

Itochu may buy city-based Redington for ₹3,000 crore

Boby Kurian & Anshul Dhamija | TNN

Bangalore: Japanese trading conglomerate Itochu Corporation is discussing an acquisition of Redington India — a distributor of IT and telecom products, and a large reseller of Apple phones — for as much as \$500 million, or about ₹3,000 crore, people directly aware of the matter said.

Singapore-based NRI family Kewalram Chanrai, Standard Chartered Private Equity and Taiwanese IT distributor Synnex together own over 55% stake in the Chennai-based Redington, which is run by an independent management team under R Srinivasan. The three could offload shares to Itochu at a premium to the prevailing market price, if talks fructify.

Itochu, with a history dating back to 1858, is Japan's third largest trading giant after Mitsubishi Corporation and Mitsui & Co. It has used acquisitions to bulk up trading presence in IT and communication products. Redington would provide Itochu a big boost in India and

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- ▶ Itochu, with a history dating back to 1858, is **Japan's third largest trading giant** after Mitsubishi Corporation and Mitsui & Co
- ▶ Redington will provide **Itochu a big boost in markets in India** and in the Middle East
- ▶ Chanrai is paring Redington stake to focus on **other business ventures**

the Middle East markets.

Redington India closed 5% up at ₹86 in Mumbai trade on Monday, giving it a market capitalization of ₹3,451 crore, or \$560 million. The stock touched its one-year high of ₹94 intra-day amid a spurt in trading volume. An emailed query to Itochu remained unanswered at the time of going to press. The Redington management could not be reached despite calls, mails and text messages.

▶ **Open offer to cost Itochu, P 14**

Open offer to cost Itochu up to \$500m

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A possible majority share acquisition followed by a mandatory open offer could cost Itochu between \$450-500 million, a banking source privy to the matter said. He didn't want to be named since talks are private and not yet finalized.

Chanrai holds 21% stake in the Chennai-headquartered Redington India, which reported Rs 10,409 crore turnover in FY13. The distribution of telecom and IT products is a high-volume, low-margin business as reflected in the company's net profit of Rs 171 crore reported in the last fiscal.

Chanrai is paring Redington stake to focus on the other business ventures such as Olam International, the Singapore-listed \$10 billion commodities giant. The promoters have been diluting their holding in the company, and offloaded stake to a group of financial investors including Standard Chartered.

Redington India was incorporated as G Kewalram Private Limited in 1961. It entered distribution of IT products in the '90s and later expanded into distribution of telecom products.