

Corporate Information

THE BOARD OF DIRECTORS

Krishna Gopal Sinha	<i>Independent Director</i>
Ishwar Chand Parakh	<i>Independent Director</i>
Rajendra Kumar Baradia	<i>Independent Director</i>
Manish Kumar Jain	<i>Independent Director</i>
Ravi Prakash Pincha	<i>Executive Director</i>
Sunder Lal Dugar	<i>Chairman & Managing Director</i>

COMPANY SECRETARY & COMPLIANCE OFFICER

Prakash Kumar Biswal

REGISTRAR & SHARE TRANSFER AGENT

Niche Technologies Private Limited

AUDITORS

S. M. Daga & Co.
Chartered Accountants
11, Clive Row, Kolkata - 700 001

SOLICITORS

Dipayan Choudhury, Advocates

BANKERS

Standard Chartered Bank
UTI Bank Limited
State Bank of Bikaner & Jaipur
Citi Bank
Corporation Bank

REGISTERED OFFICE

"Bikaner Building"
8/1, Lal Bazar Street, Kolkata – 700001

FACTORY

149, B. T. Road, Kamarhatti
Kolkata - 700058

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Notice

Notice is hereby given that the Sixteenth Annual General Meeting of the members of M/s RDB Industries Limited will be held on Saturday, 29th September 2007 at 2.00 p.m. at the Aryans Auditorium at its NTC Factory Complex, 149, Barrackpore Trunk Road, P.O. Kamarhati, Kolkata - 700 058 to transact the following businesses :

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2007 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 declare dividend on equity shares.
3. To appoint a director in place of Sri Rajendra Kumar Baradia who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Sri Ishwar Chand Parakh who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s S. M. Daga & Co., Chartered Accountants as Statutory Auditors to hold office from the conclusion of this Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

Special Business

6. **De-listing from The Calcutta Stock Exchange Association Limited**
To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution.

"RESOLVED THAT subject to the provisions of the applicable laws, guidelines, rules and regulations including those framed under Companies Act, 1956, by Securities and Exchange Board of India and other Governmental agencies or Departments and the rules framed thereunder in this regard and subject to such other approvals, permissions and sanctions as may be required from the Stock Exchanges with which the securities of the company are listed and/or any other relevant authorities and subject to any conditions or modifications as may be imposed while granting such approvals, permissions and sanctions, consent of the company be and is hereby accorded for the de-listing of its equity shares from The Calcutta Stock Exchange Association Limited.

RESOLVED FURTHER THAT the Board of Directors (whether acting through Board or a committee of the Board or any Director or any person authorized by the Board) be and is hereby authorized to do and perform all such other acts, deeds, matters and things as it may in its absolute discretion deem necessary, desirable or appropriate without giving an exit option to the shareholders of the region where the aforesaid stock exchange is situated and execute all such applications, deeds, agreements, documents and writings as it may consider necessary, usual, requisite or proper for giving effect to this resolution."

7. **Borrowing powers of the Company**

To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, the consent be and is hereby accorded to the Board of Directors to borrow for and on behalf of the Company, from time to time, any sum or sums of money or monies as may be required for the business of the Company, notwithstanding that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from

temporary loans obtained from the Company's Bankers in the ordinary course of business) will or may exceed the aggregate for the time being of the Paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, but so that the total amount upto which money or monies to be borrowed under the said Section 293(1)(d) shall not at any time exceed Rs. 100 Crores (Rupees One Hundred Crores Only)."

8. **Creation of Mortgages for Securing Assets of the Company**

To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to section 293(1)(a) of the Companies Act, 1956, and all other applicable provisions, if any, the consent be and is hereby accorded to the Board of Directors to create a charge on all or any of the immovable and movable properties of the Company, wherever situated, both present and future for securing any loans and/or advances already obtained or that may be obtained from any Financial Institutions/Banks/Insurance Companies or person or persons, and/or to secure any debentures that may be issued and all other moneys payable by the Company to the lenders concerned, within the overall limit of Rupees One Hundred Crores."

Date : 27th August 2007

Registered Office
'Bikaner Buidling'
8/1, Lal Bazar Street
Kolkata - 700 001

By order of the Board
RDB Industries Limited
P. K. Biswal
Company Secretary

NOTES :

1. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. 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. PROXIES, IN ORDER TO BE EFFECTIVE, SHOULD BE COMPLETED, STAMPED AND SIGNED AND MUST BE DEPOSITED AT THE COMPANY'S REGISTRAR AND SHARE TRANSFER AGENT NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING.
3. The Register of members and share transfer books of the Company will remain closed from Monday 17th day of September 2007 to Saturday 29th day of September 2007 (both days inclusive).
4. Facility of electronic credit of dividend directly to the respective bank account of the shareholder through Electronic Clearing Service (ECS) is available at selected cities. To avail this facility, members are requested to provide to M/s Niche Technologies Private Limited, our Registrar and Transfer Agent their bank account details along with the photocopy of a cancelled cheque bearing the 9 digits MICR number of the bank. The ECS facility is in addition to the Bank Mandate Facility that already exists whereby bank account details are printed on dividend warrants.
5. Dividend on equity shares when declared at the meeting, will be paid on and from 29th September 2007 to those members :
 - a. Whose names shall appear on the Company's Register of Members after giving effect to valid share transfers lodged/ received by the Company's Registrar on or before 16th September 2007.
 - b. Whose names shall appear as Beneficial Owner as at the end of business hours on 16th September 2007 to be furnished by

Notice (Contd.)

National Securities Depository Limited and Central Depository Services Limited in respect of shares held in electronic form.

6. The information that required to be given for appointment and / or re-appointment of Directors under the Corporate Governance Code of the Listing Agreement is given in the Corporate Governance Section of this Annual Report.
7. The Register of Directors' shareholding maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the members at the AGM.
8. Members seeking any information or clarification on Accounts are requested to send written queries to the company, at least 10 days before the date of the meeting to enable the management to keep the required information available at the meeting.
9. Members are requested to bring the attendance slip along with copies of Annual Report at the Meeting.
10. Notice of change of address should be intimated to the Company's Registrar and Share Transfer Agent.
11. 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 such information in the prescribed form 2B to the Company's Registrars & Share Transfer Agent.
12. Members who have not encashed their dividend for the financial year ended 31st March 2006 are requested to lodge their claim with the company.

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

Item No. 6

The equity shares of your company are presently listed on two stock exchanges, viz. The Calcutta Stock Exchange Association Limited (CSE) and Bombay Stock Exchange Limited (BSE). As per SEBI (Delisting of Securities) Guidelines, 2003, Company's securities can be de-listed from the stock exchanges including the Regional stock exchange if the shares of the company continue to be listed on either Bombay Stock Exchange or National Stock Exchange. It has been observed that since the last few years the shares of the company are rarely traded at CSE. The directors feel that the listing fees payable to the CSE outweigh the benefit of trading facility provided by it. Further considering the expansion of BSE and its extensive networking and terminals to other cities where investors have access to on-line dealing of the Company's equity shares on such terminal across the country. Besides, BSE having nation-wide terminals provide adequate opportunity to the shareholders to trade in Company's share. Apart from financial savings, the proposed de-listing will also reduce the repetitive statutory compliances, procedures and formalities. The Company's equity shares however will continue to be listed on BSE.

The shareholders in the region of the Calcutta stock exchanges will not suffer due to de-listing since with the introduction of screen based nationwide trading terminals on the BSE, trading in shares can be easily done across the country.

As per the applicable, SEBI Guidelines, no exit option is required to be given to the shareholders of the regions where the aforesaid stock exchange is situated as the Company's shares are listed on BSE.

Members' approval is being accordingly sought by this Resolution to enable de-listing of the Company's shares from the said CSE.

Your Directors recommend the Resolution in this item of the Notice for your acceptance. None of the Directors of the Company is interested and/or concerned in the resolution.

Item No. 7

Section 293(1)(d) of the Companies Act, 1956 requires that the directors of the Company should obtain the consent of the shareholders in the General Meeting to enable them to borrow monies where the amount to be borrowed together with the amount already borrowed by the Company will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes.

In view of the increase in volume of business and taking into account the requirement of additional funds, your director feel that they should obtain consent from the shareholders under Section 293(1)(d) of the Companies Act, 1956, to borrow funds for the business of the Company, exceeding the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purposes but upto Rs. 100 Crores (Rupees One Hundred Crores Only).

Members' approval is being accordingly sought by this Resolution to enable the Board of Directors to borrow as mentioned in the Resolution.

Your Directors recommend the Resolution in this item of the Notice for your acceptance. None of the Directors of the company is interested and/or concerned in the resolution.

Item No. 8

The Company proposes a resolution authorizing the Board of Directors to borrow monies up to maximum of Rs. 100 Crores, subject to the approval of members. The Board needs authorization to mortgage or hypothecate the assets of the Company as security or collateral security for availing any loan or for creation of any debt, which requires consent of members in the General Meeting, as required under Section 293(1)(a) of the Companies Act, 1956.

Members' approval is being accordingly sought by this Resolution to enable the Board of Directors to create charge as mentioned in the Resolution.

Your Directors recommend the Resolution in this item of the Notice for your acceptance. None of the Directors of the company is interested and/or concerned in the resolution.

Date : 27th August 2007
Registered Office
'Bikaner Buidling'
8/1, Lal Bazar Street
Kolkata - 700 001

By order of the Board
RDB Industries Limited
P. K. Biswal
Company Secretary

Approval under Section 212 (8) of the Companies Act, 1956

Dear Shareholders,

This has reference to the Directors' Report for the financial year ended 31st March 2007 in which your directors mentioned that the annual accounts of the subsidiary companies would not be attached with accounts of your company, if exemption under Section 212(8) of the Companies Act, 1956 is granted by the Central Government. This is to inform you that the Central Government in exercise of the power conferred by sub-section (8) of Section 212 of the Companies Act, 1956 vide its letter dated 20th August 2007 has exempted your Company from the requirements of the provisions contained in sub-section (1) of Section 212 of the Companies Act, 1956, subject to the following conditions :

- i) The company will present in the annual report, the consolidated financial statements of its subsidiaries duly audited by the statutory auditors.
- ii) The consolidated financial statement will be prepared in strict compliance with the Accounting Standard and Listing Agreement as prescribed by SEBI.
- iii) Following information in aggregate for each subsidiary should be disclosed in one page of the consolidated balance sheet respectively (a) capital (b) reserves (c) total assets (d) total liabilities (e) details of investment (except in case of investment in subsidiaries) (f) turnover (g) profit before taxation (h) provision for taxation (i) profit after taxation (j) proposed dividend.
- iv) The holding company shall undertake, in its annual report that annual accounts of the subsidiaries companies and the related detailed information will be made available to the holding and subsidiaries investors, seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any investor in its head office and that of the subsidiary companies concerned and a note to the above effect will be included in the annual report of the holding company.
- v) The holding as well as subsidiaries in question will regularly file such data to the various regulatory AND Government authorities as may be required by them.
- vi) The company will give Indian rupees equivalent of the figures, if any, given in foreign currency appearing in the accounts of the subsidiary companies along with exchange rate as on 31.03.2007.

In due compliance of the above-said conditions, the annual accounts of the subsidiary companies have not been attached with Annual Report of your company.

Date : 27th August 2007

Registered Office
'Bikaner Buidling'
8/1, Lal Bazar Street
Kolkata - 700 001

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By order of the Board
RDB Industries Limited
P. K. Biswal
Company Secretary



DIRECTORS' REPORT

Directors' Report

Dear Shareholders,

Your directors have pleasure in presenting the 16th Annual Report and Audited Accounts for the year ended 31st March 2007.

Performance Highlights

Particulars	Financial Year 2006-2007	Financial Year 2005-2006
	(Rs. in lacs)	
Income from operations	3585.27	2755.96
Other income	386.59	223.45
Profit before interest and depreciation	1119.97	197.19
Less: a) Interest & Financial Charges	4.40	4.14
b) Depreciation	98.48	53.83
Profit/ (Loss) before Exceptional Items	1017.09	139.22
Add : Exceptional Items	52.57	369.81
Profit before taxation	1069.66	509.03
Less : Provisions for current tax, deferred tax and fringe benefit tax	123.09	30.43
Profit After Tax	946.57	478.60
Add : Balance Brought Forward from last year	452.97	111.53
Balance available for appropriation	1399.54	590.13
Less: Appropriations :		
a) Transfer to Capital Redemption Reserve	264.40	-
b) Provision for proposed dividend on Preference Share	-	26.44
c) Provision for proposed dividend on Equity Shares	53.75	50.00
d) Provision for dividend tax	9.13	10.72
e) Transfer to general reserves	50.00	50.00
Balance carried to the Balance Sheet	1022.26	452.97

Review of operations

The segment wise growth during the financial year 2006-07 is as under :

Total income	2006-07	2005-06	Growth (%)
Real Estate Division	2313.36	1571.34	47.22
Tobacco Division	1451.50	1381.57	5.06
Services & Others	207.00	26.50	681.13

There has been a significant growth in the operations and profit of the Real Estate Division. During the year, your company has been awarded major projects like development of residential cum commercial complexes at Burdwan and Guwahati and construction of dwelling units at Fort Williams, Kolkata. The revenues from these projects will significantly bolster our financials in the years ahead.

In continued pursuit of enhancing value to stakeholders, during the year the company has promoted/acquired many subsidiaries and has joined into many joint ventures/partnership firms and associate companies having land/projects at Kolkata, Kharagpur, Haldia, Surat and Agra.

The Tobacco Division has shown revenue growth by 5.06%. With the settlement of the legal dispute regarding ownership of the assets of NTC in its favour, the company now intends to aggressively pursue the growth of its tobacco business. A major cause for concern, however, is increase in excise rates by over 6% in the Union Budget 2007. Moreover, with effect from 1st April 2007, cigarettes have been brought under the ambit of Value Added Tax (VAT) by the states @ 12.5% on invoice price, without a reduction/set off in excise duty collected in lieu of State level Sales Tax.

More details about the business and operations of your company are provided in the Report of Management's Discussion and Analysis forming part of the Annual Report.

Dividend

Your directors recommend, subject to approval of members, payment of dividend of Rs. 0.50 /- per equity share (i.e. @ 5% on par value of Rs. 10/- each) on 10750000 equity shares of Rs. 10/- each for the financial year ended 31st March 2007.

The total proposed dividend amount shall be Rs. 53,75,000/- excluding Dividend Tax of Rs. 9,13,481/- for the financial year 2006-07.

Change in Share capital

During the year under review, Paid-up equity capital of the company has increased from Rs. 6,35,00,000/- to Rs. 10,75,00,000/- by issue and allotment of 3650000 equity shares of face value of Rs. 10/- each at a premium of Rs. 60/- per share and 750000 equity shares of face value of Rs. 10/- each at a premium of Rs. 160/- per share on Preferential basis.

The company has redeemed 2644000 10% Non-Convertible Non-Cumulative Redeemable Preference Shares of Rs. 10/- each at a premium of Rs. 10/- per share.

Listing

During the year under review, allotment of Company's 3650000 equity shares of Rs. 10/- each made on 24.07.2006 got listed at Bombay Stock Exchange Ltd. and The Calcutta Stock Exchange Association Ltd. on 28.09.2006 and 07.03.2007 respectively. Again, allotment of Company's 750000 equity shares of Rs. 10/- each made on 07.12.2006 got listed at Bombay Stock Exchange Ltd. on 23.03.2007 and listing thereof at The Calcutta Stock Exchange Association Ltd. is still pending.

Directors' Report (Contd.)

Issue of Share Warrant

During the year under review your Company issued and allotted on preferential basis 750000 convertible share warrants of Rs. 10/- each at premium of Rs. 160/- per warrant on 07.12.2006. The said warrants are convertible at the option of the warrant holder into equity shares of the company at 1:1 ratio within eighteen months from the date of allotment. A strike price @ 10% i.e. Rs. 17/- per warrant has been paid at the time of allotment and the balance amount would be payable by the warrant holder at the time of exercising the option to convert the share warrant into equity shares of the company.

Management Discussion and Analysis

A separate report on Management Discussion and Analysis as per Clause 49 – "Corporate Governance" of the Listing Agreement with the Stock Exchanges is annexed.

Corporate Governance

Your Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance, as provided under the amended Clause – 49 of the Listing Agreement with the Stock Exchanges, are complied with.

A separate Report on Corporate Governance along with the Auditors' Certificate for its due compliance is annexed hereto and form a part of this Annual Report.

Directors

Sri Rajendra Kumar Baradia, Non-executive & Independent Director and Sri Ishwar Chand Parakh, Non-executive & Independent Director retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your directors recommend for their re-appointment. None of the directors of your company is disqualified as per provision of Section 274(1)(g) of the Companies Act, 1956.

Particulars of Employees

The Company does not have any employee falling within the scope of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of the Employees) Rules, 1975.

Subsidiary Companies & Associates

During the year under review your company has acquired/incorporated 28 subsidiaries out of which 26 companies namely (i) Ambalika Vanijya Pvt. Ltd.(ii) Gurukul Advisory Services Pvt. Ltd.(iii) Infield Traders Pvt. Ltd.(iv) Mansama Consultants Pvt. Ltd.(v) Martel Vanijya Pvt. Ltd. (vi) Ornate Tracom Pvt. Ltd. (vii) Pancham Advisory Services Pvt. Ltd. (viii) Sarvana Tracom Pvt. Ltd. (ix) Satabdi Vyapaar Pvt. Ltd. (x) Trikuta Vinimay Pvt. Ltd. (xi) Bahubali Tie-Up Pvt. Ltd. (xii) Baron Suppliers Pvt. Ltd. (xiii) Headman Mercantile Pvt. Ltd. (xiv) Kasturi Tie-Up Pvt. Ltd. (xv) Triton Commercial Pvt. Ltd. (xvi) Alok Villa Pvt. Ltd. (xvii) Bidyut Kutir Nirmaan Pvt. Ltd. (xviii) Alok Niwas Pvt. Ltd. (xix) Alok Towers Pvt. Ltd. (xx) Alok Nirmaan Pvt. Ltd. (xxi) Bidyut Griha Niwas Pvt. Ltd. (xxii) Pincha Estate Development Pvt. Ltd. (xxiii) Pincha Home Builders Pvt. Ltd. (xxiv) Pincha Quality Apartments Pvt. Ltd. (xxv) Pincha Griha Nirmaan Pvt. Ltd. (xxvi) Bhagwati Builders and Development Pvt. Ltd. are wholly owned subsidiaries and (xxvii) Bhagwati Plasto Works Pvt. Ltd. and (xxviii) Oswal Manufacturers Pvt. Ltd. are partly owned subsidiaries.

Your company has also entered into joint ventures/ partnerships namely

(i) Bindi Developers (ii) RD Properties and (iii) RDB Constructions. Besides, your company has also invested into associate concerns namely (i) Infravision Developers Pvt. Ltd. (ii) Iskon Estates Pvt. Ltd. and (iii) Rimjhim Vanijya Pvt. Ltd.

In compliance with the Listing Agreement with the Stock Exchanges and Accounting Standard-21 and 27 issued by The Institute of Chartered Accountants of India, your company has consolidated the Accounts incorporating the Accounts of all the subsidiary Companies, joint ventures/ partnership firms & Associates. The Consolidated Financial Statements together with Auditors' Report thereon forms part of the Annual Report.

Your directors have decided to apply to the Central Government for exemption from the provisions of Section 212(1) of the Companies Act, 1956 relating to the attachment of the accounts of its subsidiaries, and therefore the accounts of the subsidiary companies would not be attached with accounts of your company, if exemption under Section 212(8) of the Companies Act, 1956 is granted by the Central Government and consequently a statement to this effect would be provided to the members along with the notice convening the forthcoming Annual General Meeting. Annual accounts of the subsidiary companies and the related detailed information will be made available to the shareholders seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any shareholder at your company's registered office and that of the subsidiary companies concerned.

Directors' Responsibility Statement

As required under section 217(2AA) of the Companies Act, 1956, your directors confirm that :

1. in the preparation of the annual accounts, the applicable accounting standards have been followed.
2. the directors have 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 have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. the directors have prepared the annual accounts on a going concern basis.

Auditors

M/s S. M. Daga & Co., Chartered Accountants, as Statutory Auditors of the company hold office until the conclusion of the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment and have further confirmed that the said re-appointment would be in conformity with the provisions of Section 224 (1B) of the Companies Act, 1956. The Audit Committee has recommended their re-appointment.

Auditors' Observation

Observations of the Auditors when read together with relevant notes on accounts and accounting policies are self explanatory and do not require any further comments.

Fixed Deposit

During the year under review the Company has neither accepted nor

Directors' Report *(Contd.)*

renewed any deposit and has no overdue or unclaimed deposit, as defined under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules, 1975.

Particulars of conservation of energy, technology absorption and foreign exchange earning and outgo

Particulars of conservation of energy, technology absorption and foreign exchange earning and outgo as required 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 are given in the annexure attached hereto and forms part of this Report.

Acknowledgements

Your Directors would like to place on record their sincere gratitude to the Shareholders, Bankers, Business Associates, Retailers, Suppliers, Customers, Government and other Regulatory Agencies for their continued support and faith in the company. Your Directors are also happy to place on record their appreciation for the whole-hearted co-operation, commitment and contribution made by all the employees and look forward to their continued support.

For and on behalf of the Board

S. L. Dugar

Chairman & Managing Director

Kolkata, 30th June, 2007

ANNEXURE TO THE DIRECTORS' REPORT

Particulars of conservation of energy, technology absorption and foreign exchange earning and outgo

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 Directors' Report.

A. CONSERVATION OF ENERGY

The disclosure of particulars relating to conservation of energy in Form A under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is not applicable to the Company.

B. TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING & OUTGO

The Company has no particulars relating to Research & Development, Technology Absorption, adaptation and innovation as per Form B under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

Foreign Exchange Earning	—	Nil
Foreign Exchange outgo	—	Rs. 1,36,81,687/-



MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS

Indisputably, after China, India is considered the emerging economic power with a stable 8-9 percent annual GDP growth rate, rising foreign exchange reserve and FDI over the last few years. A distinct feature of the growth story is the ever-rising contribution of the service sector in the GDP followed by the industrial sector. There is a wide consensus among the experts that India will continue to grow at 8 percent plus rate for many years to come. Many studies have predicted that in purchasing power parity, India will be as big an economy as the US by 2050.

Driven by positive growth of the economy, real estate in India is booming like never before. Growing population in the working age group and even otherwise, migration towards cities, rising income, nuclearization of families, etc. are resulting in a huge demand-supply gap for housing space. International consulting firm Cushman and Wakefield estimates huge shortage of 12 million dwelling units in urban areas alone.

Demand for commercial real estate is driven by IT/ITES/BPO sector, retail industry, community services like schools and hospitals and entertainment/travel/tourism industry. The global real-estate consulting group Knight Frank has ranked India 5th in the list of 30 emerging retail markets and predicted an impressive 20 per cent growth rate for the organized retail segment by 2010.

A huge demand is also being created by investors who treat real estate as a safe and lucrative avenue.

REAL ESTATE BUSINESS

Our operations span various aspects of real estate development, from the identification and acquisition of land, to the planning, execution and marketing of our projects. With a view to add value to various stakeholders, the company has acquired/promoted many subsidiaries with land/projects in hand or to be acquired in future. Apart from the existing projects, the company has initiated the process of developing real estate, directly or through its subsidiaries and associate companies and firms, at places like Kolkata, Kharagpur, Burdwan, Haldia, Guwahati, Surat and Agra. The impact of such initiatives should reflect in the performance of the company in the coming years. The company is also expanding its business by diversifying its portfolio to build and sell or lease retail spaces.

The company has also been awarded ISO 9001:2000 certification in the month of June 2007. With a view to build excellent spaces within committed timeframe, the company has strengthened its project management process by hiring professional project management firms. Professionals have joined the company on many fronts.

Opportunities

- Rising disposable income in the middle and higher income group have resulted in an increase in demand for improved residential housing, as well as higher quality retail space.

- High growth in service sector (IT/ITES/Retail) leading to increase in demand for high quality commercial spaces.
- Development spreading to rural areas and Tier II and Tier III cities throwing open new opportunities.
- Rapid urbanization, increased mobility and migration have further pushed a demand for houses.
- GDP growth rate improving 8-9% resulted in improved life style.

The real estate development holds huge potential for growth in India. Hence, your Company foresees a bright future and good realizations for its forthcoming real estate projects.

Threats

- Rising interest rates over last two fiscal years, with the RBI repo rate rising steeply for the last two years. Rising interest rates could discourage consumer to finance real estate purchase and consequently depress the real estate market.
- The increase in cost of prime raw materials such as steel and cement.

The Company has drawn aggressive growth plan to tap the potential in real estate development

- Government policies on land acquisitions in private sector.
- Withdrawal of deduction under Section 80IB of the Income Tax Act, 1961.
- High incidence of stamp duty.

TOBACCO BUSINESS

Your Company was able to achieve a growth of more than 5% due to its loyal customer base despite adverse environment against the Cigarette industry.

Modernization of plant and machinery by procuring some new machines to produce with new and better style of packaging started helping to compete in market. Reduction of cost of manufacturing is also targeted and taken up for better realization in future.

Opportunities

- Betterment of economic condition and enhancement of purchasing power of general people due to flourishing economy allowed movement of *Biri* and other form of tobacco smoker to next upper level i.e. Cigarette smoking and it created an opportunity for cigarette industry to expand its customer base. It is also proper time for

launching products in the premium segment and upper medium segment because of faster increase of consumer in this segment.

- Due to decrease in customs duties, the advanced cigarette manufacturing machines can be procured for enhancing the product quality to international standard.

Threats

- Cigarette continues to be discriminated against cheaper and revenue inefficient tobacco products. Excise rates on Cigarette were increased successively again this year in the budget 2007.
- The Excise duty increase on cigarettes and imposition of VAT at a rate of 12.5% has resulted in increase of Brand prices stiffly and likely to stop the increase in Cigarette smoker in comparison to others. In last twenty-Five years, Tobacco consumption in the form of Cigarette increased at a slower rate than that of other forms (Source Tobacco Institute of India).
- The continuous anti-tobacco campaign carried by Government in the form of stiff restriction of advertisement through, the Cigarette and Other Tobacco products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production Supply and Distribution) Act, 2003 (COTPA), which requires that packages must bear pictorial health warning from the date to be notified in near future. Ban of Cigarette smoking in public places and restriction of smoking in private places will have severe adverse impact on the cigarette sale. This may drive Cigarette smoker toward other form of tobacco consumption.
- Easy availability of smuggled Cigarette in the Market at much cheaper rates and its continuous growth have negative impact on sale of Domestic manufacturer.

SEGMENT WISE PERFORMANCE

The Company is operating in the following segments and their performances are as under :

Name of the Segment	% of Segment Revenue	Turnover (In lacs)
Real Estate Development	58.24	2313.36
Tobacco	36.55	1451.50
Services & Others	5.21	207.00
	100.00	3971.86

FUTURE OUTLOOK

Your Company has drawn aggressive growth plan to tap the potential in real estate development, spread across the country. The outlook for the industry in the medium term looks very good and your company, in order to ensure high growth, has also taken proper initiatives to consolidate its operations and to spread its horizon across the country.