

RDB Industries Limited



RDB INDUSTRIES LIMITED
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Annual Report
2009-10

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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

Company Secretary and Compliance Officer

Disha Dugar

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

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 statments 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.

“ 2009-10 will be remembered as one of the most eventful years in the history of RDB and will be remembered as 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. ”



Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the Eighteenth Annual Report and audited accounts for the year ended 31st March 2010.

Performance Highlights

(Rs. in Lacs)

Particulars	Financial Year 2009-2010	Financial Year 2008-2009
Income from operations	911.74	3821.66
Other income	453.77	369.22
Profit before interest and depreciation	132.71	611.32
Less: a) Interest	6.14	173.03
b) Depreciation	105.17	146.93
Profit before taxation	21.40	291.36
Less:- Provisions for current tax and deferred tax	42.44	22.44
Profit (Loss) After Tax	(21.04)	268.92
Add: Balance brought forward from last year (Net of reserves transfer on demerger of Real Estate Undertaking)	1255.92	2120.15
Balance available for appropriation	1234.88	2282.54
Less: Appropriations		
a) Provision for proposed dividend on equity shares	- - -	53.75
b) Provision for dividend tax	- - -	9.13
c) Transfer to general reserves	- - -	100.00
Balance carried to the Balance Sheet	1234.88	2119.66

Review of operations

During the year under review, the Company's Sales from Tobacco Undertaking decreased by 19.48% to Rs.911.74 Lacs as compared to Rs.1132.31 Lacs during the preceding year.

During the year under review, the Company has not brought any changes in its accounting policies.

More details about the business and operations of your Company are provided in the Management's discussion and analysis report, forming part of the Annual Report.

Dividend

As there is a loss after tax, your directors are unable to recommend any dividend for the financial year 2009-2010.

Demerger

The Scheme of Arrangement of the Company with RDB Realty & Infrastructure Limited was approved by the Hon'ble High Court of Calcutta, vide Order dated 12/04/2010. The Certified copy of the order of the Hon'ble High Court was filed with the Registrar Of Companies, West Bengal under Section 391(2) & 394 of the Companies Act, 1956 on 24/05/2010. In order to allot shares to the shareholders of the company by the resulting company the Company will fix a Record Date for determining the Shareholders entitlements to the shares in resulting company in terms of the said Scheme. The Share Exchange Ratio being fixed as 1:1.

Management Discussion and Analysis

A separate report on Management Discussion and Analysis as per Clause 49 of the Listing Agreement with the stock exchanges is annexed hereto.

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, forming part of this Annual Report.

Directors

Mr. Manish Kumar Jain and Mr. Krishna Gopal Sinha, Independent Directors, retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

Your Directors recommend the above appointment/re-appointment.

None of the Directors of your Company is disqualified as per the provisions 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 Company

The audited accounts for the financial year ended on 31/03/2010 of the subsidiary company RDB Realty & Infrastructure Limited is enclosed herewith.

Directors' responsibility statement

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

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. that 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. that 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. that 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 will 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.

Public deposit

During the year under review, the Company has neither accepted nor renewed any public deposit and has no overdue or unclaimed public deposit, as defined under Section 58 (A) 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 a 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 & on behalf of the Board

Place: Kolkata
Date: 29.05.2010


S. L. Dugar
Chairman & Managing Director

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, forms a 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 and outgo

The Company has no particulars related to research and 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.

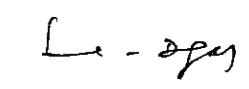
Foreign exchange earning : Rs. 7,833,158
Foreign exchange outgo : Rs. 4,224,417

CEO/CFO CERTIFICATION


To,
The Board of Directors,
RDB Industries Limited

We, Sunder Lal Dugar, Chairman and Managing Director, appointed in terms of the Companies Act, 1956 and Sanjay Kumar Agrawal, Chief Financial Officer, **hereby** certify to the Board that:

- a) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2010 and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2010 which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
 - d) We have indicated to the auditors and the Audit Committee that:
 - I. there have been no significant changes in internal control over financial reporting during the year;
 - ii. there have been no significant changes in accounting policies during the period.
 - iii. there have been no significant changes in accounting policies during the period there have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.


S. L. Dugar
Chairman & Managing Director
Kolkata, 29th May, 2010

For RDB Industries Limited


S. K. Agrawal
Chief Financial Officer

Management Discussion And Analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS

Over the years Indian Tobacco has made many inroads and is taking the world by its stride. Indian tobacco is now getting more and more recognition by many countries and is considered as a world's most dependable source for its unique quality and competitive prices.

It is a known fact that India has emerged as the 3rd largest producer of Tobacco with a production of +700 Million Kgs., the 3rd largest producer of Flue Cured Virginia Tobacco with a production of +250 Million Kgs. ,the 4th largest exporter of Tobacco exporting around+142 Million Kgs., the 12th largest producer of Cigarettes manufacturing around +108 Billion pieces.

It is also the largest producer of non-cigarette tobacco with its production exceeding +430 Million Kgs.

Indian Tobacco is today exported directly to over 100 countries across the globe. In terms of Value – Indian Tobacco exports exceed + 300 Million US \$. Excise duty to the tune of over + 1.5 Billion US \$ is being contributed to the Indian Government in its revenue kitty.

Indian Tobacco has a splendid variety in the offing which includes Flue Cured Virginia , Light Air Cured Burley , Burley Hybrid, Dark Air/Sun cured tobacco (cigarette variety), a wide range of chewing tobacco, Hookah Tobacco , Bidi Tobacco , Cigar Wrapper, & Filter Tobacco, Oriental and Dark Fire cured Tobacco. India's rich and varied Geographic and Agro-climatic conditions also makes India's tobacco available for export throughout the year.

The Indian Tobacco Industry infrastructure and sophistication is also growing day after day. Today we have in India more than 15 state-of-the-art technology threshing plants and umpteen re-drying factories with annual processing capacity of +350 Million Kgs. Packaging in CFC boxes (cartons) of 200Kg or 100kg bales (Guntur type) wrapped in jute bags with inside liners/craft paper.

India has also in recent years seen a face-lift in National Highways connecting major tobacco growing areas and major seaports at Chennai – Mumbai – Visakhapatnam and Kandla.

BUSINESS SEGMENTS

The Real Estate Division

Your Company's business had two broad segments of activities viz the Tobacco Division and the Real Estate Division. These Divisions are grown up on their own to the size of independent companies. Under this fast changing and highly competitive environment, it is necessary to strengthen the business operational activities. In order to achieve operational, managerial and administrative synergies, it was decided to demerge Real Estate Division together with all assets and liabilities pertaining to the Division to the subsidiary company namely, RDB Realty & Infrastructure Ltd. and the Scheme have been executed.

The Scheme of Arrangement with RDB Realty & Infrastructure Ltd. (RDBRIL) has become effective from 1st April, 2009 and the entire Real Estate Division of the Company has been transferred and vested to RDBRIL w.e.f 1st April, 2009. In terms of the Scheme, RDBRIL will allot 10,750,000 Equity shares of Rs. 10/- each to the shareholders of the Company in the ratio 1:1. Thereafter RDBRIL will cease to be a subsidiary of the Company.

M/s RDB Realty & infrastructure Ltd (RDBRIL) is presently unlisted and the applications for enlistment of the Equity shares of RDBRIL at Bombay Stock Exchange Ltd and The Calcutta Stock Exchange Ltd are being submitted.

As of today the Company has one main business segment- Tobacco, thus clearly the Company's vim and vigor is on Tobacco now. Within the Tobacco & Cigarette business the Company continues to manufacture, process, distribute and sell tobacco & cigarettes across the Country. The management believes in the potential of this business and continues to work towards its growth and development.

TOBACCO BUSINESS

After the last two years of escalating returns to India's tobacco farmers as prices soared to record highs – and then continued to climb – its hardly surprising that India is recording its largest tobacco crop ever in 2010. Despite the higher prices being paid today – as of early March, 2010, farmers were earning an average of US\$2.2/kg for flue cured Virginia tobacco, the general feeling pervading the industry is "if the market is there, then this level of production is sustainable, If not, the farmers will grow something else," in spite of some dire warnings in 2009 of the possible consequences of rampant price increases and how these could affect some international buyers' disposition towards Indian tobacco,

The keys to Indian tobacco's survival are typically identified as consistency and stability. Insofar as there is little fluctuation in production, we can regard productivity as being consistent, and overall the quality of Indian tobacco is also consistent – some would argue that it is consistently improving in fact. However, in 2010, the way the signs and expectations are coming across, farmers seem to be demanding more for the tobacco they produce, and this is a worry with regards to sustainability.

In the Union Budget 2010 The rates of basic excise duty have been raised on all forms of tobacco and tobacco products (e.g. branded unmanufactured tobacco and tobacco refuse, branded hookah or gudaku tobacco, chewing tobacco, preparations containing chewing tobacco, jarda scented tobacco, snuff and its preparations, tobacco extracts and essences etc ; smoking tobacco, cut tobacco, smoking mixtures etc.), On some of these item notified under section 4A of the Central Excise Act, 1944 which are assessed to duty on Retail Sales Price (RSP) the rates of abatement are also revised. The rates of duty on bidis has not been touched. This scheme came into effect on 08.03.2010.The adverse impact of the increased Duty will be seen on the Tobacco Business in the coming months.

Opportunities

India's tobacco exports surged 29% to reach Rs. 4,373 crore in the 2009-10 fiscal on higher demand from Europe and the US. India is the third largest tobacco exporter in the world.

In volume terms, tobacco exports—comprising raw tobacco and its products—rose by 14% to 2,57,469 tonnes in FY2010 from 2,24,867 tonnes in the previous fiscal. The shipments rose both in value and volume terms. India exported tobacco worth Rs. 4,373 crore in the 2009-10 fiscal against Rs3,388 crore in the same period last year.

The export of tobacco surged as lower production in countries such as Europe and the US boosted global demand, the official said.

The rise in exports was also due to higher price realisation for Indian tobacco. The average export price for our tobacco was \$3 per kg in FY2010 as against \$2.50 per kg in FY2009

Threats

Tobacco giant Philip Morris is funding an aggressive ad campaign against the Indian tobacco industry, urging the state to collect taxes on cigarettes sold on Indian reservations.

With the increasing Activities of NGO's and other Related Forums accompanied by a more conscious public, awareness of the risks to the habit of smoking is increasing. This might deter the sales of Tobacco products in the future.

Increased activity of smuggling cigarettes and dropping of prices in response to it by manufacturers is robbing government of revenue and lowering sales of Manufacturers.

Litigation against the tobacco industry has both exposed their past behaviour and led to the development of powerful hard hitting and effective counter-advertising. Similar approaches spreading worldwide.

FUTURE OUTLOOK

Over the last 10 years there has been a huge gap in prices between India and the rest of the world. Over the last two years, that gap has been bridged. Now India needs to plan properly to remain a quality tobacco supplier at a competitive price. Now the gap has gone, the huge price competitiveness is no longer there, and India is like any other tobacco supplier. So we have to work hard to ensure that customers see a clear value advantage to buying Indian tobacco in the future. The challenge is to make the customers see the quality and value benefits.

For Indian tobacco to remain competitive with buyers, and profitable for traders and farmers, the way forward is for tobacco production to increase on a per acre basis rather than by adding more tobacco-growing acreage.

RISKS AND CONCERNS

- Increasing Price:** With the increase in the excise duty on tobacco products, the direct effect will pass on to the Buyers.
- Demand:** Demand risk for tobacco products indicates the ability to sell based on product price, brand, track record and quality. The underlying factors being subject to fluctuation, the demand will fluctuate given the market conditions.
- Legal risk:** The laws of the Country and around the world have made pictorial warnings compulsory on the packaging of tobacco products. This might effect the Sales adversely.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's internal control system and procedures are dynamic in nature and continuously adapt to the changes the Organisation is facing, sustaining the multiple drivers of growth. The system is reviewed and updated on an ongoing basis. Effective and adequate systems are in place through out the organization, to ensure strict adherence to internal controls in the company, so as to ensure that the assets are safeguarded and protected against unauthorized use or disposition. The significant observations made in internal audit reports on internal control deficiencies, if any and the status on implementation of recommended remedial measures, are regularly presented to and reviewed by the Audit Committee of the Board. In view of the ISO 9001:2000 certification received by the Company Quality/System Audit is undertaken on recurring basis.

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year under review, the Company's Sales (including other income) decreased by 67.41% to Rs. 1365.49 Lacs as compared to Rs. 4190.48 Lacs during the preceding year. The Profit After Tax the year decreased by about 107.82% to Rs.(21.04) Lacs as compared to Rs. 268.92 Lacs during the preceding year.

Particulars	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Revenue					
Net Sales	1321.52	3821.66	2398.27	3720.86	2,755.96
Other Income	43.97	368.82	1622.96	251.50	223.45
Total Income	1365.49	4190.48	4021.23	3,971.86	2,979.40
Expenditure					
(Increase)/Decrease in Stock	(23.07)	(1843.71)	(3291.19)	147.05	391.94
Central Excise Duty	605.36	747.98	823.57	1,022.04	974.17
Other Expenditure	650.49	4675.29	5091.01	1,682.80	1,416.10
Income Before Interest & Depreciation	132.71	610.92	1398.84	1,119.97	197.19
Interest	6.14	173.03	42.29	4.40	4.14
Depreciation	105.17	146.93	112.35	98.48	53.83
Profit/ (Loss) before Exceptional Items	21.40	290.96	1244.20	1,017.09	139.21
Add: Exceptional Items	Nil	0.40	(5.38)	52.57	369.81
Profit Before Tax (PBT)	21.40	291.36	1238.82	1,069.66	509.02
Provision for Taxation	42.44	22.44	(0.50)	123.09	30.43
Profit After Tax (PAT)	(21.04)	268.92	1239.32	946.57	478.59

The Previous year figures are not comparable as they are inclusive of the figures of Real Estate Undertaking which is demerged from the company during the year under review.

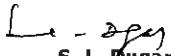
HUMAN RESOURCES

The Company has always acknowledged its human capital as the most important and fundamental source of its success. The company's human resource plan is directed towards attracting, developing and retaining people to perform as a team to achieve its goal. The plan envisages fostering a culture of belonging and mutual trust. HR objectives encompass talent retention and building proper leadership style. Several training and development initiatives including learning and up-gradation of technical skills, consumer orientation, self and organizational development, team building, managerial effectiveness, series of in-house presentations, etc. have been a constant feature during the period under review. Employer employee relationship continued to be cordial throughout the year. Total employees strength of the Company is 222 people.

SOCIAL REPORTING

Your Company is aware of the needs for improving the socio – economic problems of the society. The Company is creating employment opportunities for eligible persons by way of expanding & diversifying its various activities; ensuring appropriate energy conservation and optimum utilization of available resources in its activities; ensuring timely contribution to Government exchequer.

Cautionary Statement: - Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations may be considered to be “forward looking statements” within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied, depending upon the economic conditions, Government policies, tax regimes and other incidental/unforeseeable factors.

For RDB Industries Limited

S. L. Dugar
Chairman and Managing Director

Report On Corporate Governance

1. Company's philosophy on Corporate Governance

The company firmly believes that Corporate Governance is about commitment to values and ethical business conduct. Your Company believes in discharging its Corporate Social Responsibility and has been enduring in its philosophy to enhance stakeholders' value and customers' satisfaction by consistently endeavouring to follow the best Corporate Governance practices.

2. Corporate Governance guidelines

Over the years, the government has developed guidelines to fulfil our corporate responsibilities to various stakeholders. This ensures that the Board will have the necessary authority and practices in place to review and evaluate our operations when required. Further, it allows the Board to make decisions that are independent of the management. The Board may change these guidelines from time to time to effectively achieve our **stated objective**.

3. 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.

Composition

The composition of the Board of Directors of the Company is in conformity with the Code of Corporate Governance under the Listing Agreement with the stock exchanges. The Company has an optimum combination of Executive and Non-Executive Directors. There is one Promoter Managing Director, one Executive Director and four Non-Executive Independent Directors on the Board. The Board believes that the current size is appropriate, based on the Company's present circumstances.

The following is the composition of the Board as on 31st March, 2010:

Name of the Director	Designation	Category	No. of other Directorship(s)*	Membership(s)/ Chairmanship(s) of Board Committees of other companies*
Mr. Sunder Lal Dugar	Chairman & Managing Director	Executive & Promoter	5	- - -
Mr. Ravi Prakash Pincha	Executive Director	Executive	8	- - -
Mr. Krishna Gopal Sinha	Director	Non-executive & Independent	2	- - -
Mr. Manish Kumar Jain	Director	..Do..	2	2 (including 2 as Chairman)
Mr. Mahendra Pratap Singh	Director	..Do..	2	- - -
Mr. Abhishek Satyanarayan Rath	Director	..Do..	2	- - -

* Directorships and positions held in committees of Indian Public Limited companies and its subsidiaries are considered.

Board meetings:

The Board meetings of the Company are decided in advance and tentative dates of Board meetings, in which quarterly/annual results are to be discussed forms a part of the Annual Report. The Chairman of the Board and the Company Secretary, draft the agenda for each meeting, along with the agenda notes and explanatory statements, wherever required, are distributed in advance to the Directors. Every Board member is free to suggest items for inclusion on the agenda. The Board meets at least once in a quarter to review the quarterly results and other agendas.

During the financial year ended 31st March, 2010, twenty meetings of the Board were held as follows:

Sl. No.	Date of the Meeting	Board Strength	No. of Directors present
1	06/04/2009	6	4
2	09/06/2009	6	6
3	30/06/2009	6	6
4	09/07/2009	6	4
5	16/07/2009	6	4
6	31/07/2009	6	6
7	19/08/2009	6	4
8	29/08/2009	6	4
9	17/09/2009	6	6
10	01/10/2009	6	6
11	31/10/2009	6	6
12	17/11/2009	6	4
13	18/11/2009	6	4
14	30/11/2009	6	6
15	10/12/2009	6	6
16	16/12/2009	6	6
17	08/01/2010	6	6
18	30/01/2010	6	6
19	27/02/2010	6	4
20	31/03/2010	6	6

Attendance of Directors at Board Meetings and Annual General Meeting

Directors	No. of Board Meetings Held	Attended	Attendance at last AGM (26.09.2008)
Mr. Sunder Lal Dugar	20	20	Yes
Mr. Ravi Prakash Pincha	20	20	Yes
Mr. Krishna Gopal Sinha	20	20	Yes
Mr. Manish Kumar Jain	20	12	Yes
Mr. Mahendra Pratap Singh	20	20	Yes
Mr. Abhishek Satyanarayan Rathi	20	12	Yes

4. APPOINTMENT/RE-APPOINTMENT OF DIRECTORS**Mr. Krishna Gopal Sinha**

Mr. Krishna Gopal Sinha was appointed on the Board of RDB Industries Limited on 22nd May, 2000. He is a man with vision and a great team leader. During his long association, the Company is greatly benefited by his distinctive managerial qualities and his rich & varied experience & exposures.

He is also holding directorships in the following companies:

1. RDB Realty & Infrastructure Limited
2. Bhagwati Builders and Development Private Limited
3. Manglahat Construction & Builders Private Limited

Mr. Manish Kumar Jain

Mr. Manish Kumar Jain was appointed on the Board of RDB Industries Limited 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 areas of finance and accounts can immensely help the Board to take appropriate decision in the company's financial matters.

He is also holding directorships in the following companies:

1. RDB Realty & Infrastructure Limited.
2. Khatod Investments & Finance Co. Limited.

1. Audit Committee

The Audit Committee of the Company acts as a link between the management, the statutory and internal auditors and the Board of Directors. The Audit Committee, *inter alia*, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- efficiency and effectiveness of operations;
- safeguarding of assets and adequacy of provisions for all liabilities;
- reliability of financial and other management information and adequacy of disclosures;
- compliance with all relevant statutes.

The Audit Committee is empowered, pursuant to its terms of reference, *inter alia*, to:

- investigate any activity within its terms of reference and to seek any information it requires from any employee;
- obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The role of the Audit Committee includes the following:

- (a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- (b) Recommending the appointment/re-appointment and removal of statutory auditors, internal auditors and fixation of their remuneration;
- (c) Reviewing, with the management, the financial statements before submission to the Board, focusing primarily on:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - Any changes in accounting policies and practices.
 - Major accounting entries involving estimates based on exercise of judgment by the management.
 - Qualifications in the draft audit report.
 - Significant adjustments arising out of audit.
 - The 'going concern' assumption.
 - Compliance with Accounting Standards.
 - Compliance with stock exchanges and legal requirements concerning financial statements.
 - Any related party transactions.
- (d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems and the Company's statement on the same, prior to endorsement by the Board;
- (e) Reviewing the adequacy of the internal audit function, reporting structure, coverage and frequency of the internal audit;
- (f) Reviewing reports of internal audit and discussion with internal auditors on any significant finding and follow-up thereon;
- (g) Reviewing the findings of any internal investigations by the internal auditors and the executive management's response on matters where there is suspected fraud or irregularity of failure of internal