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Annual Report 2007 - 08

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CORPORATE INFORMATION

Board of Directors

Chairman

Prof. J. Ramachandran

Managing Director

Mr. R. Srinivasan

Deputy Managing Director

Mr. Raj Shankar

Whole-time Director

Mr. M. Raghunandan

Directors

Mr. R. Jayachandran

Mr. Huang Chi Cheng

Mr. Hu, Jia Lung

Mr. Steven A. Pinto

Mr. William Adamopoulos

Company Secretary

Mr. M. Muthukumarasamy

Statutory Auditors

Deloitte Haskins & Sells

Chartered Accountants

Internal Auditors

Pricewaterhouse Coopers

Chartered Accountants

Bankers

ABN AMRO Bank N.V

Bank of Nova Scotia

Barclays Bank PLC

BNP Paribas

Citibank N.A.

Deutsche Bank AG

HDFC Bank Limited

Hongkong and Shanghai Banking Corporation Limited

ICICI Bank Limited

IDBI Bank Limited

IndusInd Bank Limited

ING Vysya Bank Limited

Kotak Mahindra Bank Limited

Standard Chartered Bank

State Bank of India

Union Bank of India

Yes Bank Limited

Registered Office

SPL Guindy House,

95, Mount Road, Guindy,

Chennai - 600 032.

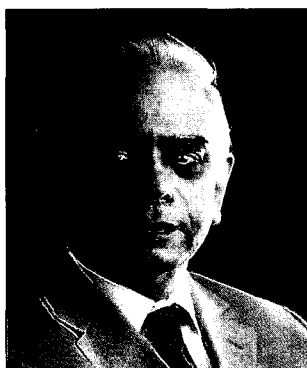
Tel : + 91 44 2235 3313

Fax : + 91 44 2235 2790

Website

www.redingtonindia.com

LETTER FROM THE MANAGING DIRECTOR



Dear Shareholder,

It gives me immense pleasure to present before you the Company's Fifteenth Annual Report for the financial year 2007-08. This is the second Annual Report of your Company, since its Initial Public Offer in January 2007.

Consolidated turnover for the year grew by 20% to Rs. 10,870 Crores compared to Rs.9,061 Crores during the previous year. Apart from India, your Company is present through its subsidiaries in Middle East, Africa, South Asia and Singapore markets. Overseas operations contributed 47% to the consolidated turnover and 48% to the consolidated earnings. In Middle East, your Company's subsidiary continues to be the No. 1 player in the IT products distribution space for the 3rd successive year. All this demonstrates your Company's capabilities to operate in diverse, difficult but potential geographies. In the ensuing years, your Company shall focus to expand its scale of its overseas operations through a combination of both organic and inorganic growth.

During the year, your Company witnessed a strong growth both in IT and Non-IT segments and continued to partner with reputed global vendors. The revenues from managing the supply chain for IT products continued to be a significant portion of the total revenues while Non-IT segment with brands in digital lifestyle entertainment, telecom and digital printing press has also grown. This has resulted in consistent growth in revenue and earnings in all the four quarters of last financial year.

In my letter to you last year, I had mentioned that your Company would be setting up four Automated Distribution Centres in India and one in Dubai. In addition to Chennai, where land was acquired last year, land has been acquired in Delhi and Kolkata in the current year. Your company's subsidiary at Dubai, has been allotted land on ten year lease by Jebel Ali Free Zone Authorities for construction of ADC at Dubai. For the Chennai project, project management consultants have been appointed and civil tendering process is currently on. When completed, these ADC's shall augment your Company's capabilities in the supply chain solutions space.

Your Company's capabilities to support products during warranty and post warranty provide an important value-add to the brand owners and this makes your company's business model unique. During the year, your Company added 3 new service centres, 47 partner-owned service centres and high-level repair centres taking the total to 206 centre in India. The LCD panel repair facility set up in

Chennai by your Company's subsidiary commenced operations during the year. This move into high-end repair activities would improve the profitability of the services segment.

In January 2008, your Company acquired 100% shareholding of Easyaccess Financial Services Limited (Easyaccess), a Non-Banking Finance Company. This NBFC besides factoring receivables would be engaged in meeting the financial requirements of channel partners in the IT eco-system. I am happy to inform you that within two months of commencing operations after our acquisition, Easyaccess disbursed Rs. 477 crores and posted a profit after tax of Rs. 1.22 crores.

It gives me great pleasure to share with you that *Business Week, USA* rated your Company 55 amongst the top global tech companies. In terms of total return to shareholders, your Company was ranked "Global number 3".

In July 2007, Mr. Raj Shankar was appointed as the Deputy Managing Director. A large part of your Company's success in overseas market is due to his leadership and this elevation would provide an additional depth to your company's senior management. Mr. William Adamopoulos joined the Board of your Company during the year. He is a Harvard graduate and is currently the President and Publisher of Forbes Asia. His experience in global finance and economics shall benefit your Company.

Since August 2007, the turbulence in the financial markets of the West is also spreading to the developing countries. While a combination of global and local factors could moderate the growth momentum in the economies where your Company operates, I believe that the long-term growth story is still intact. With its unique business model, proven execution capabilities and presence in potential markets, your Company is poised to handle a greater share of businesses in the supply chain solution space, in the coming years.

I take this opportunity to thank the Shareholders for their confidence in Redington and look forward to their continued support in the coming years.

Warm regards,



R. Srinivasan
Managing Director.
June 3, 2008

SIX YEARS AT A GLANCE

Standalone Financials

(Rs. in crores)

Particulars	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Total Revenue	5,780.27	4,717.53	3,696.62	2,507.48	1,960.20	1,528.54
EBIDTA	148.25	101.76	68.90	45.00	35.83	26.87
PBT	103.57	65.63	45.33	27.21	24.54	16.57
PAT	67.11	42.42	29.14	17.26	15.49	10.57
Networth	569.56	535.02	367.63	316.34	104.98	89.49
Capital Employed	821.82	852.09	566.96	428.78	174.26	134.03
EBIDTA Margins	2.56%	2.16%	1.86%	1.79%	1.83%	1.76%
PAT Margins	1.16%	0.90%	0.79%	0.69%	0.79%	0.69%
Return on Average Capital Employed *	25.87%	19.85%	20.45%	19.08%	21.37%	17.99%
Return on Average Equity *	24.60%	17.91%	17.45%	13.17%	15.96%	12.32%
EPS (Rs.) #	8.62	6.41	4.79	4.30	5.27	3.60
Book Value per Share (Rs.)	73.15	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	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Total Revenue	10,883.81	9,067.14	6,795.52	4,053.93	1,960.20	1,528.54
EBIDTA	259.04	198.47	131.06	83.93	35.90	26.93
PBT	177.06	127.25	92.36	53.67	24.57	16.59
PAT	136.07	101.70	74.34	42.38	15.51	10.58
Networth	721.49	625.61	432.86	341.29	105.60	90.10
Capital Employed	1,505.44	1,226.88	911.26	570.74	174.87	134.63
EBIDTA Margins	2.38%	2.19%	1.93%	2.07%	1.83%	1.76%
PAT Margins	1.25%	1.12%	1.09%	1.05%	0.79%	0.69%
Return on Average Capital Employed	18.23%	17.32%	17.02%	21.52%	21.29%	17.93%
Return on Average Equity	20.20%	19.22%	19.21%	18.97%	15.85%	12.22%
EPS (Rs.) #	17.48	15.36	12.23	10.57	5.28	3.60
Book Value per Share (Rs.)	92.66	80.34	68.62	56.23	35.93	30.66

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

Note:

Financials are post acquisition of following entities - FY 05 (Redington Distribution Gulf FZE), FY 06 (Redington Distribution Pte Ltd and Cadensworth (India) Ltd) and FY 08 (Easyaccess Financial Services Ltd).

NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Company will be held on Saturday, the 26th day of July 2008 at 11.00 A.M at Mini Hall, Narada Gana Sabha, New No.314 (Old No.254) T.T.K. Road, Alwarpet, Chennai – 600018, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2008, the Profit and Loss Account for the financial year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Prof. J. Ramachandran, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. R. Jayachandran, who retires by rotation and being eligible offers himself for re-appointment.
5. 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, are eligible for re-appointment.

SPECIAL BUSINESS:

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

“RESOLVED that Mr. William P. Adamopoulos, Additional Director, appointed in terms of Regulation 22 of the Articles of Association of the Company to hold office till the conclusion of this Annual General

Meeting of the Company be and is hereby appointed as Director of the Company liable to retirement by rotation.”

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

“RESOLVED that pursuant to the provisions of the Companies Act, 1956 and subject to such other approvals, permissions and sanctions as may be necessary, consent of the members be and is hereby accorded to vary the cost estimates as contained in the ‘object of the issue’ clause of Prospectus dated January 31, 2007, to meet the additional fund requirements /expenditure incurred / to be incurred due to escalation in the cost for setting up of Automated Distribution Centres (ADCs) at Chennai, Mumbai, New Delhi, and Kolkata including cost of land, construction and expenditure incurred /to be incurred for procurement of warehouse management software, process handling equipments from internal accruals and borrowings.”

“RESOLVED further that Board of Directors of the Company be and are hereby authorized to do or cause to execute, sign and deliver such documents, as may be required, necessary expedient or desirable to give effect to this resolution.”

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

Chennai
June 03, 2008

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 Item No. 6 and 7 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 Monday, the 21st day of July, 2008 to Saturday, the 26th day of July, 2008 (both days inclusive) for the purpose of payment of Dividend.
4. The Dividend as recommended by Board of Directors if approved at the meeting, will be paid as under-
 - a. To all beneficial owners in electronic form as per data as may be made available by NSDL and CDSL as of close of business hours as on July 17, 2008.
 - b. To all shareholders in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on July 20, 2008.
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, '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, mandates

(if any) with the Company's Registrars and Share Transfer Agents, M/s. Cameo Corporate Services Limited, 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 AGM auditorium the enclosed attendance slip duly completed and signed.
8. Members who have not yet encashed the dividend warrants for the financial year 2006-07 are requested to present the same for revalidation to our Registrar and Share Transfer Agents, M/s. Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai – 600 002.
9. Full information regarding re-appointment of Directors retiring by rotation and appointment of Director is given in the Corporate Governance Report forming part of the Annual Report. As Mr. R. Vijaraghavan has resigned on May 31, 2008, he will not be getting re-appointed. None of the Directors proposed to be appointed at the Annual General Meeting of the Company hold shares in the Company.
10. The Ministry of Corporate Affairs, Government of India, vide their letter No.: 47/61/2008-CL-III dated 21st April 2008 granted exemption from annexing the accounts of subsidiary companies with the accounts of the Company.
11. In line with the provisions of amended Clause 32 of the Listing Agreement and circular issued by SEBI, the Company has opted to circulate abridged consolidated and standalone annual accounts of the Company for the financial year under review. The detailed annual accounts of the Company and its subsidiaries are available on any working day at the Registered Office of the Company to the shareholders of the Company requiring such information.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

Mr. William Adamopoulos was appointed as an Additional Director of the Company by the Board of Directors at their Meeting held on 25th October 2007 and holds office till the Annual General Meeting. Mr. William Adamopoulos is a graduate of Harvard College and is an expert in Global Finance and Economics. He is currently the President and Publisher of Forbes Asia and before this, he was the Publisher and Managing Director of The Asian Wall Street Journal. He carries a rich experience in the print and media industry. In June 2001, Adage Global named Mr. Adamopoulos one of the top 30 global dealmakers in the media world.

Notice is received under Section 257 of the Companies Act, 1956, from a member for his appointment together with the requisite deposit amount.

The Directors, therefore, recommend the resolution set out at Item No. 6 for approval.

Except Mr. William Adamopoulos, none of the Directors of the Company is interested in this resolution.

Item No. 7

In the 'Object of the Issue' section of the Prospectus dated January 31, 2007 filed by the Company with the Registrar of Companies, Tamil Nadu, Securities and Exchange Board of India and Stock Exchanges, one of the object was to set up Automated Distribution Centres (ADCs) at Chennai, Mumbai, Delhi and Kolkata. The capital expenditure proposed then for these four ADCs including land cost, construction cost and expenditure to be incurred for procurement of warehouse management software, process handling equipments and safety and security equipments, was estimated at Rs.512.16 Million. At the

time of IPO, setting up of ADCs was in preliminary state and the Company had neither identified any land nor placed any orders for purchase of any of the items stated in the aforementioned prospectus.

In the recent past, the land cost at all places in India has gone up significantly beyond the estimates made at the time of drafting the offer documents. Apart from the increase in the cost of land, other expenditures i.e. construction cost and expenditure for procurement of warehouse management software, process handling equipments and safety and security equipment is expected to have considerable price escalation impact.

Further, based on the discussions with various project management consultants and considering the future growth plans, the management proposed to revise the size and capacity of the ADCs which would result in overall increase in the estimates made for setting up of ADCs.

The management is proposing to meet the additional expenditure in the purchase of the land for setting of ADCs and other infrastructure facilities from the internal accruals and borrowings. The ADCs will enable the Company to scale up its operations and reduce the cost.

The Directors recommend the resolution set out in Item No.7 as above for approval.

None of the Directors of the Company is interested in this resolution.

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

Chennai
June 03, 2008

M. Muthukumarasamy
Company Secretary