



Setting new standards in supply chain services

ANNUAL REPORT 2008-2009



Redefining Service

Redington Service is one of the few service providers in India that have world-class support facilities and systems. We are setting new track records when it comes to building long-term partnership with our customers - be it global brands, walk-in customers or corporate customers. We have gained a stronghold in the price-sensitive Indian market and also been able to expand far and wide into difficult overseas geographies. Our proven and unique support capabilities make us true leaders when it comes to *redefining a complete service solution provider.*

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman	Prof. J. Ramachandran
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Managing Director	Mr. R. Srinivasan
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Deputy Managing Director	Mr. Raj Shankar
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Whole-time Director	Mr. M. Raghunandan
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Directors	Mr. R. Jayachandran Mr. Huang Chi Cheng Mr. Tu, Shu-Chyuan Mr. Steven A. Pinto Mr. William Adamopoulos Mr. N. Srinivasan
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Company Secretary	Mr. M. Muthukumarasamy
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Statutory Auditors	M/s. Deloitte Haskins & Sells Chartered Accountants
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Internal Auditors	M/s. Pricewaterhouse Coopers Chartered Accountants
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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

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95, Mount Road, Guindy,
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Website

www.redingtonindia.com

LETTER FROM THE MANAGING DIRECTOR



Dear Shareholder,

Fiscal 2009 witnessed a period of exceptionally challenging circumstances. What started off as a turmoil in the financial sectors of advanced economies snowballed into a global financial and economic crisis.

The impact of global and local factors slowed the growth momentum in the economies where your Company operates. Amidst such challenges, your Company concentrated its efforts on maintaining its growth in revenue and profitability. I wish to share here your company's response to these challenges and efforts to continue delivering value to its shareholders.

In India, while the impact of the crisis was not as harsh as anticipated, due to its relatively insulated financial sector and a lower dependence on export for GDP growth, contraction of available credit from banks to industries resulted in a slow down across all sectors in the second half of the fiscal year. In Middle East and Africa (MEA), the challenges of the world economy were compounded by the wide fluctuations in the oil prices which affected countries.

The revenue of your Company's Indian operations grew by 5% to touch Rs. 6071 Crores. While the growth in revenue was moderate, your Company's Profits-after-Tax grew by a robust 20% to Rs. 80.69 Crores driven by your Company's focus on high margin product lines and conscious efforts at all round cost reduction. However, with wide market reach and the strong presence of your company in its markets in MEA, the MEA operations were able to withstand the turmoil and still record a growth of 32% in revenue of Rs. 5782 Crores and 7% in Profit-after-Tax of Rs. 65.31 Crores respectively.

A major milestone in our MEA operations was the investment by a large and globally well known private equity fund, M/s. Investcorp Gulf Opportunity Fund Company I.B.S.C (Investcorp) in Redington Gulf. Investcorp acquired 27% equity interest in Redington Gulf in November 2008 at a premium. The funds were infused to be utilized for acquiring companies in markets in the Middle East, Turkey and Africa.

To enable Investcorp's investment and to meet the regulatory requirements of Jebel Ali Free Trade Zone and also to enable Redington Gulf's listing, Redington India's holdings in Redington Gulf has been restructured.

During the year, your Company added certain important global brands to its portfolio. RIM, manufacturers of "Blackberry" brand smart phones, tied up with your Company on an exclusive basis for "unlocked" version of their product. As many of you would have observed, Blackberry has become an important device in the commercial world and in India has the potential for rapid growth in its usage.

Oracle, a major player in the global software solution space and your Company partnered and commenced business in this year. This has been an important development in the Enterprise Business Unit of your Company. This product category is expected to contribute to the growth of our business in the software category.

The global banking crisis in 2008 and its spread to India and Middle East and Africa put a severe pressure on funds availability and the cost of these funds to businesses across various sectors. I am happy to report to you that your Company did not experience any reduction in facilities from its bankers. Your Company continued to enjoy the most competitive rates for the funds it borrowed. The favourable ratings received from rating agencies, CRISIL and ICRA, for the short term facilities and under BASEL II norms for bank borrowings.

The foreign exchange market scenario witnessed turbulence. By taking timely forward contracts towards the foreign currency exposures on imports and short term foreign currency loans, your Company insulated itself from the fluctuations in foreign currency markets.

The bulk of the Company's business with its trade partners is on credit terms. With tightening of credit facilities to our partners by their banks, your Company exercised caution on its credit policies and I am happy to report that the delinquencies during this extraordinary period was well under control.

This tightening of the credit by the financial sector gave a head start to your Company's NBFC subsidiary, namely, M/s. Easyaccess Financial Services Ltd (EAFSL). The ability to extend financing to your company's trade partners and their customers during this difficult period enabled the operations of EAFSL to record a good profit with no bad debt or overdues. The Company's customers view the financing facility as a great value proposition.

The Chennai Automated Distribution Centre, a modern, technologically intense warehouse, would commence its operations in July this year. This is the first of a series of distribution centres your Company is building in different cities in India and overseas. Construction of the New Delhi and Dubai distribution centres are being taken up in the current year and completion is scheduled by March, 2010. A network of such distribution centres will form the nucleus of your Company's supply chain infrastructure.

The service division of your Company could maintain its growth plan, despite recession, by taking many initiatives such as signing off with Intel on exclusive basis for walk-in centre support for their mother boards and processors, signing off with new mobile vendors and strengthening its key businesses like Infrastructure Management Services and Enterprise Business.

Another challenge which the industry started facing this year was impact of double taxation on certain products, which the taxation authorities treat both as supply of goods as well as rendering service. Your Company deals in few of those products. The proposed concept of GST is perceived to eliminate this anomaly.

While the Indian capital market witnessed volatile trading sessions with Sensex hitting a high of 21,400 to a low of 7,700 in the fiscal 2009, your Company's share price moved in tandem to the Midcap Index. While a few funds exited from your Company on their redemption pressures, it was heartening to note that the major funds who had invested during IPO continued to retain their portfolio during this period reflecting their confidence in your Company.

Last but not the least, tighter trade credit has caused an absolute reduction in overall demand across the economies where your Company operates. The Governments and the Central Banks across the globe are responding to this crisis with a variety of measures - all of which will take time to yield results. I recall what I stated in my last letter to you, - "While a combination of local and global 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 am pleased to state that this statement holds good even today.

I take this opportunity to thank the members for the abiding trust in Redington and look forward to continued support in the coming years.

Warm regards,

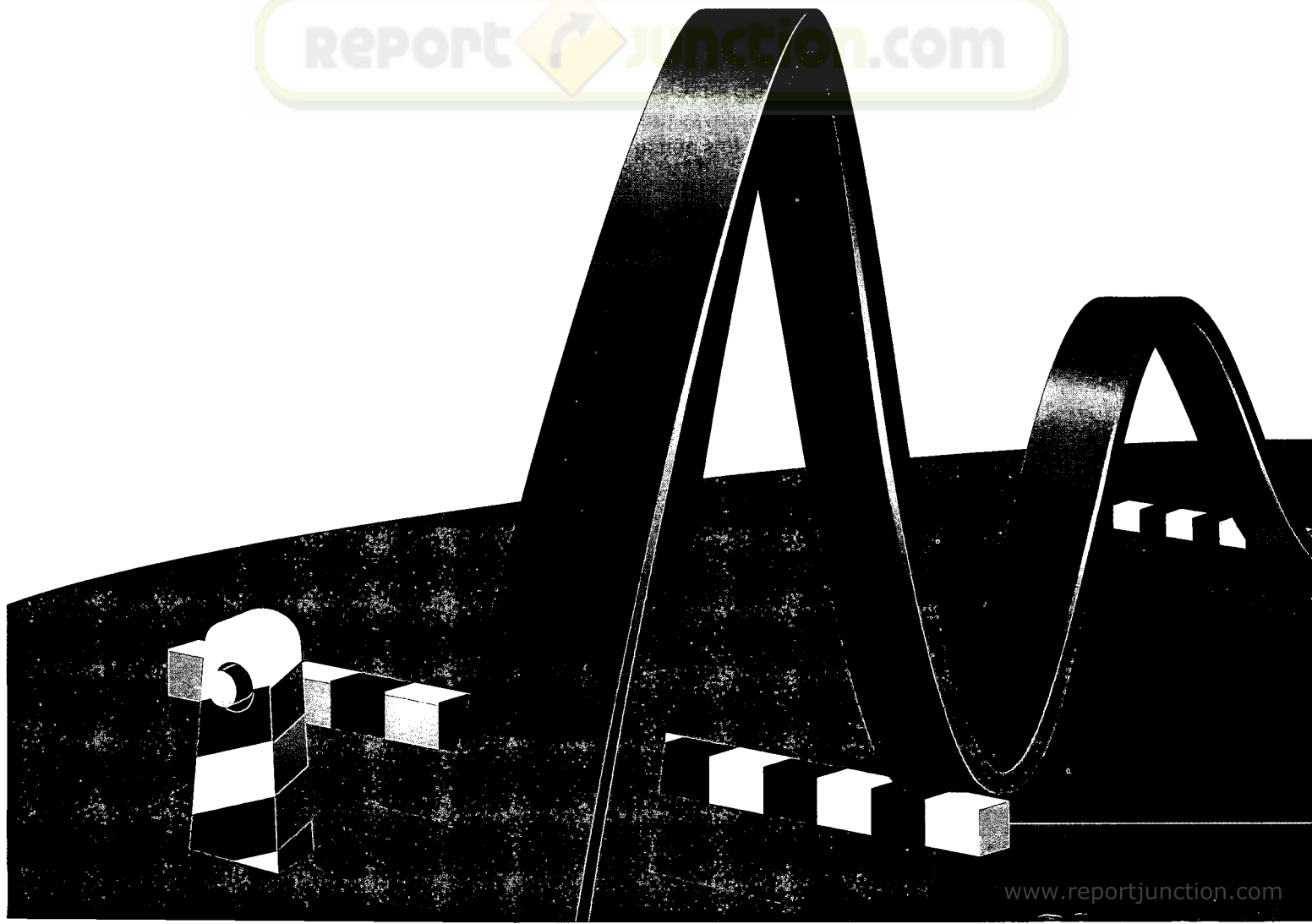
R. Srinivasan

R. Srinivasan
Managing Director

Chennai
May 22, 2009.

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Building capabilities, achieving a 100% fit

- Supply Chain Management - Over 8 lakh sq.ft. warehousing area; movement of over 1 lakh m tonnage
- Intelligent Automatic Distribution Centres
- Credit Management - 21,200 Channel Partners
- Vendor Management - 65 brands
- Product Management - 6000 SKUs
- Sales Acceleration - 54 branches & 1,250 professionals
- Service & Support - 21 brands & 258 service centres
- ISO 9001 certification for RME service centre
- Financial Services - Commercial finance to Channel Partners
- Fund Management - Access to multiple sources of funds; P1+ rating from CRISIL
- Imports - Green Channel across ports

SEVEN YEARS AT A GLANCE

Standalone Financials

(Rs. in crores)

Particulars	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Total Revenue	6,071.64	5,780.27	4,717.53	3,696.62	2,507.48	1,960.20	1,528.54
EBIDTA	173.87	148.25	101.76	68.90	45.00	35.83	26.87
PBT	124.25	103.57	65.63	45.33	27.21	24.54	16.57
PAT	80.69	67.11	42.42	29.14	17.26	15.49	10.57
Networth	614.39	569.56	535.02	367.63	316.34	104.98	89.49
Capital Employed	904.29	821.82	852.09	566.96	428.78	174.26	134.03
EBIDTA/Revenue	2.86%	2.56%	2.16%	1.86%	1.79%	1.83%	1.76%
PAT/Revenue	1.33%	1.16%	0.90%	0.79%	0.69%	0.79%	0.69%
Return on Average Capital Employed*	23.79%	25.87%	19.85%	20.45%	19.08%	21.37%	17.99%
Return on Average Equity*	29.76%	24.60%	17.91%	17.45%	13.17%	15.96%	12.32%
EPS (Rs.) #	10.36	8.62	6.41	4.79	4.30	5.27	3.60
Book Value per Share (Rs.)	78.90	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 Subsidiaries are excluded.