



RDB Industries Limited

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Annual Report  
**2008-09**

Corporate information

Board of Directors

Sunder Lal Dugar - Chairman and Managing Director  
Ravi Prakash Pincha - Executive Director  
Manish Kumar Jain - Independent Director  
Krishna Gopal Sinha - Independent Director  
Mahendra Pratap Singh - Independent Director  
Abhishek Satyanarayan Rathi - Independent Director

Inside the pages

Company Secretary and Compliance Officer  
Purushottam Kejriwal

Auditors

S. M. Daga & Co.  
Chartered Accountants  
11 Clive Row, 2nd Floor,  
Kolkata 700 001

Bankers

State Bank of India  
Oriental Bank of Commerce  
Axis Bank Ltd.  
Standard Chartered Bank  
Corporation Bank  
HDFC Bank  
Kotak Mahindra Bank Ltd.  
Citi Bank  
IDBI Bank

Registrar and Share Transfer Agent  
Niche Technologies Private Limited

Solicitors

Dipayan Choudhury, Advocates

Registered office

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

Factory

149 B.T. Road  
Kamarhatti, Agarpara  
Kolkata 700 058

Disclaimer

In this annual report we have disclosed forward-looking information to enable investors and comprehend our prospects and take informed investment decisions. This report and other statements ...written and oral....that we periodically make content forward-looking statements that set out anticipated results based on management's plans and assumptions. We have tried wherever possible to identify such statements using words such as "anticipate", "estimate", "expects", "projects", "intends", "plans", believes", and words of similar substance in connection of future performance.

We cannot guarantee that this forward-looking statements will do realise, although we believe we have been prudent in assumptions. The achievement of results is subject to risk, uncertainties and even inaccurate assumptions. Should known or unknown risk or uncertainties met-realise or should underline assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

We undertake no obligation to publicity update. Any forward-looking statement wether as a result of new information, future events otherwise.



IMAGE OF STALL  
Participation in CREDAI Bengal Realty Expo '08  
as Principal Sponsors of the event

“ 2008-09 will be remembered as one of the most eventful years in the history of most companies.

However, RDB will remember it as a period of self-discovery – a year when the Company re-learnt its way of doing business and in the process actually became aware of many of its latent strengths. ”



## From the desk of the Chairman & Managing Director

Over the twenty five years, RDB has been through many decisive stages in its development. We have broadened and consolidated, diversified and have become a key player in our areas of expertise.

Dear Shareholders,

In 2008, we experienced some of history's most severe economic turbulence. No one can deny the reality of the situation, neither can they claim to have predicted or prepared for it. This is as true for the political leaders as it is of corporate leaders. While we may not be able to change the course of events, we are responsible to respond to changes as they arise, to take decisive action to adapt and lay the groundwork for future growth. Pragmatism, rather than optimism or pessimism, must dictate how we are to function in this unusual period. While the analysis of recent events inspires caution, we must also maintain the dexterity we need to take advantage of the many opportunities that lie ahead.

Thanks to our solid foundation, sound business model and numerous strengths, RDB Industries faces 2009 with composure. Overall, the real estate market in India has weathered the storm better than the rest of the world. We have shown our responsiveness by reacting promptly to the declining economic environment. Our strategic choices have proven their worth in this new context, particularly where diversification are concerned. There is appreciation for the importance of the real estate industry for the economy and for society. Keeping in mind the need of the hour and RDB's tradition to build quality residential and commercial spaces - we are dedicated to making your building experience pleasant and smooth.

Our markets are sound and promising, with an immediate shortage of urban housing units and fast growing Tier-II cities, RDB already has a significant land-bank advantage; we have the resources and finance to seize opportunities, we resolve to build your dreams and homes not houses, prudently with composure. We undertake careful analysis and take decisive action to give you the edge. We will continue to grow by acting with foresight and initiative while staying on the course and continue to build for a resurgent India.

RDB industries are poised to take on the challenge and emerge as a leader in this ever changing market scenario and based on our inimitable strengths:

**Strong brand Value:** We enjoy a rich 18-year experience in the real estate business; our long-term presence has resulted in the creation of a strong and established Regent brand.

**Expertise:** We possess the skills to identify, acquire and consolidate land holdings. Besides, our strong capabilities enable us to identify 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, ensuring customer priority and satisfaction.

**Assurance:** We deliver quality projects on time and as per 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.

Beyond realty - EPC Business

With entry into the Indian Defence sector by bagging prestigious contracts of construction of dwelling units for the MAP (Married Army Personnel) covering an area of 1.5 lakh sq ft in Fort William, Kolkata, the company is further strengthening its foothold in civil engineering by bagging contracts from Government parties like AIIMS, Patna (Ministry of Health & Family Welfare).

The company is also participating on regular basis in many other prestigious contracts like IICB (Indian Institute of Chemical Biology) and contracts from ESIC (Employees' State Insurance Corporation of India) etc. on continuous basis.

With the Government of India's focus on accelerated spending on construction activities and developing infrastructural facilities across the country, there is ample scope ahead to capitalize on the opportunities in this segment. With our initial forays made into the civil construction of Government /Semi-government/Autonomous bodies, we have drawn up major plans to make aggressive bidding during the current Financial Year and also in the coming years.

**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.

### Acknowledgement

The range of opportunities that beckon us is mammoth, notwithstanding the domestic and global economic scenario. RDB will continue to bank on innovation and would like to ensure that its own growth translates into higher substantial value appreciation for all stakeholders and contributes to the development of our society.

We hope to continue to get your support in our future endeavours; we assure you of a journey that is fulfilling and enriching.

I would like to take this opportunity to sincerely appreciate your contribution to the Company's growth. I am also thankful to our 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



## Business Engagements

- Reality & Infrastructure
- Tobacco

### Highlights

- 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, 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 property.
- It is the only listed real estate company from eastern India.
- It possesses the fifth-largest tobacco-processing capacity in India for cigarette manufacture.
- Its Regent 'No.10', 'Cool' and 'Prince Henry' are popular cigarette brands in West Bengal, Gujarat and Maharashtra and North India.
- 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.

### Rationale for presence

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

### Intellectually rich. Financially sound.

- RDB is promoted by Shri Sunderlal 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 4.20 percent from Rs 40.21 cr in 2007-08 to Rs 41.90 cr in 2008-09.



Business segment review – 1

## Real estate

Segment status within company: Largest

Portfolio: Residential and commercial real estate

Revenue, 2008-09: Rs. 28.33 cr

Contribution to the total revenue

in 2008-09: 67.60 %

### Industry outline

The Indian real estate industry has grown aggressively in recent years. Growing at over thrice the rate of the national GDP, the sector has emerged as one of the most appealing investment avenues for Indian and foreign investors.

The real estate share in total FDI increased from 10 percent in 2004-05 to over 25 percent in 2006-07. In addition, the entry of various foreign real estate and finance companies has strengthened the sector and the industry is likely to see increased investment. In view of this, the Indian real estate industry is likely to grow.

### Segment overview

RDB Industries has been in the business of real estate (housing and commercial) for more than 15 years. The Company has created a niche in Tier-II and Tier-III Indian cities across. It possesses a rich land bank across Kolkata, Haldia, Kharagpur, Burdwan, Surat and Guwahati. The Company's realty division is managed by more than 50 members and associates, representing a rich intellectual capital comprising a prudent mix of experience and youth.

### Segment strengths

- Experience: The division has developed a competence level in the management of large and complex projects.
- On-time delivery: The division has established reputation for timely delivery, generating repeat client bookings.
- Asset strength: The division possesses world-class equipment (batch mixer, concrete batching plant and crawler tower cranes) that enhance project quality and shrink commissioning tenure.
- Knowledge-centric approach: The division represents a prudent mix of academic and hands-on experience.
- Quality procurement: The division enjoys strong alliances with reputed manufacturers, protected by a three-tiered input check at the project site (across incoming, processed and finished products), leading to superior project quality.
- Brand: The division's popular Regent brand is associated with the best-in-class residential and commercial real estate at affordable prices.

### Segment highlights, 2008-09

- The division consolidated its real estate activities.
- It initiated the demerger of the realty division from the tobacco division; both entities are expected to be independently listed by the end of 2009-10.
- Its ongoing residential and retail projects – Regent Ganga, Regent Sonarpur, Regent Paradise, Regent Pearl, Regent City, Regent Enclave-II, Regent Vista, Regent Heritage, Regent Crown, Millenium Tower, New Town Square, Regent City Shoppers, Regent Centre-Uttarpara, Regent Textile Mart, Regent Square, Regent Knowledge Centre, Regent High Street Mall and Regent Heritage Plaza.
- Its rental income stood at Rs 4.12 cr in 2008-09 .
- It was sanctioned saleable space of seven million square feet, which translated into projects.
- It was awarded a prestigious residential project by AIIMS at Patna.

### Segment outlook

- The segment expects to continue the identification of prudent land acquisition opportunities, even as it intends to focus on the timely completion of its projects.



## Showcase projects

### Residential



**Regent City, Rajarhat, Kolkata, West Bengal**

Regent City is being constructed in Rajarhat near Kolkata. This residential township with its own retail complex will have a total built-up area of 50,000 sq mts (appx). In the first phase of construction, this complex will have over 219 units.



**Regent Sonarpur, Kolkata, West Bengal**

RDB is constructing Regent Sonarpur in South 24 Parganas near Kolkata. This residential township with all modern facilities has a total built-up area of 25,000 sq mts (appx) and 176 housing units.



**Regent Ganga, Kolkata, West Bengal**

Regent Ganga will be a self-sustaining residential township on the banks of the River Ganges. It will have its own retail complex. The total built-up area of the complex will be 37,000 sq mts (appx) with a total of 285 housing units.



**Regent Pearl, Jessore Road, Kolkata, West Bengal**

The Company is constructing Regent Pearl in Jessore Road Kolkata, West Bengal. This residential building with its own and exclusive shopping complex has a total built-up area of 5,500 sq mts (appx).



**Regent Heritage, Jhapatapur, Kharagpur, West Bengal**

The Company is constructing Regent Heritage in Jhapatapur near Kharagpur, West Bengal. This residential township with its own shopping complex will have a total built-up area of 4,300 sq mts (appx).



**Regent Crown, Burdwan, West Bengal**

This residential township with an integrated shopping centre will be located in Burdwan, a Tier-II city in eastern India. With a total built-up area of 10,000 sq mts (appx) and a total of 70 units, it will change the face of housing in that region.



**Regent Vista, Haldia, West Bengal**

Regent Vista is a residential township in the industrial city of Haldia. This project will have its own shopping centre and will constitute an area of more than 28,000 sq mts (appx) and a total of 250 housing units.



**Regent Paradise, Guwahati, Assam**

The Company is constructing Regent Paradise, a residential township, in joint venture with the Assam State Housing Board. This integrated township with its own shopping complex will have a total built-up area of over 65,000 sq mts (appx).

## Showcase projects

### Commercial



**Regent Centre, Uttarpara, West Bengal**

Regent Centre will be located in Uttarpara near G.T. Road, Hooghly, with a total area of 7,000 sq mts (appx); this mall will have an entertainment zone and a food court, apart from retail units.



**Regent Centre, Kolkata, West Bengal**

RDB is constructing a shopping centre in B.T. Road, Kolkata with a total built-up area of 70,000 sq mts (appx); this centre will comprise outlets of reputed brands along with a cineplex, an entertainment zone and a food court.



**Regent Heritage Plaza, Malancha, Kharagpur, WB**

Regent Heritage will be located on Malancha Road in Jhapatapur near Kharagpur. The mall will possess a total built-up area of 8,500 sq mts (appx) with its own entertainment zone and food court, apart from retail units.



**Regent Centre, Haldia, West Bengal**

This shopping centre will be located at Brajnath Chowk, Haldia. Possessing a total built-up area of 24,000 sq mts (appx); the mall will feature a three-screen multiplex, an entertainment zone and a food court.



**Regent Centre, Burdwan, West Bengal**

RDB is constructing a mall in Burdwan (near Municipality) the shopping centre will have a built-up area of 20,000 sq mts (appx). Apart from retail units of reputed brands, the centre will have a three-screen multiplex, an entertainment zone & a food court.



**Regent Knowledge Centre, Surat, Gujarat**

Regent Knowledge Centre is a commercial complex with all modern amenities, located in the heart of the commercial hub of Surat. It will feature corporate offices, retail outlets, entertainment & food court possessing a total built-up-area of 12,500 sq mts.



**Regent Textile Market, Surat, Gujarat**

Regent Textile Market is a commercial complex exclusive for the Textile dealers with all modern amenities, located in the heart of commercial hub of Surat. It will feature multiplex, entertainment zone, food court & retail units, possessing a total built-up area of 30,000 sq mts (appx).



**Regent High Street Mall, Surat, Gujarat**

Regent High Street Mall is a commercial complex with all modern amenities, located in the heart of commercial hub of Surat. It will feature multiplex, entertainment zone, food court & retail units, possessing a total built-up area of over 11,000 sq mts (appx).



Major ongoing projects

- Regent Enclave Phase II: Residential estate. Spread across more than 30,000 square feet (appx). Featuring multi-facility apartments. Promises comfortable homes at affordable prices. Located in Kolkata.
- Regent Paradise: Residential complex. Spread across 7 lakh square feet (appx). Offers convenience without complications. Located in Guwahati.
- Regent City: Residential and retail project. Spread across more than 5.15 lakh square feet (appx). Located in Rajarhat, Kolkata.
- Regent Ganga: Residential and commercial project. Spread across 3.75 lakh square feet (appx). Located in Hooghly, Howrah (near Kolkata).
- Regent Sonarpur: Residential project spread across 2.68 lakh square feet (appx). Located in Simultala, Sonarpur.
- Regent Heritage: Residential and commercial project located in Kharagpur. Spread over 55,000 square feet(appx.)
- Regent City Shopper. Mall: Spread over 72,000 square feet (appx). Located in one of the largest textile centres in Asia, near Kolkata.
- Regent Heritage Plaza: Largest in Kharagpur. Spread over 65,000 square feet (appx).
- Millennium Towers: Commercial project. Spread over 95,000 square feet (appx). Located in Haldia, West Bengal.
- New Town Square. Mall: Spread over 2.17 lakh square feet (appx). Located in Rajarhat, Kolkata.
- Regent High Street Mall : Spread over 1.10 lakh sq feet (appx).Located in the heart of commercial hub of Surat.
- Regent Knowledge Centre: Spread over 1.25 lakh sq feet (appx).Located in the heart of commercial hub of Surat.
- Regent Square: Spread over 1 lakh sq feet (appx).Located in the heart of commercial hub of Surat
- Regent Textile Mart: Largest in Surat. Spread over 3.03 lakh square feet (appx).

Kolkata

Kolkata is the fourth-largest city in India.

It is home to nearly 13 million people.

It is among the seven leaders in the country's IT-BPO growth story, registering an annual growth rate of 15 percent (Nasscom).

It reported a 20–60 percent appreciation in property prices in two years.

It has a meagre 0.7 percent vacancy rate in prime locations (peripheries of Salt Lake and Rajarhat), indicating a robust real estate potential.

Guwahati

Guwahati is home to 24 percent of the urban population of Assam.

It is the economic nerve-centre of Northeast India.

It is an important service centre for the oil industry and tea plantations as well as a hub for important tea auctions.

Its population has grown by almost 40 percent during the last 10 years.

It witnessed a significant growth in organised retail, financial services and industry, driving the demand for commercial and residential units.

Guwahati figures among the 100 fastest-growing cities of the world (Source: Times of India).

Haldia

Haldia is a major trade port intended chiefly for bulk cargo.

It has a population of around 1.5 million.

It is renowned as an industrial hub with such conglomerates such as the Haldia Petrochemicals Limited.

Burdwan

Burdwan is one of the largest cities of West Bengal with a population of around six million.

It is located in the Durgapur–Asansol belt, surrounded by the fastest-growing industrial hubs of Dhanbad, Dumka, Murshidabad, Hooghly, Birbhum and Purulia, among others.

It is famous for its rich cultural heritage with a number of educational institutions, engineering colleges and universities.

Surat

Surat is the economic capital of Gujarat and its GDP growth rate is estimated at 16 percent.

It is best known as the city of diamonds and synthetic fabrics. Out of the 12 diamonds processed in the world, Surat processes around 10, contributing a whopping Rs. 45,000 cr or 65 percent of the total export of diamonds from India. Textile exports from the city were valued at around Rs 16 bn, contributing 12 percent and 40 percent of the total man-made fibre and filament fabrics exports from India. Its population more than doubled to an estimated 3.5 million in less than 15 years, making it India's ninth-largest city. Around 60 percent of the city's population consists of migrants connected with the textiles and diamond sectors. An apparel SEZ in Sachin and a gems and jewellery SEZ in Ichhapore, near Surat, are expected to generate more than 4.5 lakh jobs.

The 'Twin City' project connecting Surat to neighbouring Navsari is likely to grow the real estate market.

Surat figures among the 100 fastest-growing cities of the world (Source: Times of India).



Business segment review – 2

# Tobacco



- Segment status within Company: Second
- Portfolio: Filter cigarettes
- Revenue, 2008-09: Rs. 11.53 cr
- Contribution to the total revenue in 2008-09: 27.52 percent

## Industry outline

India is the largest producer and exporter of tobacco in the world. The aggregate annual tobacco production in India is estimated at 700 million kgs with the industry providing employment to nearly 25 million people (Source: Indian Tobacco Board). The rich and varied Indian geographic and agro-climatic conditions provide a wide range of tobaccos for export throughout the year. Indian tobacco, by virtue of its quality, volume and diversity, is well-accepted across over 80 countries; nearly 200 million kgs are exported annually. The size of the Indian cigarette market is estimated at nearly 100-billion sticks a year and roughly Rs 35,000 cr.

## Segment overview

The tobacco division, New Tobacco Company (formerly National Tobacco Company Limited), was established in 1931 and is owned by RDB Industries. It is one of the oldest cigarette manufacturers in India with its brands marketed under the 'Regent', 'No. 10', 'Cool' and 'Prince Henry'. The Company enjoys the distinction of being the first filter-making and first menthol-making cigarette manufacturer in India. Its Agarpara unit (near Kolkata) was fully acquired by the Company on 19 April 2007. Today, the division enjoys the status of possessing the fifth-largest licensed cigarette manufacturing capacity in the country.

## Segment strengths

**Licensed capacity:** The division's primary strength is its large manufacturing capacity, the fifth-largest in the country; it utilises a fraction of this capacity, which it expects to increase significantly.

**Market presence:** The division enjoys an established presence in West Bengal, Gujarat and North India.

**Brands:** The division possesses a brand portfolio comprising No. 10, Regent (sub-brands comprise Regent Special, Regent Mini King and Regent Premium), Cool, Deluxe Virginia and roll-your-own-tobacco Prince Henry, available across several price points.

**Distribution network:** The division enjoys strong relationships with distributors and dealers across various Indian states.

## Segment highlights, 2008-09

The division discontinued cigarette sales in 'shell-and-slide' packs, replacing it with the 'youthful' hinge-lid packing (HLP) by investing in imported state-of-the-art HLP equipment from Bulgaria; the equipment enhanced aesthetic appeal and optimised the packaging paper consumption.

It embarked on a number of operational and manpower optimisation initiatives, which helped it control production cost.

## Segment outlook

The division expects to launch brands comprising Regent Premium (non-filter cigarette), clove-flavoured and other such cigarettes to address emerging preferences across India.

It expects to strengthen its modernisation programme aimed at enhancing automation and cigarette quality. For instance, an investment in its primary manufacturing department will help utilise processed tobacco stems and reduce raw material costs by nearly 20 percent.

It intends to establish high-speed cigarette-making equipment, which will significantly increase the output coupled with high productivity and lower manpower.

## Industry optimism

India figures among the three leading tobacco producers in the world. The size of its domestic market is nearly 10 times the which is size of its population. Besides, Indian tobacco enjoys one of the lowest conversion costs at about USD 0.80 per 1,000 sticks, far lower than USD 3.50 per 1,000 pieces in the UK and USD 4 per 1,000 sticks in the US. These factors represent an attractive export potential.

## Profile of our promoters and management team

### Our promoter group

Mr Sunder Lal Dugar, Chairman and Managing Director, possesses more than three decades of experience in real estate and other industries comprising power, packaging, automobile marketing and financial services, among others. Besides business pursuits, he is actively involved with a number of social, charitable and religious organisations. Through the RDB Group, he lends a helping hand to over two dozen organisations engaged in the improvement of the society. The SL Dugar Charitable Trust is a personal initiative, playing a constructive role in propagating literacy and healthcare and several other forms of charitable work across India, of which the Aryans School on BT Road (near Agarpara) and Bodhna, a school for the disabled at Rajarhat (near Kolkata) are lively examples.

### Our management team (Real estate)

Mr Ravi Prakash Pincha, Executive Director, has over eight years of experience in the real estate industry.

Mr Sanjay Kumar Agrawal, CFO, possessing over 15 years of experience in accounts and finance.

Mr Purushottam Kejriwal, Vice President, Finance & Company Secretary, possessing over 10 years of experience.

Mr M.S. Sharma, President, Legal, has been associated with the real estate industry for over 25 years.

Mr C.N. Dutta, Vice President, Legal, has been associated with the real estate industry for over 10 years.

Mr S.K. Singh, Vice President, HRD, possessing strong experience in HR for over 20 years.

### Our management team (Tobacco)

Mr Prem Chand Khator, COO, possesses over 15 years of experience in the tobacco industry. He enjoys a wide exposure in legal issues, indirect taxes and accounts and finance.

Mr Lawrence Fernandes, GM, Operations, a mechanical engineer by profession. He has been associated with the tobacco industry for over 26 years.

