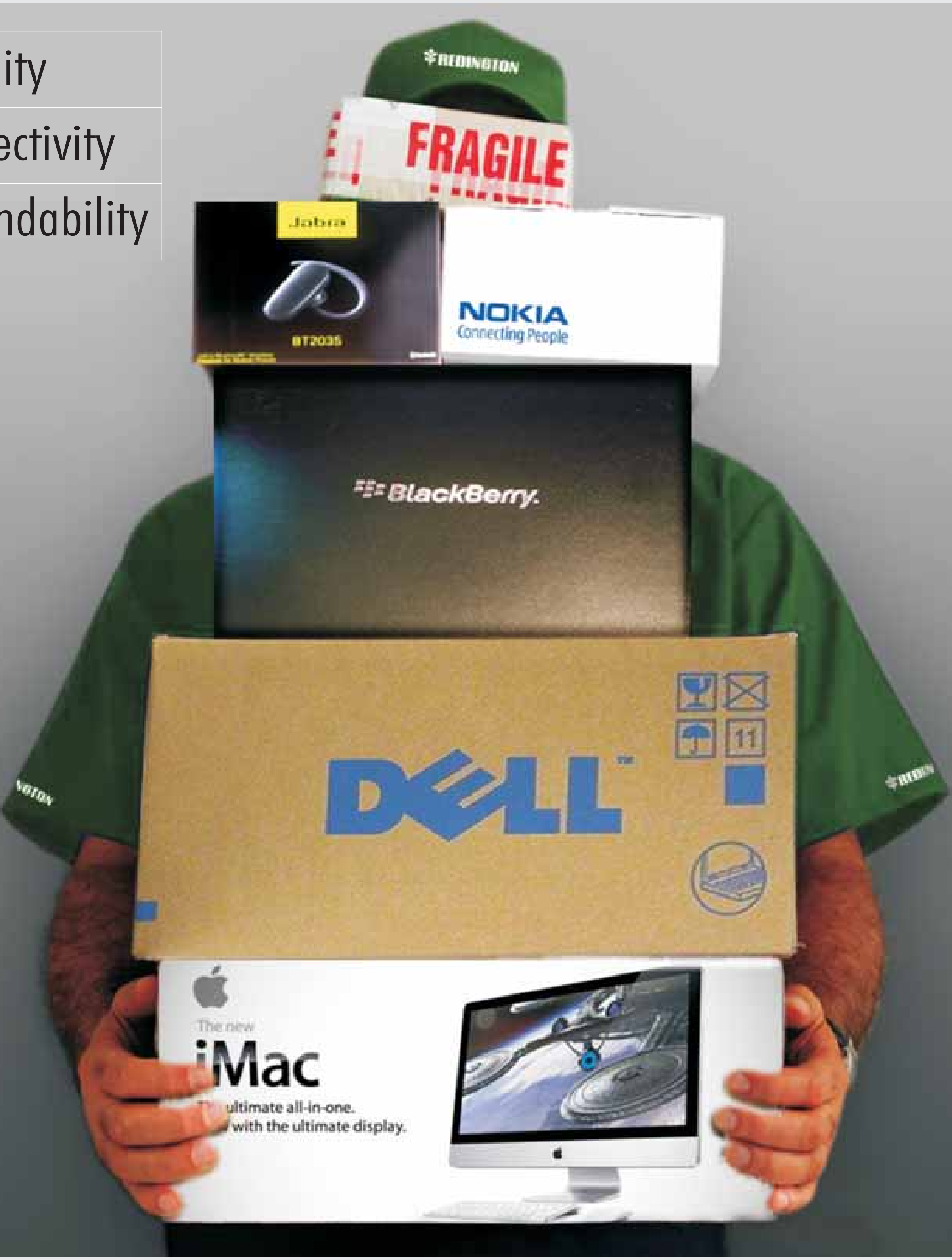
REDINGTON

Supply Chain Solutions

Mobility

Connectivity

Dependability



Annual Report 2009-2010

MOBILITY... CONNECTIVITY... DEPENDABILITY...

Mobiilty, Connectivity, Dependability - At Redington, this defines the driving force and the model for business excellence, in supply chain solutions. With a distribution network spread across South Asia, Middle East and Africa and a market penetration of more than 18 countries, the Company is amongst the largest, supply chain solution providers to over 75 leading manufacturers of Information Technology, Telecom, Lifestyle and Consumer Electronics Products, worldwide .

Supported by a wide and well connected distribution network of more than 23,600 channel partners, team of trained and talented workforce and Automated Distribution Centres, Redington has drawn up plans to take its place amongst the key world class, supply chain solution providers.

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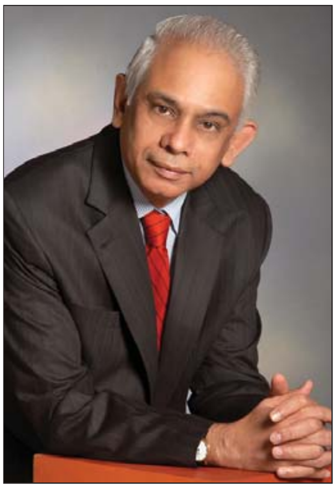
CORPORATE INFORMATION

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. Tu, Shu-Chyuan Mr. Steven A. Pinto Mr. William Adamopoulos Mr. N. Srinivasan
Company Secretary	Mr. M. Muthukumarasamy
Statutory Auditors	M/s. Deloitte Haskins & Sells Chartered Accountants
Internal Auditors	M/s. Pricewaterhouse Coopers Chartered Accountants

Bankers	Bank of Nova Scotia Barclays Bank PLC BNP Paribas Citibank N.A. DBS Bank Limited 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 The Royal Bank of Scotland Union Bank of India Yes Bank Limited
Registered Office	SPL Guindy House, 95, Mount Road, Guindy, Chennai - 600 032. Tel : + 91 44 4224 3352, 4224 3353 Fax : + 91 44 2235 2790
Website	www.redingtonindia.com

LETTER FROM THE MANAGING DIRECTOR



Dear Shareholders,

The year that has passed by was a challenging year for your Company. While the western economies are showing signs of gradual recovery, the developing economies demonstrated a smarter and quicker turn-around. However, overall recovery is still at a nascent stage and many economies are still experiencing the after-effects of the global meltdown.

Your Company's persistent belief in the growth opportunities in emerging economies of India, Middle East and Africa has been vindicated by a strong recovery in these markets. The new decade looks set to fulfill the promise that these countries would finally emerge as the new drivers of the World Economy on the back of their expanding markets and growing prosperity. These governments have made determined efforts towards accelerated growth, by encouraging businesses through special packages and massive investments in infrastructure.

Your Company managed to continue its growth, despite the challenges posed by the entire business eco-system. The unstinted support of all stake-holders has been a key element in enabling your Company overcome difficulties posed by the global financial crisis, a liquidity crunch that followed, the Dubai debt crisis and the slowdown in overall demand for the products distributed by it.

We ended Fiscal 2010 by posting a consolidated turnover of Rs. 13,779 Crore, a Y-o-Y growth of 9% despite sluggish demand, postponement of purchases by consumers and increased competition. The Company's disciplined approach towards offering value added solution to customers, prudent risk management, efficient working capital norms and controlling the cost of operations has resulted in the consolidated profit after tax (before Minority interest) growing by 25% to Rs. 212 Crore and profit after tax (after Minority interest) going up by 15% to Rs. 184 Crore.

The Board of Directors has recommended a final Dividend of Rs. 5/- per share for fiscal 2010. In order to improve the liquidity of your Company's equity shares in the Stock Exchanges, your Company's Board of Directors have approved (subject to member's approval) the proposal for 5:1 stock split.

The highlight of the year under review was the month-on-month growth in sales of **"Blackberry"** smart phones. Smart phones as a category among the mobile phones is experiencing sustained growth even while other categories are showing a slow down. This was possible due to our strong presence in servicing Retail space and appointment of a highly committed business partners.

This success has demonstrated to global telecom handset vendors the inherent advantages of an alliance with a strong distribution partner where earlier they were entirely dependent on telecom service providers.

In order to strengthen its smart phone initiative, your Company is investing in building a support services infrastructure that will specifically cater to **"Blackberry"** smart phone customers in India. It is proposed to set these centres in 10 cities for a start.

While our relationship with **Nokia** started in Nigeria two years back, today we distribute Nokia products in Kenya and Ghana as well. In last fiscal year, we were the leading partner for Nokia in Nigeria, which is a large market for mobile handsets. For the Company, revenue from sale of Nokia products crossed USD 250 Million for the first time last year.

The Central and State Governments in India have committed huge investments in the area of e-governance. These orders are normally complex in nature and demand high quality execution skills. To support our partners engaged in execution of these orders, your Company has put in place a dedicated project team. The buoyancy in this space and your Company's intense engagement with key partners was an important element for your Company's success even during the difficult phase of slowdown last fiscal year and continues to provide opportunities in the coming years as well.

A key addition to our Vendor bouquet last fiscal year was **Dell** in Middle East (ME). **Dell** was seeking a change from their "All Direct" business model to partnering with distributors. Partnering **Dell** not only added significant revenue during a difficult year, but is likely to play a significant strategic role in future too. Our strong presence in ME retail space made this tie-up possible.

Once more, supported by the highest category-rating from CRISIL / ICRA for short-term debt program, your Company could raise funds at very attractive interest rates. The edge in interest rate vis-à-vis the competitors provided your Company a great advantage in the market place. Sufficient funds were available even during the tough phase of tight liquidity condition in the debt market. I am sure you will feel happy to know that your Company did not forego any business opportunity due to non-availability of funds during this period.

Easyaccess Financial Services, the finance arm of your Company has turned in a good performance by extending finance in the form of receivables factoring and extended credit (Channel Finance) to your Company's channel partners and other customers, recording another good year of accelerated profit growth and an enviable position of "Nil" non-performing assets for the second year in succession. With increased equity investment in December 2009, Easyaccess Financial Services is poised to scale greater heights in the years to come.

I am happy to share that your Company's first **Automated Distribution Centre** (ADC) at Chennai is operational since last year. With 225,000 pallet sq. ft. at its disposal and an effective warehouse management system operational, your Company is well poised to access opportunities in the fast-growing Third Party Logistics (3PL) space. ADC in Dubai would be operational in September this year. Work in the Kolkata ADC has commenced and is likely to be operational by the early part of next year.

Your Company had identified Africa as a potential market in the early part of 2000 itself. With a good presence in West and East Africa, there is a conscious move towards North Africa in the last few quarters. In the year under review, subsidiaries were set-up in Morocco and Libya. We expect all these new initiatives to contribute in a big way to our revenue in future years.

With the conclusion of the broadband spectrum auction in India and entry of large players, connectivity is bound to increase dramatically. In an industry study conducted, it was found that unavailability of connectivity was a major handicap in increasing PC penetration in India. Currently, there are about 8.75 Million broadband connections in India. This is estimated to move beyond 214 million connections by 2014 (Source: CII (Broadband) Report) giving a big push to PC and mobile devices penetration. Your Company is well positioned to take advantage of this opportunity.

It is rightly said that circumstances can change very quickly in the IT market and nowhere is that more evident than in distribution space. However, I am confident that your Company's well thought-out and clear business objectives and strategies would enable it to continue meeting its growth objectives in foreseeable future.

Our ambition is to be the leading distribution player in all the markets where we have presence and increase the shareholder return. With the support from our experienced Board members and the committed team of professionals, I feel confident of meeting this goal.

At the end I would like to thank all our constituents for their support and more specifically to our Promoter shareholders, other shareholders and employees for the impeccable trust they have reposed on the Company. Together we shall march ahead with confidence.

R. Srinivasan

R. Srinivasan
Managing Director

Chennai
May 21, 2010

FIVE YEARS AT A GLANCE

Standalone Financials

(Rs. in Crore)

Particulars	2009-10	2008-09	2007-08	2006-07	2005-06	CAGR
Total Revenue	**6,459.88**	6,071.64	5,780.27	4,717.53	3,696.62	15%
EBIDTA	**201.60**	173.87	148.25	101.76	68.90	31%
PBT	**153.16**	124.25	103.57	65.63	45.33	36%
PAT	**99.46**	80.69	67.11	42.42	29.14	36%
Networth	**675.98**	614.39	569.56	535.02	367.63	
Capital Employed	**1,051.50**	904.29	821.82	852.09	566.96	
EBIDTA / Revenue	**3.12%**	2.86%	2.56%	2.16%	1.86%	
PAT / Revenue	**1.54%**	1.33%	1.16%	0.90%	0.79%	
Return on Average Capital Employed *	**31.67%**	31.20%	25.87%	19.85%	20.45%	
Return on Average Equity *	**38.97%**	29.76%	24.60%	17.91%	17.45%	
EPS (Rs.) #	**12.68**	10.36	8.62	6.41	4.79	
Book Value per Share (Rs.)	**85.96**	78.90	73.15	68.71	58.28	

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

* Investments made in Subsidiaries are excluded

Consolidated Financials

(Rs. in Crore)

Particulars	2009-10	2008-09	2007-08	2006-07	2005-06	CAGR
Total Revenue	**13,778.65**	12,683.14	10,883.81	9,067.14	6,795.52	19%
EBIDTA	**365.72**	329.57	259.04	198.47	131.06	29%
PBT	**275.92**	219.02	177.06	127.25	92.36	31%
PAT	**184.33**	159.66	136.07	101.70	74.34	25%
Networth	**1,075.72**	1,002.20	721.49	625.61	432.86	
Capital Employed	**2,464.85**	2,226.51	1,505.44	1,226.88	911.26	
EBIDTA/Revenue	**2.65%**	2.60%	2.38%	2.19%	1.93%	
PAT/Revenue	**1.34%**	1.26%	1.25%	1.12%	1.09%	
Return on Average Capital Employed *	**16.25%**	18.50%	18.86%	18.19%	18.80%	
Return on Average Equity *	**23.04%**	22.54%	21.68%	21.27%	23.47%	
EPS (Rs.) #	**23.51**	20.50	17.48	15.36	12.23	
Book Value per Share (Rs.)	**136.80**	128.71	92.66	80.34	68.62	

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

* For FY 10 and FY 09, investment from Investcorp held as Fixed Deposit, amounting to USD 50 Mn have been excluded. While calculating return on average capital employed and return on average equity, goodwill has been excluded / capital reserve has been included appropriately.

Note:

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

DIRECTORS' REPORT

To the Members,

Your Directors are delighted to present their Seventeenth Annual Report on the business and operations of the Company for the year ended March 31, 2010.

Financial Highlights **(Rs. In Crore)**

Particulars	Consolidated		Standalone	
	2009-10	2008-09	**2009-10**	2008-09
Net Sales /Income from operations	**13757.75**	12668.27	**6449.61**	6066.16
Other Income	**20.90**	14.82	**10.27**	5.28
Total Revenue	**13778.65**	12683.09	**6459.88**	6071.44
Total Expenditure				
a) Cost of goods sold	**13033.14**	12005.69	**6085.26**	5720.55
b) Trading Expenditure	**34.93**	32.48	**19.55**	17.43
c) Staff Cost	**165.50**	150.27	**79.78**	75.81
d) Other Expenditure	**179.36**	165.08	**73.69**	83.78
Profit before Interest, Depreciation and Tax (EBIDTA)	**365.72**	329.57	**201.60**	173.87
Interest	**66.37**	97.82	**33.04**	44.91
Depreciation	**23.43**	12.73	**15.40**	4.71
Profit before Tax (PBT)	**275.92**	219.02	**153.16**	124.25
Provision for Taxation	**63.90**	49.98	**53.70**	43.56
Profit after Tax (PAT)	**212.02**	169.04	**99.46**	80.69
Minority Interest	**27.69**	9.38	**NIL**	NIL
Net Profit for the year	**184.33**	159.66	**99.46**	80.69