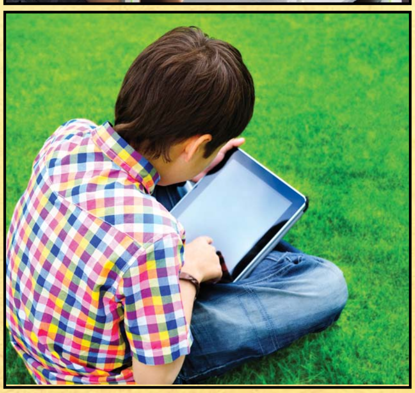
REDINGTON

delivering value. 20 years and counting.



annual report 2012–13

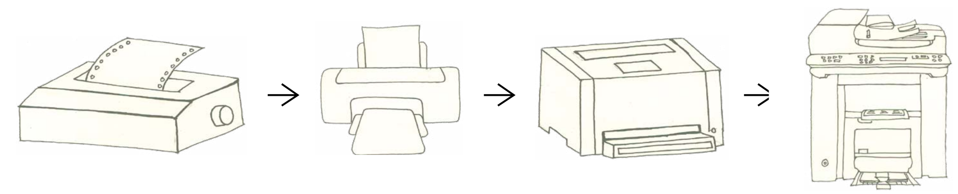
contents

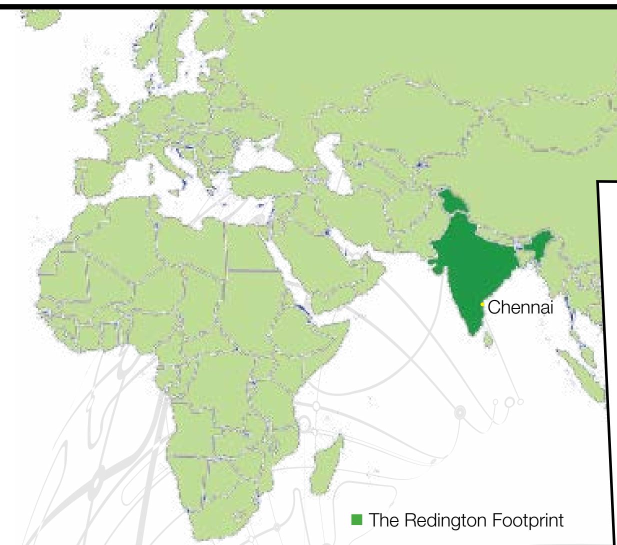
	page
the start	2
the emergence	4
the expansion	6
the transformation	8
celebrating 20 years	10
message to shareholders	12
five years at a glance	14
corporate information	16
directors' report	17
report on corporate governance	25
management discussion and analysis	39
standalone financial statements	
auditors' report	47
balance sheet	50
statement of profit and loss	51
cash flow statement	52
notes to financial statements	53
consolidated financial statements	
auditors' report	75
balance sheet	76
statement of profit and loss	77
cash flow statement	78
notes to financial statements	79
statement under section 212(8) of the Companies Act, 1956 relating to subsidiary companies	101
notice	102

"A mile from shore a fishing boat chummed the water, and the word for Breakfast Flock flashed through the air till a crowd of thousand seagulls came to dodge and fight for bits of food. It was another busy day beginning. But way off alone, out by himself beyond boat and shore, Jonathan Livingston Seagull was practicing. A hundred feet in the sky, he lowered his webbed feet, lifted his beak, and strained to hold a painful hard twisting curve through his wings, The curve meant that he would fly slowly, and now he slowed until the wind was a whisper in his face, until the ocean stood still beneath him. He narrowed his eyes in fierce concentration, held his breath, forced one… single…more…inch…of…curve…" - Richard Bach

Like the allegoric Jonathan Livingston Seagull, who dreamt of greatness and success by following a different course, Redington has made it its business to dream differently in order to venture beyond; to think differently and make its own rules, to open up a world of infinite possibilities. And thereby has succeeded to stay apart and ahead of its peers.

the start





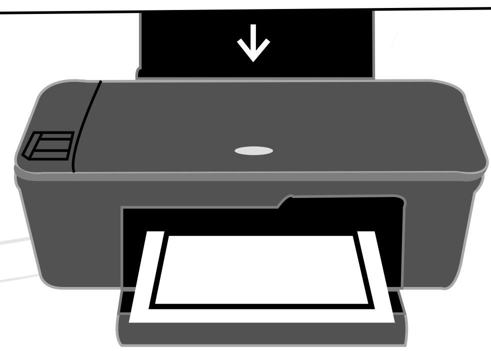
1993

Redington started operations in 1993. The time was propitious as across the globe technology was advancing rapidly. The age of the microprocessor had dawned and new ways to connect to the world were emerging almost on a daily basis.

The year 1993 was a significant milestone in India's economic growth story as well. At the time the IT industry in the country was just a fledgling, but fraught by the pressures of the License Raj. Elsewhere in the world, companies were busy—the world's first plasma display screen was unveiled in 1992 by Fujitsu Corporation alongside the IBM Simon – the world's first concept of the Smartphone. The revolutionary Pentium brand from Intel came next in 1993. India then took a forward thinking step and announced Trade and investment policy reforms helping usher huge flows of foreign capital investment into the country.

This was the backdrop against which the Redington seed started to germinate. The company aimed to distribute products that would cater to the needs of India's IT industry and it started with the distribution of printers. The company's early success with the sale of printers encouraged it to soon look at computer peripherals or adjacencies as a potential market. Ink and paper for the printers therefore came next on the product list followed by computers. And as more products were added, many brands like Epson, HP, Compaq, Intel, and Philips joined the vendor list. The brand REDINGTON got established.

The company's distribution network quickly spread across India—in the South, West, North, and East. This then was the genesis of what is today a multi product (IT, Telecom, and Lifestyle) distribution company. Much of Redington's early achievements stemmed from its enviable stock pipeline, thanks to which it could make 'just-in-time' deliveries catering to customer needs and license approvals. This strategy paid Redington rich dividends.



1993 - 1997

1st Product - Printer

FY 1994

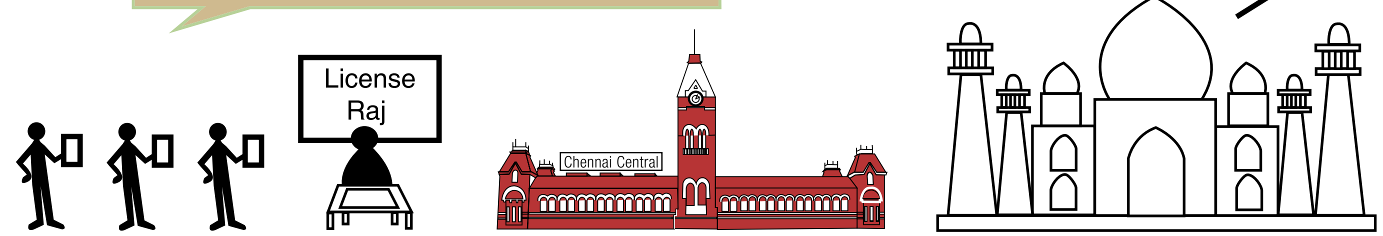
- 3 Branches
- 25 Dealers

Early Vendors

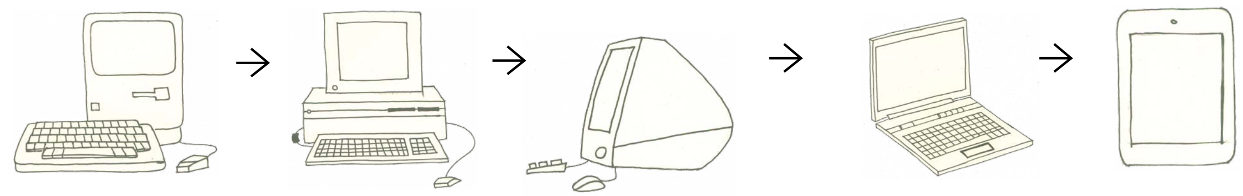
- Printers: NEC, Epson, HP, Canon
- CPUs: Intel
- PCs: Compaq

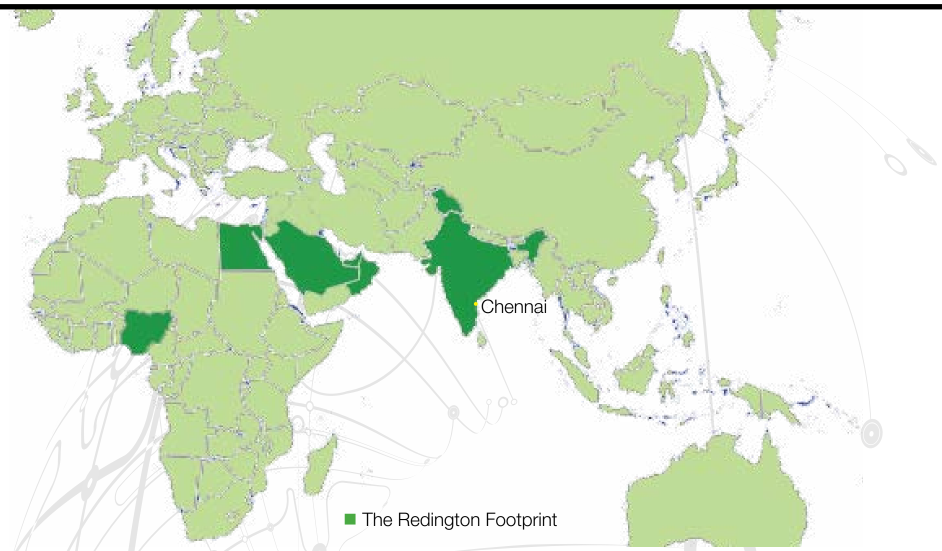
The Redington Strength

- Connecting MNC IT brands to customers in India
- 'Just in time deliveries'
- Creating the IT channel in India for superior end customer experience
- Focus on adjacencies



the emergence



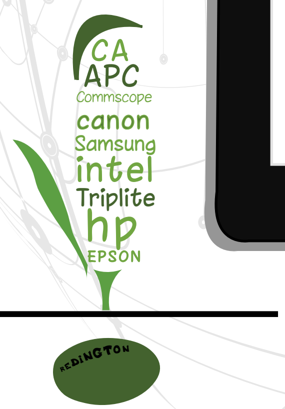


This was the turn of the century. The Millennium or Y2K as it was popularly known in the IT industry. India was being increasingly recognised as a growing global hub for IT and IT enabled services.

Redington continued to stay ahead of the times. Much before India Inc. started to go global, the company had developed international markets and tread into difficult-to-penetrate geographies. The beginning was made in Dubai in 1997 spearheading what would one day lead to operations in twenty countries around the world. Redington had by now enhanced its offerings. It had forayed into computing devices and apart from peripherals, systems, software, and components, enterprise and networking products started to play a vital role in the company's product base. Redington added IBM, APC and Canon to its vendor base and increased its distributing reach within the country.

About this time— 2000-2001—the Indian software and services industry led by brands like Infosys, Wipro, Satyam, and HCL was creating a revolution. Software exports grossed a total of USD 6.2 billion.

Given its expanding business, Redington saw the need for a unique software application capable of managing its logistics, warehousing, accounting and other operations, and installed its first ERP system which offered the company viable solutions in all areas.



1998 - 2002

Y2K

Product Basket

- IT peripheries
- Software systems
- Enterprise products
- Networking components

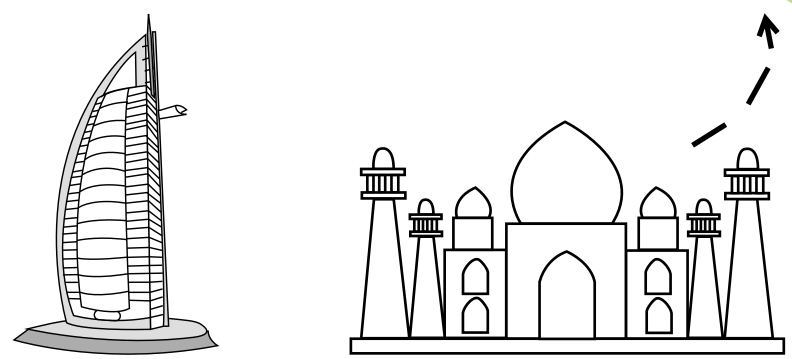
Diverse Products

Printers

Computing Devices

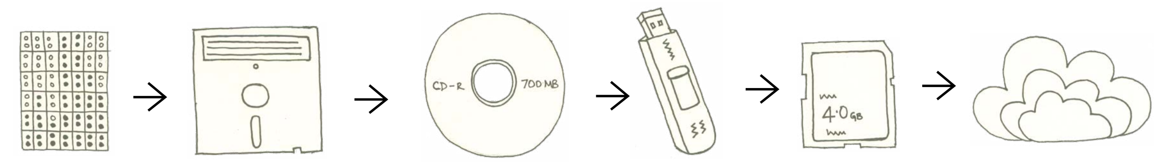
Software

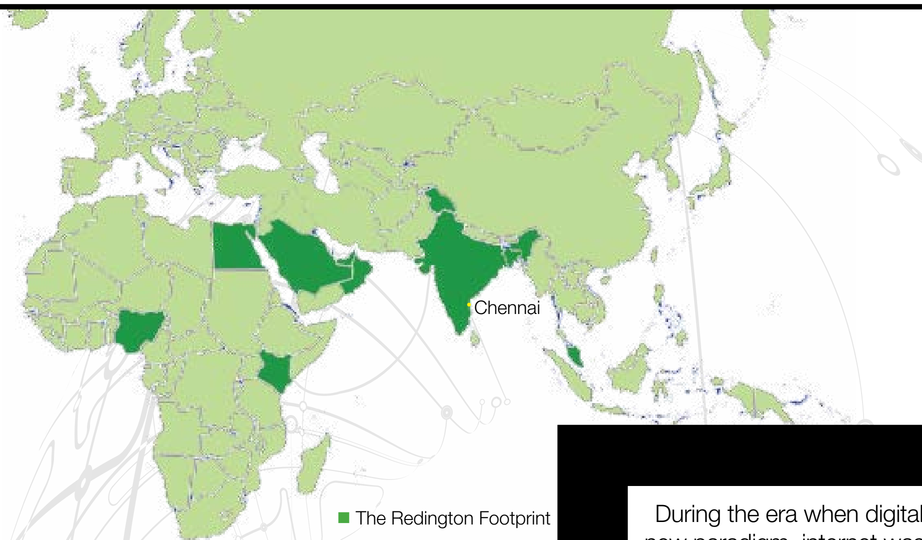
Storage systems and networking componenets



Contents

the expansion





During the era when digitalization had become the new paradigm, internet was fast penetrating into the nooks and corners of India at high speed. Mobile phones were becoming the preferred mode of telephone communication. Redington was also growing. Fundraising, important at this juncture for expansion, included a strategic arrangement with Synnex, and private equity investment by ChrysCapital. The company's sterling reputation ensured a thumping success of its initial public offering in 2007, evidenced by an over subscription of 43.27 times. Redington made a conscious move at this time towards diversifying its product range and offering value added services, at various touch points of the IT supply chain. It had grown to become India's largest distributor of IT products and a prized solutions provider to its vendors and channel partners.

On the product side, in a well considered move to de-risk its concentration on IT products, the company acquired distributorship for gaming products and non-IT consumer products. On the technology side, it added enterprise products—storage and servers—to its product base. It built strong capabilities in the logistics space and made significant investments to build state of the art Automated Distribution Centres— one in India and one in Dubai.

The company's significant presence across product categories soon entrenched it markedly in international markets. In 2007 the company's domestic and international operations recorded impressive growth and its consolidated revenues crossed the important milestone of USD 2 billion. Redington evolved from a 3 branch, 25 dealer operation in 1994 to a formidable player in the distribution space across 3 big land masses—South Asia, the Middle East and Africa. From a single brand product offering in 1994, the company started to provide supply chain solutions to 40+ leading global brands in India and 19 brands in international markets.

2003 - 2007

Supply Chain Solutions Provider

- Distribution
- After Sales Service
- Warehousing

Internet Proliferation

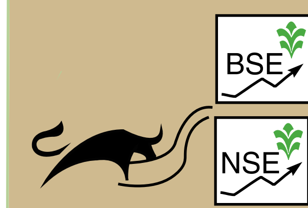
Diverse Range

- IT products
- Gaming products
- Non-IT consumer products

Milestones

Synnex ⟷ Redington

ChrysCapital $ $ $ → Redington



15th Feb. 2007
Oversubscribed
43.27 times

40+ Brands (India)
19 Brands (International)

USD 2 Billion

2007

Consolidated Revenue

Footprint

India

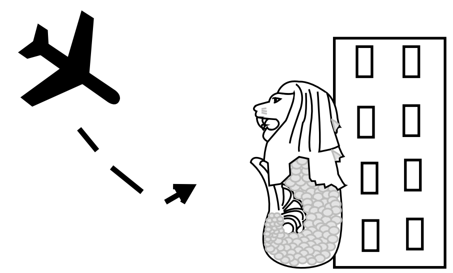
- 39 Branches
- 50 Warehouses
- 123 Service Centres
- 12000+ Channel Partners

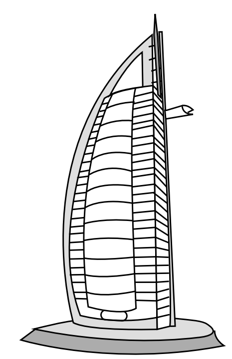
International

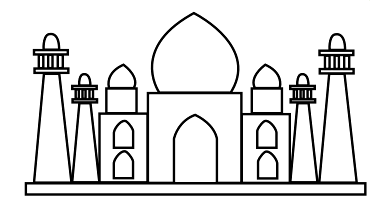
- In 20 Countries
- 14 Offices
- 7 Warehouses
- 60 Service Centres
- 2800+ Channel Partners

Automated Distribution Centres

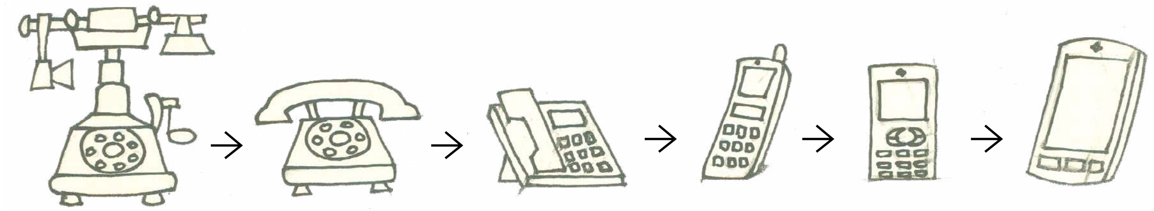
1 India 1 Dubai

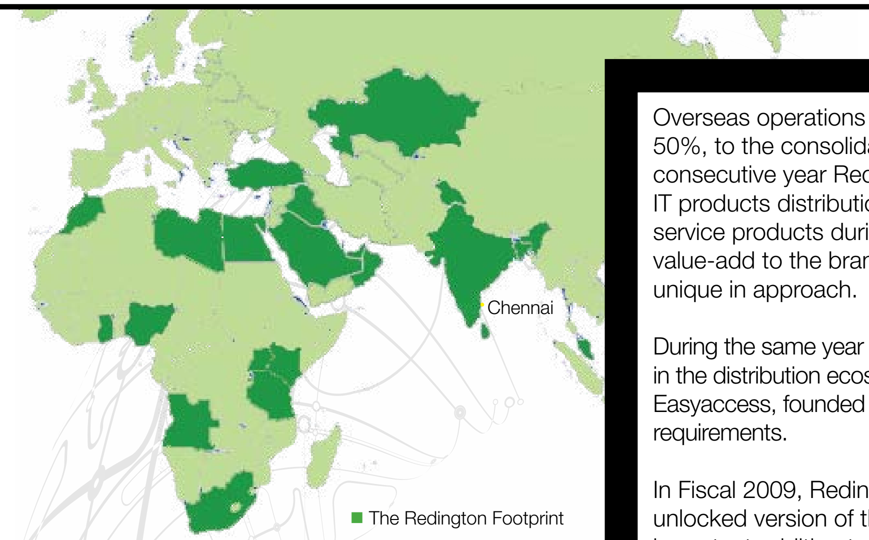






the transformation





Overseas operations continued to contribute a significant share, nearly 50%, to the consolidated earnings of Redington. In 2008 for the third consecutive year Redington bagged the top spot as the # 1 player in the IT products distribution in the MEA region. The company's capabilities to service products during the warranty and post warranty periods, was a big value-add to the brand owners and made the Redington business model unique in approach.

During the same year Redington, in a move to assist its channel partners in the distribution ecosystem, acquired 100% shareholding in the NBFC Easyaccess, founded on an easy credit system, to meet their financial requirements.

In Fiscal 2009, Redington sealed exclusive distribution rights for the unlocked version of the BlackBerry brand Smartphones, with RIM—an important addition to its commercial product portfolio. During the same year, Redington invested in building support services infrastructure to cater specifically to BlackBerry Smartphone customers in India and set up service centers in 10 cities. Redington was now the leading partner for Nokia in Nigeria, a large market for mobile handsets and distribution networks were also set up in Ghana and Kenya. In 2010, when Dell exited its 'All Direct' business model and sought distributors, the brand became a key addition to Redington's vendor bouquet in the Middle East.

During FY 11, Redington expanded its international footprint into Turkey, opening the door to new markets in Eurasia. It purchased 49.40% shares in a company listed on the Istanbul Stock Exchange, ARENA BILGISAYAR SANAYI VE TICARET ANONIM SIRKETI (Arena), whose culture and ways of doing business closely matched Redington's.

Redington's capability in offering end to end support to vendors included product launches and coordination of advertising. The company became a preferred partner for brands like Apple for simultaneous global product launches. The first of these was the iPad 2 launch in 2011 in India together with markets like Singapore and Hong Kong. This was a key offering at a time when social media had become a prime marketing tool for businesses and a social interaction medium for people across the globe. Gaming products like the Xbox Kinect from Microsoft and the PlayBook from RIM soon followed with global launches as well.

Redington is a 'management run' and 'professionally managed' company. In July 2011, the promoter group together with the company's strategic shareholder brought down their shareholding to below 25% each, which enabled Standard Chartered Private Equity to acquire a 11.99% stake in the company. The forward thinking leadership in Redington has helped the company stay ahead of its peers in all aspects of its business.

2008 - 2013

FY 2008

- #1 Player in IT products distribution in MEA
- 100% shareholding in NBFC Easyaccess

Business Week, USA rates

- 55th amongst top technology companies globally
- Global #3 in terms of total return to shareholders

FY 2009

- Distribution rights for the unlocked version of BlackBerry smart phones with RIM
- InvestCorp invested USD 65 mn in the company's MEA operations

FY 2010

- Leading partner for Nokia in Nigeria
- Started distribution business in Ghana & Uganda
- Signed up with DELL in the Middle East
- Support services infrastructure to cater specifically to BlackBerry smart phone customers

FY 2011

- arena — ARENA, Turkey (Listed on the Istanbul Stock Exchange) 49.40%
- Launch in India simultaneous with global launches: Apple iPad 2, Microsoft Xbox Kinect, RIM PlayBook

FY 2012

- Entered a strategic relationship with EMC for distribution of their storage products through Cadensworth.
- Redington Gulf FZE started distribution of Samsung mobile devices, in the Africa regions.
- Standard Chartered — StanChart PE 11.99%
- DQ Top Distributor award in India

Automated Distribution Centre

Chennai

2010

225,000 pallet sq. ft.

Superior Warehouse Management System

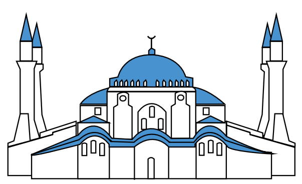
Well poised for 3rd Party Logistics opportunites

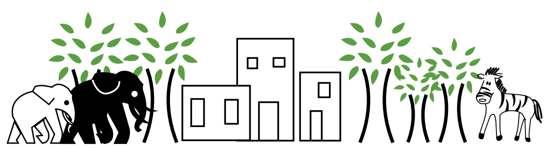
FY 2013

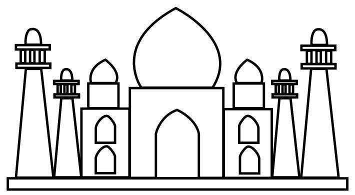
- Strategic move towards making the supply chain management division a neutral service provider.
- Wholly owned subsidiary, ProConnect Supply Chain Solutions Limited launched in 2012. It offers the entire gamut of warehousing and logistics services including Third Party Logistics (3PL) solutions.
- Operating as an independent entity under the brand 'Ensure' in the MEA markets. A neutral entity offering pre and post sales services.

Value Added Services

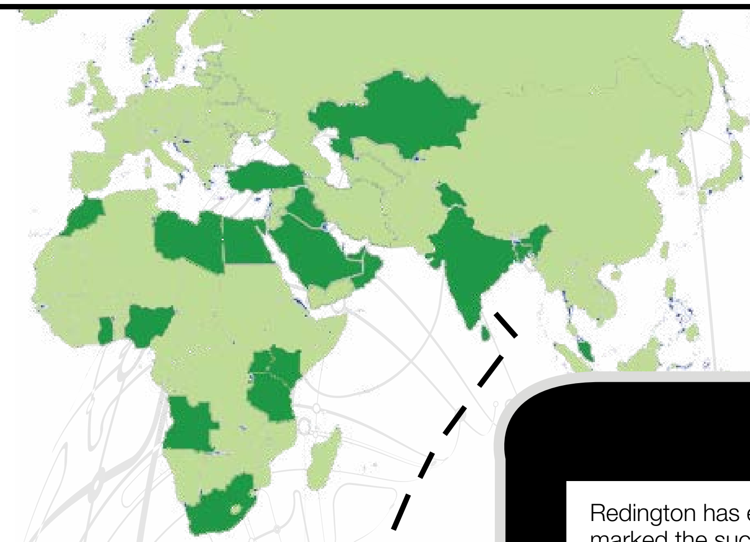
- Customised supply chain options
- Project financing and deliveries
- Training of Channel Partners
- 360 degree services







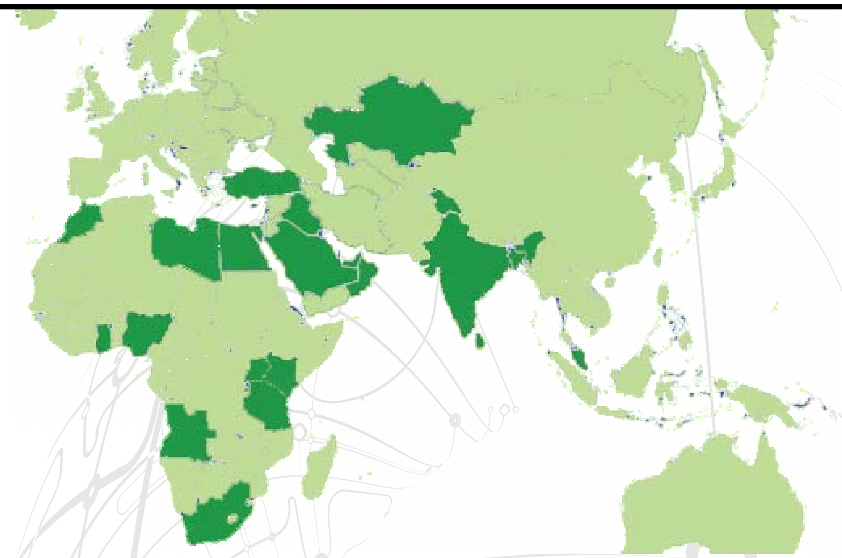
celebrating 20 years



Redington has etched many milestones in its twenty year history. FY12 marked the successful completion of five years of public listing for the company; tumultuous years as they were, in terms of global and local uncertainties. Starting with the Lehman crisis in 2008, followed by the meltdown in Dubai, and in quick succession the Arab Spring, "there was not a dull moment". Added to this was the political paralysis in decision making in India and the steep fall in the value of the rupee—all compounding the woes in the business environment. But despite these trying situations, Redington has over these twenty years delivered hallmark performance year after year. It has retuned dividends to its shareholders, consistently, from the time of listing. Diversity in geographies, a large combination of vendors, and a well balanced product portfolio have helped to keep Redington nimble and capable of taking advantage of available growth opportunities even in tough business environments.

In the twenty years that Redington has been in business it has grown from a Rupees 4 crore, single brand, single country distributor to a Rupees 24,200 crore supply chain solutions provider pan India, pan Middle East, and pan Africa—no small achievement and made possible by best in class skills and financial discipline. The Redington culture nurtures relationships, embraces superior work ethics, and promotes futuristic thinking. The rich emotional bank account it has built with its nearly 34,000+ channel partners, and the trust it has cultivated with its 100+ vendors globally, are matters of pride.

Redington has stayed ahead of the times since inception. It will continue to leverage its leadership in the distribution of emerging technologies, and solution based distribution capability, to increase presence in emerging markets like India, Sri Lanka, Bangladesh, Middle East, Turkey and Africa. Having started with just printers, the company now has an exhaustive product list including personal computers, digital technology products, gaming products, and lifestyle consumer products like Smartphones and tablets. Value added service offerings, the company's signature focus on adjacencies, has historically been the cornerstone of Redington's success. The future looks no different.



The Redington Culture

- Nurtures relationships
- Embraces superior work ethics
- Promotes futuristic thinking

Global Footprint

- 34,000+ Channel Partners
- 100+ vendors

Redington's Advantage

- Forward thinking management style
- End to end supply chain solutions capability
- Rich emotional bank account with channel partners

- Rupees 24,200 crore supply chain solutions provider
- Multi brand
- Pan India, pan Middle East and pan Africa

- Rupees 4 crore, single brand, single country distributor

message to shareholders

R Srinivasan

Raj Shankar

Dear Members,

Your Company celebrates its twentieth anniversary of operations this year. In the last two decades your Company has been in business, the year just finished has been the most challenging one. The uncertainties of policy direction, the weakening of the rupee together with the extreme volatility in India, the social unrest in many of the countries in the Middle East/North Africa region and the global shift in the market place from PCs to tablets and smartphones, made the year gone by very unpredictable.

In spite of the difficult environment your Company continued to grow in fiscal 2013 and posted 14.0% revenue growth and 10.4% PAT growth over fiscal 2012. For the second year in succession your Company showed a positive cash flow from operations. The Board of Directors of your Company has recommended a dividend of 20% on the face value of the shares, in line with last year.

With great satisfaction we would like to share with you that your Company was ranked by Data Quest - a leading IT Magazine in India, as the number 1 distributor. Redington Gulf-your Company's overseas subsidiary, was ranked by Channel Middle East as the number 1 distributor in the Middle East for the 7th consecutive year.

The benefits of diversification of operations to different regions in the world came to the fore this year. While India had its own problems related to governance issues which had a spill over on business and a much slower GDP growth, Turkey turned out to be a good investment. Arena's profits grew considerably and contributed to about 7% of your Company's profit in fiscal 2013. Your Company will continue to look at geographical expansion mainly through setting up green field operations. We have established a beachhead in Kazakhstan as we would now like to consider the cluster of the CIS countries for further expansion.

Similarly, brand and product diversification has also helped to sustain the growth of your Company. On account of BlackBerry's internal problems, your Company's decision to engage with Apple in their Smartphone segment commencing October 2012 enabled it to arrest the decline in revenues of BlackBerry. Furthermore, the combined sales of BlackBerry and Apple in fiscal 2013 were more than in fiscal year 2012 in the Smartphone category. The same is true of the PC business in Gulf where despite a steep drop in HP's and Dell's market share, your Company was able to increase its total revenue in PC business by partnering with Lenovo. Your Company's strategy of embracing geographical diversity and product/brand portfolio has proved to be of considerable value. Your Company by virtue of its pan India operations faces a variety of tax regulations in different states. The amount of tax paid by your Company in fiscal year 2013 was over Rs.1400 Crore, consisting of Customs Duties, Countervailing Duty, Sales Tax, Service Tax, Income Tax and Octroi. In many cases the applicability of the tax code is not clear cut and subject to interpretation. Your Company's track record shows that in the past when differences have occurred in interpretation, your Company's stand has been upheld by higher appeal forums in an overwhelming number of cases.

In the year 2008 to enable Investcorp to take a stake in Redington Gulf's operations, Redington India's holdings in Redington Gulf, was restructured. Prior to the restructuring we had taken the opinion of reputed tax lawyers including two of the Big Four Audit Firms, regarding the applicability of transfer pricing. The unanimous opinion was that Transfer Pricing was not applicable.

However in March 2013, the Tax authorities raised a demand of Rs.138 Crore and in addition, interest would be charged under the head of Transfer Pricing. We intend to defend our stand vigorously in higher appeal forums. A number of other Indian companies have also been issued Transfer Pricing demands. It is such incidents and the ambiguous nature of laws in India that render business outcomes in the country uncertain.

In February 2012, your Company had taken a 5 year term loan for USD 78 million to enable the buy-back of shares from Investcorp. This loan was at an all-inclusive interest rate of 3 months LIBOR +5.5% p.a. We have recently been able to refinance the loan at 3 months LIBOR +3.5% p.a. Going forward the intention is to pay back the loan from internal accruals over the tenor of the loan.

In the year under review "ProConnect" was set up as a logistics company in India to fulfil the logistic services requirement of Redington and other third party customers. We are happy to share with you that a number of companies apart from Redington, like Vodafone, Dorma, Kansai Paints, Benq, Lenovo, Acer have engaged ProConnect to provide a part or complete logistics solution.

With the planned introduction of GST in India going forward, logistics would be more focused on efficiency improvement rather complying with provincial tax requirements. ProConnect by virtue by handling over 80 principals of Redington in over 70 locations would have a major advantage while soliciting business from other companies. It is your company's intention to grow this business using the capacity available in existing warehouses. Once the business reaches a critical size and clarity is available on GST implementation, your company would evaluate the need to build additional logistic centres.

Easyaccess, the NBFC arm of the Indian operations had a transformational year. With the announcement of new regulations by the Central Bank (RBI) the original model on which the NBFC was planned and run had to undergo change. An important regulatory change was that factoring had to be conducted under a separate entity.

The slowdown in the economy increased the stress in the market place. The original model was to provide working capital finance to channel partners of Redington as well as of other industries. With demand being sluggish and risk higher than earlier, Easyaccess followed a prudent policy in terms of not increasing its book size. This meant higher nett interest margin and a lower profit than a year earlier. We continue to explore various ways to make Easyaccess of strategic relevance to Redington.

Your company's strategy is to spin off the key elements of distribution business into separate subsidiaries. Redington Gulf has housed its services business in a new subsidiary called 'Ensure'. This company would be a neutral services provider in the Middle East and Africa regions.

The outlook for the coming year is at best cloudy. There has been a substantial scale back of investment by large corporates in India. Many large government projects involving Information Technology implementation are awaiting approval. The consumer mood is sombre and there is a visible slowdown in consumer demand. Your Company which is the leader in the Digital products space both in India and the Middle East, would have to necessarily depend on market growth rather than market share growth across all product lines. In markets that your Company operates in, it would be your Company's endeavour to be the No.1 player and grow faster than the market.

One year is but a small period in the history of a Company. The markets in which your Company operates and the under penetration of the products your Company sells in these markets, offer a great opportunity for growth in the coming years. Your Company over the years has built good infrastructure in these markets which will not be easy for others to replicate. Over the long term your Company is well poised for growth.

Mr. William P. Adamopoulos, Publisher of Forbes Asia Edition, who was an Independent Director for the last 5 years expressed a desire to step down. His extensive travels in Asia made it difficult for him to be present in person to attend Board Meetings. His active participation at the Board Meetings has been beneficial to the Company.

During the year your Board has co-opted Mr. V.S. Hariharan and Mr. Keith WF Bradley as Independent Directors in your Company. Mr. Hariharan retired as Vice President - HP Asia Pacific after being with them for over 18 years. Mr. Bradley was till recently President of Ingram Micro in North America. Both Mr. Hariharan and Mr. Bradley bring in extensive relevant experience in the field in which your Company operates. Their experience would definitely benefit your Company. The brief particulars of Mr. Hariharan and Mr. Bradley are given separately in this Annual Report .

The Board of Directors at their meeting held on 22nd May 2013, has elevated Mr. Raj Shankar as the Joint Managing Director.

We wish to take this opportunity to thank our fellow Directors on the Board, employees and all other constituents for their support and more specifically our shareholders for their abiding trust in Redington, and look forward to their continued support in the coming years.

With warm regards

R. Srinivasan
Managing Director

Raj Shankar
Joint Managing Director

five years at a glance

standalone financials

(₹ in Crore)

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09	CAGR
Total Revenue	10,454.55	9,871.48	8,144.84	6,278.84	5,896.43	15%
EBITDA	342.80	321.24	249.92	201.60	173.87	18%
PBT	248.94	233.29	193.40	153.16	124.25	19%
PAT	171.37	156.81	128.44	99.46	80.69	21%
Networth	1,065.47	908.97	764.06	675.98	614.39	
Capital Employed	1,684.74	1,529.69	1,279.09	1,051.50	904.29	
EBITDA / Revenue	3.28%	3.25%	3.07%	3.21%	2.95%	
PAT / Revenue	1.64%	1.59%	1.58%	1.58%	1.37%	
Return on Average Capital Employed *	32.33%	35.01%	33.04%	31.67%	31.20%	
Return on Average Equity *	44.00%	50.03%	48.44%	38.97%	29.76%	
EPS (FV ₹2) (₹) #	4.29	3.94	3.25	2.54	2.07	
Book Value per Share (FV of ₹2) (₹)	26.69	22.81	19.28	17.19	15.78	

For EPS calculation-weighted average number of equity shares have been considered. During the year 2010-11, Face Value of shares got split from ₹ 10 to ₹ 2. EPS and Book Value for earlier years converted basis Face Value ₹ 2

* Investments made in wholly owned Subsidiaries & Dividend income received is excluded

consolidated financials

(₹ in Crore)

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09	CAGR
Total Revenue	24,210.38	21,222.02	16,722.66	13,277.65	12,375.99	18%
EBITDA	682.93	633.40	471.65	365.72	329.57	20%
PBT	462.41	450.33	351.00	275.92	219.02	21%
PAT	323.11	292.74	226.00	184.33	159.66	19%
Networth	1,640.68	1,322.48	1,255.32	1,075.72	1,002.20	
Capital Employed	3,947.11	3,477.61	3,186.28	2,464.57	2,226.51	
EBITDA / Revenue	2.82%	2.98%	2.82%	2.75%	2.66%	
PAT / Revenue	1.33%	1.38%	1.35%	1.39%	1.29%	
Return on average capital employed *	17.69%	18.44%	16.01%	14.59%	17.23%	
Return on average equity *	22.82%	23.93%	19.95%	17.74%	19.12%	
EPS (FV ₹2) (₹) #	8.10	7.35	5.72	4.70	4.10	
Book Value per Share (FV of ₹2) (₹)	39.46	33.18	31.67	27.36	25.74	

For EPS calculation weighted average number of equity shares have been considered. During the year 2010-11, Face Value of shares got split from ₹ 10 to ₹ 2. EPS and Book Value for earlier years converted basis Face Value ₹ 2

* 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—FY06 (Redington Distribution Pte Ltd and Cadensworth (India) Ltd) and FY08 (Easyaccess Financial Services Limited) and FY11 (Arena)

corporate information

chairman	Prof. J Ramachandran
managing director	R Srinivasan
joint managing director	Raj Shankar
whole-time director	M Raghunandan
directors	R Jayachandran Tu, Shu-Chyuan Lin Tai-Yang Nainesh Jaisingh N Srinivasan V S Hariharan Keith WF Bradley
company secretary	M Muthukumarasamy
statutory auditors	M/s Deloitte Haskins & Sells
internal auditors	M/s PricewaterhouseCoopers

bankers – india

ANZ Banking Group Ltd	Deutsche Bank	Kotak Mahindra Bank Ltd
Axis Bank Ltd	First Rand Bank Ltd	Standard Chartered Bank Ltd
Bank of Nova Scotia	HDFC Bank Ltd	State Bank of India
Barclays Bank PLC	ICICI Bank Ltd	The Hongkong & Shanghai Banking Corporation Ltd
BNP Paribas	IDBI Ltd	The Royal Bank of Scotland
Citibank	IndusInd Bank Ltd	Yes Bank Ltd
DBS Bank Ltd	ING Vysya Bank	

bankers – overseas

Axis Bank, Dubai	ICICI Bank, Bahrain	BNP Paribas, Singapore
Bank of Baroda, Dubai	ICICI Bank, DIFC	HSBC, Singapore
Barclays Bank, Dubai	Macquarie Bank, London	ICICI Bank, Singapore
BNP Paribas, Dubai	Mashreqbank, Dubai	Maybank, Singapore
Dubai Islamic Bank, Dubai	National Bank of Fujairah, Dubai	OCBC Bank, Singapore
Emirates NBD Bank, Dubai	Standard Chartered Bank, Dubai	Standard Chartered Bank, Singapore
First Gulf Bank, Dubai		UCO Bank, Singapore
HSBC, Dubai		

directors' report

To the Members,

Your Directors take pleasure in presenting their Twentieth Annual Report for the year ended March 31, 2013.

Financial Highlights

(₹ in Crore)

Particulars	Consolidated		Standalone	
	2012-13	2011-12	**2012-13**	2011-12
Net Sales /Income from operations	**24,164.66**	21192.99	**10,409.67**	9840.40
Add: Other Income	**45.72**	29.03	**44.88**	31.08
Total Revenue	**24,210.38**	21222.02	**10,454.55**	9871.48
Less: Total Expenditure				
a) Cost of goods sold	**22,738.05**	19934.75	**9821.41**	9280.90
b) Employee Benefits	**348.16**	280.37	**102.09**	97.53
c) Other Expenditure	**441.24**	373.50	**188.25**	171.81
Profit before Interest, Taxes, Depreciation and Amortization **(EBITDA)**	**682.93**	633.40	**342.80**	321.24
Less: Finance Cost	**182.65**	152.04	**83.86**	77.40
Less: Depreciation and Amortisation	**37.87**	31.03	**10.00**	10.55
Profit before Tax (PBT)	**462.41**	450.33	**248.94**	233.29
Less: Tax Expense	**115.07**	111.29	**77.57**	76.48
Profit after Tax (PAT)	**347.34**	339.04	**171.37**	156.81
Less: Share of loss of Associate	**0.03**	0.02	**Nil**	Nil
Less: Minority Interest	**24.20**	46.28	**Nil**	Nil
Net Profit for the year	**323.11**	292.74	**171.37**	156.81

Your Directors have made the following appropriations:

		(₹ in Crore)
Balance of Surplus brought forward from last year		425.16
Less: Dividend for the year 2011-12 including Dividend Distribution Tax on equity shares allotted under the ESOP scheme after the closure of that financial year		0.01
		425.15
Add: Net Profit for the year 2012-13		171.37
Profit available for appropriation		596.52
Less: Proposed Dividend @ ₹ 0.40 per Equity Share of ₹ 2/- each (i.e. 20%) for the year ended March 31, 2013	15.97	
Dividend Distribution Tax	0.26	
Transfer to General Reserve	12.85	29.08
Surplus carried forward		567.44

Dividend

Creating long term value to the shareholders by meeting financial commitments without diluting capital or increasing the debt base remains our single most important priority. Considering this objective, the continuing economic slowdown, our present financial commitments, and future cash flows, your Directors are pleased to recommend a dividend of ₹ 0.40 per equity share of face value ₹ 2/- each of the Company for the financial year 2012-13.

Financial Performance

The consolidated revenue of your Company was ₹ 24210.4 Crore as against ₹ 21222.0 Crore in the previous year with a CAGR of 18% for five years. The consolidated net profit for the year under review was ₹ 323.1 Crore as against ₹ 292.7 Crore in the previous year with a CAGR of 19% for the last 5 years.

The Standalone revenue of your Company was ₹ 10,454.6 Crore as against ₹ 9871.5 Crore in the previous year with Year-on-Year growth 5.9% with a CAGR of 15% for the last 5 years and the profit after tax was ₹ 171.4 Crore as against ₹ 156.8 Crore in the previous year with Year-on-Year growth 9.3% with a CAGR of 21% for the last 5 years.

The Earnings per Share (EPS) on a consolidated basis (based on weighted average number of shares) increased to ₹ 8.1 in the year under review as compared to ₹ 7.4 in the previous year. The EPS on standalone basis (based on weighted average number of shares) increased to ₹ 4.3 in the year under review as compared to ₹ 3.9 in the previous year.