PROSPECTUS
Please read Section 60B of the Companies Act, 1956
Dated January 31, 2007
100% Book Built Issue

REDINGTON (INDIA) LIMITED

(Our Company was incorporated as G. Kewalram Private Limited on May 2, 1961 with the Registrar of Companies, Maharashtra. On December 9, 1981, the name of our Company was changed to Kewalram Private Limited and subsequently to Redington (India) Private Limited on April 28, 1987. The registered office of our Company was transferred to Chennai, Tamil Nadu by the Company Law Board's order dated July 13, 1994. We changed our name to Redington (India) Limited with effect from October 01, 1996 with the Registrar of Companies, Tamil Nadu on which date our Company became a public limited company. Subsequently, on January 10, 2002, the word "Private" was inserted in the name of our Company pursuant to Section 43A (2A). The word "private" was deleted from the name of our Company pursuant to Section 44 (a) of the Companies Act, 1956, and our Company became a public company with effect from March 15, 2002)

Registered office: SPL Guindy House, 95, Mount Road, Guindy, Chennai 600 032
Tel: +91 44 2235 3313/4224 3535; Fax: +91 44 2235 2790, Website: www.redingtonindia.com
Corporate office: SPL Guindy House, 95, Mount Road, Guindy, Chennai 600 032
Tel: +91 44 22353313 / 42243535, Fax: +91 44 22352790
Contact person and compliance officer: Mr. M. Muthukumarasamy, Tel: + 91 44 3918 1300, Fax: + 91 44 3918 1333,
Email: investors@redington.co.in

PUBLIC ISSUE OF 13,231,000 EQUITY SHARES OF RS. 10 EACH ("EQUITY SHARES") FOR CASH AT A PRICE OF RS. 113 PER EQUITY SHARE, AGGREGATING RS. 1,495.10 MILLION. THE ISSUE SHALL CONSTITUTE 16.99% OF THE FULLY DILUTED POST-ISSUE CAPITAL OF OUR COMPANY.

ISSUE PRICE : RS. 113 PER EQUITY SHARE OF FACE VALUE OF RS. 10/- EACH
THE ISSUE PRICE IS RS. 11.3 TIMES OF THE FACE VALUE

In case of revision in the Price Band, the Bidding Period will be extended for three additional days after revision of the Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited, by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Manager and at the terminals of the Syndicate.

The Issue is being made through the 100% Book Building Process and pursuant to Rule 19 (2)(b) of the Securities Contract Regulation Rules, 1957, wherein at least 60% of the Issue shall be allotted to Qualified Institutional Buyers ("QIBs") on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allotted to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Issue would be allocated to Non-Institutional Bidders and up to 30% of the Issue would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price. We have not opted for any IPO grading for the Issue.

RISK IN RELATION TO FIRST ISSUE

This being the first issue of the Equity Shares, there has been no formal market for the Equity Shares. The face value of the Equity Share is Rs. 10 and the Issue Price is 11.3 times of the face value. The Issue Price (as determined by the Company in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares by way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Specific attention of the investors is invited to the section titled "Risk Factors" beginning on page 1.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares offered through this Prospectus are proposed to be listed on the NSE and the BSE. We have received in-principle approval from the NSE and the BSE for the listing of our Equity Shares pursuant to letters dated October 23, 2006 and November 15, 2006 respectively. NSE shall be the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED 801, Dalamal Towers, Nariman Point Mumbai 400 021, India Tel: +91 22 6638 1800 Fax: +91 22 2284 6824 Email: redington.ipo@enam.com Website: www.enam.com Contact person: Ms. Lakha Nair	**CAMEO CORPORATE SERVICES LIMITED** 'Subramanian Building', No. 1, Club House Road Chennai 600 002, India Tel: +91 44 2846 0390 Fax: +91 44 2846 0129 Email: redington@cameoindia.com Website: www.cameoindia.com Contact person: Mr. R.D. Ramasamy

ISSUE PROGRAMME	
BID/ISSUE OPENED ON : MONDAY, JANUARY 22, 2007	BID/ISSUE CLOSED ON :THURSDAY, JANUARY 25, 2007

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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

General terms

Term	Description
"We", "us", "our", "the Company" and "our Company"	Unless the context otherwise indicates or implies, refers to Redington (India) Limited

Company related terms

Term	Description
Articles/Articles of Association	Articles of Association of our Company
Auditors	The statutory auditors of the Company, Deloitte Haskins & Sells, Chartered Accountants
Board/Board of Directors	Board of Directors of our Company
Director(s)	Director(s) on the Board of our Company, unless otherwise specified.
Memorandum/Memorandum of Association	Memorandum of Association of our Company
Registered Office of our Company	SPL Guindy House, 95, Mount Road, Guindy, Chennai 600 032
RDPL	Redington Distribution Pte Limited

Issue related terms

Term	Description
Allotment	Unless the context otherwise requires, the issue and allotment of Equity Shares, pursuant to the Issue
Allottee	The successful Bidder to whom the Equity Shares are/have been issued
Banker(s) to the Issue	HDFC Bank Limited, Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank
Bid	An indication to make an offer during the Bidding Period by a prospective investor to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid/Issue Closing Date	The date after which the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English and Hindi national newspapers and a Tamil newspaper with wide circulation
Bid/Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in a widely circulated English and Hindi national newspapers and a Tamil newspaper with wide circulation
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to purchase Equity Shares of our Company in terms of the Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Prospectus

Term	Description
Bidding Period/Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI Guidelines, in terms of which this Issue is being made
BRLM	Book Running Lead Manager to the Issue, in this case being Enam Financial Consultants Private Limited
CAN/Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
Cap Price	The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted
Cut-off Price	The Issue Price finalised by our Company in consultation with the BRLM
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account and the Refund Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful Bidders
Designated Stock Exchange	NSE
DP ID	Depository Participant's Identity
Draft Red Herring Prospectus	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act and SEBI Guidelines, which does not contain complete particulars on the price at which the Equity Shares are issued and the size (in terms of value) of the Issue filed with SEBI on September 28, 2006
ECS	Electronic Clearing System
Enam	Enam Financial Consultants Private Limited, a private limited company incorporated under the Companies Act and having its registered office at 113, Stock Exchange Towers, Dalal Street, Fort, Mumbai 400 001
Enam Securities	Enam Securities Private Limited, a private limited company incorporated under the Companies Act and having its registered office at D. Rajabahadur Compound, Ambalal Doshi Marg, Fort, Mumbai 400 001
Equity Shares	Equity shares of our Company of Rs. 10 each, unless otherwise specified in the context thereof
Escrow Account	Account opened with the Escrow Collection Bank(s) for the Issue and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid and the Allocation Amount paid thereafter
Escrow Agreement	Agreement to be entered into by our Company, the Registrar, BRLM, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable refunds of the amounts collected to the Bidders
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account will be opened

Term	Description
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted
IPO Committee	A committee constituted by the Board in its meeting held on June 09, 2006, for the purpose of carrying out various actions in relation to the Issue
Issue	The issue of 13,231,000 Equity Shares by our Company at the Issue Price under this Prospectus
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of the Prospectus. The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date
Issue Size	13,231,000 Equity Shares to be issued to the Investors at the Issue Price
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount
Mutual Fund Portion	5% of the QIB Portion or 396,930 Equity Shares (assuming the QIB Portion is for 60% of the Issue Size) available for allocation to Mutual Funds only, out of the QIB Portion
Non Institutional Bidders	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000
Non Institutional Portion	The portion of the Issue being 1,323,100 Equity Shares available for allocation to Non Institutional Bidders
Pay-in Date	With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the Bid/Issue Closing Date, and with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the last date specified in the CAN sent to the Bidders
Price Band	Price band of a minimum price (floor of the price band) of Rs. 95 and the maximum price (cap of the price band) of Rs. 113 and includes revisions thereof
Pricing Date	The date on which Company in consultation with the BRLM finalises the Issue Price
Promoter	Redington (Mauritius) Limited
Promoter Group	Chanrai Investment Corporation Limited
Prospectus	The Prospectus to be filed with the RoC in terms of Section 60 of the Companies Act, containing, inter alia, the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account on the Designated Date
QIBs or Qualified Institutional Buyers	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI,

Term	Description
	state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million
QIB Margin Amount	An amount representing at least 10% of the Bid Amount
QIB Portion	The portion of the Issue being 7,938,600 Equity Shares, to be allotted to QIBs
RTGS	Real Time Gross Settlement
Refund Account	Account opened with an Escrow Collection Bank, from which refunds of the whole or part of the Bid Amount, if any, shall be made
Registrar to the Issue	Registrar to the Issue, in this case being Cameo Corporate Services Limited, having its registered office at 'Subramanian Building', No. 1, Club House Road, Chennai 600 002, India
Retail Individual Bidder(s)	Individual Bidders (including HUFs and NRIs) who have not Bid for Equity Shares for an amount more than or equal to Rs. 100,000 in any of the bidding options in the Issue
Retail Portion	The portion of the Issue being 3,969,300 Equity Shares available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP or Red Herring Prospectus	The Red Herring Prospectus dated January 4, 2007 filed with the RoC in terms of Section 60B of the Companies Act
Stock Exchanges	BSE and NSE
Subsidiaries	Unless otherwise stated subsidiaries would include Cadensworth (India) Private Limited, Nook Holdings Private Limited, Redington (India) Investments Private Limited, Redington Gulf FZE, Redington Distribution Pte Limited, Redington Egypt Limited, Redington Nigeria Limited, Redington Gulf & Co. LLC , Redington Kenya Limited, Cadensworth FZE, Redington Middle East LLC, Redington Arabia Limited, Redington Africa Distribution FZE, Redington Qatar WLL, Redington Bangladesh Limited
Syndicate Member	Enam Securities Private Limited
Syndicate Agreement	Agreement between the BRLM, Syndicate Member and our Company in relation to the collection of Bids in this Issue
TRS/Transaction Registration Slip	The slip or document issued by the Syndicate to the Bidder as proof of registration of the Bid
Underwriters	Enam and Enam Securities
Underwriting Agreement	The Agreement between the Underwriters and our Company, to be entered into on or after the Pricing Date

Conventional and general terms

Term	Description
A/c	Account
Act or Companies Act	The Companies Act, 1956 and amendments thereto
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BSE	The Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Depositories Act	Depositories Act, 1996 as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
DP/Depository Participant	A depository participant as defined under the Depositories Act
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPS	Earnings Per Share (as calculated in accordance with AS-20)
ESPS	Employee Stock Purchase Scheme(s) of our Company
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, read with its related rules and regulations
FII(s)	Foreign Institutional Investors (as defined under FEMA (Transfer or Offer of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India
Financial Year/Fiscal/FY	Period of twelve months ended March 31 of that particular year
FIPB	Foreign Investment Promotion Board
GDP	Gross Domestic Product
GoI	Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
Mn/mn	Million
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996

Term	Description
NA	Not Applicable
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit & Loss account, divided by the number of equity shares outstanding at the end of the year
NOC	No Objection Certificate
NR	Non-resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
QIB	Qualified Institutional Buyer
RBI	The Reserve Bank of India
RONW	Return on Net Worth
Rs.	Indian Rupees
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time
Sec.	Section
SIA	Secretariat for Industrial Assistance
Stock Exchange(s)	BSE and/or NSE as the context may refer to
US/USA	United States of America
USD or $ or US $	United States Dollar

Industry related terms and abbreviations

Term	Description
ADC	Automated Distribution Centre
AMC	Annual Maintenance Contract
BPO	Business Process Outsourcing
CA	Computer Associates
CD	Compact Disk
CD Rom	Compact Disk Read Only Memory
C&F	Cost and Freight
CIF	Cost, Insurance and Freight
CPU	Central Processing Unit
CRISIL	CRISIL Limited
DOA	Dead on Arrival
DPI	Dots Per Inch
EDI	Electronic Data Interface
ERP	Enterprise Resource Planning
GCC	Gulf Co-operative Council
HP	Hewlett Packard
IDC	International Data Corporation
ISV	Independent Software Vendors
IT	Information Technology
ITES	Information Technology Enabled Services
KSA	Kingdom of Saudi Arabia
O-GCC	Other Gulf Co-operative Council
PC	Personal Computer
PPM	Pages Per Minute
SBU	Strategic Business Unit
SME	Small and Medium Business Enterprise
SOHO	Small Office Home Office
SRC	Service and Repair Centre
UAE	United Arab Emirates
UPS	Uninterrupted Power Supply

CERTAIN CONVENTIONS; PRESENTATION OF FINANCIAL AND MARKET DATA

Unless stated otherwise, the financial data in this Prospectus is derived from our consolidated restated financial statements prepared in accordance with Indian GAAP and the SEBI Guidelines, which are included in this Prospectus. Our financial year commences on April 1 and ends on March 31 of the following year. Accordingly, all references to a particular financial year are to the twelve-month period ended on March 31 of that year.

There are significant differences between Indian GAAP and US GAAP. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited.

The extent to which the market and industry data used in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the IT distribution and service industry and methodologies and assumptions may vary widely among different industry sources.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain "forward-looking statements". These forward looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant statement.

Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- our ability to manage our growth;
- disruptions in our IT systems and communication links;
- uncertainties and variability in demand by channel partners;
- our business relationship with major vendors;
- significant changes in our inventory value;
- fluctuations in our revenue and operating results; and
- fluctuations in the foreign currency exchange rates.

For further discussion of factors that could cause our actual results to differ, see the sections titled "Risk Factors" and "Management's Discussion of Financial Condition and Results of Operations" on pages 1 and 154. Neither our Company nor the BRLM nor its affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the BRLM will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION II - RISK FACTORS

RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any of the following risks actually occur, our business, prospects, financial condition, results of operations could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment.

1. *Our Company, one of its Directors, and subsidiaries are involved in certain legal, including criminal proceedings*

Our Company, a Director, and subsidiaries are involved in certain legal proceedings and claims in India in relation to certain criminal and civil matters including consumer disputes. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. We cannot assure you that these legal proceedings will be decided in our favour. A summarisation of these legal proceedings is set out below. Any adverse decision may have a significant effect on our business and results of operations.

- there is 1 criminal proceeding pending against the Company, alleging theft of demand drafts, in which a whole time Director of the Company has also been impleaded;
- there are 17 disputes with governmental authorities (including 16 appeals preferred by the Company), where an aggregate amount of Rs. 39,059,558.76 is involved;
- there are 3 recovery proceedings pending against the Company for recovery of dues aggregating to Rs. 1,208,092;
- there are 46 consumer proceedings pending against the Company, and involving an aggregate amount of Rs. 30,02,330;
- there are 7 civil proceedings pending against the Company involving an aggregate amount of Rs. 7,054,000;
- we have initiated two criminal proceedings;
- we have filed one company petition seeking orders for the winding up; and
- we have initiated 93 recovery proceedings (including 91 under Section 138 of the Negotiable Instruments Act, 1881) in relation to the recovery of dues aggregating to Rs. 75,556,390.00.

In addition, our subsidiary, Redington Gulf FZE, has initiated four civil proceedings for the recovery of dues aggregating to USD 322,473.38 and AED 204,197.96.

For details, refer to the section titled "Outstanding Litigation and Material Developments" on page 173.

2. *Our inability to manage our growth could disrupt our business and reduce our profitability*

We have experienced significant growth in total income restated in recent years. Our total income on a standalone basis has grown from Rs. 19,691.27 million in financial year 2004 to Rs. 36,966.25 million in financial year 2006. The total income on a consolidated basis has grown from Rs. 19,690.96 million for the financial year 2004 to Rs. 67,955.46 million for the financial year 2006. Our total income on a standalone and on consolidated basis for the six months period ended September 30, 2006 were Rs.21,571.11 million and Rs.41,313.82 million respectively We expect this growth to place significant demands on both our management and our resources. This will require us to continuously evolve and improve our operational, financial and internal controls across the organisation. In particular, continued expansion increases the challenges involved in recruiting, training and retaining sufficient skilled technical, sales and management personnel; adhering to our high quality and process execution standards; maintaining high levels of customer satisfaction; preserving our culture, values and entrepreneurial environment; and developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems. Any inability to manage growth may have an adverse effect on our business, results of operation and financial condition.

3. ***We depend on a limited number of vendors to supply the IT products that we sell and the loss of, or a material change in, our business relationship with a major vendor could adversely affect our business, results of operation and financial condition***

   Our business is highly dependent on our relationships with a limited number of vendors. Sales of top five products represented approximately 83% of our total revenue in the financial year 2004-2005 and 77% of our total revenue in financial year 2005-2006. The loss or deterioration of our relationships with a major vendor, the authorisation by vendors of additional distributors, the sale of products by vendors directly to our reseller customers and end-users, or our failure to establish relationship with new vendors or to expand the distribution and supply chain services that we provide vendors could adversely affect our business, results of operation and financial condition. In addition, vendors may face liquidity or solvency issues which in turn could negatively affect our business, results of operation and financial condition.

4. ***Our gross margins are low, which magnifies the impact of variations in revenue, operating costs, bad debts and interest expense on our operating results***

   As a result of intense price competition in the IT products industry, our gross margins are low, and we expect them to continue to be low in the future. Increased competition arising from industry consolidation and low demand for certain IT products may hinder our ability to maintain or improve our gross margins. Low gross margins magnify the impact of variations in revenue, operating costs, bad debts and interest expense on our operating results. A portion of our operating expenses is relatively fixed, and planned expenditures are based in part on anticipated orders that are forecasted with limited visibility of future demand. As a result, we may not be able to reduce our operating expenses as a percentage of revenue to mitigate any further reductions in gross margins in the future. Our inability to manage our costs would affect our business, results of operation and financial condition.

5. ***We are subject to uncertainties and variability in demand by channel partners, which could decrease revenue and adversely affect our business, results of operation and financial condition***

   As we generally do not enter into long term contracts with our channel partners with minimum purchase quantities, our sales are subject to demand variability by our channel partners. The level and timing of orders placed by our channel partners may vary for a variety of reasons, including seasonal buying by end-users, the introduction of new hardware and software technologies and general economic conditions. Our inability to anticipate and respond to the demands of our channel partners, may harm our business, results of operation and financial condition.

6. ***We are subject to the risk that our inventory value may decline, and protective terms under our vendor agreements may not adequately cover the decline in value, which in turn may affect our business, results of operation and financial condition***

   The IT products industry is subject to rapid technological change, new and enhanced product specification requirements, and evolving industry standards. These changes may cause inventory on hand to decline substantially in value or to rapidly become obsolete. Most of our vendors offer limited protection from the loss in value of inventory. The decrease or elimination of price protection could result in inventory write-downs which would affect our business, results of operation and financial condition.

7. ***Our vendor contracts can typically be terminated without cause, which could negatively impact our business, results of operation and financial condition***

   Our vendors typically retain us on a non-exclusive basis. Most of our vendors may terminate their contracts with us with or without cause. Additionally, our contracts with vendors are typically without any commitment to a specific volume of business or future work. Our business is dependent on the decisions and actions of our vendors, and there exist a number of factors relating to our vendors that are outside our control that might result in the termination of a contract or the loss of a vendor, including change in vendors' business strategies, including by way of moving distribution assignments to our competitors, or directly distributing products to end-users. Termination of a vendor contract due to any of the aforesaid factor could affect our business, results of operation and financial condition.

8. ***We operate in competitive markets. Our business, results of operation and financial condition will depend on how effectively we compete***

The IT distribution industry is rapidly evolving and highly competitive and we expect that competition will continue to intensify. Certain of our competitors may have significantly greater financial resources and market reach than us. Consolidation among some of our competitors may also leave us at a competitive disadvantage. While we have historically been able to conduct our distribution business at competitive margins and on a cost effective basis, there can be no assurance that we will be able to do so in the future. We believe that our ability to compete also depends on a number of factors beyond our control, including the ability of our competitors to attract, train, motivate and retain highly skilled technical employees, the price at which our competitors offer comparable services.

9. ***Any disruption in our IT systems and communication link could harm our business***

Our business is highly dependant on voice and data communication links between our offices and warehouses. Any significant interruption in the IT systems or break down of our communication links will affect our ability to meet our contractual commitments, damage our reputation and weaken our competitive position. Since we do not maintain business interruption insurance the occurrence of any of the forgoing events could adversely affect our business, results of operation and financial condition.

10. ***We anticipate that our revenue and operating results will fluctuate, which could adversely affect the price of our Equity Shares***

Our operating results have fluctuated and will fluctuate in the future as a result of numerous factors, including:

- general economic conditions and change in government policies;
- decrease in information technology spending;
- loss or consolidation of one or more of our significant vendors or channel partners;
- market acceptance and product life of the products we distribute;
- competitive conditions in our industry, which may impact our margins;
- pricing, margin and other terms with our vendors;
- variations in our levels of excess inventory and doubtful accounts, and changes in the terms of vendor-sponsored programs, such as price protection and return rights and
- changes in our costs and operating expenses.

We cannot assure you that the aforesaid factors will not adversely affect our business, results of operation and financial condition.

11. ***Fluctuations in the foreign currency exchange rates would have a material adverse effect on our business, results of operation and financial condition***

We report our financial results in Rupees, but a significant portion of our consolidated revenue comes from our international operation and therefore, is denominated in currencies other than Rupees. The fluctuation in exchange rate between the Rupee and the local currencies of the overseas geographies in which we operate, could affect our financial condition.

12. Changes to governmental policies may create restrictions on our capital raising abilities and restrict entry into acquisition transactions with non-Indian companies

Changes to governmental policies may create restrictions on our capital raising abilities, including from our Promoter. If the GoI imposes restrictions on investments, or implements a limit on the foreign equity ownership of companies such as ours, our ability to obtain investments from foreign investors, including from our Promoter, will be limited. In addition, making investments in and/or the strategic acquisition of a foreign company by us requires various approvals from the GoI and the relevant foreign jurisdiction, and we may not be able to obtain such approvals.

13. We may face significant challenges in the new business lines in which we intend to enter

Our growth strategy includes entering into distribution of new product lines like digital presses, consumer durables and gaming consoles which are unrelated to the IT and telecom industries. Since we do not have adequate experience in the area of distribution of products unrelated to IT and telecom industries, we cannot assure you that we will be able to run our proposed distribution business of digital presses, consumer durables and gaming consoles profitably. This in turn may affect adversely our business, results of operation and financial condition.

14. We may not have adequate resources to service our financing obligations

Our business requires significant working capital. We have incurred substantial indebtedness to finance our working capital requirements. In the financial year 2005-2006, we incurred finance charges of Rs. 206.96 million as per our restated, stand-alone financial statements and Rs. 361.34 million as per our restated, consolidated financial statements. As of March 31, 2006, we had outstanding borrowings of Rs. 1,993.34 million as per our restated, stand-alone financial statements and Rs. 4,784.01 million as per our restated, consolidated financial statements. Our growth plans may require us to incur substantial additional expenditure in the future, part of which may be financed through debt. Our ability to borrow and the terms of our borrowings will depend on numerous factors, including our financial condition, the stability of our cash flows, our credit rating and our capacity to service debt in a rising interest rate environment. We may not be successful in obtaining additional funds in a timely manner, on favourable terms or at all. If we do not have access to these funds, we may be required to delay or abandon some or all of our planned developments or reduce capital expenditures and the scale of our operations.

15. Our contingent liabilities could adversely affect our financial condition

As of September 30, 2006, we had contingent liabilities for the following amounts, as disclosed in our restated consolidated financial statements:

	Rs. million
Guarantees by banks on behalf of the Company	60.02
Disputed income tax/sales tax/customs duty demands	
Disputed customs duty	6.05
Disputed sales tax demands	18.90
Disputed income tax demands	10.58
Capital Commitments (Net of advances)	9.18
Letters of credit	242.24
Bills discounted	416.34
Claims against the Company not acknowledged as debts	
Claim from a warehouse owner	6.70
Other sundry claims	4.57

If any of these contingent liabilities materialise, our profitability may be adversely affected.

16. We may be subject to industrial unrest, slowdowns and increased wage costs, which could adversely impact our operations and financial condition

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes certain financial obligations on employers during employment and upon retrenchment. Under Indian law, workers also have a right to establish trade unions. Although our employees are not currently unionised, we cannot assure that they will not unionise in the future. If some or all of our employees unionise or if we experience unrest or slowdowns, it may become difficult for us to maintain flexible labour policies and we may experience increased wage costs.

17. We require certain approvals or licences in the ordinary course of business, and the failure to obtain them in a timely manner or at all may adversely affect our operations

We require certain approvals, licences, registrations and permissions for operating our businesses, some of which may have expired and for which we may have either made or are in the process of making an application for obtaining the approval or its renewal. For more information, refer to the section titled "Government Approvals" beginning on page 178. If we fail to obtain any of these approvals or licences, or renewals thereof, in a timely manner, or at all, our business could be adversely affected.

18. Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been independently appraised

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and have not been appraised by any bank or financial institution. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and consequently our funding requirements may also change. This may result in the rescheduling of our project expenditure programmes and an increase or decrease in our proposed expenditure for a particular project.

19. We have not entered into any definitive agreements to use a substantial portion of the net proceeds of the Issue

Since we have not entered into agreements for procuring most of the equipment required for the "Objects of the Issue", our cost estimation may be required to be revised upwards in case of any price escalation. We are yet to place order for Rs. 3.60 million worth of equipment constituting 12.39% of the total equipment cost. This may be further aggravated because of the fact that certain equipment is required to be imported and therefore, the equivalent amount of cost estimate is exposed to adverse foreign exchange fluctuations.

20. We have not identified all immovable properties proposed to be acquired with the net proceeds of the Issue

As described in the Chapter "Objects of the Issue" we intend to use a part of the net proceeds of the Issue to establish our ADCs in India and the Middle East. We have not identified any of the immovable properties proposed to be acquired on a leasehold or freehold basis for the purposes of establishing our ADCs .

21. We may not have sufficient insurance to mitigate our business risks

Our business involves many risks and hazards that may adversely affect our operations, and the availability of insurance is therefore fundamental to our operations. Further, we have in the past and may in the future elect not to obtain insurance for certain risks facing our business such as business interruptions. Further, significant increases in insurance premiums and/or any uninsured risk materialising could adversely affect our business, results of operation and financial condition.

22. Our promoter will continue to retain significant shareholding in our Company after the issue, which will enable them to exercise significant control over us

After the completion of the Issue, our Promoter, will hold in excess of 43% of our outstanding Equity Shares. As a result, they will continue to exercise significant control over us, including being able to control the composition of our board of directors and affect the outcome of shareholder voting. As a result, our Promoter may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders.

23. Certain agreements with our lenders contain restrictive covenants

Certain agreements with our lenders contain restrictive covenants including the right to effect a change in capital structure, alter the constitution of the Board, raising additional finance, expansion of the Company's business and change in debt-equity ratios.

There can be no assurance that the interests of the lenders will not conflict with the interests of the investors in the Issue in critical matters affecting us. Any such disagreements may adversely affect our ability to execute our business strategy or to operate our business. This may also result in a delay or prevention of significant corporate actions that could be beneficial for our shareholders or us.

24. The issue of Equity Shares pursuant to our Employee Stock Purchase Scheme may result in a charge to our profit and loss account and may to that extent reduce our profits

We have adopted an ESPS, under which 1,552,500 Equity Shares were issued and allotted to the Redington Employees Share Purchase Trust on July 01, 2006. As of December 18, 2006 the trust has transferred 1,479,614 Equity Shares to eligible employees and directors of the Company. The ESPS may result in a charge to our profit and loss account on account of expensing the accounting value, if any, of the Equity Shares issued to the trust.

25. Any further Issue of Equity Shares by us may dilute your shareholding and affect the trading price of the Equity Shares

Any future equity offerings by us may lead to dilution of investor shareholding in our Company or affect the market price of the Equity Shares and could impact our ability to raise capital through an offering of our securities. In addition, any perception by investors that such issuances might occur could also affect the market price of our Equity Shares.

26. In the past 12 months, we have issued Equity Shares at a price less than the Issue price for the Equity Shares being offered in the Issue

On March 17, 2006, we issued 2,380,801 Equity Shares at a price of Rs. 93.04 per Equity Share, to Beethoven Limited, Mauritius. Further on July 1, 2006, in terms of our ESPS, we issued 1,552,500 Equity Shares at a price of Rs. 62 per Equity Share. The price at which Equity Shares have been issued in the last 12 months is lower than the price of the Equity Shares being offered in the Issue and is also not indicative of the price at which the Equity Shares will trade upon listing.

27. A majority of premises from which we operate are not owned by us

We do not own the premises on which certain of our offices, including our warehouses facilities are located. In these locations, we operate from rented or leased premises. If any of the owners of these premises do not renew the agreements under which we occupy the premises or renew such agreements on terms and conditions unfavourable to us, we may suffer a disruption in our operations. For details, refer to the section titled "Our Business - Properties" on page 74.

28. *Our success depends in large part upon our senior management, directors and key personnel and our ability to retain them and attract new key personnel when necessary*

We are highly dependent on our senior management, our directors and our other key personnel. Our future performance will depend upon the continued services of these persons. We do not maintain key man life insurance for any of the senior members of our management team, our directors or our other key personnel. We may not be able to retain all our senior management personnel or attract and retain new senior management personnel in the future. The loss of any of the members of our senior management, our directors or other key personnel may adversely affect our operations and financial condition.

29. *We may not be able to protect our proprietary intellectual property rights, resulting in someone else being able to use or possibly challenge our use of such intellectual property*

We have applied for registration in India of the names and marks '*Redington*' and '*Redington Service*'. Registration has not yet been granted, and we cannot assure you when such registration will be granted, if at all. We also own a portfolio of web domain names, including the domain name *www.redington.co.in*. We cannot assure you that any of our intellectual property, including the items discussed above can be effectively protected. If we are unable to protect any of these intellectual property rights, our business may be adversely affected.

30. *Our Promoter and certain of our subsidiaries have incurred losses*

Our Promoter has incurred loss in FY 2004. Details of profit/ (loss) for the past three years are set out below:

(Rs. million)

	2004	**2005**	**2006**
Redington (Mauritius) Limited *	(9.89)	1,310.07	249.55

* *Redington Mauritius Limited is a holding company and it has no operations.*

Certain of our subsidiaries have incurred losses in past. Details of profit/ (loss) for the past three years are set out below:

(Rs. million)

	2004	**2005**	**2006**
Redington Nigeria Limited	NA*	(8.77)	1.44
Redington Gulf & Co. LLC	NA*	(4.80)	(2.09)

* *No operations*

Further the following subsidiaries had negative networth in the past three years:

(Rs. million)

	2004	**2005**	**2006**
Redington Nigeria Limited	NA*	(7.09)	(6.17)

* *No operations*

For details, refer to the section titled "History and Certain Corporate Matters" on page 90.

31. *Our Company has negative cash flows*

Our Company had negative operating cash flow in FY 2005 and 2006 of Rs. 1,347.70 million and Rs. 1,544.76 million respectively based on our consolidated restated financials. Further, in the FY 2005 we had a net negative cash flow of Rs. 47.98 million. For details, refer to the section titled " Financial Statements" on page 109.

32. One of our directors is on the RBI's defaulters list

One of our directors, Mr. R. Vijayaraghavan is mentioned in the willful defaulters list of the RBI in respect of default committed by Kunal Engineering Company Limited. We have been informed by his letter dated December 28, 2006 that he was a non executive director on the board of Kunal Engineering Company Limited in his professional capacity as an advocate and not involved in the day to day operations of the said company. Further to the best of his knowledge and belief the default did not take place when he was on the board of the company.

33. The accounts of the foreign subsidiaries are not made in accordance with Indian Companies Act, 1956.

The accounts of the foreign subsidiaries are not made in accordance with Indian Companies Act, 1956. These accounts, which are not drawn in accordance with Indian Companies Act have been relied upon for the preparation of Consolidated Restated Financial Statements given in the Prospectus.

The management will file the necessary compounding applications under Section 621A of the Indian Companies Act, 1956 with the appropriate authority for the regularisation of the deviation under Section 212 of the Companies Act, 1956.

External risks

34. Our business could be adversely affected by economic, political and social developments in India and the international markets we operate in

Our performance and growth are dependant on the health of the Indian economy and the international markets we operate in. These economies could be adversely affected by various factors, such as political and regulatory action, including adverse changes in liberalisation policies, interest rates, social disturbances, terrorist attacks and other acts of violence. Our financial performance and the market price of our Equity Shares may be adversely affected by changes in inflation rates, exchange rates and controls, interest rates, governmental policies (including taxation policies), social stability or other political, economic or diplomatic developments affecting India and the geographies in which we operate.

35. After this Issue, our Equity Shares may experience price and volume fluctuations or an active trading market for our Equity Shares may not develop

The prices of the Equity Shares on the Indian stock exchanges may fluctuate after this Issue as a result of several factors, including; volatility in the Indian and global securities market; our operations and performance; performance of the Company's competitors, the Indian IT sector, and the perception in the market about investments in the IT sector; adverse media reports on the Company; changes in the estimates of the Company's performance or recommendations by financial analysts; significant developments in India's economic liberalisation and deregulation policies; and significant developments in India's fiscal regulations. There has been no public market for the Equity Shares and the prices of the Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue, or that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

36. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares

The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

37. Any downgrading of India's debt rating by an independent agency may harm our ability to raise debt financing

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our capital expenditure plans, business and financial performance.

38. You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Issue

The Equity Shares will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry, or "demat", accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by NSE and BSE. Thereafter, upon receipt of final approval from the NSE and the BSE, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. We cannot assure that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above.

39. Force majeure events, terrorist attacks and other acts of violence or war involving India, or other countries could adversely affect the financial markets, result in a loss of customer confidence and adversely affect our business, operations and financial condition

Certain events that are beyond our control, including the recent floods in Mumbai, Chennai and Bangalore, tsunami, including the ones which affected several parts of Southeast Asia, including India and Sri Lanka, on December 26, 2004, terrorist attacks such as the ones that occurred in New Delhi on October 29, 2005, London on July 07, 2005 and New York and Washington, D.C., on September 11, 2001, and other acts of violence or war (including civil unrest, military activity and hostilities among neighboring countries, such as between India and Pakistan) or natural calamity (including epidemics and other events), which may involve India, or other countries, could adversely affect worldwide financial markets and could lead to economic disruptions.

In the past there have been military confrontations along the India-Pakistan border. The potential for hostilities between the two countries is higher due to ongoing terrorist incidents in India, troop mobilisations along the border and the aggravated geopolitical situation in the region. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult. Such political tensions could create a greater perception that investments in Indian companies involve a higher degree of risk.

These or similar events or acts could also result in a loss of business and consumer confidence and have other consequences that could adversely affect our business, operations and financial condition. More generally, any of these events could lower confidence in India. Any such event could adversely affect our financial performance or the market price of the Equity Shares.

Notes to risk factors

- Based on our restated, stand-alone financial statements, the net asset value per Equity Share of Rs. 10 each based on our net worth of Rs. 3,673.38 million as of March 31, 2006, was Rs. 58.23.
- In terms of Rule 19 (2)(b) of the SCRR, this being an Issue for less than 25% of the post-Issue capital, the Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue will be allocated on

a proportionate basis to QIB Bidders, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and up to 30% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

- Public Issue of 13,231,000 Equity Shares of Rs. 10 each for cash at a price of Rs. 113 per Equity Share, including a share premium of Rs. 103 per Equity Share, aggregating Rs. 1,495.10 million. The Issue will constitute 16.99% of our post Issue paid-up capital.
- Except as disclosed in the section titled "Capital Structure" on page 24, we have not issued any Equity Shares for consideration other than cash.
- The average cost of acquisition of our Equity Shares by our Promoter is Rs. 35.00 per Equity Share. For more information, see the section titled "Capital Structure" on page 24.
- Under-subscription, if any, in the Non-Institutional Portion and Retail Individual Portion would be met with spill-over from other categories at the sole discretion of our Company in consultation with the BRLM.
- Except as disclosed in the sections titled "Our Promoter" or "Our Management" beginning on pages 103 and 78, respectively, none of our Promoter, our Directors and our key managerial employees have any interest in the Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner or trustee and to the extent of the benefits arising out of such shareholding.
- For details of related party transactions in the financial year 2005-2006, refer to the section titled "Financial Statements - Related Party Transactions" on page 140.
- For details of transactions in the securities of the Company by our Promoter and Directors in the last six months, refer to "Capital Structure – Notes to Capital Structure."
- Trading in Equity Shares of our Company for all investors shall be in dematerialised form only.
- Investors may note that in the event of over-subscription of the Issue, allotment to Qualified Institutional Buyers, Non-Institutional Bidders and Retail Bidders shall be on a proportionate basis. For more information, see the section titled "Basis of Allotment" on page 213.
- Investors are advised to refer to "Basis for Issue Price" on page 38.
- Any clarification or information relating to the Issue shall be made available by the BRLM and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever.
- Investors may contact the BRLM and the Syndicate Member for any complaints pertaining to the Issue.

SECTION III - INTRODUCTION

SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGIES

We, Redington (India) Limited, are distributors of IT products and providers of logistics, supply chain management and other support services in India, Middle East and Africa. Recently, we have started distribution of mobile handsets and accessories in Nigeria and in limited territories of India. Apart from distribution, we also provide support services for IT hardware and mobile phones.

We have achieved stand alone revenue of Rs. 19,635.03 million, Rs. 25,028.22 million and Rs. 36,926.58 million in the year 2003-04, 2004-05 and 2005-06 respectively from our India operations registering a CAGR of 37.14 %. During the same period our standalone PAT from India operations has increased from Rs. 149.16 million in 2003-04 to Rs.291.20 million in 2005-06 with a CAGR of 39.72%. We also achieved stand-alone revenue of Rs.21,540.17 million from our India operations for the six months period ended September 30, 2006 and during the same period the PAT from India operations were Rs.182.60 million.

Our international operation, as on today, is principally concentrated in Middle East and Africa. We operate in Middle East and Africa through our subsidiary Redington Gulf FZE and its subsidiaries. In the year 2004-05, 2005-06 and for the six months period ended September 30, 2006 Redington Gulf FZE, alongwith its subsidiaries contributed to Rs. 15,451.50 million, Rs. 22,718.97 million and Rs. 16,274.13 million respectively in our total consolidated revenue.

Our another wholly owned subsidiary, RDPL caters to the Sri Lankan and Bangladesh market in addition to the zero duty business in India.

During 2005-06, we have earned consolidated revenue of Rs. 67,905.71 million and a consolidated PAT of Rs. 719.74 million. Contribution of our India and International operations for distribution and support service businesses in the consolidated revenue of 2005-06, are given in the following table:

(Rs. million)

	2005-06	
	Revenue	**Contribution to consolidated revenue (in %)**
Distribution of IT products and mobile handset and accessories in India	36,542.47	53.81
Support Services for IT hardware and mobile handsets in India	425.07	0.63
Distribution of IT Products and mobile handset and accessories in international market	30,460.00	44.86
Support Services for IT hardware and mobile handsets in international market	478.17	0.70
Total	**67,905.71**	**100.00**

Since our India operation and Middle East and Africa operations are major contributors to our revenue, in the subsequent part of this section, we are discussing our India operation and Middle East and Africa operations in greater detail.

OUR STRENGTHS

Comprehensive range of product offering

We offer entire range of IT product like peripherals, printers, scanners, plotters, supplies (cartridges), PC components (monitors, hard disks, CD writers, CD ROMs, processors, motherboards), PCs, UPS, networking, packaged software, storage, high-end servers, offered by multiple vendors. In addition, we also supply mobile handsets. This wide spectrum of products offered from multiple vendors helps us to achieve economies of scale and provide the customers a single sourcing point.

An IT distributor with a customer support presence

We provide end-to-end services including warranty and post-warranty service thereby giving significant value-add to vendors and customers. For some of our vendors, in the process of providing customer support, we provide other value added services such as a technical response centre, parts logistics including reverse logistics, high level repair services for mobile handsets and motherboards. This has helped us to forge business partnership with global vendors, for some of whom we currently operate as the sole supply chain services provider.

Wide reach and superior logistics capabilities

Logistics is one of our most important core competencies. India being a geographically vast country makes it difficult for products to reach every part of the country. Further, with each state having its own tax laws, permit/ forms requirement etc, the supply chain management becomes quite complex. In Middle East and Africa there are constraints on local ownership and complex import regulations. The complexity further increases due to different supply chain models adopted by different vendors. This requires high level of expertise and quality processes to manage supply chain activities in these geographies.

Having 51 warehouses spread across 22 states in India, ensures easy accessibility of the products to the customers and higher penetration in the market. Similarly, our local presence through various subsidiaries in the Middle East and Africa region helps us to address supply chain constraints of these geographies. Our robust IT infrastructure enables us to manage our huge network in a time and cost efficient manner.

We have end to end logistics capabilities starting from import, warehousing, and stock movement across the geography, packing / repacking, order processing and delivery to any part within the geographies we operate. We have our own door delivery infrastructure in most of the large branches. Rests of the deliveries are made through local / national couriers. We have capability to deliver the goods to our customers within few hours. We also provide our customers with project based delivery services which require a highly co-ordinated activity of delivery of multiple products to multiple locations and in some cases installing them as well.

An Indian IT distributor with access to Middle East and Africa, thus providing a first mover advantage

Our subsidiary, has its headquarter in Jebel Ali in Dubai and through its nine subsidiaries and 15 offices in the region covers the market effectively. These economies are on a growth phase and the governments thrust on the infrastructure spending offers good market potential for our business with better margins. For the year 2005-06, the region contributed 33.46% of our consolidated revenue and for the six months period ended September 30, 2006 the region contributed 39.42% of our consolidated revenue.

Long term vendor/client relationships

We have relationship with over 30 vendors, many of which are for more than 10 years. Over the years, we have serviced vendors like HP, Microsoft, Intel, IBM, Samsung, Canon, Cisco, Acer etc. Our ability to provide a host of services such as logistics, after sale support, demand generation etc. helped us to build such a diverse vendor base.

Robust IT infrastructure and sophisticated management information systems

IT infrastructure and management information system is one of the most fundamental competency of any large distribution company. Our system is customised to address our unique requirements and it gives us competitive edge in the market. It is a scalable system with capacity to handle voluminous transaction loads in terms of orders, customers, and products. It can be configured easily to changing business requirements and provides real time information to operating managers to take timely and accurate decisions. We have an in house team of software professionals who continuously work on enhancing our information systems.

Strong credit controls and prudent risk management practices

Managing the credit risk assumes significant importance in our business. We have a risk management team dedicated to managing credit risk. The prudent risk management practices have helped us to maintain our bad debts (including provisions) at an average of less than 0.09% of sales in India and 0.03% of sales in the Middle East.

Strong Brand

Over the years we have been perceived a Company that can be trusted and one that adheres to its commitments as evidenced by our long association with the vendors and channel partners. This has resulted in the brand enjoying a good reputation in the market.

OUR STRATEGY

We have over the years acquired various competencies and strengths. We would want to leverage these competencies, along with our financial strength and infrastructure to migrate from being an IT product distributor to a supply chain solution provider. We intend to follow the following strategies to achieve this goal:

Growth in the existing product lines

Our objective is to grow with the market in most of our current product lines in geographies in which we operate while adding newer value offerings to our customers and vendors. We plan to achieve this by supporting existing vendors in their efforts to expand their market share and by partnering with new vendors in the products which we distribute currently.

Adding new products in the existing verticals

There are various products which are not a part of our current portfolio. We continuously keep track of such products which have good market potential and intend to include them in our portfolio. We believe that this would help us to keep our portfolio balanced and spread our vendor/product risk. We would seek product lines which have better scope for value addition and therefore offer us higher than average margins. Our focus would be towards product lines which would require minimal working capital.

With the objective to move up the value chain, we started our value business in the year 2000-01 by signing up with Computer Associates. In addition to our focus on increasing the share of value businesses in our portfolio, we actively seek exclusive distribution arrangements since they lead to much stronger partnerships with vendors and channel partners.

Foray into new verticals and business lines

We believe that the core competencies we have developed in IT distribution can be replicated in other verticals. The competencies like logistics services, inventory management, order fulfillment, credit management, information systems and channel management are common services required irrespective of the industry. We have made a beginning in this area and have commenced business of Digital Presses, Consumer Durables and Gaming Consoles. We believe the unique set of services we offer, would be a major differentiator in other verticals and it would be difficult for other logistics companies or small /local distributors (limited to a city or a state) to offer the bundle of services under one roof.

Exploring new regions and geographies

With the objective of becoming a global player and sustaining our growth, it would be our strategy to expand into other geographies. The criteria to select the target geographies would be markets with low IT penetration or unstructured supply chain. We have identified CIS, Vietnam and Central Europe as our target markets.

SUMMARY FINANCIAL INFORMATION

The following tables set forth summary financial information derived from our restated consolidated financial statements as of and for the six months ended September 30, 2006 and the years ended March 31, 2006, 2005, 2004, 2003 and 2002. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and are presented in the section titled "Financial Statements" on page 109. The summary financial information presented below should be read in conjunction with our restated consolidated financial statements, the notes thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 154. Indian GAAP differs in certain significant respects from US GAAP and IFRS.

CONSOLIDATED STATEMENT OF PROFIT & LOSS, AS RESTATED

(Rupees in Million)

	Period ended September 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Income						
Sales Income	40,512.59	67,002.47	39,903.60	19,344.96	15,093.20	13,282.08
Service Income	766.84	903.24	576.10	290.07	223.31	257.59
Other Income	34.39	49.75	63.07	55.93	33.47	80.26
	41,313.82	**67,955.46**	**40,542.77**	**19,690.96**	**15,349.98**	**13,619.93**
Expenditure						
Cost of goods sold	39,617.94	65,463.06	39,014.45	18,962.06	14,781.31	13,038.44
Staff Costs	383.13	558.73	325.78	146.33	110.93	98.71
Administration and Selling Expenses	498.83	624.41	396.94	212.84	177.50	172.13
Depreciation	29.74	49.35	37.23	28.09	30.50	32.02
Interest	281.62	361.34	232.53	107.67	76.85	120.77
	40,811.26	**67,056.89**	**40,006.93**	**19,456.99**	**15,177.09**	**13,462.07**
Net Profit before Tax	**502.56**	**898.57**	**535.84**	**233.97**	**172.89**	**157.86**
Net Profit after Tax	**397.19**	**719.74**	**436.54**	**149.33**	**110.73**	**100.92**

CONSOLIDATED STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

(Rupees in Million)

	As at September 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
A. Fixed Assets						
Gross Block	589.05	532.85	376.61	288.08	272.02	249.38
Less: Depreciation	289.05	260.54	198.10	148.17	121.40	91.40
Net Block	300.00	272.31	178.51	139.91	150.62	157.98
Add: Capital Work in Progress/ Capital Advances	36.93	5.07	0.84	1.68	1.91	1.25
	336.93	**277.38**	**179.35**	**141.59**	**152.53**	**159.23**
B. Goodwill	484.56	622.62	667.49	1.03	1.03	1.03
C. Current Assets, Loans and Advances						
Inventories	6,341.18	4,814.00	1,983.18	788.19	796.32	438.38
Sundry Debtors	5,380.00	5,823.98	3,740.06	1,339.93	1,075.46	1,051.17
Cash and Bank	1,135.42	966.35	211.31	247.68	5.85	86.37
Loans and Advances	1,184.90	1,152.08	818.87	488.67	354.02	339.60
	14,041.50	**12,756.41**	**6,753.42**	**2,864.47**	**2,231.65**	**1,915.52**
Total Assets	**14,862.99**	**13,656.41**	**7,600.26**	**3,007.09**	**2,385.21**	**2,075.78**
D. Liabilities and Provisions						
Secured Loans	437.24	805.18	812.99	479.44	438.67	322.49
Unsecured Loans	4,648.06	3,978.83	1,481.51	213.27	198.18	151.66
Current Liabilities including Finance Lease Obligations	4,473.35	4,071.75	1,685.80	947.60	617.73	598.31
Provisions	584.86	483.27	278.00	302.87	207.88	187.34
	10,143.51	**9,339.03**	**4,258.30**	**1,943.18**	**1,462.46**	**1,259.80**
E. Deferred Tax Liability (Net)	9.31	11.41	16.29	16.24	24.40	28.36
F. Networth	**4,710.17**	**4,305.97**	**3,325.67**	**1,047.67**	**898.34**	**787.62**
Represented by						
1. Share Capital (Equity paid-up capital)	646.35	630.82	607.01	293.88	293.88	291.61
2. Advance for Share Capital	-	-	-	-	-	14.44
3. Reserves and Surplus						
3.1. Capital Reserve (Net of adjustments on consolidation)	43.66	50.47	1.36	1.36	1.36	1.36
3.2. Share premium account	2,023.65	1,946.53	1,748.83	121.05	121.05	108.89
3.3. Statutory Reserve	0.57	0.55	-	-	-	-
3.4. Foreign Currency Translation Reserve	16.35	3.29	(6.94)	-	-	-
3.5. Profit & Loss account balance						
Brought forward from Profit and Loss Account	2,184.30	1,787.11	1,067.92	631.38	482.05	371.32
Adjustments on consolidation	(204.71)	(112.80)	(92.51)	-	-	-
	4,710.17	**4,305.97**	**3,325.67**	**1,047.67**	**898.34**	**787.62**

THE ISSUE

Public Issue of our Equity Shares	:	13,231,000 Equity Shares
Of which	:	
Qualified Institutional Buyers Portion	:	At least 7,938,600 Equity Shares (allocation on proportionate basis) out of which 5% of the QIB Portion or 396,930 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only (Mutual Funds Portion), and 7,541,670 Equity Shares shall be available for allocation to all QIBs, including Mutual Funds
Non-Institutional Portion	:	Up to 1,323,100 Equity Shares available for allocation on proportionate basis
Retail Portion	:	Up to 3,969,300 Equity Shares available for allocation on proportionate basis
Equity Shares outstanding prior to the Issue	:	64,634,746 Equity Shares
Equity Shares outstanding post the Issue	:	77,865,746 Equity Shares
Objects of the Issue	:	Refer to the section titled "Objects of the Issue" on page 32.

GENERAL INFORMATION

Registered office

Redington (India) Limited
SPL Guindy House, 95, Mount Road, Guindy
Chennai 600 032
Tel: +91 44 2235 3313/4224 3535
Fax: +91 44 2235 2790

Corporate office

SPL Guindy House
95, Mount Road, Guindy
Chennai 600 032
Tel: +91 44 2235 3313/4224 3535
Fax: +91 44 2235 2790

Registration number

18-028758

Corporate Identification Number

U52599TN1961PLC028758

Address of the RoC

Office of the Registrar of Companies, Tamil Nadu
Shastri Bhawan, 26, Haddows Road
Chennai 600 006

Our Board

Name, designation and occupation	Age	Address
Professor J. Ramachandran Non-executive chairman, independent director *Service*	49	417, Indian Institute of Management, Bangalore Campus, Bannerghatta Road Bangalore 560 076 Karnataka, India
Mr. R. Jayachandran Non-executive director *Service*	62	32, Nassim Hill, #02-34, Nassim Mansion, Singapore 258 472
Mr. Huang Chi Cheng Non-executive director *Service*	49	2nd Floor, 9th Lane, 139, Sec 2 Bei-Sin Road, Sin-Tien Taipei, Taiwan
Mr. Hu Jia Lung Non-executive director *Service*	54	19th Floor, 104, Songde Road Sinyl District Taipei, Taiwan

Name, designation and occupation	Age	Address
Mr. R. Vijayaraghavan Independent director *Advocate*	57	New No. 40 (Old No. 33) Warren Road, Mylapore Chennai 600 004 Tamil Nadu, India
Mr. Steven A. Pinto Independent director *Service*	61	Villa 10 (A), St. 65 (A) Post Box No. 11621 Jumeira I, Dubai United Arab Emirates
Mr. R. Srinivasan Managing director *Service*	60	47, Kasturi Ranga Road, Alwarpet, Chennai 600 018 Tamil Nadu, India
Mr. Raj Shankar Non-executive director *Service*	48	Block 9, # 13-01 Tanjong Rhu Road Singapore 436894
Mr. M. Raghunandan Executive director *Service*	59	No. 22, Ist Street Cenotaph Road Chennai 600 018 Tamil Nadu, India

For further details of our Directors, see the section titled "Our Management" on page 78.

Compliance officer

Mr. M. Muthukumarasamy
Company Secretary, Wescare Towers, No. 16, Cenotaph Road
Teynampet, Chennai 600 018
Tel: + 91 44 3918 1300
Fax: + 91 44 3918 1333
Email: investors@redington.co.in

Investors can contact the compliance officer in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of allotment, credit of allotted Equity Shares in the respective beneficiary accounts and refund orders.

Legal advisors to the Issue

AZB & Partners
23rd Floor, Express Towers
Nariman Point
Mumbai 400 021
Tel: +91 22 6639 6880
Fax: +91 22 6639 6888

AZB House, 67-4, 4th Cross
Lavelle Road
Bangalore 560 001
Tel: + 91 80 2212 9782
Fax: + 91 80 2221 3947

Book Running Lead Manager

Enam Financial Consultants Private Limited
801, Dalamal Towers, Nariman Point
Mumbai 400 021
Tel: +91 22 6638 1800
Fax: +91 22 2284 6824
Email: redington.ipo@enam.com
Website: www.enam.com
Contact Person: Ms. Lakha Nair

Syndicate Member

Enam Securities Private Limited
Khatau Building, 2nd Floor, 44B Bank Street
Off Shaheed Bhagat Singh Road, Fort
Mumbai 400 063
Tel: +91 22 2267 7901
Fax: +91 22 2266 5613
Email: redington.ipo@enam.com
Website: www.enam.com
Contact Person: Mr. M. Natarajan

Registrar to the Issue

Cameo Corporate Services Limited
'Subramanian Building', No. 1, Club House Road
Chennai 600 002, India
Tel: +91 44 2846 0390
Fax: +91 44 2846 0129
Email: redington@cameoindia.com
Website: www.cameoindia.com
Contact Person: Mr. R.D. Ramasamy

Bankers to the Issue and Escrow Collection Banks

HDFC Bank Limited
26A, Narayan Properties,
Chandivali Farm Road, Saki Naka,
Mumbai 400 072.
Tel: + 91 022 2856 9009
Fax: +91 022 2856 9256
Email: viral.kothari@hdfcbank.com
Website : www.hdfcbank.com
Contact Person : Mr. Viral Kothari

The Hongkong and Shanghai Banking Corporation Limited
52/60, M. G. Road,
Mumbai 400 001.
Tel: + 91 022 2268 5568
Fax: +91 022 2262 3890
Email: zersisirani@hsbc.co.in
Website : www.hsbc.co.in
Contact Person : Mr. Zersis Irani

Standard Chartered Bank
270, D. N. Road,
Fort, Mumbai 400 001
Tel: + 91 022 2268 3965/2209 2213
Fax: +91 022 2209 6069
Email: rajesh.malwade@in.standardchartered.com
Website : www.standardchartered.co.in
Contact Person : Mr. Rajesh Malwade

Bankers to the Company

ABN AMRO Bank N.V.
18 Haddows Road
Chennai 600 006
Tamil Nadu, India
Tel: + 91 2821 8807
Fax: +91 44 2824 0951
Email: anith.daniel@in.abnamro.com

Citibank N.A.
3rd Floor, Club House Road
Chennai 600 002
Tamil Nadu, India
Tel: + 91 44 4222 6508
Fax: +91 44 2846 0610
Email: k.balasubramanian@citigroup.com

IDBI Bank Limited
P.M. Tower, 37 Greams Road
Chennai 600 006
Tamil Nadu, India
Tel: + 91 44 2829 3413
Fax: + 91 44 2829 5370
Email: venkateswaran_n@idbibank.com

Kotak Mahindra Bank Limited
3rd Floor, Ceebros Centre, 39 Montieth Road
Chennai 600 008
Tamil Nadu, India
Tel: + 91 44 4224 5718
Fax: + 91 44 4224 5799
Email: abhishek.vats@kotak.com

Standard Chartered Bank
19 Rajaji Salai
Chennai 600 001
Tamil Nadu, India
Tel: + 91 44 2534 9281
Fax: + 91 44 2534 0877
Email: amaresh.mohapatra@in.standardchartered.com

The Bank of Nova Scotia
Classic Towers, 1547 Trichy Road
Post Box No. 3749
Coimbatore 641 018, Tamil Nadu, India
Tel: + 91 422 230 3404
Fax: + 91 422 230 3403
Email: rk.prasad@scotiabank.com

The Hongkong and Shanghai Banking Corporation Limited
Nagabrahma Towers, 76, Cathedral Road
Chennai 600 086
Tamil Nadu, India
Tel: + 91 44 4391 2005
Fax: + 91 44 2522 0261
Email: gauravsahgal@hsbc.co.in

IndusInd Bank Limited
Village Road
Chennai 600 034
Tamil Nadu, India
Tel: + 91 44 2823 5472
Fax: + 91 44 2823 5489
Email: manb@indusind.com

State Bank of India
Commercial Branch, Bombay Mutual Building, NSC Bose Road
Chennai 600 001
Tamil Nadu, India
Tel: + 91 44 2534 1723
Fax: + 91 44 2535 9832
Email: sbicincg@md3.vsnl.net.in

Union Bank of India
Industrial Finance Branch, Riaz Garden,
Kodambakkam High Road, Chennai 600 034
Tamil Nadu, India
Tel: + 91 44 2821 7188
Fax: + 91 44 2823 2274
Email: ubiifbchn@vsnl.net

ICICI Bank Limited
9th Floor, ICICI Bank Towers
93, Santhome High Road
Chennai 600 028
Tamil Nadu, India
Tel: + 91 44 4206 3094
Fax: + 91 44 4206 3126
Email: ganthimathi.sridhar@icicibank.com

HDFC Bank Limited
Mariam Centre, 3rd Floor,
751-B, Anna Salai
Chennai 600 002
Tamil Nadu, India
Tel: + 91 44 2851 7474
Fax: + 91 44 2851 3547
Email: harsh.dugar@hdfcbank.com

Auditors

Deloitte Haskins & Sells
Chartered Accountants
2nd Floor, "Temple Tower"
672, Anna Salai, Nandanam
Chennai 600 035
Tamil Nadu, India
Tel: + 91 44 42131124-28
Fax: + 91 44 42131129

Responsibilities of the BRLM

Since Enam is the sole BRLM for this Issue, it will be responsible for all the following activities:

- capital structuring with the relative components and formalities;
- due diligence of the Company's operations / management / business plans/legal documents, etc.
- drafting and design of the Issue document and of statutory advertisement, including memorandum containing salient features of the Prospectus, compliance with stipulated requirements and completion of prescribed formalities with Stock Exchanges, RoC and SEBI;
- drafting and approval of all publicity material other than statutory advertisement as mentioned above, including the corporate advertisement, brochure, etc.;
- appointment of the registrar, bankers, printer and advertising agency;
- Institutional marketing strategy - finalisation of the list of investors for one to one meetings in consultation with the Company;
- Retail/Non-Institutional marketing strategy - finalise centres for holding conference for brokers etc, finalise media, marketing and PR strategy, follow up on distribution of publicity and issue materials including form, prospectus and deciding on the quantum of the Issue material and finalise collection orders;
- managing the book and co-ordination with Stock Exchanges;
- pricing; and
- post bidding activities, including management of escrow accounts, co-ordination of non-institutional allocation, intimation of allocation and dispatch of refunds to bidders. The post Issue activities of the Issue will involve essential follow up steps, which must include finalisation of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrar to the Issue, Bankers to the Issue and the bank handling refund business. The BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements with our Company.

The selection of various agencies like Registrar to the Issue, Bankers to the Issue, Legal Advisor to the Issue, Underwriters to the issue, advertising agencies, public relations agencies etc. will be or have been finalised by our Company in consultation with the BRLM.

Credit rating

As the Issue is of equity shares, credit rating is not required.

Issue grading

We have not opted for the grading of this Issue.

Trustees

As the Issue is of equity shares, the appointment of trustees is not required.

Book building process

Book building refers to the collection of Bids from investors, which is based on the Price Band, with the Issue Price being finalised after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- the Company;
- the Book Running Lead Manager;
- the Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as Underwriters. Syndicate Members are appointed by the BRLM;
- the Escrow Collection Bank(s); and
- the Registrar to the Issue.

The SEBI Guidelines has permitted an issue of securities to the public through the 100% Book Building Process, wherein at least 60% of the Issue shall be allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Issue would be allocated to Non-Institutional Bidders and up to 30% of the Issue would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price. We will comply with the SEBI DIP Guidelines for this Issue. In this regard, we have appointed the BRLM to procure subscriptions to the Issue. We will comply with the SEBI Guidelines for this Issue.

QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. For details, see the section titled "Terms of the Issue" on page 191.

Illustration of book building and price discovery process (Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Issue)

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, Issue Size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the website of the NSE (www.nseindia.com) and BSE (www.bseindia.com). The illustrative book as shown below shows the demand for the shares of the company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. Our Company, in consultation with the BRLM, will finalise the issue price at or below such cut-off price, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

While the process of book building under the SEBI Guidelines is not new, investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue.

Steps to be taken for bidding

1. Check eligibility for making a Bid (refer to the section titled "Issue Procedure" on page 196).
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form.
3. If your Bid is for Rs. 50,000 or more, ensure that you have mentioned your PAN and attached copies of your PAN cards or PAN allotment letter to the Bid cum Application Form (refer to the section titled "Issue Procedure" on page 196).
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in the Prospectus and in the Bid cum Application Form.

Underwriting Agreement

After the determination of the Issue Price and allocation of our Equity Shares but prior to filing of the Prospectus with RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name and Address of the Underwriters	**Number of Equity Shares to be underwritten**	**Amount underwritten (Rs. million)**
Enam Financial Consultants Private Limited 801, Dalamal Towers, Nariman Point Mumbai 400 021	13,230,900	1,495.09
Enam Securities Private Limited Khatau Building, 2nd Floor, 44B Bank Street Off Shaheed Bhagat Singh Road, Fort Mumbai 400 063	100	0.01

The above mentioned amount is indicative and this would be finalised after determination of Issue Price and actual allocation of the Equity Shares. The Underwriting Agreement is dated January 29, 2007.

In the opinion of the Board of Directors (based on a certificate given to them by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchanges. The above Underwriting Agreement has been accepted by the Board of Directors and our Company has issued letters of acceptance to the Underwriters.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default, the respective Underwriter in addition to other obligations to be defined in the Underwriting Agreement will be also required to procure/subscribe to the extent of the defaulted amount.

CAPITAL STRUCTURE

Our equity share capital before the Issue and after giving effect to the Issue, as at the date of filing of this Prospectus with SEBI, is set forth below:

(Rs. million, except share data)

			Aggregate value at face value	Aggregate value at Issue Price
A.	**Authorised equity capital**			
	85,000,000	Equity Shares of face value of Rs. 10 each	850.00	
B.	**Issued, subscribed and paid-up equity capital before the Issue**			
	64,634,746	Equity Shares of Rs. 10 each fully paid-up before the Issue	646.35	
C.	**Present issue in terms of this Prospectus**			
	13,231,000	Equity Shares of Rs. 10 each*	132.31	1,495.10
D.	**Equity capital after the Issue**			
	77,865,746	Equity Shares of face value of Rs.10 each	778.66	
E.	**Securities Premium Account**			
		Before the Issue	2,023.66	
		After the Issue	3,386.45	

* *The present Issue has been authorised by the Board of Directors in their meeting on June 09, 2006, and by the shareholders of our Company at an AGM held on July 01, 2006.*

(a) The initial authorised share capital was increased from Rs. 500,000 to Rs. 50,000,000 by the creation of 49,500 Equity Shares of Rs. 1,000 each, as approved by the shareholders at their EGM held on January 18, 1994.

(b) The authorised share capital was increased from Rs. 50,000,000 to Rs. 250,000,000 by the creation of 200,000 Equity Shares of Rs. 1,000 each, as approved by the shareholders at their EGM held on March 26, 1996.

(c) The authorised share capital was increased from Rs. 250,000,000 to Rs. 400,000,000 by the creation of 150,000 Equity Shares of Rs. 1,000 each, as approved by the shareholders at their AGM held on September 18, 1998.

(d) The face value of the Equity Shares of Rs. 1,000 each was sub-divided into 100 Equity Shares of Rs. 10 each, as approved by the shareholders at their EGM held on March 22, 1999. The authorised share capital was consequently altered to Rs. 400,000,000, divided into 40,000,000 Equity Shares of Rs. 10 each.

(e) The authorised share capital was increased from Rs. 400,000,000 to Rs. 650,000,000 by the creation of 2,50,00,000 Equity Shares of Rs. 10 each, as approved by the shareholders at their EGM held on August 24, 2004.

(f) The authorised share capital was increased from Rs. 650,000,000 to Rs. 850,000,000 by the creation of 20,000,000 Equity Shares of Rs. 10 each, as approved by the shareholders at their EGM held on March 17, 2006.

(g) The balance in the share premium account before the Issue comprises of Rs. 1946.53 million as on March 31, 2006 and Rs. 80.73 million arising out of a fresh issue of 1,552,500 Equity Shares to the Redington Employees Share Purchase Trust on July 01, 2006.

Notes to capital structure

1. ***Share capital history of our Company***

The following is the history of the paid-up equity share capital of our Company:

Date of allotment	No. of equity shares	Face value (Rs.)	Issue price (Rs.)	Nature of con-sideration	Reasons for allotment	Cumulative no. of equity shares	Cumulative paid-up share capital (Rs.)	Cumulative share premium (Rs.)
May 02, 1961	10	1000	1000	Cash	Subscription to the memorandum	10	10,000	-
May 02, 1961	90	1000	1000	Cash	Allotment to the then existing promoters	100	100,000	-
April 18, 1964	45	1000	1000	Cash	Further allotment	145	145,000	-
August 28, 1967	02	1000	1000	Cash	Further allotment	147	147,000	-
May 17, 1994	4,853	1000	1000	Cash	Further allotment	5,000	5,000,000	-
March 18, 1996	17,271	1000	1100	Cash	Further allotment	22,271	22,271,000	1,727,100
June 10, 1996	5,454	1000	1100	Cash	Further allotment	27,725	27,725,000	2,272,500
October 17, 1997	1,734	1000	1000	Cash	Further allotment	29,459	29,459,000	2,272,500
December 27, 1997	120,541	1000	1000	Cash	Further allotment	150,000	150,000,000	2,272,500
March 21, 1999	122,651	1000	1041	Cash	Further allotment	272,651*	272,651,000	7,301,191
March 22, 1999	27,265,100	10			Sub-division of shares from Rs.1,000 to Rs. 10 each			
February 07, 2002	60	10	63.5925	Cash	Further allotment	27,265,160	272,651,600	7,304,407
March 15, 2002	1,895,440	10	63.5925	Cash	Further allotment	29,160,600	291,606,000	108,885,775
March 10, 2003	226,993	10	63.5925	Cash	Further allotment	29,387,593	293,875,930	121,050,897
October 21, 2004	14,693,796	10	78.2643	Other than cash	Consideration payable for acquisition of 100% equity in Redington Gulf FZE, Dubai	44,081,389	440,813,890	1,124,112,595
December 30, 2004	16,620,056	10	47.588	Cash	Further allotment	60,701,445	607,014,450	1,748,827,260
March 17, 2006	2,380,801	10	93.04	Cash	Further allotment	63,082,246	630,822,460	1,946,528,975
July 01, 2006	1,552,500	10	62.00	Cash	Shares issued under ESPS	64,634,746	646,347,460	2,027,258,975

* *272,651 Equity Shares issued at a face value of Rs. 1,000 each were sub divided into Equity Shares Rs. 10 each of 10 shares on 22.3.99.*

2. ***Promoter's contribution and lock-in***

All Equity Shares which are being locked in are eligible for computation of Promoter's contribution and lock in under clause 4.6 of the SEBI Guidelines.

Details of Promoter's Contribution locked in for three years:

Name of Promoter	Date on which Equity Shares were allotted	Nature of payment of consideration	Number of Equity Shares of Rs. 10 each locked in	% of post-Issue paid up capital
Redington (Mauritius) Limited	December 27, 1997	Cash	685,617	0.88
Redington (Mauritius) Limited	March 21, 1999	Cash	12,265,100	15.75
Redington (Mauritius) Limited	March 15, 2002*	Cash	1,895,440	2.43
Redington (Mauritius) Limited	March 10, 2003	Cash	226,993	0.29
Redington (Mauritius) Limited	March 14, 2003	Cash	500,000	0.64
	Total		**15,573,150**	**20.00**

Commencing from the date of the Allotment of the Equity shares in the Issue.

* *Originally allotted to BTS Asset Management Limited. Acquired by Redington (Mauritius) Limited on August 13, 2005.*

Details of share capital locked in for one year

In addition to the lock-in of the Promoter's contribution specified above, the entire balance pre-Issue Equity share capital excluding Equity Shares transferred under our ESPS to eligible employees and directors of the Company shall be locked in for a period of one year from the date of allotment of Equity Shares in this Issue. Further, Equity Shares allotted under our ESPS shall be locked in for a minimum period of one year from the date of their transfer by the Redington Employees Share Purchase Trust to eligible employees and directors of the Company, as specified below:

S.No.	No. of Equity Shares transferred	Date of transfer and commencement of lock-in period
1.	262,956	July 15, 2006
2.	340,700*	August 02, 2006
3.	240,300	September 08, 2006
4.	287,144	September 23, 2006
5.	352,014	October 23, 2006
6.	20,500	November 18, 2006

* *24,000 Equity shares transferred on August 2, 2006 was subsequently surrendered back to the Trust by an employee on his resignation from the Company as per the provision of our ESPS*

The locked in Equity Shares held by the Promoter, as specified above, can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided that the pledge of the equity shares is one of the terms of the sanction of the loan.

In terms of Clause 4.16.1 (a) of the SEBI Guidelines, the Equity Shares held by persons other than the Promoter prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

In terms of Clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares held by the Promoter may be transferred to new promoters or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.

3. The list of shareholders of our Company and the number of Equity Shares held by them is as follows:

(a) Our top ten shareholders and the number of Equity Shares held by them as of the date of filing this Prospectus with ROC, is as follows:

S.No.	Name	No. of Equity Shares	%
1.	Redington (Mauritius) Limited	33,901,595	52.45
2.	Synnex Mauritius Limited	22,038,188	34.10
3.	Beethoven Limited	7,142,403	11.05
4.	Mr. Raj Shankar	486,144	0.75
5.	Mr. M. Raghunandan	100,010	0.15
6.	Employees Share Purchase Trust	72,886	0.11
7.	Mr. Mathew Thomas	50,000	0.08
8.	Mr. S.V. Krishnan	40,010	0.06
9.	Mr. Anand Chakravarthy	40,000	0.06
10.	Mrs. Parvathi Jagannadhan	35,900	0.06

(b) Our top ten shareholders and the number of Equity Shares held by them ten days prior to filing with ROC, is as follows:

S.No.	Name	No. of Equity Shares	%
1.	Redington (Mauritius) Limited	33,901,595	52.45
2.	Synnex Mauritius Limited	22,038,188	34.10
3.	Beethoven Limited	7,142,403	11.05
4.	Mr. Raj Shankar	486,144	0.75
5.	Mr. M. Raghunandan	100,010	0.15
6.	Employees Share Purchase Trust	72,886	0.11
7.	Mr. Mathew Thomas	50,000	0.08
8.	Mr. S.V. Krishnan	40,010	0.06
9.	Mr. Anand Chakravarthy	40,000	0.06
10.	Mrs. Parvathi Jagannadhan	35,900	0.06

(c) Our shareholders and the number of equity shares held by them two years prior to date of filing of this Prospectus with ROC is as follows:

S.No.	Name	No. of Equity Shares	%
1.	Redington (Mauritius) Limited	36,767,757	60.57
2.	Synnex Maritius Limited	22,038,188	36.30
3.	BTS Asset Management Limited	1,895,440	3.13
4.	Mr. M. Raghunandan	10	-
5.	Mr. B. Arunachalam	10	-
6.	Mr. P.S. Neogi	10	-
6.	Mr. S.V. Krishnan	10	-
8.	Mr. R. Govindan	10	-
9.	Mr. Aniruddha Joshi	10	-

4. The shareholding pattern of our Company before and after the Issue is as follows:

The table below presents our shareholding pattern before the proposed Issue and as adjusted for the Issue.

Shareholder category	Equity Shares owned before the Issue		Equity Shares owned after the Issue	
	No. of shares	%	No. of shares	%
Promoter holding				
Redington (Mauritius) Limited	33,901,595	52.45	33,901,595	43.54
Sub-total (A)	**33,901,595**	**52.45**	**33,901,595**	**43.54**
Non-Promoter holding				
Synnex Mauritius Limited* #	22,038,188	34.10	22,038,188	28.30
Beethoven Limited*#	7,142,403	11.05	7,142,403	9.17
Redington Employees Share Purchase Trust*	72,886	0.11	72,886	0.09
Employees*	1,479,674	2.29	1,479,674	1.90
Public			**13,231,000**	**16.99**
Sub-total (B)	**30,733,151**	**47.55**	**43,964,151**	**56.46**
Total (A + B)	**64,634,746**	**100.00**	**77,865,746**	**100.00**

* *Assuming no participation in the Issue*

\# *Investment by M/s Synnex Mauritius Limited and M/s Beethoven Limited in the Issuer Company is in the nature of Financial Investment .They are independent entities in relation to the Promoter and do not form part of Promoter Group*

5. None of our Directors or Key Managerial Personnel hold Equity Shares in the Company, other than as set out below:

S.No.	Name of the Shareholder	No. of Equity Shares	Pre-Issue percentage shareholding
1.	Mr. Raj Shankar	486,144	-
2.	Mr. M. Raghunandan	100,010	-
3.	Mr. S.V. Krishnan	40,010	-
4.	Mr. P.S. Neogi	15,010	-
5.	Mr. E.H. Kasturi Rangan	25,010	-
6.	Mr. Jitendra K Senapathi	10,000	-
7.	Mr. Ramesh Natarajan	3,226	-
8.	Mr. S.V. Rao	6,500	-
9.	Mr. Clynton Almeida	12,900	-
10	Mr. M. Muthukumarasamy	14,000	-

6. Our Company, our Directors and the BRLM have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares of our Company from any person, other than as disclosed in this Prospectus.

7. Other than set out in "Capital Structure- Notes to Capital Structure- Share Capital History of the Company", our Promoter has not been issued Equity Shares for consideration other than cash.

8. Our Directors have not purchased or sold any Equity Shares during a period of six months preceding the date on which this Prospectus is filed with SEBI, except for acquisition of Equity Shares pursuant to our ESPS, as mentioned above.

9. There have been no transfers of Equity Shares by the Promoter within the last six months other than as disclosed below:

Transferor	Transferee	Number of Equity Shares	Price per Equity Share (Rs.)	Date of transfer
Redington (Mauritius) Limited	Beethoven Limited	4,761,602	93.04	March 17, 2006

10. The Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allotted to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Issue would be allocated to Non-Institutional Bidders and up to 30% of the Issue would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price. Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with the spill over from any other category at the sole discretion of our Company in consultation with the BRLM.

11. Our Company has formed a Trust with an initial corpus of Rs.10,000 vide a circular resolution dated April 10, 2006 adopted by the Board at its meeting held on April 12, 2006 with the objective to administer the Employees Share Purchase Scheme. The scheme titled the 'Employee Share Purchase Scheme, 2006', was approved by our shareholders at the AGM held on July 01, 2006. On July 01, 2006, our Company allotted 1,552,500 Equity Shares to this trust at a price of Rs. 62 per

Equity Share. Details of Equity Shares dealt with pursuant to our ESPS are as follows:

(a)	Number of Equity Shares issued to the Redington Employees Share Purchase Trust	:	1,552,500
(b)	Price at which Equity Shares were issued	:	Rs. 62
(c)	Employee-wise details of Equity Shares transferred by the Redington Employees Share Purchase Trust to:	:	
	(i) directors and key managerial employees[1]	:	712,770
	(ii) any other employee who is issued Equity Shares in any one year amounting to 5% or more of Equity Shares issued during that year	:	NIL
	(iii) identified employees who are issued Equity Shares, during any one year equal to or exceeding 1% of the issued capital of our Company at the time of issuance	:	NIL
	Diluted EPS pursuant to issuance of Equity Shares under ESPS*	:	Rs. 4.69
	Consideration received against the issuance of Equity Shares to the trust	:	Rs. 96.26 million

* *The diluted EPS is computed using the pre-Issue issued capital, including Equity Shares issued under our ESPS.*

1 Shares issued to Directors and Key Managerial Personnel are as follows:

Name	Identity	No. of equity shares
Mr. Raj Shankar	Director	4,86,144
Mr. M. Raghunandan	Whole-time Director	1,00,000
Mr. S.V. Krishnan	Chief Financial Officer	40,000
Mr. E.H. Kasturi Rangan	President – New Business and Projects	25,000
Mr. P.S. Neogi	President – India Operations (IT Business)	15,000
Mr. M. Muthukumarasamy	Company Secretary	14,000
Mr. Clynton Almeida	Chief Information Officer	12,900
Mr. Jitendra K Senapati	Vice President (Peripherals, Consumer PC SBU)	10,000
Mr. S.V. Rao	Vice President (Support)	6,500
Mr. Ramesh Natarajan	Vice President (Networking, Storage and Power SBU)	3,226

Details of Equity Shares transferred by the Redington Employees Share Purchase Trust to eligible employees and directors of the Company are as follows:

S.No.	No. of Equity Shares transferred	Date of transfer
1.	262,956	July 15, 2006
2.	340,700	August 02, 2006
3.	240,300	September 08, 2006
4.	287,144	September 23, 2006
5.	352,014	October 23, 2006
6.	20,500	November 18, 2006

The Trust borrowed unsecured loan from the market in order to subscribe to the equity shares allotted under the Employee Share Purchase Scheme of the Company (ESPS). These loans are being repaid by the Trust subsequently on receipt of money from the employees who are offered equity shares under the ESPS.

Identity of the Trustees

Following are the Trustees of the Redington Employees Share Purchase Trust:

1. Mr. M. Raghunandan, Wholetime Director of the company.
2. Mr. B. Arunachalam, employee of the company
3. Mr. Sriram Ganeshan, employee of wholly owned overseas subsidiary M/s. Redington Gulf FZE, Dubai
4. Mr. A.S. Varadarajan, a practising Chartered Accountant

The Trustees hold only fiduciary position in the Trust.

The following trustees, being employees of the Company or its subsidiaries have been given the following ESPS shares based on their experience, contribution and role played in the growth of the Company.

1. Mr. M. Raghunandan – 100,000 shares
2. Mr. B. Arunachalam – 10,000 shares
3. Mr. Sriram Ganeshan – 15,000 shares

12. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares.
13. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.
14. We have not raised any bridge loan against the proceeds of the Issue.
15. Except as disclosed herein, there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Prospectus to SEBI until the Equity Shares issued or to be issued pursuant to the Issue have been listed.
16. We presently do not intend or propose to alter our capital structure for six months from the date of opening of the Issue, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise. However, during such period or at a later date, we may issue Equity Shares or issue Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture by us or as consideration for such acquisition, merger or joint venture, or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by our Board to be in the interest of the Company.
17. We have not issued any Equity Shares out of revaluation reserves or for consideration other than cash except for bonus shares out of free reserves.
18. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
19. As of January 29, 2007, the total number of holders of Equity Shares is 152.

OBJECTS OF THE ISSUE

The objects of the Issue are to achieve the benefits of listing on the Stock Exchanges and to raise capital.

The net proceeds of the Issue, after deducting Issue expenses of Rs. 105.15 million, are estimated at Rs. 1,389.95 million.

The main objects clause of our Memorandum of Association and objects incidental to the main objects enable us both to undertake existing activities and the activities for which funds are being raised through this issue.

We intend to deploy the net proceeds of the Issue towards the following objects:

(Rs. million)

S. No.	Expenditure items	Net Proceeds-Estimated amount	Amount spent till date*
1.	Establishment of four ADCs in India	512.16	
2.	Establishment of 68 SRCs in India	59.01	9.58
3.	Investment in our wholly owned subsidiary, Cadensworth (India) Private Limited for:		
	(a) establishment of an SRC for LCD repairs	30.60	
	(b) upgradation of capacities of existing SRCs for processors and motherboards	16.12	1.64
	(c) establishment of an SRC for networking products	4.50	
4.	Investment in our wholly owned subsidiary, Redington Gulf FZE:		
	(a) Establishment of an ADC in Dubai	290.03	0.87
	(b) Installation of an ERP system for operations in Middle East and Africa	135.00	87.21
5.	General Corporate Purposes (including meeting incremental working capital requirements for domestic and overseas operations)	342.53	
	Total	1,389.95	99.30

** Funds deployed of Rs.102.43 million has been funded through internal accruals and will be recouped from the proceeds of the issue.*

The fund requirement is based on internal management estimates and have not been appraised by any bank or financial institution. The management in response to the competitive and dynamic nature of the industry will have the discretion to revise its business plan from time to time and consequently the fund requirement may also change. This may also include rescheduling the proposed expenditure program and increasing or decreasing expenditure for a particular purpose vis-à-vis the proposed expenditure program.

All proposed expenditure is based on internal management estimates unless otherwise specifically stated as based on quotations received. Wherever required our Company shall seek fresh quotations or get an extension for quotations already received. Some of the quotations and estimates received are in currencies other than in Indian Rupees. Any fluctuations in the foreign exchange rate may have an impact on the proposed utilisation of the net proceeds of the Issue.

MEANS OF FINANCE

We intend to meet the aforesaid fund requirement by net proceeds of the Issue.

Item	Rs. million
Net proceeds of the Issue	1,389.95
Total	**1,389.95**

UTILISATION SCHEDULE

The estimated schedule of utilisation of Issue proceeds is given in the following table:

(Rs. million)

S. No.	Expenditure Items	Estimated Amount	Estimated utilisation of Net Proceeds as on March 31,		
			2007	2008	2009
1.	Establishment of ADCs in India	512.16	100.00	270.00	142.16
2.	Establishment of SRCs in India	59.01	59.01		
3.	Investment in our wholly owned subsidiary, Cadensworth (India) Private Limited:				
	(a) establishment of an SRC for LCD repairs	30.60	16.1	14.5	
	(b) upgradation of capacities of existing SRCs for processors and motherboards	16.12	11.39	4.73	
	(c) establishment of an SRC for networking products	4.50	1.50	3.00	
4.	Investment in our subsidiary, Redington Gulf FZE:				
	(a) Establishment of an ADC in Dubai	290.03	66.93	223.10	
	(b) Installation of an ERP system for Redington Gulf	135.00	135.00	N.A.	N.A.
5.	General corporate purposes, including meeting incremental working capital requirements for domestic and overseas operations	342.53	342.53		
	Total	**1,389.95**	**732.46**	**515.33**	**142.16**

DETAILS OF OBJECTS

Establishment of ADCs in India

We are one of the large distributors of IT and Telecom products in India. We have also recently started distribution of consumer durables in India and intend to enter into other verticals in order to leverage our existing distribution strength. For details, refer to the section titled "Industry and Business – Our Strategy" on page 48.

Towards this objective, we now intend to set-up automated distribution centres at Chennai, Mumbai, Delhi and Kolkata. Each of these proposed centres would be large in size and ensure full vertical space utilisation. In addition, material movement within this automated distribution centres will be fully automated in order to ensure accuracy, reduction of costs and lesser manual handling.

The capital expenditure required for these ADCs would include land cost, construction cost and expenditure to be incurred for procurement of warehouse management software, expenditure to be incurred for procurement of process handling equipments, expenditure to be incurred for procurement of safety and security equipment.

As per our estimates, we will be required to spend an amount of Rs. 128.04 million for establishing each ADC, thus totalling Rs. 512.16 million for setting up four ADCs. The break-up of cost for setting up each ADC is given in the following table:

(Rs. million)

Item	Basis of estimation	Estimated amount
Land cost (10 to 15 acres)	Quotations received, management estimates	25.00
Cost of filling, foundation, soil testing, flooring, erection, fees payable to architects and other consultants	Management Estimates	50.20
Cost of superstructure	Quotations received	18.80
Warehouse management software	Quotations received and management estimates	4.00
Process handling equipments	Quotations received and invoices	24.13
Safety and security equipment	Quotations received, invoices, and Management estimates	4.91
Miscellaneous – generator set	Management estimates	1.00
Total		**128.04**

We are currently under discussions with various project management consultants. However, till date, we have neither identified any land nor placed any orders for purchase of any of the above item. Accordingly, as on date, no expenditure has been incurred for any of the ADCs.

As per our internal estimate, we will be required to import equipments worth 4.00 million for each of the four ADCs.

Establishment of SRCs in India

We intend to set-up the following new SRCs in India in order to meet the future requirements:

- a telecommunications repair facility;
- telecommunications 'L3' repair facilities at Mumbai, Lucknow, New Delhi and Hyderabad; and
- 68 SRCs of the IT hardware service businesses.

The estimated fund requirements are as under:

Rs. million

SRC	Basis of estimation	Estimated amount
Telecommunications repair facility	Quotations, Purchase orders, invoices & Management estimates	8.12
Four telecommunications 'L3' repair facilities	Purchase orders & Management estimates	13.81
Eight Company-owned SRCs	Purchase orders & Management estimates	22.08
60 partner-owned SRCs	Management estimates	15.00
Total		**59.01**

Till date, for telecommunication repair facility, we have placed purchase orders worth Rs. 6.65 million and made payments of Rs. 6.21 million. These purchases include imported components worth Rs. 2.49 million.

For the 'L3' repair facilities, we have placed purchase orders worth Rs. 3.70 million and made payments of Rs. 3.37 million. These purchases include imported components worth Rs. 5.93 million.

As per certificate issued by V. Brahadeeswaran & Co., Chartered Accountants dated January 29, 2007 an amount of Rs. 9.58 million has been spent till date on the above from internal accruals.

For the Company owned SRCs, we have placed purchase orders worth Rs. 2.19 million. No payments have been made till date.

Till date, we have not placed purchase orders in relation to the partner owned SRCs and no expenditure has been incurred in this regard.

Investment in our subsidiary, Cadensworth (India) Private Limited

Of the net proceeds of the Issue, we intend to invest an aggregate amount of Rs. 42.63 million in our subsidiary, Cadensworth (India) Private Limited, in the form of equity infusion.

Cadensworth (India) Private Limited will deploy this amount for the following purposes:

Item	Item	Basis of estimation	Estimated amount
Establishment of an SRC for LCD repairs			
	(a) Equipment	Estimation, purchase order	21.40
	(b) Infrastructure	Estimation	9.20
		Sub-total	**30.60**
Upgradation of capacities of existing SRCs for processors and motherboards			
	(a) Equipment	Estimation, quotations, purchase orders	5.76
	(b) Infrastructure	Estimation, Quotation	8.48
	(c) Office equipment	Estimation	1.88
		Sub-total	**16.12**
Establishment of an SRC for networking products		Estimation	4.50
		Total	**51.22**

Till date, Cadensworth (India) Private Limited has already made payment for an amount of Rs. 4.77 million as certified by V. Brahadeeswaran & Co., Chartered Accountants, by their certificate dated January 29, 2007 from internal accruals and have placed purchase orders worth Rs. 22.43 million for equipment. As per their estimate, Cadensworth (India) Private Limited will be required to import equipments worth Rs.24.31 million for setting up the SRCs.

The details of the purchase orders placed for equipment purchase are as follows;

Name of the suppliers	Date of purchase order	Rs. in million	Expected time of delivery
Sri Karumari Industries	December 15, 2006	0.20	Within 45 days from date of receipt of purchase order and advance
ITES Company Limited	December 18, 2006	15.60	3.5 months from the date of receipt of purchase order
Miyachi Unitek Corporation	November 30, 2006	4.80	8-10 weeks from the date of receipt of purchase order

We are yet to place order for Rs. 3.60 million worth of equipment constituting 12.39% of the total equipment cost.

Investment in our subsidiary, Redington Gulf FZE

Of the net proceeds of the Issue, we intend to invest an aggregate amount of Rs. 356.96 million in our subsidiary, Redington Gulf FZE, in the form of equity participation.

Redington Gulf FZE, will utilise this amount for the following purposes.

- establishment of an ADC in Dubai; and
- installation of an ERP system for Redington Gulf.

Establishment of an ADC in Dubai

Redington Gulf FZE proposes to set-up an ADC at Jebel Ali Free Zone in Dubai on an area of approximately 150,000 square feet.

This facility will be utilised exclusively for captive use and is expected to meet the warehousing requirements of Redington Gulf FZE for the next 5 years.

The total cost of this ADC will be Rs. 290.03 million, a break-up of which is provided below:

(Rs. million)

Item	Basis of estimation	Estimated Amount*
Cost of warehouse (11,000 square meter)	Management Estimates	138.32
Cost of sales office (2,500 square meter)	Management Estimates	80.32
Cost of loading and unloading ramp and safety and security equipment	Management Estimates	15.62
Material handling Equipment	Management Estimates	6.69
Interior cost for sales office	Management Estimates	29.00
Consultancy charges to Architect	Quotations received and Management Estimates.	8.92
	Total fixed assets investment	278.88
Annual Rent for land for the first year (24000 square meter)	Quotations received	11.16
Total		**290.03**

** Rupee amount have been converted at the exchange rate prevailing on March 31, 2006.*

Till date, an advance of Rs. 0.87 million as certified by V. Brahadeeswaran & Co., Chartered Accountants, by their certificate dated January 29, 2007 has been paid as advance towards allotment of land for building the ADC from internal accruals. However, no orders for purchase of any of the above items have been placed and except as state above, no amount has been paid for the ADC.

Installation of an ERP system for Redington Gulf FZE

In order to cope up with increasing volumes of business transacted, Redington Gulf FZE intends to move to an advanced ERP system 'mySAP BS Software', which would meet its requirements of a real time, system driven workflow and would be scaleable to meet its future growth.

The total amount which will be required to be paid for installation and implementation of this software is estimated at Rs. 135.00 million. This is based on quotation received by us and management estimates. An advance of Rs. 87.21 million as certified by V. Brahadeeswaran & Co., Chartered Accountants, by their certificate dated Janaury 29, 2007, has been paid from internal accruals.

General corporate purposes

We, in accordance with the policies set-up by our Board, will have flexibility in applying the remaining Net Proceeds of the Issue, for general corporate purposes including meeting the incremental working capital requirements, strategic initiatives and acquisitions, brand building exercises and the strengthening of our marketing capabilities.

ISSUE RELATED EXPENSES

The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Issue expenses are as follows:

(Rs. in million)

Activity	**Expenses**
Lead management, underwriting and selling commission	71.50
Advertising and marketing expenses	10.31
Printing and stationery	14.00
Others (Registrar's fee, legal fee, listing fee, etc.)	9.34
Total estimated Issue expenses	**105.15**

INTERIM USE OF FUNDS

The Management in accordance with the policies established by our Board of Directors will have the flexibility to deploy the net proceeds of the issue. Pending utilisation for purposes stated above, we intend to deploy the funds in bank fixed deposits and/ or gilt edged Government Securities or Government Security based funds.

MONITORING UTILISATION OF FUNDS

Our Board will monitor the utilisation of the Issue proceeds. We will disclose the details of the utilisation of the Issue proceeds, including interim use, under a separate head in our financial statements for fiscals 2007, 2008 and 2009, specifying the purpose for which such proceeds have been utilised or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges.

No part of the proceeds from the Issue will be paid by us as consideration to our Promoters, our Directors, Promoter group companies or key managerial employees, except in the normal course of our business.

BASIS FOR ISSUE PRICE

We will determine the Issue Price in consultation with the BRLM based on assessment of market demand and based on the following qualitative and quantitative factors for the Equity Shares offered by the Book Building Process. The face value of the Equity Shares is Rs. 10 and the Issue Price is 11.3 times the face value.

Qualitative factors

- Comprehensive range of product offering;
- An IT distributor with a customer support presence;
- Wide reach and superior logistics capabilities;
- An Indian IT distributor with access to Middle East and Africa, thus providing a first mover advantage;
- Robust IT infrastructure and sophisticated management information systems;
- Presence in high margin value segment;
- Strong credit controls and prudent risk management practices;
- Long term vendor/client relationships; and
- Strong brand

Quantitative factors

Information presented in this section is derived from the Company's restated, stand-alone financial statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which form the basis for computing the price, are as follows:

Weighted average earnings per share (EPS)

Financial period	EPS (Rs.)	Weight
Financial year 2004	5.08	1
Financial year 2005	4.30	2
Financial year 2006	4.79	3
Weighted average	4.69	

EPS for six months period ended September 2006 is Rs. 2.86 (not annualised) and Rs.5.72 on an annualised basis.

Note:

- *The earnings per share has been computed on the basis of audited restated stand alone profits and losses for the respective years / periods after considering the impact of accounting policy changes, prior period adjustments/re-groupings pertaining to earlier years as per the auditors report.*
- *The face value of each equity share is Rs. 10.*

Weighted average earnings per share (EPS) based on the consolidated basis

Financial period	EPS (Rs.)	Weight
Financial year 2004	5.08	1
Financial year 2005	10.89	2
Financial year 2006	11.84	3
Weighted average	10.40	

EPS for six months period ended September 2006 is Rs. 6.22 (not annualised) and Rs.12.44 on an annualised basis.

Note:

- *The earnings per share has been computed on the basis of adjusted profits and losses for the respective years / periods after considering the impact of accounting policy changes, prior period adjustments / re-groupings pertaining to earlier years as per the auditors report.*
- *The face value of each equity share is Rs. 10.*

Price/earning (P/E) ratio

- Based on the financial year ended March 31, 2006, EPS is Rs. 4.79.
- P/E based on the financial year ended March 31, 2006 EPS is. 23.59 at the Issue Price on standalone basis.
- P/E based on the financial year ended March 31, 2006 EPS is . 9.54 at the Issue Price on consolidated basis.
- P/E based on the period ended September 30, 2006 EPS (non –annulaized) is 39.51 at the Issue Price on standalone basis.
- P/E based on the financial year ended September 30, 2006 EPS (non-annualised) is . 18.17 at the Issue Price on consolidated basis.

Industry P/E*:

*Our financial information relates to our distribution and service business. We believe that there are no comparable listed entity in India, hence we are unable to provide the industry data.

Weighted average return on networth

Financial period	**Return on average networth (%)**	**Weight**
Financial year 2004	14.24	1
Financial year 2005	5.46	2
Financial year 2006	7.93	3
Weighted average	**8.16**	

Average Return on networth for six months period ended September 2006 is 4.62% (not annualised) and 9.24% on an annualised basis

* *Networth has been computed by aggregating share capital reserves and surplus and adjusting for revaluation reserves, intangible assets and deferred tax assets as per our stand alone audited restated financial statements.*

Weighted average return on networth based on consolidated financials

Financial period	**Return on average networth (%)**	**Weight**
Financial year 2004	14.25	1
Financial year 2005	13.13	2
Financial year 2006	16.71	3
Weighted average	**15.10**	

Average Return on networth for six months period ended September 2006 is 8.43% (not annualised) and Rs.16.86% on an annualised basis.

* *Networth has been computed by aggregating share capital, reserves and surplus and adjusting for revaluation reserves, intangible assets and deferred tax assets as per our audited restated consolidated financial statements.*

Minimum return on increased networth required to maintain pre-Issue EPS

- The minimum return on increased net worth (on standalone basis) required to maintain pre-Issue EPS is 7.08% at the Issue Price.
- The minimum return on increased net worth (on consolidated basis) required to maintain pre-Issue EPS is 15.63% at the Issue Price.

NAV per Equity Share

NAV per Equity Share represents shareholders' equity less miscellaneous expenses as divided by outstanding number of Equity Shares as on March 31, 2006. The NAV per Equity Share at March 31, 2006 is Rs. 58.23 based on our stand alone restated financials.

NAV per Equity Share after the Issue

- The NAV per Equity Share after the Issue is Rs. 67.61 at Issue Price based on networth as on March 31,2006 on standalone basis.
- The NAV per Equity Share after the Issue is Rs. 75.74 at Issue Price based on networth as on March 31, 2006 on consolidated basis.
- The NAV per Equity Share after the Issue is Rs. 69.91 at the Issue Price based on networth as on September ,2006 on standalone basis
- The NAV per Equity Share after the Issue is Rs. 79.69 at Issue Price based on networth as on September 30,2006 on consolidated basis.

The Issue Price per Equity Share is Rs. 113.00.

The Issue Price per Equity Share will be determined on conclusion of the Book Building Process.

The BRLM believes that the Issue Price of Rs. 113.00 is justified in view of the above qualitative and quantitative parameters. For further details, refer to the section titled "Risk Factors" on page 1 and the financials of the Company including important profitability and return ratios, as set out in the auditor's report stated on page 109 to have a more informed view.

STATEMENT OF TAX BENEFITS

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

September 25, 2006

Dear Sirs,

We hereby report that the enclosed annexure states the possible tax benefits available to Redington (India) Limited (the "**Company**") and its shareholders under the current tax laws in force in India as amended by the Finance Act, 2006. The benefits as stated are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions.

The benefits discussed in the enclosed annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional advice. In view of the individual nature of the tax consequences, the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the selling shareholders, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether:

- the Company or its shareholders will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits have been/would be met with.

The contents of this annexure are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and our interpretation of current laws as amended by the Finance Act, 2006.

For Deloitte Haskins & Sells
Chartered Accountants

Place : Chennai
Date : September 25, 2006

B. Mala
Partner
Membership No.19958

The following tax benefits shall be available to the Company and the prospective shareholders under direct tax.

1. **To the Company – Under the Income Tax Act, 1961 ("the Act")**

1.1 The amount of tax paid under Section 115JB for any assessment beginning from 1st April, 2006 will be available as credit in accordance with the Provisions of Section 115JAA. The Finance Act 2006 has extended the benefit of such carry forward to a period of 7 years .

1.2 There is no further additional benefit arising to the Company under the Income Tax Act, 1961, by proposed Initial Public Offer of Equity Shares.

2. **To the Members of the Company – Under the Act**

2.1 ***Resident Members***

a) Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income-tax in the hands of the shareholders.

b) Shares of the company held as capital asset for a period of more than 12 months preceding the date of transfer will be treated as Long Term Capital Assets.

c) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of twelve months or more) entered into in a recognised stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

d) In terms of Section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of the business would be eligible for rebate from the amount of income-tax on the income chargeable under the head 'Profits and Gains under Business or Profession' arising from taxable securities transactions.

e) As per the provisions of Section 10(23D) of the Act, all mutual funds set-up by public sector banks, public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorised by the Reserve Bank of India are eligible for exemption from income-tax, subject to the conditions specified therein, on their entire income including income from investment in the shares of the company.

f) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets (other than those exempt under Section 10(38) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by

(i) National Highways Authority of India constituted under Section 3 of National Highways Authority of India Act, 1988;

(ii) Rural Electricification Corporation Limited, a company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

g) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets (other than a residential house and those exempt u/s 10(38)) then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilised for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

h) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company or unit of an equity oriented mutual fund, which is subject to securities transaction tax will be taxable under the Act at the rate of 10% (plus applicable surcharge and educational cess).

i) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains (not covered under Section 10(38) of the Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the shareholders.

2.2 ***Non-Resident Indians/Members other than foreign Institutional Investors and Foreign Venture Capital Investors***

a) By virtue of Section 10(34) of the Act, income earned by way of dividend income from a domestic company referred to in Section 115-O of the Act, is exempt from tax in the hands of the recipients.

b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of twelve months or more) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

c) Taxation of Income from investment and Long Term Capital Gains on its transfer

(i) A non-resident Indian, i.e. an individual being a citizen of India or person of Indian origin has an option to be governed by the special provisions contained in Chapter XIIA of the Act, i.e. “Special Provisions Relating to certain incomes of Non-Residents”.

(ii) Under Section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident India, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall (in cases not covered Section 10(38) of the Act) be concessionally taxed at a flat rate of 10% (plus applicable surcharge and educational cess on Income-tax) without indexation benefit but with protection against foreign exchange fluctuation under the first provisio to Section 48 of the Act.

(iii) Under provisions of Section 115F of the Act, long term capital gains (not covered under Section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

d) Return of Income not to be filed in certain cases

Under provisions of Section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted therefrom.

e) Other Provisions of the Act

(i) Under Section 115-I of the Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing his return of income under Section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him. In such a case the tax on investment income and long term capital gains would computed as per normal provisions of the Act.

(ii) Under the first proviso to Section 48 of the Act, in case of a non-resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost of indexation benefits will not be available in such a case.

(iii) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets (other than those exempt u/s 10(38) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gains are invested within a period of six months from the date of transfer in the bonds issued by-

(i) National Highways Authority of India constituted under Section 3 of National Highways Authority of India Act, 1988;

(ii) Rural Electricification Corporation Limited, a company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

(iv) Under Section 54F of the Act, where in the case of an individual or HUF capital gain arise from transfer of long term assets (other than a residential house and those exempt u/s 10(38)) then such capital gain, subject to the conditions and to the extent specified therein, will be exempt if the net sales consideration from such transfer is utilized for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

(v) Under Section 111A of the Act, capital gains arising from transfer of short term capital assets, being an equity share in a company or unit of an equity oriented mutual fund, which is subject to securities transaction tax will be taxable under the Act at the rate of 10% (plus applicable surcharge and educational cess).

(vi) Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains (not covered under Section 10(38) of the Act) arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the shareholders.

2.3 ***Foreign Institutional Investors (FIIs)***

a) By virtue of section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in Section 115-O of the Act, are exempt from tax in the hands of the Institutional investor.

b) Under Section 10(38) of the Act, long term capital gain arising to the shareholder from transfer of a long term capital asset being an equity share in the company (i.e. capital asset held for the period of twelve months or more) entered into in a recognized stock exchange in India and being such a transaction, which is chargeable to Securities Transaction Tax, shall be exempt from tax.

c) Under Section 115AD capital gain arising on transfer of short capital assets, being shares and debentures in a company, are taxed as follows:

(i) Short term capital gain on transfer of shares/debentures entered in a recognised stock exchange which is subject to securities transaction tax shall be taxed at the rate of 10% (plus applicable surcharge and educational cess) ; and

(ii) Short term capital gains on transfer of shares/debentures other than those mentioned above would be taxable at the rate of 30% (plus applicable surcharge and educational cess).

d) Under Section 115AD capital gain arising on transfer of long term capital assets, being shares and debentures in a company (in cases not covered Section 10(38) of the Act), are taxed at the rate of 10% (plus applicable surcharge and educational cess). Such capital gains would be computed without giving effect to the first and second proviso to Section 48. In other words, the benefit of indexation, direct or indirect, as mentioned under the two provisos would not be allowed while computing the capital gains.

e) Under Section 54EC of the Act, capital gain arising from transfer of long term capital assets (other than those exempt u/s 10(38) shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds issued by-

(i) National Highways Authority of India constituted under Section 3 of National Highways Authority of India Act, 1988;

(ii) Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. However, the amount so exempted shall be chargeable to tax subsequently, if the new bonds are transferred or converted into money within three years from the date of their acquisition.

2.4 ***Venture Capital Companies/Funds***

As per the provisions of Section 10(23FB) of the Act, income of

- Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette; and
- Venture Capital Fund, operating under a registered trust deed or a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette set-up for raising funds for investment in a Venture Capital Undertaking is exempt from income tax.

3. **Wealth Tax Act, 1957**

Shares in a company held by a shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth-tax Act, 1957; hence, wealth tax is not leviable on shares held in a company.

4. **The Gift Tax Act, 1957**

Gift of shares of the company made on or after October 1, 1998 are not liable to tax.

Note:

a) All the above benefits are as per the current tax law and will be available only to the sole/first named in case the shares are held by joint holders.

b) In respect of non-residents, taxability of capital gains shall be subject to the benefits available under the Double Taxation Avoidance Agreement, if any between India and the country in which the non-resident has fiscal domicile if they are more beneficial for him.

c) In view of the individual nature of tax consequence, each investor is advised to consult his/her own tax adviser with respect to specific tax consequences of his/her participation in the scheme.

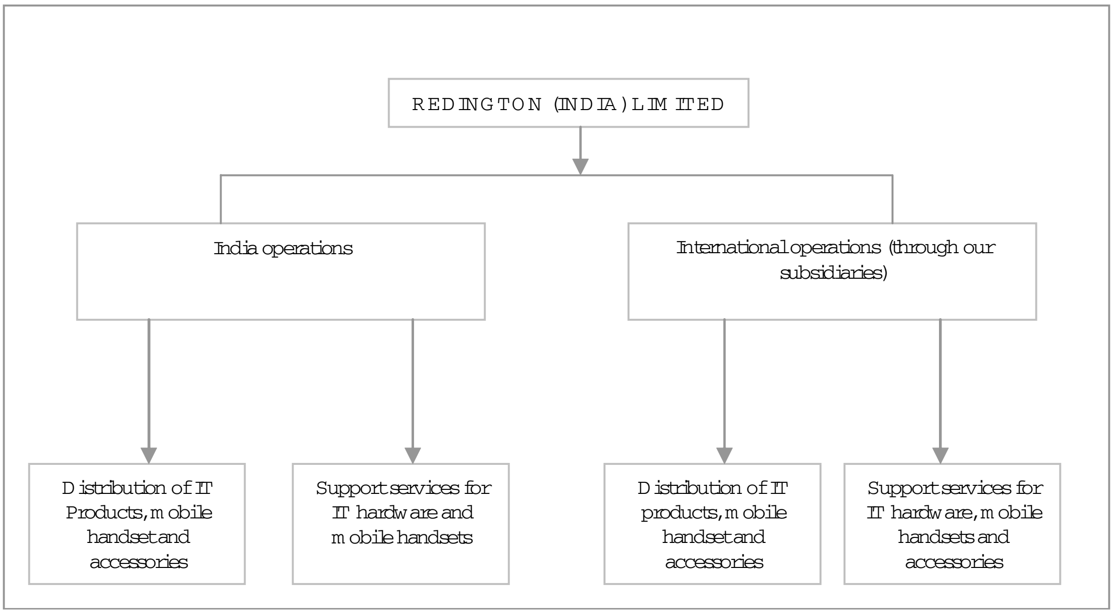
SECTION IV – ABOUT THE COMPANY

INDUSTRY AND BUSINESS

We operate in two different business lines namely distribution and support services for IT products and mobile handset and accessories. These two business lines are characteristically different. Further we operate both in domestic as well as in international markets covering different geographies namely India, Middle East and Africa. As a result, there are a number of country specific factors which influence the overall industry scenario of those two business lines. Therefore, in this section, instead of providing a unified industry specific disclosure, we are giving the details of industry scenario and our operations for a particular business line in a particular geography. We believe that this will help the readers of this Prospectus to relate our business performance in each segment in each geography.

We, Redington (India) Limited, are distributors of IT products and providers of logistics, supply chain management and other support services in India, Middle East and Africa. Recently, we have started distribution of mobile handsets and accessories in Nigeria and in limited territories of India. Apart from distribution, we also provide support services for IT hardware and mobile phones.

Our business, based on the different services we offer and based on the geographies we cover, can be depicted as follows:



We have achieved stand-alone revenue of Rs. 19,635.03 million, Rs. 25,028.22 million and Rs. 36,926.58 million in the year 2003-04, 2004-05 and 2005-06 respectively from our India operations registering a CAGR of 37.14 %. During the same period our standalone PAT from India operations has increased from Rs. 149.16 million in 2003-04 to Rs.291.20 million in 2005-06 with a CAGR of 39.72%. We also achieved stand-alone revenue of Rs.21,540.17 million from our India operations for the six months period ended September 30, 2006 and during the same period the PAT from India operations were Rs.182.60 million.

Our international operation, as on today, is principally concentrated in Middle East and Africa. We operate in Middle East and Africa through our subsidiary Redington Gulf FZE and its subsidiaries. In the year 2004-05, 2005-06 and for the six months period ended September 30, 2006, Redington Gulf FZE, along with its subsidiaries contributed to Rs. 15,451.50 million, Rs. 22,718.97 million and Rs.16,274.13 million respectively in our total consolidated revenue.

Our another wholly owned subsidiary, RDPL caters to SriLankan and Bangladesh market in addition to the zero duty business in India.

During 2005-06, we have earned consolidated revenue of Rs. 67,905.71 million and a consolidated PAT of Rs. 719.74 million. Contribution of our India and International operations for distribution and support service businesses in the consolidated revenue of 2005-06, are given in the following table:

	2005-06	
	Revenue (Rs. million)	Contribution to consolidated revenue (%)
Distribution of IT products and mobile handset and accessories in India	36,542.47	53.81
Support Services for IT hardware and mobile handsets in India	425.07	0.63
Distribution of IT Products and mobile handset and accessories in international market	30,460.00	44.86
Support Services for IT hardware and mobile handsets in international market	478.17	0.70
Total	**67,905.71**	**100.00**

Since our India operation and Middle East and Africa operations are major contributors to our revenue, in the subsequent part of this section, we are discussing our India operation and Middle East and Africa operations in greater detail.

OUR STRENGTHS

Comprehensive range of product offering

We offer entire range of IT product like peripherals, printers, scanners, plotters, supplies (cartridges), PC components(monitors, hard disks, CD writers, CD ROMs, processors, motherboards), PCs, UPS, networking, packaged software, storage, high-end servers, offered by multiple vendors. In addition, we also supply mobile handsets. This wide spectrum of products offered from multiple vendors helps us to achieve economies of scale and provide the customers a single sourcing point.

An IT distributor with a customer support presence

We provide end-to-end services including warranty and post-warranty service thereby giving significant value-add to vendors and customers. For some of our vendors, in the process of providing customer support, we provide other value added services such as a technical response centre, parts logistics including reverse logistics, high level repair services for mobile handsets and motherboards. This has helped us to forge business partnership with global vendors, for some of whom we currently operate as the sole supply chain services provider.

Wide reach and superior logistics capabilities

Logistics is one of our most important core competencies. India being a geographically vast country makes it difficult for products to reach every part of the country. Further, with each state having its own tax laws, permit/ forms requirement etc, the supply chain management becomes quite complex. In Middle East and Africa there are constraints on local ownership and complex import regulations. The complexity further increases due to different supply chain models adopted by different vendors. This requires high level of expertise and quality processes to manage supply chain activities in these geographies.

Having 51 warehouses spread across 22 states in India, ensures easy accessibility of the products to the customers and higher penetration in the market. Similarly, our local presence through various subsidiaries in the Middle East and Africa region helps us to address supply chain constraints of these geographies. Our robust IT infrastructure enables us to manage our huge network in a time and cost efficient manner.

We have end to end logistics capabilities starting from import, warehousing and stock movement across the geography, packing/repacking, order processing and delivery to any part within the geographies we operate. We have our own door delivery infrastructure in most of the large branches. Rests of the deliveries are made through local / national couriers. We have capability to deliver the goods to our customers within few hours. We also provide our customers with project based delivery services which require a highly co-ordinated activity of delivery of multiple products to multiple locations and in some cases installing them as well.

An Indian IT distributor with access to Middle East and Africa, thus providing a first mover advantage

Our subsidiary, Redington Gulf FZE has its headquarter in Jebel Ali in Dubai and through its nine subsidiaries and 15 offices in the region covers the market effectively. These economies are on a growth phase and the governments thrust on the infrastructure spending offers good market potential for our business with better margins. For the year 2005-06, the region contributed 33.46% of our consolidated revenue and for the six months period ended September 30, 2006, the region contributed 39.42% of our consolidated revenue.

Long term vendor/client relationships

We have relationship with over 30 vendors, many of which are for more than 10 years. Over the years, we have serviced vendors like HP, Microsoft, Intel, IBM, Samsung, Canon, Cisco, Acer etc. Our ability to provide a host of services such as logistics, after sale support, demand generation etc. helped us to build such a diverse vendor base.

Robust IT infrastructure and sophisticated management information systems

IT infrastructure and management information system is one of the most fundamental competency of any large distribution company. Our system is customized to address our unique requirements and it gives us competitive edge in the market. It is a scalable system with capacity to handle voluminous transaction loads in terms of orders, customers, and products. It can be configured easily to changing business requirements and provides real time information to operating managers to take timely and accurate decisions. We have an in house team of software professionals who continuously work on enhancing our information systems.

Strong credit controls and prudent risk management practices

Managing the credit risk assumes significant importance in our business. We have a risk management team dedicated to managing credit risk. The prudent risk management practices have helped us to maintain our bad debts (including provisions) at an average of less than 0.09% of sales in India and 0.03% of sales in the Middle East.

Strong brand

Over the years we have been perceived a Company that can be trusted and one that adheres to its commitments as evidenced by our long association with the vendors and channel partners. This has resulted in the brand enjoying a good repution in the market.

OUR STRATEGY

We have over the years acquired various competencies and strengths. We would want to leverage these competencies, along with our financial strength and infrastructure to migrate from being an IT product distributor to a supply chain solution provider. We intend to follow the following strategies to achieve this goal.

Growth in the existing product lines

Our objective is to grow with the market in most of our current product lines in geographies in which we operate while adding newer value offerings to our customers and vendors. We plan to achieve this by supporting existing vendors in their efforts to expand their market share and by partnering with new vendors in the products which we distribute currently.

Adding new products in the existing verticals

There are various products which are not a part of our current portfolio. We continuously keep track of such products which have good market potential and intend to include them in our portfolio. We believe that this would help us to keep our portfolio balanced and spread our vendor/product risk. We would seek product lines which have better scope for value addition and therefore offer us higher than average margins. Our focus would be towards product lines which would require minimal working capital.

With the objective to move up the value chain, we started our value business in the year 2000-01 by signing up with Computer Associates. In addition to our focus on increasing the share of value businesses in our portfolio, we actively seek exclusive distribution arrangements since they lead to much stronger partnerships with vendors and channel partners.

Foray into new verticals and business lines

We believe that the core competencies we have developed in IT distribution can be replicated in other verticals. The competencies like logistics services, inventory management, order fulfillment, credit management, information systems and channel management are common services required irrespective of the industry. We have made a beginning in this area and have commenced business of Digital Presses, Consumer Durables and Gaming Consoles. We believe the unique set of services we offer, would be a major differentiator in other verticals and it would be difficult for other logistics companies or small /local distributors (limited to a city or a state) to offer the bundle of services under one roof.

Exploring new regions and geographies

With the objective of becoming a global player and sustaining our growth, it would be our strategy to expand into other geographies. The criteria to select the target geographies would be markets with low IT penetration or unstructured supply chain. We have identified CIS, Vietnam and Central Europe as our target markets.

IT PRODUCTS, MOBILE HANDSET AND ACCESSORIES DISTRIBUTION BUSINESS IN INDIA

CHARACTERISTICS OF THE INDIAN ECONOMY

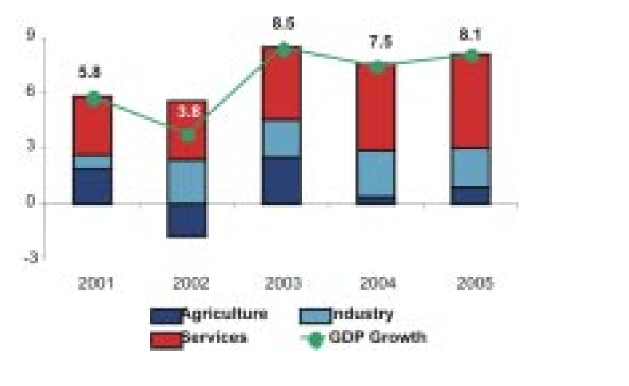
India is the world's largest democracy in terms of population, with India's Central Statistical Organisation estimating a population of 1091 million people as at March 31, 2005. According to the World Bank, India stood as the tenth largest economy in the world in the year ended December 31, 2004, with a GDP in nominal terms estimated to be US$ 692 billion.

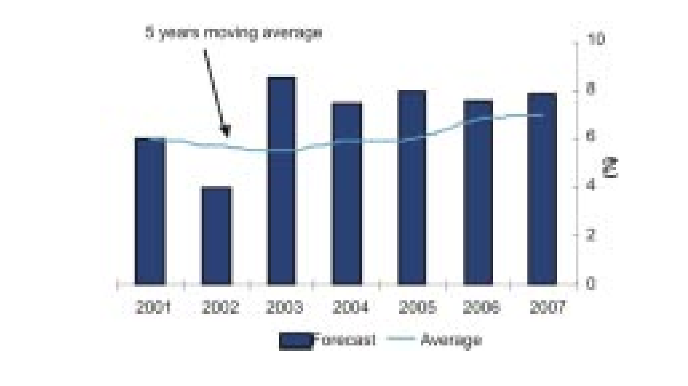
In 1991, the Government of India implemented a series of key macroeconomic and structural reforms, focussed on implementing fundamental economic reforms, deregulating industry, accelerating foreign investment and pushing forward a privatisation program for disinvestment in various public sector operations. As a result of these reforms, the GDP (at factor cost) has shown significant growth over the years as shown by the table below:

	1990-91	1994-95	1999-00	2004-05
GDP (at factor cost)	510,954	917,058	17,61,838	28,30,465

Source: Central Statistics Organisation

In addition, as shown by the table below, the sectoral contributions to the GDP has also undergone a change over the years with the services sector aided by the technology and the outsourcing services emerging as the primary engine of the GDP growth. Economic forecast of the GDP growth is 7.6% in fiscal 2006 and 7.8% in fiscal 20071. The graphs below indicate the GDP growth and its components, as well as the projected GDP growth in 2006 and 2007:





Source: Central Statistics Organisation

INTRODUCTION TO THE IT DISTRIBUTION INDUSTRY

The IT distribution industry in India has evolved rapidly over the past decade. It has undergone major transformation during this period in terms of the number of products, distributors and resellers, channel and vendor expectations. The IT distribution industry is witnessing growth fuelled by investment in the IT and ITES sector, increasing need for automation and information technology in all industries, increase in communication and computing infrastructure spending and increased internet usage in India.

IT distributors play a key role of providing supply chain services to enable the movement of technology products, solutions and after sales services from the vendors of the product to the end users of these products. The products include PCs, servers, notebooks, printers, and PC components, networking products, software products and licences, storage products, power solutions or mobile devices. The solutions are based on integration of multiple products / technologies from multiple manufacturers with services in the form of installation / configuration or customization to cater to the unique needs of the customers. The after sales services include installation, warranty support, post warranty support, maintenance contract, reverse logistics activities etc.

Apart from distributors, other entities like resellers, solution providers, system assemblers, system integrators and retailers form part of IT industry's distribution channels. Over the years, the distribution channel structure has evolved depending upon the nature of the product, the customer segment, the vendor's strategy and India's policy framework. All the entities in the channel play a complementing role to each other to provide quality service to the customers in a cost effective manner. Distributors are the first link between the manufactures and the rest of the channel. The distributors are referred to as first tier of channel and the other entities like resellers, system integrators, solution providers, retailers are called second tier of the channel. The distributors primarily sell to the second tier channel partners.

The end users vary and include large enterprises, small and medium enterprises, government organisations, educational institutions, defence, research organisations and individual buyers.

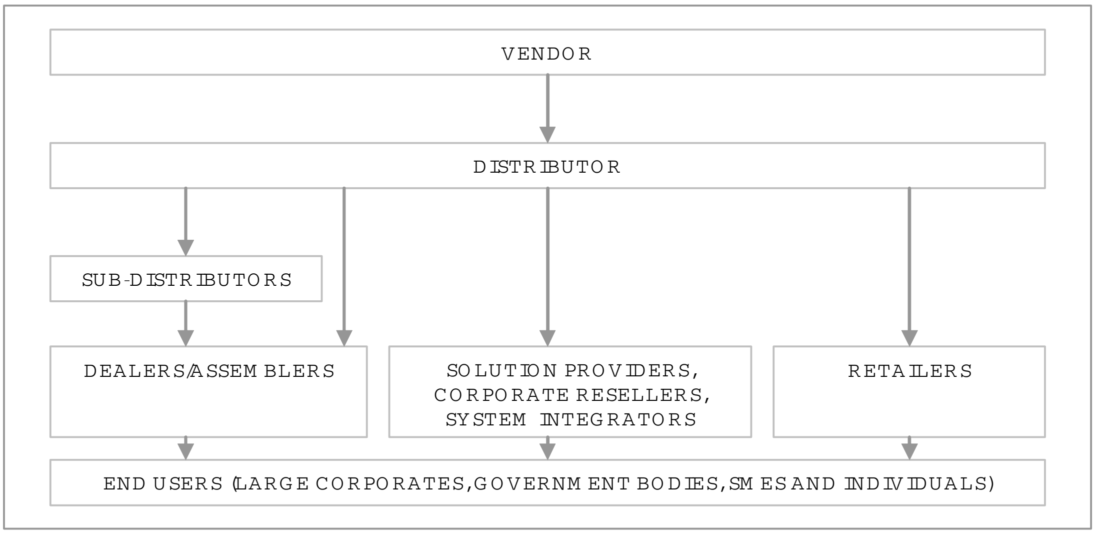
DISTRIBUTION LANDSCAPE IN INDIA

Indian IT Industry has two large and broad based national distributors and about ten smaller distributors who are niche players focused on few products or a particular geography.

Broad based distributors drive their business on economies of scale achieved through a wide portfolio of products, geographical spread and extensive use of technology as the backbone to run efficient operations. The niche distributors focus on unique value additions to the vendors and channel to fill the gaps which are left unaddressed by broad based distributors. Most of the niche distributors are single owner-manager run local companies, while large broad based distributors are global or regional players with presence across several countries. Majority of the IT Industry's domestic product sale happens through distribution. The balance sales are made by vendors directly to end users.

IT INDUSTRY CHANNEL STRUCTURE

The channel structure in the IT distribution industry is as follows:



The distributors simultaneously manage the following four important aspects of the distribution business:

Managing product flow: This involves managing the actual physical movement of the product from the vendor to the second tier of the channel and a small portion of returns in the form of reverse logistics i.e to return the goods back to manufacturers.

Managing information flow: Information flows in the distribution channel in all directions. Customers share information about their purchasing preferences with distributors who use the information to make purchasing and inventory decisions. Vendors provide product information and selling strategies to the distributors, who then provide that information to the next tier of the channel. Further, various other information required to be managed by the distributor include order information, technical support, logistics information like shipment details, transporter, and payment information.

Managing finance: Distributors manage finance in the form of payment to manufacturers and receipt of money from the resellers. In most of the cases they also provide credit to the resellers.

Managing services: Distributors provide a wide variety of services including repair, training, management of inventory, project delivery management, packing/repacking etc. At present very few distributors actually provide all these services under one roof.

Broad based distributors provide a one stop shop for the reseller community for all their requirements. Vendors also rely on the sales and marketing efforts of the distributors. This is beneficial to the vendors since the products are sold to a large number of customers spread over a wide geographical area, using distributors' network. This helps the vendors to reduce the multiple contact points with a large number of customers to a few contact points with a small number of distributors.

Credit risk in a diverse country like India and complicated tax structure acts as a disincentive to multinational vendors from setting up their own distribution set-up. Distributors provide one or more of the following services in the supply chain management depending upon the product and the segment they service:

- **break bulk:** Buy products from the vendors in bulk either locally within India or import the products from the vendor's factory overseas and sell to the resellers in small quantities;
- **local stocking in various cities:** Stocking the right products and quantities locally so as to ensure quick response to the customers;
- **inventory management:** Forecasting, purchase planning, movement across the country and ensuring that the right product is available at the right time locally, to provide faster response to customers;

- **provide credit to the channel:** Availability of credit from the distributors is perceived as one of the most important value add by the reseller community. Distributors provide credit depending upon the credit worthiness of the customer and the business requirement;
- **pre-sales support:** For high end products like servers, storage, software etc., distributors provide pre sales support to resellers through technically qualified staff who visit end customers along with the reseller's sales person to help in the sales process;
- **project management support:** Large resellers / system integrators or solution providers require extensive support from distributor when they need to execute large complex projects for their customers. This support involves procurement of products from multiple sources, consolidation, multi location deliveries with tracking, customized financing arrangement etc.;
- **order fulfillment:** Taking the orders by fax, phone, mail, e-mail, internet, EDI etc. and processing them;
- **shipping and delivery:** Pick, pack and shipments of orders taken from the customers and ensure that the delivery is made on time as per the requirement of the customers;
- **demand generation:** Distributor deploys their own staff to carry out marketing and demand generation activities for the vendors; and
- **reverse logistics services:** Managing the DOA, warranty support, post warranty support etc.

Demand for IT hardware products in India

To understand the scope of IT products distribution industry in India, it is important to know the market size of the main categories of the IT products. IT products can be broadly categorized as follows:

- **systems:** PCs, servers, notebooks, workstations;
- **peripherals:** Dot matrix printers, inkjet printers, scanners, plotters, lasers, multifunction devices, storage devices like tapes;
- **components:** CPUs, motherboards, hard disks, CD-ROM, CD-writers, key boards, mouse, monitors;
- **datacom:** Networking products like cabling, switches, routers, storage products; and
- **packaged software:** All the software products like platforms, databases, anti virus softwares etc.

The biggest component of the domestic India, IT market is the PC market. The PC market registered 3.5 million unit shipments in the year 2004 and is expected to grow to 5.6 million unit shipments in the year 2006. If achieved, this would mean a growth in unit shipments of 56.6% (2006 over 2004) (*Source: IDC India, 2006*).

The domestic IT products market has grown by 24.7% from Rs. 266,680 million in 2004 to Rs. 332,740 million in 2005. This growth was led by growth in the systems market, which went up to Rs. 174,140 million in 2005 from Rs. 149,650 million in 2004. The total market size of IT products is likely to exceed Rs. 746,570 million by the end of 2010 and is expected to show a compounded annual growth rate (CAGR) of 17.5% during the period 2005-2010. (*Source IDC India, 2006*)

Some of the highlights of the IDC 2006 market estimates in relation to the demand for IT products in India are outlined below:

- PC shipments (units) during the period 2005-10 are expected to show a CAGR of 23%.
- In revenue terms, the datacom and peripherals markets are expected to grow at rates of 20% and 19%, respectively during the period 2005-2010. Packaged software revenues are expected to grow at a 21% CAGR during the same period.
- India's domestic IT market is expected to be the fastest growing market in the Asia-Pacific region over the period 2005-2010.

The following table gives the product category wise domestic IT market size (in revenue terms) for the period 2004 to 2010 as per latest IDC India estimates:

Market Segment Size (Rs. Crore)	2004	2005	2006	2007	2008	2009	2010	CAGR '05-'10
Systems Total	14,907	17,414	20,444	23,767	27,325	31,058	35,359	15%
Peripherals	4,219	6,355	9,494	11,373	12,602	14,011	15,164	19%
Datacom	3,696	4,712	6,055	7,422	8,830	10,186	11,497	20%
Packaged Software	3,846	4,793	5,895	7,230	8,797	10,593	12,638	21%
Total Domestic IT Products Market	**26,668**	**33,274**	**41,889**	**49,791**	**57,554**	**65,848**	**74,657**	**17.5%**

Source: IDC India, 2006 (excludes domestic IT Services and domestic ITeS/BPO revenues)

ENTRY BARRIERS

IT distribution industry is a highly competitive industry and is characterized by high entry barriers. Typically the following factors act as disincentives for any new distributor to enter a developing/emerging market:

- **working capital requirement:** IT distribution business is a highly working capital intensive business. It requires adequate amount of resources to purchase the goods by availing cash discounts, offering credit to the resellers keeping optimum stock of inventory, managing credit cycles and maintaining optimum levels of working capital turns.

  The working capital requirement can be brought down by availing credit from vendors instead of availing cash discounts. However, if the distributors do not avail cash discounts, they would face pressure on the margins, which is generally thin owing to the basic nature of the business and this impacts the sustainability of the business in the long run;
- **relationship with vendors:** It requires time to understand the specific requirements of the vendors and build relationship with them. Vendors usually prefer distributors who have local knowledge and expertise in the geographies they cover. Further, IT products, because of its technological nature, require specific technical expertise and domain knowledge which is not readily available with the aspiring distributors;
- **infrastructure:** India is a geographically vast country. In order to attain an effective reach in every part of the country, a distributor is required to set-up a number of sales offices and warehouses. Further, the distributor needs to have a strong infrastructure and IT support in order to co-ordinate activities of those offices and warehouses on a real time basis. Setting up this huge network and requisite infrastructure requires heavy capital investments and considerable IT knowledge which act as entry barriers in this industry; and
- **different sales tax structure:** Different cities in India have different octroi rates. As a result, an in-depth knowledge of tax structure and other regulatory requirement is a necessary condition for setting up a cost effective country wide distribution channel. Since most of the aspiring distributors, especially the foreign ones do not have this capability; it becomes difficult for them to set-up an IT distribution chain in India.

MAJOR PLAYERS IN THE INDIAN IT DISTRIBUTION INDUSTRY

Redington and Ingram Micro are the two large and broad based national level distributors while there are eight to ten other smaller, regional, niche distributors like Neoteric, Rashi Peripherals, Savex, IRIS, SES Technologies Limited etc.

FUTURE GROWTH DRIVERS

The domestic IT products market has grown by 24.36% from Rs. 253,140 million in 2004 to Rs. 314,820 million in 2005. This growth was led by growth in systems market, which went up to Rs. 185,480 million in 2005 from Rs. 149,650 million in 2004. The total market size of IT products is likely to exceed Rs. 570,000 million by the end of 2009 and will show a compound annual growth rate of 18% in the period 2003-09. *(Source: IDC)*

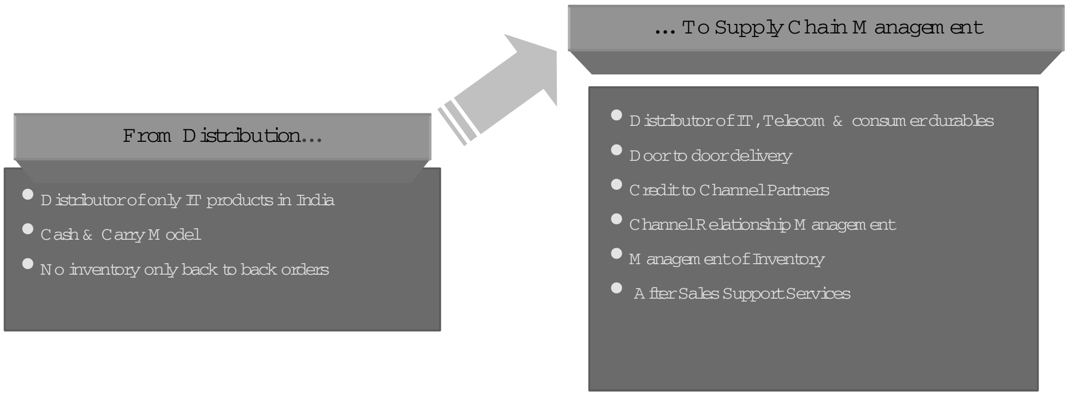
The growing demand for IT products has opened up new prospects for the IT distributors in India. Indian customers, unlike their foreign counterparts, prefer to actually examine the product before placing an order. Further, they also like to have someone nearby whom they can approach for any after-sale service, if required. This particular nature of the Indian customer has made the presence of the distributor an imperative in the growing Indian IT industry.

India is a complex country for setting up a distribution chain on account of its vastness and legal and tax structure. Since domestic distributors have an edge over their foreign counterpart in this regard, they are more likely to capitalize on the aforesaid emerging opportunity for the distributor in the Indian IT market.

OUR BUSINESS

Overview

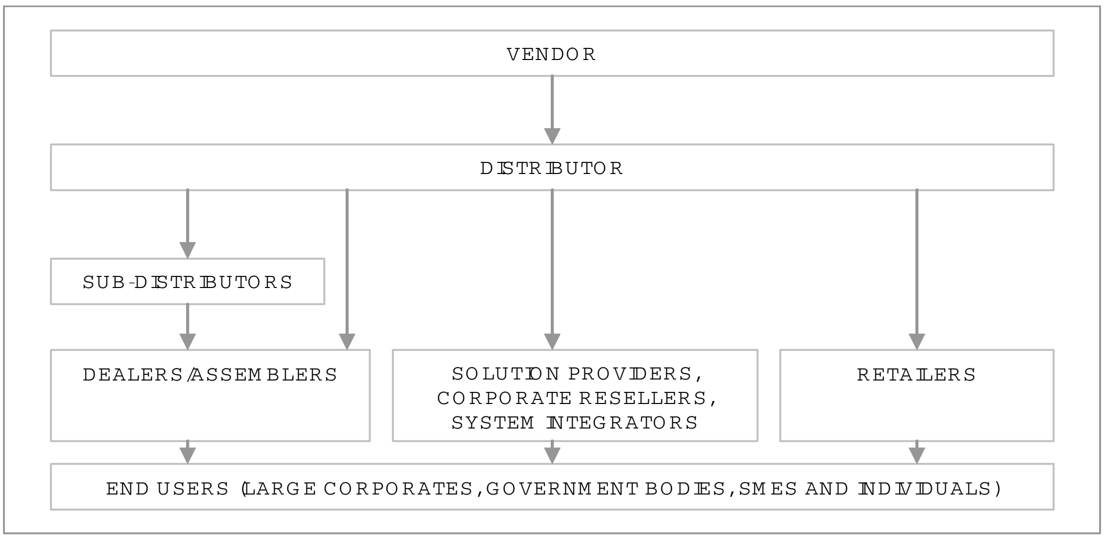
We commenced our Indian operations from Chennai with distribution of IT products. We started with distribution of HP peripherals and continued adding newer products/brands to our portfolio, growing from 5 employees, 3 branches, 25 dealers and Rs. 38.40 million in revenues in 1994 to more than 750 permanent employees (only for distribution business), 35 branches, 10,474 channel partners and Rs. 36,966.25 million and Rs. 21,571.11 million in revenues in the financial year ended March 2006 and for the six months period ended September 30, 2006 respectively on a stand alone basis. We evolved our business from a small manual operation to a large technology driven operation and converted ourselves from a distributor to an integrated supply chain solution provider. Our core competence lies in most efficiently managing the supply chain link from manufacturers to the channel partners. In terms of verticals we have achieved high level of domain expertise in the IT industry and we are in the process of developing similar level of expertise in other chosen verticals like telecom, consumer electronics, home appliances, digital entertainment and other consumer goods.



We play the role of supply chain consolidator between several IT manufacturers and several thousand IT channel partners. We act on a principal to principal basis, purchasing in bulk from the vendors and further down selling them to resellers/sub-distributors/ system integrators and retailers.

Our business model

We have adopted the following business model as depicted in the following diagram:



As depicted above, we follow an indirect sales model. We do not sell directly to the end customer. We purchase from the vendors and sell only to the channel partners who are typically the corporate resellers, retailers and systems integrators. We can purchase either on credit or avail cash discounts from the vendors. We have generally availed cash discount instead of availing credit. This allows us to improve our profit margin, which owing to the nature of the distribution industry is usually thin. We provide credit facilities to the resellers which in turn allow them to make healthy margins and invest further into the business.

This model, as compared to a direct sales model offers the customers an opportunity to actually see and examine the product before placing an order. We believe and have experienced that large Indian corporate and small and medium business houses prefer to purchase through distribution channels rather than approaching the vendors.

Our business structure

We have organised our business into two distinct segments:

- ***volume business:*** The products which fall into this category are typically fast moving high volume products of leading brands in respective product category such as Seagate hard disk, Intel CPUs, HP peripherals, Microsoft software, Samsung monitors etc. Since the product / brands are well established, the distributors mainly play a connecting role while the primary responsibility for demand generation lies with the vendor. We support the vendor's demand generation activities through trade marketing. The key deliverables here are logistics and inventory management, credit and delivery at cost effective prices to the customers. Volume business require stocking across branches and is working capital intensive; and
- ***value business:*** The products which falls into this category are typically high end, high value products. These are sold as part of the entire package to corporates which would able them to have a complete IT solution. The selling cycles are longer and many solutions require products from multiple brands. The typical products in this category are networking products like CISCO, Systimax, Tyco, and high end storage products from EMC, HP, IBM, high end UNIX servers from HP, IBM, softwares like CA, Mcafee, Symantec, Sybase, Novell, BEA, etc. We provide following value added services to vendors and customers of our value businesses:

  (a) *deployment of skilled dedicated resources* – We deploy focused resources with in depth product knowledge who are certified by the vendors. Apart from area sales managers in the field who manage channel relationships, we have dedicated product sales specialists who directly go to end users and generate leads which are jointly closed by us and vendors and subsequently routed through one of our channel partners;

  (b) *identification and training of suitable partners* – We identify suitable partners out of our existing partner base or identify new partners and train them on the product sales and implementation of the solutions to get them certified by the vendors;

  (c) *end user presales support* – Our sales specialists with the support from product technical specialist conducts demonstrations of the products and positions the correct product to the correct customer based on their specific requirement;

  (d) *implementation at site* – On specific requests from the vendors, we carry out actual implementation of the solution at the end users place;

  (e) *tie-up with ISVs* – We tie-up with ISVs and work out "*joint go to market*" strategy where we position ISV's solution along with the server, storage and software (platform) products distributed by us. We also pass on leads to ISVs, which they follow up and in case of any closure, ISVs help us bundle our products with their solution;

  (f) *marketing activities* – We carry out marketing activities like end user seminars, direct mailers, technical workshops etc., where vendor, reseller, ISVs and ourselves participate to showcase the complete offering.

Both these structures, while leveraging with our core competencies, require different approaches. Keeping this factor in consideration, we have classified our distribution business in India into seven SBUs, five of which are under volume business model and two of which are under value business model.

Overall, ours is a broad based distribution model which is based on multiple products and multiple brand strategy. The focus is to capture a considerable market share in each of the product categories. Such a strategy helps us make our offering complete to our channel partners. It also spreads our market risks arising out of fluctuation in the market shares of various brands besides helping us to achieve economies of scale.

Our product portfolio

Adding new brands and products to our portfolio has been our constant endeavor and today we represent over 30 Global brands and few local brands. Details of the vendors and the products distributed by us are given in the following table:

Vendor	Product Category
Acer	Commercial PCs, Consumer PCs and Notebooks, Monitors
APC	UPS
ASUS	Motherboard, Notebooks
Avaya	Networking products
BEA Software	Software
BENQ	Notebooks
CA	Antivirus and Back-up Software
CISCO	Routers, Switches, Networking Products
EMC	Storage
Epson	Printers
Fujitsu	Notebooks, Servers
HP	Consumer Notebooks and PCs, Commercial Notebook and PCs, Enterprise Storage, Laser Printers, Deskjet Printers, Software, Supplies, PC Servers, Unix Servers, Digital Presses, Plotters, Multifunctional Devices, Scanners
Hitachi	Hard Disks
IBM	iSeries, Servers, IBM P Series Unix Servers, Software, Storage
Intel	Motherboards and Processors
Legatto	Storage Software products
Lenovo	Consumer PCs and Notebooks, Commercial PCs and Notebooks
LG	Mobile phones, White Goods
LinkSys	Networking
McAfee	Software
Microsoft	Software including software license and X-Box Gaming Consoles
Xerox	Photocopier, Printers, Multifunctional Devices
Novell Software	Software
Quantum	Storage
Samsung	Optical Disk Drives, Printers, Hard Disks, Monitors
Seagate	Hard Disk
Silicon Graphics	Graphic Servers & Storage
Sybase	Software package

Vendor	Product Category
Symantec	Software
Tandberg	Storage
TVSE	Peripherals, Supplies
Tyco	Networking Products
WIPRO	PCs
Viewsonic	Monitors
Transcend	Memory
Gigabyte	Motherboards
Kodak	Printers
HCL Infosystems	Consumer and Commercial PCs and Notebooks
Electronic Arts	Software
3 Com	Networking Products
Norton Services	Software

Key characteristics of some of the Products dealt in by us;

Desktop Computer (PC)

A desktop computer is a personal computer made for use on a desk in an office or home and are used for performing office tasks, organizing digital photos, video editing, internet access, etc. Nearly all desktop computers are modular, with components that can easily be replaced or upgraded.

Laptop (Notebook) Computer

A laptop computer is a small mobile personal computer. It contains components that are similar to their desktop counterparts and perform the same functions, but are miniaturized and optimized for mobile use and usually have liquid crystal displays as monitors.

Server

A server is a computer system that provides services to other computing systems over a network. A typical server waits for requests for services from other computers on the network.

Servers frequently host hardware resources that they make available on a controlled and shared basis to client computers, such as printers and file systems. This sharing permits better access control (and thus better security) and can reduce costs by reducing duplication of hardware.

Storage products

Computer storage refers to devices and recording media that retain data for some interval of time.

Computer storage provides one of the core functions of the modern computer, that of information retention.

Printers

Printer is an output device which is used for printing documents. The most common categories of printers are;

a) Laser Jet Printers: Laser printer is one of the most commonly used output device. The printing speed ranges from 12 ppm to 55 ppm and the resolution is around 1200 dpi.

b) Inkjet Printers: Inkjet printer is also a commonly used output device. The printing speed ranges from 6 ppm to 36 ppm and the resolution is around 1200 to 4800 dpi.

c) Multi-function Printers: Multi-function printers are available in both Inkjet and Laser printing technologies. Besides printing, these devices can be used for other functions like scanning, copying and faxing.

Scanners

Scanner is an input device which is used for scanning documents (text and graphics) and stores them in digital format.

Networking Products

Networking products enables data communication from one device to another /from one location to another location. The product categories include routers, WAN, switches for LAN, firewall for security, VOIP for voice solutions, wireless LAN solutions and storage network solutions which facilitates voice and video communication solutions.

Software

Software is a set of instructions given to the computer to perform certain tasks. System Software and Application Software are the two types of Softwares. System Software: Refers to the operating system and all utility programs that manage computer resources at a low level like DOS, WINDOWS, UNIX, LINUX.

Application Software: It allows a user to accomplish one or more specific tasks. It comprises programs designed for an end user, such as word processors, database systems and spreadsheet programs like MS Word, MS Excel.

We distribute software licenses supplied to us by vendors like Microsoft, Symantec etc.

Our business process

Distribution business is a working capital intensive business. Inventory management and receivables management play a key role in managing the working capital. Efficient management of working capital determines the success in our business. In addition, in the IT product distribution where there is rapid technological obsolescence, managing the above parameters assumes even more criticality.

We adhere to the following practices, to address the abovementioned issues of inventory and accounts receivable management.

- ***Inventory management:*** As a part of our inventory management process, the branches, which are in direct touch with the customers/market, give the demand projection for various products. These projections are continuously updated and consolidated at the corporate level. The business manager, at our corporate office at Chennai, uses consolidated product-wise demand projection to place orders with vendors. As an integral part of our risk management procedure, the order is reviewed seamlessly using our organisational expertise built over the time, prior to releasing the same with vendors.

  In IT product distribution business, many vendors have a price protection mechanism in place for stocks with the distributors in case of any price reductions announced by vendors for existing products. These usually apply for stocks lying with the distributors which have been purchased within a specified period of time. This mechanism, to a large extent, protects the distributors from the price reduction risk.

  We have a process to continuously monitor the ageing of stocks. Norms are placed on the extent of over-ageing of stocks which are carried on the basis of product category. In addition, we have defined processes for physical verification of stocks. At the warehouse level, periodical physical verifications are carried out by an external firm of Chartered Accountants. Each of our 51 warehouses gets audited at least four times a year to physically verify the stock, to report deviations, if any, and to ensure that the warehouses adhere to the set process of stock keeping; and

- ***Accounts receivables management:*** We have 10,474 channel partners registered with us and majority of them enjoy credit facility depending upon our assessment of their creditworthiness. We have an adequate credit assessment system which takes into account various parameters and then assigns a credit limit to each dealer. Dealer accounts are reviewed and monitored on a periodic basis. We provide customized credit offering depending upon the requirement of the customers. Our credit offerings are highly valued by our customers since they enhance their capacity to access large business which they would not other wise be able to access and it also enhances their return on investment. We have a credit team spread across the country, which effectively manages our credit risk.

Our geographical reach

Being in the distribution business, the geographical reach we can offer to our vendors assumes importance. We have a Pan India presence with 35 sales offices. The region wise distribution of our offices is given below. All the offices are connected on line with the central server at corporate office.

Details regarding locations of our offices are given in the following table:

Regions	Location where office are situated	Total No. of offices in the region
North	Delhi, Chandigarh, Dehradun, NCR, Jaipur, Lucknow, Ludhiana, Jammu	8
East	Kolkata, Bhubaneshwar, Guwahati, Ranchi, Patna	5
West	Mumbai,Ahmedabad, Baroda, Goa, Nagpur, Pune, Surat, Indore, Raipur, Bhopal, Nasik	11
South	Chennai, Bangalore, Cochin, Coimbatore, Madurai, Trivandrum, Vizag, Hubli, Hyderabad, Pondicherry, Calicut	11
	Total	**35**

Out of the abovementioned 35 offices, we own two offices, one office is owned by our subsidiary Nook Holdings Private Limited and balance offices are leased.

Our sales offices, headed by the branch managers, undertake the function of building and sustaining channel partner relationships. They are in direct contact with the channel partners and are responsible for ensuring that the sales targets given to them are met and all the outstanding dues are collected on time. They also provide support function such as providing data about customer needs, market sentiments, trends etc

In order to ensure quick turn around time, having adequate warehousing facility is a must. We have 51 warehouses (including one C & F warehouse) across India, measuring 254,837 square feet. All the warehouses are on lease basis. Regionwise distribution of these warehouses is given below:

Regions	Location where office are situated	Total No. of warehouses in the region
North	Delhi, Chandigarh, Dehradun, Ghaziabad, Gurgaon, Jaipur, Jammu, Lucknow, Ludhiana(2), Panchkula, Parwanoo	12
East	Kolkata(2), Bhubaneshwar, Guwahati, Ranchi, Patna	6
West	Mumbai (2), Ahmedabad(2), Baroda(2), Bhopal, Goa(2), Indore(2), Nagpur(2), Nasik, Pune(3), Raipur, Surat	19
South	Chennai(2), Bangalore, Calicut, Cochin, Coimbatore, Hubli, Hyderabad, Madurai(2), Pondicherry, Trivandrum, Trichy Vizag	14
	Total	**51**

Each of the warehouse is networked on line with the central server at Chennai. In cities like Mumbai, Pune, Ahmedabad, Baroda etc. where octroi is charged on goods entering the city's municipal limits, we have two warehouses, one inside octroi limit and one outside the octroi limit. This allows us to cater to requirements of our customers, who are located outside octroi limits.

Our nationwide presence has resulted in a balanced distribution of our stand alone revenue earned across the region from distribution services as shown in the following table:

Details	2003-04		2004-05		2005-06	
	Revenue (in Rs. Million)	As a % in total revenue	Revenue (in Rs. Million)	As a % in total revenue	Revenue (in Rs. Million)	As a % in total revenue
East	1,406.22	7.50	1,916.57	8.17	3,091.23	8.82
North	4,365.98	23.29	6,116.67	26.07	9,012.13	25.71
South	6,363.72	33.94	7,244.64	30.88	11,864.02	33.84
West	6,611.25	35.27	8,185.93	34.89	11,092.20	31.64
Total	**18,747.17**	**100.00**	**23,463.81**	**100.00**	**35,059.59**	**100.00**

Our channel network

We have carefully nurtured a strong channel network of 10,474 partners spanning across various segments across the country. We have been successful in maintaining a strong relationship with these partners for a number of years. Access to this vast network is one of our key strength. The following table shows the regionwise growth of our dealer base over the last 3 years:

Region	2003-04	2004-05	2005-06	September 30, 2006
North	1,436	1,730	2,081	2,154
East	569	649	852	919
West	1,943	2,415	2,659	2,780
South	2,411	3,008	4,008	4,621
Total	**6,359**	**7,802**	**9,600**	**10,474**

IT HARDWARE SUPPORT SERVICES INDUSTRY IN INDIA

INDUSTRY SCENARIO

The fast growth in IT hardware market is supplemented by adequate support system in place to sustain the growth. As a result, the IT hardware services business is also on a growth phase. Hardware services are provided by authorised and unauthorised/ third party service providers. Authorised service provider meets manufacturers' requirements like training, warranty tracking mechanism, minimum parts stock levels to meet the delivery commitment, escalation process, customer feedback, customer satisfaction etc. Authorised service agent specializes on particular models where as unauthorised service agent attends to all models without formal training. Some of the manufacturers undertake servicing of their products directly. However, since the cost involved in providing this support function is high, they are present in limited cities and authorised service providers like us to cater to the needs of the customers in all locations, including the cities where they are present.

Since most of the IT vendors include post sales service during the warranty period as an integral part of the sales package to make their product more attractive to the customers, authorised servicing agent is required to enable the vendors to meet their commitment of providing post sales service during warranty period. During the post warranty period, it is the customers who decide whether to avail service from an authorised service agent or from a next-door unauthorised service agent.

During the initial phase of the industry, unauthorised servicing agents were dominant players. However, currently, we believe that the balance of the scale is tilting in favour of the authorised servicing agents owing to the following reasons:

- consumers are becoming more quality conscious. Authorised servicing agents, because of the training and other inputs from the vendors, are technically more qualified than their unauthorised counterparts;
- authorised servicing agents have the requisite infrastructure and expertise to offer maintenance service to a diversified range of IT hardware units of institutions/organisations on a contractual basis, which in turn offers assured level of service; and
- unauthorised service providers have geographical limitations.They do not have regional/national coverage. They most often fail to service high end complex difficulties owing to non accessibility to the vendor.

The hardware services market is fragmented and distributed between national and regional service providers as any single service provider's ability to address the wide variety of hardware services across brands requested by individual customers is limited. It is difficult to estimate the market shares in the absence of clear business definitions and industry data for each service segment. The other key IT hardware service providers are Wipro, CMS, Accel ICIM.

OUR BUSINESS

When we started distributing IT products in India, the market was faced with the problem of shortage of service centres. Most of the multinational IT vendors also did not have any service infrastructure to support the products sold by them. The demand for service providers was growing. Capitalizing on this situation we forayed into the service arena with the background of IT distribution. We began with 3 service centres and currently we have 43 service centres (including 3 franchisees) and 40 partner centres.

As a service provider we offer the following services:

- warranty support;
- post warranty support;
- parts sales;
- service sales;
- centralized test and repair facility; and
- forward and reverse parts logistics.

Warranty and post warranty support

As an authorised service provider, we have set-up a network of 43 service centres (including 3 franchisees) with the requisite infrastructure, manpower and processes to ensure a seamless fulfillment of the vendor's warranty commitment to the consumer. Customer relationship executives receive customers' complaints at the front desk; trained engineers provide an analysis of the customer complaint, organise for parts required for repair and provide a solution to the complaint. Online systems track a service complaint in real time from the moment it is received at the service centre till the customer concern is resolved and all processes prescribed by the vendor are completed.

Centralized repairs for IT and telecom products

Defective parts and their recovery present a major challenge to most hardware vendors. We provide vendors the facility to have the defective customer units / components repaired in country thereby reducing the parts inventory and the cost. We are well equipped with repair technology, infrastructure, testing / repair tools and training facilities. This has enabled us to offer quality and error free repair services at the component level. The products that we currently support are PC and notebook components such as motherboards, power supplies, monitors, mobile phones and uninterrupted power supplies.

Parts sales

We started business as a master parts reseller for HP. We have operated as a distributor of spare parts for IT products for various vendors. The unique characteristics of this business are the following:

- we offer only genuine parts sourced from the vendor. The buyer is therefore assured of the quality;
- due to our large network of warehouses and offices we are able to make the parts available in the shortest possible time;
- we use customized forecasting techniques as failure patterns are unpredictable.

A second area of focus for this business has been the upgrades market. The primary characteristic of this market is that the requirements are considerably predictable. Accordingly, the management of inventory is simplified and the risk of obsolescence is eliminated. Customers in these cases are both service providers and end customers.

Service Sales

Service sales deal with the sale of packaged services specifically tailored by the vendor to suit end customer requirements and sold through the channel. Packaged services consist of sale of:

- spares for out of warranty repairs;
- accessories and upgrades;
- warranty/ service level extension packs; and
- sale of AMC on behalf of vendors.

Forward and reverse part logistics

A key requirement for successfully concluding a service event is the ability to forecast the part requirement and ensure that the part is available at the point of demand. Forward logistics is the set of activities associated with the planning, implementation and control of reaching the part from the point of source to the point of consumption.

Reverse logistics similarly is the set of activities to deliver the defective part from the point of consumption to the point for origin. Parts recovered from a service event have a value since they can be recovered and it is therefore important that defective parts are returned to the source or a designated repair centre to enable recovery and recycling.

To meet the requirements of the businesses at the service centres, we have set-up 11 distributed parts warehouses connected to a central hub at Chennai. This is in addition to the part stock held at each of the 43 service location to cater to any immediate requirement. We have implemented a robust parts logistics management system to provide online information of parts movement and facilitate forecasting. The system ensures full control of the logistics pipeline from the central warehouse to the regional or local parts depots, to the service engineer or site stocks as well as the control of the return flow of parts, field sub assemblies to depot, refurbish and repair operations for redelivery to the logistics pipeline or final disposition within the context of a given budget. These services are offered to vendors based on their specification.

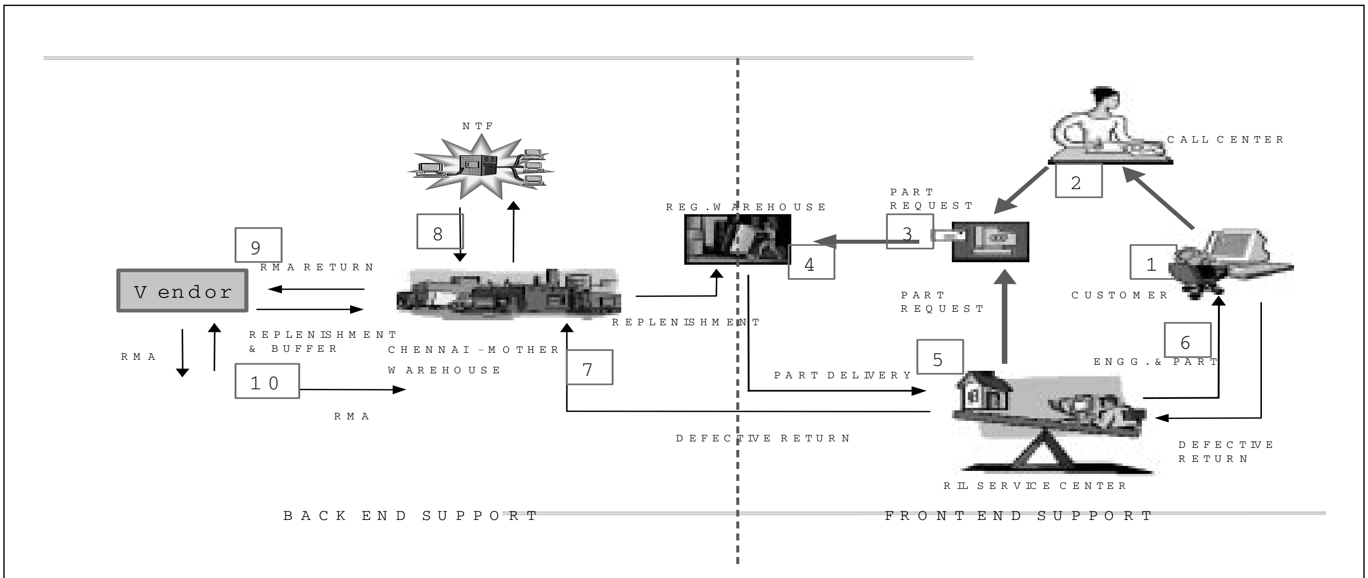
Revenue models

The revenue model or the method of reimbursement varies with the vendor and the service delivery model.

Event based model: The most common method is an event based (per repair) reimbursement where the service provider is compensated by the vendor for every customer request for service during the period of warranty. The same revenue model applies to 'out of warranty repairs' when the customer has not opted for any form of warranty extension or support. 32.66% of our total revenues from services business in India was accounted by this model for the fiscal year 2006.

Annuity model: A second model that many established and matured brands have implemented is annualized support charges per every unit sold. In "annual support per unit sold" model the vendors outsource all the service elements to a selected partner and the services would include a customer response centre (preferably technical), warehousing, forward and reverse logistics, on-site support and channel/customer satisfaction management. 17.54% of our total revenues from services business in India was accounted by this model for the fiscal year 2006.

The elements of an annuity model are indicated below.



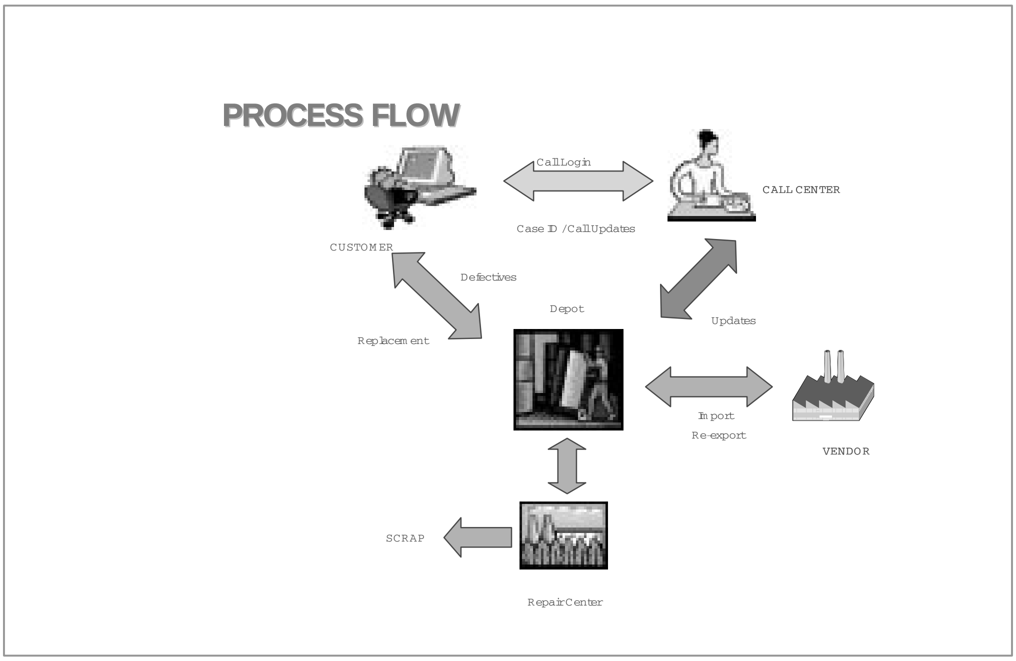
Annual maintenance contract model: This revenue model applies when the product has exhausted the warranty period. The customer wishes to have the support continued for a defined period through a support agreement with the service provider, obtaining in effect an insurance against equipment failure and associated repair costs. The customer in addition derives the advantage of a committed response and resolution time to his problem thereby mitigating the damages associated with critical equipment failure. 16.55 % of our total revenues from services business in India was accounted by this model for the fiscal year 2006.

Delivery model

Our delivery models vary based on customer needs or vendor specifications. The delivery models, currently offered by us, are listed below.

- **Return to bench**: Under this category customers directly walk into fully equipped service centre, which physically receive the units brought in (walk-in customers). The service is commonly referred to as 'Return to bench services'. The nature of service can be 'Swap service' or 'repair service' where in the defective product is replaced or repaired and given back respectively. Our 43 owned service centres spread over 40,000 square feet of area, managed by manager at each centre help us cater to customers. The operations are managed through a CRM (customer relationship management) application, which is developed inhouse.

- **On site repairs**: Attending to customer requests for service at site is commonly referred to as 'Onsite services'. These services are mostly applicable to high value products that cannot be moved from the customer site. The operations are managed from the individual service centres using the same CRM application.
- **Facility management services**: Under this model the support for the entire IT facilities of the customer is outsourced to us. The services provided include help desk facilities as well as service management.
- **Technical response centre**: This centre receive customer requests for services that may not require the deployment of an engineer. The centre receives product related queries from the customer and offers telephonic support and solutions. Where the complaint requires a spare part/replacement to resolve the problem the application in use enables an automated transfer of the complaint to the service centre as well as to the warehouse to enable engineer intervention to offer a solution. The company currently operates a technical response centre for HP consumer PC support.
- **Parts management**: Management of parts supplied by the vendor is required for problem solution. This includes the reverse logistics for the defectives that are required to be returned to the vendor. A central logistics and parts management centre with 11 distributed warehouses and facility for stocking parts at service centres enables us to provide rapid response to hardware related customer requests.
- **Test and repair services**: This included back end validation and repair facility for repairing the defectives and undertaking fault analysis.The work which we undertake for a global processor company can be depicted as follows:



An online service management application enables the customer relationship management activities to be linked with the service processes and the warranty/service commitments of the vendor.

Our revenues from services business has been increasing over the years. Our revenues for the last three years are;

(Rs million)

Year	2003-2004	2004-2005	2005-2006
Revenue	290.07	349.17	384.16

Our revenue from service business for the six months period ended September 30, 2006 was Rs. 257.56 million

We have been able to 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 good control and enables accountability and performance. We offer customized services to suit the customers and vendors requirement.

IT PRODUCTS, MOBILE HANDSET AND ACCESSORIES DISTRIBUTION BUSINESS MIDDLE EAST AND AFRICA

INDUSTRY SCENARIO

Middle East consists of over 10 countries, most of which are linked through cultural similarities, common language and common religion. Most of these countries have adequate oil and gas reserves and have good economic growth and high GDP per capita.

The income from the oil boom, with price per barrel moving up, is leading to the development of the infrastructure in most of these countries. The main areas of investment by the governments are education, basics infrastructure, tourism, information system etc. The buoyancy in the government spending has attracted large investments into these countries namely in the field of retail, constructions, sports related infrastructure, media etc.

This has resulted in large multinational vendors setting up establishments in the Middle East. The different countries in the Middle East are different with respect to regulatory environment, duty structures, currencies, trade terms etc. This diverse composition of Middle East market poses a hindrance to global vendors from setting up their own distribution channel and has provided an opportunity for the distributors having regional knowledge to make themselves an integral part of IT products distribution chain.

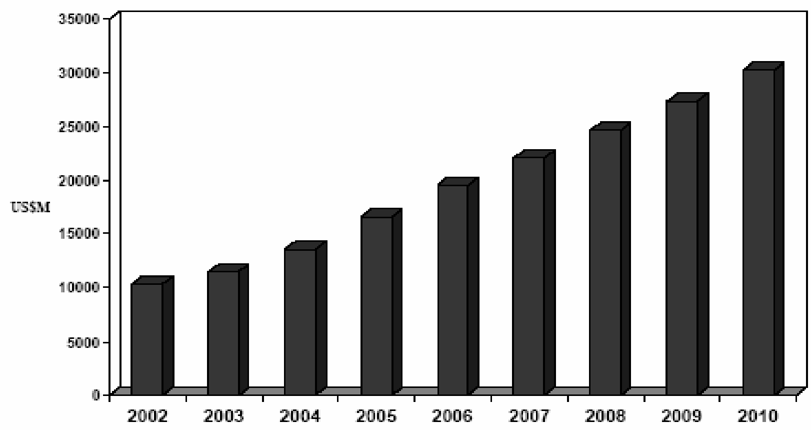
The major considerations for choosing a suitable distributor are local presence, understanding of local language and culture, ability to do business in local currency and local stocking in different countires in the Middle East. The advantages of being a regional distributor are the following:

- catering to more than one geography is easier to manage for the vendor;
- economies of scale of operation of the regional distributors make them more price competitive than local country players; and
- the regional distributors are better placed than their country specific counterparts to meet customer demand because of the large portfolio of products they offer.

In the Middle East, the IT products market started developing in the mid-1990s and today the market primarily consists of UAE, KSA, Iran and Egypt. The growth of the market of IT products is being driven by the demand from commercial users like government authorities, large corporates, and small and medium business houses. Usage of IT products by SOHO (Small Offices and Home Offices) is just picking up. Around 75% of IT products are consumed by large enterprises (Oil & Gas, Banking/ Financial Services, Telecos) and the government administration sectors (*Source: IDC, 2006*).

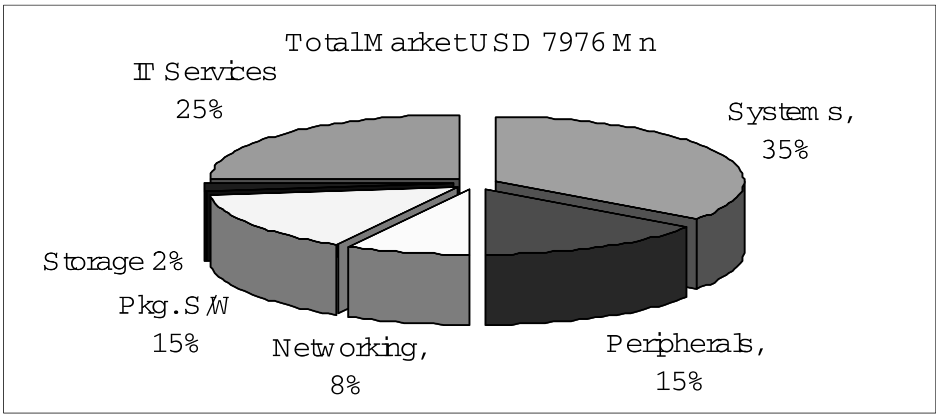
In the Middle East, the IT market has achieved compounded growth rates of 15.77% in terms of value for the period from year 2002 to year 2005 and it is projected to touch USD 24.6 billion by 2008 (*Source: IDC, 2006*).

The following table depicts IDC's growth estimates for the overall Middle East IT market:



Source: IDC, 2006

As can be seen from the following figure systems accounted for 35% of the total industry for calender year 2005.



Source: IDC

In the Middle East (excluding Iran and Iraq) the PC shipments have increased from 1.48 million units in the year 2004 to 2.06 million units in the year 2005 *(Source: IDC PC Tracker, Q4 2005)*.

One of the distinguishing characteristics of the IT product distribution in the Middle East is that the products are shipped on USD terms unlike in India where most of the multinational vendors deliver the product in the country with billing in INR. In Middle East, sales to customers is transacted in USD as well as in local currency whereas in India INR is the sole currency for transaction.

We believe that the following are the major distributors of IT hardware and mobile handsets in Middle East.

Country	**Distributor**
Egypt	Redington, Mantrac, Metra
UAE	Redington, Techdata, Emitac, Jumbo, Almasa
KSA	Redington, AlNahil, Aptec, Techdata, AIME, ESAP
Jordan	Redington, Tech Data, Emitac, CIS, Hyper Dist (CIS)
Lebanon	Redington, Aptec, PC Dealnet, CIS, Aptec
O-GCC (i.e. Oman, Bahrain, Kuwait, Qatar)	Redington, Tech Data, Emitac, Aptec, Jumbo, Almasa, Despec
Iran	Redington, Al Masa, Emitac, Despec

OUR BUSINESS

Overview

We conduct our business in Middle East and Africa through our subsidiary Redington Gulf FZE. Redington Gulf FZE was set-up in 1997 as a branch of our group company. This branch was converted into a separately incorporated entity and was made a 100% subsidiary of our promoter Redington (Mauritius) Limited in 2000. It became our 100% subsidiary with effect from April 1, 2004 (Please refer to "History of Our Company" on page 90 for further reference in this regard).

In 1997, Redington Gulf FZE started its operation with only 3 people from one office cum warehouse at Jabel Ali. As on June 30, 2006, it distributes products of 12 brands and employs more than 250 people (including employees of IT support service business). Revenue of Redington Gulf FZE from its IT hardware and mobile phone distribution business has grown from Rs. 15,224.60 million in 2004-05 to Rs. 22,240.80 million in 2005-06, registering a growth of 46.08 %. Revenue of Redington Gulf FZE from IT hardware and mobile phone distribution business was Rs.15,791.33 million for the six months period ended September 30, 2006.

Business model

Redington Gulf FZE follows an indirect sales model, thereby selling to the channel partner who in turn sells to the end customer. This model allows its channel partner to buy the goods from Redington Gulf FZE and add value to the same before selling it to the end customer. This indirect sales model offers the following advantages:

- can obtain some pre agreed terms of business from the other channel partners;
- can maintain a balance between business done in cash and through credit;
- under this model, Redington Gulf FZE signs annual contracts with the channel partners which assures certain minimum annual revenue; and
- can make billing both in local currency and USD;

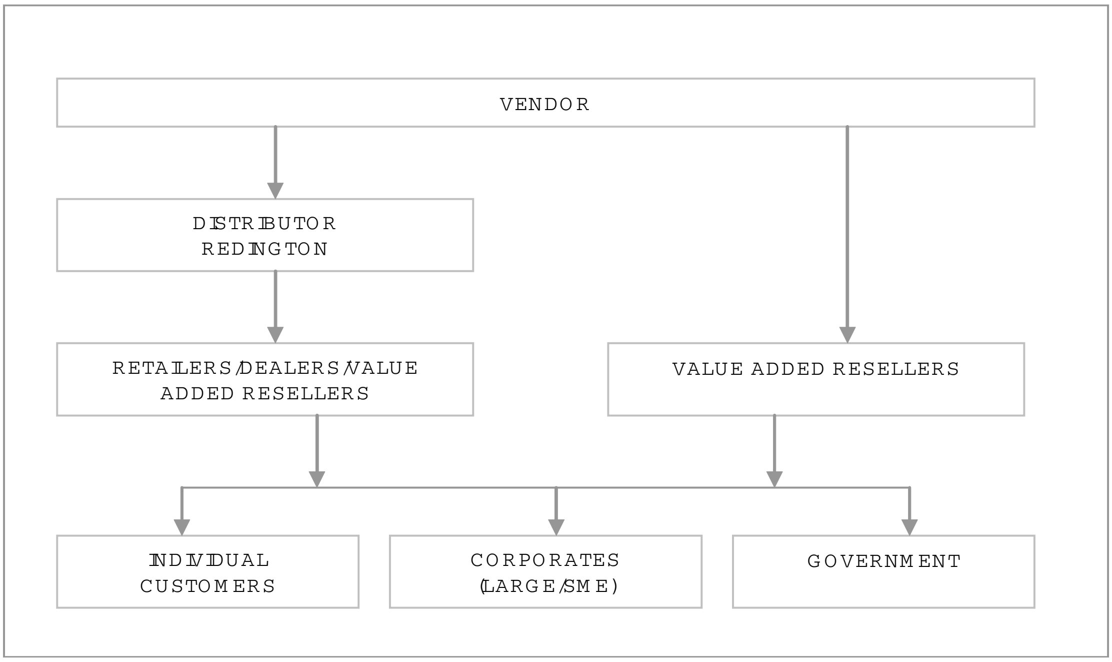
Redington Gulf FZE follows the following two types of business models:

Onshore model: Under this model, for a given country/territory, all operations/functions in relation to distribution of IT hardware products and mobile phones for instance demand forecasting, warehousing and logistics management, delivery to the customer, invoicing and payment collection are done locally through respective subsidiary. Redington Gulf FZE follows this model in KSA, Egypt, Nigeria, Kenya and UAE. The advantage of his model is that lead time for product delivery is considerably less which offers a competitive advantage over its multinational competitors.

Offshore model: There are certain countries/territories where Redington Gulf FZE does not set-up a base either by itself or through its subsidiaries because of various regulatory constraints like high duty structure. To cater the market of these countries/ territories, Redington Gulf FZE follows offshore business model. In this model, products are sold from its central warehouse at Jebel Ali to the sub-distributors/resellers; who then resell the products in the respective countries/geographies. In this case billing is done in USD. This offshore business model is primarily used to cater to the markets of Iran, Oman, Kuwait, Qatar, Bahrain and countries in East Africa. However, a part of the products sold in the countries/territories covered under onshore business model is also done through offshore business model.

Distribution chain

For delivering products in the Middle East and Africa, Redington Gulf FZE follows the following distribution chain:



Our product portfolio

Our continuous endeavor in IT product distribution business is to increase our product portfolio because we believe that increased product portfolio will enable us to cater to the requirements of different types of customers and de-risk our business. Starting our journey as a distributor of HP supplies in Iran, today we are the regional distribution partners of the following internationally renowned vendors.

Vendor	Products	Geographies/Countries for which we are the regional distribution partner
	Peripherals	UAE, Iran, KSA, Kuwait, Qatar, Bahrain, Oman, Yemen, Egypt, Jordon, Lebanon, Nigeria, Ghana, Kenya, Tanzania, Ethiopia and Rest of East Africa
	Supplies	UAE, Iran, KSA, Kuwait, Qatar, Bahrain, Egypt and Nigeria
HP	Systems	UAE, KSA, Kuwait, Qatar, Bahrain, Oman, Egypt, Jordan, Lebanon, Nigeria, Ghana, Kenya, Tanzania, Ethiopia and Rest of East Africa
	Enterprise products	KSA, Kuwait, Qatar, Bahrain, Oman, Nigeria, Ghana, Kenya, Tanzania and Ethiopia
Canon	Imaging Products	UAE, Qatar, Bahrain and Oman
Acer	Desktops, Monitors and Notebooks	UAE, Kuwait, Qatar, Bahrain, Oman, Yemen, Nigeria, Ghana, Kenya, Tanzania, Ethiopia and Central Africa
IBM-Lenovo	Desktops, Monitors, Notebooks and Xseries Products	UAE, Kuwait, Qatar, Bahrain, Oman and Egypt
Imation	Data Storage Products	Iran, Kuwait and Egypt
Samsung	Monitor, hard disk drive, optical disk drives	UAE and Iran
Microsoft	Software	KSA, Kuwait, Oman and Yemen
3com	Networking	KSA
Intel	CPU, Motherboards, Networking	Nigeria, Ghana, Rest of West Africa, Kenya, Tanzania, Ethiopia, Rest of East Africa and Central Africa
Fujitsu Siemens	Notebooks	Nigeria, Ghana and Rest of West Africa
Nokia	Mobile handset and accessories, secure and mobile connectivity products	Nigeria, Middle East
BenQ Siemens	Mobile handset and accessories	UAE, KSA, Nigeria, Ghana, Rest of West Africa, Kenya, Tanzania, Ethiopia, and Rest of East Africa
LG	Mobile handset and accessories	UAE and East Africa
Toshiba	Notebooks	Nigeria and Ghana
Sonicwall	Internet and network security solutions/products	KSA
McAfee	Antivirus and security software	Middle East
Western Digital	Hard Disk	Middle East and Africa

Our business process

The business process of Redington Gulf FZE has the following critical elements:

- product forecasting;
- order management;
- inventory management;
- logistics management;
- sales management;
- product management;
- credit management; and
- relationship management with vendors and channel partners.

Our geographical reach

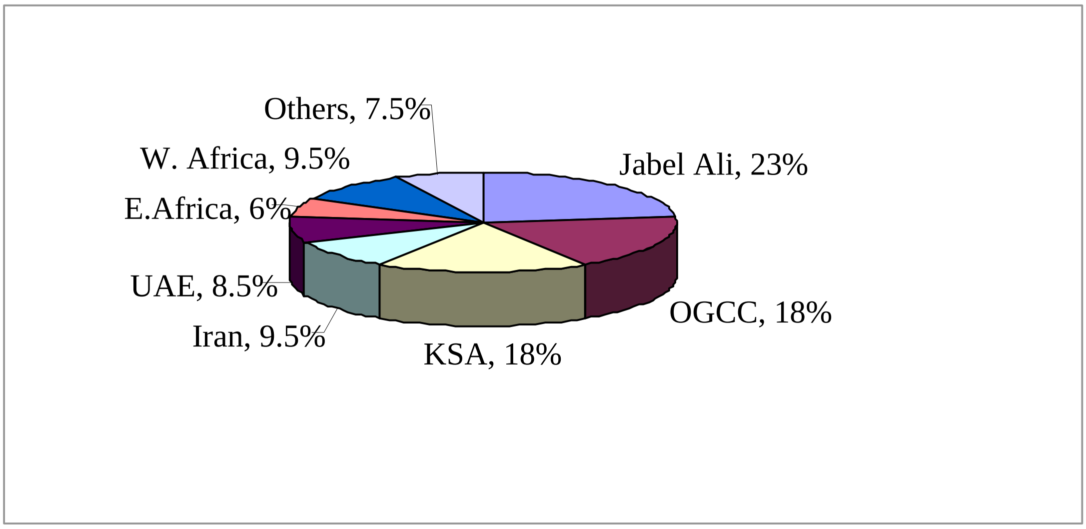
We have a wide network of offices in the Middle East and African region as shown below:

Country	Location of Sales Offices
UAE	Jabel Ali (Head Office) and Dubai
KSA	Riyadh, Jeddah and Al Khobbar
Egypt	Cairo
Iran	Teheran
Qatar	Doha
Oman	Muscat
Kuwait	Kuwait
Kenya	Nairobi
Nigeria	Lagos

Further, we have following six warehouses in Middle East and Africa:

Country	Location	Area of the Warehouse (sq.ft.)
UAE	Jabel Ali Dubai	40,000 2,000
KSA	Riyadh	28,000
Egypt	Cairo	4,000
Kenya	Nairobi	5,000
Nigeria	Lagos	5,000

This wide reach has enabled us to spread our revenue across several countries which is evident from the distribution of our revenue from IT hardware and mobile handset distribution business in 2005-06 as shown in the following diagram:



In our opinion, this spread of revenue across several countries has insulated us from any adverse development in any specific countries.

IT HARDWARE SUPPORT SERVICES INDUSTRY IN MIDDLE EAST AND AFRICA

INDUSTRY OVERVIEW

Historically, hardware support services in Middle East were being provided by only unauthorised service providers. Authorised service provider started providing services only in the past five years. However, till date unauthorised service providers are the dominant players in the Middle East.

The market in Middle East is not organised and is fragmented. There is no published data on IT hardware support services business. As per our internal estimates, the size of the support services market in Middle East is about USD 100 million.

Besides Redington Gulf FZE, other key service providers in Middle East and Africa are Emitac, HP and Aptech.

OUR BUSINESS

Overview

Having already set our distribution business, we started our IT hardware support services business in Iran in October 1999 with HP as an authorised service provider. We extended our network to Egypt in April, 2000. Revenue of Redington Gulf FZE from its services business has increased from Rs.226.90 million in 2004-05 to Rs. 478.17 million in 2005-06, registering a growth of 110.74%. Revenue of Redington Gulf FZE from its services business was Rs. 482.80 million for the six months period ended September 30, 2006.

As a service provider we offer the following services;

- warranty support: we are a global warranty service provider irrespective of source of purchase for few brands including HP;
- post warranty support;
- authorised spares distribution; and
- annual maintenance services.

Starting as a service provider of HP, today, we are the authorised regional service provider for the following products.

Vendor	Product category	Regional service provider for the following countries
HP	Peripherals	Iran, Egypt, KSA, Qatar, Oman, UAE, Kuwait, Nigeria
	Systems-Consumer	UAE, Egypt, KSA, Qatar, Oman, Bahrain, Jordan, Kuwait
	System-Commercial	Egypt, KSA, Qatar, Nigeria
Acer	Notebooks, Desktops, Monitors	UAE, KSA, Qatar, Egypt, Oman, Kuwait, Nigeria, Kenya
Canon	Imaging products	UAE
Philips	Monitors	UAE, KSA, Egypt, Nigeria, GCC
Toshiba	Notebooks	Bahrain
Fujitsu Siemens	Systems	UAE, KSA, Qatar, Oman, Kuwait, Bahrain, Nigeria

Business process

We provide the abovementioned services through our own service centres and the also through our franchisees, Redington Authorised Service Providers ("RASP"). Our own service centres are in countries like KSA, UAE, Kuwait, Qatar, Nigeria etc. and we have RASP in countries like Iran, Egypt. We are also the authorised service provider for products of vendors like Fujitsu for whom we are not the product distributor in Middle East.

One of the subsidiaries of Redington Gulf FZE, 'Cadensworth FZE', is the authorised parts reseller for HP and Fujitsu Siemens in Middle East. We started this new business initiative in July 2002 as a part of our overall strategy for Middle East and Africa. The entire business is done through a web based model. We operate through a seven member team.

In order to provide IT support services in a time and cost efficient manner, we adopt the following practice:

- forecasting and order management for spare parts on a regular interval; and
- tracking of product-wise volumes and spare consumption pattern on a monthly basis; and
- adherence to turnaround time requirements specified by the vendors.

We have implemented a real time service package which has all the details of customer work orders particularly those related to the details required by vendors for settlement of claims. For some of the vendors, this on-line package is linked to the vendors' system to upload warranty data on a real time basis.

Annual maintenance contract is one of the thrust areas of our service business. The critical factor for success in AMC business lies in our ability to understand the support requirement and reasonably estimate the cost of maintenance. When we accept any annual maintenance agreement, we prefer the institutions which purchases IT products manufactured by multinational vendor. We do not accept any annual maintenance agreement where the clients use unbranded IT products.

Our employees

As of November 30, 2006 we had 1,443 permanent employees, compared to 954 and 784 employees as of March 31, 2005 and March 31, 2004, respectively. We had also employed 3 consultants and 290 agents.

Our permanent employees include personnel engaged in our management, administration, planning, procurement, auditing, finance and legal functions. The break-up of our employees as per their qualifications is as setforth below:

Educational Qualification	No. of Employees
Diploma	195
Engineering Graduates	41
Others	641
Chartered Accountants	20
Post Graduates	546
Total	**1,443**

Retirement benefits to employees by way of provident fund and gratuity payment are in line with statutory requirements. Our employees are not represented by unions. We believe that our relationship with our employees is good.

As of November 30, 2006, we had 306 permanent employees in Redington Gulf FZE, 72 in Cadensworth (India) Private Limited, and 20 in RDPL.

Our training programmes

Our success depends to a large extent on our ability to recruit, train and retain quality professionals. Accordingly, we place special emphasis on the human resources function in our organisation. Recruitment is done primarily through recruitment agencies, postings in job portals, responses to advertisements placed by us in newspapers and references from employees or vendors.

We impart behavioural, technical and on the job training to our employees. Technical trainings are mandated by the vendor whenever the employees have to deal with pre-technical or post-technical issues. Training calendars are set by the vendors and the communication is received by the company in advance. The company's role here is to nominate the earmarked employees for the program and obtain a feedback on the completion of the program.

Behavioural and on the job training company are managed programs based on the performance feedback appraisal system being administered by the company.

Intellectual property

We do not own any intellectual property. We have applied for registration of our name and logo. For details, refer to section titled "Government Approvals" on page 178.

Insurance

We generally maintain insurance covering our assets and operations at levels that we believe to be appropriate. We also maintain automobile policies and group personnel accident policies for our employees.

PROPERTY

Our Company and our Subsidiaries utilise several properties which are owned or leased at various locations within and outside India. Our registered and corporate office, located at SPL Guindy House, 95, Mount Road, Guindy, Chennai - 600 032, is owned by us.

In addition, our Company and Subsidiaries utilise various properties as sales offices, warehouses and/or service centres. A summary of these properties is provided below.

Country	City	Entity	No. of offices	Owned/leased
India	Ahmedabad	Redington (India) Limited	4	3 leased, 1 owned
	Bangalore		3	2 leased, 1 owned
	Baroda		3	Leased
	Bhopal		1	Leased
	Bhubaneshwar		2	Leased
	Calcutta		5	Leased
	Calicut		2	Leased
	Chandigarh		3	Leased
	Chennai		5	Leased
	Cochin		3	Leased
	Coimbatore		2	Leased
	Dehradun		2	Leased
	Delhi		3	Leased
	Ghaziabad		1	Leased
	Goa		3	Leased
	Gurgaon		2	Leased
	Guwahati		1	Leased
	Hubli		2	Leased
	Hyderabad		3	Leased
	Indore		3	Leased
	Jaipur		2	Leased
	Jammu		1	Leased

Country	City	Entity	No. of offices	Owned/leased
	Kanpur		1	Leased
	Lucknow		3	Leased
	Ludhiana		3	Leased
	Madurai		3	Leased
	Mumbai		6	5 Leased, 1 owned
	Nagpur		4	Leased
	Nasik		2	Leased
	Panchkula		1	Leased
	Parwanoo		1	Leased
	Patna		2	Leased
	Pondicherry		3	Leased
	Pune		5	Leased
	Raipur		3	Leased
	Ranchi		1	Leased
	Salem		1	Leased
	Surat		2	Leased
	Trichy		2	Leased
	Trivandrum		2	Leased
	Varanasi		1	Leased
	Visakhapatnam		2	Leased
India	Chennai	Redington (India) Investments Private Limited	1	Operating from Company's registered office
India	Chennai	Nook Holdings Private Limited	1	Operating from Company's registered office
India	Chennai	Cadensworth (India) Private Limited	2	Leased
Singapore	Singapore	Redington Distribution Pte Limited	3	Leased
Bangladesh	Dhaka	Redington Bangladesh Limited	1	Leased
UAE	Dubai	Redington Gulf FZE	2	Leased
UAE	Dubai	Cadensworth FZE	2	Leased
UAE	Dubai Rashidiya	Redington Middle East LLC	3 1	Leased Leased

Country	City	Entity	No. of offices	Owned/leased
	Abu Dhabi		1	Leased
Qatar	Qatar	Redington Qatar WLL	1	Leased
Oman	Muscat	Redington Gulf & Co. LLC	1	Leased
Saudi Arabia	Riyadh	Redington Arabia Limited	1	Leased
	Al Khobar		1	Leased
	Jeddah		1	Leased
Egypt	Cairo	Redington Egypt Limited	2	Leased
Nigeria	Lagos	Redington Nigeria Limited	1	Leased
Kenya	Nairobi	Redington Kenya Limited	1	Leased
UAE	Dubai	Redington Africa Distribution FZE	2	Leased
Kuwait	Kuwait	Redington Kuwait Limited	1	Leased

REGULATION AND POLICIES

There are no industry-specific regulations governing our business. Taxation statutes such as the Income Tax Act, 1961, Central Sales Tax Act, 1956 and applicable local sales tax statutes, labour regulations such as the Employees State Insurance Act, 1948 and the Employees Provident Fund and Miscellaneous Act, 1952, and other miscellaneous regulations such as the Trade and Merchandise Marks Act, 1958 and applicable shops and establishments statutes apply to us as they do to any other Indian company. For details of government approvals obtained by the Company in compliance with these regulations, see the section titled "Government Approvals" on page 178.

Foreign investment regulations

Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications thereunder, and the policy prescribed by the Department of Industrial Policy and Promotion, GoI, which is regulated by the FIPB.

The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (**"FEMA Regulations"**) to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India.

As laid down by the FEMA Regulations, no prior consents and approvals is required from the RBI, for FDI under the 'automatic route' within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI. Presently, investments in companies such as ours (i.e., entities functioning as distributors of IT products, providers of logistics, supply chain management and related support services in India) fall under the RBI's 'automatic route' for FDI/NRI investment of up to 100%.

OUR MANAGEMENT

Board of Directors

Under our Articles of Association we are required to have no less than 3 Directors and no more than 12 Directors. We currently have nine Directors on our Board.

The following table sets forth details regarding our Board of Directors:

Name, father's/spouse's name, address, designation, occupation and term	Nationality	Age	Other directorships in Indian Companies and Redington Group Companies
Professor J. Ramachandran S/o. Mr. S. Jayaraman 417, Indian Institute of Management, Bangalore Campus, Bannerghatta Road Bangalore 560 076 Karnataka, India Non-executive chairman, independent director Service Liable to retire by rotation	Indian	49	Reliance Communications Limited Reliance Communications Infrastructure Limited Sasken Communication Technology Limited Indus League Clothing Limited Bhoruka Power Corporation Limited Life Time Health Care Private Limited Dalmia Electrodyn Technology Private Limited Integrated Brand-Comm Private Limited Accutest Research Laboratories (I) Pvt Ltd
Mr. R. Jayachandran S/o. Mr. Rangareddy 32, Nassim Hill, #02-34, Nassim Mansion, Singapore 258 472 Non-executive director Service Liable to retire by rotation	Singapore national (of Indian Origin)	62	Redington (Mauritius) Limited Redington Gulf FZE Redington Distribution Pte Limited FCB ULKA Advertising Private Limited Cadensworth FZE Redington Africa Distribution FZE Redington Egypt Limited
Mr. Huang Chi Cheng S/o. Mr. Huang Hsueh Ming 2nd Floor, 9th Lane, 139, Sec 2 Bei-Sin Road, Sin-Tien Taipei, Taiwan Non-executive director Service Liable to retire by rotation	Chinese	49	None

Name, father's/spouse's name, address, designation, occupation and term	Nationality	Age	Other directorships in Indian Companies and Redington Group Companies
Mr. Hu Jia Lung S/o. Mr. Hu Shu Tong 19th Floor, 104, Songde Road Sinyl District Taipei, Taiwan Non-executive director Service Liable to retire by rotation	Chinese	54	None
Mr. R. Vijayaraghavan S/o. Mr. V. Ranganathan New No. 40 (Old No. 33) Warren Road, Mylapore Chennai 600 004 Tamil Nadu, India Independent director Advocate Liable to retire by rotation	Indian	57	Amrutanjan Limited Sanco Trans Limited Shree Ambika Sugars Limited Thiru Arooran Sugars Limited Terra Energy Limited India Nippon Electricals Limited Sri Nachamai Cotton Mills Limited Strategic Management & Marketing Consultancy Services Limited Prime Technology Resources Management Limited TVS Finance and Services Limited
Mr. Steven A. Pinto S/o. Late Mr. Martin Pinto Villa 10 (A), St. 65 (A) Post Box No. 11621 Jumeira I, Dubai United Arab Emirates Independent director Service Liable to retire by rotation	Indian	61	None
Mr. R. Srinivasan S/o. Mr. V. Ramanathan 47, Kasturi Ranga Road, Alwarpet, Chennai 600 018 Managing director Service Not liable to retire by rotation	Indian	60	Redington (Mauritius) Limited Redington Gulf FZE Redington Distribution Pte Limited FCB ULKA Advertising Private Limited Redington Bangladesh Limited Cadensworth FZE Redington Africa Distribution FZE Redington Egypt Limited Redington Nigeria Limited

Name, father's/spouse's name, address, designation, occupation and term	Nationality	Age	Other directorships in Indian Companies and Redington Group Companies
Mr. Raj Shankar S/o. Mr. A.R. Sankaran Block 9, Tanjong Rhu Road, # 13-01 Singapore 436894 Non-executive director Service Liable to retire by rotation	Singapore national of Indian Origin)	48	Redington Gulf FZE Redington Distribution Pte Limited Redington Bangladesh Limited Cadensworth FZE Redington Africa Distribution FZE Redington Egypt Limited Redington Gulf and Company LLC Redington Kenya Limited Redington Nigeria Limited Redington Middle East LLC Redington Qatar WLL Redington Arabia Limited
Mr. M. Raghunandan S/o. Mr. M.K. Menon 22, 1st Street, Cenotaph Road Chennai 600 018 Tamil Nadu, India Executive Director Service Not liable to retire by rotation	Indian	59	Cadensworth (India) Private Limited Nook Holdings Private Limited

Profiles of our Directors

Professor J. Ramachandran is a professor of business strategies at the Indian Institute of Management, Bangalore. Professor Ramachandran is the chairman of our Board and carries rich experience in corporate management, acting as an independent director for several well-known Indian companies, including Reliance Communication Limited, Reliance Communication Infrastructure Limited, Sasken Communication Technology Limited and Indus League Clothing Limited.

Mr. R. Jayachandran is a qualified chartered accountant from India and is a member of the Institute of Certified Public Accountant of Singapore. He has also participated in an advanced management program at the Harvard Business School. He has been associated with RML from its inception. He is a non executive chairman of OLAM International Limited, a listed Singapore entity.

Mr. Huang Chi Cheng, a management graduate from the National Ching 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 currently acts as 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 acted as an Assistant Vice President for the technical division of Micro Electronic Corporation.

Mr. R. Vijayaraghavan is an advocate in Chennai and has been practicing law for over 20 years. He is the chairman of the Audit Committee. Mr. Vijayaraghavan is a legal advisor to many business groups and is a member of the Board of Directors of reputed companies such as Shree Ambika Sugars Limited, TVS Finance & Services Limited and Amrutanjan Limited.

Mr. Steven A. Pinto was, until June 30, 2005, acting as the head of the consumer business of Osool Finance, a subsidiary of Mashreq Bank, Dubai, for over five years. Prior to this assignment, he acted as the Chief Executive Officer of the Commercial Bank of Oman from 1997 to 2000. He was also employed with Citibank NA at Oman, Korea, Singapore and India, in various capacities, including Chief Executive Officer, Oman, and Regional Marketing Director - payment products, Asia Pacific, Eastern Europe and Middle East. Mr. Pinto has significant experience in all geographical locations in which the Company conducts its business.

Mr. R. Srinivasan is a graduate in engineering from the Madras University also has a masters' degree in business management from the Indian Institute of Management, Ahmedabad. He has over 30 years of management experience across the globe. Mr. Srinivasan has been involved in and continues to supervise the day-to-day operations of the Company and provides direction to its corporate strategy and vision.

Mr. Raj Shankar is a postgraduate from the Birla Institute of Technology and Sciences, Pilani. Mr. 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 Singapore, the Middle East and Africa.

Mr. M. Raghunandan is a graduate in engineering from the Indian Institute of Technology, Madras, and also has a masters' degree in business management from the Indian Institute of Management, Ahmedabad. He has been with the Company since January, 1998, originally acting as a country support manager and currently a whole time Director. Mr. Raghunandan has professional experience of 28 years and has been associated with organisations like ITC Limited and HCL Infosystems Limited and was involved in areas such as manufacturing, technology transfer and projects. Prior to joining the Company, Mr. Raghunandan was the president of Indian Food Fermentations Limited.

Appointment of and remuneration payable to our Directors

Name of Director	Contract/appointment letter/ resolution	Details of remuneration	Term
Prof. J. Ramachandran	By a resolution passed by the shareholders on July 01, 2006	Sitting fees and commission payable as decided by the Board	Liable to retire by rotation
Mr. R. Jayachandran	By a resolution passed by the shareholders on July 28, 1994	NIL	Liable to retire by rotation
Mr. Huang Chi Cheng	By a resolution passed by the shareholders on September 22, 2005	NIL	Liable to retire by rotation
Mr. Hu Jia Lung	By a resolution passed by the shareholders on September 22, 2005	NIL	Liable to retire by rotation
Mr. R. Vijayaraghavan	By a resolution passed by the shareholders on October 25, 1995	Sitting fees and commission payable as decided by the Board.	Liable to retire by rotation
Mr. Steven A. Pinto	By a resolution passed by the shareholders on July 01, 2006.	Sitting fees and commission payable as decided by the Board	Liable to retire by rotation
Mr. R. Srinivasan**	Appointed as managing director for five years commening July 01, 2006 by a resolution passed by the shareholders on August 25, 2006	NIL	Not liable to retire by rotation

Name of Director	Contract/appointment letter/ resolution	Details of remuneration	Term
Mr. Raj Shankar	By resolution of the shareholders of our Company dated 22nd September, 2005	NIL	Liable to retire by rotation
Mr. M. Raghunandan*	By a resolution passed by the shareholders on March 26, 2004.	Rs. 1,79,250 per month, in addition to perquisites and variable salary decided by the Board	Not liable to retire by rotation. Appointed as an executive Director for a term of five years starting March 01, 2004

* *Details of the remuneration payable to Mr. Raghunandan, currently subject to the approval of our shareholders, are as follows:*

Fixed salary:

Basic salary	Rs.100,000 per month.
House rent allowance	40% of basic salary
Conveyance allowance	Rs. 20,000 per month
Professional development allowance	Rs. 5,000 per month
Special allowance	Rs. 4,194 per month
Petrol & Vehicle Maintenance Reimbursement	Rs. 10,056 per month
Leave Travel Allowance	Rs. 5,000 per annum
Contribution to Provident Fund	12% of basic salary

Variable salary:

Performance incentive as may be decided by the Board.

** *Mr. Srinivasan's remuneration is paid by RDPL. Details of the remuneration payable to Mr. Srinivasan for the Fiscal year 2006-2007 are as follows:*

	In Singapore Dollars	In Rupees
Salary (fixed component)	195,000	5,674,500
Contribution to Central Provident Fund	4,140	120,474
Variable component	198,000	5,761,800
Total	**397,140**	**11,556,774**

** 1 Singapore Dollar = Rs. 29.10, as on September 20, 2006*

Borrowing powers of the Board

Pursuant to a resolution dated August 25, 2006 passed by our shareholders in accordance with provisions of the Companies Act, our Board has been authorised to borrow sums of money for the purpose of the Company upon such terms and conditions and with or without security as the Board of Directors may think fit. Our Company may borrow monies up to Rs. 5,300 million, as to amount and upon such terms and in such manner as they think fit and to grant any mortgage, charge or standard security over its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the company or of any third party.

Corporate governance

The provisions of the Listing Agreement to be entered into with NSE and BSE with respect to corporate governance and the SEBI Guidelines in respect of corporate governance will be applicable to our Company immediately upon the listing of our Equity Shares on the Stock Exchanges. Our Company undertakes to adopt the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges on Listing.

In terms of the Clause 49 of the Listing Agreement, the Company has already appointed Independent Directors and constituted the following committees:

(a) Audit committee;

(b) Shareholders'/Investors' grievance committee; and

(c) Remuneration committee.

Audit committee

The audit committee was constituted on August 23, 2002 and presently comprises:

- Mr. R. Vijayaraghavan, independent director and chairman;
- Prof. J. Ramachandran, independent director and member; and
- Mr. Raj Shankar, non-executive director and member.

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;
- reviewing any claims against the Company or customers complaints; and
- reviewing the adequacy of insurance cover.

Shareholders'/Investors' grievance committee

The shareholders'/investors' grievance committee was constituted on June 02, 2006 and presently comprises:

- Prof. J. Ramachandran, independent director and chairman;
- Mr. M. Raghunandan, executive director and member; and
- Mr. R. Srinivasan, Managing Director and member.

The shareholders'/investors' grievance committee is responsible for the redressal of shareholders and investors' grievances such as non-receipt of share certificates and balance sheet dividend. The committee oversees performance of the registrars and transfer agents of the Company and recommends measures for overall improvement in the quality of investor services. The committee also monitors the implementation and compliance of our code of conduct for prohibition of insider trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

Remuneration committee

The remuneration committee was constituted on June 02, 2006 and presently comprises:

- Mr. Steven A. Pinto, independent director and chairman;
- Mr. M. Raghunandan, executive director and member; and
- Mr. R. Srinivasan, Managing director and member.

The remuneration committee determines the Company's remuneration policy, having regard to performance standards and existing industry practice. Under the existing policies of our Company, the remuneration committee, *inter alia*, determines the remuneration payable to our Directors.

Apart from discharging the above-mentioned basic function, the remuneration committee also discharges the following functions:

- framing policies and compensation including salaries and salary adjustments, incentives, bonuses, promotion, benefits, stock options and performance targets of the top executives; and
- Formulating strategies for attracting and retaining employees, employee development programmes.

Shareholding of our Directors in the Company

As on the date of filing this Prospectus, none of our Directors hold any Equity Shares in the Company, except as stated below:

Name	No. of Equity Shares	% of pre-Issue equity share capital
Mr. Raj Shankar	486,144	0.75
Mr. M. Raghunandan	100,010	0.15

Interest of our Directors

All our Directors, including independent Directors, may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them.

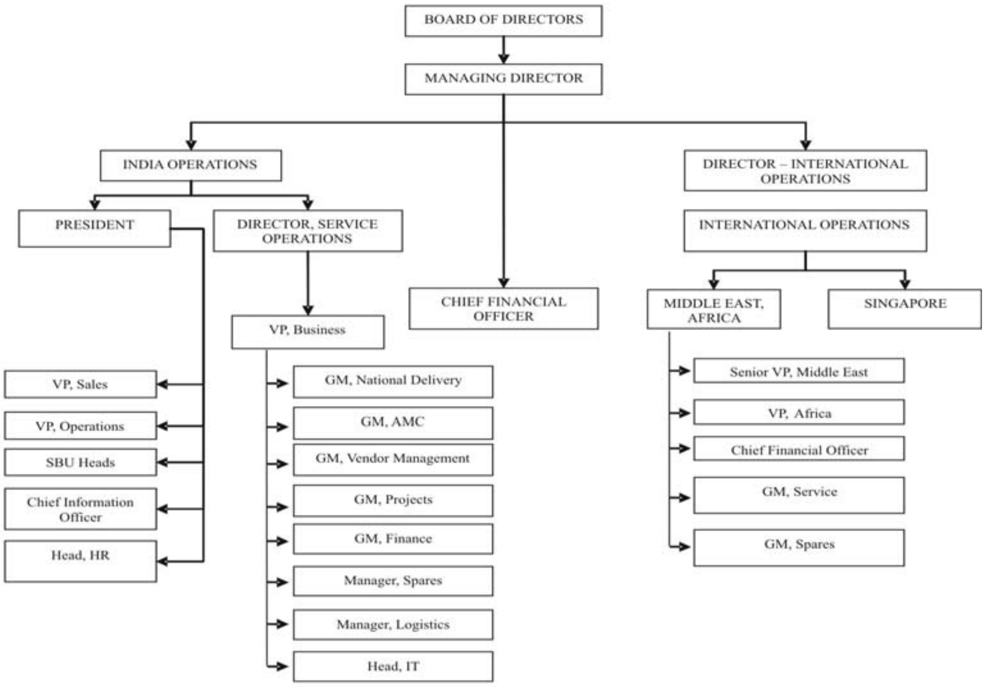
All our Directors, including independent directors, may also be deemed to be interested to the extent of Equity Shares, if any, already held by them including equity shares offered under the ESPS or that may be subscribed for and allotted to them, out of the present Issue in terms of the Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares. Our Directors, including independent directors, may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees.

Some of our Directors may be deemed to be interested to the extent of consideration received/paid or any loans or advances provided to any body corporate including companies and firms, and trusts, in which they are interested as directors, members, partners or trustees. For details, refer to the section titled "Financial Statements – Related Party Transactions" on page 140.

Changes in our Board in the last three years

Name	Date of appointment	Date of cessation	Reason
Mr. Huang Chi Cheng	December 30, 2004	-	Additional Director
Mr. Hu Jia Lung	December 30, 2004	-	Additional Director
Mr. Raj Shankar	December 30, 2004	-	Additional Director
Prof. J. Ramachandran	June 02, 2006	-	Additional Director
Mr. Steven A. Pinto	June 02, 2006	-	Additional Director

Managerial organisational structure



Key managerial personnel

Key managerial personnel of the Company

Details regarding our key managerial personnel are set out below. All key managerial personnel are permanent employees of our Company:

Name	Designation	Age (years)	Educational qualifications	Total experience (years)	Gross remuneration in financial year 2005-2006 (Rs.)
Mr. S.V. Krishnan	Chief Financial Officer	33	Associate Member of Institute of Chartered Accountants of India, Graduate Member of Institute of Cost and Works Accountants of India, Associate Member of the Institute of Company Secretaries of India	9	1,742,000
Mr. P.S. Neogi	President-India operations (IT Business)	47	Bachelor of Engineering	21	2,142,000

Name	Designation	Age (years)	Educational qualifications	Total experience (years)	Gross remuneration in financial year 2005-2006 (Rs.)
Mr. Jitendra K. Senapati	Vice President (Peripherals, Consumer PC SBU)	40	Bachelor of Science, Master of Business Administration	14	2,042,000
Mr. Ramesh Natarajan	Vice President (Networking, Storage and Power SBU)	38	Bachelor of Commerce	17	1,992,000
Mr. E.H. Kasturi Rangan	President–New Business and Projects	42	Bachelor of Science, Fellow Associate Member of the Institute of Chartered Accountants of India, Graduate Member of the Institute of Cost and Works Accountants of India, Bachelor of Law, Member of the Institute of Chartered Financial Analyst of India	17	1,792,000
Mr. S.V. Rao	Vice President (Support)	39	Bachelor of Engineering	18	1,970,000
Mr. Clynton Almeida	Chief Information Officer	45	Bachelor of Science	20	2,042,000
Mr. M. Muthukumarasamy	Company Secretary	41	Bachelor of Commerce, Associate Member of the Institute of Company Secretaries of India, Master of Business Administration	19	402,466*

** From August to March 31, 2006*

Brief profiles of our key personnel are given below:

Mr. S.V. Krishnan joined the Company in May, 1998. Functions handled by him include accounts, secretarial, insurance, foreign exchange management, ERP implementation and corporate compliance. Prior to joining our Company Mr. Krishnan was employed with Ashok Leyland Limited.

Mr. P.S. Neogi joined Redington Singapore in 1992, handling its Epson, Intel and NEC businesses. He joined the Company in 2000 and has overall professional experience of 21 years. Presently, he is the President-India operations (IT Business) . Prior to joining our Company he was employed with Elof Hansson India Private Limited as a marketing manager.

Mr. Jitendra K. Senapati has been with the Company since June, 1998 and has overall professional experience of 14 years. He joined the Company as Business Manager, handling the papers business. Presently, as a Vice President, he is principally responsible for the Peripherals and Consumer PC SBU. Mr. Senapati is instrumental in ensuring consistent growth in the business portfolio faster than industry and demonstrated capability of handling largest SBU. Prior to joining our company he was employed with Sinar Mas (India) Private Limited as Divisional Manager- Marketing.

Mr. Ramesh Natarajan joined the Company in 1997, handling the Compaq PC business. Presently, he acts as Vice President, Networking, Storage and Power SBU. Prior to joining our Company, he was employed with Pertech Computers Limited as a territory manager.

Mr. E.H. Kasturi Rangan starting his career as a chartered accountant in practice for more than a decade, joined the Company in 1999 as its credit consultant and developed the Company's system for granting credit facilities to channel partners. In 2004, he took the responsibility of Operations including Supply Chain Management. Presently, he is the President, heading Operations and New Business Ventures and Projects for the Company.

Mr. S.V. Rao has been with Redington since April, 1995, having joined as an area support manager. Presently, he acts as Vice President, Support, and heads the Company's national service and support team. Prior to joining the Company, Mr. S.V. Rao was associated with Blue Star Limited as Assistant Manager, Customer Support, for six years.

Mr. Clynton Almeida joined the Company on April 19, 2000, as General Manager, information technology, and was subsequently in charge of infrastructure and enterprise resource planning divisions. Currently, he is the Chief Information Officer and heads the information technology team of the Company. Prior to joining the Company, he was the technical head for J.D. Edwards' enterprise resource planning practice for Systime Computers Limited in Mumbai. He was also employed with Jumbo Electronics Company Limited, Dubai as Manager, Information Technology, and Par Computers International, Mumbai, as an analyst programmer.

Mr. M. Muthukumarasamy joined the Company on August 18, 2005, as Manager-Accounts and is presently the Secretary of the Company. Prior to joining the Company, he was working with HCL Infosystems Limited for 18 years in their secretarial, corporate compliance and accounting functions, of which for 3 years he acted as the Assistant Company Secretary.

Key managerial personnel of our subsidiaries

In addition, below are brief profiles of the key managerial personnel of our subsidiaries:

Mr. Raj Shankar is a postgraduate from the Birla Institute of Technology and Sciences, Pilani and 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 Singapore, the Middle East and Africa.

Mr. Mathew Thomas is a postgraduate in management from University of Pune, India. He has been with Redington group since 1999, having joined the Company in 1999 as General Manager – Western Region, before taking up responsibilities in Redington Gulf FZE. Prior to joining the Company he served in organisations like TNT Express Worldwide and DHL Worldwide Express for over 8 years. Presently, he works for Redington Gulf FZE, acting as Senior Vice President for its Middle East and African IT operations.

Mr. Sumant Saran is a postgraduate in management from University of Delhi. He joined Redington Gulf FZE in 2002. He has over 18 years of post-qualification experience having served in organisations like Thakral Gulf FZE and Jumbo Electronics, Dubai. Currently he is Vice President for the Telecom operations of Redington Gulf FZE.

Mr. S. Sethuraman is a graduate in electrical engineering from the Institution of Engineers, Calcutta. He served with Hewlett Packard for 4 years and has been with the Redington group for over 12 years. Currently he acts as General Manager, Customer Support MEA for Redington Gulf FZE.

Mr. Sriram Ganeshan is a chartered accountant from Institute of Chartered Accountants of India joined Redington Gulf FZE in Sept. 2000 and looks after the Middle East and African financial operations of the Company. Prior to joining Redington Gulf FZE he served KPMG in the Assurance services for over 3 years during which time he handled various large sized clients in diverse industries. Currently he is the Chief Financial Officer of Redington Gulf FZE.

Mr. J. Radhakrishnan holds a diploma in electrical engineering from PSG, Coimbatore, India. He joined Cadensworth FZE in February 2002. He has a total industry experience of over 20 years. Prior to joining Cadensworth FZE he served in Acer Middle East as Service Logistics Manager and Redington (India) Limited as Head – Service Logistics. Currently, he is a general manager at Cadensworth FZE.

Mr. Vineeth Sebastian is a graduate in electrical engineering from Delhi College of Engineering, Delhi. He joined Redington Gulf FZE in December 2002. He has an overall experience of about 12 years. Prior to joining Redington Gulf FZE, he was with Pertech Computers Limited for 4 years. Currently he acts as General Manager, Imaging and Printing, for Redington Gulf FZE.

Mr. Ashish Bharti is a postgraduate diploma holder in business management with specialization in marketing from the Fore School of Management, New Delhi, India. He joined Redington Gulf FZE in June 2002. Prior to joining Redington Gulf FZE, he worked with Jumbo Electronics, Dubai for approximately 3 years. Currently he is the General Manager-Notebooks (Consumer & Commercial). Redington Gulf FZE.

Mr. Ashok Veeraraghavan is a graduate in electrical engineering from the BMS College of Engineering, Bangalore, India. He joined Redington Gulf FZE in May 2002. Prior to joining Redington, he worked for approximately 12 years in the building automation industry. Currently, he acts as General Manager–Retail and Corporate Sales for Redington Gulf FZE.

Shareholding of key managerial personnel

None of our key managerial personnel hold Equity Shares, except as stated below:

Name	No. of Equity Shares (pre-Issue)
Mr. S.V. Krishnan	40,010
Mr. E.H. Kasturi Rangan	25,010
Mr. P.S. Neogi	15,010
Mr. M. Muthukumarasamy	14,000
Mr. Jitendra K. Senapati	10,000
Mr. Ramesh Natarajan	3,226
Mr. Clynton Almeida	12,900
Mr. S.V. Rao	6,500

All key managerial personnel are on the rolls of the Company as permanent employees. None of the Directors and the Key managerial personnel has any family relationships amongst them.

Bonus or profit sharing plan for key managerial personnel

Except for the ESPS discussed below, the Company offers no specific bonus or profit sharing plans to the key managerial personnel of our Company.

Interest of key managerial personnel

The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and Equity Shares issued to them in terms of the ESPS.

Except as stated otherwise in this Prospectus, we have not entered into any contract, agreement or arrangement during the preceding two years from the date of this Prospectus in which the key managerial personnel are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Changes in our key managerial employees

The changes in the key managerial employees of our Company during the last three years are as follows:

Name	Designation	Date of change	Reason
Mr. B. Arunachalam	Advisor	September 30, 2005	Redesignated&
Mr. R. Govindan	Vice President	January 05, 2005	Resigned
Mr. Aniruddha Joshi	Vice President	May 31, 2005	Resigned
Mr. M. Muthukumarasamy	Company Secretary	September 18, 2006	Redesignated*

& *Previously Chief Finance Officer.*

* *Joined the Company as Manager-Accounts on August 18, 2005.*

ESPS

The scheme titled the 'Employee Share Purchase Scheme, 2006', was approved by our shareholders at the AGM held on July 01, 2006. Our Company has instituted an ESPS titled the 'Employee Share Purchase Scheme, 2006', which was approved by our shareholders at the AGM held on July 01, 2006. Further, on April 10, 2006, the Board authorised the formation of a trust - "Redington Employees Share Purchase Trust", for the purposes of implementation of the ESPS. On July 01, 2006, the Company allotted 1,552,500 Equity Shares to the Redington Employees Share Purchase Trust at a price of Rs. 62 per Equity Share. Details of Equity Shares held by our employees are provided in the Section "Capital Structure" commencing on page 24. For details of Equity Shares transferred by the Redington Employees Share Purchase Trust to eligible employees and directors and applicable lock-in periods in relation to such Equity Shares, refer to "Capital Structure" – "Notes to Capital Structure" on page 25.

Payment or benefit to our officers

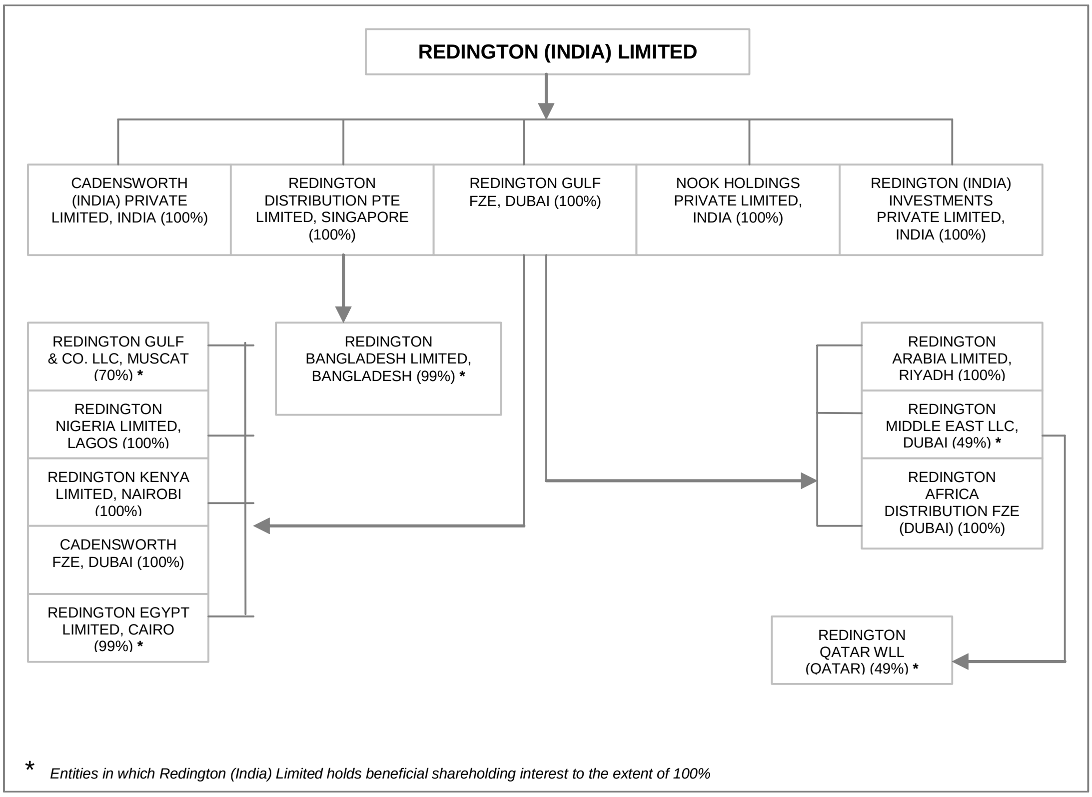
Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company.

HISTORY AND CERTAIN CORPORATE MATTERS

History of our Company

Our Company was incorporated as G. Kewalram Private Limited on May 2, 1961 with the Registrar of Companies, Maharashtra. On December 9, 1981, the name of our Company was changed to Kewalram Private Limited and subsequently to Redington (India) Private Limited on April 28, 1987. The registered office of our Company was transferred to Chennai, Tamil Nadu by the Company Law Board's order dated July 13, 1994. We changed our name to Redington (India) Limited with effect from October 01, 1996 with the Registrar of Companies, Tamil Nadu on which date our Company became a public limited company. Subsequently, on January 10, 2002, the word "Private" was inserted in the name of our Company pursuant to Section 43A (2A). The word "private" was deleted from the name of our Company pursuant to Section 44 (a) of the Companies Act, 1956, and our Company became a public company with effect from March 15, 2002.

Our corporate organisational structure is as under:



Key events and milestones

Year	Key events, milestones and achievements
1993	■ Acquired the business of the Indian branch of Redington Pte Limited, Singapore ■ Commenced branch operations in Western and Southern India ■ Commenced distribution of *Hewlett Packard* IT products
1994	■ Commenced service operations for IT products ■ Commenced distribution of *Epson* and *Tripplite* IT products ■ Commenced distribution of *Samsung* monitors ■ Commenced operations in Northern India

Year	Key events, milestones and achievements
1995	■ Commenced operations in Eastern India ■ Commenced distribution of *Compaq* and *Philips* products
1996	■ Commenced distribution of *Intel* products
1997	■ Tied-up with Microsoft for distribution of software products
1998	■ Tied-up with IBM, APC and Canon for distribution of their products
2000	■ Recognised as an 'excellent service provider' by Hewlett Packard
2002	■ Commenced call centre operations for servicing Compaq's *Presario* range of products ■ Ranked 'best distributor – India' for the year 2002-2003 by Computer Associates
2003	■ Commenced distribution and servicing of *Motorola* mobile phones
2004	■ Ranked 'best distributor in India' in the volumes business category by Microsoft for the year 2003-2004
2005	■ Acquired 100% shareholding of Redington Gulf FZE ■ Commenced distribution of consumer durables ■ Ranked 'best distributor small and medium businesses – India' for the year 2004 by IBM ■ Ranked 'best national distributor' by Xerox ■ Ranked 'best distributor – enterprise storage' for the year 2004 by HP
2006	■ Acquired 100% shareholding of Redington Distribution Pte Limited ■ Acquired 100% shareholding of Cadensworth (India) Private Limited ■ Ranked 'distributor of the year' for the Asia Pacific region in the year 2005 by CISCO ■ Ranked 'best growing distributor' for the year 2005-2006 by Acer

Acquisition of Redington Gulf FZE

Our Company acquired M/s. Redington Gulf FZE, Dubai (RGF) from M/s. Redington (Mauritius) Limited, Mauritius (RML).

There was no outflow of funds for the transaction as the acquisition was made through share swap. Towards the above acquisition, we issued 14,693,796 equity shares to RML.

A tripartite agreement dated March 10, 2004 was entered into amongst RIL, RGF and RML.

The Key terms of the agreement are as under:

1. RGF will become a subsidiary of RIL effective April 1, 2004
2. RIL shall have power to control the composition of board of directors of RGF with effect from April 1, 2004.
3. Sale consideration for acquisition shall be evaluated by an independent valuer.
4. The consideration for transfer by RML of the equity holdings in RGF in favour of RIL shall be settled by RIL by allotment of additional fully paid shares at a premium as evaluated by independent valuer subject to approval of the Members, the Central Government and the Reserve Bank of India.

HSBC Securities and Capital Markets (India) Pvt. Ltd., (HSBC) undertook the valuation of the equity shares. HSBC used Discounted Cash Flow Method as primary valuation methodology.

Main objects

Our main objects as contained in our Memorandum of Association are as follows:

- to acquire and take over as a going concern the business now carried on at Bombay and Madras under the firm name "G. KEWALRAM" and all the assets and liabilities of the proprietors of that business in connection therewith and to enter into such agreements and do such deeds as may be necessary for the purpose and to carry on the same business as has hitherto been carried on by the said firm;
- to buy, sell, import, export, manufacture, treat, prepare, distribute, service and deal in any manner in merchandise, commodities and articles of all kinds and generally to carry on business as merchants, importers, exporters and agents;
- to carry on business as agents, importers, exporters, manufacturers, service providers of and dealers in electronic data processing and various other systems and to purchase, sell, hire, lease and deal in information technology hardware, software, telecom products, pharmaceutical products, consumer durables and various other electrical and electronic systems; and
- to carry on in India and abroad consultancy, advisory and training services of computer programs and systems including development, implementation and maintenance and to render any other services in that connection.

Our main and ancillary objects, as contained in our Memorandum of Association, enable us to undertake our existing activities and the activities for which the funds are being raised through this Issue.

Amendments to our Memorandum of Association

Date	Particulars of the amendment
December 09, 1981	Name of the Company was changed from G. Kewalram Private Limited to Kewalram Private Limited
April 28, 1987	Name of the Company was changed from Kewalram Private Limited to Redington (India) Private Limited.
November 24, 1987	Objects 2(a), 2(b), 20(a) and 25 were inserted as follows: 2(a) To carry on business as agents, importers, exporters of and dealers in electronic data processing and various other systems and to purchase, sell, hire, lease and deal in computers, software or hardware and to instal, hire computer, allied data processing equipment. 2(b) To carry on in India and abroad consultancy, advisory and training services for computers programmes and systems and to rencder services as indicated in objects 2a and 2b above. 20(a) To buy land and set-up a shop or storage house, a warehouse for assembling, processing and stocking of the products dealt in by the company, as the company may deem fit and in particular for shares, debentures or securities of any other company. 25. To open bank accounts and to draw, make, endorse, discount, execute and issue cheques, promissory notes, bills of exchange and other negotiable or transferable instruments.
January 18, 1994	Authorised share capital was increased from Rs. 500,000 to Rs. 50,000,000 by creation of 49,500 further equity shares of Rs. 1,000 each.
July 13, 1994	Registered office of the company was shifted from No. 1004, Dalamal House, 10th Floor, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021 to SPL Guindy House, 95, Mount Road, Guindy, Chennai 600 032
March 26, 1996	Authorised share capital was increased from Rs. 50,000,000 to Rs. 250,000,000 by creation of 200,000 further equity shares of Rs. 1,000 each.

Date	Particulars of the amendment
October 1, 1996	The word "Private" was deleted under the provisions of Section 43(A) of the Companies Act, 1956 and the Company had become a Public Company w.e.f. October 1, 1996.
September 18, 1998	Authorised share capital was increased from Rs. 250,000,000 to Rs. 400,000,000 by creation of 150,000 further equity shares of Rs. 1,000 each.
March 22, 1999	The face value of each equity shares of Rs. 1,000 was sub-divided into 100 equity shares of Rs. 10 each. The authorised share capital altered to Rs. 400,000,000 divided into 40,000,000 equity shares of Rs. 10 each.
January 10, 2002	The word "Private" was reinserted in the name of the Company vide provisions of Section 43A(2A) of the Companies Act, 1956.
March 15, 2002	The word "Private" was deleted under the provisions of Section 44(2) of the Companies Act, 1956 and the company had become a Public Company.
August 24, 2004	Authorised share capital was increased from Rs. 400,000,000 to Rs. 650,000,000 by creation of 25,000,000 further equity shares of Rs. 10 each.
August 24, 2004	Objects 2, 2(a) and 2(b) were replaced with new objects 2(a), 2(b) and 2(c) as follows: 2(a) To buy, sell, import, export, manufacture, treat, prepare, distribute, service and deal in any manner in merchandise, commodities and articles of all kinds and generally to carry on business as merchants, importers, exporters and agents. 2(b) To carry on business as agents, importers, exporters, manufacturers, service providers of and dealers in electronic data processing and various other systems and to purchase, sell, hire, lease and deal in information technology hardware, software, telecom products, pharmaceutical products, consumer durables and various other electrical and electronic systems. 2(c) To carry on in India and abroad consultancy, advisory and training services of computer programs and systems including development, implementation and maintenance and to render any other services in that connection.
March 17, 2006	Authorised share capital was increased from Rs. 650,000,000 to Rs. 850,000,000 by creation of 20,000,000 further equity shares of Rs. 10 each.
July 1, 2006	Addition of the following main objects: 2A(1) To construct, take on lease or hire warehouses, godowns, storehouses and other facilities for staking, storing various merchandise of third parties besides the products dealt with by the company and maintain them fit for sophisticated use including free movement of goods. 2A(2) To undertake and carry out the work of loading, unloading, handling, forwarding and clearing agents for and behalf of the owners of goods, luggage, parcels, articles, commodities, merchandise, livestock and other movables of every description and nature whatsoever in India or in any part of the world. Deletion of the following object: 20(a) To buy land and set-up a shop or storage house, a warehouse for assembling, processing and stocking of the products dealt in by the company, as the company may deem fit and in particular for shares, debentures or securities of any other company.

Shareholders' agreements

Provisions of the shareholders agreement dated November 18, 2004 and March 15, 2006 entered into with Synnex Mauritius Limited and Beethoven Limited, respectively, were incorporated into the Articles of Association which now stand deleted therefrom pursuant to the resolution passed by the shareholders at the AGM held on July 01, 2006.

Details of our Subsidiaries

Our Company has 15 subsidiaries, corporate details of which are discussed below.

Cadensworth (India) Private Limited

Cadensworth (India) Private Limited was incorporated on December 11, 2002 and has its registered office at Door No. (Old) 11, New No. 27, NRS Building, Velachery Road, Saidapet, Chennai 600 015. Cadensworth (India) Private Limited is presently engaged in the business of warranty and repair services.

Shareholders

Shareholder	No. of shares	%
Redington (India) Limited	999,999	100.00
Mr. M. Raghunandan	1	0.00

Directors

The Board of Directors of Cadensworth (India) Private Limited comprises Mr. M. Raghunandan and Mr. B. Arunachalam.

Financial performance

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Sales and other income	13.28	33.56	41.04
Profit/Loss after tax	0.07	2.06	12.32
Equity capital (par value Rs.10 per share)	0.01	0.01	10.00
Earnings per share (Rs.)	7.49	206.60	969.56
Book value per equity share (Rs.)	17.50	224.10	1138.77
Reserves & Surplus	0.07	2.14	14.46

Redington Gulf FZE

Redington Gulf FZE was incorporated on March 27, 2000 and has its registered office at YC 03, P.O. Box 17266, Jebel Ali Free Zone, United Arab Emirates. Redington Gulf FZE is presently engaged in the business of distribution of information technology products, Telecom Products and IT support services.

Shareholders

Shareholder	No. of shares	%
Redington (India) Limited	6	100.00

Directors

The Board of Directors of Gulf FZE comprises Mr. R. Jayachandran, Mr. R. Srinivasan and Mr. Raj Shankar.

Financial performance

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Sales and other income	8,688.24	13,505.17	20,447.92
Profit/Loss after tax	153.18	244.97	309.99
Equity capital (par value AED 1,000,000 per share)	36.04	59.62	60.75
Earnings per share (Rs.)	51,059,804.35	48,993,017.06	61,997,277.41
Book value per equity share (Rs.)	128,164,551.07	212,944,703.61	301,114,330.12
Reserves & Surplus	348.45	590.78	839.56

Redington Distribution Pte Limited

Redington Distribution Pte Limited was incorporated on March 28, 2005 and has its registered office at 65, Chulia Street, # 49-04, OCBC Centre, Singapore 049 513. Redington Distribution Pte Limited is presently engaged in the business of distribution of information technology products.

Shareholders

Shareholder	No. of shares	%
Redington (India) Limited	3,800,000	100.00

Directors

The Board of Directors of Redington Distribution Pte Limited comprises Mr. R. Jayachandran, Mr. R. Srinivasan and Mr. Raj Shankar.

Financial performance

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Sales and other income	-	-	10,361.47
Profit/Loss after tax	-	-	38.30
Equity capital (par value USD 1 per share)	-	-	169.55
Earnings per share (Rs.)	-	-	9.37
Book value per equity share (Rs.)	-	-	57.07
Reserves & Surplus	-	-	38.30

Since Redington Distribution Pte Limited was incorporated on March 28, 2005, financial information for the years ended 2004 and 2005 are not available.

Nook Holdings Private Limited

Nook Holdings Private Limited was incorporated on February 21, 1990 in Kolkata . The entity presently has its registered office at SPL Guindy House, 95, Mount Road, Guindy, Chennai 600 032. There are no significant business activities except for letting out its property on lease to its parent company.

Shareholders

Shareholder	No. of shares	%
Redington (India) Limited	49,999	100.00
Mr. M. Raghunandan	1	0.00

Directors

The Board of Directors of Nook Holdings Private Limited comprises Mr. M. Raghunandan and Mr. B. Arunachalam.

Financial performance

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Sales and other income	0.60	0.60	0.60
Profit/Loss after tax	0.12	0.03	0.21
Equity capital (par value Rs.10 per share)	0.50	0.50	0.50
Earnings per share (Rs.)	2.57	0.65	2.55
Book value per equity share (Rs.)	124.48	122.96	123.34
Reserves & Surplus	5.72	5.64	5.66

Redington (India) Investments Private Limited

Redington (India) Investments Private Limited was incorporated on June 28, 1995 and has its registered office at SPL Guindy House, 95, Mount Road, Guindy, Chennai 600 032. Presently, Redington (India) Investments Private Limited is not engaged in any business.

Shareholders

Shareholder	No. of shares	%
Redington (India) Limited	49,998	100.00
Mr. M. Raghunandan	1	0.00
Mr. B. Arunachalam	1	0.00

Directors

The Board of Directors of Redington (India) Investments Private Limited comprises Mr. Couldip Basanta Lala and Mr. Kapil Dev Joory.

Financial performance

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Sales and other income	0.17	0.12	0.16
Profit/Loss after tax	0.04	0.04	0.06
Equity capital (par value Rs.10 per share)	0.50	0.50	0.50
Earnings per share (Rs.)	0.94	0.73	1.15
Book value per equity share (Rs.)	18.21	18.93	20.09
Reserves & Surplus	0.41	0.44	0.50

Redington Bangladesh Limited

Redington Bangladesh Limited was incorporated on April, 2003, and has its registered office at House # 49, Road # 17, Banani Bazar, Dhaka 1213, and is presently engaged in the business of distribution and servicing of information technology products.

Shareholders

Shareholder	No. of shares	%
Redington Distribution Pte Limited	297	99
Cadensworth Trading Pte Limited	3	1

Directors

The Board of Directors of Redington Bangladesh Limited comprises Mr. R. Srinivasan and Mr. Raj Shankar.

Financial performance

(Rs. million except per share data)

	June 30, 2004	June 30, 2005	June 30, 2006
Sales and other income	-	2.38	1.03
Profit/Loss after tax	-	0.33	0.06
Equity capital (par value Taka 10,000 per share)	2.31	2.08	1.98
Earnings per share (Rs.)	-	1,108.74	188.63
Book value per equity share (Rs.)	-	8,027.74	7,855.53
Reserves & Surplus	NIL	0.33	0.37

Redington Nigeria Limited

Redington Nigeria Limited was incorporated on October 15, 2002 with its registered office at 1, 22-132, Oshodi, Apapa Expressway, P.O. Box 3623, Isolo, Lagos, Nigeria, and is presently engaged in the business distribution of information technology products, Telecom Products and IT support services.

Shareholders

Shareholder	No. of shares	%
Redington Gulf FZE	10,000,000	100

Directors

The Board of Directors of Redington Nigeria Limited comprises Mr. Raj Shankar and Mr. R. Srinivasan.

Financial performance

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Sales and other income	-	106.90	942.40
Profit/Loss after tax	-	(8.77)	1.44
Equity capital (par value Naira 1 per share)	-	1.68	1.81
Earnings per share (Rs.)	-	(1.75)	0.29
Book value per equity share (Rs.)	-	(1.42)	(0.87)
Reserves & Surplus	-	(8.77)	(7.98)

Since Redington Nigeria Limited commenced operation in 2005, financial information for the year ended 2004 is not available

Redington Kenya Limited

Redington Kenya Limited was incorporated on July 19, 2004 with its registered office at No. 40, LOR. No. 1870/111/461, School Lane, Westlands, Nairobi, Kenya and is presently engaged in the business distribution of information technology products, Telecom and IT Support Services.

Shareholders

Shareholder	No. of shares	%
Redington Gulf FZE	900	99
Cadensworth FZE	100	1

Directors

The Board of Directors of Redington Kenya Limited comprises Mr. Raj Shankar and Mr. Sriram Ganeshan.

Financial performance

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Sales and other income	-	-	92.90
Profit/Loss after tax	-	-	0.29
Equity capital (par value Kenyan Shilling 1 per share)	-	-	0.62
Earnings per share (Rs.)	-	-	28.52
Book value per equity share (Rs.)	-	-	90.91
Reserves & Surplus	-	-	0.29

Since the company commenced its operation in the year 2006, financial information for the years 2004 and 2005 are not available.

Redington Gulf & Co. LLC

Redington Gulf & Co. LLC was incorporated on November 11, 2003 and has its registered office at Al Serkal Building, Building 459, Plot 187, PO 3065, Postal Code 112, Region Code 100, Ruwi, Muscat, Sultanate of Oman. It is presently engaged in the business of distribution of information technology products and IT support services.

Shareholders

Shareholder	No. of shares	%
Redington Gulf FZE	105,000	70
Husni Foud Tubleih	45,000	30

Directors

The Board of Directors of Redington Gulf & Co. LLC comprises Mr. Husni Foud Tubleih and Mr. Raj Shankar.

Financial performance

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Sales and other income	-	51.16	66.55
Profit/Loss after tax	-	(4.80)	(2.09)
Equity capital (par value Omani Riyal 1 per share)	-	17.06	17.44
Earnings per share (Rs.)	-	(32.00)	(13.96)
Book value per equity share (Rs.)	-	81.75	69.58
Reserves & Surplus	-	(4.80)	(7.00)

Since Redington Gulf & Co. LLC commenced its operations in the year 2005, financial information for the year 2004 is not available.

Cadensworth FZE

Cadensworth FZE was incorporated on April 28, 2002 and has its registered office at P.O Box 17441, Jebel Ali Free Zone, United Arab Emirates. Cadensworth FZE is presently engaged in the business of distribution of spare parts for Hewlett Packard B.V. in the Middle East and Fujitsu Siemens, etc. in the Middle East and Africa.

Shareholders

Shareholder	No. of shares	%
Redington Gulf FZE	1	100

Directors

The Board of Directors of Cadensworth FZE comprises Mr. R. Jayachandran, Mr. R. Srinivasan and Mr. Raj Shankar.

Financial performance

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Sales and other income	595.19	746.89	1,013.25
Profit/Loss after tax	39.00	59.73	75.83
Equity capital (par value AED 1,000,000 per share)	6.01	11.92	12.15
Earnings per share (Rs.)	39,003,979.62	59,731,249.45	75,828,342.23
Book value per equity share (Rs.)	53,006,993.43	112,337,182.81	190,308,044.63
Reserves & Surplus	47.00	100.41	178.16

Redington Egypt Limited

Redington Egypt Limited was incorporated on February 09, 2000 and has its registered office at Unit 505, 15 Ramo Gardens, Nasr City, Nasr Road, Cairo, Egypt. Redington Egypt Limited is presently engaged in the business of distribution of information technology products and IT Support Services. Redington Egypt Limited became a subsidiary of Redington Gulf FZE on December 31, 2004.

Shareholders

Shareholder	No. of shares	%
Redington Gulf FZE	495	99
Cadensworth FZE	5	1

Directors

The Board of Directors of Redington Egypt Limited comprises Mr. R. Jayachandran, Mr. R. Srinivasan and Mr. Raj Shankar.

Financial performance

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Sales and other income	157.96	175.98	304.52
Profit/Loss after tax	0.62	0.23	1.62
Equity capital (par value Egyptian Pound 100 per share)	0.36	0.38	0.39
Earnings per share (Rs.)	1,244.44	457.75	3,240.13
Book value per equity share (Rs.)	5,282.65	1,222.73	4,505.54
Reserves & Surplus	2.28	0.23	1.86

Redington Arabia Limited

Redington Arabia Limited was incorporated on July 30, 2000 with its registered office at 8th Floor, Abraj Towers (North), P.O. 62918, Riyadh, 11595, Kingdom of Saudi Arabia and is presently engaged in the business of providing IT Support Services. This entity became a subsidiary of Redington Gulf FZE as of November 30, 2005.

Shareholders

Shareholder	No. of shares	%
Redington Gulf FZE	950	95
Cadensworth FZE	50	5

Directors

The Board of Directors of Redington Arabia Limited comprises Mr. Raj Shankar, Mr. Sriram Ganeshan and Mr. N. Srinivasan.

Financial performance

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Sales and other income	112.18	185.72	278.19
Profit/Loss after tax	5.17	13.64	22.20
Equity capital (par value Saudi Riyal 1,000 per share)	11.77	11.68	11.90
Earnings per share (Rs.)	5,169.81	13,640.93	22,204.38
Book value per equity share (Rs.)	15,610.21	28,772.15	51,522.05
Reserves & Surplus	3.84	17.09	39.62

Redington Middle East LLC

Redington Middle East LLC was incorporated on February 19, 1992 and has its registered office at Office 606, Atrium Centre, Khalid Bin Waleed Road, Bur Dubai, Dubai, UAE. Redington Middle East LLC is presently engaged in the distribution of information technology products and providing IT support services.

Shareholders

Shareholder	No. of shares	%
Redington Gulf FZE	147	49
Ahmed Al Mulla	153	51

Directors

The Board of Directors of Redington Middle East LLC comprises Mr. Ahmed Al Mulla and Mr. Raj Shankar.

Financial performance

(Rs. million except per share data)

	June 30, 2004	June 30, 2005	March 31, 2006
Sales and other income	1,153.14	1,323.90	1,227.82
Profit/Loss after tax	3.65	2.96	9.30
Equity capital (par value AED 1,000 per share)	3.76	3.56	3.65
Earnings per share (Rs.)	12,165.55	9,872.72	31,015.53
Book value per equity share (Rs.)	28,293.01	36,644.74	68,513.27
Reserves & Surplus	4.72	7.43	16.91

Redington Africa Distribution FZE

Redington Africa Distribution FZE was incorporated on December 18, 2005 and has its registered office at YA 03/04 P.O Box 17266, Jebel Ali Free Zone, United Arab Emirates. Redington Africa Distribution FZE is presently engaged in the business of distribution of information technology products. Telecom Products and IT support services.

Shareholders

Shareholder	No. of shares	%
Redington Gulf FZE	1	100

Directors

The Board of Directors of Redington Africa Distribution FZE comprises Mr. R. Jayachandran, Mr. R. Srinivasan and Mr. Raj Shankar.

Since the Company was incorporated in December 2005, the financials of the company is not available.

Redington Qatar WLL

Redington Qatar WLL was incorporated on October 06, 2002 and has its registered office at P.O. Box 23248, Al Hilal (West), C-Ring Road, Doha, Qatar. The entity is presently engaged in the business of distribution of information technology products and IT Support Services.

Shareholders

Shareholder	No. of shares	%
Redington Middle East LLC	98	49
Erhama Al Kaabi	102	51

Directors

The Board of Directors of Redington Qatar WLL comprises Mr. Raj Shankar and Mr. Erhama Al Kaabi.

Financial performance

(Rs. million except per share data)

	June 30, 2004	June 30, 2005	March 31, 2006
Sales and other income	17.14	40.73	45.46
Profit/Loss after tax	1.54	2.30	5.49
Equity capital (par value Qatari Riyal 1,000 per share)	2.53	2.40	2.45
Earnings per share (Rs.)	7,683.06	11,505.57	27,431.93
Book value per equity share (Rs.)	30,977.82	25,288.08	55,582.67
Reserves & Surplus	3.66	2.66	8.66

OUR PROMOTER

The promoter of our Company is Redington (Mauritius) Limited. Redington Mauritius Limited was incorporated on May 24, 1995 and has its registered office at IFS Court, Twenty-Eight, Cybercity, Ebene, Mauritius. Redington (Mauritius) Limited is an investment holding company and is not engaged in any other business.

The authorised share capital of Redington (Mauritius) Limited is USD 100,000 comprising of 100,000 ordinary shares of USD 1 each, of which 10,000 ordinary shares of USD 1 each have been issued as on date. The shares of Redington (Mauritius) Limited are not listed on any stock exchange.

We confirm that the details of the bank account numbers, company registration number and the address of the concerned registrar of companies where our Promoter is registered is submitted to the Stock Exchanges at the time of filing this RHP.

Redington (India) Limited was initially incorporated as G. Kewalram Private Limited in 1961, the name of which was changed to Redington (India) Private Limited in 1987. Redington (India) Private Limited started operations in distribution and support services of IT products in December 1993. Redington Pte. Limited, Singapore bought over the shareholding in Redington (India) Private Limited in 1994. Redington Mauritius Limited which was incorporated in 1995 invested in Redington (India) Limited in 1996 to become a major shareholder. Redington Mauritius Limited bought over the existing shareholding in Redington India Limited in 2003. There is no individual promoter of the Issuer Company. Redington (Mauritius) Limited acquired the majority and controlling stake in the Company in March 1996.

Redington (Mauritius) Limited, which was incorporated in 1995 in Mauritius, is an investment holding company. Its Directors are Mr. Couldip Basanta Lala, Mr. Kapil Dev Joory, Mr. R. Jayachandran, Mr. Narain Girdhar Chanrai and Mr. R. Srinivasan. Redington (Mauritius) Limited is a subsidiary of Chanrai Investment Corporation Limited (a company incorporated in Bahamas) which is, in turn, a wholly owned subsidiary of Kewalram Chanrai Holdings Limited (a company incorporated in Jersey).

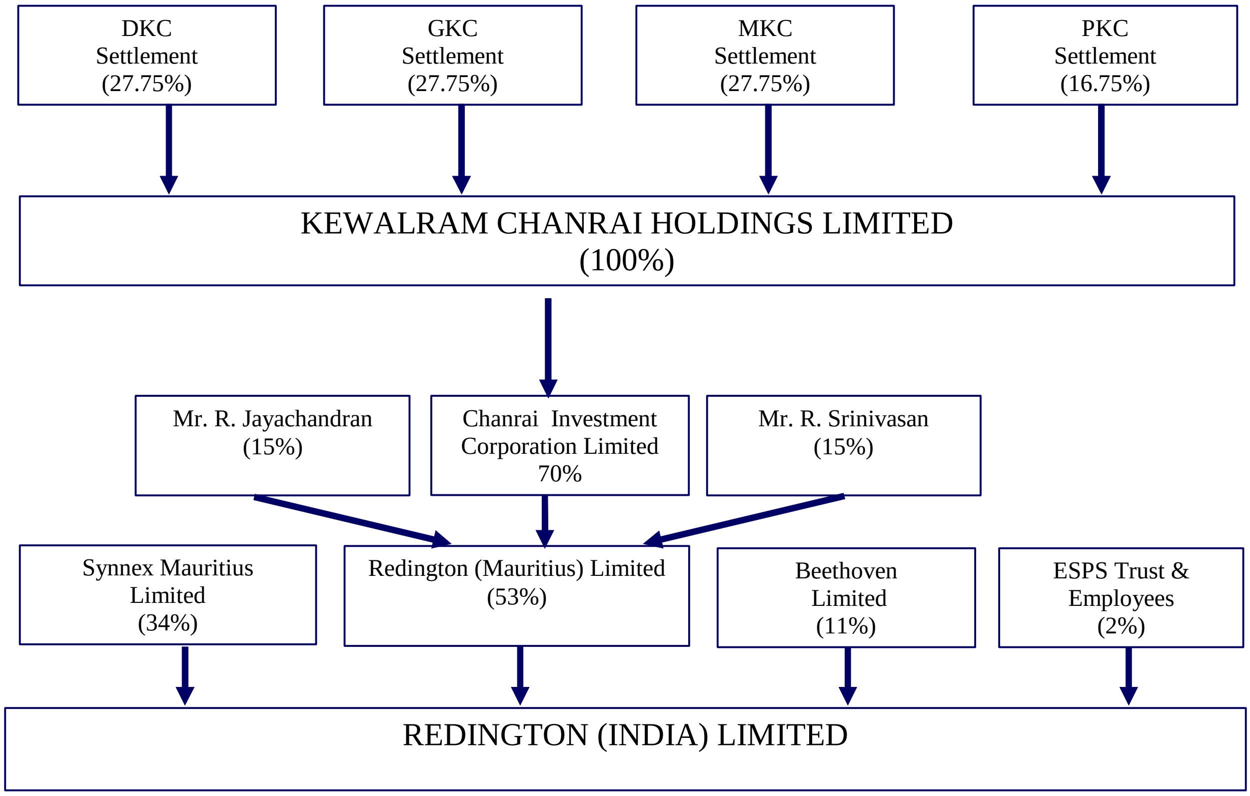
The trustees (the "DKC Trustees") of the Dayal Damodar Chanrai Settlement ("DKC Settlement), the trustees (the "GKC Trustees") of the Girdhar Kewalram Chanrai Settlement ("GKC Settlement), the trustees (the "MKC Trustees") of the Murli Kewalram Chanrai Settlement ("MKC Settlement), the trustees (the "PKC Trustees") of the Pitamber Kewalram Chanrai Settlement ("PKC Settlement), are the shareholders of Kewalram Chanrai Holdings Ltd with the DKC Trustees, GKC Trustees, and MKC Trustees each (in their capacity as trustees) holding (either directly or through nominees) 3000 ordinary shares and PKC Trustees holding 1810 ordinary shares of US$ 1.00 each representing the entire issued and paid up capital of Kewalram Chanrai Holdings Limited.

DKC Settlement, GKC Settlement, MKC Settlement and PKC Settlement are all discretionary trusts, set-up by the settlors, Damodar Kewalram Chanrai, Girdhar Kewalram Chanrai, Murli Kewalram Chanrai and Pitamber Kewalram Chanrai respectively. Their respective descendants are in the class of potential beneficiaries in each of the discretionary trusts. Until the respective Trustees confer any interest in the assets of the discretionary trust, in their absolute discretion, on any of the potential beneficiaries, any such potential beneficiary will not have any interest in the assets of the discretionary trust. None of the Trustees have so far conferred on any such potential beneficiary any interest in the shares of Kewalram Chanrai Holdings Limited, which they hold.

The DKC Trustees are Nearco Trustee Company (Jersey) Limited and Narain Girdhar Chanrai. The GKC Trustees are Nearco Trustee Company (Jersey) Limited, Murli Kewalram Chanrai and Narain Girdhar Chanrai. The MKC Trustees are Nearco Trustee Company (Jersey) Limited, Narain Girdhar Chanrai and Koshu Murli Chanrai. The PKC Trustees are Nearco Trustee Company (Jersey) Limited and Narain Girdhar Chanrai.

In the circumstances, only the trustees of the DKC Settlement, GKC Settlement, MKC Settlement and PKC Settlement respectively and Kewalram Chanrai Holdings Limited and Chanrai Investment Corporation Limited, are deemed to be interested in the 33,901,595 Shares held by Redington (Mauritius) Limited, representing 52.45% of the pre-issue share capital of the Company.

A graphical representation of the above is given below:



Shareholders

Shareholder	No. of shares	%
Chanrai Investments Corporation Limited	7,000	70
Mr. R. Jayachandran	1,500	15
Mr. R. Srinivasan	1,500	15

Directors

The Board of Directors of Redington (Mauritius) Limited comprises Mr. Couldip Basanta Lala, Mr. Kapil Dev Joory, Mr. R. Jayachandran, Mr. Narain Girdhar Chanrai and Mr. R. Srinivasan.

Financial performance

(Rs. million except per share data)

	March 31, 2004	March 31, 2005	March 31, 2006
Sales and other income	0.00	3.07	0.05
Profit/Loss after tax*	(9.89)	1,310.07	249.55
Equity capital (par value USD 1 per share)	0.44	0.44	0.45
Earnings per share	(988.89)	131,006.67	24,955.40
Book value per equity share	945.16	131,944.52	159,393.68
Reserves & Surplus	9.01	1,319.01	1,593.49

* *Includes extraordinary income by way of profit on sale of investment in subsidiaries aggregating to Rs. 1,308.29 mn in FY 05 and Rs. 257.05 mn in FY 06..*

Change in management

There has been no change in the management of Redington (Mauritius) Limited.

Further our Promoter has confirmed that it has not been detained as a willful defaulter by the Reserve Bank of India or any other governmental authority and there are no past or pending violations of securities laws commited by it.

Promoter group

Chanrai Investment Corporation Limited

Chanrai Investment Corporation Limited (CICL) was incorporated on 17th March, 1964 and has its registered office at Marron House, Virginia & Augusta Streets, P O Box N8326, Nassau, Bahamas.

The authorised share capital of CICL is USD 1,430,000 comprising of 500,000 ordinary shares of USD 2.86 each, of which 100,000 ordinary shares of USD 2.86 each have been issued as on date. The shares of CICL are not listed on any stock exchange.

Shareholders

Shareholder	No. of shares	%
Kewalram Chanrai Holdings Ltd	99,999	99.99
Ronald Atkinson	1	00.01

Directors

The Board of Directors of CICL comprises of Mr. Murli Kewalram Chanrai, Mr. Pishu Girdhar Chanrai, Mr. Ronald Atkinson, Mr. Cindy Lou Knowles, Mr. Sharon Yvonne Russell, Mr. Ira Eugene Bethel and Mr. Gloria Rowena Atkinson.

Financial performance

(Rs. million except per share data)

	June 30, 2003	June 30, 2004	June 30, 2005
Sales and other income	62.68	153.01	816.90
Profit/Loss after tax	1,947.33	1,045.95	9,592.13
Equity capital (par value USD 2.86 per share)	13.28	13.18	12.47
Earnings per share	19,473.21	10,459.70	95,921.50
Book value per equity share	49,807.32	57,587.56	143,444.63
Reserves & Surplus	4,967.47	5,745.57	14,331.97

Past ventures of our Promoter

Companies with which our Promoter has disassociated itself in the last three years are provided below:

Name of the entity	Year of disassociation	Reason for disassociation
Redington Solutions Inc	April 01, 2002	Not core to the main business
Redington Gulf FZE	April 01, 2004	Divested to Redington (India) Limited

Interest of the Promoter

Our Promoter may be deemed interested to the extent of Equity Shares held by it or that may be subscribed for and allotted to it in future, and also to the extent of any dividend payable to it and other distributions in respect of the said Equity Shares. For details, refer to the section titled "Financial Statements – Related Party Transactions" on page 140.

Conflict of interest

Our Promoter is an investment holding company and is not involved in the same line of activity as the Company. Accordingly, as on date, there is no conflict of interest between our Promoter and us.

Related party transactions

For details of related party transactions, see the section titled "Financial Statements" on page 109.

EXCHANGE RATES AND CURRENCY OF PRESENTATION

In this Prospectus, all references to "Rupees" and "Rs." are to the legal currency of India, all references to "USD", "$" and "US$" are to the legal currency of the United States of America, all references to "AED" and "Utd. Arb. Emir. Dirham" are to the legal currency of the United Arab Emirates, all references to "BDT" and "Taka" are to the legal currency of Bangladesh, all references to "NGN" and "Nigerian Naira" are to the legal currency of Nigeria, all references to "KES" and "Kenyan Shilling" are to the legal currency of Kenya, all references to "OMR" and "Omani Rial" are to the legal currency of Oman, all references to "EGP" and "Egyptian Pound" are to the legal currency of Egypt, all references to "SAR" and "Saudi Riyal" are to the legal currency of the Kingdom of Saudi Arabia and all references to "QAR" and "Qatari Rial" are to the legal currency of Qatar.

In this Prospectus, foreign currency amounts have been translated into Rupees for which period and presented solely to comply with the requirements of SEBI Guidelines. Investors are cautioned not to rely on such translated amounts. The translations should not be considered as a representation that such foreign currency could have been, or could be, converted into Indian Rupees, as the case may be, at any particular rate, the rates stated below, or at all. The following table sets forth, for the period indicated, information concerning the amount of Rupees for which one unit of foreign currency could be exchanged. The currency conversion rates have been taken from the website www.oanda.com.

(Rs.)

	As on March 31,		
	2004	**2005**	**2006**
USD	44.13	43.79	44.62
AED	12.01	11.92	12.15
Egyptian Pound	7.17	7.56	7.83
Nigerian Naira	0.34	0.34	0.36
Omani Rial	114.70	113.75	116.24
Kenyan Shilling	0.57	0.59	0.62
Saudi Riyal	11.77	11.68	11.90

	As on June 30,		
	2004	**2005**	**2006**
Taka	0.77	0.69	0.66
AED	12.55	11.87	12.64
Qatari Rial	12.67	11.99	12.79
USD	46.43	46.08	43.61

In this Prospectus, any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding.

Any percentage amounts, as set forth in "Risk Factors", "Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Prospectus, unless otherwise indicated, have been calculated on the basis of our financial statements, as restated, under Indian GAAP prepared in accordance with SEBI Guidelines.

DIVIDEND POLICY

The declaration and payment of dividends on our Equity Shares will be recommended by our Board of Directors and approved by our shareholders, at their discretion, and will depend on a number of factors, including but not limited to our profits, capital requirements and overall financial condition.

With a view to conserve resources for Company's expanding operations, no dividend was declared by the Company for the years 2001-02 to 2005-06.

SECTION V – FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

November 18, 2006

The Board of Directors
Redington (India) Limited
SPL Guindy House
95, Mount Road, Guindy
Chennai – 600 032

Dear Sirs,

We have examined the consolidated financial information of Redington (India) Limited (the **"Company"**) and its Subsidiaries (collectively referred to as the **"Group"**) as attached to this report and initialled by us for identification.

The said financial information has been prepared in accordance with the requirements of paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the **"Act"**) and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (the **"guidelines"**) issued by the Securities and Exchange Board of India (**"SEBI"**) on January 19, 2000 in pursuance to section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications; and in accordance with instructions dated June 12, 2006, received from the Company requesting us to carry out work in connection with the Offer Document being issued by the Company in connection with the proposed Public Issue of Equity shares. The financial information has been prepared by the Company and approved by the Board of Directors of the Company.

We have examined:

a) The attached Consolidated Statement of Profit and Losses, as Restated of Redington (India) Limited Group for each of the financial years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005, March 31, 2006 and period ended September 30, 2006, enclosed in Annexure XIX;

b) The attached Consolidated Statement of Assets and Liabilities, as Restated as on those dates enclosed in Annexure XX; and

c) The attached statement of Consolidated Cash Flows, as Restated in respect of years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005, March 31, 2006 and period ended September 30, 2006 as given in Annexure XXI together referred to as "Consolidated Summary Statement" to this report.

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

We did not audit the financial statements of the subsidiaries whose financial statements as of March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005, March 31, 2006 and period ended September 30, 2006 reflect total assets of Rs. 9.24 Mn, Rs. 10.02 Mn, Rs. 9.92 Mn, Rs. 2,954.94 Mn, Rs. 7,313.97 Mn and Rs. 6,672.36 Mn, and total revenues of Rs. 1.08 Mn, Rs. 0.70 Mn, Rs. 0.78 Mn, Rs. 14,663.99 Mn, Rs. 31,355.10 Mn and Rs. 19,780.97 Mn respectively. The reports of the other auditors wherever the financial statements and other financial information have been audited by other auditors, have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the report of the other auditors.

The Consolidated Summary Statements for the financial years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005, March 31, 2006 and period ended September 30, 2006 have been extracted from the consolidated financial statements audited by us and approved by the Board of Directors and in case of September 30, 2006 by Audit Committee.

Based on our examination of these consolidated summary statements, we state :

- The restated profits have been arrived at after making such adjustments and regrouping as set out in Annexure XXIII which in our opinion are appropriate in the years to which they relate.

- There are no qualifications in the auditors' report that require any adjustment to the consolidated summary statements.
- There are no extra-ordinary items that need to be disclosed separately in the consolidated summary statements.

In our opinion the financial information of the Company, attached to this report, read with respective significant accounting policies and notes as given in Annexure XXII and Annexure XXIII to this report, and after making adjustments and regrouping as considered appropriate, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines issued by SEBI.

This report is intended solely for your information and for inclusion in the Offer Document in connection with proposed Public Issue of Equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

for Deloitte Haskins & Sells
Chartered Accountants

Bhavani Balasubramanian
Partner
Membership No. 22156
Chennai

Annexure XIX

CONSOLIDATED STATEMENT OF PROFIT & LOSS, AS RESTATED

(Rupees in Million)

	Period ended September 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Income						
Sales and Service Income	41,279.43	67,905.71	40,479.70	19,635.03	15,316.51	13,539.67
Other Income	34.39	49.75	63.07	55.93	33.47	80.26
	41,313.82	**67,955.46**	**40,542.77**	**19,690.96**	**15,349.98**	**13,619.93**
Expenditure						
Cost of goods sold	39,617.94	65,463.06	39,014.44	18,962.06	14,781.31	13,038.44
Staff Costs	383.13	558.73	325.78	146.33	110.93	98.71
Administration and Selling Expenses	498.83	624.41	396.94	212.84	177.50	172.13
Depreciation	29.74	49.35	37.23	28.09	30.50	32.02
Interest	281.62	361.34	232.53	107.67	76.85	120.77
	40,811.26	**67,056.89**	**40,006.93**	**19,456.99**	**15,177.09**	**13,462.07**
Net Profit before Tax	**502.56**	**898.57**	**535.84**	**233.97**	**172.89**	**157.86**
Taxation						
Current Tax	104.18	176.68	99.24	92.81	66.10	53.93
Deferred Tax	(2.10)	(4.99)	0.06	(8.17)	(3.94)	3.01
Fringe Benefit Tax	3.29	7.14	-	-	-	-
Net Profit after Tax	**397.19**	**719.74**	**436.54**	**149.33**	**110.73**	**100.92**
Balance brought forward	1,787.11	1,067.92	631.38	482.05	371.32	270.40
Transfer to Statutory reserve	-	(0.55)	-	-	-	-
Balance carried to Balance Sheet	**2,184.30**	**1,787.11**	**1,067.92**	**631.38**	**482.05**	**371.32**

Annexure XX

CONSOLIDATED STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

(Rupees in Million)

		As at September 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
A.	**Fixed Assets**						
	Gross Block	589.05	532.85	376.61	288.08	272.02	249.38
	Less: Depreciation	289.05	260.54	198.10	148.17	121.40	91.40
	Net Block	300.00	272.31	178.51	139.91	150.62	157.98
	Add: Capital Work in Progress/ Capital Advances	36.93	5.07	0.84	1.68	1.91	1.25
		336.93	277.38	179.35	141.59	152.53	159.23
B.	**Goodwill**	484.56	622.62	667.49	1.03	1.03	1.03
C.	**Current Assets, Loans and Advances**						
	Inventories	6,341.18	4,814.00	1,983.18	788.19	796.32	438.38
	Sundry Debtors	5,380.00	5,823.98	3,740.06	1,339.93	1,075.46	1,051.17
	Cash and Bank	1,135.42	966.35	211.31	247.68	5.85	86.37
	Loans and Advances	1,184.90	1,152.08	818.87	488.67	354.02	339.60
		14,041.50	12,756.41	6,753.42	2,864.47	2,231.65	1,915.52
	Total Assets	**14,862.99**	**13,656.41**	**7,600.26**	**3,007.09**	**2,385.21**	**2,075.78**
D.	**Liabilities and Provisions**						
	Secured Loans	437.24	805.18	812.99	479.44	438.67	322.49
	Unsecured Loans	4,648.06	3,978.83	1,481.51	213.27	198.18	151.66
	Current Liabilities including Finance Lease Obligations	4,473.35	4,071.75	1,685.80	947.60	617.73	598.31
	Provisions	584.86	483.27	278.00	302.87	207.88	187.34
		10,143.51	9,339.03	4,258.30	1,943.18	1,462.46	1,259.80
F.	**Deferred Tax Liability (Net)**	9.31	11.41	16.29	16.24	24.40	28.36
G.	**Networth**	**4,710.17**	**4,305.97**	**3,325.67**	**1,047.67**	**898.34**	**787.62**
	Represented by						
	1. Share Capital (Equity paid-up capital)	646.35	630.82	607.01	293.88	293.88	291.61
	2. Advance for Share Capital	-	-	-	-	-	14.44

(Rupees in Million)

	As at September 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
3. Reserves and Surplus						
3.1 Capital Reserve (Net of adjustments on consolidation)	43.66	50.47	1.36	1.36	1.36	1.36
3.2 Share premium account	2,023.65	1,946.53	1,748.83	121.05	121.05	108.89
3.3 Statutory Reserve	0.57	0.55	-	-	-	-
3.4 Foreign Currency Translation Reserve	16.35	3.29	(6.94)	-	-	-
3.5 Profit & Loss account balance						
Brought forward from Profit and Loss Account	2,184.30	1,787.11	1,067.92	631.38	482.05	371.32
Adjustments on consolidation	(204.71)	(112.80)	(92.51)	-	-	-
	4,710.17	**4,305.97**	**3,325.67**	**1,047.67**	**898.34**	**787.62**

Annexure XXI

CONSOLIDATED CASH FLOW STATEMENT, AS RESTATED

(Rupees in Million)

	Period ended September 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Cash flow from operating activities:						
Net Profit before taxation	**502.56**	**898.57**	**535.84**	**233.97**	**172.89**	**157.86**
Adjustments for:						
- Depreciation	29.74	49.35	37.23	28.09	30.50	32.02
- Interest Expense	281.62	361.34	232.53	107.67	76.85	120.77
- Interest income	(14.28)	(24.12)	(28.74)	(34.15)	(18.25)	(68.92)
- Loss on sale of fixed assets	1.47	0.36	1.61	0.65	0.31	0.30
Operating Profit before working capital change	**801.11**	**1,285.50**	**778.47**	**336.23**	**262.30**	**242.03**
(Increase) / Decrease in Sundry Debtors	443.97	(2,083.92)	(1,179.90)	(264.47)	(24.29)	18.63
(Increase) / Decrease in Loans and advances	47.37	(174.59)	36.11	(59.42)	54.92	(52.35)
(Increase) / Decrease in Inventories	(1527.17)	(2,830.82)	(729.26)	8.13	(357.94)	67.24
Increase / (Decrease) in Current liabilities	390.61	2,426.82	(149.24)	332.04	(26.12)	50.81
Cash generated from / (used in) from operations	**155.89**	**(1,377.01)**	**(1,243.82)**	**352.51**	**(91.13)**	**326.36**
Income tax / Fringe Benefit tax paid	(80.18)	(167.75)	(103.88)	(75.00)	(70.00)	(40.00)
Net Cash generated from / (used in) operating activities	**75.71**	**(1,544.76)**	**(1,347.70)**	**277.51**	**(161.13)**	**286.36**
Cash flow from investing activities:						
Payment towards Purchase of Fixed Assets	(91.28)	(136.82)	(54.94)	(20.38)	(24.04)	(24.71)
Proceeds from Sale of Fixed Assets	7.62	8.52	2.19	2.36	0.55	1.24
Interest Received	14.26	21.60	28.74	34.15	18.25	68.92
Investments made	-	(0.37)	(0.40)	-	-	-
Acquisition of subsidiaries	-	30.85	117.33	-	-	-
Net Cash generated from / (used in) investing activities	**(69.40)**	**(76.22)**	**92.92**	**16.13**	**(5.24)**	**45.45**

(Rupees in Million)

	Period ended September 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Cash flow from financing activities:						
Proceeds from / (repayment of) short term borrowings (Net)	301.28	2,489.51	760.47	55.86	185.47	(213.04)
Repayment of long term borrowings	-	-	(112.33)	-	(22.77)	(12.83)
Proceeds from issue of share capital (Net)	92.65	221.51	790.92	-	-	-
Interest paid	(276.49)	(367.64)	(232.26)	(107.67)	(76.85)	(120.77)
Net Cash generated from / (used in) financing activities	**117.44**	**2,343.38**	**1,206.80**	**(51.81)**	**85.85**	**(346.64)**
Net Increase / (Decrease) in cash and cash equivalents	123.75	722.40	(47.98)	241.83	(80.52)	(14.83)
Cash and cash equivalents at the beginning of the period / year	966.35	211.31	247.68	5.85	86.37	101.20
Currency Translation Adjustment	45.32	32.64	11.61	-	-	-
Cash and cash equivalents at the end of the year	**1,135.42**	**966.35**	**211.31**	**247.68**	**5.85**	**86.37**

Annexure XXII

NOTES ON ACCOUNTS FOR THE RESTATED CONSOLIDATED FINANCIAL STATEMENTS

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 services. 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 and their parts, Telecom products 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 restated consolidated annual financial statements comprises financial statements of Redington (India) Limited and its subsidiaries, drawn for the years from 2001-02 to 2005-06 and for the six months ended September 30, 2006. These restated consolidated financial statements have been extracted from the consolidated financial statements, prepared in accordance with Accounting Standard 21, ***"Consolidated Financial Statements"*** issued by the Institute of Chartered Accountants of India.

Subsidiary companies considered in these restated 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%

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 restated consolidated financial statements from the effective dates of acquisition.

The audited financial statements of Cadensworth (India) Private Limited, Nook Holdings Private Limited, Redington (India) Investments Private Limited, Redington Gulf FZE (including its subsidiaries) and the Redington Distribution Pte. Ltd. (including its subsidiary), mentioned above duly certified by their respective auditors have been considered in preparing the restated consolidated financial statements.

Deloitte & Touche (M.E.), Dubai, has audited the Consolidated Financial Statements of Redington Gulf FZE.

Ernst & Young, Singapore has audited the consolidated financial statements of Redington Distribution Pte Ltd., Singapore.

The financial statements of Nook Holdings Private Limited upto March 31, 2006 were audited by M/s. K Dattani & Co., Kolkata and by M/s. Deloitte Haskins and Sells for the 6 months period ended September 30, 2006.

Deloitte Haskins and Sells have audited financial statements of the parent company and its other Indian subsidiaries.

3. Significant accounting policies

a. Basis of accounting

Financial statements have been prepared on accrual basis under historical cost convention in accordance with Indian Generally Accepted Accounting Principles (GAAP) for the parent company and its Indian subsidiaries, 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. 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 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. Future 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 - Cost of software purchased is amortized using straight-line method over its estimated useful life of 3 years.

iv. Individual assets valuing Rs.5000/- 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%

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 recognised 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 cost included in bringing the inventories to their warehouse. Cost is determined based on weighted average cost (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 and the sales price is fixed or determinable. Such 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 Contract revenue is recognized as per the terms of contract.

iii. Reimbursements from suppliers are net of credits / disbursements to customers on back-to-back arrangements.

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 currencies 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 as on March 31, 2005, March 31, 2006 and September 30, 2006 are translated at the closing exchange rates as mentioned in the table below. Income and expenses of foreign subsidiaries for the years ended March 31, 2005 and March 31, 2006 and for the period ended September 30, 2006 are translated at average exchange rates as mentioned in the table below.

Statement of foreign exchange rates						
Currency	**2006-07**		**2005-06**		**2004-05**	
	Average (6 Months)	**Closing**	**Average (12 Months)**	**Closing**	**Average (12 Months)**	**Closing**
USD	45.8529	45.9200	44.2171	44.6200	NA	NA
AED	12.4886	12.5000	12.0395	12.1600	12.2259	11.8939

i. Warranties

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

j. Employee benefits

i. Provident Fund

Contribution to Provident Fund made in accordance with the rules 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 gains and losses are recognized in full in the Consolidated 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 revised Accounting Standards 15 on 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 for the period / 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 recognised 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 recognised and carried forward only to the extent they can be realized.

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

4. Notes forming part of Accounts

a. Share Capital

1,895,440 equity shares of Rs.10/- each at a premium of Rs.53.5925 were issued to BTS Asset Management Limited, Bahamas on March 15, 2002.

226,993 equity shares of face value of Rs.10/- each at a premium of Rs.53.5925, were issued to Redington (Mauritius) Limited on March 10, 2003.

The authorised capital was increased to Rs.650 million pursuant to the resolution of members passed at the Extra-ordinary General Meeting held on August 24, 2004.

The company issued 14,693,796 equity shares of Rs.10/- each at a premium of Rs.68.2643 as fully paid up to Redington (Mauritius) Limited on October 21, 2004 in consideration for acquiring the entire equity holding in Redington Gulf FZE, Dubai. The company further issued 16,620,056 shares of Rs.10/- each at a premium of Rs.37.5880 to Synnex Mauritius Limited on December 30, 2004.

The authorised capital was increased to Rs.850 million pursuant to the resolution of members passed at the Extra-ordinary General Meeting held on March 17, 2006.

The company issued 2,380,801 shares of Rs.10/- each at a premium of Rs.83.0400 to Beethoven Limited, Mauritius on March 17, 2006.

The company issued 1,552,500 shares of Rs.10/- each at a premium of Rs.52.0000 to Employees Share Purchase Trust under the Employees Share Purchase Scheme on July 1, 2006.

The shareholding pattern as on September 30, 2006 is as follows:

Shareholder Category	No. of Equity shares	% of holding
Promoter holding		
Redington (Mauritius) Limited	33,901,595	52.45
Sub-total (A)	**33,901,595**	**52.45**
Non-Promoter holding		
Synnex Mauritius Limited	22,038,188	34.10
Beethoven Limited	7,142,403	11.05
Employees of subsidiaries	673,544	1.04
Employees of the company	457,616	0.71
Redington Employees Share Purchase Trust	421,400	0.65
Sub-total (B)	**30,733,151**	**47.55**
Total (A + B)	**64,634,746**	**100.00**

b. Share Premium

The syndication fee paid by the parent company during the period ended September 30, 2006 in connection with issue of equity shares has been adjusted against Share Premium account in accordance with the provisions of Section 78 of the Indian Companies Act, 1956.

The share issue expenses in connection with proposed initial public offer would be adjusted against the share premium on completion of the issue process.

c. Secured Loans

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

d. Unsecured Loans

Bank borrowings of Redington Distribution Pte Limited and Redington Gulf FZE are secured by assignment of insurance policies over inventories and continuing corporate guarantees of the parent company.

e. Deferred Tax

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

		As at September 30, 2006 (INR in million)	As at March 31, 2006 (INR in million)
i.	**Deferred Tax Assets:**		
	Provision for doubtful debts	7.61	6.89
	Provision for Gratuity	2.97	2.65
	Provision for Leave encashment	3.82	3.07
	Total	**14.40**	**12.61**
ii.	**Deferred Tax Liability:**		
	Depreciation	23.69	24.00
	Preliminary Expenses	0.02	0.02
	Total	**23.71**	**24.02**
	Net Deferred Tax Liability	**9.31**	**11.41**

f. Fixed Assets

The Board of Directors has at their meeting held on June 9, 2006 given their consent to sell the property at Guindy, Chennai the original cost of which is INR 2.80 million. Considering the current market price, the sale price is expected to be above the cost and hence no provision for loss is considered necessary.

g. Goodwill

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 Goodwill in the presentation of consolidated financial statements.

h. Inventories

Out of the total inventories, Rs.1031.28 million, Rs.2307.81 million and Rs.2714.39 million pertaining to Redington Gulf FZE and its subsidiaries for the years ended March 31, 2005, March 31, 2006 and period ended September 30, 2006 respectively are valued on FIFO basis as permitted under International Financial Reporting Standards. The rest of inventories are at weighted average 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 provision / allowances for estimated doubtful debts.

The parent company has assignment / purchase of receivable agreements with certain banks without recourse.

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.14560.18 million, Rs.31089.02 million and Rs.19812.59 million pertaining to overseas subsidiaries for the years 2004-05, 2005-06 and 2006-07 (6 months) have been recognized on the basis of deliveries (Refer policy no: 3 (g)).

l. Contingent Liabilities

		As at September 30, 2006 (INR in million)	As at March 31, 2006 (INR in million)
a.	Guarantees by banks on behalf of the Company	60.02	88.62
b.	Disputed Income Tax / Sales Tax / Customs Duty demands *		
	- Disputed customs duty	6.05	6.05
	- Disputed sales tax demand	18.90	8.74
	- Disputed Income tax demand	10.58	11.22
c.	Capital commitments (Net of advances)	9.18	NIL
d.	Letter of Credit	242.24	208.44
e.	Bills discounted	416.34	273.21
f.	Claims against company not acknowledged as debts		
	- Claim from an erstwhile warehouse owner	6.70	6.70
	- Other sundry claims	4.57	4.18

* *The parent company has paid Rs.9.81 million, which has been treated 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.*

The parent company has extended corporate guarantees on behalf of its wholly owned subsidiary Redington Gulf FZE, Dubai amounting to Rs.136.94 million after September 30, 2006.

m. Segmental Reporting

The Company has only one business segment of trading in IT and related products including after sales services. The turnover of telecom products and consumer durables being less than 10% of the total turnover, it is not considered as a material segment.

Geographical segments are reported viz., India and Overseas

(INR in Million)

Particulars	2006-07 (6 Months)			2005-06			2004-05		
	India	Overseas	Total	India	Overseas	Total	India	Overseas	Total
Sales including other income	21490.56	19823.26	41313.82	37006.15	30949.31	67955.46	25078.08	15464.69	40542.77
Operating costs	21021.24	19478.66	40499.90	36295.17	30351.03	66646.20	24645.17	15092.01	39737.18
Depreciation	18.48	11.26	29.74	33.16	16.19	49.35	26.55	10.68	37.23
Interest	154.53	127.09	281.62	206.97	154.37	361.34	135.02	97.51	232.53
Net Profit before Tax	296.31	206.25	502.56	470.85	427.72	898.57	271.34	264.49	535.83
Taxation	102.56	2.81	105.37	167.17	11.66	178.83	98.86	0.44	99.30
Net Profit after Tax	193.75	203.44	397.19	303.68	416.06	719.74	172.48	264.05	436.53
Assets excluding Goodwill	7896.76	6481.67	14378.43	6577.79	6455.99	13033.78	4099.77	2833.00	6932.77
Liabilities	5810.39	4342.43	10152.82	4788.10	4562.34	9350.44	2527.02	1747.57	4274.59
Cost of tangible and intangible assets purchased	39.72	19.68	59.40	100.16	32.41	132.57	42.01	9.82	51.83

Redington Gulf FZE was acquired with effect from April 1, 2004, hence geographical segmentation is furnished from 2004-05.

n. Capital Reserve on acquisition of subsidiaries

The difference between the consideration paid and the net book value of assets less liabilities, arising out of acquisition of two subsidiaries by Redington Gulf FZE in the year 2005-06 has been treated as Capital Reserve.

o. Statutory Reserve

Statutory reserve is created by allocating a certain percentage of the net profits for the period / year in three overseas subsidiaries in accordance with the local laws. The reserve is not distributable except as provided by the relevant local laws.

p. Earnings per share

The net profit for the period / 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.

Description	Period ended September 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Numerator-Profit after Tax, as restated (Rs. in million)	397.18	719.74	436.54	149.34	110.73	100.92
Denominator-Weighted Average Number of equity shares (Basic)	63,862,738	60,799,286	40,098,388	29,387,593	29,174,282	27,353,389
Denominator-Weighted Average Number of equity shares (Diluted)	63,862,738	60,799,286	40,098,388	29,387,593	29,174,282	27,580,434
Face Value per share (Rs.)	10/-	10/-	10/-	10/-	10/-	10/-
Earnings per share – Basic (Rs.)	6.22	11.84	10.89	5.08	3.80	3.69
Earnings per share – Diluted (Rs.)	6.22	11.84	10.89	5.08	3.80	3.66

q. **Related Parties**

i) **Key Management Personnel**

Mr. R Srinivasan, Managing Director – Refer Note (iii) for remuneration *

Mr. M Raghunandan, Wholetime Director in Parent Company – Refer Note (iii) for remuneration.

Mr. Raj Shankar, Director (in overseas subsidiaries) – Refer Note (iii) for remuneration

* The appointment of Mr. R. Srinivasan as Managing Director of the parent company without remuneration with effect from July 1, 2006 is subject to the approval of the Central Government.

ii) **Name of the related parties (as identified by the Management)**

Ultimate Holding Company	Chanrai Investment Corporation Ltd, Bahamas
Holding Company	Redington Mauritius Ltd, Mauritius
Fellow subsidiaries	Redington Pte Ltd, Singapore
	Cadensworth Pte Ltd, Singapore

iii) **Remuneration to Key Management Personnel (Amounts for 2006-07 are for 6 months period ended September 30, 2006)**

Parent Company

Year	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
INR in Million	1.14*	2.07	3.72	1.06	1.10	1.08

** Does not include performance incentive. The same would be decided by the Board at the end of the year.*

Overseas subsidiaries – Rs.11.99 million for 2006-07 and Rs.21.39 million for 2005-06

Remuneration paid by overseas subsidiaries includes amounts paid to Managing Director of parent company.

iv) **Nature of Transactions**

(INR in Million)

	Period ended September 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
(a) Fellow Subsidiary						
Trading Purchases	NIL	1630.31	909.68	650.04	1555.27	814.19
Sales	NIL	204.27	242.67	105.86	NIL	NIL
Interest Expense	NIL	1.51	23.26	NIL	NIL	NIL
Amount Receivable at the end of the period / year	0.50	2.96	12.97	42.23	NIL	NIL
Amount Payable at the end of the period / year	NIL	0.09	207.56	NIL	136.81	15.18
(b) Companies under significant influence*						
Trading Purchases	NIL	NIL	12.00	NIL	NIL	NIL
Sales	NIL	NIL	1139.91	2.56	NIL	NIL
Interest Income	NIL	NIL	1.60	2.14	NIL	NIL
Marketing and consultancy charges	NIL	NIL	15.02	NIL	NIL	NIL
Amount Receivable at the end of the period / year	NIL	NIL	186.69	13.38	NIL	NIL
Amount Payable at the end of the period / year	NIL	NIL	1.25	NIL	NIL	NIL

** During the year 2005-06 the entities have become subsidiaries*

r. Figures are not comparable over the years due to acquisition of new subsidiaries. Figures in the restated consolidated financial statements have been appropriately regrouped to conform to the reclassifications made in the subsequent years. Profit and Loss Account figures for 2006-07 is for six months and as such is not comparable with previous years, which are for twelve months.

Annexure XXIII

STATEMENT OF ADJUSTMENTS IN THE RESTATED CONSOLIDATED FINANCIAL STATEMENTS

A. Restatements

a) Minority Interest

During the year 2005-06 the minority shareholders of two subsidiaries of Redington Gulf FZE had waived their right to accumulated share of profits up to March 31, 2005 amounting to Rs.23.69 million, which has been restated in the respective years. An amount of Rs.14.14 million waived by the minority shareholders has been considered as share of reserves adjusted against the carrying amount of investment for Goodwill / Capital Reserve arising on consolidation. The resultant capital reserve has been adjusted against Goodwill in the respective years.

b) Provision for leave encashment

Provision for leave encashment for the parent company and one of its Indian subsidiary, which was made on actuarial valuation for the years 2001-02, 2002-03, 2003-04, 2004-05 and 2005-06 was recomputed based on the actual leave credit for the employees, pursuant to an amendment in AS 15 issued by the Institute of Chartered Accountants of India. An amount of Rs.1.43 million has been adjusted in opening reserves (net of deferred tax) for the year 2001-02 while the incremental liability has been charged to the Profit and Loss Account in the respective years.

c) Fixed Assets

The company had purchased e-commerce software during the year 2000-01. Subsequently, due to non-fulfillment of certain agreed customization requirements by the supplier, the balance amount of Rs.17.14 million was considered by the management as no longer payable to the supplier and consequently, the amount was reduced from fixed assets in the financial statements relating to the year 2003-04. Depreciation for the years 2001-02, 2002-03 and 2003-04 has been recomputed.

d) Revaluation reserves

The property of the parent company and one of its Indian subsidiary which were revalued in the year 1994-95, were restated to its original cost in the financial statements relating to the year 2002-03 for the parent company and 2006-07 for the Indian subsidiary by making necessary adjustments to the opening balance in revaluation reserve as on April 1, 2002 and April 1, 2006 respectively.

This adjustment has been given effect to in the Consolidated Statement of assets and liabilities, as restated for the years 2001-02 to 2005-06 and for the period ended September 30, 2006.

The above restatement has no impact on the profit for any of the years.

e) Taxation

a) Excess / shortfall in provision for income tax arising on completion of assessments accounted in the financial statements for the years 2001-02, 2002-03, 2003-04, 2004-05 and 2005-06 have been adjusted in the relevant financial years to which they relate to in the consolidated restated financial statements.

b) Consequent to note (b) above, the tax liabilities for the years 2001-02 and 2002-03 were recomputed by revising the depreciation allowable under the provisions of Income Tax Act. The current tax provision and the deferred tax for the respective years have also been restated in the consolidated restated financial statements.

c) Consequent to Note (b) above, deferred tax for the years from 2001-02 to 2005-06 were recomputed.

B. Regrouping

Figures in the restated consolidated financial statements have been appropriately regrouped to conform to the reclassifications made in the subsequent years.

FINANCIAL STATEMENTS

November 18, 2006

The Board of Directors
Redington (India) Limited
SPL Guindy House
95, Mount Road, Guindy
Chennai – 600 032

Dear Sirs,

We have examined the financial information of Redington (India) Limited (the **"Company"**), as attached to this report and initialled by us for identification.

The said financial information has been prepared in accordance with the requirements of paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the **"Act"**) and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 issued by the Securities and Exchange Board of India (**"SEBI"**) on January 19, 2000 in pursuance to section 11 of the Securities and Exchange Board of India Act, 1992, and related clarifications; and in accordance with instructions dated June 12, 2006, received from the Company requesting us to carry out work in connection with the Offer Document being issued by the Company in connection with the proposed Public Issue of Equity shares. The financial information has been prepared by the Company and approved by the Board of Directors of the Company.

A. Financial information as per audited financial statements

We have examined:

a) the attached "Statement of Profits and Losses, as restated" of the Company for the financial years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005, March 31, 2006 and period ended September 30, 2006 enclosed in Annexure I; and

b) the attached "Statement of Assets and Liabilities, as restated" as at the said dates enclosed as Annexure II to this report, together referred to as 'Summary Statements'.

The Summary Statements for the financial years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005 and March 31, 2006 have been extracted from the financial statements audited by us and approved by the Board of Directors and adopted by the Members of the Company at the respective Annual General Meetings. The summary statement for the period ended September 30, 2006 has been extracted from the financial statement audited by us and approved by the Audit Committee of the Company at its meeting held on November 18, 2006.

Based on our examination of these summary statements, we state:

- The restated profits have been arrived at after making such adjustments and regrouping as set out in Annexure V which in our opinion are appropriate in the years to which they relate.
- There are no qualifications in the auditors' report that require any adjustment to the summary statements.
- There are no extra-ordinary items that need to be disclosed separately in the summary statements.

B. Other Financial Information

We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by the Board of Directors and annexed to this report:

a) Statement of Cash Flows in respect of years ended March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005, March 31, 2006 and period ended September 30, 2006 as given in Annexure III to this report.

b) Accounting ratios based on adjusted profits relating to earnings per share, net asset value and return on net worth as given in Annexure VI to this report.

c) Statement of related party transactions given in Annexure VII to this report.

d) Statement of Segmental information given in Annexure VIII to this report.

e) Details of Dividend paid by the Company given in Annexure IX to this report.

f) Statement of tax shelter as given in Annexure X to this report.

g) Capitalisation statement of the Company as at September 30, 2006 as given in Annexure XI to this report.

h) Statement of Age-wise analysis of Receivables as given in Annexure XII to this report.

i) Statement of Loans and Advances as given in Annexure XIII to this report.

j) Statement of Contingent liabilities as given in Annexure XIV to this report.

k) Statement of Other Income given in Annexure XV to this report.

l) Statement of Secured Loans and Unsecured Loans as given in Annexure XVI and XVII to this report.

m) Statement of Investments as given in Annexure XVIII to this report.

In our opinion the financial information of the Company, attached to this report as mentioned in Paragraphs A and B above, read with respective significant accounting policies and notes as given in Annexure IV and Annexure V to this report, and after making adjustments and regrouping as considered appropriate, has been prepared in accordance with Part II of Schedule II of the Act and the Guidelines issued by SEBI.

We have issued a report of even date on our examination of the

a) Consolidated Statement of Assets and Liabilities of the Company and its subsidiaries as at March 31, 2002, March 31, 2003, March 31, 2004, March 31, 2005, March 31, 2006 and September 30, 2006, Consolidated Statement of Profits and Losses and Consolidated Statement of Cash Flows for the financial years / period ended on those dates.

This report is intended solely for your information and for inclusion in the Offer Document in connection with proposed Public Issue of Equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

for Deloitte Haskins & Sells
Chartered Accountants

Bhavani Balasubramanian
Partner
Membership No. 22156
Chennai

ANNEXURE I

STATEMENT OF PROFIT & LOSS, AS RESTATED

(Rupees in Million)

	Period ended September 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Income						
Sales and Service Income	21,540.17	36,926.58	25,028.22	19,635.03	15,316.51	13,539.68
Other Income	30.94	39.67	46.63	56.24	33.80	80.51
	21,571.11	**36,966.25**	**25,074.85**	**19,691.27**	**15,350.31**	**13,620.19**
Expenditure						
Cost of goods sold	20,721.36	35,670.24	24,219.60	18,962.06	14,781.30	13,038.44
Staff Costs	192.82	307.52	197.37	146.33	110.93	98.71
Administration and Selling Expenses	197.21	301.07	225.14	213.48	178.12	173.05
Depreciation	16.93	28.74	26.50	28.04	30.45	31.97
Interest	162.20	206.96	135.02	107.67	76.85	120.76
	21,290.52	**36,514.53**	**24,803.63**	**19,457.58**	**15,177.65**	**13,462.93**
Net Profit before Tax	**280.59**	**451.72**	**271.22**	**233.69**	**172.66**	**157.26**
Taxation						
Current Tax	96.50	157.50	99.00	92.70	66.01	53.79
Deferred Tax	(1.78)	(4.04)	(0.20)	(8.17)	(3.94)	3.01
Fringe Benefit Tax	3.27	7.06	-	-	-	-
Net Profit after Tax	**182.60**	**291.20**	**172.42**	**149.16**	**110.59**	**100.46**
Balance brought forward	1,096.03	804.83	632.41	483.25	372.66	272.20
Balance carried to Balance Sheet	**1,278.63**	**1,096.03**	**804.83**	**632.41**	**483.25**	**372.66**

ANNEXURE II

STATEMENT OF ASSETS & LIABILITIES, AS RESTATED

(Rupees in Million)

		As at September 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
A.	**Fixed Assets**						
	Gross Block	432.64	400.42	315.34	285.13	269.08	246.43
	Less: Depreciation	208.13	194.04	166.16	147.75	121.03	91.08
	Net Block	224.51	206.38	149.18	137.38	148.05	155.35
	Add: Capital Work in Progress/ Capital Advances	9.40	5.07	0.84	1.68	1.91	1.25
		233.91	211.45	150.02	139.06	149.96	156.60
B.	**Investments**	1,909.65	1,775.62	1,589.33	2.03	2.03	1.18
C.	**Advance Subscription towards Equity Shares**	-	134.03	-	-	-	-
D.	**Current Assets, Loans and Advances**						
	Inventories	3,280.56	1,779.47	951.89	788.19	796.32	438.38
	Sundry Debtors	2,963.69	3,443.10	2,339.49	1,339.93	1,075.46	1,051.17
	Cash and Bank	534.39	330.71	89.23	247.31	5.38	86.30
	Loans and Advances	818.61	656.15	571.09	493.09	361.93	341.79
		7,597.25	6,209.43	3,951.70	2,868.52	2,239.09	1,917.64
	Total Assets	**9,740.81**	**8,330.53**	**5,691.05**	**3,009.61**	**2,391.08**	**2,075.42**
E.	**Liabilities and Provisions**						
	Secured Loans	437.24	805.18	375.34	479.44	438.67	322.49
	Unsecured Loans	2,332.46	1,188.16	749.04	213.27	198.18	151.66
	Current Liabilities including Finance Lease Obligations	2,469.60	2,211.99	1,121.61	950.86	624.06	598.18
	Provisions	542.67	439.83	268.35	302.47	207.58	187.14
		5,781.97	4,645.16	2,514.34	1,946.04	1,468.49	1,259.47
F.	**Deferred Tax Liability (Net)**	10.20	11.99	16.04	16.23	24.41	28.35
G.	**Networth**	**3,948.64**	**3,673.38**	**3,160.67**	**1,047.34**	**898.18**	**787.60**
	Represented by						
	1. Share Capital (Equity paid-up capital)	646.35	630.82	607.01	293.88	293.88	291.61

(Rupees in Million)

		As at September 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
2.	Advance for Share Capital	-	-	-	-	-	14.44
3.	Reserves and Surplus						
	3.1 Share premium account	2,023.66	1,946.53	1,748.83	121.05	121.05	108.89
	3.2 Profit and Loss account balance	1,278.63	1,096.03	804.83	632.41	483.25	372.66
		3,948.64	**3,673.38**	**3,160.67**	**1,047.34**	**898.18**	**787.60**

ANNEXURE III

CASH FLOW STATEMENT, AS RESTATED

(Rupees in Million)

	Period ended September 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Cash flow from operating activities:						
Net Profit before taxation	**280.59**	**451.72**	**271.22**	**233.69**	**172.66**	**157.26**
Adjustments for:						
- Depreciation	16.93	28.74	26.50	28.04	30.45	31.97
- Interest Expense	162.20	206.96	135.02	107.67	76.85	120.76
- Interest income	(17.62)	(22.96)	(29.02)	(34.14)	(18.25)	(68.92)
- Loss on sale of fixed assets	1.47	0.35	1.61	0.65	0.31	0.29
Operating Profit before working capital change	**443.57**	**664.81**	**405.33**	**335.91**	**262.02**	**241.36**
Decrease / (Increase) in Sundry Debtors	479.41	(1,103.61)	(999.56)	(264.47)	(24.29)	18.63
(Increase) / Decrease in Loans and advances	(96.64)	72.94	27.80	(55.93)	49.20	(51.68)
(Increase) / Decrease in Inventories	(1,501.09)	(827.58)	(163.70)	8.13	(357.94)	67.24
Increase / (Decrease) in Current liabilities	264.15	1,103.61	30.22	328.98	(19.69)	50.74
Cash (used in) / generated from operations	**(410.60)**	**(89.83)**	**(699.91)**	**352.62**	**(90.70)**	**326.29**
Income tax / Fringe Benefit tax paid	(74.41)	(159.72)	(103.70)	(75.00)	(70.00)	(40.00)
Net Cash (used in) / generated from operating activities	**(485.01)**	**(249.55)**	**(803.61)**	**277.62**	**(160.70)**	**286.29**
Cash flow from investing activities:						
Payment for purchase of fixed assets	(42.98)	(94.66)	(42.01)	(20.39)	(24.02)	(24.71)
Interest Received	17.61	20.44	27.76	34.15	18.25	68.92
Proceeds from sale of fixed assets	2.13	8.37	2.10	2.36	0.55	1.24
Investment in subsidiaries	-	(320.32)	(437.30)	-	(0.86)	-
Net Cash (used in) / generated from investing activities	**(23.24)**	**(386.17)**	**(449.45)**	**16.12**	**(6.08)**	**45.45**
Cash flow from financing activities:						
Proceeds from / (repayment) of short-term borrowings (Net)	776.35	868.96	431.67	55.86	185.48	(213.03)

(Rupees in Million)

	Period ended September 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Proceeds from short-term borrowings - Subsidiary	22.00	-	-	-	-	-
Repayment of short-term borrowings - Subsidiary	(22.00)	-	-	-	-	-
Repayment of long-term borrowings	-	-	-	-	(22.77)	(12.83)
Proceeds from issue of share capital (Net)	92.65	221.51	790.91	-	-	-
Interest paid	(157.07)	(213.27)	(127.60)	(107.67)	(76.85)	(120.76)
Net Cash generated from / (used in) financing activities	**711.93**	**877.20**	**1,094.98**	**(51.81)**	**85.86**	**(346.62)**
Net Increase / (Decrease) in cash and cash equivalents	203.68	241.48	(158.08)	241.93	(80.92)	(14.88)
Cash and cash equivalents at the beginning of the period / year	330.71	89.23	247.31	5.38	86.30	101.18
Cash and cash equivalents at the end of the period / year	**534.39**	**330.71**	**89.23**	**247.31**	**5.38**	**86.30**

ANNEXURE IV

NOTES ON ACCOUNTS FOR THE RESTATED FINANCIAL STATEMENTS

1. Summary of significant accounting policies

a. Basis of accounting

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

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 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. Future 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 – Cost of software purchased is amortized using straight-line method over its estimated useful life of 3 years.
4. Individual assets valuing Rs.5000/- 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 included in bringing the inventories to their warehouse. Trading stocks and service spares are valued on weighted average basis.

h. Sundry Debtors

The Company has assignment / purchase of receivable agreements with certain banks without recourse.

i. Warranties

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

j. Revenue Recognition

(i) Sales revenue is recognized when the ownership and title is transferred and the sales price is fixed or determinable. Such revenue is net of trade discounts and sales tax.

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

(iii) Reimbursements from suppliers are net of credits/disbursements to customers on back-to-back arrangements.

k. 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 & Loss Account.

l. Employee benefits

(i) Contribution to Provident Fund made in accordance with the rules is charged to Profit and Loss Account.

(ii) 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.

(iii) Provision for leave encashment, payable at the time of resignation / retirement is being made as per the provisions of the revised Accounting Standards 15 on 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.

m. Provision for Taxation

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

(i) Current tax is determined in accordance with the provisions of the Income Tax Act, 1961, on the income for the period / year chargeable to tax.

(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 determined in accordance with the provisions of the Income Tax Act, 1961.

2. Notes forming part of Accounts

a) Share Capital

1,895,440 equity shares of Rs.10/- each at a premium of Rs. 53.5925 were issued to BTS Asset Management Limited, Bahamas on March 15, 2002.

226,993 equity shares of face value of Rs.10/- each at a premium of Rs. 53.5925, were issued to Redington (Mauritius) Limited on March 10, 2003.

The authorised capital was increased to Rs. 650 million pursuant to the resolution of members passed at the Extraordinary General Meeting held on August 24, 2004.

The company issued 14,693,796 equity shares of Rs.10/- each at a premium of Rs. 68.2643 as fully paid-up to Redington (Mauritius) Limited on October 21, 2004 in consideration for acquiring the entire equity holding in Redington Gulf FZE, Dubai. The company further issued 16,620,056 shares of Rs.10/- each at a premium of Rs. 37.5880 to Synnex Mauritius Limited on December 30, 2004.

The authorised capital was increased to Rs. 850 million pursuant to the resolution of members passed at the Extraordinary General Meeting held on March 17, 2006.

The company issued 2,380,801 shares of Rs.10/- each at a premium of Rs. 83.0400 to Beethoven Limited, Mauritius on March 17, 2006.

The company issued 1,552,500 shares of Rs.10/- each at a premium of Rs. 52.0000 to Employees Share Purchase Trust under the Employees Share Purchase Scheme on July 1, 2006.

The shareholding pattern as on September 30, 2006 is as follows:

Shareholder Category	No. of Equity Shares	% of holding
Promoter holding		
Redington (Mauritius) Limited	33,901,595	52.45
Sub-total (A)	**33,901,595**	**52.45**
Non-Promoter holding		
Synnex Mauritius Limited	22,038,188	34.10
Beethoven Limited	7,142,403	11.05
Employees of subsidiaries	673,544	1.04
Employees of the company	457,616	0.71
Redington Employees Share Purchase Trust	421,400	0.65
Sub-total (B)	**30,733,151**	**47.55**
Total (A + B)	**64,634,746**	**100.00**

b) Share Premium

The syndication fee paid during the period ended September 30, 2006 in connection with issue of equity shares has been adjusted against Share Premium Account in accordance with the provisions of Section 78 of the Indian Companies Act, 1956.

The share issue expenses in connection with proposed initial public offer would be adjusted against the share premium on completion of the issue process.

c) Fixed Assets

The Board of Directors has at their meeting held on June 9, 2006 given their consent to sell the property at Guindy, Chennai the original cost of which is Rs. 2.80 million. Considering the current market price, the sale price is expected to be above the cost and hence no provision for loss is considered necessary.

d) Acquisitions and Investments in Subsidiaries

The Company formed a wholly owned subsidiary, Redington (India) Investments Limited on June 28, 1995 with an investment of Rs. 0.10 million and made an additional investment of Rs.0.40 million during the year 2002-03.

The Company acquired the entire equity holding in Nook Holdings Private Limited with effect from August 28, 1995 for a consideration of Rs.1.08 million and made an additional investment of Rs. 0.45 million during the year 2002-03.

During the year 2004-05, the Company acquired the entire equity holding in Redington Gulf FZE with effect from April 1, 2004 from Redington (Mauritius) Limited consequent to a tripartite agreement between the company, Redington Gulf FZE and Redington (Mauritius) Limited. The Company issued 14,693,796 equity shares of face value of Rs.10/- each to

Redington (Mauritius) Limited on October 21, 2004 towards settlement of consideration for the acquisition during the year 2004-05. The company made additional investments amounting to Rs. 437.30 million and Rs.134.03 million in the equity share capital of Redington Gulf FZE, Dubai on January 13, 2005 and on March 24, 2006 respectively. Redington Gulf FZE allotted the share on April 9, 2006 pertaining to the investment made on March 24, 2006, which was treated as advance subscription towards equity shares as on March 31, 2006.

During the year 2005-06, the Company acquired the entire equity holding in Redington Distribution Pte Limited for a consideration of Rs. 131.60 million with effect from April 1, 2005. The company made an additional investment amounting to Rs. 44.68 million on March 24, 2006 in the equity share capital of Redington Distribution Pte Limited, Singapore.

During the year 2005-06, the Company acquired the entire equity holding in Cadensworth (India) Private Limited for a consideration of Rs. 0.11 million with effect from April 1, 2005. The company made an additional investment amounting to Rs. 9.90 million on March 31, 2006 in the equity share capital of Cadensworth (India) Private Limited.

e) Events occurring after the balance sheet date

The company extended corporate guarantee on behalf of its wholly owned subsidiary Redington Gulf FZE, Dubai amounting to Rs.136.94 million after September 30, 2006.

f) Regrouping

Figures in the restated financial statements have been appropriately regrouped to conform to the reclassifications made in the subsequent years. Profit and Loss Account figures for 2006-07 is for six months and as such is not comparable with previous years, which are for twelve months.

ANNEXURE V

STATEMENT OF ADJUSTMENTS IN THE RESTATED FINANCIAL STATEMENTS

A. Restatements

a) Fixed Assets

The company had purchased e-commerce software during the year 2000-01. Subsequently, due to non-fulfilment of certain agreed customization requirements by the supplier, the balance amount of Rs.17.14 million was considered by the management as no longer payable to the supplier and consequently, the amount was reduced from fixed assets in the financial statements relating to the year 2003-04. Depreciation for the years 2001-02, 2002-03 and 2003-04 has been recomputed.

b) Provision for leave encashment

Provision for leave encashment, which was made on actuarial valuation for the years 2001-02, 2002-03, 2003-04, 2004-05 and 2005-06 was recomputed based on the actual leave credit for the employees, pursuant to an amendment in AS 15 issued by the Institute of Chartered Accountants of India. An amount of Rs.1.37 million has been adjusted in opening reserves (net of deferred tax) for the year 2001-02 while the incremental liability has been charged to the Profit and Loss Account in the respective years.

c) Revaluation reserves

The property located in Bangalore, which was revalued by Rs. 4.52 million in the year 1994-95, was restated to its original cost in the financial statements relating to the year 2002-03 by making necessary adjustments to the opening balance in revaluation reserve as on April 1, 2002.

This adjustment has been given effect to in the statement of assets and liabilities, as restated for the year 2001-02.

The above restatement has no impact on the profit for any of the years.

d) Taxation

i. Excess/shortfall in provision for income tax arising on completion of assessments accounted in the financial statements for the years 2001-02, 2002-03, 2003-04, 2004-05 and 2005-06 have been adjusted in the relevant financial years to which they relate to in the restated financial statements.

ii. Consequent to note (a) above, the tax liabilities for the years 2001-02 and 2002-03 were recomputed by revising the depreciation allowable under the provisions of Income Tax Act. The current tax provision and the deferred tax for the respective years have also been restated in the restated financial statements.

iii. Consequent to Note (b) above, deferred tax for the years from 2001-02 to 2005-06 were recomputed.

B. Regrouping

Figures in the restated financial statements have been appropriately regrouped to conform to the reclassifications made in the subsequent years. Profit and Loss Account figures for 2006-07 is for six months and as such is not comparable with previous years, which are for twelve months.

ANNEXURE VI

ACCOUNTING RATIOS

	Period ended September 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Earnings Per Share - Basic (Rs.)	2.86 *	4.79	4.30	5.08	3.79	3.67
Earnings Per Share - Diluted (Rs.)	2.86 *	4.79	4.30	5.08	3.79	3.64
Return on Networth (%)	4.62	7.93	5.46	14.24	12.31	12.76
Net Asset Value per Equity Share (Rs.)	61.09	58.23	52.07	35.64	30.56	27.01

* Not annualized

Notes:

Ratios have been computed as below:

$$\text{Earnings Per Share – Basic (Rs.)} = \frac{\text{Net Profit as restated attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the period / year.}}$$

$$\text{Earnings Per Share – Diluted (Rs.)} = \frac{\text{Net Profit as restated attributable to equity shareholders}}{\text{Weighted average number of diluted potential equity shares outstanding during the period / year.}}$$

$$\text{Return on Networth (\%)} = \frac{\text{Net profit after tax, as restated}}{\text{Networth excluding revaluation reserve at the end of the period / year.}}$$

$$\text{Net asset Value Per Equity Share (Rs.)} = \frac{\text{Networth excluding revaluation reserve at the end of the period / year}}{\text{Number of equity shares outstanding at the end of the period / year}}$$

ANNEXURE VII

STATEMENT OF RELATED PARTY TRANSACTIONS

i) Name of Related Parties and nature of relationship where control exists as identified by the Management

Ultimate Holding Company	Chanrai Investment Corporation Ltd, Bahamas.
Holding Company	Redington Mauritius Ltd, Mauritius.
Fellow Subsidiary	Redington Pte Ltd, Singapore.
Subsidiary Companies	Nook Holdings Private Ltd, India. Redington (India) Investments Private Ltd, 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 Ltd., Saudi Arabia ^ Redington Africa Distribution FZE, Dubai ^ Redington Distribution Pte Ltd., Singapore * Redington Bangladesh Ltd, Bangladesh ^ ^

$ Company in which directors had Significant Influence for Financial Years 2003-04 & 2004-05 and Subsidiary from Financial Year 2005-06

Subsidiary from Financial Year 2004-05

* Subsidiary from Financial Year 2005-06

^ Subsidiaries of Redington Gulf FZE

^ ^ Subsidiary of Redington Distribution Pte Limited

ii) Key Management Personnel

Mr. R. Srinivasan, Managing Director*

Mr. M. Raghunandan, Whole Time Director

* The appointment of Mr. R. Srinivasan as Managing Director without remuneration with effect from July 1, 2006 is subject to the approval of the Central Government.

(Rupees in Million)

Year	2006-07 (6 Months)	2005-06	2004-05	2003-04	2002-03	2001-02
Remuneration to Whole Time Director	1.14*	2.07	3.72	1.06	1.10	1.08

* Does not include performance incentive. The same would be decided by the Board at the end of the year.

iii) Nature of Transactions

(Rupees in Million)

	Period ended September 30, 2006		Year ended March 31, 2006		Year ended March 31, 2005		Year ended March 31, 2004			Year ended March 31, 2003			Year ended March 31, 2002	
	Subsidiary companies	Fellow Subsidiary	Subsidiary companies	Fellow Subsidiary	Subsidiary companies	Fellow Subsidiary	Significant Influence	Subsidiary companies	Fellow Subsidiary	Significant Influence	Subsidiary companies	Fellow Subsidiary	Subsidiary companies	Fellow Subsidiary
Rent	0.30	-	0.60	-	0.60	-	-	0.60	-	-	0.60	-	0.60	-
Trading Purchases	1,039.24	-	1,929.53	300.68	-	909.68	-	-	650.04	-	-	1,555.27	-	814.19
Sales	100.32	-	153.87	-	-	146.39	10.74	-	105.86	2.56	-	-	-	-
Interest Income	7.50	-	2.97	-	0.27	-	1.60	0.30	-	2.14	0.33	-	0.26	-
Consultancy Charges	0.05	-	0.09	-	0.13	-	1.98	0.10	-	-	0.10	-	0.48	-
Trade Mark License Fees	9.18	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan Granted	643.77	-	265.37	-	-	-	-	-	-	10.00	-	-	-	-
Loan Settled	643.77	-	265.37	-	-	-	-	-	-	-	-	-	-	-
Loan Borrowed	22.00	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan Repaid	22.00	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	320.32	-	1,587.30	-	-	-	-	-	0.86	-	-	-
Guarantees given	1,084.77	-	3,936.50	-	437.50	-	-	-	-	-	-	-	-	-
Guarantees Outstanding	5,124.50	-	4,382.70	-	437.50	-	-	-	-	-	-	-	-	-
Amount receivable at the end of the period / year	2.02	-	2.40	-	2.14	-	17.49	2.39	42.23	13.38	2.63	-	2.83	-
Amount Payable at the end of the period / year	93.31	-	427.04	-	0.08	107.34	-	-	-	-	-	136.81	-	15.18

ANNEXURE VIII

STATEMENT OF SEGMENTAL INFORMATION

The Company has only one business segment of trading in IT and related products including after sales services. The turnover of telecom products and consumer durables being less than 10% of the total turnover, it is not considered as a material segment. Although the Company's operations cover various States in India, the State laws have no significant impact on profitability. Accordingly there are no other business / geographical segments to be reported on.

ANNEXURE IX

DETAILS OF DIVIDEND PAID BY THE COMPANY

With a view to conserve resources for company's expanding operations, no dividend was recommended by the Board of Directors for the financial years 2001-02 to 2005-06 and for the interim period ended September 30, 2006.

ANNEXURE X

STATEMENT OF TAX SHELTER

(Rupees in Million)

		Period ended September 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Profit before tax as restated	A	**280.59**	**451.72**	**271.22**	**233.69**	**172.66**	**157.26**
Income Tax rate applicable	B	33.6600%	33.6600%	36.5925%	35.8750%	36.7500%	35.7000%
Notional Tax at above rate (A x B)	C	94.45	152.05	99.25	83.84	63.45	56.14
Permanent differences							
- Deductions under Chapter VI A of Income Tax Act, 1961(the 'Act')		-	(0.50)	-	-	(0.70)	-
- Expenses disallowed (Net)		1.35	2.90	2.86	0.65	0.63	0.29
Total	D	**1.35**	**2.40**	**2.86**	**0.65**	**(0.07)**	**0.29**
Temporary differences							
- Difference between book depreciation and income tax depreciation		(1.25)	(8.11)	(1.02)	3.53	6.24	(7.49)
- Provision for doubtful debts (net of write off)		2.13	12.86	(7.28)	14.90	-	-
- Others		(2.42)	14.23	3.25	2.25	0.84	0.61
Total	E	**(1.54)**	**18.98**	**(5.05)**	**20.68**	**7.08**	**(6.88)**
Net Adjustments (D + E)	F	(0.19)	21.38	(2.19)	21.33	7.01	(6.59)
Tax saving thereon (F x B)	G	(0.06)	7.20	(0.80)	7.65	2.58	(2.35)
Total Taxation Charge (C + G)	H	94.39	159.25	98.45	91.49	66.03	53.79
Excess / (Short) provision for the period / year	I	2.11	(2.05)	0.55	0.77	0.43	-
Interest under section 234C of the Act	J	-	0.30	-	0.44	0.02	-
Restated tax provision for the period / year (H + I + J)	K	96.50	157.50	99.00	92.70	66.48	53.79
Tax effect on restatements	L	-	-	-	-	(0.47)	-
Provision for current tax as per books of Accounts (K + L)		96.50	157.50	99.00	92.70	66.01	53.79

ANNEXURE XI

CAPITALISATION STATEMENT

(Rupees in Million)

	Pre issue as at September 30, 2006	As adjusted for issue
Short Term Debt	2,769.70	2,769.70
Long Term Debt	-	
Shareholders Funds		
Share Capital	646.35	778.66
Reserves and Surplus	3,302.29	4,665.08
Total Shareholders Funds	3,948.63	5,443.74
Short Term Debt / Shareholders Funds	0.70: 1	0.51:1
Long Term Debt / Shareholders Funds	-	-

ANNEXURE XII

STATEMENT OF SUNDRY DEBTORS, AS RESTATED

(Rupees in Million)

	Particulars	**As at September 30, 2006**	**As at March 31, 2006**	**As at March 31, 2005**	**As at March 31, 2004**	**As at March 31, 2003**	**As at March 31, 2002**
a)	Debts outstanding for a period exceeding						
	six months						
	- Unsecured, Considered Good	22.97	22.69	115.31	53.02	57.57	29.70
	- Unsecured, Considered Doubtful	22.61	20.47	7.62	14.90	-	-
	Total	**45.58**	**43.16**	**122.93**	**67.92**	**57.57**	**29.70**
b)	Debts outstanding for a period less than						
	six months						
	- Unsecured, Considered Good						
	- Related Parties (detailed below)	4.83	0.89	29.75	1.44	3.73	-
	- Others	2935.89	3,419.52	2,194.43	1,285.47	1,014.16	1,021.47
	Total	**2940.72**	**3,420.41**	**2,224.18**	**1,286.91**	**1,017.89**	**1,021.47**
	Total (a) + (b)	2986.30	3,463.57	2,347.11	1,354.83	1,075.46	1,051.17
	Provision for doubtful debts	(22.61)	(20.47)	(7.62)	(14.90)	-	-
	Grand Total	**2963.69**	**3,443.10**	**2,339.49**	**1,339.93**	**1,075.46**	**1,051.17**

ANNEXURE XII

DUES FROM RELATED PARTIES

(Rupees in Million)

Name of the Related Party	As at September 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Redington Pte Ltd, Singapore #	-	-	29.75	0.20	3.73	-
Cadensworth (India) Private Ltd., India $	-	0.49	-	1.24	-	-
Redington Distribution Pte Ltd., Singapore *	4.83	0.40	-	-	-	-
Total	**4.83**	**0.89**	**29.75**	**1.44**	**3.73**	**-**

Fellow Subsidiary

$ Company in which directors had Significant Influence for Financial Years 2003-04 & 2004-05 and Subsidiary from Financial Year 2005-06.

* Subsidiary from Financial Year 2005-06.

ANNEXURE XIII

STATEMENT OF LOANS AND ADVANCES, AS RESTATED

(Rupees in Million)

	As at September 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Secured and Considered Good (Secured on deposit of title deed relating to property)	1.37	1.30	8.39	12.80	12.80	-
Unsecured and Considered Good:						
Due from related parties						
Nook Holdings Private Limited (Subsidiary)	2.01	1.92	2.14	2.39	2.63	2.83
Redington (India) Investments Private Limited (Subsidiary)	0.01	-	-	-	-	-
Cadensworth (India) Private Limited$	-	-	9.38	12.14	-	-
Redington Distribution Pte Limited*	-	0.08	-	-	-	-
Advances Recoverable in Cash or in kind for value to be received	141.28	84.45	212.99	122.33	93.37	108.59
Other Advances	89.66	84.71	29.10	12.86	3.41	7.62
Deposits	50.20	39.87	27.40	27.85	25.60	29.44
Balances with Customs	7.50	3.48	4.03	3.35	6.38	-
Advance Income Tax including Fringe Benefit Tax and Tax Deducted at Source	526.58	440.34	277.66	299.37	217.74	193.31
Total	**818.61**	**656.15**	**571.09**	**493.09**	**361.93**	**341.79**

$ Company in which directors had Significant Influence for Financial Years 2003-04 & 2004-05 and became Subsidiary from Financial Year 2005-06.

* Subsidiary from Financial Year 2005-06.

ANNEXURE XIV

STATEMENT OF CONTINGENT LIABILITIES

(Rupees in Million)

		As at September 30, 2006	As at March 31, 2006	As at March 31, 2005
a.	Guarantees by banks on behalf of the Company	9.06	11.01	100.00
b.	Corporate Guarantees issued on behalf of the overseas subsidiaries $	5,124.50	4,382.70	437.50
c.	Bills Discounted	126.56	92.95	77.49
d.	Claims made against the company not acknowledged as debts			
	i Claim from an erstwhile Warehouse Owner	6.70	6.70	NIL
	ii Other Sundry Claims	4.57	4.18	3.39
e.	Disputed Income Tax/Sales Tax/Customs Duty demands *			
	i Income Tax	10.58	11.22	3.13
	ii Local Sales Tax	10.67	3.37	25.48
	iii Central Sales Tax	8.24	5.38	18.07
	iv Customs Duty	6.05	6.05	6.05

$ The company has extended corporate guarantee to the wholly owned subsidiary Redington Gulf FZE, Dubai amounting to Rs. 136.94 millions in October 2006.

* The company has paid Rs. 9.81 millions, which has been treated 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.

ANNEXURE XV

STATEMENT OF OTHER INCOME, AS RESTATED

(Rupees in Million)

	Period ended September 30, 2006	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003	Year ended March 31, 2002
Recurring in Nature						
Exchange Gain (Net)	11.70	10.78	14.97	21.85	13.52	10.70
Interest	10.12	22.01	12.45	12.44	9.31	11.32
Non Recurring in Nature						
Interest	7.50	0.95	16.57	21.70	8.94	57.60
Miscellaneous	1.62	5.93	2.64	0.25	2.03	0.89
Total	**30.94**	**39.67**	**46.63**	**56.24**	**33.80**	**80.51**

ANNEXURE XVI

STATEMENT OF SECURED LOANS, AS RESTATED

(Rupees in million)

	As at September 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
From Banks						
Term Loan	-	-	-	-	-	22.77
Short-term Loans	437.24	805.18	375.34	479.44	438.67	299.72
Total	**437.24**	**805.18**	**375.34**	**479.44**	**438.67**	**322.49**

Note:

i. Short-term loans are secured by a *pari passu* charge on the Fixed assets and Current assets from 2005-06.

ii. All the short-term loans from banks have monthly weighted average effective rate of interest ranging from 7.63% to 8.24% for the first half in 2006-07.

iii. Short-term loans are borrowings availed for working capital purposes and are payable within a period of one year.

ANNEXURE XVII

STATEMENT OF UNSECURED LOANS, AS RESTATED

(Rupees in million)

	As at September 30, 2006	**As at March 31, 2006**	**As at March 31, 2005**	**As at March 31, 2004**	**As at March 31, 2003**	**As at March 31, 2002**
Commercial Paper	1,900.00	1,000.00	-	-	-	100.00
Short-term Unsecured Non-Convertible Debentures	-	-	550.00	-	-	-
Short-term Loans from Banks	432.46	188.16	199.04	213.27	198.18	51.66
Total	**2,332.46**	**1,188.16**	**749.04**	**213.27**	**198.18**	**151.66**

Note:

i. The company issued Commercial paper to banks which carried an interest rate ranging from 5.70% to 7.00% and the tenor varies from 180-365 days.

ii. All the short-term loans from banks have monthly weighted average effective rate of interest ranging from 7.63% to 8.24% for the first half in 2006-07.

iii. Short-term loans are borrowings availed for working capital purposes and are payable within a period of one year.

ANNEXURE XVIII

STATEMENT OF INVESTMENTS

(Rupees in million)

	As at September 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Investments in wholly owned subsidiaries						
Long Term						
Trade-Unquoted:						
6 Equity Shares (5 Shares as at March 31, 2006 and March 31, 2005) of AED 1,000,000 each fully paid-up in Redington Gulf FZE, Dubai $	1,721.33	1,587.30	1,587.30	-	-	-
3,800,000 Equity Shares of USD 1 each fully paid-up in Redington Distribution Pte Ltd.	176.28	176.28	-	-	-	-
1,000,000 Equity Shares of Rs.10/- each fully paid-up in	10.01	10.01	-	-	-	-
Cadensworth (India) Private Ltd.*						
Non-Trade-Unquoted:						
50,000 Equity Shares (4,300 Shares as at March 31, 2002) of Rs.10/- each fully paid-up in Nook Holdings Private Ltd.	1.53	1.53	1.53	1.53	1.53	1.08
50,000 Equity Shares (10,002 Shares as at March 31, 2002) of Rs.10/- each fully paid-up in Redington (India) Investments Private Ltd.	0.50	0.50	0.50	0.50	0.50	0.10
Total	**1,909.65**	**1,775.62**	**1,589.33**	**2.03**	**2.03**	**1.18**

$Acquired during the year 2004-05

*Acquired during the year 2005-06

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our Consolidated financial statements, as restated, under Indian GAAP for the Fiscal years ended March 31, 2002, 2003, 2004, 2005 and 2006, including the significant accounting policies and notes and annexure thereto.

Our restated financial statements have been derived from our Consolidated financial statements prepared in accordance with Indian GAAP, the accounting standards referred to in Companies Act and the other applicable provisions of the Companies Act and Indian Securities regulations.The following discussion is also based on internally prepared statistical information and publicly available information. You are also advised to read the section titled "Risk Factors" beginning on page 1, which discusses a number of factors and contingencies that could affect our financial condition, results of operations and cash flows.

Certain industry, technical and financial terms with initial capitals used in this discussion shall have the meanings ascribed to them in the section titled "Definitions and Abbreviations" beginning on page i.

OVERVIEW

We, Redington (India) Limited, are distributors of IT products and providers of logistics and supply chain management and other support services in India, Middle East and Africa. We, based on our turnover from stand alone India operations, have been ranked 11th among all, India based IT companies, including the companies who provide IT software services, by Dataquest for the year 2004-05. We distribute IT products in India, Middle East and Africa. Recently, we have started distribution of mobile handsets and accessories in Nigeria and in limited territories of India. Apart from distribution, we also provide support services for IT hardware and mobile phones.

The table below lists our subsidiaries included in the consolidation of our financial statements and our respective holdings in each.

Name of the company	Country of incorporation	Effective date of 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 Limited	India	April 1, 2005	100%

Since above entities became our subsidiaries at various points in time, a year on year comparison may not give a comparable picture.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The key factors that have had an impact on the results of our operations, financial condition and cash flow over the past three years have been detailed below:

- revival of the IT industry in 2003-04;
- increase in PC and PC related products penetration in India and in other and emerging geographies where we operate;
- favourable taxation exemptions by the Government of India for IT and Telecom products;
- reduction in interest rates; and
- foreign exchange rate fluctuations.

These factors and a number of future developments may affect our results of operations, financial condition and cash flow in future periods. We believe that the following future developments may affect our future results of operations, financial condition and cash flows:

- investments in setting up of automated distribution centers;
- gain or loss of significant vendor relationships;
- diversifying into providing distribution and after sales services for products in different sectors/segments;
- change in the strategic plans of our current and potential vendors regarding their distribution network; and
- impact of changes in government policy.

For more information on these and other factors/developments which have or may affect us financially, please refer to the other parts of this "Management's Discussion and Analysis of Financial Condition and Results of Operations" section, beginning on page 154, as well as the section titled "Risk Factors" beginning page 1 and the section titled "Industry and Business" on page 46.

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of accounting

Financial statements have been prepared on accrual basis under historical cost convention in accordance with Indian Generally Accepted Accounting Principles (GAAP) for the parent company and its Indian subsidiaries, 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. 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. Fixed Assets and Depreciation

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

b. 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.

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

d. Individual assets valuing Rs. 5000/- and below are fully depreciated in the year of addition in the parent company and its Indian subsidiaries.

e. 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%

c. Inventories

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

d. Revenue Recognition

a. Sales revenue is recognised when, the ownership and title is transferred and the sales price is fixed or determinable. Such 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.

b. Service revenue is recognized when services are rendered. Warranty and Maintenance Contract revenue is recognized as per the terms of contract. Reimbursements from suppliers are net of credits / disbursements to customers on back-to-back arrangements.

e. 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 currencies 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 as on March 31, 2005, March 31, 2006 and September 30, 2006 are translated at the closing exchange rates as mentioned in the table below. Income and expenses of foreign subsidiaries for the years ended March 31, 2005 and March 31, 2006 and for the period ended September 30, 2006 are translated at average exchange rates as mentioned in the table below.

Statement of foreign exchange rates						
Currency	**2006-07**		**2005-06**		**2004-05**	
	Average (6 Months)	**Closing**	**Average (12 Months)**	**Closing**	**Average (12 Months)**	**Closing**
USD	45.8529	45.9200	44.2171	44.6200	NA	NA
AED	12.4886	12.5000	12.0395	12.1600	12.2259	11.8939

f. Share Capital

1,895,440 equity shares of Rs.10/- each at a premium of Rs. 53.5925 were issued to BTS Asset Management Limited, Bahamas on March 15, 2002.

226,993 equity shares of face value of Rs.10/- each at a premium of Rs. 53.5925, were issued to Redington (Mauritius) Limited on March 10, 2003.

The authorised capital was increased to Rs. 650 million pursuant to the resolution of members passed at the Extraordinary General Meeting held on August 24, 2004.

The company issued 14,693,796 equity shares of Rs.10/- each at a premium of Rs. 68.2643 as fully paid-up to Redington (Mauritius) Limited on October 21, 2004 in consideration for acquiring the entire equity holding in Redington Gulf FZE, Dubai. The company further issued 16,620,056 shares of Rs.10/- each at a premium of Rs. 37.5880 to Synnex Mauritius Limited on December 30, 2004.

The authorised capital was increased to Rs. 850 million pursuant to the resolution of members passed at the Extraordinary General Meeting held on March 17, 2006.

The company issued 2,380,801 shares of Rs.10/- each at a premium of Rs. 83.0400 to Beethoven Limited, Mauritius on March 17, 2006.

The company issued 1,552,500 shares of Rs.10/- each at a premium of Rs. 52.0000 to Employees Share Purchase Trust under the Employees Share Purchase Scheme on July 1, 2006.

The shareholding pattern as on September 30, 2006 is as follows:

Shareholder Category	No. of Equity Shares	% of holding
Promoter holding		
Redington (Mauritius) Limited	33,901,595	52.45
Sub-total (A)	**33,901,595**	**52.45**
Non-Promoter holding		
Synnex Mauritius Limited	22,038,188	34.10
Beethoven Limited	7,142,403	11.05
Employees of subsidiaries	673,544	1.04
Employees of the company	457,616	0.71
Redington Employees Share Purchase Trust	421,400	0.65
Sub-total (B)	**30,733,151**	**47.55**
Total (A + B)	**64,634,746**	**100.00**

OVERVIEW OF THE RESULTS OF OPERATIONS

	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2006	Period ended September 30, 2006
Income						
Sales Income	13,282.08	15,093.20	19,344.96	39,903.60	67,002.47	40,512.59
Service Income	257.59	223.31	290.07	576.10	903.24	766.84
Other Income	80.26	33.47	55.93	63.07	49.75	34.39
% of Sales & Service Income	0.59%	0.22%	0.28%	0.16%	0.07%	0.08%
	13,619.93	**15,349.98**	**19,690.96**	**40,542.77**	**67,955.46**	**41313.82**
Expenditure						
Cost of goods sold	13,038.44	14,781.31	18,962.06	39,014.45	65,463.06	39,617.94
% Of Sales & Service Income	96.30%	96.51%	96.57%	96.38%	96.40%	95.98%
Staff Costs	98.71	110.93	146.33	325.78	558.73	383.13
% Of Sales & Service Income	0.73%	0.72%	0.75%	0.80%	0.82%	0.93%
Administration and Selling Expenses	172.13	177.50	212.84	396.94	624.41	498.83
% Of Sales & Service Income	1.27%	1.16%	1.08%	0.98%	0.92%	1.21%
EBIDTA	**310.65**	**280.24**	**369.73**	**805.60**	**1309.26**	**813.92**
% Of Sales & Service Income	2.29%	1.83%	1.88%	1.99%	1.93%	1.97%
Depreciation	**32.02**	**30.50**	**28.09**	**37.23**	**49.35**	**29.74**
% Of Sales & Service Income	0.24%	0.20%	0.14%	0.09%	0.07%	0.07%
Interest	**120.77**	**76.85**	**107.67**	**232.53**	**361.34**	**281.62**
% of Sales & Service Income	0.89%	0.50%	0.55%	0.57%	0.53%	0.68%
Net Profit before Tax	**157.86**	**172.89**	**233.97**	**535.84**	**898.57**	**502.56**
% Of Sales & Service Income	1.17%	1.13%	1.19%	1.32%	1.32%	1.22%
Taxation						
Current Tax	53.93	66.10	92.81	99.24	176.68	104.18
Deferred Tax	3.01	(3.94)	(8.17)	0.06	(4.99)	(2.10)
Fringe Benefit Tax	-	-	-	-	7.14	3.29
Net Profit after Tax	**100.92**	**110.73**	**149.33**	**436.54**	**719.74**	**397.19**
% Of Sales & Service Income	0.75%	0.72%	0.76%	1.08%	1.06%	0.96%

Income

Our total income comprises of the following components:

- distribution of IT products including PCs, Servers, Printers, Consumables, Packaged Software, PC Components and Datacom, mobile phones and accessories;
- revenues from the services and customer support business for IT products and mobile phones; and
- other income.

The following table sets out the contribution of each of these components of our income expressed as a percentage of our total income for the fiscal year 2006:

	2005-06	
	Revenue	**Contribution to consolidated revenue (%)**
Distribution of IT products and mobile handset and accessories in India	36,542.47	53.81
Support Services for IT hardware and mobile handsets in India	425.07	0.63
Distribution of IT products and mobile handset and accessories in international market	30,460.00	44.86
Support Services for IT hardware and mobile handsets in international market	478.17	0.70
Total	**67,905.71**	**100.00**

Distribution of IT products

Income from distribution of IT products includes PCs, servers, printers, consumables, packaged software, PC components and Datacom for vendors including suc HP, IBM, Samsung, Microsoft, Intel, Epson, Cisco, APC, Computer Associates, Wipro, and Acer . The details of this business segment have been detailed and explained in the "Industry and Business" section beginning on page 46. Products are sourced directly from vendors/suppliers and then resold to channel partners.

Customer support and service business

We provide after sales service of IT products and mobile phones. This business has grown over the years and currently provides following services:

- warranty support;
- post warranty support;
- parts sales;
- service sales;
- centralized test and repair facility;
- forward and reverse parts logistics.

These business activities have been appropriately detailed in the "Industry And Business" section beginning on page 46.

Other income

Other income predominantly comprises of income from exchange rate gains, gain on fixed assets sold or discarded, interest income received from corporate deposits and channel partners and recovery of bad debts written off. Other income as a percentage of total income was 0.28%, 0.16% and 0.07% in fiscal 2004, fiscal 2005 and fiscal 2006.

Expenses

The following table sets out our expenses as a percentage of its total income for the fiscal years ended 31 March 2004, 2005 and 2006:

	March 31, 2004	March 31, 2005	March 31, 2006
Cost of Goods Sold	96.30%	96.23%	96.33%
Employee Compensation	0.74%	0.80%	0.82%
Administration and Selling Expenses	1.08%	0.98%	0.92%
Interest	0.55%	0.57%	0.53%
Depreciation	0.14%	0.09%	0.07%
Tax	0.43%	0.24%	0.26%

Cost of goods sold

Cost of goods sold represents the cost of the units sold during each accounting period. The cost is measured using the value of our inventories at the beginning of the accounting period plus inventories purchased during such period (or portion thereof) less the value of our inventories at the close of the accounting period. Stocks are valued at the lower of cost and estimated net realizable value. Cost is determined on weighted average basis. For our subsidiary Redington Gulf FZE, the cost is determined on first-in-first-out basis.

Employee compensation

Employee compensation includes:

- salaries and bonuses;
- contribution to employee provident fund and other funds;
- welfare expenses; and
- provision for gratuity.

We have been able to maintain average salary cost per employee at reasonable levels, despite an overall increase in the employee cost. Total employee compensation costs were Rs.146.33 million; Rs. 325.78 million and Rs. 558.73 million for the fiscal years ended 2004, 2005 and 2006 respectively. There were 746, 1139 and 1545 employees as at the end of fiscal years 2004, 2005 and 2006 respectively.

Administration and selling expenses

Administration and selling expenses comprises rent, repairs and maintenance, insurance, rates and taxes, advertisements, communication, travel, conveyance, bad debts, factoring expenses utilities, loss on sale of asset, auditor's remuneration and miscellaneous expenses.

Interest

Our borrowing costs have been maintained at reasonable levels. Interest in fiscal 2004, fiscal 2005 and 2006 were Rs. 107.67 million, Rs. 232.53 million and Rs. 361.34 million respectively.

Depreciation

For more information on our depreciation policies, please refer to "Significant Accounting Policies" above on page 155. Generally, depreciation costs increase on the incurring of capital expenditure. Refer to the section titled "Capital Expenditure" below on page 167.

Bad debts

The Company makes a provision for bad debts on a case-to-case basis, on overdue customer receivables, if in the opinion of the management the collection of those receivables are doubtful. The prudent risk management practices have helped us to maintain our bad debts including provisions for bad debts at an average of less than 0.07% over the last five years.

Taxes

Income Taxes are accounted for in accordance with AS – 22 issued by the ICAI on "Accounting for Taxes on Income". Taxes comprise both current and deferred taxes. Provision for current taxes is made at current tax rates after taking into consideration the benefits admissible under the provisions of the respective countries tax laws.

Net Profit, as restated

Net Profit, as restated, consists of the profit after tax as per the audited statements, adjusted to reflect any extraordinary items and adjusted on account of (a) changes in accounting policies and (b) waiver of interest by minority shareholders of two subsidiaries of Redington Gulf FZE (c) extinguishment of liability (d) reinstatement of a revalued asset (e) regroupings and accounting of deferred tax (made mandatory with effect from fiscal 2003).

RESULTS OF OPERATIONS – FOR THE SIX MONTHS PERIOD ENDED SEPTEMBER 30, 2006

Income

Our total income comprising income from operations and other income for the six months ended September 30, 2006 was Rs. 41,313.82 million. The income from operations was Rs.41,279.43 million and other income was Rs.34.39 million. Our sales income for the six months ended September 30, 2006 was Rs. 40,512.59 million and service income for the six months ended September 30, 2006 was Rs. 766.84 million. As a percentage of our total revenue, income from sales was 98.06% and service revenue was 1.86%.

Expenses

Cost of goods sold

Our cost of goods sold for the six months ended September 30, 2006 was Rs. 39,617.94 million. However as a percentage of total income cost of goods sold was 95.90% for the six months ended September 30, 2006.

Employee compensation

Employee compensation was Rs. 383.13 million for the six months ended September 30, 2006. No. of employees as on September 30, 2006 was 1,720. The cost of personnel as a percentage of total income for the same period was 0.93%.

Administration and Selling Expenses

Our administration and selling expenses were Rs. 498.83 million for the six months ended September 30, 2006.

EBIDTA

Our earnings before interest, depreciation and taxes were Rs. 813.92 million for the six months ended September 30, 2006.

Depreciation

Depreciation was Rs. 29.74 million for the six months ended September 30, 2006. The additions in fixed assets in this period amounted to Rs. 91.28 million. Depreciation as a percentage of total income was 0.07%.

Interest

Interest costs were Rs. 281.62 million for the six months ended September 30, 2006. The borrowings from bank and other financial institutions as at September 30, 2006 were Rs. 5,085.30 million. However the interest cost as a percentage of total income for the same period was 0.68%.

Taxes

Our provision for tax liabilities including fringe benefit tax was Rs. 105.37 million. However the effective tax rate was 20.97%.

Net profit as restated

Our net profit after tax was Rs. 397.19 million for the six months ended September 30, 2006. The profit after tax as a percentage of total income for the same period was 0.96%

RESULTS OF OPERATIONS – FISCAL YEAR 2006 COMPARED TO FISCAL YEAR 2005

Income

Our total income increased by 67.61% to Rs. 67,955.46 million in the fiscal year 2006 from Rs. 40,542.77 million in fiscal 2005. Sales and services income increased by 67.75% to Rs. 67, 905.71 million in fiscal 2006 from Rs. 40,479.70 million in fiscal 2005. Sales income increased by 67.91% to Rs. 67,002.47 million in Fiscal 2006 from Rs. 39,903.60 million in fiscal 2005. Service income increased by 56.79% to Rs. 903.24 million in Fiscal 2006 from Rs. 576.10 million in fiscal 2005. This increase was primarily due to:

- acquisition of contracts from new IT product vendors such as Sybase, Symantec and Mcafee, Lenovo, Asus, Tyco, Linksys for distribution of their products;
- increase in distribution of consumer durables of LG in the fiscal year 2006;
- acquisition of subsidiaries –Redington Distribution Pte Limited, Singapore and Cadensworth (India) Private Limited;
- increase in our geographical reach, i.e. expansion by opening more branches / warehouses / service centres;
- increase in demand for IT and its related products.

As a percentage of our total income, income from sales and service income were 98.60% and 1.33% respectively in fiscal 2006.

Other Income

Other income decreased by 21.12% to Rs. 49.75 million in fiscal 2006 from Rs. 63.07 million in fiscal 2005 primarily on account of decrease in interest income and miscellaneous income. Miscellaneous income in 2005 comprised of consultation fees received by Redington Gulf FZE from Redington Middle East LLC which became subsidiary of Redington Gulf FZE during the year 2005-06.

Expenses

Cost of goods sold

Cost of goods sold increased by 67.79% to Rs. 65, 463.06 million in fiscal 2006 from Rs. 39,014.45 million in fiscal 2005 in line with the increase in sales. However as a percentage of total income, cost of goods sold increased marginally to 96.33% in fiscal 2006 as compared to 96.23% in fiscal 2005.

Employee compensation

Our employee compensation costs increased by 71.51% to Rs. 558.73 million in fiscal 2006 from Rs. 325.78 million in fiscal 2005. This increase was mainly due to an increase in the number of employees and increase in the compensation for the existing employees. The number of employees at year-end increased from 1,139 in 2005 to 1,545 in 2006.

Administration and selling expenses

Administration and selling expenses increased by 57.31% to Rs. 624.41 million in fiscal 2006 from Rs. 396.94 million in fiscal 2005 mainly due to the following:

- repairs and maintenance costs increased by Rs. 24.53 million to Rs. 58.00 million in fiscal year 2006 from Rs. 33.47 million in fiscal year 2005;

- communication costs increased by Rs. 18.95 million to Rs. 71.33 million in fiscal year 2006 from Rs. 52.38 million in fiscal year 2005;
- bad debts including provision for doubtful debts have increased by Rs. 15.22million to Rs. 32.99 million (0.05% of total income) in fiscal year 2006 from Rs. 17.76 million (0.04% of total income) in fiscal year 2005. Bad debts including provision for doubtful debts have been maintained at a level of 0.05% of revenues despite a 67.75% increase in sales volumes; and
- Factoring expenses have decreased by Rs. 2.36 million to Rs. 20.37 million in fiscal year 2006 from Rs. 22.73 million in fiscal year 2005.

EBIDTA

EBIDTA increased by 62.52% from Rs. 805.60 million in fiscal year 2005 to Rs. 1,309.26 million in fiscal year 2006 in line with the increase in our sales. However, as a percentage of total income EBIDTA has marginally reduced from 1.99% in fiscal year 2005 to 1.93% in fiscal year 2006 due to increase in cost of goods sold and employee compensation.

Depreciation

Depreciation increased by 32.55% to Rs. 49.35 million in fiscal 2006 from Rs. 37.23 million in fiscal 2005. The increase in the depreciation can be attributed to the increase in the asset base due to the acquisition of subsidiaries in India and overseas and capital expenditure.

Interest

Interest expense increased by 55.40% to Rs. 361.34 million in fiscal 2006 from Rs. 232.53 million in fiscal 2005. This increase is due to the acquisition of overseas subsidiaries, increase in the working capital requirements of the company on account of increase in sales. The Company has been able to bring down its overall cost of borrowing which has partially offset the interest cost on account of increased working capital. Though there was an increase in the interest rates the company was able to control the increase in costs by adopting the optimum mix of debt between rated and unrated borrowings.

Taxes

Provision for taxes increased by 80.09% to Rs. 178.83 million in fiscal 2006 from Rs. 99.30 million in fiscal 2005 reflecting higher provisions for current taxes. The company had to make provision for Fringe Benefit Tax to the tune of Rs. 7.14 million that was introduced in the year fiscal 2006. The effective tax rate had been 19.90%.

Adjustments

The accounts have been readjusted to give effects due to restatement of minority interest, reversal of revaluation reserves and taxation. For more details refer to “ Annexure V” forming part of restated accounts.

Net profit, as restated

Net Profit as restated, increased by 64.87% to Rs. 719.74 million or 1.06% of total income, in fiscal 2006 from Rs. 436.54 million or 1.08% of total income, in fiscal 2005. The Company has been able to increase the volume of its operations by expanding the geographical reach by through acquisition of subsidiaries.

RESULTS OF OPERATIONS – FISCAL YEAR 2005 COMPARED TO FISCAL YEAR 2004

Income

Our total income increased by 105.90% to Rs. 40,542.77 million in the fiscal year 2005 from Rs. 19,690.96 million in fiscal 2004. Sales and services income increased by 106.16% to Rs. 40,479.70 million in fiscal 2005 from Rs. 19,635.03 million in fiscal 2004. Sales income increased by 106.27% to Rs. 39,903.60 million in Fiscal 2005 from Rs. 19,344.96 million in fiscal 2004. Service income increased by 98.61% to Rs. 576.10 million in fiscal 2005 from Rs. 290.07 million in fiscal 2004. This increase was primarily due to:

- acquisition of Redington Gulf FZE which contributed to 38.11% of our total income for the year ended 2005; and
- acquisition of contracts from new IT product vendors such as Benq, Seagate, Zenith, Acer , Philips, Xerox for distribution of their products.

As a percentage of our total income, income from sales and service income were 98.42% and 1.42% respectively in fiscal 2005.

Other Income

Other income increased significantly by 12.77% to Rs. 63.07 million in fiscal 2005 from Rs. 55.93 million in fiscal 2004 primarily on account of income from exchange rate gains, interest income and consultancy fees received by Redington Gulf FZE from Redington Middle East LLC amounting to Rs. 13.21 million.

Expenses

Cost of goods sold

Cost of goods sold increased by 105.75% to Rs. 39,014.45 million in fiscal 2005 from Rs. 18962.06 million in fiscal 2004 in line with the increase in sales. However as a percentage of total income, cost of goods sold decreased marginally to 96.23% in fiscal 2005 as compared to 96.30% in fiscal 2004.

Employee compensation

Our employee compensation costs increased by 122.63% to Rs. 325.78 million in fiscal 2005 from Rs. 146.33 million in fiscal 2004. This increase was largely due to an increase in the number of employees including the increase in our employee strength owing to acquisition of Redington Gulf FZE. The number of employees at year-end increased from 746 in 2004 to 1139 in 2005.

Administration and selling expenses

Administration and selling expenses increased by 86.50% to Rs. 396.94 million in fiscal 2005 from Rs. 212.84 million in fiscal 2004 mainly due to the following:

- repairs and maintenance costs increased by Rs. 10.31 million to Rs. 33.47 million in fiscal year 2005 from Rs. 23.16 million in fiscal year 2004;
- communication costs increased by Rs. 25.07 million to Rs. 52.38 million in fiscal year 2005 from Rs. 27.31 million in fiscal year 2004;
- bad debts including provision for doubtful debts have decreased by Rs. 8.47 million to Rs. 17.76 million (0.04% of total income) in fiscal year 2005 from Rs. 26.23 million (0.13% of total income) in fiscal year 2004. Bad debts including provision for doubtful debts have been maintained at a level of 0.04% of revenues despite a 106.16 % increase in sales volumes; and
- factoring expenses have increased by Rs. 1.01 million to Rs. 22.73 million in fiscal year 2005 from Rs. 21.72 million in fiscal year 2004.

EBIDTA

EBIDTA increased by 117.89% from Rs. 369.73 million in fiscal year 2004 to Rs. 805.60 million in fiscal year 2005. EBIDTA as a percentage to the total income has increased from 1.88% in fiscal 2004 to 1.99% in fiscal 2005. This was primarily due acquisition of overseas subsidiaries and corresponding increase in sales.The increase in administrative expenses was less as compared to increase in sales due to efficient use of resources.

Depreciation

Depreciation increased by 32.54% to Rs. 37.23 million in fiscal 2005 from Rs. 28.09 million in fiscal 2004. The increase in the depreciation can be attributed to the acquisition of subsidiary and increase in capital expenditure.

Interest

Interest expense increased significantly by 115.97% to Rs. 232.53 million in fiscal 2005 from Rs. 107.67 million in fiscal 2004. This increase is due to the acquisiton of overseas subsidiary and increase in the working capital requirements of the company on account of increase in sales. Though there was an increase in the borrowing rates, the company was able to control the cost increase by adopting the optimum mix of debt between rated and unrated borrowings.

Taxes

Provision for taxes increased by 17.32% to Rs. 99.30 million in fiscal 2005 from Rs. 84.64 million in fiscal 2004 reflecting higher provisions for current taxes. The effective tax rate had been 18.53%.

Adjustments

The accounts have been readjusted to give effects due to restatement of minority interest, reversal of revaluation reserves and taxation. For more details refer to " Annexure V" forming part of restated accounts.

Net profit, as restated

Net profit as restated increased by 192.34 % to Rs. 436.54 million, or 1.08% of total income in fiscal 2005 from Rs. 149.33 million or 0.76% of total income in fiscal 2004. This was because the Company has been able to increase the volume of operation.

RESULTS OF OPERATIONS – FISCAL YEAR 2004 COMPARED TO FISCAL YEAR 2003

Income

Our total income increased by 28.28% to Rs. 19,690.96 million in the fiscal year 2004 from Rs. 15,349.98 million in fiscal 2003. Sales and services income increased by 28.20% to Rs. 19,635.03 million in fiscal 2004 from Rs. 15,316.51 million in fiscal 2003. Sales income increased by 28.17% to Rs. 19,344.96 million in Fiscal 2004 from Rs. 15,093.20 million in fiscal 2003. Service income increased by 29.90% to Rs. 290.07 million in Fiscal 2004 from Rs. 223.31 million in fiscal 2003. This increase was primarily due to:

- acquisition of contracts from new IT product vendors such as TVSE, Wipro, Kobian, Cisco and EMC for distribution of their products; and
- opening up of markets consequent to the boom in ITES sector.

As a percentage of our total income, income from sales and service income were 98.24% and 1.47% respectively in fiscal 2004.

Other Income

Other income increased significantly by 67.10% to Rs. 55.93 million in fiscal 2004 from Rs. 33.47 million in fiscal 2003 primarily on account of exchange rate fluctuations and increase in interest income from channel partners.

Expenses

Cost of goods sold

Cost of goods sold increased by 28.28% to Rs. 18,962.06 million in fiscal 2004 from Rs. 14,781.31 million in fiscal 2003 in line with the increase in sales. As a percentage of total income, cost of goods sold remained stable.

Employee compensation

Our employee compensation costs increased by 31.91% to Rs. 146.33 million in fiscal 2004 from Rs. 110.93 million in fiscal 2003. This increase was largely due to an increase in the number of employees. The number of employees at year-end increased from 577 in 2003 to 746 in 2004.

Administration and selling expenses

Administration and selling expenses increased by 19.91% to Rs. 212.84 million in fiscal 2004 from Rs. 177.50 million in fiscal 2003 mainly due to the following:

- repairs and maintenance costs increased by Rs. 5.07 million to Rs. 23.16 million in fiscal year 2004 from Rs. 18.09 million in fiscal year 2003;
- communication costs increased by Rs. 5.12 million to Rs. 27.31 million in fiscal year 2004 from Rs. 22.19 million in fiscal year 2003;

- bad debts charges including provision for doubtful debts have increased by Rs. 7.05 million to Rs. 26.23 million (0.13% of total income) in fiscal year 2004 from Rs. 19.18 million (0.12% of total income) in fiscal year 2003. Bad debts including provision for doubtful debts have been maintained at a level of 0.13% of revenues despite a 28.20% increase in sales volumes; and
- factoring expenses have increased by Rs. 8.14 million to Rs. 21.72 million in fiscal year 2004 from Rs. 13.58 million in fiscal year 2003.

EBIDTA

EBIDTA increased by 31.93% from Rs. 280.24 million in fiscal year 2003 to Rs. 369.73 million in fiscal year 2004. EBIDTA as a percentage to total income has increased from 1.83% in fiscal 2003 to 1.88 % in fiscal 2004 primarily due to reduction in administration and selling expenses.

Depreciation

Depreciation decreased by 7.90% to Rs. 28.09 million in fiscal 2004 from Rs. 30.50 million in fiscal 2003. There was no significant capital expenditure during the period.

Interest

Interest expense increased significantly by 40.10% to Rs. 107.67 million in fiscal 2004 from Rs. 76.85 million in fiscal 2003. This increase is due to the increase in the working capital requirements of the company on account of increase in sales.

Taxes

Provision for taxes increased by 36.16% to Rs. 84.64 million in fiscal 2004 from Rs. 62.16 million in fiscal 2003 reflecting higher provisions for current taxes. The effective tax rate had been 36.18%.

Adjustments

The accounts have been readjusted to give effects due to revaluation reserve and fixed assets. For more details refer to "Annexure V" forming part of restated accounts.

Net profit, as restated

Net profit as restated increased by 34.86% to Rs. 149.33 million, or 0.76% of total income, in fiscal 2004 from Rs. 110.73 million or 0.72% of total income in fiscal 2003. This was because of distribution of comparatively higher margin products.

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity needs have been to finance our working capital requirements. To fund this we rely principally on cash flows from operations and short-term borrowings. The amount of capital expenditure incurred in a year is reasonably low and is met by cash generated from operations.

NET WORKING CAPITAL

As of March 31, 2006, our restated net working capital, defined, as the difference between current assets and current liabilities, under Indian GAAP was Rs. 3,417.38 million as compared to net working capital of Rs. 2,495.12 million as at March 31, 2005. Increase in net working capital was mainly due to the current assets and current liabilities of the subsidiaries acquired during the year 2005-06 namely Redington Distribution Pte Limited, Singapore and Cadensworth (India) Private Limted. Increase in net working capital on account of operations is funded through cash flows from operations.

CASH FLOWS

The table below summarizes our cash flows in the years ended March 31, 2004, 2005 and 2006

(Rs. million)

	Year ended March 31		
	2004	**2005**	**2006**
Net cash from (used in) operating activities	277.51	(1,347.70)	(1,544.76)
Net cash from (used in) investing activities	16.13	92.92	(76.22)
Net cash from (used in) financing activities	(51.81)	1,206.80	2,343.38
Net increase (decrease) in cash and cash equivalents	241.83	(47.98)	722.40

OPERATING ACTIVITIES

Net cash used in operating activities in year ended March, 2006 was Rs. 1,544.76 million although our profit before tax Rs. 898.57 million. The difference was primarily attributable expansion in operations leading to movements in current assets and current liabilities.

Net cash used in operating activities in the year ended March 31, 2005 was Rs. 1,347.70 million although our profit before taxes for the year ended March 31, 2005 was Rs. 535.84 million. The difference was primarily attributable to expansion in operations leading to movements in current assets and current liabilities.

Net cash generated from operating activities in the year ended March 31, 2004 was Rs. 277.51 million This was primarily due to decrease in inventories.

INVESTING ACTIVITIES

Net cash used in investing activities for the period ended March 31, 2006 was Rs. 76.22 million while net cash generated from investing activities for the year ended March 31, 2005 was Rs. 92.92 million. Our expenditure for investing activities primarily relates to the purchase of fixed assets such as investments in information technology, expenditure on interior decoration and purchase of land / buildings. We acquired 100% stake in Redington Distribution Pte Ltd and Cadensworth (India) Private Limited by investing Rs. 186.29 million. We further invested a sum of Rs. 134.03 million in equity share capital of our wholly owned subsidiary, Redington Gulf FZE in March 2006.

FINANCING ACTIVITIES

Financing activities comprises of repayment of borrowings, proceeds from issue of share capital and interest paid. Net cash provided by financing activities in the year ended March 2006 was Rs. 2,343.38 million of which additional short term borrowing during the year was Rs. 2,489.51 million and proceeds from the issue of equity share capital to M/s. Beethoven Limited, Mauritius was Rs. 221.51 million.

Net cash provided by financing activities in the year ended March 2005 was Rs. 1,206.80 million which comprised of a short term borrowing of Rs. 760.47 million and proceeds from issue of equity shares to M/s. Synnex (Mauritius) Limited of Rs. 790.92 million.

Net cash used in financing activities in the year ended March 2004 was Rs. 51.81 million which comprised of a short term borrowing of Rs. 55.86 million.

CAPITAL EXPENDITURE

Our capital expenditures for fiscal 2005 and fiscal 2006 were Rs. 51.82 million and Rs. 132.57 million respectively.

GOODWILL

The change in the goodwill from the financial years ended 2003-04 and 2004-05 is due to acquisition of Redington Gulf FZE, Dubai during the financial year 2004-05. The computation of the valuation of goodwill as on March 31, 2005 is given below;

Rs. Million

Description	Amount of Investment	Networth on the Date of Investment	Goodwill / (Capital Reserve)
Nook Holdings Private Limited	1.53	0.50	1.03
Redington Gulf FZE (Acquisition through Share Swap)	1,150.00	381.26	768.74
Redington Gulf FZE (further investment in January 2005)	437.30	526.21	(88.91)
Less: Effect of Extinguishment of Liability on Minority Interest (Refer Point (a) of Statement of Adjustments on consolidation - Annexure XXIII)			(14.14)
Currency translation adjustment on goodwill portion			0.77
Goodwill as on March 31, 2005 restated financials			**667.49**

CONTINGENT LIABILITIES

As at September 30, 2006, we have extended guarantees on behalf of our overseas subsidiaries for Rs. 5,124.50 million, the details of which are as follows;

Sl. No.	Corporate Guarantee given to	Category	Nature of Guarantees	On behalf of	Currency	Amount in Millions	
						In Foreign Currency	in INR
1	ICICI Bank, London	Banker	Guarantee given to the Bank towards the Loan sanctioned to subsidiary	Redington Gulf FZE	USD	10.00	459.21
2	ABN Amro, Dubai	Banker	Guarantee given to the Bank towards the Loan sanctioned to subsidiary	Redington Gulf FZE	AED	12.00	149.94
3	Dubai Bank, Dubai	Banker	Guarantee given to the Bank towards the Loan sanctioned to subsidiary	Redington Gulf FZE	AED	15.80	197.43
4	National Bank of Fujairah, Dubai	Banker	Guarantee given to the Bank towards the Loan sanctioned to subsidiary	Redington Gulf FZE	AED	18.00	224.92
5	Standard Chartered Bank, Dubai	Banker	Guarantee given to the Bank towards the Loan sanctioned to subsidiary	Redington Gulf FZE	AED	29.35	366.74
6	Hongkong & Shanghai Banking Corporation Limited, Dubai	Banker	Guarantee given to the Bank towards the Loan sanctioned to subsidiary	Redington Gulf FZE	USD	8.00	367.36

Sl. No.	Corporate Guarantee given to	Category	Nature of Guarantees	On behalf of	Currency	Amount in Millions In Foreign Currency	Amount in Millions in INR
7	Mashreq Bank, Dubai	Banker	Guarantee given to the Bank towards the Loan sanctioned to subsidiary	Redington Gulf FZE	AED	33.15	414.22
8	BNP Paribas, Dubai	Banker	Guarantee given to the Bank towards the Loan sanctioned to subsidiary	Redington Gulf FZE	AED	27.67	345.79
9	Dubai Islamic Bank, Dubai	Banker	Guarantee given to the Bank towards the Loan sanctioned to subsidiary	Redington Gulf FZE	AED	11.00	137.45
10	United Commercial Bank, Singapore	Banker	Guarantee given to the Bank towards the Loan sanctioned to subsidiary	Redington Distribution Pte Ltd.	USD	3.50	160.72
11	ABN Amro, Chennai	Banker	Guarantee given to the Bank towards the Loan sanctioned to subsidiary	Redington Gulf FZE	USD	2.50	114.80
12	ABN Amro, Dubai	Banker	Guarantee given to the Bank towards the Loan sanctioned to subsidiary	Redington Gulf FZE	USD	2.50	114.80
13	Bank of Baroda, Dubai	Banker	Guarantee given to the Bank towards the Loan sanctioned to subsidiary	Redington Gulf FZE	AED	18.30	228.67
14	State Bank of India, Bahrain	Banker	Guarantee given to the Bank towards the Loan sanctioned to subsidiary	Redington Gulf FZE	USD	8.00	367.36
15	Seagate Group	Supplier	Guarantee given to the Supplier towards the Credit extended to subsidiary	Redington Distribution Pte Ltd.	USD	1.00	45.92
16	ICICI Bank, Bahrain	Banker	Guarantee given to the Bank towards the Loan sanctioned to subsidiary	Redington Gulf FZE	USD	4.00	183.68
17	Malayan Banking Berhad, Singapore	Banker	Guarantee given to the Bank towards the Loan sanctioned to subsidiary	Redington Distribution Pte Ltd.	USD	3.50	160.72
18	Citi Bank, Dubai	Banker	Guarantee given to the Bank towards the Loan sanctioned to subsidiary	Redington Gulf FZE	USD	2.00	91.84
19	Citi Bank, Dubai	Banker	Guarantee given to the Bank towards the Loan sanctioned to subsidiary	Redington Gulf FZE	USD	1.50	68.88
20	Mashreq Bank, Dubai	Banker	Guarantee given to the Bank towards the Loan sanctioned to subsidiary	Redington Gulf FZE	AED	3.60	44.98
21	National Bank of Fujairah, Dubai	Banker	Guarantee given to the Bank towards the Loan sanctioned to subsidiary	Redington Gulf FZE	AED	4.50	56.23

Sl. No.	Corporate Guarantee given to	Category	Nature of Guarantees	On behalf of	Currency	Amount in Millions	
						In Foreign Currency	in INR
22	Intel Corporation, Delaware, US	Supplier	Guarantee given to the Supplier towards the Credit extended to subsidiary	Redington Distribution Pte Ltd.	USD	3.92	179.96
23	GE Commercial Distribution Finance Corporation, Delaware, US	Financier	Guarantee given to the Financier towards the Facility Limit sanctioned to subsidiary	Redington Distribution Pte Ltd.	USD	12.00	551.04
24	BNP Paribas, Singapore	Banker	Guarantee given to the Bank towards the Loan sanctioned to subsidiary	Redington Distribution Pte Ltd.	USD	2.00	91.84
				TOTAL			**5,124.50**

Consolidated summary of guarantees given to subsidiaries;

Name of the Subsidiary	Rs. in Million
Redington Gulf FZE	3,934.30
Redington Distribution Pte Ltd.	1,190.20

UNSECURED LOANS

The details of unsecured loans taken by Redington (India) Limited are as follows;

(Rupees in Million)

	As at September 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
Commercial Paper	-	-	-	-	-	
Bank of Baroda	50.00	500.00				
Canbank Mutual Fund		100.00				
Chola Mutual Fund		100.00				
Federal Bank Limited		50.00				
Indian Bank		100.00				
UTI Bank Limited	50.00	150.00				
State Bank of India					-	100.00
Prudential ICICI Mutual Fund	100.00					
Reliance Mutual Fund	200.00					

(Rupees in Million)

	As at September 30, 2006	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004	As at March 31, 2003	As at March 31, 2002
ABN Amro Mutual Fund	100.00					
Deutsche Mutual Fund	450.00					
HSBC Cash Fund	100.00					
HSBC Mutual Fund	200.00					
Kotak Mutual Fund	100.00					
Principal Mutual Fund	300.00					
ING Vysya Mutual Fund	250.00					
Short-term Unsecured Non-Convertible Debentures	**-**	**-**	**-**	**-**	**-**	**-**
Canbank Mutual Fund	-	-	50.00			
JM Mutual Fund	-	-	100.00			
Kotak Mahindra Mutual Fund	-	-	100.00			
Prudential ICICI Mutual Fund	-	-	100.00			
UTI Mutual Fund	-	-	200.00			
Short-term Loans From Banks	**-**	**-**	**-**	**-**	**-**	**-**
Bank of Nova Scotia	-	88.16	-	-	-	-
HDFC Bank Limited	250.00	100.00	199.04	213.27	3.19	-
Standard Chartered Bank		-	-	-	3.49	-
Hongkong & Shanghai Banking Corporation Limited		-	-	-	154.64	51.66
Kotak Mahindra Bank Limited	95.07					
IDBI Bank Limited	87.39					
ICICI Bank Limited	-	-	-	-	36.86	-
Total	**2,332.46**	**1,188.16**	**749.04**	**213.27**	**198.18**	**151.66**

Note:

i) The company issued Commercial paper to banks which carried an interest rate ranging from 5.70% to 7.00% and the tenor varies from 180-365 days.

ii) All the short-term loans from banks have monthly weighted average effective rate of interest ranging from 7.63% to 8.24% for the first half in 2006-07.

iii) Short-term loans are borrowings availed for working capital purposes and are payable within a period of one year.

The loans are not given to related parties.

SEASONALITY AND INFLATION

Seasonality has not had a significant impact on the results of our operations. However, there has been a trend of increased volumes during the months of September and March. Inflation has not had a significant effect on our results of operations to date.

EXCHANGE RATE RISK

We are exposed to foreign currency risk in the ordinary course of business, as we earn revenues and incur expenses in currencies other than the Indian Rupee. We enter into forward exchange contracts to mitigate our risks. Such contracts typically are of a short duration, generally less than one year.

INTEREST RATE RISK

Our entire borrowings are short-term in nature. Therefore, we do not bear any interest rate risk during the definite period of such borrowings. However, we are subject to interest rate risk to the extent that our rates are reviewed by our lenders.

UNUSUAL OR INFREQUENT EVENTS OR TRANSACTIONS

Except as described in this Prospectus, there have been no events or transactions to our knowledge which may be described as “unusual” or “infrequent”.

KNOWN TRENDS OR UNCERTAINTIES

Other than as described in the sections titled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, on page 1 and 154, respectively to our knowledge, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

FUTURE RELATIONSHIP BETWEEN COSTS AND INCOME

Other than as described in the sections titled “Risk Factors”, “Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” to our knowledge, there are no known factors which will have a material adverse impact on the operation and finances of our Company.

BUSINESS SEGMENTS

Other than as described in section titled “Industry And Business” on page 46, there are no new business segments in which we operate.

COMPETITIVE CONDITIONS

For details please refer to the discussions of our competition in the sections titled “Risk Factors” and “Industry And Business” commencing on pages 1 and 46, respectively.

SIGNIFICANT DEVELOPMENTS AFTER MARCH 2006 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

Except as stated in this Prospectus to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Prospectus which materially and adversely affects or is likely to affect, the operations or profitability of our Company, or the value of our assets or our ability to pay our material liabilities within the next twelve months.

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company and our Subsidiaries, Directors, Promoter and Promoter Group Companies, and there are no defaults, non-payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares issued by our Company, defaults in creation of full security as per terms of issue/other liabilities, proceedings initiated for economic/civil/any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company or Subsidiaries and no disciplinary action has been taken by SEBI or any stock exchanges against our Company, Promoter or Directors.

BY THE COMPANY

Criminal proceedings

- The Company has initiated criminal proceedings (C.C. No. 14/S/2000, pending before the Metropolitan Magistrate, Esplanade, Mumbai) against Microcity India Limited and Western Co-operative Bank Limited in relation to the dishonour of a bank guarantee for Rs. 4,000,000 issued by Western Co-operative Bank Limited on behalf of Microcity India Limited, guaranteeing payment for hardware products supplied by the Company. The accused is not traceable and, accordingly, summons have not been served as on date.
- The Company has filed a complaint before the Judicial Magistrate at Bhubaneshwar (1 CC Case No. 2070 of 2006), against Khushbu Peripherals Private Limited and its director Vivek Tekriwal alleging the offence of cheating. The dispute arose out of settlement negotiations in connection with Khushbu Peripherals' failure to pay for goods worth Rs. 1,400,000 supplied by the Company. Pursuant to directions issued by the Magistrate in the complaint, the jurisdictional police have investigated the matter and filed a report before the Magistrate. The matter is pending.

Company law proceedings

In connection with C.C. No.14/S/2000 (see above) before the Metropolitan Magistrate, Esplanade. Mumbai, the Company has filed a company petition (C.P. No. 1093/2000, pending before the High Court, Delhi) against Microcity India Limited seeking orders for the winding-up of Microcity India Limited on account of its inability repay debts to the Company. The matter is pending for orders.

Recovery proceedings

- The Company had supplied certain computer hardware to Apurva Mehta, for which it received a demand draft for Rs. 254,000. On presentation, the demand draft was found to be fraudulent, pursuant to which the Company lodged a police complaint (FIR No. 562/2001). The matter is currently under investigation.
- The Company has filed 91 cases under Section 138 of the Negotiable Instruments Act, 1881 before various courts across India, for the recovery of an aggregate amount of Rs. 7,29,98,390 against hardware products supplied by the Company.
- The Company has initiated civil proceedings (O.S. No. 1438/1999, pending before the High Court, Delhi) against Modi Olivetti Limited, for recovery of Rs. 2,304,000 due against hardware products supplied by the Company. Although Modi Olivetti Limited provided the Company two letters of credit for the above amount, the Company delayed negotiating the letters of credit prior to their expiry. The matter is presently posted for evidence of the defendant.

AGAINST THE COMPANY

Criminal proceedings

In connection with 1 CC 2070 of 2006 (see "By the Company – Criminal Proceedings" above), Khushbu Peripherals Private Limited, Bhubaneshwar has filed a complaint before the Judicial Magistrate at Bhubaneshwar (1 CC Case No. 1910 of 2006) against the Company, its whole time Director Mr. M. Raghunandan, Company Secretary, and two of its employees, alleging theft of demand drafts worth Rs. 1,000,000. The dispute arose out of settlement negotiations in connection with Khushbu Peripherals' failure to pay for goods worth.Rs 1,400,000 supplied by the Company. On the directions of the Court, the police have investigated the matter and filed a report before the Court. The matter is presently pending.

Disputes with governmental authorities

- The Company has on December 19, 2005 been issued a notice by the Directorate of Revenue Intelligence, Ministry of Finance, alleging that a certain Duty Entitlement Pass Book presented by the Company at the Air Cargo Complex at the Chennai Airport in respect of a Customs Duty credit claim was found to be forged and fabricated. The notice requires the Company, within a period of 30 days to show cause to the Commissioner of Customs (Air), Air Cargo Complex, Chennai, as to why a liability of Rs. 10,12,973 towards customs duty in addition to penalty and interest thereon, should not be imposed on the Company, and goods valued at Rs. 49,07,811 be impounded from the Company. The Company has, in this behalf, paid an amount of Rs. 7,85,291 under protest. Pursuant to a letter of request dated April 21, 2006 from the Company to the Commissioner of Customs (Air), the Company was granted a personal hearing by the Commissioner of Customs (Air) on June 22, 2006. No orders were passed by the Commissioner of Customs (Air), at this hearing. There have been no subsequent developments in this regard.
- The Company has, on April 21, 2003, filed an appeal before the Customs, Excise and Service Tax Appellate Tribunal, against the orders of the Assistant Registrar, Customs, Excise and Service Tax Appellate Tribunal, Chennai, in respect of the assessment year 1997-98. The Company has disputed the differential duty of Rs. 6,053,287 levied on the import of microprocessors. The matter has not been posted for hearing.
- The Company has filed six appeals before the Commissioner of Income Tax (Appeals), Chennai, against the orders of the Assessing Officer. The appeal relates to the disallowance of depreciation claimed by the Company on temporary structures and interest on advances to subsidiaries. The appeals for the financial year 2000-2001 are presently being heard. The Company has been notified of hearings received notices in respect of for hearing appeals relating to the financial year 1998-99 and financial year 2001-02. Relevant particulars of these appeals are set out below.

Financial year	Amount in dispute (Rs.)
1998-1999	2,709,858
1999-2000	655,924
2000-2001	3,126,848
2001-2002	4,088,784
2002-2003	637,198
2003-2004	1,594,638
Total	**12,813,250**

- The Company has filed an appeal before the Commissioner of Sales Tax (Appeals), Patna, against the orders of the Commercial Tax Officer, Patna, in respect of the financial year 2002-2003. The disputes relates to the levy of tax on the Company at the last point of sale. The amount of tax under dispute is Rs. 175,861. The matter has not been posted for hearing.
- The Company has filed an appeal before the Appellate Assistant Commissioner, Kolkata against the orders of the Commercial Tax Officer, Ballygunge Circle, Kolkata in respect of the financial year 2001-2002. The Company has contended that the assessing officer had not provided the Company sufficient time for the submission of statutory forms for sales made at concessional rates. The Company has since submitted the forms. The amount of tax under dispute is Rs. 935,050. The matter is pending.
- The Company has filed an appeal before the Appellate Assistant Commissioner, Kolkata against the orders of the Commercial Tax Officer, Ballygunge Circle, Kolkata in respect of the financial year 2002-2003. The Company has contended that the assessing officer had not provided the Company sufficient time for the submission of statutory forms for sales made at concessional rates. The Company has since submitted the forms. The amount of tax under dispute is Rs. 1,729,510.58, after the Company's admission of a tax liability of Rs. 287,755 out of a total differential levy of Rs. 2,017,266. The matter is pending.

- The Company has filed an appeal before the Appellate Deputy Commissioner, Kolkata, against the orders of the Assistant Commissioner of Commercial Taxes, Ballygunge Circle, Kolkata, in respect of the financial year 2002-2003. The Company has contended that the Assistant Commissioner had erred in calculating the taxable turnover of the Company. The amount of tax, interest and penalty in dispute is Rs. 845,081, after the Company's admission of a tax liability of Rs. 183,421 out of a total differential levy of Rs. 1,028,502. The appeal has not been posted for hearing.
- The Company has filed an appeal before the Karnataka Sales Tax Appellate Tribunal, Bangalore against the orders of the Deputy Commissioner of Commercial Taxes, Bangalore, in respect of the financial year 2000-2001. The Company has challenged the decision of the assessing officer to levy tax under the Central Sales Tax Act, 1956 at incorrect rates the inter-state sale of computers and computer peripherals. The amount of tax under dispute is Rs. 3,362,622. The appeal has not been posted for hearing.
- The Company has filed an appeal before the Appellate Deputy Commissioner, Kolkata assailing the orders of the Assistant Commissioner of Commercial Taxes, Corporate Division, Kolkata demanding an amount of Rs. 7,176,468, as sales tax, interest and penalty under the provisions of the West Bengal Sales Tax Act, 1994. The matter is pending for hearing.
- The Company has filed an appeal before the Appellate Deputy Commissioner, Kolkata assailing the order of the Assistant Commissioner of Commercial Taxes, Corporate Division, Kolkata in respect of the financial year 2003-04. The Assistant Commissioner demanding an amount of Rs. 4,678,048.18, as tax, interest and penalty under the provisions of the West Bengal Sales Tax Act, 1994. The matter is pending.
- The Company has filed an appeal before the Assistant Commissioner of Sales Tax (Appeals), Pune impugning the assessment order made by the jurisdictional sales tax officer for the financial year 2000-01 and claiming that the Company was entitled to an amount of Rs. 186,668 towards refund of sales tax paid and interest on delayed refund.
- The Company has filed an application for revision under Section 62(1) of the Madhya Pradesh Commercial Tax Act, 1994, before the Additional Commissioner, Commercial Tax, Division III, Indore against the orders of the Assistant Commissioner, Commercial Tax, Division III in respect of the financial year 2003-2004. The Company is contesting the decision of the assessing officer to levy entry tax on inter-state purchase of mobile phones made by the Company. The entire amount of Rs. 876,031 under dispute has been paid by the Company under protest. The matter is pending.

Recovery proceedings

- Sparket Marketing Private Limited has initiated civil proceedings (O. S. No. 2234/02, pending before the City Civil Court, Bangalore) against the Company, alleging that the Company had failed to supply supplied certain consumables, although payment for the same had been made. The amount involved is Rs. 58,212. The matter is posted for hearing on March 13, 2007.
- Hindustan Color Lab has filed a recovery suit (O.S. No. 1903/2000, pending before the Junior Civil Judge, Warangal) against the Company for losses allegedly suffered on account of defective goods supplied by the Company. An amount of Rs. 69,880 has been claimed against the Company as damages allegedly suffered by the plaintiff.
- Ram News Print Agencies have initiated recovery proceedings (C.S. No. 201/2004, pending before the High Court, Chennai) against Redington Pte Limited, Singapore and the Company, alleging that Redington Pte Limited and the Company had failed to pay the plaintiff the commission due to the Plaintiff in respect of the paper rolls supplied to it by Redington Pte Limited. The plaintiff has also claimed damages for loss allegedly incurred by way of demurrage in clearing the materials from the airport. An aggregate amount of Rs. 1,080,000 has been claimed against Redington Pte Limited and the Company. The matter has not been posted for hearing.

Consumer proceedings

As an authorised service provider for various manufacturers, the company provides warranty services to customers across India. As on date, a total of 46 proceedings under the provisions of the Consumer Protection Act, 1986, involving an aggregate amount of Rs. 30,02,330, are pending against the Company before various courts and consumer fora across India. The relief claimed against the Company in a majority of these cases include rectification of deficient services and replacement of products supplied or serviced by the Company.

Other civil proceedings

- M/s Systeam have initiated civil proceedings (C.S. No. 215/2003, pending before the Civil Judge, Chandigarh) against Hewlett Packard India Limited (in its capacity of a manufacturer) and the Company (acting as a distributor and authorised service provider of the manufacturer's products), alleging, *inter alia*, deficiency of service with respect to a printer. An amount of Rs. 300,000 has been claimed against the defendants on account of damages allegedly suffered by the plaintiff. The matter is posted for hearing on February 14, 2007.
- Prashant Verma has initiated civil proceedings (O.S. No. 629/2004, pending before the Civil Judge, Varanasi) against the Company, praying that the Company should not be permitted to invoke the bank guarantee of Rs. 54,000 procured by the plaintiff in favour of the Company, since it had allegedly failed to supply goods to the plaintiff. The Company invoked the bank guarantee prior to the filing of the suit. This is an injunction suit and no monetary claims have been made against the Company. The matter is posted for hearing on April 17, 2007.
- M/s. Compuserve has initiated civil proceedings against the Company and the State Bank of India, Madurai Branch (O.S.No.1498/2005, pending before the District Munsif Court, Madurai), praying for an injunction against the invocation of a bank guarantee procured in favour of the Company, securing payments due for goods supplied by the Company. The Company has initiated proceedings against the plaintiff under Section 138 of the Negotiable Instruments Act, 1881 to recover the outstanding dues from the plaintiff. There is no monetary liability claimed against the Company. The matter is posted for hearing on April 13, 2007.
- M/s Trinity have initiated civil proceedings against the Company (C.S. No. 311/2005, which are pending adjudication before the High Court, Chennai. The Company had taken on lease certain the premises owned by the plaintiff. The premises, well as the Company's materials stored upon the premises, were destroyed due to a fire. The plaintiff initiated these proceedings alleging negligence on part of the Company has prayed for orders that the Company be required to reconstruct the premises. The total amount involved in the dispute is Rs. 6,700,000. The matter has not been posted for hearing.
- JJ Engineering Private Limited has filed a writ petition (WP No. 5720 (W) of 2006) before the Calcutta High Court against State of West Bengal and others arraigning the Company as a respondent. The petition alleges that certain waybills for the consignment of goods to the State of West Bengal sent by the petitioner to the Company had been misused by the Company and that the matter had not adequately investigated by the State. The petition *inter alia* seeks a direction against the State to investigate the matter in accordance with law. The Company has entered appearance in the matter and the matter is pending for hearing.
- In connection with CC 1 Case No. 2070 of 2006 (see "By the Company – Criminal Proceedings" above) and 1 CC Case No. 1910 of 2006 (see "Against the Company – Criminal Proceedings" above) Vivek Tekriwal, a director of Khushbu Peripherals Private Limited has instituted a civil suit (C.S. No. 317 of 2006) before the Civil Judge (Junior Division), Bhubaneshwar, against the Company and Indian Overseas Bank seeking to restrain payment on demand drafts issued by the bank. An ex-parte ad interim order of injunction initially granted by the Civil Judge in connection with an interim application (No. 398/06) filed by the plaintiff, has been vacated. The plaintiff has preferred an appeal (FAO No. 84/2006) before the Court of District and Sessions Judge, Bhubaneshwar, against the decisions of the Civil Judge. The matter is pending and the Company is contesting the appeal.
- M/s Ragavendra Furnitures and R. Palanisamy have initiated civil proceedings against 13 defendants (O.S. 37 of 2006), including the Company, praying for a permanent injunction against the defendants, *inter alia* restraining them from interfering in certain property owned by the plaintiffs. The plaintiffs have stated that they are dealers in electronic goods supplied by the defendants and claimed that the defendants have, among other things, harrassed the plaintiffs in order to recover outstanding dues, and threatened to take possession of the suit property owned by the plaintiffs in case the plaintiffs failed to settle their dues to the defendants. The matter is pending.

AGAINST THE PROMOTER

None

AGAINST THE DIRECTORS

In a complaint filed by Khushbu Peripherals Private Limited, Bhubaneshwar before the Judicial Magistrate at Bhubaneshwar (1 CC Case No. 1910 of 2006) against the Company (see "Against the Company – Criminal Proceedings" above), Mr. M. Raghunandan, whole time Director, has been impleaded as a co-defendant along with three other employees of the Company.

AGAINST THE SUBSIDIARIES

Recovery proceedings

Redington Gulf FZE has initiated the following 6 (six) civil proceedings in relation to non-payment of dues against products supplied to third parties, as also in relation to dishonour of cheques issued to it:

Case No.	Counterparty	Description	Forum	Amount involved
460/2004	Al Sarraf Computer Services Co. LLC	Recovery of sale proceeds	Kuwait Court	USD 74,013.38
1487/2005	E-Machine FZE	Dishonour of cheque	Dubai Court	USD 18,060.00
2252/2006	Fortex General Trading LLC	Dishonour of cheque	Dubai Court	USD 230,400.00
39/2006	Micron Computer LLC	Recovery of sale proceeds/ dishonoured cheques	Dubai Court	AED 204,197.96

MATERIAL DEVELOPMENTS

In the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed in this Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our material liabilities within the next 12 months.

GOVERNMENT APPROVALS

Except as stated below, we have received the necessary approvals from the GoI and various governmental and regulatory authorities in relation to our present business. No further approvals are required for conducting our present business other than as described below. Unless specified otherwise, these approvals are valid until their cancellation.

Approvals for the Issue

We have received the following material approval relating to the Issue.

1. Our Board of Directors have approved the Issue and have authorised a committee to deal with all matters connected to the Issue by way of resolution passed at the meeting of Board held on June 09, 2006;
2. Our members have approved the Issue by way of a special resolution passed at an AGM held on July 01, 2006;
3. Letter No. NSE/LIST/31815-X dated October 23, 2006 issued by the NSE granting its in-principle approval of our Equity Shares; and
4. Letter No. DCS/IPO/PS/IPO-IP/5/2006 dated November 15, 2006 issued by the BSE granting its in-principle approval of our Equity Shares.

Approvals to conduct our business

FIPB and RBI approvals

1. Approval (No. 3/28/SIA/NFC/96-NRI) dated August 16, 1996, issued by the SIA, granting permission for NRI and OCB investment up to 84% on a repatriable basis, and 16% amounting on a non-repatriable basis.
2. Amendment letter (No. 3/28/SIA/NFC/96/NRI) dated May 12, 1998, issued by the SIA, amending approval No. 3/28/SIA/NFC/96-NRI, dated August 16, 1996, by substituting the words 'Redington (Mauritius) Limited' with the words 'CHS Electronics Inc., USA', and approving the transfer of 84% Equity Shares on a repatriable basis by Redington (Mauritius) Limited to CHS Electronics Inc., USA.
3. Amendment letter (No. 3/28/SIA/NFC/96/NRI) dated November 09, 1998 issued by the SIA, amending approval No. 3/28/SIA/NFC/96-NRI, dated August 16, 1996, as amended on May 12, 1998. The amendment approves the enhancement of NRI/OCB equity by converting ECB of USD 3 million into Equity Shares to be subscribed by Redington (Mauritius) Limited. Accordingly, NRI/OCB equity participation permitted under the approval was 91.43% on repatriable basis and 8.57% on non-repatriable basis.
4. Amendment letter (No. 3/28/SIA/NFC/96/NRI) dated December 01, 1998, issued by the SIA, deleting para 2 of the amendment letter dated November 9, 1998.
5. Approval (No. 3/28/NFC/96-EOU-NRI) dated December 14, 1998, issued by the SIA, granting permission for the transfer of shares held by Redington (Mauritius) Limited in favour of CHS Electronics Inc., USA, as stipulated in the SIA's letter dated May 12, 1998.
6. Amendment letter (No. 3/28/SIA/NFC/96/NRI) dated February, 18, 1999 issued by the SIA, amending approval No. 3/28/SIA/NFC/96-NRI, dated August 16, 1996, as subsequently amended on May 12, 1998 and November 09, 1998. The amendment approves NRI/OCB equity investment of 7.43% on a repatriable basis and 8.57% on non-repatriable basis, and foreign equity of 84% on a repatriable basis by way of transfer of equity shares from Redington (Mauritius) Limited to CHS Electronics Inc., USA.
7. Amendment letter (No. 28/NFC/96/NRI) dated August 13, 2001, issued by the SIA, amending approval No. 3/28/SIA/NFC/96-NRI, dated August 16, 1996, as amended on May 12, 1998, November 09, 1998 and February 18, 1999. The amendment approves the issue of 2,122,433 Equity Shares to BTS Asset Management Limited, Bahamas. Accordingly, the approval permits NRI/OCB equity participation of 76.15% on a repatriable basis and 7.35% on a non-repatriable basis, and foreign equity participation of 6.5% by way of an issue of 21,22,433 Equity Shares to BTS Asset Management Limited, Bahamas.
8. Amendment letter (No. 28/NFC/96/NRI) dated November 13, 2002, issued by the SIA, amending approval No. 3/28/SIA/NFC/96-NRI, dated August 16, 1996, as subsequently amended on May 12, 1998, November 09, 1998, February 18, 1999 and August 13, 2001. The amendment notes the change of investor from NRI/OCB to a foreign investor.

9. Amendment letter (No. 28/SIA/NFC/96/NRI) dated August 11, 2004, issued by the SIA, amending the approval No. 3/28/SIA/NFC/96-NRI, dated August 16, 1996, as amended on May 12, 1998, November 09, 1998, February 18, 1999, August 13, 2001 and November 13, 2002. The amendment approves the issue of 14,693,796 Equity Shares to Redington (Mauritius) Limited so as to acquire 3 equity shares of AED 1,000,000 each of Redington Gulf FZE, UAE.

10. Amendment letter (No. 28/SIA/NFC/96/NRI) dated November 24, 2004, issued by the SIA, amending approval No. 3/28/SIA/NFC/96-NRI, dated August 16, 1996, as amended on May 12, 1998, November 09, 1998, February 18, 1999, August 13, 2001, November 13, 2002, and August 11, 2004. The amendment approves the following:

    (a) transfer of 5,877,519 repatriable Equity Shares by Redington (Mauritius) Limited to public shareholders;

    (b) fresh issue of 14,693,796 Equity Shares on initial public offer to public shareholders; and

    (c) to undertake additional activities of bulk distribution of telecom products (including mobile phones), pharmaceutical products, and consumer durables.

11. Approval (No. 28/SIA/NFC/96/NRI) dated January 7, 2005, issued by the SIA, granting permission for the transfer of 54,18,132 repatriable equity shares comprising 8.93% of the paid-up capital from Redington (Mauritius) Limited, to Synnex (Mauritius) Limited, and also for a fresh issue of 166,20,056 equity shares comprising 27.38% of the paid-up capital to Synnex (Mauritius) Limited.

12. Amendment letter No. 28/SIA/NFC/96/NRI dated January 7, 2005, issued by the SIA, amending approval No. 3/28/SIA/NFC/96-NRI, dated August 16, 1996, as amended on May 12, 1998, November 09, 1998, February 18, 1999, August 13, 2001, August 11, 2004 and November 24, 2004. The amendment approves the following:

    (a) transfer of 5,418,132 repatriable Equity Shares comprising 8.93% of the paid-up capital from Redington (Mauritius) Limited to Synnex (Mauritius) Limited; and

    (b) fresh issue of 16,620,056 Equity Shares comprising 27.38% of the paid-up capital to Synnex (Mauritius) Limited.

13. Amendment letter No. 28/SIA/NFC/96/NRI dated May 5, 2006, issued by the SIA, amending approval No. 3/28/SIA/NFC/96-NRI, dated August 16, 1996, confirming that Redington (Mauritius) Limited would invest as a foreign investor and not as an OCB.

14. Approval (No. FID(II)/4846/10.02.40(6871)95/96) dated September 25, 1995, issued by the RBI granting in principle permission for issue of 5,454 Equity Shares to NRI/OCB by way of private arrangement.

15. Approval (No. EC(II)/14750/10.02.40(6871)95/96) dated April, 30, 1996 issued by the RBI granting final permission in respect of the issue of 5,454 Equity Shares.

16. Approval (No. EC.CO.FID(II).6429/10.02.42 (R-23) 96/97) dated December 20, 1996 issued by the RBI granting its in principle approval for the issue of 120,541 Equity Shares to Redington (Mauritius) Limited.

17. Approval (No. EC.CO.FID(II)/4251/10.02.42(R-23)/97-98) dated December 17, 1997 issued by the RBI granting final permission for the issue of 120,541 Equity Shares to Redington (Mauritius) Limited.

18. Approval (No. EC.CO.IMD(II) 2546/03.07.739(A)-98/99) dated December 29, 1998, issued by the RIB granting permission for the conversion of ECB loan of USD 3 million, as approved by the RBI by letter No. EC.CO.IMD(II)696/03.02.739(A)-97/98 dated August 13, 1997, into equity in favour of Redington (Mauritius) Limited.

19. Letter (No. EC.CO.IMD(II)/2673/03.02.739(A)-98/99) dated January 05, 1999, issued by the RBI modifying approval No. EC.CO.IMD(II) 2546/03.07.739(A)-98/99), dated December 29, 1998.

20. Approval (No. MA.EC.FID/1096/124(Misc.)/98-99) dated January, 21, 1999 issued by the RBI approving the issue of 1,22,651 Equity Shares to Redington (Mauritius) Limited, by way of a conversion of an ECB of USD 3,000,000, subject to GOI approval dated November 09,1998 and RBI approvals dated December 29, 1998 and January 05, 1999.

21. Letter (No. CHE.EC.FID/13190/24.18.0095/2002-03) dated April 08, 2003, issued by the RBI allotting registration No. FC-2003 MAG-0015 in response to application in Form FC-GPR dated April 10, 2002, related to the allotment of 1,895,440 Equity Shares to BTS Asset Management Limited.

22. Letter (No. CHE.EC.FID/2417/24.18.0095/2003-04) dated September 03, 2003 issued by the RBI, stating that the transfer of 5,00,000 Equity Shares held on non-repatriation basis by Redington (Mauritius) Limited.

23. Letter (No. CHE.EC.FID/6398/24.08.0095/2003-04) dated December 19, 2003, issued by the RBI, acknowledging application in Form FC-GPR dated November 21, 2003 relating to the allotment of 226,993 Equity Shares to Redington (Mauritius) Limited.
24. Approval (No. EC.CO.FID/835/10.I.0702.200(649)-2004-05) dated September 07, 2004, issued by the RBI, granting permission for the issue of 14,693,796 Equity Shares to Redington (Mauritius) Limited in exchange for the acquisition of 3 shares of AED 1,000,000 each of Redington Gulf, FZE by Redington (India) Limited from Redington (Mauritius) Limited.
25. Letter (No. CHE.FED.FID/5552/24.18.0095/2004-05) dated June, 8, 2005, issued by the RBI, acknowledging application in Form FC-GPR dated January, 27, 2005 relating to the investment by Synnex (Mauritius) Limited in 1,66,20,056 Equity Shares on repatriation basis.
26. Approval (No. CHE.FED.FID/5552/24.18.0095/2004-05) dated June 08, 2005, issued by the RBI, permitting acquisition by Synnex (Mauritius) Limited of 16,620,056 Equity Shares of the Company on repatriation basis.
27. Approval (No. CHE.FED.FID/4519/25.18.066/2005-06) dated May 25, 2006, issued by the RBI, permitting acquisition by Beethoven Limited in 2,380,801 Equity Shares of the Company on repatriation basis.
28. Letter (No. CHE.FED.FID/4658/24.18.0095/2004-05) dated April 01, 2005, issued by the RBI, acknowledging application in Form FC-GPR dated December 22, 2004, relating to the allotment of 14,693,796 equity shares to Redington (Mauritius) Limited on repatriation basis investment by Synnex (Mauritius) Limited in 1,66,20,056 Equity Shares on repatriation basis

Taxation related approvals

1. Letter (No. 331320/19) dated September, 23, 1999, issued by the Commissionerate of Income Tax, Tamil Nadu, allotting PAN No. AABCRO347P.
2. Letter dated June 5, 2002, issued by the Office of the Income Tax Officer, Chennai, allotting TAN No. CHER00540B.
3. Registrations granted under Rule 9 of the Central Excise Rules, 2002, for operating as a dealer of excisable goods, in respect of our establishments at our establishments at Pondicherry, Ernakulam, Chennai, Mumbai, New Delhi and Goa.
4. Service tax registrations (Nos. MRS/Chennai- IV/125/STC, MGC/Chennai- IV/150/STC, GTA/Chennai - IV/366/STC and CFA/Chennai- IV/056/STC) granted under Section 69 of the Finance Act, 1994, for providing the services of "maintenance or repair", "management consultant", "goods transport agency" and "clearing and forwarding agent.
5. The following registrations were issued to the Company under concerned state sales tax statutes.
   (a) registration under Section 12 (1)/(2) of the Andhra Pradesh General Sales Tax Act, 1951, issued by the Assistant Commercial Tax Officer, Hyderabad. Registration No. PJT2891/95-96, valid from July 01, 1995;
   (b) registration under Section 11 (3) of the Assam General Sales Tax Act, 1993, issued by the Assessing Authority, Gauhati. Registration No. Gau(C)AGST3591, valid from November 17, 2001;
   (c) registration under Rule 5 of the Punjab General Sales Tax Rules, 1949, issued by the Assessing Authority, Ludhiana District. Registration No. 51971311, valid from September 12, 2001;
   (d) registration under the Punjab General Sales Tax Act, 1948, issued by the Assessing Authority, Chandigarh. Registration No. CHA17984, valid from June 23, 1997;
   (e) registration under Rule 16 of the Delhi Sales Tax Rules, 1975, issued by the Sales Tax Officer, New Delhi. Registration No. LC95/173446/0894 dated October 06, 1994;
   (f) registration under Section 6 of the Jammu and Kashmir General Sales Tax Act, 1962, issued by the Assessing Authority, Jammu and Kashmir. Registration No. 052936, valid from December 07, 2004 to December 06, 2009.
   (g) registration under Section 14 of the Bihar Finance Act, 1981, issued by the Office of the Deputy Commissioner of Commercial Taxes, Ranchi. Registration No. RN(W)254R, valid from November 23, 2001.
   (h) registration under Section 14 of the Bihar Finance Act, 1981, issued by the Office of the Deputy Commissioner of Commercial Taxes. Registration No. PCW-1871(R), valid from November 01, 2001;
   (i) registration under Rule 6 of the Kerala General Sales Tax Rules, 1963, issued by the Registering Officer, Kerala. Registration No. 23030917, valid from January 20, 1997;

(j) registration issued by the Assessing Authority, Indore. Registration No. 0-09-XLI-3383-8-3, valid from July 26, 2001;

(k) registration under Section 22 of the Bombay Sales Tax Act, 1959, issued by the Assessing Authority, Bombay. Registration No. 400021-S-1343, valid from April 01, 1996;

(l) registration under Section 8/9A of the Orissa Sales Tax Act, 1947, issued by the Sales Tax Officer, Bhubhaneswar. Registration No: BH-II-4492-S-T, valid from August 06, 2001;

(m) registration under Section 22 of the Pondicherry General Sales Tax Act, 1967, issued by the Office of the Deputy Commercial Tax Officer, Pondicherry. Registration No. 01/204152/96-97, valid from September 27, 1996.

(n) registration under the Rajasthan Sales Tax Act, 1994, issued by the Assistant Commissioner, Circle D. Registration No. RST-1426/06591, valid from October 19, 2001;

(o) registration under Section 20 of the Tamil Nadu General Sales Tax Act, 1959, issued by the Commercial Tax Officer. Registration No. TNGST/6220701/96-97, valid from October 01, 1993;

(p) registration No. LK 0457336 issued by the Assessing Authority, Lucknow, Uttar Pradesh, valid from March 10, 1998;

(q) registration No. 0242447 issued by the Assessing Authority, Dehradun, Uttaranchal, valid from December 26, 2001;

(r) registration No. BG/2615 issued by the Assistant Commissioner, Calcutta, West Bengal, valid from June 23, 1995;

(s) registration No. SOL-III-7650, issued under Rule 6 of the Himachal Pradesh General Sales Tax, 1969, by the Assessing Authority, Solan, Himachal Pradesh, valid from September 17, 2003;

(t) registration No. 12506881 issued by the Assistant Commissioner, Ahmedabad, Gujarat, valid from September 18, 1995;

(u) registration No. AMB HGST 33982, issued under Rule 1 of the Haryana General Sales Tax Act, 1973, by the Assistant Excise (Taxation) Officer, Panchkula, valid from November 20, 1996;

(v) registration No. P8728 issued by Assessing Authority, Sales Tax Officer, Panaji Ward, Goa, under Section 11 of the Goa Sales Tax Act, 1964 valid from September 09, 2001;

(w) registration No. 10/04/18704 issued by the Assessing Authority, Raipur under the Chattisgarh General Sales Tax Act, 1994, valid from March 23, 2002; and

(x) registration No. 907007271, issued by the Sales Tax Office, Karnataka, with effect from August 09, 1994.

6. The following registrations were issued to the Company under the Central Sales Tax Act, 1956:

(a) registration No. 0PJT/03/1/2332/95-96, issued by the Sales Tax Office, Hyderabad with effect from July 01, 1995;

(b) registration No. GWC/CST/0546, issued by the Sales Tax Office, Assam with effect from January 19, 2004;

(c) registration No. CHA.CST-17780, issued by the Sales Tax Office, Chandigarh with effect from February 24, 1999;

(d) registration No. 10/04/7398 (C), issued by the Sales Tax Office, Raipur, with effect from March 23, 2002;

(e) registration No. LC/95/173446/0894, issued by the Sales Tax Office, New Delhi, with effect from October 6, 1994;

(f) registration No. RN(S)1429 (C), issued by the Sales Tax Office, Jharkhand., with effect from November 23, 2005;

(g) registration No. 0638291, issued by the Sales Tax Office, Karnataka, with effect from August 09, 1994;

(h) registration No. 23196805, issued by the Sales Tax Office, Kerela, with effect from January 20, 1997;

(i) registration No. 0109/XLI/2491 (C), issued by the Sales Tax Office, Madhya Pradesh, with effect from July 26, 2001;

(j) registration No. P/CST/6359, issued by the Sales Tax Officer, Panaji Ward, Goa, with effect from September 11, 2001;

(k) registration No. GUJ/NLD/CST/598, issued by the Assessing Authority, Ahmedabad, Gujarat, valid from September 24, 1995;

(l) registration No. PKL/CST/1615, issued by the the Assistant Excise (Taxation) Officer, Panchkula, Haryana, valid from January 20, 1996;

(m) registration No. SOL/CST/7608, issued by Assessing Authority, Solan, Himachal Pradesh, valid from September 17, 2002;

(n) registration No. 5052189-E, issued by the Assessing Authority, Jammu and Kashmir, valid from December 07, 2004;

(o) registration No. 400021 C 1340, issued by the Assessing Authority, Bombay, valid from April 01, 1996;

(p) registration No. BHC II-3563, issued by Sales Tax Officer, Bhubaneswar, Orissa, valid from August 30, 2001;

(q) registration No. PCW 2851(C), issued by Office of the Deputy Commissioner of Commercial Taxes, Patna, Bihar, valid from November 01, 2001;

(r) registration No. 9910, PRC, issued by the Deputy Commercial Tax Officer, Pondicherry, valid from September 27, 1996;

(s) registration No. 51971311, issued by Assessing Authority, Ludhiana, Punjab, valid from September 12, 2001;

(t) registration No. 1426/06591, issued by Assessing Authority, Jaipur, Rajasthan, valid from November 01, 2001;

(u) registration No. CST/731328 issued by the Commercial Tax Officer, Chennai, Tamil Nadu, valid from October 25, 1993;

(v) registration No. LK-5247617 issued by issued by the Assessing Authority, Lucknow, Uttar Pradesh, valid from March 10, 1998;

(w) registration No. 5141335 issued by the Assessing Authority, Dehradun, Uttranchal, valid from from December 26, 2001; and

(x) registration No. 1963 (BG), issued by the Assistant Commissioner of Commercial Taxes, Calcutta, West Bengal, valid from May 15, 1995.

7. The following value added tax/central sales tax registrations were issued to the Company:

(a) VAT registration number (TIN) 28190165282, issued by the Commerical Tax Officer, Begumpet Division, Andhra Pradesh, valid from April 01, 2005;

(b) VAT registration number (TIN) 18190025600 issued by the Assessing Officer, Gawahati, Assam, valid from May 01, 2005;

(c) VAT registration number (TIN) 07840173446 issued by the Sales Tax Officer, Delhi, valid from April 01, 2005;

(d) VAT registration number (TIN) 30360103733 issued by the Sales Tax Officer, Panjem Ward, Goa, valid from April 01, 2005;

(e) VAT registration number (TIN) 01031050725 issued by the Assessing Authority, Jammu & Kashmir, valid from December 07, 2004;

(f) VAT registration number (TIN) 29190271265 issued by the Assistant Commissioner of Commercial Taxes, Karnataka, valid from April 01, 2005;

(g) VAT registration number (TIN) 32070276865 and CST registration No. 0702C007686 issued by Asst. Commissioner, Ernakulam, Kerala, valid from April 01, 2005;

(h) VAT registration number (TIN) 27740000026V and CST registration number 27740000026C issued by the Department of Sales Tax, Maharashtra, valid from April 01, 2005;

(i) VAT registration number (TIN) 03201140275 issued by Excise and Taxation Officer-cum-Assessing Authority, Ludhiana, valid from April 01, 2005;

(j) VAT registration number (TIN) 19200838049 and CST Registration No. 19200838243 issued by the Assistant Commissioner of Commercial Taxes, Calcutta, West Bengal, valid from April 01, 2005;

(k) VAT registration number (TIN) 06212501615 issued by the Assessing Authority, Panchkula, Haryana, valid from April 01, 2003;

(l) VAT registration number (TIN) 20520301884 issued by the Assistant Commissioner of Commercial Taxes, Ranchi, Uttranchal, valid from April 01, 2006;

(m) VAT registration number (TIN) 22541301910 issued by the Assessing Authority, Raipur, Chattisgarh, valid from April 01, 2006;

(n) VAT registration number (TIN) 08551756532 issued by the Commercial Tax Officer, Jaipur, Rajasthan, valid from October 19, 2001 and CST Registration No. 08551756532 (Central) issued by the Commerical Tax Officer, Jaipur, Rajasthan, valid from November 01, 2001;

(o) VAT registration number (TIN) 23250903383 issued by the Assessing Authority, Indore, Madhya Pradesh, valid from April 01, 2006; and

(p) VAT registration number (TIN) 33536220701 issued by the Commercial Tax Officer, Saidapet Assessment Circle, Chennai, valid from January 01, 2007; and

(q) VAT registration number (TIN) 24073902388 issued by the Sales Tax Officer, Ahmedabad, Gujarat, valid from April 01, 2006.

Miscellaneous approvals

1. Letter (No. 04/04/130/00055/AM95) dated October 04, 1994, issued by the Office of the Joint Director General of Foreign Trade, allotting Importer Exporter Code No. 0494000287.
2. Registration No. MS/31204 dated July 26, 1994, granted under the Employee Provident Funds and Miscellaneous Provisions Act, 1952.
3. Registration No. 51-51962-101 granted under the Employee's State Insurance Act, 1948.
4. Registrations under the concerned state shops and establishments statutes in respect of our establishments at Patna, Hyderabad, Secunderabad, Vizag, Guwahti, Raipur, Gurgaon, Bangalore, Hubli, Cochin, Calicut, Trivandrum, Indore, Pune, Bhuwaneshwar, Pondicherry, Ludhiana, Bombay, Lucknow, Kolkata, Madurai, Dehradun, Ahmedabad, Baroda, Bhopal, Chennai, Trichy, Kanpur, Varanasi, Jaipur, Chandigarh, Coimbatore, Nagpur and Goa.
5. Fire service licences granted under Section 13 of the Tamil Nadu Fire Service Act, 1985 for selling, storing and trading of computer accessories and peripherals and consumer durables, telecom and networking products, within the jurisdiction of Chennai Corporation granted in respect of the following premises:

   (a) licence No. 17571/A1/2004 dated December 20, 2004, granted for property at No.33-A SIDCO Industrial Estate, Guindy, Chennai, as amended by licence (No. 853/A1/2006) dated February 08, 2006;

   (b) licence (No. 854/A1/2006) dated February 08, 2006, granted for property at No. 93 Mount Road, Guindy, Chennai; and

   (c) licence (No. 855/A1/2006) dated February 08, 2006, granted for property at No. 94, Mahalakshmi Building, Mount Road, Guindy, Chennai.

   The above licences are valid for a period of one year from the date of their issuance.
6. Registration (No. 10-517/2003–OSP dated March 10, 2003) issued by the Department of Telecommunications, GoI, as an "Other Service Provider" in relation to the Company's domestic call centre at Gurgaon, Haryana.
7. Approval of the Ministry of Company Affairs, GoI, dated December 13, 2006 under Sections 269 of the Companies Act, for the appointment of Mr. R. Srinivasan as the Managing Director of the Company.

Registrations/approvals applied for

1. Application dated February 29, 2000 (No. 906455) filed under the the Trade and Merchandise Marks Act, 1958, for registration of the name and mark '*Redington'* under Class 16.
2. Applications dated February 29, 2000 (No. 906455) filed under the Trade and Merchandise Marks Act, 1958, for registrations of the names and marks '*Redington*' and '*Redington Service*' under Class 16.
3. Applications for grant for registration under the concerned state shops and establishments statutes in respect of the establishments of the Company at Ranchi, Surat and Salem.
4. Application dated July 18, 2006 filed with the Ministry of Communications for renewal of import license No. LI/158/06 CHH dated March 30, 2006, for wireless products.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at the AGM of the shareholders of our Company held on July 01, 2006.

The Board of Directors has pursuant to a resolution dated June 09, 2006 authorised a committee of its Directors to take decisions on behalf of the Board in relation to the Issue. The committee is referred to as the 'IPO Committee'.

Prohibition by SEBI

Our Company, our Directors, our Promoter, our Promoter Group and companies with which our Company's Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Neither of our Company, our Promoter and the Promoter Group has been declared as willful defaulters by RBI or any other governmental authority and there have been no violations of securities laws committed by them in the past or no such proceedings are pending against us or them.

Eligibility for the Issue

We are eligible for the Issue as per Clause 2.2.1 of the SEBI Guidelines as explained under:

- we have net tangible assets of at least 3 million in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets;
- we have a pre-Issue net worth of not less than million in each of the three preceding full years;
- we have a track record of distributable profits as per Section 205 of Companies Act for at least three out of the immediately preceding five years;
- the proposed Issue size would not exceed five times the pre-Issue net worth as per the audited accounts for the year ended March 31, 2006;
- we have not changed our name during the last one-year.

The distributable profits as per Section 205 of the Companies Act and net worth for the last five years as per our restated unconsolidated financial statements are as under:

(Rs. million, except percentage values)

	For the financial year ended March 31,				
	2002	**2003**	**2004**	**2005**	**2006**
Distributable profits (1)	100.46	110.59	149.16	172.42	291.20
Net Worth (2)	787.60	898.18	1047.34	3,160.67	3,673.38
Net tangible assets (3)	815.95	922.59	1,063.57	3,176.71	3,685.37
Monetary assets (4)	86.30	5.38	247.31	89.23	330.71
Monetary assets as a percentage of the net tangible assets	10.58%	0.58%	23.25%	2.81%	8.97%

(1) 'Distributable profits' have been defined in terms of Section 205 of the Companies Act.

(2) 'Net worth' has been defined as the aggregate of equity share capital and reserves, excluding miscellaneous expenditures, if any.

(3) 'Net tangible assets' means the sum of all net assets of the Company excluding intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India.

(4) Monetary assets comprise of cash and bank balances, public deposit accounts with the Government.

However, since the Issue shall be equal to 16.99% of the post Issue equity share capital, which is less than 25% of the post Issue equity share capital as stipulated in Rule 19(2)(b) of the SCRR, the Issue has to comply with the conditions set forth in Rule 19(2)(b). The Issue is in accordance with Rule 19(2)(b) for the following reasons:

- the Issue is 2,000,000 Equity Shares;
- the Issue Size will be more than Rs. 1,000,000,000; and
- the Issue is being made through the Book Building Process with mandatory allocation of at least 60% of the Issue to QIBs.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of allottees, i.e. persons to whom the Equity Shares will be allotted under the Issue, shall be not less than 1,000, failing which the entire application money will be refunded forthwith. In case of any delays in refund, our Company shall pay interest on the application money at a rate of 15% per annum for the period of delay.

Disclaimer clause

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE BOOK RUNNING LEAD MANAGER, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED, HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 28, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

"WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

(A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

(B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;

(D) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND

(E) WHEN UNDERWRITTEN WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF THE PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS."

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

THE BOOK RUNNING LEAD MANAGER AND US ACCEPT NO RESPONSIBILITY FOR STATEMENTS MADE OTHERWISE THAN IN THE DRAFT RED HERRING PROSPECTUS OR IN THE ADVERTISEMENT OR ANY OTHER MATERIAL ISSUED BY OR AT OUR INSTANCE AND ANYONE PLACING RELIANCE ON ANY OTHER SOURCE OF INFORMATION WOULD BE DOING SO AT HIS OWN RISK.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, TAMIL NADU, CHENNAI, IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

Caution

Our Company, our Directors and the BRLM accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our website, www.redingtonindia.com, would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLM and us and the Underwriting Agreement to be entered into between the Underwriters and us.

All information shall be made available by us, the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

We shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Disclaimer in respect of jurisdiction

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are not minors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to non-residents including NRIs and FIIs. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Chennai, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been submitted to the SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 ("the Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold outside the United States to certain Persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

Disclaimer Clause of the NSE

As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given *vide* its letters reference: NSE/LIST/31815-X dated October 23, 2006 permission to the Issuer to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinised this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every Person who desires to apply for or otherwise acquires any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of the BSE

Bombay Stock Exchange Limited ("the Exchange) has given vide its letter dated November 15, 2006 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

(i) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or

(ii) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

(iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this offer documents has been cleared or approved by the Exchange. Every Person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such Person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever

Filing

A copy of the Draft Red Herring Prospectus had been filed with SEBI at Corporation Finance Department, Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai-400 012.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC.

Listing

Applications have been made to the BSE and NSE for permission to deal in and for an official quotation of our Equity Shares. NSE will be the Designated Stock Exchange.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e. from the date of refusal or within 15 days from the Bid/Issue Closing Date, whichever is earlier, then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within 7 working days of finalisation of the Basis of Allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscription, for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company and Bankers to the Issue; and (b) Book Running Lead Manager to the Issue and Syndicate Member, Escrow Collection Bankers, Registrar to the Issue and Legal Advisors to the Issue, to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

Deloitte, Haskins & Sells, Chartered Accountants have given their written consent to the inclusion of their report in the form and context in which it appears in this Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Prospectus for registration with the RoC.

Deloitte, Haskins & Sells, Chartered Accountants, have given their written consent to the tax benefits accruing to our Company and its members in the form and context in which it appears in this Prospectus and has not withdrawn such consent up to the time of delivery of this Prospectus for registration with the RoC.

Expert opinion

We have not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. 105.15 million. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be borne by our Company.

The estimated Issue expenses are as under:

(Rs. million)

Activity	Expenses	Expenses as a % of total Issue Expenses	Expenses as a % of total Issue size
Lead management, underwriting and selling commission	71.50	68.00	4.78
Advertising and marketing expenses	10.31	9.81	0.69
Printing and stationery	14.00	13.31	0.94
Others (Registrar's fee, legal fee, listing fee, etc.)	9.34	8.88	0.62
Total estimated Issue expenses	**105.15**	**100**	**7.03**

Fees payable to the BRLM

The total fees payable to the BRLM will be as per the letter of appointment with the BRLM issued by our Company, a copy of which is available for inspection at our corporate office.

Fees payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the letter of appointment dated July 24, 2006, issued by our Company, a copy of which is available for inspection at our corporate office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

Underwriting commission, brokerage and selling commission on previous issues

Since this is the initial public offer of our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Previous rights and public issues

Our Company has not made any previous rights and public issues except as stated in the section titled "Capital Structure" on page 24.

Previous issues of shares otherwise than for cash

Our Company has not made any previous issues of shares.

Companies under the same management

We do not have any companies under the same management within the meaning of section 370(1) (B) of the Companies Act, other that as disclosed in "Our Promoter" on page 103.

Promise v/s performance

This is the first public issue of our Company.

Outstanding debentures or bond issues or preference shares

Our Company has no outstanding debentures or bond issues.

Stock market data for our Equity Shares

This being an initial public issue of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Mechanism for redressal of investor grievances

The agreement between the Registrar to the Issue and us will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have constituted an Investor Grievance Committee and also appointed Mr. Muthukumarasamy as the Compliance Officer for this Issue.

Change in Auditors

The auditors of our Company are appointed (and reappointed) in accordance with provisions of the Companies Act and their remuneration, rights and duties are regulated by Sections 224 to 233 of the Companies Act.

There have been no changes of the auditors in the last three years.

Capitalisation of reserves or profits

Our Company has not capitalised our reserves or profits during the last five years.

Revaluation of assets

We have not revalued our assets in the last five years.

Payment or benefit to officers of our Company

Except for statutory benefits available upon termination of their employment in our Company or superannuation, no officer of our Company is titled to any benefit upon termination of his employment in our Company or superannuation.

SECTION VII – ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of the Draft Red Herring Prospectus, Red Herring Prospectus and this Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, Government of India, Stock Exchanges, Registrar of Companies and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Issue has been authorised by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at the AGM of the shareholders of our Company held on July 01, 2006. The Board of Directors has pursuant to a resolution dated June 09, 2006, authorised the Issue.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank pari passu with the existing Equity Shares of our company including rights in respect of dividend. The allottees in receipt of allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of allotment.

Face value and Issue Price

Fresh Equity Shares with a face value of Rs. 10 each are being offered as part of the Issue at a total price of Rs. 113 per share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights equity shareholders

Subject to applicable laws, the equity shareholders shall have the following rights:

- right to receive dividend, if declared;
- right to attend general meetings and exercise voting powers, unless prohibited by law;
- right to vote on a poll either in person or by proxy;
- right to receive offers for rights shares and be allotted bonus shares, if announced;
- right to receive surplus on liquidation;
- right of free transferability; and
- such other rights, as may be available to a shareholder of a listed public company under the Companies Act and our Company's Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, refer to the section titled "Main Provisions of Our Articles of Association" on page 220.

Market lot and trading lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per existing SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialised form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of one Equity Share subject to a minimum allotment of 60 Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Chennai, India.

Nomination facility to investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change their nomination, they are requested to inform their respective depository participant.

Notwithstanding anything stated above, since the Allotment in the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Minimum subscription

If our Company does not receive the minimum subscription of 90% of the Issue, including devolvement of underwriters within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Arrangements for disposal of odd lots

Since the market lot for our Equity Shares will be one, no arrangements for disposal of odd lots are required.

Subscription by eligible non-residents

There is no reservation for any NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions and such NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions will be treated on the same basis with other categories for the purpose of allocation/allotment.

As per RBI regulations, OCBs cannot participate in the Issue.

Application in Issue

Equity Shares being issued through this Prospectus can be applied for in the dematerialised form only.

Withdrawal of the Issue

Our Company in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime including after the Bid Closing Date, without assigning any reason.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 ("the Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold outside the United States to certain Persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

ISSUE STRUCTURE

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Allotment of at least 7,938,600 Equity Shares	Allocation of up to 1,323,100 Equity Shares	Allocation of up to 3,969,300 Equity Shares
Percentage of Issue Size available for allotment/ allocation	At least 60% of Issue Size being allotted. However, up to 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Up to 10% of the Issue Size	Up to 30% of the Issue Size
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate as follows: (a) Equity Shares constituting 5% of the QIB portion shall be allocated on a proportionate basis to Mutual Funds; (b) The balance Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares in multiples of 60 Equity Shares so that the Bid Amount exceeds Rs. 100,000	Such number of Equity Shares in multiples of 60 Equity Shares so that the Bid Amount exceeds Rs. 100,000	60 Equity Shares.
Maximum Bid	Such number of Equity Shares in multiples of 60 Equity Shares, not exceeding the Issue Size, subject to applicable limits	Such number of Equity Shares in multiples of 60 Equity Shares, not exceeding the Issue Size, subject to applicable limits	Such number of Equity Shares in multiples of 60 Equity Shares, such that the Bid Amount does not exceed Rs. 100,000
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid Lot	60 Equity Shares in multiples of 60 Equity Shares	60 Equity Shares in multiples of 60 Equity Shares	60 Equity Shares in multiples of 60 Equity Shares
Allotment Lot	Minimum 60 Equity Shares and in multiples of 1 Equity Shares thereafter	Minimum 60 Equity Shares and in multiples of 1 Equity Shares thereafter	Minimum 60 Equity Shares and in multiples of 1 Equity Shares thereafter
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with	NRIs, Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Individuals (including HUFs, NRIs) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	SEBI, multilateral and bilateral development financial institutions, and State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.		
Terms of Payment	QIB Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	At least 10% of Bid Amount.	Full Bid Amount on bidding.	Full Bid Amount on bidding.

* *Subject to valid Bids being received at or above the Issue Price and subject to a minimum of 60% of the Issue being allotted to QIBs. The Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. If at least 60% of the Issue cannot be allocated to QIBs, then the entire application money will be refunded forthwith. Further, up to 10% of the Issue would be allocated to Non-Institutional Bidders and up to 30% of the Issue would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price. Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with the spill over from any other category at the sole discretion of our Company in consultation with the BRLM.*

** *In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.*

ISSUE PROCEDURE

Book building procedure

The Issue is being made through the 100% Book Building Process wherein at least 60% of the Issue shall be allotted to Qualified Institutional Buyers on a proportionate basis out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, up to 10% of the Issue would be allocated to Non-Institutional Bidders and up to 30% of the Issue would be allocated to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price.

Bidders are required to submit their Bids through the Syndicate. In case of QIB Bidders, our Company, in consultation with the BRLM, may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that allotment of Equity Shares to all successful Bidders will only be in the dematerialised form. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in this Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian public, NRIs applying on a non-repatriation basis	White
Non-residents, eligible NRIs, FVCIs, FIIs etc. applying on a repatriation basis	Blue

Who can bid?

- Indian nationals resident in India who are majors, or in the names of their minor children as natural/legal guardians in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
- Mutual Funds registered with SEBI;
- Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Guidelines and regulations, as applicable);
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Investors registered with SEBI;

- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- Eligible NRIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
- FIIs registered with SEBI;
- Scientific and/or Industrial Research Organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority, India;
- As permitted under applicable laws, provident funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares; and
- Multilateral and Bilateral Development Financial Institutions.

As per existing regulations, OCBs cannot participate in the Issue.

Note: The BRLM and Syndicate Member shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Member may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Application by mutual funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than 396,930 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids by NRIs

Bid cum Application Forms have been made available for NRIs at our registered/corporate office, members of the Syndicate and the Registrar to the Issue.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

Application by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital (i.e. 10% of 77,865,746 Equity

Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A (1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub-account may issue, deal or hold, off-shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of “know your client” requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Application by SEBI registered venture capital funds and foreign venture capital investors

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, a venture capital fund cannot invest more than 25% of the corpus of the fund in one venture capital undertaking. Please note that this restriction is not applicable to a foreign venture capital investor. However, venture capital funds or foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers of venture capital undertakings.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and minimum Bid size

- **For Retail Individual Bidders:** The Bid must be for a minimum of 60 Equity Shares and in multiples of 60 Equity Shares thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000. In case the Bid Price is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares and in multiples of 60 Equity Shares, such that the Bid Amount exceeds Rs. 100,000 and in multiples of 60 Equity Shares thereafter. A Bid cannot be submitted for more than the Issue Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at ‘Cut-off’.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Prospectus.

Information for the Bidders:

(a) Our Company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.

(b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.

(c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from our registered office or from any of the members of the Syndicate.

(d) Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLM or Syndicate Member or their authorised agent(s) to register their Bids.

(e) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

Method and process of bidding

(a) Our Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in three widely circulated newspapers (one each in English and Hindi and one in Tamil). This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI Guidelines, as amended by SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 dated January 25, 2005. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement.

(b) The Bidding Period shall be for a minimum of three working days and not exceeding seven working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be published in three national newspapers (one each in English and Hindi) and one Tamil newspaper and the Bidding Period may be extended, if required, by an additional three days, subject to the total Bidding Period not exceeding 10 working days.

(c) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" on page 199) within the Price Band and specify the demand (i.e. the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

(d) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph entitled "Build-up of the Book and Revision of Bids" on page 202.

(e) The Members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(f) During the Bidding/Issue Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

(g) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Terms of Payment and Payment into the Escrow Accounts" on page 201.

Bids at different price levels

(a) The Price Band has been fixed at Rs. 95 to Rs. 113 per Equity Share of Rs. 10 each, Rs. 95 being the lower end of the Price Band and Rs. 113 being the higher end of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Re. 1 (One).

(b) Our Company, in consultation with the BRLM, reserves the right to revise the Price Band, during the Bidding Period, in accordance with SEBI Guidelines. The higher end of the Price Band should not be more than 20% of the lower end of the Price Band. Subject to compliance with the immediately preceding sentence, the lower end of the Price Band can move up or down to the extent of 20% of the lower end of the Price Band disclosed in the Red Herring Prospectus.

(c) In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers (one each in English and Hindi) and one Tamil newspaper, and also by indicating the change on the websites of the BRLM, and at the terminals of the Syndicate Members.

(d) Our Company, in consultation with the BRLM, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.

(e) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.

(f) Retail Individual Bidders who bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Price based on the higher end of the Price Band in the Escrow Account. In the event the Bid Price is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut-off Price (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the Escrow Account.

(g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e. original Bid Price plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if the Bidder wants to continue to bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allotment, such that the no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

(h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

(i) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size will be revised in order to ensure that the Bid amount payable on such application is in the range of Rs. 5,000 to Rs. 7,000. The changes regarding the same shall be advertised in accordance with SEBI Guidelines.

Escrow mechanism

Our Company shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Price from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of this Prospectus and the Escrow Agreement. The Escrow Collection Bank(s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account as per the terms of the Escrow Agreement. Payments of refund to the Bidders shall also be made from the refund account as per the terms of the Escrow Agreement and the Prospectus.

The Bidders should note that the Escrow Mechanism is not prescribed by SEBI and has been established as an arrangement between us, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of payment and payment into the Escrow Accounts

Each Bidder, shall provide the applicable Margin Amount, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph titled "Payment Instructions" on page 208) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid Price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold such monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the refund account for the benefit of the Bidders who are entitled to refunds. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders.

Each category of Bidders i.e. QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The Margin Amount payable by each category of Bidders is mentioned under the section titled "Issue Structure" on page 194. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Price, any difference between the amount payable by the Bidder for Equity Shares allocated/allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 (two) days from the date of communication of the allocation list to the members of the Syndicate by the BRLM. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated/allotted lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation/allotment, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which our Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic registration of Bids

(a) The Members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

(b) BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a half hourly basis. On the Bid Closing Date, the Members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.

(c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on a half hourly basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the online system:

- name of the investor;
- investor category – Individual, Corporate, NRI, FII, or Mutual Fund etc.
- numbers of Equity Shares bid for;

- bid price;
- Bid cum Application Form number;
- whether Margin Amount has been paid-upon submission of Bid cum Application Form; and
- Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/allotment either by the members of the Syndicate or our Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) In case of QIB Bidders, members of the syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case on Non-Institutional Bidders and Retail Individual Bidders who Bid, Bids would not be rejected except on the technical grounds listed on page 211.

(h) The permission given by BSE and NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/ or the BRLM are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company.

(i) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

Build-up of the book and revision of Bids

(a) Bids registered by various Bidders through the Members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.

(b) The book gets built-up at various price levels. This information will be available with the BRLM on a regular basis.

(c) During the Bidding/Issue Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid Price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

(e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid.

(f) Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(g) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

(h) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

(i) Only bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In case of a discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the BRLM, based on the physical records of Bid cum Application Forms, shall be final and binding on all concerned.

Price discovery and allocation/allotment

(a) After the Bid/Issue Closing Date, the BRLM will analyse the demand generated at various price levels and discuss pricing strategy with us.

(b) The Company in consultation with the BRLM shall finalise the "Issue Price".

(c) The allotment to QIB Bidders of at least 60% of the Issue (including 5% specifically reserved for Mutual Funds) would be on a proportionate basis in consultation with Designated Stock Exchange subject to valid bids being received at or above the Issue Price, in the manner as described in "Basis of Allotment – Allotment to QIB Bidders" below. The allocation to Non-Institutional Bidders of up to 10% and Retail Individual Bidders of up to 30% of the Issue Size would be on proportionate basis, in the manner specified in the SEBI Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.

(d) Under-subscription, if any, in the Non-Institutional category and the Retail Individual category would be met with the spill over any other category at the sole discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Funds is less than 396,930 Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, undersubscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLM, and the Designated Stock Exchange.

(e) Allocation to Eligible NRIs, FIIs, foreign venture capital funds registered with SEBI applying on repatriation basis will be subject to applicable law and the terms and conditions stipulated by the FIPB and RBI while granting permission for allotment of Equity Shares to them in this Issue.

(f) The BRLM, in consultation with the Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Price has not been collected from the Bidders.

(g) Our Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reason whatsoever. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/ Issue Closing Date.

Notice to QIBs: allotment reconciliation

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/ NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Signing of Underwriting Agreement and RoC filing

(a) Our Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s)/allotment to the Bidders.

(b) After signing the Underwriting Agreement, our Company would update and file the updated Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the RoC

We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of pre-Issue advertisement

Subject to Section 66 of the Companies Act, our Company shall after receiving final observations, if any, on this Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines in an English national daily with wide circulation, one national newspaper and one regional language newspaper.

Advertisement regarding Issue Price and Prospectus

We will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

(a) Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLM or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated/allotted Equity Shares in the Issue. The approval of the basis of allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that our Company shall ensure that the date of allotment of the Equity Shares to all investors in this Issue shall be done on the same date.

(b) The BRLM or the Syndicate Members would dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

(c) Bidders who have been allocated/allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the allotment to such Bidder.

(d) The Issuance of CAN is subject to "Allotment Reconciliation and Revised CANs" as set forth under the chapter "Terms of Issue" of this Prospectus.

Designated Date and Allotment of Equity Shares

(a) Our Company will ensure that the allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date. After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, our Company would ensure the credit to the successful Bidders depository account allotment of the Equity Shares to the allottees shall be within two working days of the date of allotment.

(b) In accordance with the SEBI Guidelines, Equity Shares will be issued, transferred and allotment shall be made only in the dematerialised form to the allottees. Allottees will have the option to rematerialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/ allotted to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

(a) Check if you are eligible to apply;

(b) Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour) as the case may be;

(c) Ensure that the details about Depository Participant and Beneficiary Account are correct as allotment of Equity Shares will be in the dematerialised form only;

(d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;

(e) Ensure that you have been given a TRS for all your Bid options;

(f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS; and

(g) Where Bid(s) is/ are for Rs. 50,000 or more, each of the Bidders should mention their Permanent Account Number (PAN) allotted under the I.T. Act. The copies of the PAN Card or PAN allotment letter should be submitted with the Bid cum Application Form. If you have mentioned "Applied for" or "Not Applicable", in the Bid cum Application Form in the section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof;

(h) Ensure that the Demographic Details (as defined below) are updated, true and correct in all respects;

(i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

(a) Do not bid for lower than the minimum Bid size;

(b) Do not bid/revise Bid Price to less than the lower end of the Price Band or higher than the higher end of the Price Band;

(c) Do not bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

(d) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;

(e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;

(f) Do not bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders);

(g) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue Size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

(h) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

Instructions for completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white or blue).

(b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.

(c) For Retail Individual Bidders, the Bid must be for a minimum of 60 Equity Shares and in multiples of 60 thereafter subject to a maximum Bid Amount of Rs. 100,000.

(d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of 60 Equity Shares so that the Bid Price exceeds or equal to Rs. 100,000 and in multiples of 60 Equity Shares thereafter. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

(e) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's bank details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification Number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. These Bank Account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither of the BRLM and the Company shall have any responsibility and undertake any liability for the same.

Bidder's Depository account details and bank account details

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account Number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THE EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name and identification number and beneficiary account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, the Registrar, Escrow Collection Bank(s) nor the BRLMs shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary account number, then such Bids are liable to be rejected.

The Company, in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by non-residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis

Bids and revision to Bids must be made:

- on the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- in a single name or joint names (not more than three).

Bids by NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation. Bids by other eligible non-resident Bidders, must be for a minimum of such number of Equity Shares and in multiples of 60 Equity Shares such that the Bid Amount exceeds Rs. 100,000.

For further details, please refer to 'Maximum and Minimum Bid Size' on page 198. In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Our Company does not require approvals from FIPB or RBI for the Issue of Equity Shares to eligible NRIs, FIIs, and foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor. In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason for the same.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company, and the BRLM may deem fit.

We, in our absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

PAYMENT INSTRUCTIONS

Our Company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation/allotment in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation/allotment as per the following terms:

Payment into Escrow Account

(a) The Bidders for whom the applicable Margin Amount is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.

(b) In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated/allotment to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.

(c) The payment instruments for payment into the Escrow Account should be drawn in favour of:

- in case of resident QIB Bidders: “Escrow Account – Redington Public Issue – QIB”;
- in case of non-resident QIB Bidders: “Escrow Account – Redington Public Issue – QIB-NR”;
- in case of resident Retail Individual Bidders and Non-Institutional Bidders: “Escrow Account - Redington Public Issue”; and
- in case of Non-Resident Retail Individual Bidders and Non-Institutional Bidders: “Escrow Account - Redington Public Issue - NR”.

(d) In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

(e) In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.

(f) Where a Bidder has been allocated/allotment a lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the refund account as per the terms of the Escrow Agreement and the Prospectus.

(g) The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.

(h) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

(i) On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/allotment to the Bidders.

(j) Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/Stockinvest/ Money Orders/Postal Orders will not be accepted.

Payment by Stockinvest

In terms of RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

SUBMISSION OF BID CUM APPLICATION FORM

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of Joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same. In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
2. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
3. The Registrar will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.
4. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.
5. The applications will be scrutinised for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/ husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

The Company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application Form**. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/ or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should Mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card, (b) Passport, (c) Driving Licence, (d) Identity Card issued by any institution, (e) Copy of the electricity bill or telephone bill showing residential address, (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address, (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and**

Form 61 have been amended vide a notification issued on December 01, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61, as the case may be.

UNIQUE IDENTIFICATION NUMBER - MAPIN

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI (MAPIN Regulations/Circulars vide its circular bearing number MAPIN/Cir-13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs.100,000 to Rs.500,000 or more. The limit will be reduced progressively. For trade order value of less than Rs.500,000 an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

OUR RIGHT TO REJECT BIDS

In case of QIB Bidders, the Company in consultation with the BRLM may reject Bids, provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for technical rejections

Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:

(a) Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;

(b) Age of First Bidder not given;

(c) In case of partnership firms Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;

(d) Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;

(e) PAN photocopy/PAN communication/Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration, not given if Bid is for Rs. 50,000 or more;

(f) GIR number furnished instead of PAN;

(g) Bids for lower number of Equity Shares than specified for that category of investors;

(h) Bids at a price less than lower end of the Price Band;

(i) Bids at a price more than the higher end of the Price Band;

(j) Bids at Cut-off Price by Non-Institutional and QIB Bidders applying for greater than 100,000 Equity Shares;

(k) Bids for number of Equity Shares which are not in multiples of 60;

(l) Category not ticked;

(m) Multiple Bids as defined in this Prospectus;

(n) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;

(o) Bids accompanied by Stockinvest/money order/postal order/cash;

(p) Signature of sole and/or joint Bidders missing;

(q) Bid cum Application Forms does not have the stamp of the BRLM, or Syndicate Members;

(r) Bid cum Application Forms does not have Bidder's depository account details;

(s) Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application

Forms, Bid/Issue Opening Date advertisement and this Prospectus and as per the instructions in this Prospectus and the Bid cum Application Forms;

(t) In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's Identity (DP ID) and the beneficiary's account number;

(u) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;

(v) Bids by QIBs not submitted through the Syndicate;

(w) Bids by US persons.

(x) Bids by OCBs.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

As per the provisions of Section 68B of the Companies Act, the allotment of Equity Shares in this Issue shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

(a) Agreement dated December 5, 2006 with NSDL, the Company and the Registrar to the Issue;

(b) Agreement dated November 23, 2006 with CDSL, the Company and the Registrar to the Issue.

All Bidders can seek allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
- Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
- Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of jointholders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
- The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

COMMUNICATIONS

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

DISPOSAL OF APPLICATIONS AND APPLICATIONS MONEY

PLEASE MENTION ABOUT ELECTRONIC CLEARING SYSTEM

Our Company shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of finalisation of allotment of Equity Shares. Our Company shall dispatch refund orders, if any, of value up to Rs. 1,500, "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are proposed to be listed are taken within 7 (seven) working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, our Company further undertake that:

- allotment shall be made only in dematerialised form within 15 (fifteen) days of the Bid/Issue Closing Date;
- dispatch refund orders within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured; and
- our Company shall pay interest at 15% (fifteen) per annum (for any delay beyond the 15 (fifteen) day time period as mentioned above), if allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 (fifteen) day time prescribed above as per the Guidelines issued by GoI, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the Stock Exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

Basis of allotment

A. *for Retail Individual Bidders*

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 3,969,300 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

- If the aggregate demand in this category is greater than 3,969,300 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis up to a minimum of 60 Equity Shares and in multiple of 1 share thereof. For the method of proportionate basis of allotment, refer below.

B. ***for Non-Institutional Bidders***

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 1,323,100 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 1,323,100 Equity Shares at or above the Issue Price, allotment shall be made on a proportionate basis up to a minimum of 60 Equity Shares and in multiple of 1 share thereof. For the method of proportionate basis of allotment refer below.

C. ***for QIBs***

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the QIB Bidders will be made at the Issue Price.
- the QIB Portion shall be available for allotment to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- allotment shall be undertaken in the following manner:
  - (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:
    - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
    - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid bids received above the Issue Price.
    - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for allotment to all QIB Bidders as set out in (b) below;
  - (b) In the second instance allotment to all QIBs shall be determined as follows:
    - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
    - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
    - (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
- the aggregate allotment to QIB Bidders shall not be less than 7,938,600 Equity Shares.
- allotment reconciliation and revised CANs: After the Bid/Issue Closing Date, based on the electronic book, QIBs will be sent a CAN on or prior to January 31, 2007 indicating the number of Equity Shares that may be allotted to them. The CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the book prepared based on Bid cum Application Forms received by the Registrar. Subject to SEBI Guidelines, certain Bid cum Application Forms may be rejected due to technical reasons, non-receipt of funds, cancellation or bouncing of cheques, etc. and these rejected Bid cum Application Forms will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to the QIBs which may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased Allotment of Equity Shares to them. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issuance of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares Allotted to such QIB. The revised CAN, if issued, will supersede in entirety to the earlier CAN.

- The method of proportionate basis of allocation is stated below.

Illustration of allotment to QIBs and Mutual Funds ("MF")

A. ***Issue details***

Sr. No.	Particulars	Issue details
1.	Issue size	200 million equity shares
2.	Allocation to QIB (50%)	100 million equity shares
	Of which:	
	a. Reservation to MF (5%)	5 million equity shares
	b. Balance for all QIBs including MFs	95 million equity shares
3.	No. of QIB applicants	10
4.	No. of shares applied for	500 million equity shares

B. ***Details of QIB Bids***

S.No	Type of QIB bidders#	No. of shares bid for (in crores)
1.	A1	50
2.	A2	20
3.	A3	130
4.	A4	50
5.	A5	50
6.	MF1	40
7.	MF2	40
8.	MF3	80
9.	MF4	20
10.	MF5	20
	Total	**500**

 # A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. ***Details of allotment to QIB Bidders/Applicants***

(No. of equity shares, million)

Type of QIB bidders	Shares bid for	Allocation of 5 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 95 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	9.60	0
A2	20	0	3.84	0
A3	130	0	24.95	0
A4	50	0	9.60	0
A5	50	0	9.60	0
MF1	40	1	7.48	8.48
MF2	40	1	7.48	8.48
MF3	80	2	14.97	16.97
MF4	20	0.5	3.74	4.24
MF5	20	0.5	3.74	4.24
	500	5	95	42.42

Please note:

1. the illustration presumes compliance with the requirements specified in this Prospectus in the section titled "Issue Structure" commencing on page 194;
2. out of 100 million Equity Shares allocated to QIBs, 5 million (i.e. 5%) will be allocated on proportionate basis among 5 Mutual Fund applicants who applied for 200 shares in QIB category;
3. the balance 95 million Equity Shares (i.e. 100 - 5 (available for MFs)) will be allocated on proportionate basis among 10 QIB applicants who applied for 500 Equity Shares (including 5 MF applicants who applied for 200 Equity Shares); and
4. the figures in the fourth column titled "Allocation of balance 95 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:
   - for QIBs other than Mutual Funds (A1 to A5)= No. of shares bid for (i.e. in column II) X 95 / 495,
   - for Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e. in column II of the table above) less Equity Shares allotted (i.e. column III of the table above)] X 95/495, and
   - the numerator and denominator for arriving at allocation of 95 million shares to the 10 QIBs are reduced by 5 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Method of proportionate basis of allotment in the QIB, Retail and Non-Institutional Portions

In the event of the Issue being oversubscribed, the Company shall finalise the basis of allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalised in a fair and proper manner.

The allotment shall be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders will be categorised according to the number of Equity Shares applied for.

(b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the oversubscription ratio.

(c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the oversubscription ratio.

(d) In all Bids where the proportionate allotment is less than 60 Equity Shares per Bidder, the allotment shall be made as follows:

- each successful Bidder shall be allotted a minimum of 60 Equity Shares; and
- the successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

(e) If the proportionate allotment to a Bidder is a number that is more than 60 but is not a multiple of one (which is the marketable lot), the number in excess of the multiple of one would be rounded off to the higher multiple of one if that number is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower multiple of one. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Letters of allotment or refund orders

We shall give credit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. Applicants having bank accounts at any of the 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Electronic Credit Service (ECS) only, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (RTGS). In case of other applicants, we shall despatch refund orders, if any, of value up to Rs. 1,500, by “Under Certificate of Posting”, and will despatch refund orders above Rs. 1,500, if any, by registered post only at the sole or First Bidder’s sole risk within 15 days of the Bid/Issue Closing Date and adequate funds for the purpose shall be made available to the Registrar by us. Applicants to whom refunds are made through Electronic transfer of funds will be send a letter through “Under Certificate of Posting” within 15 days of closure of Issue, intimating them about the mode of credit of refund, the bank where refunds shall be credited along with the amount and the expected date of electronic credit of refund.

The Company shall ensure despatch of refund orders / refund advice, if any, by “Under Certificate of Posting” or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS, as applicable, only at the sole of First Bidder’s sole risk within 15 days of the Bid Closing Date / Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar by the Issuer.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, we further undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;

- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Save and except refunds effected through the electronic mode i.e. ECS, direct credit or RTGS, refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

PAYMENT OF REFUND

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

- **ECS:** Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
- **NEFT (National Electronic Fund Transfer):** Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.
- **Direct credit:** Applicants having bank accounts with the Refund Banker(s) shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
- **RTGS:** Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
- For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Interest in case of delay in dispatch of allotment letters/refund orders

We agree that allotment of securities offered to the public shall be made not later than 15 days from the Bid/Issue Closing Date. We further agree that we shall pay interest at 15% per annum if the allotment letters/refund orders have not been dispatched to the applicants within 15 days from the Bid/Issue Closing Date.

Issue program

Bid/Issue opened on	:	**Monday, January 22, 2007**
Bid/Issue closed on	:	**Thursday, January 25, 2007**

Bids and any revision in Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only between 10 a.m. and 1 p.m. (Indian Standard Time) and uploaded until such time as permitted by the BSE and the NSE on the Bid/Issue Closing Date.

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least one day prior to the Bid/Issue Opening Date.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE, by issuing a press release, and also by indicating the change on the web site of the BRLM and at the terminals of the Syndicate.

UNDERTAKING BY OUR COMPANY

We undertake the following:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- that the funds required for dispatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
- that the refund orders or allotment advice to the successful Bidders shall be dispatched within specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

Utilisation of Issue proceeds

Our Board of Directors certify that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act; details of all monies utilised out of Issue shall be disclosed under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate head in the balance sheet indicating the form in which such unutilised monies have been invested;
- our Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Withdrawal of the Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime, including after the Bid/Issue Opening Date, without assigning any reason thereof. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

SECTION VIII - MAIN PROVISIONS OF OUR ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning given to such terms in the Articles of Association of the Company.

Pursuant to Schedule II of the Companies Act and the DIP Guidelines, the main provisions of the Articles of Association of the Company relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares/debentures and/or on their consolidation/splitting are detailed below.

The regulations contained in Table 'A' of Schedule I to the Companies Act shall apply only in so far as the same are not provided for or are not inconsistent with these Articles and the regulations for the management of the Company and for observance of the members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company with reference to repeal or alteration or of addition to, its regulations by special resolution, as prescribed by the Companies Act be such as are contained in these Articles of Association.

The Regulations 22, 24, 36 to 43, 64, 66 and 84 of Table A shall not apply to the Company.

Capital and Shares

Increase of Capital

Article 3 (a) provides that "The Company may from time to time increase or decrease or reduce its Share Capital in any manner subject to the provisions of the Act ."

Redeemable Preference Shares

Article 3 (b) provides that "Subject to the provisions of the Act, any Preference Shares may with the sanction of the shareholders be issued on the terms that they are liable to be redeemed on such terms and in such manner as the Company may, before the issue of the shares, by Special Resolution determine."

Commission for placing shares, debentures, etc.

Article 4(a) provides that "The Company may at any time pay a commission to any person for subscription or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures or debenture-stock of the Company or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares. Such commission in respect of shares shall be paid or payable out of the capital, the statutory conditions and requirements shall be observed and complied with and the amount or rate of commission shall not exceed five per cent of the price at which the shares are issued and in the case of debentures the rate of commission shall not exceed two and a half per cent of the price at which the debentures are issued. The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The company may also on any issue of shares pay such brokerage as may be lawful."

On what condition new shares may be issued

Article 3(b) provides that "Subject to the provisions of the Act, any Preference Shares may with the sanction of the shareholders be issued on the terms that they are liable to be redeemed on such terms and in such manner as the Company may, before the issue of the shares, by Special Resolution determine."

How far shares to rank with existing shares

Article 4(f) provides that "Any new issue of Capital shall be governed as regards its rights to dividend participation and voting powers as per the terms of issue of such shares."

Reduction of capital

Article 14 provides that "The Company shall have power to reduce the share capital in the manner provided in Sections 100 to 105 of the Companies Act, 1956 or any statutory modifications thereof."

Buyback of shares

Article 4(c) provides that "The Company shall have power, subject to and in accordance with all applicable provisions of the Act and Rules made thereunder, to purchase any of its own fully paid shares, whether or not they are redeemable and may make a payment out of capital in respect of such purchase."

Issue of Shares with differential rights

Article 4(d) provides that "Subject to the provisions of the Act and Rules made thereunder, the Company shall have power to issue shares with differential rights as to dividend, voting or otherwise."

Modification of rights

Article 5 provides that "If, at any time, the capital by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may be modified by agreement between the Company and any person purporting to contact on behalf of that class, provided that such agreement is ratified in writing by the holders of at least three-fourths of the issued shares of the class or is confirmed by a resolution passed at a separate General Meeting of the holders of the shares of that class and supported by votes of not less than three-fourth of those shares and all the provisions hereinafter contained as to General Meeting shall mutatis mutandis apply to every such meeting."

Board of Directors to make calls

Article 6(a) provides that "If, by the conditions of allotment of any shares, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the shares, or his heirs, executors, administrators and legal representatives."

Article 6(d) provides that "A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments."

Article 6(e) provides that "Option to call off shares shall not be given to any person except with the sanction of the company in general meeting."

Article 6(b) provides that "The jointholders of a share shall be jointly and severally liable to pay all calls in respect thereof."

Calls to carry interest

Article 7(b)(i) provides that "If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at such rate as the Board may determine."

Interest payable on calls in advance

Article 6(c)(ii) provides that "upon all or any of the moneys so advanced, may (until the same would, but for such advance become presently payable) pay interest at such rate as may be determined by the Board. But such advance shall not confer a right to dividend or to participate in profits."

Calls to date from resolution

Article 6(d) provides that "A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments."

Forfeiture of shares

Article 15 provides that "If a member fails to pay any call or instalments of a call, on the day appointed for payment thereof, the Board may at any time thereafter, during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued."

Article 16(b)(i) provides that "If the requirements of any such notice as in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of Board to that effect."

Article 16(a)(i) provides that "The notice aforesaid shall name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and",

Article 16(a)(ii) provides that " In the event of non-payment on or before the day so named, the shares in respect of which the call was made will be liable to be forfeited."

Article 16(b)(i) provides that "The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of."

Further, Article 16(c)(i) provides that "A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit ."

Liability to pay money owing at the time of forfeiture

Article 16(d)(i) provides that "A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares."

Article 16(d)(ii) provides that "The liability of such person shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares."

Company's lien on shares

Article 4(h)(i) provides that "The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called, or payable at a fixed time in respect of that share, even if such share is registered in the name of more than one person."

Article 4(h)(ii) provides that "on all shares (not being fully paid shares) standing registered in the name of a single person for all moneys presently payable by him or his estate to the Company."

Article 4(h)(iii) provides "that Provided that the Board of Directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause"

Sale of shares on which Company has lien

Article 4(i)(b) provides that "The Company may sell in such manner as the Board thinks fit, any share on which the Company has a lien; provided that no sale shall be made: Until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for the time being of the shares or the person entitled thereto by reason of his death or insolvency."

Application of proceeds of sale

Article 4(k)(i) provides that "The proceeds of the sale shall be received subject to the lien that exists as is 'presently payable'."

Article 4(k)(ii) provides that "The residue, if any, shall subject to a like lien for sums not `presently payable' as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale."

Transfer and Transmission of Shares

Form of transfer

Article 9(b) provides that "The instrument of transfer shall be in such form as may be prescribed under the Act."

Transfer not to be registered except on production of instrument of transfer

Article 10(A) provides that "Every instrument of transfer shall be presented to the Company duly stamped for accompanied by the certificate of the shares to be transferred and with such evidence as the Board may require to prove the title of the transferor, his right to transfer the share and generally under subject to such conditions and regulations as the Board shall from time to time prescribe and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board."

Directors may refuse to register transfer

Article 9(a) provides that "The Directors may in their absolute and uncontrolled discretion and without assigning any reason decline to register or acknowledge any transfer of shares."

Article 10(B)(a) provides that "The Company will not charge any fee for registration of transfer of its shares and Debentures."

Register of transfers

Article 9(c) provides that "The Company shall keep a book to be called the 'Register of Transfer' and therein shall fairly and distinctly enter the particulars of every transfer or transmission of any shares."

Title to share of deceased holder

Article 11 provides that "Registration of persons entitled to shares otherwise than by a transfer (The Transmission Article). In case of the death of a shareholder the survivor or survivors where the deceased was a joint holder, and the executor or administrators of the deceased or nominee or other person legally entitled to the shares where he was sole or only surviving holder shall be the only person recognised by the Company as having any title to his interest in the shares, but nothing in this Article shall release the estate of a deceased (whether sole or joint) from any liability in respect of any share held by them."

Article 12 provides that "Any person becoming entitled to a share in consequence of the death or bankruptcy of a member (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) may subject as hereinafter provided either be registered himself as holder of share upon giving to the Company notice in writing of his such desire or transfer such share to some other person. All the limitations, restrictions and provisions of these presents relating to the right to transfer and the registration of transfers of share shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the member had not occurred and the notice of transfer were a transfer executed by such member."

Board may require evidence of transmission

Article 13 provides that "Save as otherwise provided by or in accordance with these presents, a person becoming entitled to a share in consequence of the death or bankruptcy of a member (upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share) shall be entitled to the same dividends and other advantages to which he would be entitled in respect thereof to exercise any rights conferred by membership in relation to meetings of the Company until he shall have been registered as a member in respect of the share."

Borrowing Powers

Power of borrowing

Article 38(f) provides that "The Directors may, from time to time at their discretion, borrow and secure the payment of any sum or sums of money for the purpose of the Company. The Directors may secure the repayment of such moneys in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being."

Conditions on which money may be borrowed

Article 38(f) provides that "The Directors may, from time to time at their discretion, borrow and secure the payment of any sum or sums of money for the purpose of the Company. The Directors may secure the repayment of such moneys in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being."

General Meetings

Quorum

Article 21(a) provides that "Quorum for Annual General Meeting or Extraordinary General Meeting shall be the presence of at least five members in person".

How questions to be decided at meetings

Article 21(i) provides that "Subject to any rights or restrictions for the time being attached to any class or classes of shares: (i) On a show of hands, every member present in person shall have one vote. (ii) On a poll, the voting rights of members shall be as laid down in Section 87 of the Companies Act, 1956."

Business may proceed notwithstanding demand of poll

Article 21(h) provides that "Any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll."

Objection to vote

Article 21(m) provides that "No objection shall be raised as to qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.(ii)Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive."

Votes of Members

Motion how decided in case of equality of votes

Article 21(g) provides that "In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a second or casting vote."

Votes of Jointholders

Article 21 (j) provides that "In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other holders. For this purpose, seniority shall be determined by the order in which the names stand in the Register of Members."

No member entitled to vote, etc. while call due to the Company

Article 21(l) provides that "No member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid."

Instrument appointing proxy to be in writing

Article 21(0) provides that "An instrument appointing a proxy shall be in either of the forms in Schedule IX to the Act or a form as near thereto as circumstances admit."

Instrument appointing proxy to be deposited in office

Article 21 (n) provides that "The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of authority shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid."

When vote by proxy valid though authority revoked

Article 21(p) provides that "A vote given in accordance with terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given; Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the adjourned meeting at which the proxy is used."

Appointment of Chairman

Article 34 (c)(i) provides that "The Board may elect a Chairman of its meetings and determine the period for which he is to hold office."

Article 34 (c)(i) provides that "If no such Chairman is elected or if at any meeting the Chairman is not present within 15 minutes after the time appointed for holding the meeting, the Directors present may choose one of their members to be Chairman of the meeting."

Dividend

Declaration of Dividend

Article 46 provides that "The Company in general meeting may declare dividend but no dividend shall exceed the amount recommended by the Board."

Interim Dividend

Article 47 provides that "The Board may, from time to time, pay to the members such interim dividends as appear to be justified by the Board."

Capital paid-up in advance at interest not to earn dividends

Article 6(c)(ii) provides that "upon all or any of the moneys so advanced, may (until the same would, but for such advance become presently payable) pay interest at such rate as may be determined by the Board. But such advance shall not confer a right to dividend or to participate in profits."

Article 49(c) provides that "All the dividends shall be apportioned and paid proportionately to the amount paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such shares shall rank for dividend accordingly."

Dividends not to carry interest

Article 54 provides that "Dividend not to bear interest (a) No unclaimed dividend shall bear interest against the Company, except as may be provided by the statute.(b) The unclaimed dividends, if any, will not be forfeited before the claim becomes barred by law and that such forfeiture when effected, will be annulled in appropriate cases.

Debts may be deducted

Article 50 provides that "The Board may deduct from any dividend payable to any member all sums or money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company."

Dividends, how remitted

Article 51(a) provides that "Any dividend interest or other money payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in case of jointholders, to the registered address of that jointholder who is first named on the Register of Members or to such person and to such address as the holder or jointholders may by writing direct."

Capitalisation

Power to capitalise

Article 56 (a) provides that "Capitalisation of Reserves etc.

(i) The Company in general meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the Reserve Fund, or any Capital Redemption Reserve Account, or in the hands of the Company and available for dividend (or representing premium received on the issue of shares and standing to the credit of the Securities Premium Account) be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares or debentures or debenture-stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum, provided that a Securities Premium Account and a Capital Redemption Reserve Account may for the purposes of this Article only be applied in the paying of any unissued shares to be issued to members of the Company as fully paid bonus shares.

(ii) A General Meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company, or any investments representing the same, or any other undistributed profit of the Company not subject to charge for Income Tax be distributed among the members on the footing that they receive the same as capital.

(iii) For the purpose of giving effect to any resolution under the preceding paragraphs of this Article, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that such cash payment shall be made to any members upon the footing of the value so fixed or that fraction of less value than Rs.10/- may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the person entitled to the dividend or capitalised fund as may seem expedient to the Board. Where required a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Companies Act, 1956, and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund, and such appointment shall be effective.

Winding Up

Article 69 provides that "(a) Liquidator to set value upon property, if the Company shall be wound-up, the liquidator may with the sanction of a Special Resolution of the Company and such other sanction as may be required by law, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company whether they shall consist of property of the same kind or not. (b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the member or different class of members."

Article 69(c) provides that "Vesting of assets in trustees, the liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories, as the liquidator with the like sanction, shall think fit, but so that no member shall be compelled to accept any share or other securities whereon there is any liability.

SECTION IX – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Prospectus, delivered to the Registrar of Companies for registration and also the documents for inspection referred to hereunder, were available for inspection at SPL Guindy House, 95, Mount Road, Guindy, Chennai 600 032, from 10.00 a.m. to 4.00 p.m. on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material contracts

1. Engagement letter dated May 3, 2006 for the appointment of Enam Financial Consultants Private Limited as the BRLM.
2. Memorandum of Understanding dated September 25, 2006 amongst our Company and the BRLM.
3. Memorandum of Understanding dated September 25, 2006 executed by our Company and the Registrar to the Issue.
4. Escrow agreement dated January 16, 2007 between us, the BRLM, Escrow Collection Banks and the Registrar to the Issue.
5. Syndicate agreement datedJanuary 16, 2007 between us, the BRLM and the Syndicate Members.
6. Underwriting agreement dated January 29, 2007 between us, the BRLM and the Syndicate Members.

Material documents

1. Our Memorandum and Articles of Association, as amended till date.
2. Shareholders' resolutions dated July 01, 2006 in relation to this Issue and other related matters.
3. Resolutions of the Board dated June 09, 2006 authorising the Issue.
4. Resolutions of the general body for appointment and remuneration of our Managing Director and Whole-time Directors.
5. Report of the Auditors dated November 18, 2006, prepared as per Indian GAAP and mentioned in this Prospectus.
6. Copies of annual reports of our Company and our subsidiaries for the past five financial years.
7. Statement of tax benefits issued by the Auditors by their letter dated September 25, 2006.
8. Consents of Auditors, Bankers to the Company, BRLM, Syndicate Members, Registrar to the Issue, Banker to the Issue, Legal Advisors to the Issue, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
9. Applications dated September 29, 2006 and September 29, 2006 for in-principle listing approval from NSE and BSE, respectively.
10. In-principle listing approval dated October 23, 2006 and November 15, 2006 from NSE and BSE, respectively.
11. Agreement between NSDL, our Company and the Registrar to the Issue dated December 5, 2006.
12. Agreement between CDSL, our Company and the Registrar to the Issue dated November 23, 2006.
13. Due diligence certificate dated September 28, 2006 to SEBI from the BRLM.
14. SEBI observation letter CFD/DIL/ISSUES/V/83068/2006, dated December 22, 2006.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All relevant provisions of the Companies Act, 1956 and guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines issued thereunder, as the case may be. We further certify that all statements in this Prospectus are true and correct.

SIGNED BY ALL DIRECTORS:

Professor J. Ramachandran : ____________________

Mr. R. Jayachandran : ____________________

Mr. Huang Chi Cheng : ____________________

Mr. Hu Jia Lung : ____________________

Mr. R. Vijayaraghavan : ____________________

Mr. Steven A. Pinto : ____________________

Mr. R. Srinivasan : ____________________

Mr. Raj Shankar : ____________________

Mr. M. Raghunandan : ____________________

SIGNED BY THE MANAGING DIRECTOR:

Mr. R. Srinivasan : ____________________

SIGNED BY THE CHIEF FINANCIAL OFFICER:

Mr. S.V. Krishnan : ____________________

Place : Chennai

Date : January 31, 2007.

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