



Annual Report  
2006-07

GROWING  
GLOBALLY



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## CORPORATE INFORMATION

### Board of Directors

#### Chairman

Prof. J. Ramachandran

#### Managing Director

Mr. R. Srinivasan

#### Whole-time Director

Mr. M. Raghunandan

#### Directors

Mr. R. Jayachandran

Mr. Huang Chi Cheng

Mr. Hu, Jia Lung

Mr. R. Vijayaraghavan

Mr. Steven A. Pinto

Mr. Raj Shankar

### Company Secretary

Mr. M. Muthukumarasamy

### Auditors

M/s. Deloitte Haskins & Sells

Chartered Accountants

### Bankers

ABN AMRO Bank N.V

Bank of Nova Scotia

Citibank N.A.

HDFC Bank Limited

Hongkong and Shanghai Banking Corporation Limited

ICICI Bank Limited

IDBI Bank Limited

IndusInd Bank Limited

Kotak Mahindra Bank Limited

State Bank of India

Standard Chartered Bank

Union Bank of India

### Registered Office

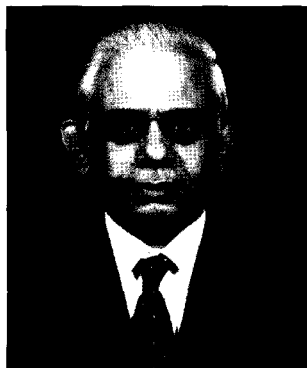
SPL Guindy House,  
95, Mount Road, Guindy,  
Chennai - 600 032.

Tel : + 91 44 2235 3313

Fax : + 91 44 2235 2790

### Website

www.redingtonindia.com

**Redington (India) Limited****LETTER FROM THE MANAGING DIRECTOR**

*Dear Shareholder,*

I have great pleasure in introducing the Fourteenth Annual Report and Audited Financial Statements for the financial year ended 31<sup>st</sup> March 2007. This is the first annual report since the Initial Public Offer by the Company in January 2007.

India's economy continued to be on the growth curve. The Country posted a strong GDP growth on the back of sustained domestic demand, growth across all major sectors notably in the IT and ITES sector and continuous stream of FDI investment.

Fiscal 2007, was a significant year in Redington's evolution, one in which your company made important progress towards diversifying its product offerings to take advantage of the interesting opportunities that are available in the supply chain solution space. Among the supply chain solution providers in this part of the world, we have established a distinct model and are now well poised in becoming an international player with a significant presence across product categories and across potential but difficult geographies like South Asia, Middle East and Africa.

The company's domestic and international operations witnessed an impressive growth and the consolidated revenue crossed an important milestone of USD 2 billion. This growth was driven by its multi-pronged strategy of introduction of new products across various segments, value added services and strengthening its long-standing relationship with its vendors and channel partners. The growth in the traditional IT distribution space was supplemented by the Company's entry into verticals other than IT products. With its expertise in managing supply chain for IT products, the Company is well positioned to enter other verticals such as digital printing categories, digital lifestyle and entertainment categories, telecom and consumer electronics.

The Company has evolved from a 3 branch, 25 dealer operation in 1994 to a formidable player in the distribution space across South Asia, Middle East and Africa. In India, the company today has 39 branches, 50 warehouses, 123 service centres, 12000+ channel partners and its International operations are carried out through 14 offices, 7 warehouses, 60 service centres and 2800+ channel partners. From a single brand product offering in 1994, the company today provides supply chain solutions to 40+ brands in India and 19 brands in international markets.

Much before India Inc. started going global, your Company cultivated the international markets. While a beginning was made in 1997 with opening of an office in Dubai, we now have operations in 20 countries with our people and facilities on the ground.



The Company's international operations in South Asia, Middle East, Africa and Singapore reflect its ability to seamlessly manage diverse geographies. International operations continue to represent a significant part of the business, contributing 48% of consolidated revenues and 56% of consolidated earnings, in the financial year 2006-07.

Building strong capabilities in the logistics area is one of the important agenda for Redington. Significant investments are being made in the Automated Distribution Centres. Four such centres are planned in the metros in India and one in Dubai. The process has started with the purchase of a land measuring 11.56 acres in Chennai. These centres, once completed, would enhance our ability to exploit the opportunities that are available in the supply chain solutions business.

A key differentiator between us and our global competition is our ability to support the products during warranty and post warranty period. We are investing in new service centres and major repair facilities. The LCD panel repair facility would become operational in the second quarter of the ensuing fiscal year.

Over the years, the brand "REDINGTON" has evoked a strong sense of trust among many of its global vendors and partners across India and overseas.

The reputation of the company built over the last decade and the confidence reposed by the investing community ensured that the initial public offer was a resounding success. Your company lived up to the expectation by achieving excellent results during this year. I hope that in times to come, there shall be many such eventful years that add value to the shareholders.

It gives me pleasure to share with you that after the company's shares were listed in NSE & BSE on 15<sup>th</sup> February 2007, BSE has categorized the Redington scrip as part of its Midcap Index with effect from 16<sup>th</sup> April 2007, based on the company's market capitalization and frequency of trading in the exchange.

I believe that the growth momentum in the economy is encouraging. There may be temporary blips in certain sectors, but the evolution in the supply chain solution space will continue to unfold in the coming years. All this bodes well for your company.

Finally, I take this opportunity to thank all the company's shareholders for their belief in Redington and I look forward for their continued support in the years to come.

Warm regards



**R. Srinivasan**  
Managing Director  
20<sup>th</sup> June 2007

**Redington (India) Limited****FIVE YEARS AT A GLANCE****Standalone Financials**

(Rs. in crores)

Particulars	2006-07	2005-06	2004-05	2003-04	2002-03
Total Revenue	4,717.53	3,696.62	2,507.48	1,960.20	1,528.54
EBIDTA	101.76	68.90	45.00	35.83	26.87
PBT	65.63	45.33	27.21	24.54	16.57
PAT	42.42	29.14	17.26	15.49	10.57
Networth	535.02	367.63	316.34	104.98	89.49
Capital Employed	852.09	566.96	428.77	174.26	134.03
EBIDTA Margins	2.16%	1.86%	1.79%	1.83%	1.76%
PAT Margins	0.90%	0.79%	0.69%	0.79%	0.69%
Return on Average Capital Employed *	19.85%	20.45%	19.08%	21.37%	17.99%
Return on Average Equity *	17.91%	17.45%	13.17%	15.96%	12.32%
EPS (Rs.) #	6.41	4.79	4.30	5.27	3.60
Book Value per Share (Rs.)	68.71	58.28	52.12	35.72	30.45

# For EPS calculation, weighted average number of equity shares have been considered

\* Investments made in wholly owned Subsidiaries are excluded





**Consolidated Financials**

(Rs. in crores)

Particulars	2006-07	2005-06	2004-05	2003-04	2002-03
Total Revenue	9,067.14	6,795.52	4,053.93	1,960.20	1,528.54
EBIDTA	198.47	131.06	83.93	35.90	26.93
PBT	127.25	92.36	53.67	24.57	16.59
PAT	101.70	74.34	42.38	15.51	10.58
Networth	625.61	432.86	341.29	105.60	90.10
Capital Employed	1,226.88	911.26	570.74	174.87	134.63
EBIDTA Margins	2.19%	1.93%	2.07%	1.83%	1.76%
PAT Margins	1.12%	1.09%	1.05%	0.79%	0.69%
Return on Average Capital Employed	17.32%	17.02%	21.52%	21.29%	17.93%
Return on Average Equity	19.22%	19.21%	18.97%	15.85%	12.22%
EPS (Rs.) #	15.36	12.23	10.57	5.28	3.60
Book Value per Share (Rs.)	80.34	68.62	56.23	35.93	30.66

# For EPS calculation, weighted average number of equity shares have been considered

**Note**

The following subsidiaries were acquired during this period: (a) FYO5 - Redington Gulf FZE and (b) FYO6 Redington Distribution Pte Ltd., Singapore and Cadensworth (India) Pvt. Ltd

**Redington (India) Limited****NOTICE**

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Company will be held on Thursday, the 26<sup>th</sup> day of July 2007 at Narada Gana Sabha, Main Hall, No.314, T.T.K. Road, Chennai - 600 018 at 10.00 A.M. to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March 2007, the Profit and Loss Account for the financial year ended on that date and the Report of the Directors' and Auditors' thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. Huang Chi Cheng who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Hu, Jia Lung who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Raj Shankar who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. Deloitte Haskins & Sells, Chartered Accountants, the retiring Auditors, being eligible, offer themselves for re-appointment.

**SPECIAL BUSINESS:**

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:  

“RESOLVED that in partial modification of the resolution passed by the members of the Company at the Extra-Ordinary General Meeting held on 26<sup>th</sup> March, 2004 and pursuant to the provisions of Sections 198, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for payment of enhanced remuneration to Mr. M. Raghunandan, Whole-time Director, as set out in the explanatory statement attached to the notice of this Annual General Meeting for the period from 1<sup>st</sup> April 2006 to the rest of the term of his office.”
8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:  

“RESOLVED that pursuant to Sections 198, 309 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the provisions of Articles of Association of the Company, the approval of the Company be and is hereby accorded to the payment of remuneration to the Directors of the Company other than the Whole-time Directors, by way of Commission upto an overall aggregate of 1% of the net profits of the Company for each financial year and subject to such limits as may be determined from time to time by the Board of Directors for a period of five years and such commission shall be divided amongst such Directors in such proportion and in such manner as may be determined by the Board of





Directors and such remuneration shall be in addition to the remuneration payable to the Directors as otherwise provided under the Companies Act, 1956.”

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to Section 163 of the Companies Act, 1956, the Company hereby approves that the Register of Members, Indices, Returns and Copies of certificates and documents, instead of being kept at the registered office of the Company at SPL Guindy House, 95, Mount Road, Guindy, Chennai - 600 032, be kept at the office of the Registrar and the Share Transfer Agents of the Company, M/s. Cameo Corporate Services Limited at ‘Subramanian Building’, No.1, Club House Road, Chennai-600 002.”

10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that subject to the consent of the Securities and Exchange Board of India (SEBI) and other concerned authorities, if any, and subject to such other approvals, permissions and sanctions as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors for the application and utilisation of the funds earmarked for specific purposes, as stated in the Prospectus dated January 31, 2007 filed with the Registrar of Companies, SEBI and the National Stock Exchange of India Limited and Bombay Stock Exchange Limited, to the extent not required immediately, by way of investing in high quality interest/dividend bearing liquid instruments including deposits with banks, money market mutual funds and for managing the Company’s working capital requirements.”

“RESOLVED further that the Board of Directors be and is hereby authorised to accept such conditions and modifications as may be prescribed in granting the approvals, permissions and sanctions by SEBI and other authorities and for the purpose of giving effect to this resolution, the Board be and is hereby authorised to take such steps and to do all such acts, deeds, matters and things as they may deem fit and proper.”

By Order of the Board  
for **Redington (India) Limited**

Place : Chennai  
Date : 20<sup>th</sup> June 2007

**M. Muthukumarasamy**  
Company Secretary

**Notes :**

1. The relative explanatory statement, pursuant to Section 173(2) of the Companies Act, 1956 in respect of the business under items 7 to 10 is attached hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. A BLANK PROXY FORM IS ENCLOSED FOR THE USE BY MEMBERS, IF REQUIRED, WHICH MUST BE SUBMITTED WITH THE COMPANY’S REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 20<sup>th</sup> day of July, 2007 to Thursday, the 26<sup>th</sup> day of July, 2007 (both days inclusive) for the purpose of payment of Dividend.

**Redington (India) Limited**

4. The Dividend when declared will be paid to the Members whose names appear in the Register of Members on the 26<sup>th</sup> day of July 2007 and the beneficial owners as furnished by NSDL/ CDSL.
5. All correspondence with regard to share transfers/dividends and matters related therewith may directly be addressed to the Company's Registrar and Share Transfer Agents, M/s. Cameo Corporate Services Limited at 'Subramanian Building', No. 1, Club House Road, Chennai -600 002.
6. The Members are requested to lodge/notify the transfer deeds, communication for change of address, Bank details, ECS details, wherever applicable, mandates (if any) with the Company's Registrar and Share Transfer Agents, M/s. Cameo Corporate Services Ltd., for shares held in physical mode.  
The shareholders holding shares in electronic form are requested to lodge the above details to their depository participants and not to the Company or to the Registrar and Share Transfer Agents of the Company as the Company is obliged to use only the data provided by the Depositories while making payment of dividend.
7. Members/Proxy holders are requested to produce at the entrance of the auditorium the enclosed attendance slip duly completed and signed.
8. Information regarding re-appointment of Directors as required under the provisions of Clause 49 of the Listing Agreement.

**Mr. Huang Chi Cheng**, a management graduate from the National Chung Hsing University, Taipei, Taiwan, has an overall work experience of 26 years and has been associated with organisations such as Tait & Company Limited, Taiwan and Seaward Woolen Textile Corporation Limited, Taipei, Taiwan. He has been working with Synnex Technology International Corporation for over 16 years and is presently its Associate Vice President. Prior to joining Synnex Technology International Corporation, Mr. Huang was an Accounting Manager for the consumer products division of Tait & Company Limited.

**Mr. Hu, Jia Lung** is an engineering graduate from the National Taipei Institute of Technology, Taipei, and a graduate student from the Department of Electrical Engineering, College of Engineering, University of Texas at Austin. He has an overall work experience of 26 years and served with organisations such as Micro Electronic Corporation and Wang Lab & Mitac Inc. Mr. Hu, Jia Lung has been associated with Synnex Technology International Corporation for over 17 years and is presently its Executive Vice President and General Manager of its distribution business. Prior to joining Synnex Technology International Corporation, he was an Assistant Vice President for the technical division of Micro Electronic Corporation.

**Mr. Raj Shankar** is a Post Graduate from the Birla Institute of Technology and Science, Pilani. Mr. Raj Shankar has 25 years of professional experience working within and outside India in diverse sectors, including pharmaceuticals (Novartis India Limited) and textiles (Grasim Industries Limited). He joined Redington Gulf FZE in April 2001 as its Whole-time Director. He is currently responsible for Redington Group's operations in South Asia, Singapore, the Middle East and Africa.

9. The company has obtained permission from the Ministry of Corporate affairs, Government of India, for not annexing the accounts of its subsidiaries.

The annual accounts and the related detailed information of Subsidiary Companies are available at the Registered Office of the Company and of its Subsidiary Companies on any working day to the shareholders of the Company requiring such information.

