

Price: 246

Recommendation: Buy

Industry: Trading & Distributors

Sector: Services

Report Date: 01-May-2025

Redington Limited is a leading global IT distributor, ranked seventh worldwide, with operations spanning 40 geographies, including emerging markets like India, UAE, and Africa. With a portfolio of 450+ brands and 70,000+ reseller partnerships, it drives growth through cloud, AI, and digital platforms. Focused on sustainability, innovation, and financial prudence, Redington delivers long-term value to stakeholders.

Sales		Profit & Loss		Profitability Matrix	
Current Year	46271 Cr	Operating Profit(Year)	1081 Cr	Operating Profit Margin	2.34 %
Previous Year	35341 Cr	Operating Profit(Quarter)	298 Cr	EBITDA Margin	3.20 %
Current Quarter	13095 Cr	PAT (Year)	1040 Cr	Net Profit Margin	2.52 %
Previous Quarter	12385 Cr	PAT (Quarter)	461 Cr	EPS	17.8
Revenue (QYoY)	11104 Cr				
Valuation Matrix		Growth(YoY)		Growth(QoQ)	
Trailing P/E	13.8	Sales Growth	14.4 %	Sales Growth	5.73 %
PEG Ratio	0.29	PAT Growth	-2.8 %	Sales Growth QYoY	17.93 %
EV/EBITDA	10.7	EPS Growth	28.99 %	PAT Growth	-25.4 %
P/B	4.91	Dividend Yield	2.52	PAT Growth QYoY	199.35 %
Capital Allocation		Holdings		Leverage	
RoE	30.9 %	Promoter	0.00 %	Debt/Equity	0.16
RoA	10.1 %	FII	60.6 %	Debt	627 Cr
RoCE	28.9 %	DII	17.9 %	Market Cap	19209 Cr
RoIC	28.0 %	Public	21.5 %	Enterprise value	19628 Cr
		No of Shares	78.2 Cr	Cash Equivalents	208 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

Redington Limited's Analyst & Investor Meet 2025 showcased its robust strategies, emphasizing sustainable growth, diversification, and risk management. The company highlighted its core business strengths, including its position as the seventh-largest IT distributor globally, with aspirations to enter the top five. Redington operates in 40 geographies, focusing on emerging markets like India, UAE, Saudi Arabia, Africa, and Turkey, while exploring new opportunities in ASEAN and CIS regions. The company leverages its in-country presence, localized operations, and compliance-driven approach to maintain leadership positions in key markets. With a portfolio of 450+ brands and 70,000+ reseller partnerships, Redington aims to expand its reach through digital platforms and omni-channel strategies, targeting long-tail partners and brands to drive incremental growth.

The company is actively diversifying into high-growth areas such as cloud, AI, and software-led solutions. Initiatives like CloudQuarks, a digital-first platform for lifecycle management and analytics, and professional services delivery are central to its strategy. Redington plans to scale its cloud business, which currently contributes 9-10% of revenue, by onboarding new SaaS brands, enhancing partner academies, and creating marketplaces for ISVs and digital natives. AI-enabled devices, software, and GPUs are expected to drive growth across segments, while pilots in recycling and sustainability aim to refresh technology cycles and align with ESG goals. The divestment of PayNet, a fintech initiative in Turkey, for \$94 million underscores Redington's ability to incubate and monetize innovative ventures.

Future growth perspectives are anchored in maintaining profitable growth, leveraging adjacencies, and scaling digital platforms. Redington is committed to balancing risk and return, ensuring sustainable expansion in volatile markets. The company plans to invest in technology-enabled logistics, green initiatives, and AI-driven demand forecasting to enhance operational efficiency. While exploring inorganic growth opportunities, Redington remains cautious, prioritizing EPS-accretive acquisitions that align with its strategic goals. The leadership team emphasized the importance of adaptive capacity, leveraging insights across geographies to navigate challenges and capitalize on emerging trends.

Redington's governance philosophy, "Redington First," ensures alignment with shareholder interests while fostering innovation and stability. The board-led structure has enabled consistent performance, with a 15% CAGR in revenue and profits over 17 years. The company's disciplined balance sheet management, including a debt-equity ratio of 0.2x and a 40% dividend payout, reflects its financial prudence. By focusing on scalable business models, leveraging its distribution expertise, and embracing technological advancements, Redington is well-positioned to sustain its leadership and deliver long-term value to stakeholders.

REDINGTON Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
MMTC	8428.50	52.76	9.97%	-83.97%	-65.75%	-82.71%	-93.48%
Honasa Consumer	8013.82	117.57		12.71%	4.36%	244.64%	-25.35%
Vishal Mega Mart	54470.33	86.19	10.51%	-18.75%	23.15%	-56.19%	88.03%
Aegis Logistics	27567.54	47.70	15.13%	-2.48%	-8.88%	-1.36%	-4.52%
Adani Enterp.	265611.61	69.61	9.73%	1.06%	-8.79%	-96.64%	-96.89%

Aspect	Commentary
Revenue	Revenue grew significantly YoY, with current year sales at Rs.46,271 Cr, up from Rs.35,341 Cr. Quarterly revenue also increased QoQ by 5.73%, reflecting strong operational performance and demand across geographies. The company's focus on emerging markets and digital platforms supports sustained growth.
Profit & Loss	Annual PAT of Rs.1,040 Cr indicates stable profitability, though quarterly PAT declined QoQ by 25.4%. EPS growth of 28.99% YoY highlights shareholder value creation. Operating profit margin of 2.34% reflects efficient cost management despite market volatility.
Profitability Matrix	Operating profit margin of 2.34% and EBITDA margin of 3.20% demonstrate moderate profitability. Net profit margin of 2.52% indicates stable earnings. High RoE of 30.9% and RoCE of 28.9% reflect strong returns on equity and capital employed, supporting long-term value creation.
Valuation Matrix	Trailing P/E of 13.8 and PEG ratio of 0.29 suggest undervaluation relative to growth potential. EV/EBITDA of 10.7 indicates reasonable enterprise valuation. Dividend yield of 2.52% enhances investor returns, while P/B ratio of 4.91 reflects premium valuation due to strong fundamentals.
Growth (YoY)	Sales growth of 14.4% YoY highlights robust demand, while PAT growth declined by 2.8%, reflecting margin pressures. EPS growth of 28.99% underscores earnings resilience. The company's diversification into high-growth areas like cloud and AI supports future growth prospects.
Growth (QoQ)	Quarterly sales growth of 5.73% and QYoY growth of 17.93% indicate consistent revenue expansion. PAT declined QoQ by 25.4%, but PAT QYoY growth of 199.35% reflects recovery from prior periods. Focus on operational efficiency and emerging markets drives incremental growth.
Capital Allocation	High RoE of 30.9% and RoIC of 28.0% reflect efficient capital utilization. Debt-equity ratio of 0.16 indicates low leverage, supporting financial stability. Dividend payout of 40% aligns with shareholder interests, while cash equivalents of Rs.208 Cr ensure liquidity for strategic initiatives.
Holdings	FII holdings at 60.6% reflect strong institutional confidence. DII holdings at 17.9% and public ownership of 21.5% ensure balanced investor participation. Promoter holding is nil, indicating professional management. The company's governance philosophy fosters transparency and stability.
Leverage	Debt-equity ratio of 0.16 highlights prudent leverage management. Total debt of Rs.627 Cr is manageable relative to market cap of Rs.19,209 Cr. Enterprise value of Rs.19,628 Cr reflects strong operational fundamentals. Low leverage supports sustainable growth and risk mitigation strategies.

Analyst viewpoint: Redington Limited presents a compelling investment opportunity in the short to mid-term, driven by robust operational performance and strategic initiatives. The company reported a 14.4% YoY sales growth and a 5.73% QoQ increase in revenue, showcasing consistent demand across geographies. Its diversification into high-growth areas such as cloud, AI, and software-led solutions positions it well for future expansion, with initiatives like CloudQuarks and professional services delivery driving incremental growth. Despite a QoQ decline in PAT by 25.4%, the company achieved a remarkable PAT QYoY growth of 199.35%, reflecting recovery and resilience. Valuation metrics, including a trailing P/E of 13.8 and a PEG ratio of 0.29, suggest the stock is undervalued relative to its growth potential, while a dividend yield of 2.52% enhances investor returns. High RoE of 30.9% and RoCE of 28.9% further underscore efficient capital utilization and long-term value creation.

Redington's disciplined balance sheet management, with a debt-equity ratio of 0.16 and cash equivalents of Rs.208 Cr, ensures financial stability and liquidity for strategic initiatives. The company's governance philosophy, coupled with its focus on emerging markets and digital platforms, supports sustained growth and shareholder alignment. While quarterly PAT declined, the company's ability to navigate market volatility and capitalize on high-growth opportunities remains strong. Investors should note the premium valuation reflected in the P/B ratio of 4.91, which may limit upside potential in the long term. Overall, Redington's strategic focus, operational efficiency, and prudent financial management make it a strong buy recommendation for the short to mid-term horizon.

Please read detailed disclosure on next page.

Explanation of Investment Rating*	
Investment Rating	Expected Return (over 12-month)
BUY	>=15%
SELL	<-10%
NEUTRAL	>-10% to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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