



ntc industries limited

[FORMERLY KNOWN AS RDB INDUSTRIES LIMITED]

REGD. OFFICE :

149 B. T. ROAD, P.O. KAMARHATI,
KOLKATA - 700 058

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ntc industries limited

(An ISO 9001-2008 Company)

ANNUAL REPORT

2010-11

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Corporate Information
Board of Directors

Lawrence Baptist Fernandes - Managing Director
Naresh Chandra Chakraborty - Executive Director
Ravi Prakash Pincha - Independent Director
Manish Kumar Jain - Independent Director
Mahendra Pratap Singh - 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

Axis Bank
Oriental Bank of Commerce
Corporation Bank
HDFC Bank Ltd.
State Bank of India

Registrar and Share Transfer Agent

Niche Technologies Private Limited

Solicitors

Dipayan Choudhury, Advocates

Registered office

149, B.T.Road,
Kamarhati,
Kolkata – 700 058

Factory

149, B.T. Road
Kamarhati, Agarpada
Kolkata 700 058

“ 2010-11 will be remembered as one of the most
eventful years in the history of NTC and will be
remembered as a year when the Company re-learned
its way of doing business and in the process actually
became aware of many of its latent strengths.

”



CHAIRMAN'S SPEECH

Dear Shareholders,

On behalf of board I am pleased to report that company has registered a commendable performance than expected in the current financial year with due respect to the challenging economic environment particularly in Cigarette industry along with high inflation adversely affecting the prices of Raw Materials. In spite of rising input prices, company reported a profit against a corresponding loss in preceding financial year.

Performance Highlights**(Rs In Lacs)**

Particulars	Financial Year 2010-11	Financial Year 2009-10
Income from operation	1889.30	911.74
Other income	540.96	453.77
Profit before Interest and depreciation	150.49	132.71
Less: a) Interest	35.94	6.14
b) Depreciation	95.67	105.17
Profit Before Taxation	18.88	21.40
Less: Provision for current tax and Deferred Tax	7.51	42.44
Profit (Loss) After Tax	11.37	(21.04)
Add : Balance brought forward from last year	1234.88	1255.92
Balance carried to the Balance Sheet	1246.25	1234.88

Review of operations

During the year under review, the company's sales from operation increased from 911.74 lacs to 1889.30 lacs. Income from Export sale of Cigarette also increased to Rs 93.08 Lacs from last year Rs 47.71 Lacs.

During the year Mr.Sunder Lal Dugar under whose guidance the company flourished its activities disassociated himself as a director to undertake experience and implement his ideas in other fields. The company to retain his supervision honored him with the title of Chairman Emeritus.

During the year Hon'ble High Court of Calcutta approved the scheme of demerger on 12th April, 2010 making it an exclusive tobacco processing and cigarette manufacturing company. As per the said scheme the demerged real estate undertaking which was transferred to RDB Realty & Infrastructure Ltd issued 1 share for every 1 share in the company on 24th June, 2010.

The Board proposed to change the name of company to NTC Industries Ltd vide resolution dated 18th January, 2011 and received your valued consent through postal ballot. The Registrar of Companies issued fresh Certificate of Incorporation consequent to the name change on 31st March, 2011.

The company for its operational and administrative convenience shifted its registered office to its factory.

During the Year under review, the company has not changed its accounting policies and has complied with the accounting standards as applicable to the company.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twentieth Annual Report and audited accounts for the year ended 31st March 2011.

Particulars	Financial Year 2010-2011	Financial Year 2009-2010
Income from operations	1889.30	911.74
Other income	540.96	453.77
Profit before interest and depreciation	150.49	132.71
Less: a) Interest	35.94	6.14
b) Depreciation	95.67	105.17
Profit before taxation	18.88	21.40
Less:- Provisions for current tax, deferred tax and fringe benefit tax	7.51	42.44
Profit (Loss) After Tax	11.37	(21.04)
Add: Balance brought forward from last year (Net of reserves transfer on demerger of Real Estate Undertaking)	1234.88	1255.92
Balance carried to the Balance Sheet	1246.25	1234.88

Review of operations

During the year under review, the Company's Sales from Tobacco Undertaking increased by 107.08% to Rs.1888.04 Lacs as compared to Rs.911.74 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

Due to inadequate profit after tax, your directors are unable to recommend any dividend for the financial year 2010-2011.

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

We would like to place sincere gratitude to Mr. Sunder Lal Dugar, founder of NTC Industris Ltd who disassociated himself as a Director from the company to implement his vast and unique ideas in other fields. Under his guidance the company has seen many proud moments. The Company has retained his supervision by honoring him with the title of Chairman Emeritus. We would also like to pay homage to Late Krishna Gopal Sinha, whose assistance was lost due to his sudden demise.

Mr. Ravi Prakash Pincha & Mr. Mahendra Pratap Singh, 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 company does not have any subsidiary company as on 31.03.2011.

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

Lawrence Baptist Fernandes

Naresh Chandra Chakraborty

Date : 30.05.2011

Director

Director

Annexure to the Director's 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. 94,34,429
Foreign exchange outgo :	Rs. 48,41,363

MANAGEMENT DISCUSSION AND ANALYSIS

CIGARETTE INDUSTRY

Indian cigarette Industry is facing increase in raw material cost, high taxation, cross border smuggling and illegal manufacture of cigarette. The major ingredient of raw materials for cigarettes is raw tobacco and its prices increased continuously there by increasing the cost of production of the cigarette. Although there is actually no scarcity in supply of raw tobacco since the net income earned by the farmers from cultivating tobacco is found to be much higher than the net income earned from other crops. Increase in export of tobacco at higher rates leads to increase of the domestic prices of the tobacco.

The cigarette industry in India continues to operate in a very challenging economic environment, particularly with respect to taxation and regulations relating to communication and consumption of tobacco. Most of the regulations, dictated by circumstances in more developed markets, together with prolonged punitive and discriminatory taxation have had the effect of being directed almost exclusively at cigarettes, thereby arresting cigarette consumption in comparison with other forms of tobacco consumption.

High rates of taxes on cigarettes have rendered quality cigarettes unaffordable to the majority of tobacco consumers in the country. Apart from the adverse impact on the Exchequer, there is a failure of achieving the objective of reducing aggregate tobacco consumption in the country.

The cigarette industry has always been on the receiving end when it comes to imposition of taxes and duties in the financial budgets of the states and country. The industry has been reeling under ever-increasing excise duties and Value added Taxes. Also, due to the high taxes in the country, the competitiveness of the Indian cigarette manufacture is adversely affected in the tobacco market.

The increasing threat to the tobacco industry as a whole and decreased consumption levels of cigarettes, need gaps in the market are being met by low priced contraband and non duty and non taxes paid inferior quality cigarettes, beedi, gutka, khaini, zarda and other substitutes which are targeted at the traditional cigarette consumer base.

Tobacco and Cigarette industry gives employment to a vast population not only at tobacco growing level but also at manufacturing and marketing of cigarette thereby contributing to livelihood of so many people. Export of Tobacco and Cigarette also added to employment generation and government's foreign currency offer.

Moderation in rates of taxes, coupled with the aspiration of tobacco consumers to upgrade consumption, can multiply the share of cigarettes in India even in a shrinking basket of tobacco consumption. There is lot of scope of strengthening of domestic and export market of cigarette and tobacco. Due to continuous growth of economy, there is increase of the middle class having more disposable income in the hands. Demand for the Cigarette of moderate price are going to increase in the long run where is your company's presence.

For NTC Industries Limited
Lawrence Baptist Fernandes
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 Managing Director, one Executive Director and three 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, 2011:

Name of the Director	Designation	Category	No. of other Directorship(s)*	Membership(s)/ Chairmanship(s) of Board Committees of other companies*
Mr. Ravi Prakash Pincha	Director	Non-executive & Independent	10	3 (2 as Chairman)
Mr. Manish Kumar Jain	Director	...DO...	1	2
Mr. Mahendra Pratap Singh	Director	...DO...	2	5 (2 as Chairman)
Mr. Naresh Chandra Chakraborty	Director	Executive Director	- - -	- - -
Mr. Lawrence Baptist Fernandes	Managing Director	..Do..	- - -	- - -

* 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, 2011, seventeen meetings of the Board were held as follows:

Sl. No.	Date of the Meeting	Board Strength	No. of Directors present
1	13/04/2010	6	4
2	19/04/2010	6	4
3	11/05/2010	6	4
4	14/05/2010	6	4
5	29/05/2010	6	6
6	21/06/2010	6	6
7	31/07/2010	6	6
8	14/08/2010	7	7
9	08/09/2010	7	7
10	01/10/2010	6	6
11	12/11/2010	6	6
12	13/12/2010	6	6
13	20/12/2010	6	6
14	18/01/2011	6	6
15	04/02/2011	6	5
16	11/02/2011	5	4
17	21/03/2011	5	4

Attendance of Directors at Board Meetings and Annual General Meeting

Directors	No. of Board Meetings Held	Attended	Attendance at last AGM (08.09.2010)
Mr. Sunder Lal Dugar	15	15	Yes
Mr. Ravi Prakash Pincha	17	17	Yes
Late Krishna Gopal Sinha	9	9	Yes
Mr. Manish Kumar Jain	17	13	Yes
Mr. Mahendra Pratap Singh	17	14	Yes
Mr. Abhishek Satyanarayan Rath	7	3	No
Mr. Lawrence Baptist Fernandes	10	10	Yes
Mr. Naresh Chandra Chakraborty	10	10	Yes

4. APPOINTMENT/RE-APPOINTMENT OF DIRECTORS**Mr. Ravi Prakash Pincha**

Mr. Ravi Prakash Pincha was appointed on the Board of NTC Industries Limited (Formerly known as RDB Industries Limited) on 2nd January, 2001. He is a young 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. Bahubali Tieup Private Limited
2. Baron Suppliers Private Limited
3. Bengal Regent Infrastructure Limited
4. Bhagwati Builders and Development Private Limited
5. Headman Mercantile Private Limited
6. Johri Towers Private Limited
7. Kasturi Tieup Private Limited
8. Khatod Investments & Finance Company Limited
9. Mangalahat Construction & Builders Private Limited
10. RD Devcon Private Limited
11. RDB Insurance Broking Services Private Limited
12. RDB Realty & Infrastructure Limited
13. RDB Regent Retail Limited
14. Regent Capital Private Limited
15. Regent Finance Corporation Private Limited
16. Regent Forex Private Limited
17. Rimjhim Vanijya Private Limited
18. Samspa Expo Private Limited
19. Triton Commercial Private Limited

Mr. Mahendra Pratap Singh

Mr. Mahendra Pratap Singh was appointed on the Board of NTC Industries Limited (Formerly known as RDB Industries Limited) on 18th March, 2008. He is a B.Sc graduate and has got his master' degree in Geophysics from Banaras Hindu University. He has done his Master's in Business Management from Asian Institute of Management. His varied experience and exposure can immensely help the Board to take appropriate strategic decision in a competitive business era.

He is also holding directorships in the following companies:

1. RDB Realty & Infrastructure Limited
2. RDB Rasayans Limited
3. Alpen Stock Consulting Private Limited
4. Alpenstock Financial Services Private Limited

5. 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:

- 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;
- Recommending the appointment/re-appointment and removal of statutory auditors, internal auditors and fixation of their remuneration;
- 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 judgement 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.
- 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;
- Reviewing the adequacy of the internal audit function, reporting structure, coverage and frequency of the internal audit;
- Reviewing reports of internal audit and discussion with internal auditors on any significant finding and follow-up thereon;
- 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 control systems of a material nature and reporting the matter to the Board;

- Discussion with the external auditors, before the audit commences on the nature and scope of audit, as well as post-audit discussions, to ascertain any areas of concern and review the comments contained in their draft report;
- Reviewing the Company's financial and risk management policies;
- Considering such other matters as may be required by the Board.

Composition of the Audit Committee

The Audit Committee comprises two non-executive independent directors and one executive director. The Company Secretary is the Secretary to the Committee. All the members of the Committee are financially literate and the Chairman of the Committee has accounting and financial management expertise. The committee was reconstituted on 31st July, 2010 due to the disassociation of Mr. Abhishek Satyanarayan Rathi from the Board and induction of Mr. Mahendra Pratap Singh in the Committee. Again on 12th November, 2010 the composition of the committee was altered due to the sudden demise of Late Krishna Gopal Sinha. The casual vacancy caused by Late Krishna Gopal Sinha in the committee was filled by Mr. Lawrence Baptist Fernandes. The constitution of the Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of Listing Agreement.

Details of members and their attendance at the meetings:

Sl. No.	Name	Position	No. of Committee	
			Meetings Held	Attended
1	Mr. Manish Kumar Jain	Chairman	5	5
2	Mr. Mahendra Pratap Singh	Member	3	3
3	Mr. Lawrence Baptist Fernandes	Member	1	1
4	Late Krishna Gopal Sinha	Ex-Member	3	3
5	Mr. Abhishek Satyanarayan Rathi	Ex-Member	2	2

Details of Audit Committee Meetings and attendances:

During the financial year ended 31st March, 2011, five meetings of the Audit Committee were held as follows:

Sl. No.	Date of the meeting	Attendance
1	05/04/2010	3
2	29/05/2010	3
3	14/08/2010	3
4	12/11/2010	2
5	11/02/2011	3

6. Remuneration Committee

The Remuneration Committee of the Company, inter alia, recommends to the Board the compensation terms of the Executive Directors and other senior management personnel.

Composition of the Remuneration Committee:

The committee was reconstituted on 31st July, 2010 due to the disassociation of Mr. Abhishek Satyanarayan Rathi from the Board and induction of Mr. Mahendra Pratap Singh in the Committee. Again on 12th November, 2010 the composition of the committee was altered due to the sudden demise of Late Krishna Gopal Sinha. The casual vacancy caused by Late Krishna Gopal Sinha in the committee was filled by Mr. Ravi Prakash Pincha. Further Mr. Mahendra Pratap Singh was designated as the Chairman of the Committee on the same date.

Details of members and their attendance at the meetings:

Sl. No.	Name	Position	No. of Committee	
			Meetings Held	Attended
1	Mr. Mahendra Pratap Singh	Chairman	2	2
2	Mr. Manish Kumar Jain	Member	3	3
3	Mr. Ravi Prakash Pincha	Member	1	1
4	Late Krishna Gopal Sinha	Ex-Member	2	2
5	Mr. Abhishek Satyanarayan Rathi	Ex-Member	1	1