

For more than a decade, RDB Industries has taken something as fundamental as land and transformed it.

Result: comfortable and contented lives.

For more than a decade, RDB Industries has met the growing requirements of India's middle-class through best-in-class living and working spaces.

Result: thousands of satisfied customers.

Going ahead, RDB Industries expects to develop nearly seven million square feet of saleable space in only three years.

Reinforcing the delivery
of more feats per
square feet.

The background of the slide is a photograph of a brick building with a window, set against a blue sky. The building is made of red bricks and has a black roofline. A window with a white frame is visible on the left side of the building. The sky is a clear, light blue.

RDB Industries Limited
is engaged in two of
the largest businesses
in India today.

Real estate and
cigarette manufacture.

Experience of the past. Mindset of the future.

- RDB Industries Limited (established in 1991 and listed in 1994) is the flagship company of the RDB Group. The Group enjoys diversified industrial interests (real estate, infrastructure, jute processing, packaging, automobile marketing, power transmission equipment, large-format retail stores, financial services as well as transportation and logistics).
- It entered the real estate business through the development of residences for the middle- and lower-income groups, gradually extending to the development of townships as well as retail and office properties.
- It is the only listed real estate company from eastern India; its land bank is among the largest in the region.
- It possesses the fifth-largest tobacco-processing capacity in India for cigarette manufacture.
- Its Regent, Cool and No. 10 cigarette brands are popular in West Bengal, Gujarat, Maharashtra and North India.

High standards. Deep foundation.

- RDB is among the few construction companies in eastern India to be awarded the globally-recognised quality certification ISO 9001:2000.
- It pioneered the use of diverse modern technologies and practices to create a number of real estate landmarks.

Nationally dispersed. Close to the customer.

- RDB is headquartered in Kolkata, the largest city in eastern India.
- It enjoys a growing presence in Haldia, Kharagpur, Midnapur, Asansol and Burdwan as well as an entrenched presence in Surat, Bikaner, Agra and Guwahati.
- It is present in some of the fastest-growing real estate verticals – group housing, integrated townships and commercial complexes – in India today.

Intellectually rich. Financially sound.

- RDB is promoted by Shri Sunder Lal Dugar and Shri Vinod Dugar.
- It employs management professionals, civil and other engineers, architects as well as chartered and cost accountants, among others.
- It reported a turnover growth of 1.21 percent from Rs 39.73 cr in 2006-07 to Rs 40.21 cr in 2007-08.
- Its cash flows increased 29.38 percent from Rs 10.45 cr in 2006-07 to Rs 13.52 cr in 2007-08.
- Its operating profit enhanced 26.44 percent from Rs 10.21 cr in 2006-07 to Rs 12.91 cr in 2007-08.
- Its post-tax profit increased 30.97 percent from Rs 9.46 cr in 2006-07 to Rs 12.39 cr in 2007-08.

Report



junction.com

From the desk of the Chairman
and Managing Director



At RDB, we believe that the vast under-penetration, rising incomes and improving lifestyles will sustain, leading to ongoing industry growth.



Early in March 2006, I sat down for what was supposed to be a 30-minute meeting with our key managers. We adjourned four hours later. I could have stayed all day... Why?

Because it was stimulating spending time with them. Because it was interesting to understand the dream they had for RDB's future. Because it was convincing to see their infectious enthusiasm in turning these visions into realities. Because it was inspiring to see our future as a premier real estate company in their eyes.

It is because of these people – the young and spirited RDB – that the Company enjoys a deep sense of optimism in a time of exciting change.

The demand for more space...

This 'right-time peaking' at RDB could not have matured at a more opportune juncture. In the India of today, there is

simply so much to do. Consider the attractively poised domestic real estate sector:

Indian real estate growing at nearly thrice the GDP rate:

The real estate industry in India is currently worth USD 12 billion and growing at 30 percent annually. It is expected to reach USD 90 billion by 2015. Almost 80 percent of the real estate developed in India is residential in character; the rest comprises offices, shopping malls, hotels and hospitals. An important driver of growth is the off-shoring businesses – high-end technology consulting, call centres and software programming houses – which cumulatively cover 15 million square feet of real estate development.

Improving affordability driving enhanced space demand:

India enjoys rising incomes with increasing mid-income households and the easy availability of finance and loans by private banks and housing finance companies. This provides precious liquidity for funding the growing housing demand. This has been supported by improving affordability, policy reforms and fiscal benefits by the government.

Robust housing demand across all income groups:

Fuelled by a growing population and nuclear families, Indian households are expected to rise to 220 million by 2010 and 295 million by 2020. The demand for low-income group and economically weaker-class housing as well as middle-income and high-income residential segments are expected to witness a robust growth.

The great Indian middle-class:

Nearly a third of India's 1,100-million strong population comprises the middle-class, bigger than the entire population of the United States. This segment is the Company's target audience; mid-income housing demand is the largest in India.

Significant policy reforms:

Much of the demand for residential stock and township housing is catalysed by policy reform. Hundred percent foreign direct investment (FDI) has been permitted in township projects in India through the automatic route. Besides, relaxations in urban land ceiling, easing of stamp duty and reforms related to special economic zones (SEZs) have deepened the interest in integrated township projects.

Real estate development trickling down to Tier-II and

Tier-III cities: The country is witnessing a significant shift in its real estate development focus from mega cities to

suburbs, Tier-II cities (population of about one million), Tier-III cities and rural areas. Nearly 100 townships are being conceived or developed in Tier-II cities across India, each over 100 acres of land. With potential saturation in metros coupled with prohibitive prices, we expect an increasing realty development in the other tiers. Interestingly, while Tier-I cities, representing 6 percent of the country's population contributed 14 percent to its GDP; Tier-II cities, representing 7 percent of the population contributed almost 13 percent to its GDP.

Massive housing shortage: The estimated shortage of housing units is 22.40 million, implying that one in every 45 of the population is homeless. With a population growth of about 1.3 percent annually, this shortfall is expected to widen as the replacement demand for about two million units continues to be added every year.

At RDB, we believe that the vast under-penetration, rising incomes and improving lifestyles will sustain, leading to ongoing industry growth.

Creating our own space...

The country's real estate shortage is creating an unusual problem – a decline in differentiation. Most projects are 'me too' and similar. At RDB, we have countered this reality through a graduation from merely selling square feet to creating distinctive real estate products; from merely catering to an existing market to creating a market; from driving sales through the conventional use of the media to marketing through our brand strength.

At RDB, we are attractively positioned to take our business ahead for the following reasons:

Strong brand: We enjoy a rich 17-year experience in the real estate business; our long-term presence has resulted in the creation of a strongly-established Regent brand. We possess a track record of completing and handing over 35 residential and commercial projects (as a Group); 22 projects are currently in the pipeline (as on 31 March, 2008).

Rich land bank: We recognise that an extensive land resource represents the springboard of growth. We possess a sizable land reserve.

Robust skill sets: We possess the skills to identify, acquire

and consolidate land holdings with speed and economy. Besides, our strong capabilities enable the identification of land parcels, overcoming regulatory hurdles and securing purchases.

Associations: We partner with renowned associates like Agarwal & Agarwal, Salient Studios, Raj Agarwal & Associates, SPA Consultants, RL Gaggar & Company and SPIRO, among others, leading to customer convenience.

Confidence: We deliver quality projects on schedule. We are among the few real estate companies in eastern India to be awarded the globally recognised ISO 9001:2000 certification.

People: We possess a rich intellectual capital, reflected in the recruitment of management professionals, civil engineers, architects and chartered accountants. We manage our human resource through a spirit of continuous learning, trust, relationships, opportunities and empowerment. Our average organisational age is 32.

Strength of our tobacco division: We possess the fifth-largest cigarette license capacity in India. We pioneered mentholated and filter cigarette manufacture in India. Our Regent, No.10 and Cool brands of cigarettes are popular and available across most price points. We will reinforce our industry standing through investments, leading to high-asset automation and modernisation.

Acknowledgements

I take this opportunity to thank all those who contributed to the Company's growth – customers, employees, partners, suppliers and community members. I must assure you that the Company will continue to practice what it has always done – enhance value for all those who depend on us, work with us and invest in us.

Sincerely,



Sunder Lal Dugar
Chairman and Managing Director
RDB Industries Limited



“ I bought a flat in RDB’s Regent Enclave on the VIP Road which acts more like a holiday home. Despite being located on the arterial VIP Road, we are ensconced in tranquility. Besides, the panoramic view at night often reminds me of the Marine Drive in Mumbai. Our property value has nearly doubled in three years. RDB *dhonnyobad!* ”

Tapas Saha, *management consultant*

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SMILES PER SQUARE FEET

At RDB, we recognise that our biggest achievement cannot merely be numerical; it must be reflected in the smiles of our customers.

For a good reason. India's residential real estate story has matured to a point where customers now seek 'plug-and-play' environments with minute attention to detail. Besides, commercial realty customers demand integrated one-stop solutions delivered faster so that they can get into business in the shortest possible time.

RDB expects to capitalise on this reality through the prudent consolidation of its real estate services, leading to the following:

- A growing competence in engineering-driven civil and structural architectural assignments.
- An extension into value-added services (design, interiors, mechanical and electrical, among others).
- The ability to leverage these margin-accretive engineering-led services into a turnkey responsibility across residential, commercial and large infrastructure (SEZ, proposed) projects.

As a result, RDB's topline and bottomline have registered healthy growth rates over the past few years with expectations of quicker growth over the coming years.

“We are one of the principal steel suppliers to RDB, catering to their requirements for over 15 years. We have witnessed its ‘no compromise’ policy on steel and other construction materials. They choose the best quality steel irrespective of their project location, whether in the heart of Kolkata or the suburbs.”

Ashok Sureka

Shubham Steels Private Limited

more

VALUE PER SQUARE FEET

At RDB, we believe that the value that a customer receives must always exceed the price paid.

The ability to demonstrate this consistently transforms a product into a brand; it extends a transaction into a relationship.

This recall represents RDB's most effective marketing collateral.

Result: properties are sold as soon as they are conceived.

At RDB, this recall has been consistently achieved through an ongoing discipline—defined and documented systems for tendering, cost estimation, material procurement and execution – that has eliminated the scope for arbitrary decision-making, while leaving room for innovation within the specified deliverables. Some of these key processes include:

- The preparation of a comprehensive estimate of resources required at the project outset.
- Real time project monitoring based on the consumption of material, resources and time compared with the budgeted estimate.
- Procedures and protocols to control deviations from estimates.
- Implementation of random and periodic audits and checks on material inventory with expenditure verifications across each project site.
- Regular review meetings to discuss project-related issues.

As a result, RDB manages 22 projects concurrently across the areas of its presence.

“ I have worked in five projects with RDB Industries. Although they create mass housing infrastructure, they focus on providing deluxe living spaces. Most of their properties are equipped with community halls, gardens and jogging tracks, among others. They let their associates and consultants exercise free creative space, which is very important in creating enduring landmarks.”

Rajkumar Agarwal, *principal architect and proprietor,*
Raj Agarwal & Associates

