



ANNUAL REPORT 2004 – 2005

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

SRI SUNDER LAL DUGAR, *CHAIRMAN & MANAGING DIRECTOR*
SRI RAVI PRAKASH PINCHA, *DIRECTOR*

NON EXECUTIVE & INDEPENDENT DIRECTORS

SRI ISHWAR CHAND PARAKH
SRI KRISHNA GOPAL SINHA
SRI RAJENDRA KUMAR BARADIA
SRI MANISH KUMAR JAIN

BOARD COMMITTEES

AUDIT COMMITTEE

SRI KRISHNA GOPAL SINHA, *CHAIRMAN*
SRI ISHWAR CHAND PARAKH, *MEMBER*
SRI RAVI PRAKASH PINCHA, *MEMBER*

INVESTOR GRIEVANCES COMMITTEE/ SHARE TRANSFER COMMITTEE

SRI RAVI PRAKASH PINCHA, *CHAIRMAN*
SRI KRISHNA GOPAL SINHA, *MEMBER*
SRI ISHWAR CHAND PARAKH, *MEMBER*

REMUNERATION COMMITTEE

SRI RAVI PRAKASH PINCHA, *CHAIRMAN*
SRI RAJENDRA KUMAR BARADIA, *MEMBER*
SRI ISHWAR CHAND PARAKH, *MEMBER*

COMPANY SECRETARY

P K CHAKRAVARTY

AUDITORS

M/S AGARWAL SHANKAR & ASSOCIATES, CHARTERED ACCOUNTANTS

REGISTERED OFFICE

BIKANER BUILDING, 1ST FLOOR
8/1, LAL BAZAR STREET, KOLKATA – 700 001

BANKERS

CORPORATION BANK
STANDARD CHARTERED BANK

REGISTRAR & SHARE TRANSFER AGENT: (PHYSICAL & ELECTRONIC)

NICHE TECHNOLOGIES PRIVATE LIMITED
D – 511, 71, B. R. B. BASU ROAD, 5TH FLOOR, KOLKATA – 700 001

SOLICITOR

DIPAYAN CHOUDHURY (ADVOCATES)

FACTORY

KOLKATA

B. T. ROAD, KAMARHATI
KOLKATA – 700 058

ASSAM

BADARPUR INDUSTRIAL ESTATE,
BADARPURGHAT, DISTT: KARIMGANJ, ASSAM

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NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the members of M/s RDB Industries Limited will be held on Monday, the 26th September, 2005 at 9.00 A. M. at its NTC Factory Complex, at Barrackpore Trunk Road, P.O.-Kamarhati, Kolkata-700 058 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet of the company as at 31st March, 2005 and the Profit and Loss Account for the year ended as on that date and the report of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Sri Krishna Gopal Sinha who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a director in place of Sri Manish Kumar Jain who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and fix their remuneration and for this purpose to consider and, if thought fit to pass with or without modification, the following ordinary resolution:

"RESOLVED THAT pursuant to the provisions of section 224 of the Companies Act, 1956, M/s Agarwal Shankar & Associates, Chartered Accountants be and is hereby appointed as auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and that the Audit Committee of the Board of Directors be and is hereby authorised to determine the remuneration payable to the Auditors."

Place : Kolkata
Date: 29th June, 2005

By order of the Board
Sd/- (P. K. Chakravarty)
Company Secretary

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies, in order to be effective, should be completed, stamped and signed and must be deposited at the Registered Office of the company not less than 48 hours before the commencement of the Annual General Meeting.
3. Corporate members are requested to send to the company a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.
4. The Register of members of the company and share transfer book will remain closed from 16th day of September 2005 to 26th day of September 2005 (both days inclusive)
5. Members who have multiple registered folios in identical order of name(s) are requested to write to the company quoting their registered folio no.(s) and enclosing their Share Certificate(s) for consolidation of all such shareholding into one registered folio to facilitate better service.
6. Members are requested to bring the attendance slips along with copies of Annual Report to the Meeting.
7. Members who hold shares in dematerialized form are requested to indicate their DPID and client ID numbers in attendance slip.
8. Members intending information about accounts to be explained at the meeting are requested to write to the Company at least 10 days in advance of the Annual General Meeting.
9. Notice of change of address must reach the company's Registrar and Share Transfer Agents: M/s. Niche Technologies Private Limited, 71, B. R. B. Basu Road, D-511, 5th Floor, Kolkata-700 001.
10. Members who hold shares in the physical form and wish to make/change a nomination in respect of their shareholding in the company, as permitted under section 109A of the Companies Act, 1956, may submit to the Share Transfer Agent in the prescribed form 2B.



YOUR DIRECTORS

Sunder Lal Dugar

Sunder Lal Dugar, Chairman & Managing Director of RDB Industries Limited since incorporation (15th November, 1991) is respected for the deep acumen with which he steers a growing corporation like RDB Industries Limited and is credited with several key strategic decisions which have positioned RDB Group as a well managed, well governed, value creating company in West Bengal.

Other directorship :

Name of the Company	Position
RDB Rasayans Ltd.	Director
MKN Investment Pvt. Ltd.	Director
Ankur Construction Pvt. Ltd.	Director
Johri Towers (P) Ltd.	Director
Loka Properties Pvt. Ltd.	Director

Committee membership of other companies : Nil

Ravi Prakash Pincha

Ravi Prakash Pincha was appointed a director on the Board of RDB Industries on 2nd January, 2001. He is having considerable experience in the business of real estate development and is valued for his innovative ideas which inculcate a creative culture in the company.

Other directorship : Nil

Committee membership of other companies : Nil

Ishwar Chand Parakh

Ishwar Chand Parakh was appointed a director on the Board of RDB Industries on 29th January, 1998. He is a Commerce Graduate. His major strength lies in the experience and knowledge of real estate activities. He has successfully completed many real estate projects in the recent past.

Other directorship : Nil

Committee membership of other companies : Nil

Krishna Gopal Sinha

Krishna Gopal Sinha was appointed a director on the Board of RDB Industries on 22nd May, 2000. He is a man with vision and a great team leader. The Board is greatly benefited due to his distinctive managerial qualities.

Other directorship : Nil

Committee membership of other companies : Nil

Rajendra Kumar Baradia

Rajendra Kumar Baradia was appointed a director on the Board of RDB Industries on 2nd January, 2001. He is a commerce graduate from Calcutta University. He has a deep experience and knowledge of real state activities and stock market operation and can help the company in better decision making in the real estate business and other related activities.

Other directorship : Nil

Committee membership of other companies : Nil

Manish Kumar Jain

Manish Kumar Jain was appointed on the Board of RDB Industries on 28th June, 2004. He is a commerce graduate from Calcutta University and a Chartered Accountant. He is young and enthusiastic. His experience in the area of finance can immensely help the Board to take appropriate decision in the company's financial matters.

Other directorship : Nil

Committee membership of other companies : Nil



DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

Your Directors submit their report for the financial year ended 31st March, 2005

SOCIO-ECONOMIC ENVIRONMENT

In an environment of rapidly escalating competitive challenges, your company has sought to invest across the value chain, where feasible, towards acquiring competitive capability in each of the business in its portfolio.

COMPANY PERFORMANCE

During the year 2004-05, there had been a growth in the real estate business of the company. The growth in revenue from the Real Estate business was substantial in the year 2004-05 as compared to previous Financial Year. This growth was due to the company's concentration in the booming real estate activities.

Your Company has been able to maintain its sale volume as last in the area of cigarette manufacturing and sales. However, your directors are hopeful of increasing volume of sales in the coming years as the company is introducing premier brands in HLP pack.

FINANCIAL RESULTS

(Rs. in lac)

Year	Current Year ended 31.03.2005	Previous Year ended 31.03.2004
Total Income	1889.660	1599.600
Total Expenditure	1710.820	1597.200
Profit/(Loss) before Tax	178.840	2.400
Provision for Taxation	12.350	0.180
Profit/ (Loss) after Tax	166.490	2.220
Paid-up Equity Share Capital	635.000	635.000
Earning Per Share	2.620	0.035

DIVIDEND

In view of a number of expansion and diversification plans in the anvil, your directors intends to retain the surplus and as such unable to recommend dividend for the year under review.

BUSINESS SEGMENTS

A. FAST MOVING CONSUMER GOODS (FMCG) - CIGARETTES

Your company's focused initiatives relating to quality enhancement, value addition, increased productivity and proactive responsiveness to consumer needs is expected to bring improved market share and market standing in the near future. In view of the Hon'ble Supreme Court's judgment dated 20th January 2005, regarding luxury tax, as the company has not collected the said tax from the distributors, the same is not payable and accordingly, the company has written off outstanding luxury tax liability amounting to Rs. 2,22,54,171/- (Rupees Two crores twenty two lacs fifty four thousand one hundred seventy one only), and the same has been duly considered in the accounts.

B. REAL ESTATE BUSINESS

Your company has focused largely in this area and during the year has floated and successfully completed a number of projects, both commercial and residential. A few projects are under completion and some are in the pipeline. Whilst focusing on the quantitative increase in the real estate activities, your company has also maintained the qualitative parameters in this segment.

**HUMAN RESOURCE DEVELOPMENT**

It is your company's belief that the competence and commitment of people are key drivers of competitive advantage enabling your company deliver unique customer value and compete successfully in the market place. Your company endeavours to strengthen organizational culture in order to attract and retain the best talent and bring out the best in people. Employees are rewarded with opportunities for learning and value addition, competitive remuneration and rapid career advancement.

Creating and fostering a culture of distributed leadership has been a cornerstone of your company's human resource strategy. It is your company's belief that the competitive capability of an enterprise depends largely on the organisation's ability to learn continuously and manage knowledge effectively. An enabling environment that fosters continuous learning and innovation, therefore, remains a key focus area.

INVESTOR SERVICE

Your company continues to provide high quality investor service in this year also. Your company's Registrar & Transfer Agent has been functioning effectively in this direction to provide prompt service to the investors.

AUDIT & SYSTEMS

Your company believes that suitable internal control is a necessary part of the principle of governance. The company remains committed to ensuring an effective internal control environment that provides assurance on the efficiency of operations & security of assets.

The Audit Committee of the Board duly met four times during the year. It reviewed the adequacy & effectiveness of the internal control environment. It is also actively engaged in overseeing transparency in financial disclosures and in reviewing your company's risk management policies.

Accounting Standards prescribed by the Institute of Chartered Accountants of India and as applicable to the financial results of your company during the year under review has been complied with.

Your directors have ensured proper disclosures and methodology of expression of figures in respect of various activities of the company's business to articulate true & fair view of the accounts.

Reasonable and symbolic disclosures as applicable have been made in these regard at appropriate places in the accounts and/or in the notes thereon.

PUBLIC DEPOSITS

During the year under review your company has not accepted any public deposit.

DIRECTORS

In accordance with provisions of Article 89 of the Articles of Association of the company, Sri Krishna Gopal Sinha and Sri Manish Kumar Jain will retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment. Your Board of Directors also recommend their re-appointment.

AUDITORS

M/s. Agarwal Shankar & Associates, Chartered Accountants, are to retire at the conclusion of the forthcoming 14th annual general meeting of the company. Being eligible, they offer themselves for re-appointment as auditors of the company.

AUDITORS REPORT

Necessary clarifications to the auditor's report have been provided in this report elsewhere. Therefore, it need not be presented again.

**DIRECTORS RESPONSIBILITY STATEMENT**

As required under section 217(2AA) of the Companies Act, 1956:-

The directors confirm that:-

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
3. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the directors had prepared the annual accounts on a going concern basis.

OTHER INFORMATION

The certificate of the Auditors, M/s Agarwal Shankar & Associates, Chartered Accountants confirming compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges is annexed. Particulars as required under section 217(1)(e) of the Companies Act, 1956 relating to Conservation of Energy & Technology Absorption are also provided in the annexure to the report. Disclosure in respect of particulars of employees as required under section 217(2A) of the Companies Act, 1956 did not apply during the year.

FUTURE OUTLOOK

The Board of your company has been continuously scanning and analyzing the business environment with a strategic focus to achieve various operational & financial goals in respect of its business segments in the coming years. Your directors are confident that in the segment of cigarette, the company will have improved market share and generate encouraging revenue in the years to come by a mix of effective operational, cost and pricing policy. In the segment of real estate development, your Board is also confident to enlarge the scope of activities significantly thereby ensuring robust revenue as well as profit resulting from various cost effective measures initiated in this area.

INDUSTRIAL RELATION

Employee relations continued to be cordial throughout the year.

SOCIAL REPORTING

Your company is aware of the needs for improving the socio - economic problems of the state and with a view to contribute in this area, RDB Group as a whole is creating employment opportunities for eligible persons by way of expanding & diversifying its various activities; ensuring appropriate energy conservation and optimum utilisation of available resources in its activities; ensuring timely contribution to Govt. exchequer; taking up various social projects to help in the upliftment of the socially & economically weaker section of the society.

CONCLUSION

Your company continues its effort on strengthening the business in a diversified manner. It is the endeavour of the company to deploy resources in a manner so as to secure the interest of all the stakeholders on a long term basis. At RDB we firmly believe that no opportunity can be created without the right efforts and direction. Our efforts draw inspiration from the vision and the core values, our visionaries have created for us. Our core values are, inter alia, Care for customers; Respect for associates; Excellence through team work; Continuous learning; Mutual trust and Ethical priorities.

With the above pillars firmly in place in all our business activities together with the support from all who are associated with us, your directors look forward to the future with confidence.

Place: Kolkata

Date: 29th June, 2005

For & On behalf of the Board

Sd/- S. L. Dugar

Chairman [portjunction.com](http://www.portjunction.com)



ANNEXURE TO THE DIRECTORS' REPORT – Information under section 217(1)(e) of the Companies Act, 1956 read with the Companies (disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Director's Report.

A. POWER AND FUEL CONSUMPTION

1) ELECTRICITY	Unit	Current Year 2004-05	Previous Year 2003-04
a) Purchased Unit	KWH in lacs	7.47	6.56
b) Total Amount	Rs. in lacs	36.14	36.96
c) Rate/Unit	Rs.	4.84	5.63
d) Own Generation			
Through Generator	Rs. in lacs	0.00	0.00
Unit per Ltr. of diesel/oil cost/unit	Rs.	0.00	0.00
2) Coal (Specify quality & where used) B/C/D Grade of coal used for process			
Quantity	MT	0.00	0.00
Total Cost	Rs. in lacs	0.00	0.00
Average Rate	Rs. per MT	0.00	0.00
3) LDO (Specify quality & where used) (Used for Boiler)			
Quantity	KLTR	36.00	33.45
Total Cost	Rs. in lacs	8.59	7.24
Avg. Rate	Rs.	23.86	21.62
4) Others/Internal Generation			
Quantity	LTR	0.00	0.00
Total Cost	Rs. in lacs	0.00	0.00
Rate/ Unit	Rs.	0.00	0.00

B. TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

Prescribed information regarding compliance of rules relating to Technology absorption pertaining to section 217(1)(e) of the Companies Act, 1956 read with the Companies (disclosure of particulars in the report of Board of Directors) Rules, 1988 is not provided as the same is not applicable to the company.

Foreign Exchange Earning	—	Nil
Foreign Exchange outgo	—	Nil

REPORT ON CORPORATE GOVERNANCE

THE COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

RDB defines Corporate Governance as a systematic process by which a company is operated to enhance its wealth generating capacity. RDB's Corporate Governance structure, systems and processes are based on two core principles:

1. Management must have the executive freedom to drive the enterprise forward without undue restraints: and
2. This freedom of management should be exercised within a framework of effective accountability.

Corporate Governance is a broad framework, which defines the way a corporate body functions and interacts with its members, creditors, regulatory bodies and other stakeholders and simultaneously meeting the social expectations and environmental responsibilities. It is a combination of voluntary practice and compliance with laws and regulations leading to effective control and management of the organization. *Our business strategy and day-to-day affairs are conducted with highest level of compliances, sincerity, transparency and consistency; your company continuously endeavors to improve on these aspects on an ongoing basis, which is reflected in its values and beliefs.*

RDB believes that any meaningful policy on Corporate Governance must provide empowerment to the executive management of the Company, and simultaneously create a mechanism of checks and balances which ensures that the decision making powers vested in the executive management are used with care and responsibility to meet stakeholders aspirations and societal expectations.

The company firmly believes that practicing good corporate governance will lead to increased profitability and competitiveness in all its functions. This will in turn enable your company to discharge its corporate social responsibility in a more meaningful way by focusing the fiduciary and trusteeship role of the Board in a befitting manner.

BOARD OF DIRECTORS

In terms of the Company's Corporate Governance policy, all statutory and other significant and material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company as trustees to the shareholders.

Code of Conduct

The Board has framed a code of conduct for all Board members and senior management personnel of the Company focusing transparency, accountability & ethical expression in all acts and deeds. All Board members and senior management personnel have adopted the same and confirmed adherence to the said codes on a continuous basis without any compromise.

Composition

The RDB Board is a balanced Board, comprising Executive and Non-Executive directors, the latter including independent professionals. Executive directors, including the Executive Chairman, do not exceed one-third of the total strength of the Board.

The following is the composition of the Board as on 31st March, 2005:

Category	No. of Directors	Percentage of total no. of directors
Executive Directors	2	33%
Non Executive Directors	4	67%
Total	6	100%

Director	Category	No. of other directorships	No. of Membership(s)/ Chairmanship(s) of Board Committees of other companies
Executive Directors :			
Sunder Lal Dugar	Chairman & Managing Director	1	Nil
Ravi Prakash Pincha	Executive Director	Nil	Nil
Non Executive Directors :			
Krishna Gopal Sinha	Non Executive independent director	Nil	Nil
Ishwar Chand Parakh	Non Executive independent director	Nil	Nil
Manish Kumar Jain	Non Executive independent director	Nil	Nil
Rajendra Kumar Baradia	Non Executive independent director	Nil	Nil

* Excludes directorships in Indian Private Limited Companies, Foreign Companies, memberships of Managing Committees of Chambers of Commerce/Professional Bodies and Alternate directorships.

Meetings & Attendance

The Company's Corporate Governance Policy requires the Board to meet at least once in each calendar quarter with a gap of not more than four months between two meetings.

The intervening period between two board meetings was well within the maximum gap of four months prescribed under Clause 49 of the Listing Agreement. Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All major issues included in the agenda are backed by comprehensive background information to enable the Board to take informed decisions.

Details of Board Meetings held during the financial year

During the financial year ended 31st March, 2005, six meetings of the Board were held as follows:

Sl. No.	Date	Board Strength	No. of Directors present
1	1 st April, 2004	5	5
2	28 th June, 2004	6	6
3	30 th July, 2004	6	6
4	31 st July, 2004	6	6
5	29 th October, 2004	6	6
6	28 th January, 2005	6	6