REDINGTON

Annual Report 2006-07

GROWING
GLOBALLY

Contents

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

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 31st 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 15th February 2007, BSE has categorized the Redington scrip as part of its Midcap Index with effect from 16th 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
20th June 2007

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

NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Company will be held on Thursday, the 26th 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 31st 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 26th 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 1st 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 : 20th 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 20th day of July, 2007 to Thursday, the 26th day of July, 2007 (both days inclusive) for the purpose of payment of Dividend.

4. The Dividend when declared will be paid to the Members whose names appear in the Register of Members on the 26th 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.

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

Item No. 7

Mr. M. Raghunandan was re-appointed as a Whole-time Director for a period of five years with effect from 1st March 2004 on the terms and conditions and remuneration as approved by the shareholders at the Extra Ordinary General Meeting of the Company held on 26th March 2004.

Considering his contribution to the growth of the Company, the Board of Directors at their meeting held on 18th September 2006, approved the enhancement in the remuneration payable to Mr. M. Raghunandan with effect from 1st April 2006 as follows:-

Salary

Basic Salary	: Rs. 1,00,000/- per month
Allowances	: Rs. 79,250/- per month
Contribution to Provident Fund	: 12% of basic salary.
Leave Travel Allowance	: As per the policy of the Company

Performance Linked Bonus

As approved by the Board of Directors.

Perquisites

Medical Reimbursement - Actuals subject to a maximum of one month basic salary.

Telephone – The Company shall provide a telephone at the residence of Mr. M. Raghunandan and personal long distance calls on telephone will be billed by the Company.

Minimum Remuneration

The remuneration as set out above may be paid as the minimum remuneration to Mr. M. Raghunandan, Whole-time Director in the absence or inadequacy of profits in any financial year, provided that the total remuneration by way of salary, perquisites and any other allowance shall not exceed the ceiling provided in Section II of Part II of Schedule XIII of the said Act.

The Directors, therefore, recommend the resolution set out at item No. 7 for approval.

Except Mr. M. Raghunandan, none of the Directors of the Company are interested in this resolution.

This should also be treated as an abstract of the terms of appointment of the aforesaid Whole-time Director and the memorandum of interest of the Director in the said appointment, as contemplated under Section 302 of the Companies Act, 1956.

Item No. 8

With a view to broad base the Board, the Board of Directors at their meeting held on 2nd June 2006, inducted two persons of eminence as independent directors viz. Prof. J. Ramachandran and Mr. Steven A. Pinto. With their induction, the total number of Independent Directors in the Company became three. Their expertise and guidance in reviewing various areas of operations, accounts and audit, employee compensation and other areas of corporate governance are of immense benefit to the Company.

Other than the sitting fees for each meeting of the Board or a Committee thereof, the Independent Directors do not draw any remuneration from the Company.

Considering the contribution of such Independent Directors and other Non-executive Directors, it is proposed to pay the Non-executive Directors a commission out of net profits of the Company subject to applicable provisions of the Companies Act, 1956, with effect from the financial year ended 31st March 2007. The proportion and the manner of the division of the Commission amongst the Directors shall be determined by the Board of Directors.

The Directors recommend the resolution set out at item No. 8 for approval.

All the Directors of the Company except Mr. R. Srinivasan, Managing Director and Mr. M. Raghunandan, Whole-time Director are interested in this resolution.

Item No. 9

The Company has come out with an Initial Public Issue in January 2007 and for this purpose, it has appointed M/s. Cameo Corporate Services Limited, Chennai as the Registrar to the Issue. Subsequently, the Company has entered into a Share Transfer Agency Agreement with M/s. Cameo Corporate Services Limited for carrying out the share transfer work.

To facilitate the shareholders, the Board of Directors, at their meeting held on 17th May 2007, proposed to keep the Register of Members, Indices, Returns and Copies of certificates and documents 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 instead of being kept at the registered office of the Company at SPL Guindy House, 95, Mount Road, Guindy, Chennai - 600 032.

The above documents/records shall remain open for inspection during business hours at M/s. Cameo Corporate Services Ltd., from 1000 hours to 1300 hours except on Saturdays, Sundays and public holidays.

The Directors recommend the resolution set out at item No. 9 for approval.

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

Item No. 10

In the ‘Object of the Issue’ section of the Offer Documents filed by the Company with Registrar of Companies, Securities and Exchange Board of India and Stock Exchanges for its Initial Public Issue in January 2007, the Company has mentioned that pending utilisation for purposes stated in the offer documents, the funds would be deployed in bank fixed deposits and/or gilt edged Government Securities or Government Security based funds.

As per the estimated schedule given in the Offer documents, a part of issue proceeds would be utilised in phases till 2008-09 and are not immediately required for the purposes stated in the Offer documents.

Although the Company has invested the issue proceeds as stated in the Offer documents, it has been felt that instead of keeping the unutilised funds only in bank fixed deposits, it would be beneficial to the company to invest in high quality interest/dividend bearing liquidity instruments including deposits with banks, money market mutual funds and to manage the Company’s working capital requirements. Further, as your company's business model is working capital intensive, in order to reduce the interest cost and for making better utilisation of the funds, the IPO proceeds can be used for managing the company's working capital requirements.

The Company would however ensure that all the fund requirements for carrying out the "Objects of the Issue", as and when required, would be met from its internal accruals.

The Directors recommend the resolution set out at item No. 10 for approval.

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

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

Place : Chennai
Date : 20th June 2007

M. Muthukumarasamy
Company Secretary

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the Annual Report together with the Audited Accounts for the financial year ended 31st March 2007.

Initial Public Offer

During the financial year under review, your Company went to the Capital Market with an Initial Public Offer of 1,32,31,000 equity shares of Rs.10/- each for cash at a price of Rs.113/- per equity share aggregating to Rs.149.51 Crores. The issue was subscribed more than 43 times. Your Directors appreciate the confidence reposed by the investing community and their interest in the Company.

Share Capital

The aforesaid equity shares were allotted on 6th February 2007. Consequent upon the issue of equity shares through Initial Public Offer, the paid up equity share capital of the Company now stands increased to Rs.77.87 Crores comprising 7,78,65,746 equity shares of Rs.10/- each.

Listing of Equity Shares

The equity shares of the Company were listed on the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE), Mumbai with effect from 15th February 2007.

Financial Highlights (Rs. in Crores)

Particulars	Consolidated		Stand alone	
	2006-07	2005-06	**2006-07**	2005-06
Sales and Service Income	**9,061.39**	6,790.57	**4,712.57**	3,692.66
Other Income	**5.75**	2.99	**4.96**	2.85
Total Revenue	**9,067.14**	6,793.56	**4,717.53**	3,695.51
Total Expenditure				
a) Cost of goods sold	**8,659.45**	6,521.88	**4,512.01**	3,557.21
b) Trading Expenditure	**25.46**	23.87	**14.94**	9.25
c) Staff Cost	**80.36**	55.71	**40.46**	30.59
d) Other Expenditure	**103.40**	61.04	**48.36**	29.56
Profit before Interest, Depreciation and Tax	**198.47**	131.06	**101.76**	68.90
Interest	**57.94**	36.13	**32.64**	20.70
Depreciation	**13.28**	4.94	**3.49**	2.87
Profit before Exceptional Items and Tax	**127.25**	89.99	**65.63**	45.33
Add: Extinguishment of liability	**–**	2.37	**–**	–
Profit before Tax	**127.25**	92.36	**65.63**	45.33
Provision for Taxation	**25.55**	18.02	**23.21**	16.19
Profit after Tax	**101.70**	74.34	**42.42**	29.14

PRECISION IN DELIVERY

END-TO-END SCM SOLUTIONS

Your Directors have made the following appropriations out of the profits of the Company:-

Proposed Dividend @ 25% i.e. Rs.2.50 per share	: Rs.19.47 Crores
Dividend distribution tax	: Rs. 3.31 Crores
Transfer to General Reserve	: Rs. 4.24 Crores
Balance to be Carried Forward for the Current year	: Rs.15.40 Crores

Your Directors are pleased to recommend a dividend @ 25% on the fully paid-up equity shares for the financial year ended on 31st March 2007.

Performance

Your Company's revenues witnessed an impressive growth driven by the multi- pronged strategy of introduction of new products across various segments, value added services, aggressive marketing campaigns and leveraging long standing relationship with its vendors/channel partners.

Despite operations in difficult-to-penetrate, price sensitive and diverse geographies, your company has made all its endeavour to grow its Sales and PAT on a consistent basis.

The consolidated revenue of your Company was Rs. 9,067.14 crores as against Rs. 6,793.56 crores in the previous year a growth of 33.47% with a CAGR of 56.06% for the last five years. The consolidated profit after tax was Rs. 101.70 crores as against Rs. 74.34 crores in the previous year, a growth of 36.80% with a CAGR of 76.06% for the last five years.

The stand alone revenue of the Company was Rs. 4,717.53 crores as against Rs.3,695.51 crores in the previous year. The profit after tax was Rs. 42.42 crores as against Rs. 29.14 crores in the previous year.

The Consolidated Earnings Per Share (EPS) on weighted average number of shares increased to Rs.15.36 in the current year as compared to Rs.12.23 in the previous year.

Distribution Business

Robust growth in the IT products sale was observed in the country on the back of above 8% growth in the country's GDP for last financial year. Your Company being a leading distributor of these products, achieved a higher growth in its sales, by increasing the sales in its existing product lines and by addition of new product lines. In the process, your Company has partnered with more vendors like Gigabyte, HCL Infosystems, Hitachi, ViewSonic, Whirlpool, Kodak, 3COM for distribution of their range of products in India. Your Company's endeavour to foray into new verticals other than IT, has enabled the Company to enlarge its product offerings to its customers and increase its network of channel partners (which includes large format retail stores). Your Company is confident that the core competencies that were developed in IT distribution space can be replicated in other verticals too.

Your Company continues to enjoy excellent relationship with all its long standing suppliers like Hewlett Packard, Intel, IBM, Microsoft, Lenovo, Samsung, Epson, Computer Associates, Systimax, APC, Wipro, Cisco and Seagate.

As a result of its long business partnership with IBM, a "Tivoli Competency Center" has been set up at your Company's premises at Mumbai, which would provide Tivoli Partners across the country a platform for showcasing Tivoli products besides demonstrating the product capabilities. This Centre of Excellence will help partners who do not possess the requisite technical knowledge and/or skills to engage a distributor or IBM in their business transaction.

With the continuing growth of IT and ITES industries, the performance of the Company is expected to grow in the ensuing financial years.

Service Business

The demand for service providers is growing. Capitalising on this situation, your Company forayed into the service arena with the background of IT distribution. Your Company has increased its reach by opening 80 service centres through partners in addition to the existing 43 Redington Service Centres.

Your Company has maintained its leading position as an after sales service provider. The Technical Call Centre of your Company, efficiently supports and manages the service of HP Presario range of PC products.

During the financial year, the revenue from service business was Rs.57.95 crores compared to previous year of Rs.38.42 crores. Your Company could achieve this growth owing to a strong and well established network of service centres and good partner relationship coupled with online information system that provides better control and enables accountability and performance.

As a part of your Company's plan to enter high-end Telecom repair space, the Company has setup a High Level Repair Centre (HLRC). Your company has also continued to maintain service outlets in certain key metropolitan cities.

The repair and replacement activity being carried out by the Company's wholly owned subsidiary in India, M/s Cadensworth (India) Private Limited, had shown a consistent growth in terms of both revenues and earnings during the last financial year. The Company started servicing the products of Plantronics in addition to its existing line of products.

Overseas operations

Your Company's international business is conducted through two key subsidiaries, Redington Gulf FZE, Dubai and Redington Distribution Pte Ltd., Singapore. Its international operations in the Middle East, Africa, South Asia and Singapore reflect your company's ability to seamlessly manage diverse geographies.

Redington Gulf FZE, the wholly owned overseas subsidiary of your Company was rated as No.1 Distributor in the Middle East for the second year in succession by 'Channel Middle East'.

During the year, the revenue of Redington Gulf FZE and its subsidiaries grew by over 60% while the profit grew over 30%. Apart from the organic growth in the IT vertical, the subsidiary's growth was enabled by addition of the telecom vertical, which had its first full year of operation. The subsidiary has also continued to grow organically by adding new vendors largely in the better margin space like Cisco, Sonic Wall, etc.

Redington Gulf FZE is in the process of selecting a suitable space in Jebel Ali Free Zone Area, Dubai for setting up an Automated Distribution Centre and is exploring various options to quicken the process. Recently, Redington Gulf FZE, has formed a new subsidiary in Bahrain and had invested a sum of Rs.0.41 crores to start in-country operations in that country.

During the year, Redington Gulf demonstrated highest growth in West Africa for HP products and bagged the Best Distributor Award. Redington Gulf was also awarded by NOKIA as Best Domestic Value Capturer for Middle East and Africa.

Credit Rating

Your Company continues to enjoy the highest rating 'P1+' (read as P one plus) for short term borrowings from CRISIL, a Standard and Poor Company, for Rs. 300 crores indicating very strong financial position.

Employee Share Purchase Scheme

Pursuant to the approval of the shareholders at the Annual General Meeting held on 1st July 2006 for grant of 15,52,500 equity shares of Rs. 10/- each to the employees of your Company and its subsidiaries, the Board has approved issue of 15,52,500 equity shares of Rs.10/- each at a price of Rs. 62/- per share to Redington Employees Share Purchase Trust.

The details of the equity shares granted under the Redington (India) Limited - Employee Share Purchase Scheme are given in Annexure-A.

Utilisation of the Initial Public Issue proceeds

Your Company has been deploying the initial public issue proceeds in accordance with the IPO offer document.

The details of utilisation of IPO proceeds upto 31st March 2007 are given below:

Details	Rs. in Crores	
Proceeds from issue of shares		149.51
Less : Utilisation of funds		
- Towards investments for the purposes stated in the Offer Document	86.86	
- Share issue expenses paid	3.57	
		90.43
Unutilised IPO Funds		59.08

The unutilised IPO funds are kept as Fixed Deposits with banks.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of your Company, Mr. Huang Chi Cheng, Mr. Hu, Jia Lung and Mr. Raj Shankar, Directors will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm:

a. that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

b. that appropriate accounting policies have been selected and applied consistently and that the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31st March 2007 and of the profit of your Company for the said year;

c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;

d. that the annual accounts have been prepared on a going concern basis.

Particulars of Employees

Information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is appended to and forms part of this report in the Annexure-B.

Auditors

Messrs. Deloitte Haskins & Sells, Chartered Accountants, Chennai, the retiring auditors being eligible, offer themselves for re-appointment.

Additional information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.

Energy Conservation

As your Company is not engaged in manufacturing activities, the reporting requirement in energy conservation is not applicable. However your Company takes all efforts to conserve energy wherever possible like power, water, etc.

Expenditure on Research & Development

Your Company's business is such that there is no requirement for research activities and hence no expenditure was incurred during the financial year on this account.

Foreign Exchange Inflow / Outflow

Your Company earned/spent foreign exchange as under during the year.

Earnings	:	Rs. 64.06 crores
Outflow	:	Rs.1,149.54 crores

Particulars of subsidiary company

In response to the Company's application under Section 212(8) of the Companies Act, 1956, the Ministry of Corporate Affairs, granted exemption from annexing the accounts of the Subsidiary Companies with the accounts of the Company.

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.

Acknowledgement

Your Directors wish to place on record their appreciation for the continued co-operation received by your Company from its Suppliers, Bankers and Customers and also acknowledge the contribution made by the employees.

The Board also wishes to place on record its gratitude to the Members and Investing public for the confidence reposed in your Company and look forward to their continued support.

On behalf of the Board of Directors

Place : Chennai
Date : 17th May 2007

J. Ramachandran
Chairman

Annexure - A

The details of the equity shares granted under the Redington (India) Limited - Employee Share Purchase Scheme are given below:-

(a) the details of the number of shares issued in ESPS	15,52,500 equity shares
(b) the price at which such shares are issued	Rs.62/- per share
(c) Employee-wise details of equity shares granted to	
(i) (a) Directors	5,86,144 equity shares
(b) Senior Management Team (Key Managerial Personnel)	1,26,626 equity shares
(c) Other Employees/ESPS Trust	8,39,730 equity shares
(ii) Employees holding 5% or more of the total number of equity shares issued during the year	NIL
(iii) Identified employees who were issued shares, during any one year equal to or exceeding 1% of the issued capital of your Company at the time of grant.	NIL
(d) Diluted EPS pursuant to issue of shares under ESPS	Rs. 6.41
(e) Consideration received against the issuance of shares.	Rs. 9,62,55,000/-

Annexure - B

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules,1975, and forming part of the Directors' report for the year ended 31st March 2007

Sl.No.	Name	Designation	Qualification	Age	Date of Joining	Experi-ence (Years)	Gross Remunera-tion (Rs.)	Previous Employment & Designation
1	M Raghunandan	Director	B.E., MBA	59	5-Jan-98	36	31,25,068	Indian Food Fermentations Ltd. - President
2	P S Neogi	President	B.E.	49	1-Apr-00	21	26,14,230	Elof Hansson (India) Pvt. Ltd. - Marketing Manager
3	E H Kasturi Rangan	President	B.Sc, FCA, Grad. CWA CFA, BGL	43	1-Oct-02	15	24,25,747	Chartered Accountant in Practice
4	Ramesh Natarajan	Vice President	B.Com	39	25-Aug-97	17	26,40,377	Pertech Computers Ltd. - Area Sales Manager
5	J K Senapati	Vice President	B.Sc., PGDM	41	15-Jun-98	15	28,64,590	Sinar Mas (India) Pvt. Ltd. - Divl. Marketing Manager

Part of the Year

1	Ramesh Raj	Vice President	B.E.	36	25-Sep-96	13	13,98,331	TVS Electronics Ltd. - Business Planner

3com	acer Empowering People	APC Legendary Reliability™	ASUS COMMITMENT TO QUALITY	bea Think liquid.
BenQ	ca	Canon	CISCO SYSTEMS	EMC² where information lives
EPSON	FUJITSU	hp invent	HCL	HITACHI
IBM	intel	imation	lenovo	LG
LINKSYS A Division of Cisco Systems, Inc.	McAfee	Microsoft	MOTOROLA	NOKIA
Quantum.	SAMSUNG ELECTRONICS	Seagate	SIEMENS	SONICWALL
SYBASE	symantec.	SYSTIMAX SOLUTIONS	Transcend	TVS ELECTRONICS
tyco Electronics	ViewSonic	WD Western Digital	WIPRO Applying Thought	XEROX

THE BRAND BEHIND BRANDS

REPORT ON CORPORATE GOVERNANCE

(The Company's shares were listed on The National Stock Exchange of India Limited and Bombay Stock Exchange Limited, Mumbai on 15th February 2007. Accordingly, the provisions of Clause 49 of the Listing Agreement is applicable for the period commencing from 15th February 2007.)

1. A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY AND CODE OF CORPORATE GOVERNANCE

Your Company has been practising the principles of good corporate governance over the years. It believes that good corporate governance practices facilitates maximising value for all its stakeholders. Your Directors codified the existing best practices in your Company including value system, business integrity, probity and honesty and this has resulted in formulating the code of Business Conduct and Ethics. The objective of this code is to ensure strict adherence to company's best practices and consistently improve upon them. The Board and the Management is committed to uphold the highest standards of corporate governance and ethics in accordance with the Code.

2. BOARD OF DIRECTORS

The Board of Directors has an optimal combination of Whole-time, Non-executive and Independent Directors. The Board comprises of nine Directors and the Chairman of Board is an Independent Director. During the financial year the Board of Directors of the Company met eight times on 12/04/06, 24/05/06, 02/06/06,09/06/06, 01/07/06, 18/09/06, 19/10/06 & 17/02/07.

Name	Category	Directorship in other Indian Public Companies	Committees of other Indian Public Companies.		No. of Board Meetings attended	Whether Attended last AGM
			Member-ship	Chairman-ship		
Prof. J. Ramachandran (Appointed w.e.f 02/06/06)	Non-executive Chairman, Independent Director	6	3	3	2	No
Mr. R. Jayachandran	Non-executive Director	Nil	Nil	Nil	2	No
Mr. Huang Chi Cheng*	Non-executive Director	Nil	Nil	Nil	None	No
Mr. Hu, Jia Lung*	Non-executive Director	Nil	Nil	Nil	None	No
Mr. R. Vijayaraghavan	Independent Director	10	6	2	8	Yes
Mr. Steven A Pinto (Appointed w.e.f 02/06/06)	Independent Director	Nil	Nil	Nil	3	No
Mr. R. Srinivasan	Managing Director	Nil	Nil	Nil	6	Yes
Mr. Raj Shankar*	Non-executive Director	Nil	Nil	Nil	3	No
Mr. M. Raghunandan	Whole-time Director	Nil	Nil	Nil	8	Yes
Mr. A.S. Varadharajan	Alternate Director to Mr. Huang Chi Cheng	Nil	Nil	Nil	5	No
Mr. Lin Ching Yao	Alternate Director to Mr. Hu, Jia Lung	Nil	Nil	Nil	2	No

* Information regarding re-appointment of Directors retiring by rotation as required under the provisions of Clause 49 of the Listing Agreement is given in other part of the Annual Report.

Some of the important items discussed at the Board meetings are listed below :

1. Annual Business Plan.
2. Investments.
3. Employee Share Purchase Scheme and matters related thereto.
4. Further issue of equity shares through Initial Public Offering
5. Appointment of Mr. R. Srinivasan as Managing Director
6. Appointment of Prof. J. Ramachandran and Mr. Steven A. Pinto as Additional Directors
7. Enhancement of remuneration payable to Whole-time Director.
8. Appointment of Mr. M. Muthukumarasamy as Company Secretary.
9. Listing of equity shares on the National Stock Exchange of India Ltd and Bombay Stock Exchange Ltd.
10. Application to Central Government under Section 212 of the Companies Act, 1956 seeking exemption from attaching the annual accounts of the subsidiaries.
11. Formation of Remuneration Committee and Shareholders'/Investors Grievance Committee.
12. Consideration and approval of sale of property at Guindy, Chennai.
13. Approval of Code of Business Conduct and Ethics.
14. Adoption of Annual accounts.

3. AUDIT COMMITTEE

The Audit Committee of Directors was constituted on 23rd August 2002 to review various areas of Accounting, Audit and Internal Control. The Committee comprises of Mr. R. Vijayaraghavan, Prof. J. Ramachandran and Mr. Raj Shankar as its members. Mr. R. Srinivasan is an ex-officio member. Mr. R. Vijayaraghavan, Independent Director, is the Chairman of the Committee. Mr. M. Muthukumarasamy, Secretary of the Company acts as the Secretary to the Audit Committee.

The Committee met 4 times during the financial year 2006-2007 on 02/06/06, 19/10/06, 18/11/06 and 17/03/07. It is to be noted that the Company was listed only on 15th February 2007.

Name	Meetings attended
Mr. R. Vijayaraghavan	4
Prof. J. Ramachandran (Appointed as a member w.e.f 02/06/06)	2
Mr. Raj Shankar (Appointed as a member w.e.f. 02/06/06)	1
Mr. R. Srinivasan (Ceased to be a member w.e.f. 02/06/06)	1
Mr. M. Raghunandan (Ceased to be a member w.e.f. 02/06/06)	1

Terms of reference of the Audit Committee include:

- reviewing the Company's financial reporting process and disclosure of financial information;
- reviewing the Company's financial and risk management policies, acquisition/sale of fixed assets and investments;
- periodical interaction with external and internal auditors;
- reviewing the findings of external and internal auditors with reference to management response on matters of material nature;
- reviewing the scope of the internal audit plan, procedures, adequacy of the internal audit functions and discussions with auditors in relation to the adequacy of internal control systems;
- reviewing operations on quarterly, half yearly and annual intervals and financial results and the annual accounts;
- reviewing accounting policies and accounting standards applicable to the Company and ensuring compliance in accordance with the requirement of the Companies Act, 1956;
- suggesting the appointment of and remuneration payable to the external and internal auditors;
- ensuring compliance of applicable laws;

4. SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

The Shareholders'/Investors' Grievance Committee was constituted on 2nd June 2006. It comprises of Prof. J. Ramachandran, Mr. R. Srinivasan and Mr. M. Raghunandan as its members. Prof. Ramachandran is the Chairman of the Committee. Mr. M.Muthukumarasamy, Company Secretary is the Compliance Officer.

The Committee met 2 times during the financial year 2006-2007 on 19/10/06 and 17/02/07.

Name	Meetings Attended
Prof. J. Ramachandran	1
Mr. R. Srinivasan	2
Mr. M. Raghunandan	2

Details of investor complaints during the year ended 31st March 2007:

After the public issue and during the year ended 31st March 2007, 583 complaints were received, out of which 579 complaints were disposed off and 4 complaints were unresolved at the end of the year, which were since resolved.

5. REMUNERATION COMMITTEE :

The Remuneration Committee was constituted on 2nd June 2006. It comprises of Mr. Steven A. Pinto, Mr. R. Srinivasan and Mr. M. Raghunandan as its members. Mr. Steven A. Pinto is the Chairman of the Committee.

The Remuneration Committee determines the Company's remuneration policy, having regard to performance standards and existing industry practice. The Remuneration Committee, *inter alia*, determines the remuneration payable to your Directors.

Remuneration to Directors

- The remuneration to Whole-time Director has been reviewed by the Remuneration Committee and confirmed by the Board of Directors.
- Independent Directors are paid sittings fees for attending the meetings of Board and Committee.
- In addition, the Non-executive Directors are to be remunerated by way of commission for the year ended 31st March 2007 upto a limit of one percent of the net profits of the Company and as approved by the Board from time to time.
- There are no particular pecuniary relationships or transactions of the Non-executive Directors' vis-à-vis the Company.
- All elements of remuneration package for all directors have been provided in the statement hereinafter.

Details of remuneration paid/payable to all the Directors for the period from 01/04/06 to 31/03/07:-

(Rs. in Lakhs)

Name of Director	Salary	Perquisites	Performance Linked Bonus	Sitting Fees
Prof. J. Ramachandran	-	-	-	0.50
Mr. R. Jayachandran	-	-	-	-
Mr. Huang Chi Cheng	-	-	-	-
Mr. Hu, Jia Lung	-	-	-	-
Mr. R. Vijayaraghavan	-	-	-	0.40
Mr. Steven A Pinto	-	-	-	0.15
Mr. R. Srinivasan	-	-	-	-
Mr. Raj Shankar	-	-	-	-
Mr. M. Raghunandan	21.56	1.69	16.00	-

Provision for commission to Non-executive Independent Director of Rs.12.45 Lakhs has been made in the annual accounts which will be disbursed after approval of such commission by the members at the ensuing Annual General Meeting.

Shareholding of our Directors in the Company:-

Sl.No.	Name of the Director	No.of Shares	% to the total equity capital
1.	Mr. Raj Shankar	486,144	0.624
2.	Mr. M. Raghunandan	100,010	0.128

6. CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS AND SENIOR MANAGEMENT

The Company has adopted a Code of Business Conduct and Ethics (the Code) for Directors and Senior Management Team with an objective to ensure strict adherence to the Company's best practices and consistently improve upon them.

The Code has been circulated to all the members of the Board and Senior Management Team and they have affirmed compliance of the same.

The declaration signed by the Managing Director is given below:-

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Team affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and Senior Management Team in respect of the financial year 2006-07.

R. Srinivasan
Managing Director

7. GENERAL BODY MEETINGS

Location and time of last 3 Annual General Meetings

Year	Location	Date	Day	Time
2005-2006	SPL Guindy House, 95, Mount Road, Guindy, Chennai-600 032	01-07-06	Saturday	10.00 A.M.
2004-2005	SPL Guindy House, 95, Mount Road, Guindy, Chennai-600 032	22-09-05	Thursday	11.00 A.M.
2003-2004	SPL Guindy House, 95, Mount Road, Guindy, Chennai-600 032	08-09-04	Wednesday	11.00 A.M.

No special resolutions were put through postal ballot last year. At present, there are no resolutions which are required to be passed by postal ballot.

Special resolutions passed in the previous 3 Annual General Meetings

Year	Special resolution passed
2005-2006	Approval for further issue of equity shares to Employees of the Company and its Subsidiaries under the Employees Share Purchase Scheme Approval for further issue of equity shares through Initial Public Offer Amendment to Memorandum and Articles of Association of the Company.
2004-2005	NIL
2003-2004	Approval for further issue of equity shares.

VENDOR AWARDS 2006-07

INTERNATIONAL

"Best Distributor Award ME - PSG and IPG" – from HP

"Largest growth in 2006 in West Africa" - from HP

"Best Notebook Channel – MENA" – from Acer

"Best Domestic Value Capturer for ME & A in 2006" – from Nokia

"Exceptional Performance - 2006" – from Western Digital

"Best Service Partner UAE 2006" – from Fujitsu Siemens

INDIA

"Best Distributor in India" - from COMPUTER ASSOCIATES.

"Partner of the Year (Asia Pacific)" - from SYBASE

"Top Partner of the Year – GOLD" - from BEA SYSTEMS

"Platinum Distributor" - from IBM.

"Best Performance as a Value Added Distributor" - from IBM.

"Best Distributor Performance in p-Series & Storage Business" - from IBM.

"Best Distributor Performance in Software Business" - from IBM.

"Best Distributor Performance in System-i Business" - from IBM.

"Global Services Sales Leadership" - from IBM.

"Global Services Business Partner Leadership" - from IBM.

"Top Distributor for India & SAARC" - from CISCO.

"Best Distributor for HP Commercial Desktops & Laptops in the run-rate space" - from HP.

"Distributor Sultan of India for the Commercial Personal Systems Group Business" - from HP.

"Distributor Sultan of India for the Technology Systems Group Business" - from HP.

"Outstanding Contribution to the success of Consumer Support India IPG" - from HP

8. DISCLOSURES

RELATED PARTY TRANSACTIONS

Related Party transactions are defined as transactions of the Company of material nature, with Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

There are no transactions during the year 2006-2007 that are prejudicial to the interest of the Company.

RISK MANAGEMENT

The Company's internal control systems are adequate and are regularly tested and reviewed by the internal auditors and the Audit Committee. The Company has also laid down various processes and systems to minimise its risk.

At its meetings, the Board of Directors have been updated with the probability of various business risks related to technological change, relationship with vendors, competitive markets, and the steps initiated to control them.

PROCEEDS FROM PUBLIC ISSUES

The proceeds of the Initial Public Offer are being utilised for the purpose stated in the offer document. The details of utilisation of the issue proceeds are given as part of the Directors' Report.

NON COMPLIANCE BY THE COMPANY, PENALTIES, STRICTURES ON MATTERS RELATED TO CAPITAL MARKET

The Company has complied with the requirements of the Stock Exchange/SEBI/any Statutory Authority on all matters related to capital markets during the last three years. There were no penalties strictures imposed on the Company by Stock Exchange or SEBI or any statutory authorities relating to the above.

COMPLIANCE WITH CORPORATE GOVERNANCE NORMS

The Company has complied with the requirements of Corporate Governance Norms as enunerated in Clause 49 of the Listing Agreement with the Stock Exchanges effective from the date of listing of the equity shares of the Company. As regards the non-mandatory requirements, the Company has constituted a Remuneration Committee as detailed in the earlier paragraph.

9. MEANS OF COMMUNICATION

a) As your Company's shares are listed in the Stock Exchanges from 15th February 2007, your Company is required to publish un-audited quarterly results from the quarter ended 31st March 2007. Accordingly the last quarter and annual results were published in Business Standard, Business Line (English) and in Makkal Kural (Tamil) Newspapers and is displayed on the website of the Company – 'www.redingtonindia.com'.

b) The Management Discussion and Analysis forms part of the Annual Report.

10. GENERAL SHAREHOLDERS' INFORMATION

a) Annual General Meeting

Date : Thursday, 26th July 2007

Time : 10.00 A.M.

Venue : Narada Gana Sabha, Main Hall, No.314, T.T.K. Road, Chennai - 600 018

b) Financial Calendar (Tentative Calendar for the financial year 2007 - 2008)

Adoption of Results for the quarter ending 30th June 2007	:	25th July 2007
Adoption of Results for the quarter ending 30th September 2007	:	25th October 2007
Adoption of Results for the quarter ending 31st December 2007	:	24th January 2008
Adoption of Results for the quarter ending 31st March 2008	:	30th April 2008

c) Book Closure : From Friday, 20th July 2007 to Thursday, 26th July 2007

d) Dividend payment date : Before 24th August 2007

e) Listing on Stock Exchanges

The shares of the Company were listed on the National Stock Exchange of India Limited and Bombay Stock Exchange Limited, Mumbai with effect from 15th February 2007.

Listing fees for the period April 2007 to March 2008 have been paid to National Stock Exchange of India Limited and Bombay Stock Exchange Limited, Mumbai.

f) Stock Code

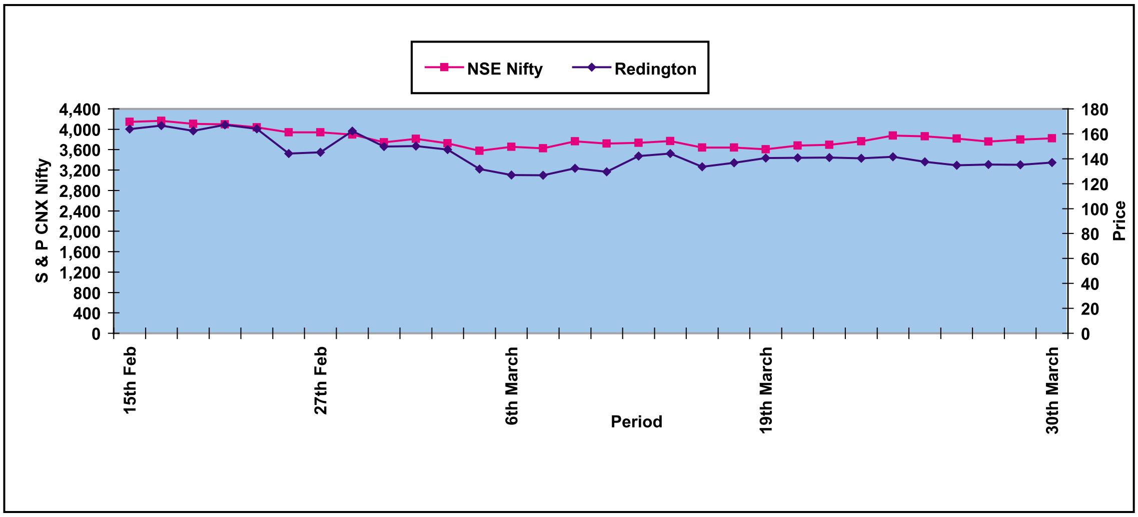
Trading Symbol on National Stock Exchange of India Ltd : "REDINGTON"

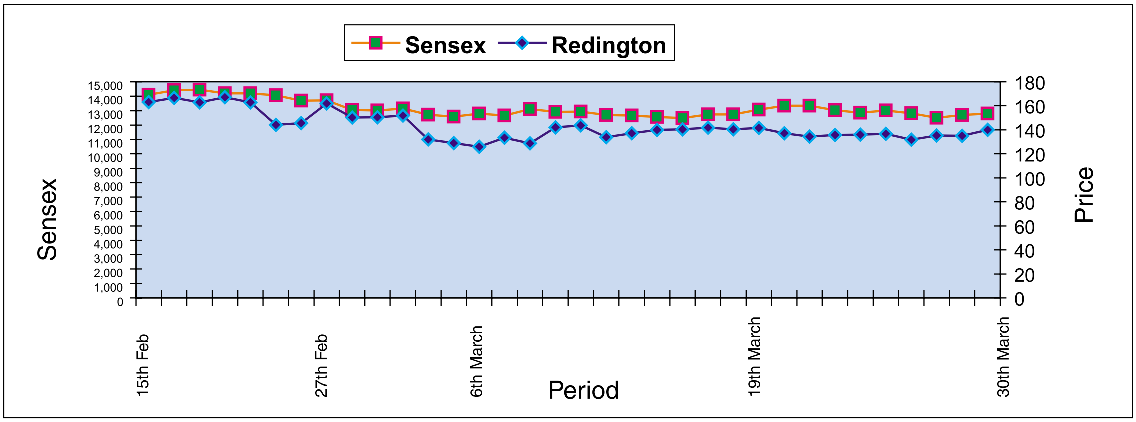
Trading Symbol on Bombay Stock Exchange Ltd, Mumbai : "532805"

g) Market price data (Rs.)

Month	High	Low	Close
February, 2007	167.20	144.15	149.75
March, 2007	150.20	126.65	137.00

(Source : National Stock Exchange of India Ltd. – Closing Price)





h) Registrar and Share transfer agents

The Company has appointed M/s. Cameo Corporate Services Limited, as the Registrar and Share Transfer Agents for the shares of the Company held in both physical and electronic modes. All correspondence with regard to share transfers and matters related therewith may directly be addressed to the Registrar and Share Transfer Agents at the address given below:-

Cameo Corporate Services Limited.
'Subramanian Building',
No.1, Club House Road,
Chennai 600 002.
Phone No : +91 44 2846 2700
Fax No : +91 44 2846 0129
Email : redington@cameoindia.com
Website : www.cameoindia.com

i) Share Transfer System

The shares received in physical mode by the Company's Registrars and Share Transfer Agents are transferred within a period of 15 days from the date of receipt.

j) Distribution of Shareholding as on 31st March 2007

Share Holding	No. of Shareholders	% of total	No of Shares	% of total
Upto-500	27,576	97.24	20,77,208	2.67
501-1000	374	1.32	3,09,981	0.40
1001-2000	149	0.53	2,25,057	0.29
2001-3000	56	0.20	1,43,448	0.18
3001-4000	31	0.11	1,09,423	0.14
4001-5000	27	0.10	1,27,960	0.16
5001-10000	59	0.20	4,48,690	0.58
10001-and above	85	0.30	7,44,23,979	95.58
Total	**28,357**	100.00	**7,78,65,746**	100.00

Statement showing Shareholding Pattern as on 31st March 2007

Category	No of Holders	No of Shares	% of Shareholding
Promoter Holding			
Foreign Bodies Corporate	1	3,39,01,595	43.54
Total of Promoter Holding	**1**	**3,39,01,595**	**43.54**
Non Promoter Holding			
Institutions			
Mutual Funds/ UTI	6	7,49,254	0.96
Financial Institutions / Banks	2	14,915	0.02
Foreign Institutional Investors	20	81,36,658	10.45
Non Institutions			
Bodies Corporate	531	3,03,20,224	38.94
Indian Public	27,388	35,01,627	4.50
NRI's/OCB's/Foreign Nationals	263	11,51,659	1.48
Others	146	89,814	0.11
Total of Non Promoter Holding	**28,356**	**4,39,64,151**	**56.46**
Grand Total	**28,357**	**7,78,65,746**	**100.00**

k) Dematerialisation of shares and Liquidity

Dematerialisation of shares :

The shares of the Company are compulsorily traded in dematerialised form by all categories of investors. As on 31st March 2007, 69.70% shares of the Company are held in dematerialised form.

Liquidity of shares :

The shares of the Company are traded in the "B1" Group and as part of BSE's Midcap Index.

l) There are no outstanding GDRs/ADRs/Warrants or any Convertible instruments.

m) Plant locations

Since your Company is in the business of Supply Chain Solution Provider, there is no manufacturing plant for your Company. However the Company has the following distribution offices, warehouses and service centres both in India and Overseas.

Particulars	**India Operations**	**Overseas Operations**
Sales offices	39	14
Warehouses	50	7
Service Centres	43	12

n) Address for Correspondence

The shareholders may address their communication/suggestions/grievances/queries to the Registrar and Share Transfer Agents at their addresses mentioned above or to :

The Company Secretary
Redington (India) Limited
Wescare Towers, No16, Cenotaph Road,
Teynampet, Chennai-600 018.
Tel. No.: +91 44 3918 1300
Fax : +91 44 3918 1333
Email : investors@redington.co.in

o) Company Website

The Company has its website namely www.redingtonindia.com. This provides detailed information about the Company, its products and services offered, locations of its corporate office and various sales offices etc. The quarterly results, annual reports and shareholding patterns are updated on the website of the Company.

CERTIFICATE UNDER SUB CLAUSE V OF CLAUSE 49 OF LISTING AGREEMENT

We, R. Srinivasan, Managing Director and S.V. Krishnan, Chief Financial Officer of the Company hereby confirm and certify that -

a. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief :

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the auditors and the Audit committee

   i. significant changes in internal control over financial reporting during the year;

   ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place : Chennai	**R. Srinivasan**	**S.V. Krishnan**
Date : 15th May 2007	Managing Director	Chief Financial Officer

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of Redington (India) Limited

We have examined the compliance of conditions of corporate governance of Redington (India) Limited for the year ended March 31, 2007, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that four investor grievances were pending against the company as at March 31, 2007 as per the records maintained by the Shareholders/ Investors Grievance committee, which have subsequently been resolved.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Deloitte Haskins & Sells
Chartered Accountants

Bhavani Balasubramanian
Partner
Membership No. 22156

Place : Chennai
Date : May 17, 2007

A WIDE PAN-INDIA PRESENCE

MANAGEMENT DISCUSSION AND ANALYSIS

In the last two years the Company has been transforming itself from a pure IT products distribution Company to an end-to-end supply chain solution provider across many verticals and geographies. While IT products still constitute a large portion of the revenues, over the coming years, we expect the non-IT products and services share to increase. Some of the verticals where the Company has made a foray are telecom products, gaming consoles and titles, digital lifestyle products and consumer durables.

The Company provides Supply Chain Solutions to over 40 international brands and relationship with major brands have been for years. Some of these brands are Hewlett Packard, Epson, Intel, Microsoft, IBM, Samsung, Acer, APC, HCL, Cisco, Wipro, Xerox, Nokia, Lenovo, Linksys and Seagate. Through its network of over 57 warehouses, the Company distributes products to over 15,000 resellers across the geographies in India, Middle East, Africa and Singapore.

The Consolidated turnover for the fiscal 2007 grew by 33.44% to touch Rs. 9,061.39 Crores, while the Profit before Tax grew by 37.78% to Rs.127.25 Crores and the Profit after Tax was Rs.101.70 Crores – an increase of 36.80% over the previous year.

The discussion starts with the industry structure & the company's business, strengths, risks & concerns followed by an analysis of the Company's consolidated and stand alone financials.

1. INDUSTRY STRUCTURE & NATURE OF BUSINESS:

a) Structure

Globally the products distribution and services industry generally consists of traditional distribution business, fee based supply chain services business and after sales service business.

In the traditional distribution model, the distributor buys, holds title to and sells products and /or services to resellers who, in turn, sell directly to end-users or other resellers.

Fee based supply chain services encompass the end-to-end functions of supply chain, taking a product from the point of manufacturing through delivery to the customer, but not take market risk or inventory risk.

After-sales services are fee-based services provided to customers on behalf of vendors during the warranty period and directly to the end customers during the post warranty period.

b) Nature of Business

The Company provides end-to-end supply chain solutions for all categories of IT (Information Technology) products (PCs, Peripherals, PC building blocks, networking products, software products and enterprise solution products) and Non-IT products (telecom products, gaming consoles and titles, digital lifestyle products and consumer durables).

i) IT PRODUCTS

PC consumption would be a good indicator of the demand for IT products. As the demand for PC increases, the corresponding demand for other products viz. peripherals, accessories, parts, components, etc. grow correspondingly. In the geographies where the Company operates, the PC user base has increased at a rapid pace driven primarily due to demand from large enterprises, small &medium businesses, government enterprises and educational institutions. This pace of growth is expected to continue in the ensuing years.

A recent IDC report predicts increased spending on IT products worldwide (including markets where the Company does not operate). While the annual growth on software and services are expected to be stable at 6% in fiscal 2007, the growth in the hardware side is expected to increase by 50 basis points at 6.5%.

Indian Business Scenario

India's economy grew by over 8% during the fiscal driven primarily by steady domestic demand, growth across major sectors and fresh impetus to investments in infrastructure.

The IT industry is witnessing steady and increasing growth driven primarily by the investments in the IT/ITES sector and an increase in communication, computing, infrastructure spending and increased internet usage.

The PC market witnessed a 20% growth in fiscal over the previous year driven mainly by an 85.6% annual growth in notebook PCs, while Desktop PCs grew by 11%. Notebook PC's which contributed 6.1% of the PC market in 2005 now contributes almost 20%.

The overall PC installed base in the country grew from 9.5 million units in 2004 to cross 22 million in 2007 – CAGR of 32.3%. The country now has one PC for every 50 Indians. (Data Source: IDC)

The ongoing retail revolution in India with setting up of a number of large format stores presents a good opportunity for supply chain service providers like Redington.

The after-sales service market dominated by the service agents without authorization from vendors is witnessing a shift to the authorized service providers due to customers preferences of getting the products serviced by trained and skilled specialists using genuine parts. In a competitive market scenario, as part of their product offering, vendors generally offer extended warranty support products and this has gained wide acceptability among customers. Institutional Customers look for one-stop service providers to take care of facility management services for their entire range of IT products, which can be handled only by large authorized neutral service providers. This shift in trend is expected to continue in the coming years. With increase in PC sales, the after sales service markets are expected to grow in proportion to the number of units sold.

Overseas Business Scenario

The Middle East & Africa market comprises of 20 major countries whose economies are fuelled primarily by increasing oil prices. The economies of these countries are also buoyant due to increased government spending and foreign investments in the area of retail, constructions, sports related infrastructure, media, etc. All of this has resulted in large multinational vendors setting up establishments in this part of the world.

However, the differences in country specific regulatory environment, duty structures, currencies, trade terms, etc. have proved to be an entry barrier to global vendors from setting up their own distribution channel and this has provided an opportunity for the distributors with country specific knowledge to make themselves an integral part of IT products distribution chain and moving into supply chain space.

The demand for PC and notebooks grew by 25% in Fiscal 2007 and we expect this growth to continue. (Source: http://www.emsnow.com)

The Market in South Asia like Bangladesh and Sri Lanka continues to have a very low PC penetration and this situation is expected to change in the ensuing years. The Company's addressal of this market would result in increased growth in future

ii) NON-IT PRODUCTS

Non-IT products that form part of our supply chain are predominantly gaming devices, digital printing machines, consumer durables and telecom products.

Indian Business Scenario

– Gaming Device

Gaming category is new to India and provides an opportunity to the Company and its vendors to lead and define this category. Demand for gaming products are expected to grow at around 30% annually due to rising income levels, the changing preferences of young population and increased PC penetration.

The Company started distributing Microsoft's XBox gaming consoles and gaming titles / software during the year.

– Digital Printing Machines

Digital printing machines are cost effective substitutes to conventional offset printing machines for low print volumes, customized solutions and variable data printing. Around 52 trillion pages get printed worldwide, off which only 4% get printed through digital printing machines. 78% of the printing jobs are less than 5,000 sheets and 33% of the Customers demand that their print jobs be completed within 24 hours from order – all of which points towards significant opportunities to the cost effective digital printing way.

The Company has partnered with HP Indigo to offer total print solutions to the printing industry. The Company has a demo center in Chennai and has installed 21 digital printing machines each costing over a crore of rupees and supports these machines.

– Consumer Durables

The consumer durable industry can be broadly categorized under consumer electronics and household appliances. The product includes colour televisions sets, refrigerators, washing machines, air conditioners etc. Rising income levels and replacement demand are the key growth drivers of this industry.

The Company is currently distributing consumer durables in select regions in India and views this as a potential opportunity for future growth.

Overseas Business Scenario

– Telecom Products

Presently the Company distributes Nokia mobile phones in Nigeria and Kenya. In these two countries around 12% (Source: http://www.mobileafrica.net) of the population own a mobile phone leaving ample scope for the Company to tap the balance market.

iii) SUPPLY CHAIN SERVICES MARKET

Manufacturers today across the globe look for supply chain solution partners to ensure fulfillment of their customers' requirements. Going forward, with manufacturing facilities shifting to low cost centers around the globe, supply chain activities especially fee based and after sales services would be the prime requisite for products to reach the end customer. A significant proportion of these services are required in areas outside the IT products space.

Currently small and regional players, who operate in niche markets or products, dominate this space and do not have the capability to scale up their operations. In the coming years we intend to focus on this segment.

2. STRENGTHS, RISKS AND CONCERNS

A. Strengths

i) **Comprehensive range of product offering –** wide spectrum of products sourced from multiple vendors enables us to achieve economies of scale and provide our customers a single sourcing point.

ii) **An IT distributor with a customer support presence –** provides warranty and post warranty services which is a significant value add to vendors and customers. Provides other value added services like reverse logistics, high-level repair services for mobile phones and computer motherboards.

iii) **Wide reach and superior logistics capabilities –** network of over 50 warehouses spread across 22 States in India and over 7 warehouses in Overseas enables easy availability of products to our customers.

iv) **Long-term vendor/client relationships –** Over the years, the company is servicing vendors like Hewlett Packard, Epson, Computer Associates, Systimax, APC, Microsoft, Intel, IBM, Samsung etc., which has resulted in strong relationships with them. With some of the vendors the relationship is over 10 years.

v) **Robust IT infrastructure and sophisticated management information systems –** The scalability of the system with capacity to handle voluminous transaction loads in terms of orders, customers, and products enables to meet the changing business requirements and provides real time information to operating managers to take timely and accurate decisions.

vi) **Strong credit controls and prudent risk management practices –** The dedicated team to manage credit risk and the prudent risk management practices have helped us to maintain our bad debts (including provisions) at a five-year average of less than 0.07% of our consolidated turnover.

B. Risks and Concerns

i) **Foreign exchange rate fluctuations** - The Company reports the financials in Indian rupees. Since a significant proportion of its consolidated revenues are derived from overseas operations, the appreciation of rupee vis-à-vis currencies of the country where the Company operates could have a bearing on the results. Company's imports are all hedged.

ii) **Liquidity risk** - Since the Company operates in a working capital intensive industry, inability to raise funds from bankers and other sources could affect the operations. The Company endeavours to mitigate this risk through better credit terms with its suppliers.

iii) **Interest rate risk** – Hardening of interest rates would have a bearing on the Company's results. The Company's short-term debt program has been rated "P1+" (signifying a very strong degree of safety as regards timely repayment of principal and interest). This rating by CRISIL enables the Company to borrow at reduced rates of interest. However the recent upward movement of interest rates in India remains as a concern.

3. FINANCIAL PERFORMANCE & POSITION:

The Company and its Indian subsidiaries prepare financial statements complying with the requirements under the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. While the subsidiaries in Middle East prepare financials under International Financial Reporting Standards (IFRS), the subsidiary in Singapore prepares financials under Singapore Financial Reporting Standards (SFRS).

INTERNATIONAL PRESENCE

BAHRAIN ~ EGYPT ~ ETHIOPIA ~ GHANA ~ IRAN ~ JORDAN ~ KENYA ~ KUWAIT ~ LEBANON
NIGERIA ~ OMAN ~ QATAR ~ SAUDI ARABIA ~ TANZANIA ~ UAE ~ YEMEN

Financial performance on Consolidated and stand-alone basis is tabulated below:

(Rs. in Crores)

	Consolidated		Standalone	
	Year ended March 31, 2007	Year ended March 31, 2006	**Year ended March 31, 2007**	Year ended March 31, 2006
Income				
Sales Income	**8,880.41**	6,700.25	**4,654.62**	3,654.24
Service Income	**180.98**	90.32	**57.95**	38.42
Other Income	**5.75**	2.99	**4.96**	2.85
% Of Sales & Service Income	**0.06%**	0.04%	**0.11%**	0.08%
Total income	**9,067.14**	6,793.56	**4,717.53**	3,695.51
Expenditure				
Cost of goods sold and Trading expenses	**8,684.91**	6,545.75	**4,526.95**	3,566.46
% Of Sales & Service Income	**95.85%**	96.39%	**96.06%**	96.58%
Employee Compensation Costs	**80.36**	55.71	**40.46**	30.59
% Of Sales & Service Income	**0.89%**	0.82%	**0.86%**	0.83%
Other expenses	**103.40**	61.04	**48.36**	29.56
% Of Sales & Service Income	**1.14%**	0.90%	**1.03%**	0.80%
Total Expenditure	**8,868.67**	6,662.50	**4,615.77**	3,626.61
EBIDTA	**198.47**	131.06	**101.76**	68.90
% Of Sales & Service Income	**2.19%**	1.93%	**2.16%**	1.86%
Depreciation	**13.28**	4.94	**3.49**	2.87
% Of Sales & Service Income	**0.15%**	0.07%	**0.07%**	0.08%
Interest	**57.94**	36.13	**32.64**	20.70
% Of Sales & Service Income	**0.64%**	0.53%	**0.69%**	0.56%
Add: Extinguishment of liability	**-**	2.37	**-**	-
Net Profit before Tax	**127.25**	92.36	**65.63**	45.33
% Of Sales & Service Income	**1.40%**	1.36%	**1.39%**	1.23%
Tax	**25.55**	18.02	**23.21**	16.19
Net Profit after Tax	**101.70**	74.34	**42.42**	29.14
% Of Sales & Service Income	**1.12%**	1.09%	**0.90%**	0.79%

Analysis of consolidated financials

- **Revenues** - Increased by 33.47% to Rs.9,067.14 crores in fiscal 2007 from Rs.6,793.56 crores in fiscal 2006 driven mainly by volume increase and additions of new product lines. Overseas subsidiaries contributed 48% to the consolidated revenue. The growth and the proportion of revenues are well distributed among the various product lines of the company.

- **Other Income** - Increased to Rs.5.75 crores in fiscal 2007 from Rs.2.99 crores in fiscal 2006 mainly due to interest received from customers, bad debts recovered and profit on sale of assets.
- **Employee Compensation Costs** - Increased to Rs.80.36 crores in fiscal 2007 from Rs.55.71 crores in fiscal 2006 due to increase in employee strength and a general increase in employee emoluments.
- **Other Expenses** - Increased to Rs.103.40 crores in fiscal 2007 from Rs.61.04 crores in fiscal 2006. The increase was mainly due to increase in operating costs like travel, rent and insurance, sales promotion and factoring cost.
- **EBIDTA** - Increased by 51.44% to Rs.198.47 crores in fiscal 2007 from Rs.131.06 crores in fiscal 2006. EBIDTA as a percent of sales and service income increased to 2.19% in fiscal 2007 from 1.93% in fiscal 2006.
- **Depreciation** - Increased to Rs.13.28 crores in fiscal 2007 from Rs.4.94 crores in fiscal 2006 due to depreciation charge on ERP software capitalized during the year.
- **Interest** - Increased to Rs.57.94 crores in fiscal 2007 from Rs.36.13 crores in fiscal 2006. This increase was due to increased borrowings to meet higher working capital requirements due to increased sales and a hike in interest rates.
- **Income tax expense** - Increased to Rs.25.55 crores in fiscal 2007 from Rs.18.02 crores in fiscal 2006. Growth in Income tax expense is in line with growth in profits with the effective tax rate on a consolidated basis remaining at around 20%.
- **Profit after Tax** - Increased to Rs 101.70 crores in fiscal 2007 from Rs 74.34 crores in fiscal 2006. This 36.80% growth in PAT is more than proportional growth in consolidated revenue signifying operational efficiency.
- **Share Capital** - Paid up share capital, which stood at Rs.63.08 crores in fiscal 2006, increased to Rs.77.87 crores in fiscal 2007. Fresh capital was mobilized through an Initial Public Offering and allotment of shares under Employee Share Purchase Scheme.
- **Operating working capital (net of Unutilized IPO Proceeds)** - Increased 27.43% from Rs. 820.79 Crores as of 31st March 2006 to Rs. 1,045.95 Crores as of 31st March 2007 due to increase in operations.
- **Borrowings** - Increased by 25.68% from Rs. 478.40 Crores as of 31st March 2006 to Rs. 601.27 Crores as of 31st March 2007.
- **Summarized cash flow statement**

(Rs. in Crores)

Liquidity & Capital resources	**2006-2007**	2005-2006
Cash and Cash equivalents at the beginning of the year.	96.64	21.13
Add: Cash generated from / (used in):		
Operating activities	(82.82)	(154.51)
Investing activities	(26.09)	(7.62)
Financing activities	219.70	234.35
Currency Translation	(7.99)	3.29
Cash & Cash equivalents at the end of the year	199.44	96.64

Analysis of stand-alone financials

- **Revenues -** Increased by 27.65% to Rs.4,717.53 crores in fiscal 2007 from Rs.3,695.51 crores in fiscal 2006 due to increase in volume of existing business and addition of new product line.
- **Other Income** - Increased to Rs.4.96 crores in fiscal 2007 from Rs.2.85 crores in fiscal 2006 mainly due to interest received from customers, bad debts recovered and profit on sale of assets.
- **Employee Compensation Costs** – Increased to Rs.40.46 crores in fiscal 2007 from Rs.30.59 crores in fiscal 2006. This increase is attributed to increase in the employee strength and a general increase in employee emoluments.
- **Other Expenses** - Increased to Rs.48.36 crores in fiscal 2007 from Rs.29.56 crores in fiscal 2006 due to increase in variable costs of operations like rent, trademark license fees, travel and factoring cost.
- **EBIDTA** – Increased by 47.69% to Rs.101.76 crores in fiscal 2007 from Rs.68.90 crores in fiscal 2006. The percentage of EBIDTA to total income increased from 1.86% in fiscal 2006 to 2.16% in fiscal 2007.
- **Depreciation** – Increased to Rs.3.49 crores in fiscal 2007 from Rs.2.87 crores in fiscal 2006 due to additional infrastructure created for increase in operations.
- **Interest** – Increased to Rs.32.64 crores in fiscal 2007 from Rs.20.70 crores in fiscal 2006. This was largely due to increase in borrowings to meet the working capital requirements on account of increase in business volumes and interest rates.
- **Income tax expense -** Increased to Rs.23.21 crores in fiscal 2007 from Rs.16.19 crores in fiscal 2006. The effective tax rate continued to remain around 36%.
- **Profit after tax** – Increased by 45.57% to Rs.42.42 crores in fiscal 2007 from Rs.29.14 crores in fiscal 2006.
- **Operating working capital (net of Unutilized IPO Proceeds)** – Increased by 47.42% from Rs. 356.40 Crores as of 31st March 2006 to Rs. 525.41 Crores as of 31st March 2007 due to increase in scale of operations.
- **Borrowings** – Increased by 59.06% from Rs. 199.33 Crores as of 31st March 2006 to Rs. 317.06 Crores as of 31st March 2007.
- **Summarized cash flow statement**

(Rs. in Crores)

Liquidity & Capital resources	**2006-2007**	2005-2006
Cash and Cash equivalents at the beginning of the year	33.07	8.92
Add: Cash generated from / (used in):		
Operating activities	(123.79)	(24.53)
Investing activities	(55.34)	(39.04)
Financing activities	239.88	87.72
Cash & Cash equivalents at the end of the year	93.82	33.07

NON - IT VERTICALS

REDINGTON'S DEMO CENTER, DIGITAL PRINTING

4. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly and to monitor internal business process, financial reporting and compliance with applicable laws. The organizational structure, with a well-defined authority limits and reporting mechanisms supports the maintenance of a strong control environment. The Board of Directors periodically monitors the performance of the company. The business specific observations and the status of implementation of recommended solutions are regularly reviewed and presented to Audit Committee of the Board.

Cautionary Statement

Certain statements made in the Management Discussion and Analysis relating to the Company's objectives, projections, outlook, expectations, estimates, etc. may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may however differ materially from such expectations, projections, etc.

STANDALONE FINANCIAL STATEMENTS

AUDITORS' REPORT TO THE MEMBERS OF REDINGTON (INDIA) LTD.

We have audited the attached balance sheet of Redington (India) Limited, (the "Company") as at March 31, 2007, the profit and loss Account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

(iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

(iv) In our opinion, the balance sheet, profit and loss account, and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

(v) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 on the said date;

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2007;

   (b) in the case of the profit and loss account, of the profit for the year ended on that date; and

   (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

Bhavani Balasubramanian
Partner
Membership No. 22156

Place : Chennai
Date : May 17, 2007

Annexure referred to the report of even date

1. In respect of its fixed assets:
   (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
   (b) Some of the fixed assets were physically verified during the year by the management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
   (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
2. In respect of its inventories:
   (a) As explained to us, physical verification of inventory has been conducted during the year by an external firm of Chartered Accountants. In our opinion, the frequency of verification is reasonable.
   (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and nature of its business.
   (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
3. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
   (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and sale of goods and services and we have not observed any continuing failure to correct major weaknesses in such internal systems.
5. Based on the audit procedures applied by us, and according to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposits from the public during the year.
7. In our opinion, the internal audit carried out during the year by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.

8. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for the services rendered by the Company.

9. In respect of Statutory dues:

   (a) According to the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, cess and any other material statutory dues with the appropriate authorities during the year.

   (b) There were no undisputed amounts in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, cess and any other material statutory dues as at March 31, 2007 for a period of more than six months from the date they became payable.

   (c) According to the information and explanations given to us, there are no dues of Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty and cess which have not been deposited as on March 31, 2007 with the appropriate authorities on account of disputes, except for the dues referred to in Note. No.2 (k) (5) of Schedule 16.

10. The Company has no accumulated losses as at March 31, 2007 and has not incurred any cash losses either during the financial year covered by our audit or the immediately preceding financial year.

11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.

12. Based on our examination of documents and records and according to the information and explanations given to us, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.

13. The Company is not a chit fund or nidhi/mutual benefit fund/society.

14. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities and debentures and other investments.

15. In our opinion and according to the information and explanation given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions, are not *prima facie* prejudicial to the interests of the company.

16. The Company has not raised any term loan during the year.

17. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short term basis have, *prima facie,* not been used during the year for long term investment.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

19. According to the information and explanations given to us and the records examined by us, the Company has during the year issued only unsecured debentures and as such no security/ charge needs to be created.

20. We have verified the end use of money raised by public issues amounting to Rs. 9043.11 Lakhs as disclosed in the note no 2(d) of schedule 16 to the financial statements.

21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants

Bhavani Balasubramanian
Partner
Membership No. 22156

Place : Chennai
Date : May 17, 2007

BALANCE SHEET AS AT MARCH 31, 2007

(Rs in Lakhs)

	Schedule		As at 31.03.2007		As at 31.03.2006
Sources of Funds					
Share Holders' Funds					
Share Capital	1	**7,786.57**		6,308.22	
Reserves and Surplus	2	**45,715.67**		30,454.61	
			53,502.24		36,762.83
Loan Funds					
Secured Loans	3	**12,432.15**		8,051.84	
Unsecured Loans	4	**19,274.19**		11,881.62	
			31,706.34		19,933.46
Finance Lease Obligation			**4.15**		20.09
Deferred Tax Liability (Net)			**102.07**		135.21
			85,314.80		56,851.59
Application of Funds					
Fixed Assets	5				
Gross Block		**5,217.66**		4,004.22	
Less: Depreciation		**2,246.55**		1,940.35	
Net Block		**2,971.11**		2,063.87	
Add: Capital Advances		**87.03**		50.70	
			3,058.14		2,114.57
Investments	6		**23,807.73**		17,756.20
Advance Subscription towards Equity Shares			**–**		1,340.33
Current Assets, Loans and Advances	7				
Inventories		**29,417.99**		17,794.74	
Sundry Debtors		**52,889.68**		34,431.03	
Cash and Bank Balances		**9,381.86**		3,307.10	
Loans and Advances		**8,458.69**		6,561.51	
		100,148.22		62,094.38	
Less: Current Liabilities and Provisions	8				
Current Liabilities		**34,188.95**		22,099.96	
Provisions		**7,510.34**		4,353.93	
		41,699.29		26,453.89	
Net Current Assets			**58,448.93**		35,640.49
			85,314.80		56,851.59
Notes on Accounts	16				

Schedules 1 to 8 and 16 form part of this Balance Sheet

This is the Balance Sheet referred to in our report of even date

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

R Srinivasan
Managing Director

M Raghunandan
Whole Time Director

Bhavani Balasubramanian
Partner

S V Krishnan
Chief Financial Officer

M Muthukumarasamy
Company Secretary

Place : Chennai
Date : May 17, 2007

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

(Rs in Lakhs)

	Schedule		Year Ended March 31, 2007		Year Ended March 31, 2006
Income					
Sales and Service Income	9		**4,71,256.41**		3,69,265.81
Other Income	10		**496.11**		285.42
			4,71,752.52		3,69,551.23
Expenditure					
Cost of Goods Sold	11		**4,51,201.16**		3,55,721.24
Trading Expenses	12		**1,493.80**		925.15
Employee Compensation Costs	13		**4,046.28**		3,059.15
Other Expenses	14		**4,835.64**		2,955.53
			4,61,576.88		3,62,661.07
Profit Before Interest, Depreciation and Tax			**10,175.64**		6,890.16
Interest	15	**3,263.86**		2,069.64	
Depreciation		**348.85**	**3,612.71**	287.37	2,357.01
Profit Before Tax			**6,562.93**		4,533.15
Provision For Taxation - Current Tax		**2,258.25**		1,583.40	
- Deferred Tax		**(18.20)**		(35.03)	
- Fringe Benefit Tax		**81.06**		70.60	
			2,321.11		1,618.97
Profit after Tax			**4,241.82**		2,914.18
Balance in Profit and Loss Account brought forward		**10,989.31**		8,075.13	
Less :- Additional Liability arising on implementation of AS 15 (revised 2005) - Refer Note :- 2 (o)		**29.43**	**10,959.88**	-	8,075.13
Profit available for appropriation			**15,201.70**		10,989.31
Appropriations					
Transfer to General Reserve			**424.18**		-
Proposed Dividend			**1,946.64**		-
Corporate Dividend Tax on Proposed Dividend			**330.83**		-
Balance in Profit and Loss account			**12,500.05**		10,989.31
			15,201.70		10,989.31
EPS -Basic and Diluted (Face value - Rs.10 Per Share)			**6.41**		4.79
Notes on Accounts	16				

Schedules 9 to 16 form part of this Profit and Loss Account

This is the Profit and Loss Account referred to in our report of even date

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

Bhavani Balasubramanian
Partner

Place : Chennai
Date : May 17, 2007

R Srinivasan
Managing Director

M Raghunandan
Whole Time Director

S V Krishnan
Chief Financial Officer

M Muthukumarasamy
Company Secretary

Redington (India) Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2007

(Rs. in Lakhs)

Particulars	Year Ended March 31, 2007		Year Ended March 31, 2006	
Cash flow from operating activities:				
Net Profit before taxation	**6,562.93**		4,533.15	
Adjustments for:				
- Depreciation	**348.85**		287.37	
- Interest Expense	**3,263.86**		2,069.64	
- Interest income	**(354.44)**		(229.58)	
- Provision for Doubtful Debts	**299.42**		185.16	
- Provision for Doubtful Debts written back	**-**		(3.03)	
- Unrealised Foreign Exchange	**(46.37)**		(27.08)	
- Profit on redemption of investment in Mutual Funds	**(1.29)**		-	
- (Profit)/Loss on sale of fixed assets	**(41.59)**		3.47	
Operating Profit before working capital change	**10,031.37**		6,819.10	
Increase in Sundry Debtors	**(18,758.07)**		(9,227.80)	
Increase in Loans and advances	**(12.61)**		(50.09)	
Increase in Inventories	**(11,623.25)**		(8,275.83)	
Increase in Current liabilities	**9,940.38**		9,878.60	
Cash used in operations	**(10,422.18)**		(856.02)	
Income tax/Fringe Benefit tax paid	**(1,956.73)**		(1,597.20)	
Net Cash used in operating activities		**(12,378.91)**		(2,453.22)
Cash flow from investing activities:				
Purchase of Fixed Assets	**(1,377.39)**		(988.96)	
Proceeds from Sale of Fixed Assets	**126.56**		83.72	
Interest Received	**426.60**		204.40	
Purchase of Investments	**(1,000.00)**		-	
Proceeds from Redemption of Investments	**1,001.29**		-	
Loan Granted to Subsidiary	**(6,437.72)**		(2,653.68)	
Loan Settled by Subsidiary	**6,437.72**		2,653.68	
Investments in subsidiaries	**(4,711.20)**		(3,203.21)	
Net Cash used in investing activities		**(5,534.14)**		(3,904.05)
Cash flow from financing activities:				
Proceeds from short term borrowings (net)	**11,772.88**		8,689.75	
Proceeds from short term borrowings - Subsidiary	**380.00**		-	
Repayment of short term borrowings - Subsidiary	**(380.00)**		-	
Proceeds from short term borrowings - ESPS Trust	**5,130.54**		-	
Repayment of short term borrowings - ESPS Trust	**(5,130.54)**		-	
Proceeds from issue of share capital (net of issue expenses)	**15,519.95**		2,215.10	
Interest paid	**(3,305.02)**		(2,132.78)	
Net Cash generated from financing activities		**23,987.81**		8,772.07
Net increase in cash and cash equivalents		**6,074.76**		2,414.80
Cash and cash equivalents at the beginning of the year		**3,307.10**		892.30
Cash and cash equivalents at the end of the year		**9,381.86**		3,307.10

This is the cash flow referred to in our report of even date

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

R Srinivasan
Managing Director

M Raghunandan
Whole Time Director

Bhavani Balasubramanian
Partner

S V Krishnan
Chief Financial Officer

M Muthukumarasamy
Company Secretary

Place : Chennai
Date : May 17, 2007

Schedules forming part of Balance Sheet

(Rs in Lakhs)

		As at 31.03.2007		As at 31.03.2006
SCHEDULE 1				
Share Capital				
Authorised 8,50,00,000 Equity Shares of Rs.10/- each		**8,500.00**		8,500.00
Issued, Subscribed and Paid up 7,78,65,746 (P.Y. 6,30,82,246) Equity Shares of Rs.10/- each fully paid up - refer note :-2 (a) (includes 1,46,93,796 shares issued for consideration other than cash)		**7,786.57**		6,308.22
		7,786.57		6,308.22
SCHEDULE 2				
Reserves and Surplus				
Securities Premium Account				
Balance as on 01.04.2006	**19,465.30**		17,488.28	
Received during the year	**14,435.23**		1,977.02	
Expenses incurred on issue of equity shares (Refer Note 2(c))	**(1,109.09)**	**32,791.44**	-	19,465.30
General Reserve		**424.18**		-
Balance in Profit and Loss Account		**12,500.05**		10,989.31
		45,715.67		30,454.61
SCHEDULE 3				
Secured Loans				
Short Term Loans From Banks				
Working Capital Demand Loan / Cash Credit (Refer note :- 2 (e))		**12,432.15**		8,051.84
		12,432.15		8,051.84
SCHEDULE 4				
Unsecured Loans				
Commercial Paper				
– From Banks	**-**		8,000.00	
– From Others	**10,000.00**	**10,000.00**	2,000.00	10,000.00
(Maximum amount outstanding at any time during the year - Rs. 23000 Lakhs, P.Y. - Rs.13000 Lakhs)				
Short Term Loans from Banks				
FCNRB Loans	**-**		1,000.00	
Short Term Loans / Cash Credit	**9,274.19**	**9,274.19**	881.62	1,881.62
		19,274.19		11,881.62

Schedules forming part of Balance Sheet

SCHEDULE 5 – Fixed Assets

(Rs. in Lakhs)

Description	Gross Block					Depreciation				Net Block	
	As at 01.04.06	Additions	Disposal	**As at 31.03.07**		As at 01.04.06	For the Year	Deletions	**As at 31.03.07**	**As at 31.03.07**	As at 31.03.06
A. Tangible Assets											
Land	148.49	427.76	-	**576.25**		-	-	-	**-**	**576.25**	148.49
Building	661.65	-	37.67	**623.98**		73.24	10.63	7.71	**76.16**	**547.82**	588.41
Plant and Machinery	288.71	180.56	1.01	**468.26**		64.80	25.71	0.22	**90.29**	**377.97**	223.91
Furniture & Fixtures	829.06	259.85	29.64	**1,059.27**		388.09	123.52	18.39	**493.22**	**566.05**	440.97
Office Equipments	251.48	65.02	0.77	**315.73**		73.80	19.67	0.16	**93.31**	**222.42**	177.68
Computers	1,276.21	301.92	0.72	**1,577.41**		926.05	142.70	0.50	**1,068.25**	**509.16**	350.16
Vehicles	159.46	94.23	57.81	**195.88**	@	37.96	17.54	15.67	**39.83**	**156.05**	121.50
B. Intangible Assets											
Software	389.16	11.72	-	**400.88**		376.41	9.08	-	**385.49**	**15.39**	12.75
Total	4,004.22	1,341.06	127.62	**5,217.66**		1,940.35	348.85	42.65	**2,246.55**	**2,971.11**	2,063.87
Previous Year	3,153.40	946.62	95.80	**4,004.22**		1,661.59	287.37	**8.61**	**1,940.35**	2,063.87	-

Notes:-

@ Vehicles include assets acquired under finance lease arrangement of Rs.19.93 Lakhs (31.03.2006-Rs.71.04 Lakhs) and net carrying amount of Rs.15.15 Lakhs (31.03.2006-Rs.55.70 Lakhs)

(Rs in Lakhs)

	As at 31.03.2007	As at 31.03.2006
SCHEDULE 6		
Investments		
Long Term		
In Subsidiaries (Wholly Owned)		
Trade - Unquoted :		
8 (P.Y. 5) Equity Shares of AED 1 Million each fully paid-up in Redington Gulf FZE	**21,412.33**	15,873.00
3800000 Equity Shares fully paid-up in Redington Distribution Pte. Ltd.	**1,762.81**	1,762.81
1301294 (P.Y. 1000000) Equity Shares of Rs.10/- each fully paid-up in Cadensworth (India) Pvt Ltd	**612.27**	100.07
Non Trade - Unquoted :		
50000 Equity Shares of Rs.10/- each fully paid-up in Nook Holdings Pvt Ltd	**15.32**	15.32
50000 Equity Shares of Rs.10/- each fully paid-up in Redington (India) Investments Private Ltd	**5.00**	5.00
	23,807.73	17,756.20

* Details of Investments in Mutual Fund Units Purchased and Sold during the year - Rs.1000 Lakhs - Refer note :- 2(g)

Schedules forming part of Balance Sheet

		As at 31.03.2007		As at 31.03.2006
				(Rs in Lakhs)
SCHEDULE 7				
Current Assets, Loans and Advances				
Current Assets				
Inventories				
Trading Stocks - (Refer Note :- 2 (r))	**29,125.41**		17,483.67	
Service Spares	**292.58**	**29,417.99**	311.07	17,794.74
Sundry Debtors (Unsecured)				
Over Six Months				
Considered Good	**96.79**		226.88	
Considered Doubtful	**299.42**		204.73	
	396.21		431.61	
Other Debts (Considered Good)	**52,792.89**		34,204.15	
	53,189.10		34,635.76	
Less : Provision for Doubtful Debts	**299.42**		204.73	
		52,889.68		34,431.03
(Includes Due from subsidiaries Rs.60.65 Lakhs) Redington Distribution Pte Ltd - 60.65 Lakhs (P.Y. - 4.03 Lakhs) Maximum Outstanding at any time during the year Redington Distribution Pte Ltd - 746.76 Lakhs (P.Y. -780.77 Lakhs)				
Cash and Bank Balances				
Cash on Hand	**1.17**		0.64	
Remittances in Transit	**-**		6.28	
Balances with Banks				
- On Current Account	**3,225.19**		3,273.59	
- On Deposit Account				
Unutilised IPO Proceeds (Refer Note 2(d))	**5,907.92**			
Other Deposits, including towards bank guarantees	**247.58**	**9,381.86**	26.59	3,307.10
Loans and Advances				
Secured and Considered Good	**12.53**		12.98	
(Secured on deposit of title deed relating to property)				
Unsecured and Considered Good:				
Due from Subsidaries				
Nook Holdings Private Limited	**17.52**		19.18	
(Maximum Outstanding at any time during the year Rs.20.09 Lakhs, P.Y. - Rs.21.41 Lakhs)				
Redington Distribution Pte Limited	**-**		0.79	
(Maximum Outstanding at any time during the year Rs.5.11 Lakhs, P.Y. - Rs. 9.93 Lakhs)				
Advances Recoverable in Cash or in kind for value to be received	**919.30**		844.54	
Other Advances	**1,551.61**		847.13	
Deposits	**733.19**		398.69	
Balances with Customs	**165.38**		34.76	
Advance Income Tax including Fringe Benefit Tax and Tax Deducted at Source	**5,059.16**	**8,458.69**	4,403.44	6,561.51
		100,148.22		62,094.38

Schedules forming part of Balance Sheet

(Rs in Lakhs)

		As at 31.03.2007		As at 31.03.2006
SCHEDULE 8				
Current Liabilities and Provisions				
Current Liabilities				
Sundry Creditors (includes amounts due to subsidiaries Rs. 319.48 Lakhs, P.Y. Rs. 4275.25 Lakhs) *	**26,550.38**		17,314.33	
Interest accrued but not due	**30.19**		71.35	
Expenses Payable	**3,288.27**		1,776.42	
Other Liabilities	**4,320.11**	**34,188.95**	2,937.86	22,099.96
* Due To Small Scale Industries/Micro,Small and Medium Enterprises - Refer Note :- 2(j)		**NIL**		NIL
Provisions				
Proposed Dividend	**1,946.64**		-	
Corporate Dividend Tax on Proposed Dividend	**330.83**		-	
Taxation	**4,831.64**		4,160.53	
Fringe Benefit Tax	**151.73**		70.60	
Leave Encashment	**124.26**		45.24	
Gratuity	**125.24**	**7,510.34**	77.56	4,353.93
		41,699.29		26,453.89

Schedules forming part of Profit and Loss account

(Rs in Lakhs)

	Year Ended March 31, 2007	Year Ended March 31, 2006
SCHEDULE 9		
Sales and Service Income		
Sales	447,784.95	350,595.89
Service Income	5,795.38	3,841.63
Supplier Rebates and Discounts	17,676.08	14,828.29
	471,256.41	369,265.81
SCHEDULE 10		
Other Income		
Interest Income (TDS Rs.11.17 Lakhs, P. Y. Rs.21.88 Lakhs)	**354.44**	229.58
Bad Debts Written off in earlier years recovered	**64.46**	10.65
Provision for Doubtful Debts no longer required written back	**-**	3.03
Profit on Sale of Assets (Net)	**41.59**	(3.47)
Profit on Redemption of Investment in Mutual Funds	**1.29**	-
Miscellaneous Income	**34.33**	45.63
	496.11	285.42
SCHEDULE 11		
Cost of Goods Sold		
Opening Stock	**17,794.74**	9,518.91
Less: VAT Credit available on Opening Stock	**30.39**	99.92
Add: Purchases	**462,854.80**	364,096.99
Less: Closing Stock	**29,417.99**	17,794.74
	451,201.16	355,721.24

Schedules forming part of Profit and Loss account

(Rs in Lakhs)

		Year Ended March 31, 2007		Year Ended March 31, 2006
SCHEDULE 12				
Trading Expenses				
Freight		**1,207.60**		749.81
Commercial Taxes		**278.93**		170.28
Consumables		**7.27**		5.06
		1,493.80		925.15
SCHEDULE 13				
Employee Compensation Costs				
Salaries and Bonus		**3,530.00**		2,697.57
Contribution to Provident Fund and other Funds		**179.57**		129.23
Welfare Expenses		**234.78**		170.33
Leave Encashment		**43.58**		23.60
Gratuity		**58.35**		38.42
		4,046.28		3,059.15
SCHEDULE 14				
Other Expenses				
Rent		**654.50**		386.61
Repairs and Maintenance				
- Building	**74.21**		50.29	
- Machinery	**9.22**		7.87	
- Others	**243.84**	**327.27**	202.63	260.79
Insurance		**255.44**		174.91
Rates and Taxes		**19.67**		24.09
Printing and Stationery		**99.03**		75.27
Advertisement		**70.78**		12.27
Communication		**533.27**		477.54
Travel		**346.61**		227.59
Conveyance		**159.05**		94.13
Consultancy Charges		**91.80**		145.84
Bad Debts	**206.03**		131.29	
Less :- Written off against opening provision	**204.73**	**1.30**	53.58	77.71
Provision for Doubtful Debts		**299.42**		185.16
Utilities		**181.78**		121.83
Auditor's Remuneration - Refer Note 2 y (3)		**21.71**		24.07
Factoring Expenses		**840.04**		203.67
Bank Charges		**281.12**		204.40
Trade Mark License Fees		**180.99**		-
Exchange Loss (Net)		**37.00**		(51.65)
Directors' Sitting Fees		**1.05**		-
Directors' Commission		**12.45**		-
Miscellaneous Expenses		**421.36**		311.30
		4,835.64		2,955.53
SCHEDULE 15				
Interest				
Interest on Loans				
To Banks		**1,538.81**		1,173.01
To Mutual Funds		**1,238.05**		380.87
To Others		**3.18**		33.94
Interest on Debentures		**483.14**		479.46
Interest on Finance Leases		**0.68**		2.36
		3,263.86		2,069.64

Schedules forming part of Balance Sheet and Profit and Loss account

SCHEDULE 16

Notes on Accounts for the year ended March 31, 2007

1. Summary of significant accounting policies

a. Basis of preparation of financial statements

The financial statements have been prepared in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP) under historical cost convention on the accrual basis. GAAP comprises of the mandatory Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act 1956.

b. Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and the disclosures relating to contingent assets and liabilities as on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates.

c. Fixed assets and depreciation

1. Fixed Assets are recorded at cost less accumulated depreciation.
2. Interior decoration on buildings taken on lease are capitalized and depreciated over a period of five years which however is less than the primary / extended lease period.
3. Intangible Assets comprising cost of software purchased is amortized using straight-line method over its estimated useful life of 3 years.
4. Individual assets valuing Rs.5,000/- and below are fully depreciated in the year of addition.
5. Depreciation on Straight Line Basis is provided at the applicable rates and in the manner specified under Schedule XIV of the Companies Act, 1956

d. Impairment of assets

At each Balance Sheet date, carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

e. Leases

Leases are classified as finance or operating leases depending upon the terms of the lease agreements. Assets held under finance leases are recognized as assets of the Company on the date of acquisition and depreciated over their estimated useful lives using the method and rates applicable to the class of asset as described in Note 1 (c) above. Finance costs are treated as period cost using effective interest rate method and are expensed accordingly. Rentals payable under operating leases are expensed as incurred.

f. Investments

Long-term investments are stated at cost of acquisition. Provision for diminution is made if such diminution is considered other than temporary.

g. Inventories

Inventories are valued at lower of cost and net realizable value. Costs include cost of purchase and other costs incurred in bringing the inventories to their warehouse. Trading stocks and service spares are valued on weighted average basis.

h. Warranties

The Original Equipment Manufacturer generally warrants the products distributed by the Company. The Company generally does not independently warrant the products it distributes and management does not consider that any provision for warranties or claims is required.

i. Revenue Recognition

1. Sales revenue is recognized when the ownership and title is transferred on invoicing based on confirmed orders which generally coincides with delivery. Revenue is net of trade discounts and sales tax.
2. Service revenue is recognized when services are rendered. Warranty and Maintenance Contracts revenue is recognized as per the terms of contract.
3. Revenue from supplier schemes is accrued based on the fulfillment of terms of such programs

Schedules forming part of Balance Sheet and Profit and Loss account

Notes on Accounts for the year ended March 31, 2007 *(Contd.)*

j. Foreign Currency Transactions

Foreign currency transactions are generally recorded at the prevailing rate on the date of transaction. Gains or losses on settlement of the transaction are accounted under appropriate heads in the Profit and Loss account. Monetary assets and liabilities denominated in foreign currency are restated at the exchange rates as on the Balance Sheet date and exchange gain/loss is suitably dealt with in the Profit and Loss Account.

k. Employee Benefits

1. Provident Fund

   Company's Contribution to Provident Fund made in accordance with the rules is charged to Profit and Loss Account.

2. Gratuity

   Liability towards gratuity as at Balance Sheet date is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognized in full in the Profit and Loss Account for the period in which they occur. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost.

3. Leave Encashment

   Provision for leave encashment, payable at the time of resignation / retirement is being made as per the provisions of the Accounting Standard (AS) 15 (revised 2005) "Employee Benefits", issued by the Institute of Chartered Accountants of India. The undiscounted amount of short-term employee benefits such as paid annual leave, expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service.

l. Provision for taxation

Provision for taxation comprises of the current tax provision, the net change in the deferred tax asset or liability for the year and provision for fringe benefit tax.

1. Current tax is determined in accordance with the provisions of the Income Tax Act, 1961, on the income for the year chargeable to tax.
2. Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences between the carrying values of the assets and liabilities and their respective tax bases using enacted or substantially enacted tax rates. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent they can be realized.
3. Fringe Benefit Tax is calculated in accordance with the provisions of the Income Tax Act, 1961.

m. Earnings per share

The earnings considered in ascertaining the Company's earning per share comprise the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of shares, if any, which would have been issued on the conversion of all dilutive potential equity shares.

n. Provisions

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

2. Notes forming part of Accounts

a. Share Capital

1. Pursuant to the approval of the share holders at their Annual General Meeting, the Board of Directors have at their meeting held on July 1, 2006, issued and allotted 1552500 equity shares of Rs 10/- each at a premium of Rs. 52/- per share aggregating to Rs. 962.55 Lakhs to Redington Employee Share Purchase Trust under the Redington (India) Limited Employee Share Purchase Scheme.

Schedules forming part of Profit and Loss account

Notes on Accounts for the year ended March 31, 2007 *(Contd.)*

2. Pursuant to the approval of share holders at the Annual General Meeting held on July 1, 2006, the Company made an Initial Public Offer and on February 6, 2007 issued and allotted 13231000 Equity shares of Rs.10/-each at a premium of Rs. 103/- per share aggregating to Rs. 14,951.03 Lakhs.

3. Consequent to (1) and (2) above, the paid up equity share capital has increased by Rs 1,478.35 Lakhs.

b. Securities Premium

The premium collected on above issue of equity shares amounting to Rs.14,435.23 Lakhs has been credited to Securities premium account.

c. Share Issue Expenses

The share issue expenses of Rs.1,109.09 Lakhs have been adjusted against the Securities Premium, in accordance with the provisions of Section 78 of the Companies Act, 1956.

d. Utilisation of Initial Public Offer(IPO) Funds upto March 31, 2007

Details	Rs. in Lakhs
Proceeds from issue of shares	14,951.03
Less :- Issue Expenses	357.58
Net IPO Proceeds	14,593.45
Less :- Utilisation of Funds	8,685.53
Unutilised IPO Funds	5,907.92

Unutilised IPO Funds are held as Fixed Deposits with banks.

e. Secured Loans

Working Capital Demand Loan / Cash credits are secured by a *pari passu* charge on fixed assets and current assets.

f. Deferred Tax

Break-up of Deferred Tax Assets and Deferred Tax Liabilities arising on account of timing differences:

(Rs. in Lakhs)

	As at March 31, 2007	As at March 31, 2006
i. Deferred Tax Assets:		
Sundry Debtors	**101.77**	68.91
Gratuity	**42.57**	26.11
Leave encashment	**42.24**	15.22
Others	**14.74**	NIL
Total	**201.32**	110.24
ii. Deferred Tax Liability: Fixed Assets	**303.39**	245.45
Total	**303.39**	245.45
Net Deferred Tax Liability	**102.07**	135.21

g. Investments

Details of Investments purchased and redeemed during the financial year:

Rs. in Lakhs

Sl. No.	Name of the Fund	Face Value	No of Units	Purchase Value	Sales Value	Profit
1	HSBC Cash Fund – Growth	10	5070223	600.00	600.57	0.57
2	HSBC Cash Fund – Growth	10	843946	100.00	100.11	0.11
3	Reliance Liquid Fund - Growth	10	583410	100.00	100.20	0.20
4	HSBC Cash Fund – Growth	10	1623904	200.00	200.41	0.41
	Total					**1.29**

Schedules forming part of Profit and Loss account

Notes on Accounts for the year ended March 31, 2007 *(Contd.)*

h. Sundry Debtors

Sundry Debtors are net of amounts received from certain banks pursuant to an agreement to purchase / assign certain receivables without recourse.

i. Sundry Creditors

Supplier balances included under Sundry Creditors are net of rebates and discount entitlements from them.

j. Due to small-scale industrial undertakings and micro, small, and medium enterprises

As at March 31, 2007 and March 31, 2006, the Company has no outstanding dues to small-scale industrial undertakings and micro, small, and medium enterprises as identified based on information available with the Company.

k. Contingent Liabilities

(Rs. in Lakhs)

	As at March 31, 2007	As at March 31, 2006
1. Guarantees by banks on behalf of the Company	**2,883.51**	110.07
2. Corporate Guarantees outstanding on behalf of subsidiaries	**44,116.17**	43,827.00
3. Bills discounted	**2,759.28**	929.46
4. Claims against Company not acknowledged as debts		
- Claim from an erstwhile Warehouse Owner	**67.00**	67.00
- Other Sundry Claims	**47.05**	41.80

5. Disputed Income Tax/Sales Tax/Customs Duty demands

Rs. in Lakhs

Name of the Statute	**Nature of Dues**	**Financial Year**	**Forum where Dispute is pending**	**As at March 31, 2007**	As at March 31, 2006
The Customs Act, 1962	Customs duty	1998-99	CEGAT	60.53	60.53
Income Tax Act, 1961	Income Tax	1998-99	CIT (Appeals)	27.10	27.10
Income Tax Act, 1961	Income Tax	1999-00	CIT (Appeals)	6.56	6.56
Income Tax Act, 1961	Income Tax	2000-01	CIT (Appeals)	31.28	31.28
Income Tax Act, 1961	Income Tax	2001-02	CIT (Appeals)	40.89	40.89
Income Tax Act, 1961	Income Tax	2003-04	CIT (Appeals)	10.07	NIL
Sales Tax Act of various states	Sales Tax	Various years	Various appellate Authorities	115.50	33.65
Central Sales Tax Act, 1956	Sales Tax	Various years	Various appellate Authorities	97.31	53.79

The company has paid Rs.145.11 Lakhs(P.Y. Rs.113.61 Lakhs), which has been considered as recoverable. The company has been legally advised that these demands would not become ultimately payable on disposal of appeals and hence no provision is considered necessary.

l. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs.102.75 Lakhs (P.Y. Rs.15.47 Lakhs)

m. Value Added Tax (VAT)

Consequent to introduction of value added tax in certain States, adjustments of eligible VAT credit pertaining to inventories on hand as on the date of implementation by the respective States have been done in accordance with the guidelines prescribed by the Institute of Chartered Accountants of India.

n. Events occurring after the balance sheet date

After March 31, 2007, the company has extended corporate guarantee on behalf of the wholly owned subsidiary Redington Distribution Pte Ltd, Singapore amounting to Rs. 123.75 Lakhs.

Schedules forming part of Profit and Loss account

Notes on Accounts for the year ended March 31, 2007 *(Contd.)*

o. Leave Encashment

The Company has adopted AS-15 (revised 2005) "Employee benefits" even effective from April 1, 2006, though mandatory for the company with effect from April 1, 2007. Pursuant to this, the Company has reassessed its liability on various employee benefits as on that date and the additional liability arising thereon amounting to Rs.29.43 Lakhs (net of deferred tax benefits of Rs14.94 Lakhs) has been adjusted against opening balance in profit and loss account which is in accordance with the transitional provisions in the standard. The additional liability for the year ended March 31, 2007 amounting to Rs. 34.64 Lakhs determined in accordance with the standard has been absorbed in the current year profit and loss account.

p. Gratuity

The Company's obligation towards Gratuity fund is a Defined Benefit Plan and the details of actuarial valuation as at March 31, 2007 is given below:

1. Movement

Particulars	Rs. in Lakhs
Projected Benefit Obligation as at April 1, 2006	**77.56**
Service cost	28.95
Interest Cost	5.85
Actuarial Gain	23.55
Benefits paid	(10.67)
Projected Benefit Obligation as at March 31, 2007	**125.24**
Amount recognised in the Balance Sheet:	
Projected benefit obligation at the end of the year	125.24
Fair value of the plan assets at the end of the year	NIL
Liability recognised in the Balance Sheet	**125.24**
Cost of the defined plan for the year:	
Current service cost	28.95
Interest on obligation	5.85
Expected return on plan assets	NIL
Net actuarial gains recognised in the year	23.55
Net cost recognised in the Profit and Loss account	**58.35**

2. Mean Financial Assumptions

A. Discount Rate 7.5% p.a.

B. Salary escalation rate 4% p.a.

C. Demographic assumptions

   a. Mortality – LIC 94-96 rates

   b. Withdrawal – 3% up to age 35

The amount provided for gratuity as per actuarial valuation has been arrived after considering future salary increase, inflation, seniority and promotion.

q. The Company has entered into an agreement with its wholly owned subsidiary for payment of Trade Mark License fees for a period of ten years at USD 4,00,000/- per annum with effect from April 1, 2006 and the amount paid for the year is Rs.180.99 Lakhs.

r. Inventories include Rs.1,255.06 Lakhs in customs bonded warehouse and import duties amounting to Rs.436.12 Lakhs would be considered in the books of accounts, in the year in which the goods are cleared for consumption. This however has no impact on the profits for the year ended March 31, 2007.

s. Employee Share Purchase Scheme

The Company has formed Redington Employees Share Purchase Trust (the 'Trust') in April 2006 to administer the Redington (India) Limited Employee Share Purchase Scheme (ESPS).

Schedules forming part of Profit and Loss account

Notes on Accounts for the year ended March 31, 2007 *(Contd.)*

As described in note 2 a (1), 1552500 equity shares were issued and allotted to the Trust of which 1530514 equity shares have been transferred to the eligible employees at Rs.62 per share. The balance of 21986 shares is held by the Trust as on March 31, 2007.

The exercise prices for these shares were higher than the fair value (as determined by an independent valuation) as on the date of allotment to the Trust and accordingly no employee compensation cost has been recognized.

The Trust is administered by the Company and in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the deficit of the Trust for the year ended March 31, 2007 amounting to Rs. 27.85 Lakhs has been absorbed in the profit and loss account.

t. Customs Duty

Loans and advances include Rs. 166.86 Lakhs, being excess customs duty paid on import of certain consignments. The concerned authorities have in principle granted the refund and Rs.26.07 Lakhs has been received subsequent to year-end.

u (1). Finance leases

i. Reconciliation between total minimum lease payments and their present value:

(Rs in Lakhs)

	As at March 31,2007	As at March 31,2006
Total minimum lease payments	**4.22**	20.84
Less: Future liability on interest account	**0.07**	0.75
Present value of minimum lease payments	**4.15**	20.09

ii. Year-wise future minimum lease rental payments on contracts entered:

(Rs in Lakhs)

	Total minimum Lease Payments		**Present value of Lease Payments**	
	March 31, 2007	March 31, 2006	**March 31, 2007**	March 31, 2006
Not Later than 1 year	**4.22**	16.62	**4.15**	15.94
Later than 1 year and not later than 5 years	**NIL**	4.22	**NIL**	4.15
Later than 5 years	**NIL**	NIL	**NIL**	NIL
	4.22	20.84	**4.15**	20.09

u (2) Operating Leases

i. Non-cancelable operating leases: NIL

ii. The Company has taken buildings on cancelable operating lease for its offices, which are for a period ranging from 11 months to 9 years.

v. Segmental Reporting

The Company primarily operates in the business segment of distribution of IT related products and as the turnover from sale of telecom products, consumer durables and other non IT products are less than 10% of the total turnover, there are no reportable segments as required to be disclosed under the Accounting Standard 17 "Segment Reporting". Although the Company's operations cover various States in India, the State laws have no significant impact on profitability. Accordingly there are no geographical segments to be reported on.

w. Earning Per Share

The net profit for the year has been used as numerator and the weighted average number of equity shares as the denominator in calculating the basic/diluted earnings per share. There are no potential equity shares and hence basic and diluted EPS are the same.

Schedules forming part of Profit and Loss account

Notes on Accounts for the year ended March 31, 2007 *(Contd.)*

Description	March 31, 2007	March 31, 2006
Numerator-Profit after Tax (Rs. in Lakhs)	4,241.82	2,914.18
Denominator-Weighted Average Number of equity shares	66205147	60799286
Face Value per share in Rs.	10/-	10/-
Basic and Diluted Earnings per share in Rs	6.41	4.79

x. Related Parties

1) Key Management Personnel

Mr.R.Srinivasan, Managing Director
Mr. M Raghunandan, Whole-time Director
Refer Note y (2) for remuneration

2) Names of the related parties (as identified by the Management)

Party where control exists	Redington Employees Share Purchase Trust
Subsidiary Companies	Nook Holdings Private Limited, India * Redington (India) Investments Private Limited, India* Cadensworth (India) Private Ltd, India* Redington Gulf FZE, Dubai* Cadensworth FZE, Dubai* Redington Gulf & Co. LLC, Oman Redington Nigeria Ltd, Nigeria Redington Egypt Ltd, Egypt Redington Kenya Ltd, Kenya Redington Middle East LLC, Dubai Redington Qatar WLL, Qatar Redington Arabia Limited, Saudi Araba Redington Africa Distribution FZE, Dubai Redington Bahrain SPC, Bahrain Redington Distribution Pte Ltd, Singapore * Redington Bangladesh Limited, Bangladesh

**Represents companies with whom transactions have taken place during the year.*

(Rs. in Lakhs)

3)

Nature of Transactions	Year Ended March 31, 2007		Year Ended March 31, 2006	
	Subsidiary Companies	Party Where ControlExists	Subsidiary Companies	Fellow Subsidiary*
Rent	6.00	NIL	6.00	NIL
Trading Purchases	15,112.56	NIL	19,295.28	3,006.79
Sales	1,073.94	NIL	1,538.74	NIL
Interest Income	76.19	NIL	29.69	NIL
Interest Expense	7.15	14.68	NIL	NIL
Consultancy Charges	0.83	NIL	0.88	NIL
Trust Expenses	NIL	27.85	NIL	NIL
Trade Mark License Fees	180.99	NIL	NIL	NIL
Loan Granted	6,437.72	NIL	2,653.68	NIL
Loan Settled	6,437.72	NIL	2,653.68	NIL
Loan Borrowed	380.00	5,130.54	NIL	NIL
Loan Repaid	380.00	5,130.54	NIL	NIL
Investments	4,711.20	NIL	3,203.21	NIL
Guarantees given	10,717.91	NIL	39,365.00	NIL
Guarantees Outstanding	44,116.17	NIL	43,827.00	NIL
Amount Receivable at year end	17.52	NIL	24.04	NIL
Amount Payable at year end (Net)	258.83	27.85	4,270.43	NIL

Schedules forming part of Profit and Loss account

Notes on Accounts for the year ended March 31, 2007 *(Contd.)*

** Redington Pte Ltd., Singapore – for the year 2005-2006*

y. Additional information pursuant to the provisions of Part II of Schedule VI of the Companies Act, 1956:

1. Quantitative Particulars

Particulars	Year Ended March 31, 2007		Year Ended March 31, 2006	
	Qty (Nos.)	Value (Rs in Lakhs)	Qty (Nos.)	Value (Rs in Lakhs)
Opening Stock	472624	17,453.28*	320162	8,950.32*
Purchases	11145705	4,59,457.08	9021583	3,59,129.24
Sales	10858107	4,47,784.95	8869121	3,50,595.89
Closing Stock	760222	29,125.41	472624	17,483.67

** Opening Stock is net of VAT Credit availed amounting to Rs.30.39 Lakhs, (Previous Year Rs.99.92 Lakhs)*

2. Managerial remuneration

(Rs. in Lakhs)

Particulars	Year Ended March 31, 2007		Year Ended March 31, 2006	
Computation of net profit under section 349 of the Companies Act, 1956				
Profit before Taxation		6,562.93		4,533.15
Add: Directors Remuneration Paid/payable	39.25		20.69	
Directors' Sitting Fees	1.05		NIL	
Directors' Commission	12.45		–	
Loss on sale of fixed assets (Net)	–		3.47	
Provision for Doubtful Debts	299.42		185.16	
		352.17		209.32
		6,915.10		4,742.47
Less: Profit on Redemption of investments (Net)	1.29		NIL	
Profit on Disposal of Fixed Assets (Net)	41.59		NIL	
Debts written off against previous year provision and not debited to P&L account	204.73	247.61	53.58	53.58
		6,667.49		4,688.89
Calculation of Commission under Section 309 of the Companies Act, 1956 @ 1%		66.67		46.89
Restricted to		12.45		0.00
Paid/payable to the Wholetime Directors				
1) Salaries, Allowances & Bonus		37.56		19.65
2) Contribution to Provident and Superannuation Funds		1.44		0.72
3) Perquisites		0.25		0.32
4) Directors' Sitting Fees		1.05		0.00
5) Directors' Commission		12.45		0.00
Managerial remuneration under section 198 of the Companies Act, 1956		52.75		20.69

Schedules forming part of Profit and Loss account

Notes on Accounts for the year ended March 31, 2007 *(Contd.)*

Remuneration paid to the Managing Director

Particulars	**Year Ended March 31, 2007* (Rs. in Lakhs)**	Year Ended March 31, 2006* (Rs. in Lakhs)
Salary, Allowances and Bonus	**119.11**	55.83
Contribution to provident fund	**3.00**	1.26
Total	**122.11**	57.09

*Paid by an Overseas Subsidiary – INR Equivalent

3. Auditors Remuneration

	Year Ended March 31, 2007* (Rs. in Lakhs)	Year Ended March 31, 2006 (Rs. in Lakhs)
Audit Fee	**8.14**	7.99
Taxation Matters	**0.56**	0.55
Other Services	**48.42**	15.31
Out of Pocket Expenses	**0.26**	0.22
Total	**57.38**	24.07

* Partly Included under Other Expenses / Share Issue Expenses.

		Year Ended March 31, 2007 (Rs. in Lakhs)	Year Ended March 31, 2006 (Rs. in Lakhs)
4.	**CIF Value of Imports**		
	Trading Stocks	**1,10,544.19**	96,414.15
5.	**Expenditure in Foreign Currency**		
	Royalty	**4,224.20**	3,376.15
	Trade Mark License Fees	**180.99**	NIL
	Travel	**4.56**	36.06
6.	**Earnings in Foreign Currency**		
	Claim Settlement from Suppliers (Net)	**5,192.95**	6,391.28
	FOB Value of Exports	**1,138.99**	1,494.06
	Interest from Subsidiary	**73.81**	17.47

z. Previous year figures have been regrouped wherever necessary to conform to the current year's classification.

Signatories to Schedule 1 to 16

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

Bhavani Balasubramanian
Partner

R Srinivasan
Managing Director

S V Krishnan
Chief Financial Officer

M Raghunandan
Whole Time Director

M Muthukumarasamy
Company Secretary

Place : Chennai
Date : May 17, 2007

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration No	28758	State Code	18
Balance Sheet Date	31-03-07		

II Capital raised during the year (Rs. in Thousands)

Public Issue	132310	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	15525

III Position of Mobilisation and Deployment of Funds (Rs. in Thousands)

Total Liabilities	12701409	Total assets	12701409
SOURCES OF FUNDS			
Paid-up Capital	778657	Reserves & Surplus	4571567
UnSecured Loans	1927419	secured Loans	1243215
APPLICATION OF FUNDS			
Net Fixed Assets	305814	Investments	2380773
Net Current Assets	5834271	Misc. Expenditure	NIL
Accumulated Losses			

IV Performance of Company (Rs. in Thousands)

Total Income	47175252	Total Expenditure	46518959
Profit/Loss before tax	656293	Profit/Loss after tax	424182
Earning per Share (in Rs.)	6.41	Dividend Rate %	25

V Generic Name of Principal Product of Company

Item Code No. (ITC Code)	NA	Product Description	NA

CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF REDINGTON (INDIA) LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF REDINGTON (INDIA) LIMITED AND ITS SUBSIDIARIES

We have audited the attached Consolidated Balance Sheet of Redington (India) Limited ("the Company") and its subsidiaries as at March 31, 2007 and the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other relevant financial information. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the consolidated financial statements of Redington Gulf FZE and Redington Distribution Pte Limited, whose financial statements reflect total assets of Rs.74,131.15 lakhs as at March 31, 2007 total revenues of Rs.4,50,759.26 lakhs and net cash inflows amounting to Rs.792.03 Lakhs for the year ended on that date. These financial statements and other relevant financial information have been audited by other auditors whose report has been furnished to us, and our opinion is based solely on the report of other auditors.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India.

Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company and its subsidiaries as at March 31, 2007;

ii) in the case of the Consolidated Profit and Loss account, of the profit for the year ended on that date; and

iii) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

Bhavani Balasubramanian
Partner
Membership No. 22156

Place : Chennai
Date : May 17, 2007

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2007

(Rs. in Lakhs)

	Schedule		As at 31.03.2007		As at 31.03.2006
Sources of Funds					
Shareholders' Funds					
Share Capital	1	**7,786.57**		6,308.22	
Reserves and Surplus	2	**54,774.67**		36,977.69	
			62,561.24		43,285.91
Loan Funds					
Secured Loans	3	**12,432.15**		8,051.84	
Unsecured Loans	4	**47,694.94**		39,788.27	
			60,127.09		47,840.11
Finance Lease Obligation			**4.15**		20.09
Deferred Tax Liability (Net)			**89.40**		129.40
			1,22,781.88		91,275.51
Application of Funds					
Fixed Assets	5				
Gross Block		**8,175.51**		5,394.97	
Less: Depreciation		**3,840.11**		2,617.10	
Net Block		**4,335.40**		2,777.87	
Add: Capital Advances		**132.20**		50.70	
			4,467.60		2,828.57
Goodwill			**3,830.51**		6,367.60
Current Assets, Loans and Advances	6				
Inventories		**64,796.02**		48,140.03	
Sundry Debtors		**77,893.46**		58,239.76	
Cash and Bank Balances		**19,943.96**		9,663.52	
Loans and Advances		**11,153.86**		11,520.81	
		1,73,787.30		1,27,564.12	
Less: Current Liabilities and Provisions	7				
Current Liabilities		**51,257.34**		40,697.35	
Provisions		**8,046.19**		4,787.43	
		59,303.53		45,484.78	
Net Current Assets			**1,14,483.77**		82,079.34
			1,22,781.88		91,275.51
Notes on Accounts	14				

Schedules 1 to 7 and 14 form part of this Consolidated Balance Sheet

This is the Consolidated Balance Sheet referred to in our report of even date

For Deloitte Haskins & Sells
Chartered Accountants

Bhavani Balasubramanian
Partner

Place : Chennai
Date : May 17, 2007

For and on behalf of the Board

R Srinivasan
Managing Director

M Raghunandan
Whole Time Director

S V Krishnan
Chief Financial Officer

M Muthukumarasamy
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

(Rs. in Lakhs)

	Schedule		Year Ended March 31, 2007		Year Ended March 31, 2006
INCOME					
Sales and Service Income	8		**9,06,139.02**		6,79,057.11
Other income	9		**574.97**		298.51
			9,06,713.99		6,79,355.62
EXPENDITURE					
Cost of goods sold			**8,65,945.36**		6,52,187.39
Trading Expenses	10		**2,546.27**		2,387.14
Employee Compensation Costs	11		**8,035.73**		5,571.22
Other Expenses	12		**10,339.66**		6,104.02
			8,86,867.02		6,66,249.77
Profit before Interest, Depreciation and Tax			**19,846.97**		13,105.85
Interest	13		**5,794.04**		3,613.38
Depreciation		**1,328.34**		494.55	
Less: Withdrawn from Revaluation Reserve		**–**	**1,328.34**	1.08	493.47
Profit after Interest and Depreciation			**12,724.59**		8,999.00
Extinguishment of liability			**-**		236.86
Profit Before Tax			**12,724.59**		9,235.86
Provision for taxation - Current Tax		**2,498.02**		1,775.21	
- Deferred Tax		**(24.75)**		(44.46)	
- Fringe Benefit Tax		**81.65**	**2,554.92**	71.43	1,802.18
Profit after Tax			**10,169.67**		7,433.68
Balance Brought Forward		**18,006.58**		10,578.39	
Less :- Additional Liability arising on implementation of AS 15 (revised 2005) - Refer Note :- 4 (l)		**30.02**	**17,976.56**	–	10,578.39
Profit available for appropriation			**28,146.23**		18,012.07
Appropriations					
Transfer to General Reserve			**424.18**		–
Proposed Dividend			**1,946.64**		–
Corporate Dividend Tax on Proposed Dividend			**330.83**		–
Transfer to Statutory Reserve			**30.77**		5.49
Balance carried forward to Consolidated Balance Sheet			**25,413.81**		18,006.58
			28,146.23		18,012.07
EPS- Basic and Diluted (Face Value - Rs.10 Per Share)			**15.36**		12.23
Notes on Accounts	14				

Schedules 8 to 14 form part of this Consolidated Profit and Loss Account

This is the Consolidated Profit and Loss Account referred to in our report of even date

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

Bhavani Balasubramanian
Partner

R Srinivasan
Managing Director

M Raghunandan
Whole Time Director

S V Krishnan
Chief Financial Officer

M Muthukumarasamy
Company Secretary

Place : Chennai
Date : May 17, 2007

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2007

(Rs. in Lakhs)

Particulars	Year Ended March 31, 2007		Year Ended March 31, 2006	
Cash flow from operating activities:				
Net Profit before taxation	**12,724.59**		9,235.86	
Adjustments for:				
- Depreciation	**1,328.34**		493.47	
- Interest Expense	**5,794.04**		3,613.38	
- Interest income	**(365.14)**		(241.15)	
- Provision for Doubtful debts	**594.35**		252.16	
- Provision for Doubtful debts written back	**-**		(3.03)	
- Unrealised Foreign Exchange	**(46.37)**		(27.08)	
- Extinguishment of Liability	**-**		(236.86)	
- Profit on redemption of investment in mutual funds	**(1.29)**		-	
- (Profit) / Loss on sale of fixed assets	**(24.74)**		3.63	
Operating Profit before working capital changes	**20,003.78**		13,090.38	
Increase in Sundry Debtors	(20,248.05)		(21,088.34)	
Decrease / (Increase) in Loans and advances	2,468.91		(1,745.93)	
Increase in Inventories	(16,655.99)		(28,308.28)	
Increase in Current liabilities	8,317.66		24,279.16	
Cash used in operations	**(6,113.69)**		(13,773.01)	
Income tax / Fringe Benefit tax paid (net of refunds received)	(2,168.73)		(1,677.50)	
Net Cash used in operating activities		**(8,282.42)**		(15,450.51)
Cash flow from investing activities:				
Purchase of fixed assets	(3,155.67)		(1,368.03)	
Proceeds from sale of fixed assets	114.55		85.19	
Interest received	430.38		215.97	
Purchase of investments	(1,000.00)		-	
Proceeds from redemption of investments	1,001.29		-	
Investments made	-		(3.71)	
Acquisition of subsidiaries	-		308.47	
Net Cash used in investing activities		**(2,609.45)**		(762.11)
Cash flow from financing activities:				
Proceeds from issue of share capital (Net of issue expenses)	15,519.94		2,215.10	
Proceeds from short term borrowings (Net)	12,286.98		24,895.13	
Proceeds from short term borrowings - ESPS Trust	5,130.54		-	
Repayment of short term borrowings - ESPS Trust	(5,130.54)		-	
Interest paid	(5,835.20)		(3,676.44)	
Net Cash generated from financing activities		**21,971.72**		23,433.79
Net increase in cash and cash equivalents		**11,079.85**		7,221.17
Cash and cash equivalents at the beginning of the year		**9,663.52**		2,113.14
Currency Translation Adjustment		(799.41)		329.21
Cash and cash equivalents at the end of the year		**19,943.96**		9,663.52

This is the consolidated cash flow referred to in our report of even date

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

Bhavani Balasubramanian
Partner

R Srinivasan
Managing Director

S V Krishnan
Chief Financial Officer

M Raghunandan
Whole Time Director

M Muthukumarasamy
Company Secretary

Place : Chennai
Date : May 17, 2007

Schedules forming part of Consolidated Balance Sheet

(Rs. in Lakhs)

		As at 31.03.2007		As at 31.03.2006
SCHEDULE 1				
Share Capital				
Authorised				
8,50,00,000 Equity Shares of Rs.10/- each		**8,500.00**		8,500.00
Issued, Subscribed and Paid up				
7,78,65,746 (Previous year 6,30,82,246) Equity Shares of Rs.10/- each Fully Paid up - Refer Note :- 4 (a)		**7,786.57**		6,308.22
(includes 1,46,93,796 shares issued for consideration other than cash)		**7,786.57**		6,308.22
SCHEDULE 2				
Reserves and Surplus				
Capital Reserve				
Balance as on 01.04.2006	**504.74**		13.61	
Adjusted during the year	**–**		491.13	
Adjustments on consolidation	**(237.23)**		–	
Currency translation adjustment	**(8.79)**	**258.72**	–	504.74
Securities Premium Account				
Balance as on 01.04.2006	**19,465.30**		17,488.28	
Received during the year	**14,435.23**		1,977.02	
Expenses incurred on issue of equity shares (Refer Note 4 (c))	**(1,109.09)**	**32,791.44**	–	19,465.30
General Reserve		**424.18**		-
Statutory Reserve				
Balance as on 01.04.2006	**5.49**		–	
Appropriations during the year	**30.77**		5.49	
Currency translation adjustment	**(1.32)**	**34.94**	–	5.49
Fixed Asset Revaluation Reserve				
Balance as on 01.04.2006	**54.85**		55.93	
Withdrawn during the year	**–**		(1.08)	
Reversed during the year	**(54.85)**		–	
		–		54.85
Foreign Currency Translation Reserve				
Balance as on 01.04.2006	**32.87**		(69.37)	
Adjustments during the year	**(329.89)**	**(297.02)**	102.24	32.87
Profit and Loss Account				
Brought forward from Profit and Loss Account	**25,413.81**		18,006.58	
Adjustments on consolidation	**(3,851.40)**	**21,562.41**	(1,092.14)	16,914.44
		54,774.67		36,977.69

Schedules forming part of Consolidated Balance Sheet

(Rs. in Lakhs)

		As at 31.03.2007		As at 31.03.2006
SCHEDULE 3				
Secured Loans				
Working Capital Demand Loan / Cash Credit		**12,432.15**		8,051.84
(Refer note :- 4(e))		**12,432.15**		8,051.84
SCHEDULE 4				
Unsecured Loans				
Commercial Paper		**10,000.00**		10,000.00
Short Term Loans from Banks				
FCNRB Loans	–		1,000.00	
Short Term Loans / Cash Credit	**37,694.94**		28,788.27	
		37,694.94		29,788.27
		47,694.94		39,788.27

SCHEDULE 5 – Fixed Assets

(Rs. in Lakhs)

Description	Gross Block: As at 01.04.2006	Gross Block: Assets of subsidiaries acquired during the year	Gross Block: Additions	Gross Block: Disposals	Gross Block: Translation adjustment	Gross Block: As at 31.03.2007	Depreciation: As at 01.04.2006	Depreciation: Accumulated Depreciation on assets of subsidiaries acquired during the year	Depreciation: 2006-07	Depreciation: Deletions	Depreciation: Translation adjustment	Depreciation: As at 31.03.2007	Net Block: As at 31.03.2007	Net Block: As at 31.03.2006
A.Tangible Assets														
Land	148.49	-	427.76	27.28	-	**548.97**	-	-	-	-	-	**-**	**548.97**	148.49
Buildings	757.65	-	-	76.91 *	-	**680.74**	90.09	-	11.11	19.38 *	-	**81.82**	**598.92**	667.56
Plant and Machinery	379.47	-	213.77	1.01	-	**592.23**	106.72	-	49.94	0.22	-	**156.44**	**435.79**	272.75
Furniture & Fixtures	1,621.29	-	1,063.92	29.64	(50.80)	**2,604.77**	770.49	-	289.42	18.39	(15.53)	**1,025.99**	**1,578.78**	850.80
Office Equipments	341.05	-	120.38	0.77	(4.32)	**456.34**	113.53	-	44.18	0.16	(1.81)	**155.74**	**300.60**	227.52
Computers	1,378.76	-	359.99	0.72	(4.04)	**1,733.99**	984.76	-	169.42	0.50	(1.94)	**1,151.74**	**582.25**	394.00
Vehicles	287.22	-	167.54	62.65	(6.07)	**386.04**	96.05	-	58.86	15.67	(3.15)	**136.09**	**249.95**	191.17
B.Intangible Assets														
Software	481.04	-	720.81	-	(29.42)	**1,172.43**	455.46	-	705.41	-	(28.58)	**1,132.29**	**40.14**	25.58
Total	**5,394.97**	**-**	**3,074.17**	**198.98**	**(94.65)**	**8,175.51**	**2,617.10**	**-**	**1,328.34**	**54.32**	**(51.01)**	**3,840.11**	**4,335.40**	**2,777.87**
Previous Year	3,832.58	321.29	1,325.69	102.90	18.31	5,394.97	1,991.58	135.66	494.55	14.08	9.39	2,617.10	2,777.87	

Note:

* Includes Rs.66.52 lakhs of revalued cost and Rs.11.67 lakhs being accumulated amounts recouped out of revaluation reserves

Vehicles include assets acquired under finance lease arrangement of Rs.19.93 Lakhs (31.03.2006-Rs.71.04 Lakhs) and net carrying amount of Rs.15.15 Lakhs (31.03.2006-Rs.55.70 Lakhs)

Schedules forming part of Consolidated Balance Sheet

(Rs. in Lakhs)

		As at 31.03.2007		As at 31.03.2006
SCHEDULE 6				
Current Assets, Loans and Advances				
Inventories				
Trading Stocks (Refer Note :- 4 (p))	**64,311.16**		46,919.86	
Service Spares	**484.86**		1,220.17	
		64,796.02		48,140.03
Sundry Debtors (Unsecured)				
Over Six Months				
Considered Good	**1,052.18**		263.17	
Considered Doubtful	**633.88**		260.97	
	1,686.06		524.14	
Less than Six Months				
Considered Good	**76,841.28**		57,976.59	
Considered Doubtful	**-**		-	
	78,527.34		58,500.73	
Less : Provision for Doubtful Debts	**633.88**		260.97	
		77,893.46		58,239.76
Cash and Bank Balances				
Cash on Hand	**55.22**		69.36	
Remittances in Transit	**-**		6.28	
Balances with Banks				
- On Current Account	**9,376.95**		8,856.55	
- On Deposit Account Unutilized IPO proceeds Refer note 4(d)	**9,890.67**		-	
- On Other Deposits including towards Bank guarantee	**621.12**		731.33	
		19,943.96		9,663.52
Loans and Advances				
Secured and Considered Good (Secured on deposit of title deed relating to property)	**12.53**		12.98	
Unsecured and Considered Good:				
Advances Recoverable in Cash or in kind for value to be received	**2,335.17**		5,106.99	
Other Advances	**2,397.84**		1,373.40	
Deposits	**953.43**		496.12	
Balances with Customs	**165.38**		34.76	
Advance Payment of Income Tax including Fringe Benefit Tax and Tax Deducted at Source	**5,289.51**	**11,153.86**	4,496.56	11,520.81
		1,73,787.30		1,27,564.12
SCHEDULE 7				
Current Liabilities and Provisions				
Current Liabilities				
Sundry Creditors	**37,884.48**		31,310.20	
Interest accrued but not due	**30.19**		230.31	
Expenses Payable	**6,872.98**		4,407.41	
Other Liabilities	**6,469.69**	**51,257.34**	4,749.43	40,697.35
Provisions				
Proposed Dividend	**1,946.64**		-	
Corporate Dividend Tax on Proposed Dividend	**330.83**		-	
Provision For Taxation	**5,114.15**		4,369.54	
Provision For Fringe Benefit Tax	**151.73**		71.43	
Provision For Leave Encashment	**127.02**		103.96	
Provision For Gratuity / End of Service Indemnity	**375.82**	**8,046.19**	242.50	4,787.43
		59,303.53		45,484.78

Schedules forming part of Consolidated Profit and Loss account

(Rs. in Lakhs)

	Year Ended March 31, 2007	Year Ended March 31, 2006
SCHEDULE 8		
Sales and Service Income		
Sales	**8,48,044.66**	6,39,958.57
Service Income	**18,098.30**	9,032.41
Suppliers Rebates and Discounts (Net)	**39,996.06**	30,066.13
	9,06,139.02	6,79,057.11
SCHEDULE 9		
Other Income		
Interest Income	**365.14**	241.15
Bad debts written off in earlier years recovered	**68.99**	10.65
Provision for Doubtful Debts no longer required written back	**-**	3.03
Profit on sale of asset (Net)	**24.74**	(3.63)
Profit on redemption of Investments in Mutual funds	**1.29**	-
Miscellaneous Income	**114.81**	47.31
	574.97	298.51
SCHEDULE 10		
Trading Expenses		
Freight	**2,260.07**	2,208.44
Commercial Taxes	**278.93**	170.28
Consumables	**7.27**	8.42
	2,546.27	2,387.14
SCHEDULE 11		
Employee Compensation Costs		
Salaries and Bonus	**7,508.12**	5,077.30
Contribution to Provident Fund and other Funds	**186.43**	156.38
Welfare Expenses	**239.25**	184.47
Leave Encashment	**43.58**	42.75
Gratuity / End of service indemnity	**58.35**	110.32
	8,035.73	5,571.22

Schedules forming part of Consolidated Profit and Loss account

(Rs. in Lakhs)

		Year Ended March 31, 2007		Year Ended March 31, 2006
SCHEDULE 12				
Other Expenses				
Rent		**1,309.02**		726.37
Repairs and Maintenance		**528.47**		579.96
Utilities		**220.33**		150.71
Insurance		**955.22**		554.35
Rates and Taxes		**19.94**		28.88
Printing and Stationery		**194.92**		141.62
Advertisement / Sales promotion		**1,072.42**		502.39
Communication		**896.32**		713.26
Travel		**957.64**		550.67
Conveyance		**161.12**		152.95
Consultancy Charges		**316.08**		340.56
Bad Debts	**265.80**	**-**	190.35	
Less: Written off against opening provision	**204.73**	**61.07**	112.64	77.71
Provision for doubtful debts		**594.35**		252.16
Exchange loss(Net)		**202.08**		(136.42)
Auditor's Remuneration (including subsidiaries' auditors)		**127.11**		110.50
Factoring Expenses		**840.04**		203.67
Bank charges		**744.27**		554.73
Directors' Sitting Fees		**1.05**		-
Directors' Commission		**12.45**		-
Miscellaneous Expenses		**1,125.76**		599.95
		10,339.66		6,104.02
SCHEDULE 13				
Interest				
Interest on Loans				
To Banks		**4,076.14**		2,701.70
To Mutual Funds		**1,230.90**		380.87
To Others		**3.18**		48.99
Interest on Debentures		**483.14**		479.46
Interest on Finance Leases		**0.68**		2.36
		5,794.04		3,613.38

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 14

Notes to consolidated accounts for the year ended March 31, 2007

1. Status and Operations

Redington (India) Limited (Company), a company incorporated under the Indian Companies Act is the distributor for Information Technology products, Telecom products and Consumer durables for Indian market. The Company also renders after sales service. The Company has wholly owned subsidiaries in Middle East and Singapore viz. Redington Gulf FZE and Redington Distribution Pte. Ltd. The principal activity of Redington Gulf FZE and its subsidiaries is wholesale distribution of Information Technology products, their parts and their subsequent after sales service in Middle East and African markets. The principal activity of Redington Distribution Pte Limited and its subsidiary is wholesale distribution of Information Technology products and their parts in Singapore and Bangladesh.

2. Basis of consolidation

The consolidated financial statements comprises financial statements of Redington (India) Limited and its subsidiaries, drawn up to March 31, 2007. The consolidated financial statements have been prepared, in accordance with the Accounting Standard 21, ***"Consolidated Financial Statements"*** issued by the Institute of Chartered Accountants of India. Subsidiary companies considered in these consolidated financial statements are:

A. Immediate Subsidiaries

Name of the company	Country of incorporation	Effective date of control/acquisition	Ownership Interest%
Nook Holdings Private Limited	India	April 1, 1995	100%
Redington (India) Investments Private Limited	India	June 28, 1995	100%
Redington Gulf FZE	Dubai, UAE	April 1, 2004	100%
Redington Distribution Pte. Limited	Singapore	April 1, 2005	100%
Cadensworth (India) Private Ltd.	India	April 1, 2005	100%

B. Subsidiaries of Redington Gulf FZE

Name of the company	Country of incorporation	Effective date of investment / acquisition	Ownership Interest%	Beneficial Interest%
Redington Egypt Ltd	Egypt	February 9, 2000	99%	100%
Redington Nigeria Ltd	Nigeria	October 15, 2002	100%	100%
Redington Gulf & Co. LLC	Oman	November 11, 2003	70%	100%
Redington Kenya Ltd	Kenya	July 19, 2004	100%	100%
Cadensworth FZE	Dubai, UAE	March 29, 2005	100%	100%
Redington Middle East LLC	Dubai	July 1, 2005	49%	100%
Redington Arabia Limited	Saudi Arabia	December 1, 2005	100%	100%
Redington Africa Distribution FZE	Dubai, UAE	December 1, 2005	100%	100%
Redington Qatar WLL	Qatar	December 1, 2005	51%	100%
Redington Bahrain SPC *	Bahrain	March 26,2007	100%	100%

* Yet to commence commercial operations

C. Subsidiary of Redington Distribution Pte. Ltd.

Name of the company	Country of incorporation	Effective date of acquisition	Ownership Interest%	Beneficial Interest%
Redington Bangladesh Limited	Bangladesh	June 24, 2005	99%	100%

Results of subsidiaries acquired are included in the consolidated Profit and Loss account from the date of acquisition.

The following have been considered in preparing the consolidated financial statements:

a. Financial Statements of Redington (India) Limited, Cadensworth (India) Private Limited, Nook Holdings Private Limited and Redington (India) Investments Private Limited audited by Deloitte Haskins and Sells, Chennai.

b. Consolidated financial statements of Redington Gulf FZE audited by Deloitte & Touche (M.E.)

c. Consolidated financial statements of Redington Distribution Pte. Limited audited by Ernst & Young

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account

Notes to consolidated accounts for the year ended March 31, 2007 *(Contd.)*

The audited financial statements of the parent company and its Indian subsidiaries and the consolidated financial statements of Redington Gulf FZE and Redington Distribution Pte Limited used in the consolidation are drawn up to the same reporting date as of the Company.

The consolidated financial statements have been prepared on the following basis:

a) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter company balances and transactions and unrealized profits or losses have been fully eliminated.

b) Goodwill arising on consolidation represents the excess of carrying cost of acquisition of subsidiaries over the net worth of the respective subsidiaries. Capital Reserve arising on consolidation represents the excess of net worth over the carrying cost of acquisition of the respective subsidiaries. Such capital reserve has been adjusted against the Goodwill in the presentation of consolidated financial statements.

3. Significant accounting policies

a. Basis of accounting

The financial statements have been prepared in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP) under historical cost convention on the accrual basis. GAAP comprises of the mandatory Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act 1956.

Financial Statements have been prepared in accordance with revised International Financial Reporting Standards (IFRS) for Redington Gulf FZE and its subsidiaries and the provisions of Singapore Financial Reporting Standards for Redington Distribution Pte. Ltd. and its subsidiary. The consolidated financial statements of overseas subsidiaries have been regrouped and recast to conform to the preparation of financial statements in accordance with Indian GAAP. There is no material adjustments required to be made in the financial statements of overseas subsidiaries to bring them in line with the Indian GAAP (also refer note 3 (c) (v), 4 (h) and 4 (k)).

b. Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosures relating to contingent assets and liabilities as on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates.

c. Fixed Assets and Depreciation

i. Fixed Assets are recorded at cost less accumulated depreciation.

ii. Interior decoration on buildings taken on lease are capitalized and depreciated over a period of three to five years which however is less than the primary / extended lease period.

iii. Intangible Assets comprising cost of software purchased is amortized using straight-line method over its estimated useful life of 3 years.

iv. Individual assets valuing Rs.5,000/- and below are fully depreciated in the year of addition in the parent company and its Indian subsidiaries.

v. Depreciation on straight-line basis is provided at the following rates based on the local laws / economic useful life of the assets as determined by local management.

Asset category	Parent Company	Indian subsidiaries	Overseas subsidiaries
Building	1.63%	1.63%	NA
Plant and Machinery	4.75%	33.33%	NA
Furniture and Fixtures	6.33%	33.33%	25.00%
Office Equipments	4.75%	33.33%	20.00%
Computers	16.21%	33.33%	33.33%
Vehicles	9.50%	NA	33.33%
Intangible assets - Software	33.33%	NA	33.33%

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account

Notes to consolidated accounts for the year ended March 31, 2007 *(Contd.)*

d. Impairment of assets

At each Balance Sheet date, carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

e. Leases

Leases are classified as finance or operating leases depending upon the terms of the lease agreements. Assets held under finance leases are recognized as assets of the Company on the date of acquisition and depreciated over their estimated useful lives using the method and rates applicable to the class of asset as described in Note 3 (c) above. Finance costs are treated as period cost using effective interest rate method and are expensed accordingly. Rentals payable under operating leases are expensed as incurred.

f. Inventories

Inventories are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their warehouse. Cost is determined on weighted average method (on FIFO method in Redington Gulf FZE and its subsidiaries).

g. Revenue Recognition

i. Sales revenue is recognised when the ownership and title is transferred on invoicing based on confirmed orders, which generally coincides with delivery. Revenue is net of trade discounts and sales tax. With respect to overseas subsidiaries sale of goods is recognized when goods are delivered and title has passed, net of discounts.

ii. Service revenue is recognized when services are rendered. Warranty and Maintenance Contracts revenue is recognized as per the terms of contract.

iii. Revenue from supplier schemes is accrued based on the fulfillment of terms of such programs.

h. Foreign Currency Transactions

Foreign currency transactions are generally recorded at the prevailing rate on the date of transaction. Gains or losses on settlement of the transaction are accounted under appropriate heads in the Profit and Loss Account. Monetary assets and liabilities denominated in foreign currency are restated at the rates of exchange as on the Balance Sheet date and exchange gain/loss is suitably dealt with in the Profit and Loss Account.

The assets and liabilities of foreign subsidiaries whose operations are of non-integral nature are translated at the closing exchange rates, the items of income and expense of foreign subsidiaries are translated at average exchange rate and resulting exchange differences are classified as cumulative translation adjustment and debited / credited to Foreign Currency Translation Reserve.

The assets and liabilities of foreign subsidiaries are translated at the closing exchange rates at Rs.43.39 per USD and Rs.11.83 per AED. Income and expenses of foreign subsidiaries are translated at average exchange rates at Rs 45.1423 per USD and Rs.12.2969 per AED

i. Warranties

The Original Equipment Manufacturer generally warrants the products distributed by the Company. The Company generally does not independently warrant the products it distributes and management does not consider that any provision for warranties or claims is required

j. Employee benefits

i. Provident Fund

Company's contribution to Provident Fund made in accordance with the laws as applicable in respective countries is charged to Profit and Loss Account.

ii. Gratuity / End of service indemnity

Liability towards gratuity as at Balance Sheet date is determined using the Projected Unit Credit Method with actuarial valuations being carried out at each Balance Sheet date for the parent company and its Indian subsidiaries. Actuarial

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account

Notes to consolidated accounts for the year ended March 31, 2007 *(Contd.)*

gains and losses are recognized in full in the Profit and Loss Account for the period in which they occur. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost.

With respect to overseas subsidiaries provision for employee's end of service indemnity is made in accordance with the laws as applicable in respective countries.

iii. Leave encashment

Provision for leave encashment, payable at the time of resignation / retirement is being made as per the provisions of the Accounting Standard (AS) 15 (revised 2005) "Employee Benefits" issued by the Institute of Chartered Accountants of India for the parent company and its Indian subsidiaries. The undiscounted amount of short-term employee benefits such as paid annual leave, expected to be paid in exchange for the services rendered by employees is recognized during the period when the employee renders the service.

Liability to leave encashment, as at Balance Sheet date, payable at the time of retirement / resignation in respect of eligible employees is determined based on the availability of leave credit for each employee as at the Balance Sheet date for overseas subsidiaries.

k. Provision for Taxation

Provision for taxation comprises of the current income tax provision, the net change in the deferred tax asset or liability in the year and fringe benefit tax provision.

i) Current tax is determined in accordance with the Tax Laws of respective countries.

ii) Deferred tax assets and liabilities are recognized for the future tax consequences of timing differences between the carrying values of the assets and liabilities and their respective tax bases using enacted or substantially enacted tax rates. Deferred tax assets, subject to consideration of prudence, are recognized and carried forward only to the extent they can be realized.

iii) Fringe Benefit tax is provided for parent company and Indian subsidiary according to the provisions of Indian Income Tax Act, 1961.

l. Earnings per share

The earnings considered in ascertaining the Company's earning per share comprise the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of shares, if any, which would have been issued on the conversion of all dilutive potential equity shares.

m. Provisions

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

4. Notes forming part of Accounts

a. Share Capital

i) Pursuant to the approval of the shareholders at their Annual General Meeting, the Board of Directors have at their meeting held on July 1, 2006, issued and allotted 1552500 equity shares of face value of Rs.10/- each at a premium of Rs.52/- per share aggregating to Rs.962.55 Lakhs to Redington Employees Share Purchase Trust under the Redington (India) Limited - Employees Share Purchase Scheme.

ii) Pursuant to the approval of share holders at the Annual General Meeting held on July 1, 2006, the Company made an Initial Public Offer and on February 6, 2007 issued and allotted 13231000 Equity shares of Rs.10/-each at a premium of Rs.103/- per share aggregating to Rs.14,951.03 Lakhs.

iii) Consequent to (i) and (ii) above, the paid up equity share capital has increased by Rs.1,478.35 Lakhs.

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account

Notes to consolidated accounts for the year ended March 31, 2007 *(Contd.)*

b. Securities Premium

The premium collected on the above issue of equity shares amounting to Rs 14,435.23 Lakhs is credited to Securities Premium Account.

c. Share Issue Expenses

The share issue expenses of Rs.1109.09 Lakhs have been adjusted against the Securities Premium, in accordance with the provisions of Section 78 of the Companies Act, 1956.

d. Utilization of IPO Funds upto March 31, 2007

Details	Rs. in Lakhs
Proceeds from issue of shares	14,951.03
Less: Issue Expenses	357.58
Net IPO Proceeds	14,593.45
Less: Utilization of Funds	4,702.78
Unutilized IPO Funds	9,890.67

Unutilized IPO funds are held as Fixed Deposits with banks.

e. Secured Loans

Working Capital Demand Loan / Cash credits are secured by a *pari-passu* charge on the Fixed Assets and Current Assets.

f. Unsecured Loans

Bank borrowings of Redington Distribution Pte Limited and Redington Gulf FZE are secured by hypothecation of inventories, assignment of insurance policies over inventories and continuing corporate guarantees of Redington (India) Limited.

g. Deferred Tax

Break-up of Deferred Tax Assets and Deferred Tax Liabilities arising on account of timing differences:

(Rs. in Lakhs)

	As at March 31, 2007	As at March 31, 2006
i. Deferred Tax Assets:		
Provision for doubtful debts	**101.77**	68.91
Provision for Gratuity	**43.33**	26.45
Provision for Leave encashment	**43.18**	15.47
Others	**14.85**	(0.23)
Total	**203.13**	110.60
ii. Deferred Tax Liability:		
Depreciation	**292.53**	240.00
Total	**292.53**	240.00
Net Deferred Tax Liability	**89.40**	129.40

h. Inventories

Out of the total inventories, Rs.33,670.53 Lakhs (31.03.2006 – Rs.23,078.08 Lakhs) pertaining to Redington Gulf FZE and its subsidiaries are valued on FIFO basis as permitted under International Financial Reporting Standards. The rest of inventories are at weighted average cost or net realizable value whichever is lower (Refer Policy no: 3 (f)).

i. Sundry Debtors

Receivables are stated at their value as reduced by appropriate allowance for estimated doubtful debts. Sundry Debtors are net of amounts received from certain banks pursuant to an agreement to purchase / assign certain receivables without recourse.

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account

Notes to consolidated accounts for the year ended March 31, 2007 *(Contd.)*

j. Sundry Creditors

Sundry Creditors are stated at their nominal value. Supplier balances included under Sundry Creditors are net of rebates and discount entitlements from them.

k. Revenue recognition

Out of the total sales, Rs.4,35,602.12 Lakhs (2005-2006 - Rs.3,10,890.21 Lakhs) pertaining to overseas subsidiaries have been recognized on the basis of deliveries (Refer policy no: 3 (g)).

l. Leave Encashment

The Parent Company and one of its Indian subsidiaries has adopted AS-15 (revised 2005) on "Employee Benefits" even effective from April 1, 2006 though mandatory for the company with effect from April 1, 2007. Pursuant to this, the Company has reassessed its liability on various employee benefits as on that date and the additional liability arising thereon amounting to Rs.30.02 Lakhs (net of deferred tax benefits of Rs.15.25 Lakhs) has been adjusted against opening balance in Profit and Loss account which is in accordance with the transitional provisions in the standard. The additional liability for the year ended March 31, 2007 of Rs. 34.95 Lakhs determined in accordance with the standard has been absorbed in the current year Profit and Loss Account.

m. Contingent Liabilities

(Rs. in Lakhs)

	As at March 31, 2007	As at March 31, 2006
a. Guarantees by banks	**3,365.85**	886.15
b. Disputed Income Tax / Sales Tax / Customs Duty demands *		
- Disputed customs duty	**60.53**	60.53
- Disputed sales tax demand	**212.81**	87.44
- Disputed Income tax demand	**115.90**	112.20
c. Letter of Credit	**3,444.95**	2,084.40
d. Bills discounted	**8,306.30**	2,732.05
e. Claims against company not Acknowledged as debts		
- Claim from an erstwhile warehouse owner	**67.00**	67.00
- Other sundry claims	**47.05**	41.80

* The parent company has paid Rs.145.11 Lakhs (Previous year Rs 113.61 Lakhs), which has been considered as recoverable. The parent company has been legally advised that these demands would not become ultimately payable on disposal of appeals and hence no provision is considered necessary.

n. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) Rs.516.65 Lakhs (P.Y. Rs.15.47 Lakhs)

o. Segmental Reporting

The Company has identified geographic segment as its primary segment.

Since the Company primarily operates in the business segment of distribution of IT related products and as the turnover from sale of telecom products, consumer durables and other non IT products are less than 10% of total turnover, there are no reportable secondary segment as required to be disclosed under Accounting Standard 17 "Segment Reporting".

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account

Notes to consolidated accounts for the year ended March 31, 2007 *(Contd.)*

Geographical segments are reported Viz., India and Overseas

(Rs. in Lakhs)

Particulars	India		Overseas		Eliminations		Consolidated	
	2006-07	2005-06	**2006-07**	2005-06	**2006-07**	2005-06	**2006-07**	2005-06
REVENUE								
External Revenue	**4,71,235.58**	3,68,428.18	**4,35,478.41**	3,10,927.44	**–**	–	**9,06,713.99**	6,79,355.62
Inter segment revenue	**1,130.45**	1,456.24	**15,280.85**	19,350.07	**(16,411.30)**	(20,806.31)	–	–
Total Revenue	**4,72,366.03**	3,69,884.42	**4,50,759.26**	3,30,277.51	**(16,411.30)**	(20,806.31)	**9,06,713.99**	6,79,355.62
Profit Before Tax	**6,866.90**	4,724.69	**5,857.69**	4511.17	**–**	–	**12,724.59**	9,235.86
Segment Assets (Excluding goodwill)	**1,04,499.90**	64,666.70	**74,131.16**	64,559.91	**(376.16)**	1,166.08	**1,78,254.90**	1,30,392.69
Segment Liabilities	**73,831.35**	46,684.00	**46,083.09**	45,624.30	**(390.27)**	1,166.08	**1,19,524.17**	93,474.38
Other Information:								
Depreciation	**387.34**	331.59	**941.00**	161.88	**–**	–	**1,328.34**	493.47
Capital Expenditure	**1,387.77**	1,001.56	**1,686.40**	324.13	**–**	–	**3,074.17**	1,325.69

p. Inventories include Rs.1,255.06 Lakhs in customs bonded warehouse and import duties amounting to Rs. 436.12 Lakhs would be considered in the books of accounts, in the year in which the goods are cleared for consumption. This has however no impact on the profit for the year ended March 31, 2007.

q. Employee Share Purchase Scheme

The Company formed Redington Employees Share Purchase Trust (the 'Trust') in April 2006 to administer the Redington (India) Limited - Employees Share Purchase Scheme (ESPS).

As described in note 4 a (i), 1552500 equity shares were issued and allotted to the Trust of which 1530514 equity shares have been transferred to the eligible employees at Rs.62/- per share. The balance of 21,986 shares is with the Trust as on March 31, 2007.

The exercise price for these shares was higher than the fair value (as determined by an independent valuation) as on the date of allotment to the Trust and accordingly no employee compensation cost has been recognized.

The Trust is administered by the Company and in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The deficit of the Trust for the year ended March 31, 2007 amounting to Rs. 27.85 Lakhs has been absorbed in the Profit and Loss account.

r. Customs Duty

Loans and advances include Rs. 166.86 Lakhs, being excess customs duty paid on import of certain consignments. The concerned authorities have in principle granted the refund and Rs.26.07 Lakhs has been received subsequent to year-end.

s. Statutory Reserve

As required by the local laws of the countries where each entity is established, statutory reserve is created by allocating a certain percentage of the net profits for the year. The reserves are not distributable except as provided by the relevant country's law.

t. Earnings per share

The net profit for the year has been used as numerator and the weighted average number of equity shares as the denominator in calculating the basic / diluted earnings per share.

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account

Notes to consolidated accounts for the year ended March 31, 2007 *(Contd.)*

There are no potential equity shares and hence basic and diluted EPS are the same.

Description	Year Ended March 31, 2007	Year Ended March 31, 2006
Numerator-Profit after Tax (Rs. in Lakhs)	**10169.67**	7433.68
Denominator-Weighted Average Number of equity shares	**66,205,147**	60,799,286
Face Value per share in Rs.	**10/-**	10/-
Basic and Diluted Earnings per share in Rs.	**15.36**	12.23

u. Related Parties

i) Key Management Personnel

Mr. R Srinivasan, Managing Director – Refer Note (iii) for remuneration
Mr. M Raghunandan, Wholetime Director – Refer Note (iii) for remuneration.
Mr. Raj Shankar, Director (for overseas subsidiaries) – Refer Note (iii) for remuneration

ii) Name of the related parties

Party where control exists Redington Employee Share Purchase Trust

iii) Remuneration to Key Management Personnel Rs.39.25 Lakhs (2005-06 Rs.20.69 Lakhs) (Key Management Personnel of Parent Company). Rs.344.93 Lakhs [@] (2005-06 – Rs.213.89 Lakhs) (Key Management Personnel of Overseas subsidiaries).

[@] Remuneration paid by overseas subsidiaries includes amounts paid to Managing Director of the parent company.

iv) Nature of Transactions

(Rs. in Lakhs)

Nature of transaction	Party where control exists		Fellow subsidiaries	
	2006-07	**2005-06**	**2006-07**	**2005-06 ***
Trading Purchases	**NIL**	NIL	**NIL**	16,303.08
Sales	**NIL**	NIL	**NIL**	2,042.71
Interest Expense	**14.68**	NIL	**NIL**	15.05
Trust Expenses	**27.85**	NIL	**NIL**	NIL
Extinguishment of Liability	**NIL**	NIL	**NIL**	236.86
Loan borrowed	**5,130.54**	NIL	**NIL**	NIL
Loan repaid	**5,130.54**	NIL	**NIL**	NIL
Amount Receivable at the end of the year	**NIL**	NIL	**NIL**	29.55
Amount Payable at the end of the year	**27.85**	NIL	**NIL**	0.89

* Redington Pte Limited, Singapore and Cadensworth Pte Limited, Singapore – for the year 2005-06.

v. Previous year figures have been regrouped wherever necessary to conform to current year's classification.

Signatories to Schedule 1 to 14

For and on behalf of the Board

For Deloitte Haskins & Sells
Chartered Accountants

Bhavani Balasubramanian
Partner

R Srinivasan
Managing Director

M Raghunandan
Whole Time Director

S V Krishnan
Chief Financial Officer

M Muthukumarasamy
Company Secretary

Place : Chennai
Date : May 17, 2007

Statement pursuant exemption received under Section 212(8) of the Companies Act, 1956 relating to subsidiary Companies

(Rs. In Lakhs)

Sr.No	Name of the Subsidiary	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment other than investment in subsidiary	Turnover	Profit Before Taxation	Provision for Taxation	Profit After Tax	Proposed Dividend	Country
1	Nook Holdings Private Limited	INR	1.00	5.00	3.39	30.05	21.66	-	0.00	2.61	1.04	1.57	-	INDIA
2	Redington (India) InvestmentsPrivate Limited	INR	1.00	5.00	5.20	10.54	0.34	-	0.83	0.23	0.08	0.15	-	INDIA
3	Cadenswoth (India) Private Limited	INR	1.00	130.13	825.33	1252.96	297.50	-	590.92	301.14	101.95	199.19	-	INDIA
4	Redington Gulf FZE	AED	11.83	949.60	22052.51	61521.09	38518.98	-	358987.39	4373.74	0.00	4373.74	-	UAE
5	Redington Distribution Pte Limited	USD	43.39	1735.60	618.92	9469.88	7115.36	-	78660.93	345.13	88.76	256.37	-	SINGAPORE
6	Redington Arabia Limited	SR	11.57	119.00	469.32	1645.74	1057.42	-	2914.80	121.78	25.86	95.92	-	SAUDI ARABIA
7	Redington Middle East LLC	AED	11.83	36.48	312.12	3520.52	3171.92	-	24762.03	154.34	0.00	154.34	-	UAE
8	Redington Africa Distribution FZE	AED	11.83	118.30	137.56	16488.85	16232.99	-	62262.12	143.00	0.00	143.00	-	UAE
9	Redington Qatar Company W.L.L	QR	11.92	24.52	171.99	286.92	90.41	-	817.77	95.36	10.06	85.30	-	QATAR
10	Redington Gulf And Co LLC	RO	11.27	173.85	(41.11)	299.60	166.86	-	829.67	32.79	0.00	32.79	-	OMAN
11	Redington Nigeria Limited	NN	0.35	36.12	(34.02)	4679.92	4677.82	-	15252.38	47.32	0.77	46.55	-	NIGERIA
12	Redington Kenya Limited	SH	0.63	6.24	(148.35)	1760.85	1902.96	-	3442.83	(151.57)	0.09	(151.66)	-	KENYA
13	Cadensworth FZE	AED	11.83	118.94	2369.32	3593.95	1105.69	-	10366.82	660.46	0.00	660.46	-	UAE
14	Redington Egypt Limited	LE	7.78	3.97	32.46	1094.81	1057.78	-	4078.04	18.70	5.57	13.13		EGYPT
15	Redington Bangladesh Limited	TAKA	0.65	20.52	3.28	27.04	3.24	-	0.00	0.99	0.37	0.62	-	BANGLADESH

Redington Baharain SPC was incorporated on March 26, 2007. The Company is yet to commence its operations.

Abbreviation:

INR - Indian Rupees; AED - UAE Dirhams; QR - Qatari Riyal; RO - Omani Riyal; USD - US Dollar; NN - Nigerian Naira; SH - Kenyan Shilling; SR - Saudi Riyal; LE - Egyptian Pound;TAKA - Bangladesh Taka

REDINGTON (INDIA) LTD.

Regd. Office:SPL Guindy House, 95, Mount Road, Guindy,Chennai 600 032

ATTENDANCE SLIP

Fourteenth Annual General Meeting 26th July 2007

DP ID ______________ Folio No. ______________

Client ID ______________

No. of Shares Held | | | | | | | | |

I certify that I am a member/proxy for the member of the Company.

I hereby record my presence at the Fourteenth Annual General Meeting of the Company at Narada Gana Sabha, Main Hall, No.314, T.T.K Road , Chennai-600 018 at 10.00 A.M. on Thursday, 26th July 2007.

______________________________ ______________________________

Name of the member/proxy Signature of the member/Proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the meeting.

REDINGTON (INDIA) LTD.

Regd. Office:SPL Guindy House, 95, Mount Road, Guindy,Chennai 600 032

PROXY FORM

DP ID ______________ Folio No. ______________

Client ID ______________

No. of Shares Held | | | | | | | | |

I/We _______________________________________ of ____________________ in the district of ______________________________being member /members of the Company hereby appoint___________________________ of _________________in the district of ___________________________ or failing him/her _____________________________ of _____________________in the district of _________________________ as my/our proxy to vote for me/us/on my/our behalf at the FOURTEENTH ANNUAL GENERAL MEETING of the Company to be held at Narada Gana Sabha, Main Hall, No.314, T.T.K Road , Chennai-600 018 at 10.00 A.M. on Thursday, 26th July 2007 and at any adjournment (s) thereof

Signed this__________________________ day of ______________________ 2007.

Revenue stamp

Signature ___________________________________

Notes: This form, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the meeting

Redington (India) Limited
SPL Guindy House, 95, Mount Road, Guindy, Chennai-600 032.
www.redingtonindia.com