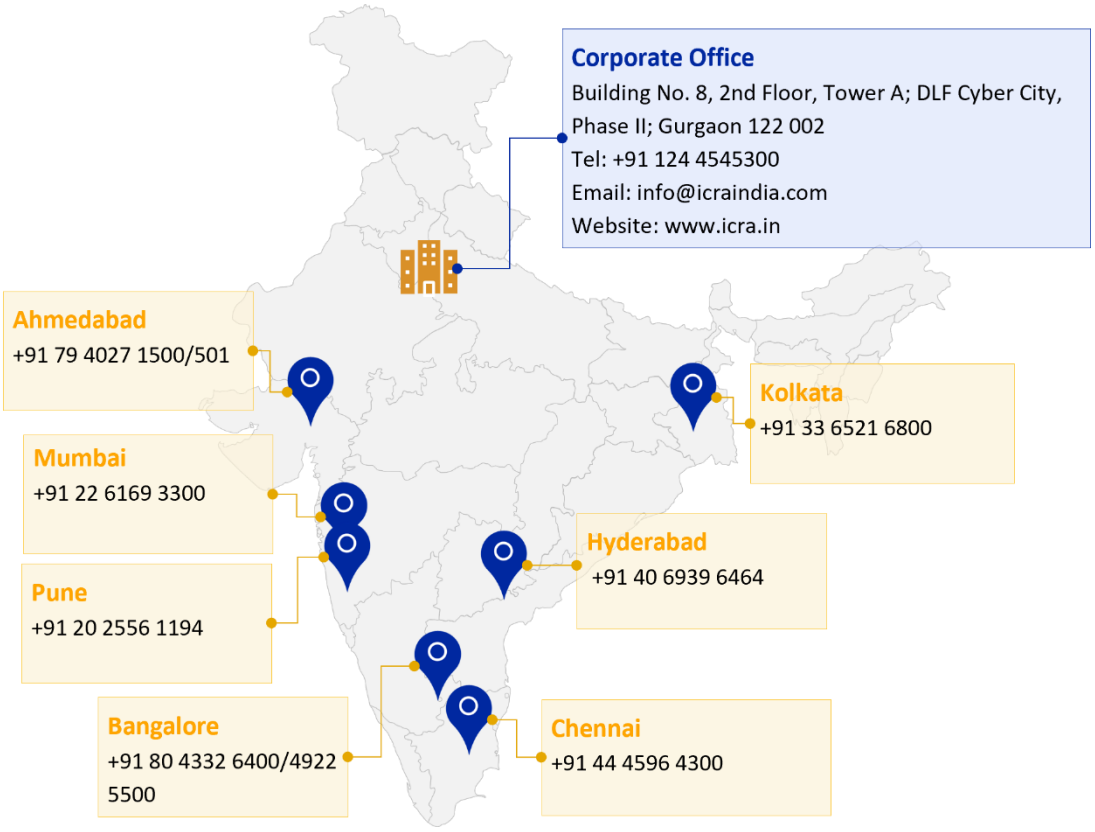
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