



RDB Rasayans Limited

Annual report, 2011-12

CORPORATE INFORMATION

Board of Directors

- | | |
|------------------------------|---|
| 1. Mr. Shanti Lal Baid | <i>Chairman & Managing Director</i> |
| 2. Mr. Sandeep Baid | <i>Whole Time Director</i> |
| 3. Mr. Mahendra Pratap Singh | <i>Non-Executive (Independent) Director</i> |
| 4. Mr. Sachin Shridhar | <i>Non-Executive (Independent) Director</i> |
| 5. Mr. Prabir Kumar Sarkar | <i>Non-Executive (Independent) Director</i> |

Chief Financial Officer

Mr. Bidhan Neogi

Company Secretary and Compliance Officer

Ms. Sweta Punjabi

Auditors

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

Bankers

AXIS Bank Limited, Kolkata
Oriental Bank of Commerce, Kolkata
State Bank of India, Haldia
AXIS Bank Limited, Haldia

Registrar & Share Transfer Agent

M/s Link Intime India Private Limited

Solicitors

Dipayan Choudhury, Advocates
5, Kiran Shankar Roy Road, 3rd Floor, Kolkata-700 001

Registered Office

"Bikaner Building", 8/1, Lal Bazar Street, 3rd Floor,
Room No. -9, Kolkata-700 001

CONTENTS

Corporate identity **03** Highlights **05** Brand-enhancing clients **05**
Industry overview **06** Chairman's overview **08** Our competitive edge **10**
Risk management **11** Board of Directors **12** Directors' Report **14**
Management Discussion and Analysis **21** Report on
Corporate Governance **23**
Financial section **37**



RDB RASAYANS IS ONE
OF EASTERN INDIA'S
**LARGEST BULK
PACKAGING**
MANUFACTURERS.

A BRIEF VIEW OF THE PROCESS



Tape plant



Loom



Needle loom



Lamination plant



Liner plant



Online printing



Cutting



FIBC bag / Jumbo bag



Stitching



Quality checking



PP woven bags

CORPORATE IDENTITY

Lineage

■ RDB Rasayans Limited is a part of the RDB Group. The activities of the group consist of Real Estate-commercial and housing development, cigarettes and tobacco, printing and packaging, automobiles marketing, retail business, production and installation of power transmission lines and logistics.

■ The RDB Group is also credited for

take over and revivals of sick company like EMC Limited (Previously known as Electrical Manufacturing Co. Limited).

■ RDB Rasayans Limited ventured into the packaging industry in 2003. It established integrated manufacturing facilities with capacity of 1800 MTPA at Haldia to produce polymer based woven bags. Today, the plant capacity stands at 7000 MTPA.

■ Over the years, RDB Rasayans created a name for itself and now, it is a proud supplier of polymer based bags to various prestigious organisations.

■ The Company is an ISO 9001:2008-certified organisation.

■ The Company's shares are listed in BSE Ltd.

PRODUCTS

Woven sacks

- Food grade bags
- Fertiliser bags
- Sugar bags with inner liner
- Standard cement bags
- Perforated laminated cement bags
- Normal standard and gusseted bags
- Tea / Coffee Bags
- Valve bags

Fabric

- Un-laminate and laminate fabric
- Ventilated fabric
- Transparent fabric

■ PP and jute mix fabric

■ Packing fabric

FIBC

- Circular bags
- U-Panel bags
- 4-Panel bags
- Bag in bags
- Baffle bags(Q-bags)
- One Panel baffle bags
- Pallet less baffle bags
- Single loop and two-loop bags
- Potato's bags
- Conductive bags

■ Tunnel bags

■ UN-certified bags

■ Sleeve bags

■ Asbestos bags

■ Conical bags

LINER

- LDPE liner
- LLDPE liner
- HM-HDPE liner
- FORM-Fit liner
- Small Bag liner
- Bulk Container liner

MILESTONES

1995-96

The year in which the Company was incorporated.

2001-02

Allotted around 2.5 acres of land by Haldia Development Authority to manufacture HDPE/PP Woven Sacks, Tarpaulin and FIBC at Haldia

2003-04

Commissioned the plant to manufacture woven sacks with a production capacity of 1800 MT and the same had been inaugurated by the then Hon'ble Chief Minister Mr. Buddhadev Bhattacharya.

2005-06

Allotted around 2.63 acres of land by Haldia Development Authority to manufacture woven sacks unit.

2006-07

Received ISO 9001:2000 certification from Moody International Certification Ltd

2007-08

Received Award of Excellence from Federation of Small & Medium Industries, West Bengal for Outstanding Export Performance.

2008-09

Increased its installed capacity to manufacture woven sacks from 1800 MT to 6050 MT.

2009-10

Increased its installed capacity to manufacture woven sacks from 6050 MT to 7000 MT

2011-12

Equity shares were listed on the Bombay Stock Exchange in October 2011

VISION

"We aim to deliver quality product and services emphasising on customer satisfaction, to acquire a strong position and become a renowned Company in the Global market."

QUALITY POLICY

"To focus on our customers delight by giving them quality products and best services."

HIGHLIGHTS

Year	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Turnover (₹ in Lakhs)	2,818.83	3,407.49	3,069.52	4,613.04	4,938.20
PBT (₹ in Lakhs)	130.91	232.78	100.31	256.64	233.93
Earning per share in ₹	0.73	1.26	0.59	1.38	1.01
Return on networth (%)	7.26%	10.90%	4.86%	10.19%	3.01%
Net asset value/book value per share (in ₹)	40.39	46.28	12.16	13.53	33.50

BRAND-ENHANCING CLIENTS



TATA Chemicals Ltd.



Haldia Petrochemicals Ltd.



Dhunseri Petrochem & Tea Ltd.



Phillips Carbon Black Ltd.



Hindustan Unilever Limited

Hindustan Unilever Ltd.



MCC PTA India Corp. Pvt. Ltd.

WHY THE WORLD WILL NEED MORE JUMBO BAGS.

CONVENTIONALLY, MUCH OF THE INDUSTRIAL PRODUCE WAS PACKAGED IN ALUMINUM CONTAINERS, JUTE BAGS AND SMALLER PLASTIC BAGS. A TRANSFORMATION ENSUED, INCREASING THE USE OF JUMBO BAGS. THESE LARGE BAGS ARE CAPABLE OF HOLDING MATERIAL FROM 1000 KGS TO AS HIGH AS 25 TONNES.

Growing economies

A number of material and logistics managers in large industrial companies recognise that it is considerably cheaper, quicker and easier to manage large jumbo bags of 1000 kgs than 20 bags packing 50 kgs each.

Jumbo bags are ideally suited for mechanisation. This is becoming increasingly relevant in a world where labour costs are increasing. The declining availability of labour is stifling the organised sector as well.

Jumbo bags are environment-friendly as the fabric and lining can be easily recycled. Besides, new polypropylene grades, the raw material from which jumbo bags are manufactured, decompose over time when land-filled, resulting in bio-degradability.

While a number of industrial customers prefer jumbo bags, this trend is yet to catch on in India. This reality could change for some good reasons:

■ There was a marked increase in labour costs in India in recent years. As a result, labour supply declined in some industrialised states. In view of this, there is a growing focus on

mechanising material handling at the plants. This mechanisation is compared with the growing use of jumbo bags which can be customised by mechanised equipment.

■ There is a growing international concern with the International Labour Organisation's recommendation that no labourer be permitted to carry more than 25 kgs. As a result, there could be a corresponding increase in mechanisation and the use of jumbo bags in India. There is a tripartite Committee on Conventions in India to carry out a continuous review of the position relating to the implementation of international labour standards and to ensure that they are followed to the maximum extent possible, considering the circumstances prevailing in the country.

■ The growing incidence of a number of international companies commencing their India operations, resulting in the transfer of best practices. The labour-intensive nature of the business and the wage arbitrage opportunity (with India being at the low end of the curve) represents an attractive proposition for jumbo bag manufacturers in India

for onward export.

The combination of these realities makes jumbo bags an attractive growth opportunity across the foreseeable future.

Jumbo bags can also be manufactured more efficiently. FIBCs made from HDPE/PP are lighter and help save considerable packaging material over conventional bags. Synthetic bags, being lighter, reduce the use of fuel and energy consumption during transportation.

The Indian FIBC industry made rapid strides in the global market and is presently estimated to have surpassed Turkey as the world's second-largest producer. World demand for bulk packaging is projected to rise 5.8% per year to USD 56.0 billion in 2015.

The global slowdown poses an opportunity for Indian FIBC manufacturers as production cuts by companies in Europe and the US shifted sourcing to India. Your Company will leverage this opportunity by utilising a portion of its capacity to capture outsourcing orders shifting to India.

Container liners

Container liners (also known as shipping, sea bulk or sea land container liners) are manufactured using a variety of materials, mainly polyethylene (PE) or polypropylene (PP). These liners come in both woven

fabric and blown film varieties. Woven PE or PP bulk container liners come in either coated or non-coated fabric, depending upon the application. These container liners are mass-produced and used in the containerised bulk shipment of dry

free-flowing cargos. These container liners are easy to install, contamination-free from pollutants and salt air and they minimise cargo spillage and waste.

The Indian packaging industry

- The market volume of the Indian packaging industry amounts to about ₹77,570 crore and has constantly grown by around 11% year-on-year. The highest demand for packaging and the associated equipment come from the food processing industry at 50% and from the pharmaceutical industry at 25%.
- The growing middle class, liberalisation and organised retail sector catalyse growth in packaging. Also, food and pharma packaging are the key driving segments. The Indian food market is estimated to total about ₹8,82,350 crore according to the 'India Food Report 2008' published by Research and Markets.
- Food retail turnover is expected to grow from the current ₹3,39,365 crore mark to 7,27,212 crore by 2025. The pharmaceutical industry is expected to average an annual growth of 16% till 2012.
- There are about 600-700 packaging machinery manufacturers, 95% of which are in the small and medium sector located pan-India.
- Indian companies are now placing increasing emphasis on attractive and hygienic packaging. This promises enormous potential for the future.

(Source: <http://www.indiapackagingshow.com/industry.htm>)

Why jumbo bags are considered superior to jute and paper equivalents?

- Lightweight
- Superior resistance to chemicals
- Can withstand temperature up to boiling point of water
- Excellent resistance to dropping on account of high tensile strength and flexibility
- Water-repellent due to slating surface after filling
- Makes sacks waterproof by laminating the fabric by using inner liner of LDPE
- Produces attractive colours by use of pigment
- Non-toxic
- Re-usable in nature

Baffle bags

These FIBC bags were designed with baffle-restraint stitches with strip nets on all corners, preventing the bag from expanding beyond a point. This makes it possible for the bags to acquire a distinctively squarish shape, can be neatly stacked on each other, ideal for when cargo has to be containerised and enhancing space efficiency.

Chairman's overview

THE YEAR 2011-12 WAS PARTICULARLY SPECIAL FOR RDB RASAYANS LIMITED.



IT IS WITH IMMENSE PLEASURE THAT I PRESENT TO YOU OUR FIRST ANNUAL REPORT, AFTER THE COMPANY GOT LISTED.

The IPO

In order to augment its present capacity, the Company came out with its Initial Public Offering of 4,500,000 equity shares with face value of ₹10/- each at a price of ₹79/- (including securities premium of ₹69/-). The issue was accepted well in the market and was oversubscribed by 1.44 times. The shares were allotted to successful allottees on 30th September 2011 and listed on BSE for trading from 7th October 2011.


Financial performance

Despite the country's economic slowdown in 2011-12, the Company maintained its topline growth. The turnover increased to ₹49.38 crore from ₹46.13 crore in 2010-11; EBITDA grew to 5.52 crore from ₹5.11 crore in 2010-11. PAT was lower to ₹1.56 crore from ₹1.80 crore in 2010-11 due to input cost increase.

Business model

In this inaugural report following the listing of the Company, we consider it important to explain the directions we intend pursuing to take the Company forward.

- We will strengthen our core competence in industrial packaging through a prudent leveraging of our rich experience in this field.
- We will endeavour to expand our capacity on a continuous basis, widen our product mix to include sophisticated product which will enhance our realisations and profitability.
- We will invest in research, certifications and infrastructure to optimise manufacturing and operational sophistication, which will enable us to meet the stringent quality demand of the domestic



market and more particularly markets in developed nations.

■ We plan to expand in synergic products along with improvement of traditional products in coming years to set our foot into markets where superior technology is warranted like pond liners, canal liners, flexi-tanks etc.

■ We will continue to remain environmentally eco-friendly and socially responsible towards green revolution.

Outlook

The future outlook of the polymer based packaging materials is bright, in view of its utility in different applications including geo textile, pond liner, canal liner, flexi-tanks. Indian Packaging Industry is growing at about 11% per year, Indian Companies are now placing increasing

emphasis on attractive and hygienic packaging. This promises enormous potential for the future. As a part of this market, your Company is also looking forward to come up with more innovative products that suit the requirement of industry at large.

I am extremely grateful to the Board of Directors for their invaluable insight, constant support and guidance at every stage. I would also like to take this opportunity to thank every stakeholder for reposing faith in the Company and the management as we strive to give shape to our vision.

Mr. Shanti Lal Baid,
Chairman and M.D.

The future outlook of the polymer based packaging materials is bright, in view of its utility in different applications including geo textile, pond liner, canal liner, flexi-tanks.

THIS IS WHAT WE ARE MADE OF

Scale

The Company possesses an installed extrusion capacity of 7000 MTPA, one of the highest in Eastern India.

Brand

RDB Rasayans enjoys a nine-year experience in manufacturing FIBC jumbo bags, resulting in a wide brand acceptance within India.

Value-addition

The Company is equipped with updated machineries which offer flexibility to switch its production between Jumbo Bags and Small Bag. Therefore, the Company with its credential can extrude value-added baffle bags.

Technology

The Company invested in the advanced Duotec technology which was introduced first time at Eastern Region i.e. at our factory at Haldia provided by Lohia Starlinger, enhancing production uptime, product strength and raw material efficiency.

Customised

The manufacturing facility is geared up to manufacture customised products as per specifications of various customers regarding load bearing, transportation needs and dynamic load requirement.

Entrepreneurial mindset

The Company commissioned its plant in 2003 within six months of ground breaking, considerably shorter than the industry cycle time for equivalent capacity. The Company expanded its capacity 4 fold in nine years out of accruals and debt.

Product mix

The Company manufactures a range of products like jumbo bags, PP and HDPE woven sacks, box bags, woven polypropylene sheets and PP fibrillated twisted yarn. This allows the Company to cater to diverse customer demands.

Location

The Company's manufacturing unit is based in Haldia (West Bengal), which is less than a km away from M/s Haldia Petrochemicals Ltd, principal supplier of raw material. The Company is proximate to large buyers; a large portion of the Company's production is marketed within Haldia. The Company's nearest competitor is 70 kms away.

Skills

The Company comprises a mix of 330 employees from manufacturing, research, finance, strategic and marketing competencies.

Range

The Company's products comprise industrial packaging solutions that range from 25 kgs to 20 tons, comprising woven sacks and jumbo bags (bulk container liners, Q bags and baffle bags), making it possible for the Company to cater to diverse customer needs. The Company manufactures high strength, low GSM FIBC with a high safety factor. The Company also manufactures jumbo bags (FIBCs) with 140 GSM bags, 5:1 safety factor for 1000 kg safe working load and 180 GSM bags, 6:1 safety factor for 1500 kg safe working load.

Integrated

The Company's manufacturing facility is vertically integrated. It facilitates manufacturing from the base material to the final product under the same roof virtually in sequential process. Some of the Company's intermediate products are also allocated towards merchant sales.

Customers

Most of the Company's customers are large and credible industrial entities. Over the years, history of Company's receivable recovery is commendable and the incidence of bad debts is insignificant – an index of its prudent client selection.

RISK MANAGEMENT

RISK EVALUATION MANAGEMENT IS AN ON-GOING PROCESS IN THE COMPANY.

OUR DE-RISKING APPROACH

01 RAW MATERIAL – PRICES AND SUPPLY

The main raw material used in manufacturing FIBC is polypropylene, which is a crude derivative, and is subject to volatility in price and their availability.

Pricing mechanism of oil derivatives are usually controlled by various

Govt. policies on oil and as such users have no choice but to accept the same. Abrupt fluctuation in prices makes it difficult to pass on the increase to the customers.

The Company procures supply of polypropylene mainly from Haldia

Petrochemicals Ltd. located in Haldia. The Company has tied up with Reliance Industries Ltd, Indian Oil Corporation as alternate sources to ensure consistent availability. It also imports in times of non-availability to fulfill its requirement.

02 HUMAN RESOURCES

Labour unrest is a common phenomenon across the country and the Company being a labour intensive industry faces occasional labour

problems.

The Company takes various measures to ensure that employee grievances are addressed quickly and mitigated

satisfactorily. Various HR measures are introduced to ensure cordial relationship with the unions.

03 COMPETITION

The packaging market in India is highly competitive with a large number of players present across the value chain and holding a commanding position in the industry; such companies may pose a threat to

our Company.

We endeavour to ensure that our clients remain satisfied through better services, timely supplies and enhanced product quality. We are confident of retaining existing customers and also

enlarge customer base to remain highly competitive. Moreover, we have the locational advantage of being in the proximity of most of our major clients who consume lion share of our production.

04 RECESSION IN THE GLOBAL AND DOMESTIC MARKETS

Persistent slowdown in global and domestic markets have reduced

packaging material demand.

The Company manages such risk by

alternating its plan to suit the situation.

05 PRODUCT ACCEPTANCE

Small end user may not accept use of Jumbo bags which require certain facilities to be installed involving

capital outlay.

However, it is expected that with the superior quality of jumbo bags

advantage of bulk packaging will be understood and market will accept jumbo bags.

BOARD OF DIRECTORS

Mr. Shanti Lal Baid

Chairman and Managing Director – an industrialist having experience of about 40 years in management and administration in the field of electrical goods and cable industries. He was actively involved in setting up the plant at Haldia and currently looking after the management and administration of the Company.

Mr. Sandeep Baid

Whole time Director – son of Mr. Shanti Lal Baid, is an MBA , B.Com (Hons.) Graduate from Delhi University having experience of about 13 years from the plant setup to looking after the whole business operation in the field of Electrical wires and cables and Woven sack / FIBC . He is currently looking after the production, marketing along with the full administration of the plant.

Mr. Mahendra Pratap Singh

Independent Director – Ex-Dy Superintendent of Police in CRPF, Master degree in Geophysics from Banaras Hindu

University and MBA from Asian Institute of Management, with varied experience and exposure in strategic management in a competitive business era.

Mr. Sachin Shridhar

Independent Director – Ex-civil servant with MBA and LLB. After serving the government for 13 years, he decided to pursue a career in enterprise and business. He is also Chairman & Managing Director of Starlit Group.

Mr. Prabir Kumar Sarkar

Independent Director – Has over 40 years of experience in financial management. He started his career with erstwhile Union Carbide India Ltd and held various positions in the organisation including the post of CFO of the chemical and plastic division. He was also the president of one of the group companies of Nagarjuna Finance Limited, where he dealt with various financial operations like lease, hire purchase, loans etc.

STATUTORY SECTION

DIRECTORS' REPORT

To the members

Your Directors are pleased to present the 17th Annual Report together with the Audited Accounts for the year ended 31st March 2012.

Financial Performance

Particulars	Financial Year 2011-12 (₹)	Financial Year 2010-11 (₹)
Income from operations	457,285,850	424,236,415
Other income	31,738,392	1,310,764
Profit before interest, depreciation and tax	55,177,429	51,055,727
Less: a) Interest	15,837,845	10,306,780
b) Depreciation	15,947,043	15,085,306
Profit before taxation	23,392,541	25,663,641
Less: Provisions for current tax, deferred tax and tax adjusted for earlier year	7,779,624	7,632,734
Profit/(Loss) after tax	15,612,917	18,030,907
Add: Balance brought forward from last year	38,930,154	20,899,247
Add: Adjustment for transitional provision of AS-15	236,874	—
Balance available for appropriations	54,779,945	38,930,154
Less: Appropriations		
a) Proposed dividend on equity shares	13,286,100	—
b) Dividend distribution tax on proposed dividend	2,155,338	—
c) Transfer to general reserves	—	—
Balance carried to the Balance Sheet	39,338,507	38,930,154

Review of Operation

Financial Year 2011-12 was a very challenging one. Persistent recession in the global and domestic markets drastically reduced demand of packaging material. Fierce business competition resulted in reduction in the prices of the finished products. Rising unrest across the country posed further challenges. Despite these constraints and challenges the Company performed well. The highlights are as follows:

1. The Company's gross turnover increased from ₹461,304,485 to ₹493,819,684.
2. Exports increased from ₹54,418,112 to ₹89,277,276.
3. Profit before tax decreased from ₹25,663,641 to ₹23,392,541 due to increased input cost, consequently the net profit after tax also decreased from ₹18,030,907 to ₹15,612,917.

Dividend

Your Directors are pleased to recommend a dividend of ₹0.75/- per equity shares of ₹10/- each for the Financial Year 2011-12. The dividend on equity shares is subject to the approval of shareholders at the Annual General Meeting. The total pay-out amounts to ₹154.41 lakhs. (Including dividend distribution tax).

Initial Public Offering (IPO)

Your Company entered the capital market in October 2011 with an Initial Public offering (IPO) of 45,00,000 Equity Shares of ₹10/- each issued at a price of ₹79/- (including premium of ₹69/-) aggregating ₹3,555 lakhs. The issue constituted 25.40% of the post issue paid-up capital of the Company. The object of the issue was to enhance the manufacturing capacity to 13500 MTPA.

Your Company has got listing and trading approval with effect from 7th October 2011 from BSE Ltd.

Consequent upon the IPO, the paid-up capital of the Company stands at ₹177,148,000 divided into 17,714,800 Equity Shares of ₹10/- each.

SEBI Matter

During the period when Company IPO was in process, the security market experienced severe price fluctuations, primarily in the scripts of companies which had come out with IPO in the recent past. Concerned by such price fluctuation SEBI initiated investigations and unfortunately your Company also came under the orbit of SEBI's investigation. Towards end of December 2011, SEBI issued an ad interim ex-parte order directing the Company, inter-alia, to retain its IPO proceeds in an Escrow Account with a scheduled commercial bank pending conclusion of the investigation.

In deference to SEBI's order the Company deposited the proceeds amounting to ₹31.60 crore in the Escrow Account

in a scheduled commercial bank but being aggrieved with the SEBI order filed a Writ petition in the High Court of Calcutta challenging the validity of the ad-interim ex-parte order by SEBI. The matter is sub judice now.

The detailed utilisation of IPO proceeds as on 31.03.2012 has been reported under note no. 2.1(h) in Notes to the Accounts.

Postal Ballot

The main object for raising funds through the IPO was to enhance manufacturing capacity by establishing a new unit at Haldia. However, subsequently, Management thought it prudent to explore other avenues to achieve the same object. To this end the Company sought members' approval through Postal Ballot to alter, modify, vary the deployment of IPO proceeds by including but not limited to rescheduling the utilisation in the project set out in the prospectus, deploying the proceeds in acquisitions, joint venture participation, expansion of greenfield/brownfield projects, any where in India. The members accorded their approval by overwhelming majority and the results of the postal ballot were declared on 7th April 2012.

Business Activity

RDB Rasayans Limited, an ISO 9001:2008-certified organisation, is engaged in manufacture and sale of FIBC (Jumbo Bags) and woven sacks and various woven polymer-based products like container liners, protective irrigation system, canal liners, etc. which find large scale applications in the segments like cement, fertiliser and carbon, etc.

Directors

During the year under review, Mr. Sunder Lal Dugar, Promoter-Director of the Company resigned from the post of Director with effect from 17th October 2011. The Board places on record its appreciation of the valuable services rendered by him during his tenure and for the contribution to the deliberations of the Board.

Mr. Shanti Lal Baid, Managing Director of the Company was also appointed as the Chief Executive Officer of the Company with effect from 12th December 2011.

In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956 and the Article of Association of the Company, Mr. Prabir Kumar Sarkar, whose period of office is liable to retire by rotation and being eligible offers himself for re-appointment, which the Board recommends.

Based on the confirmations received, none of the directors of your Company are disqualified as per provisions of section 274(1)(g) of the Companies Act, 1956.

Industrial Relations and Human Resource Management

Your Company recognises the importance of human resource in creating a great organisation and wishes to place on record their appreciation for the contribution and support of all the employees towards the growth of the Company.

The Company is constantly working to create a congenial work environment and motivating employees at all levels and shall always place all necessary emphasis on continuous development of its human resources.

Management Discussion and Analysis Report

Management Discussion and Analysis Report (MDA) for the year under review as stipulated under clause 49 of the Listing Agreement with the stock exchange is presented in a separate section forming part of the Annual Report.

Corporate Governance

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement along with the Auditors' Certificate for its due compliance forms part of the Annual Report.

Your Company has taken adequate steps for compliance with the Corporate Governance guidelines, as amended from time to time.

CEO/CFO Certification

The CEO/CFO certificate on the financial statements of the Company as required under Clause 49 of the Listing Agreement forms part of the Annual Report.

Health, Safety and Environmental Protection

The Company has complied with all the applicable laws. The Company has been complying with relevant laws and has been taking all necessary measures to protect the environment and maximise worker protection and safety.

Subsidiaries

The Company does not have any subsidiary.

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 reappointment and have further confirmed that the said reappointment will be in conformity with the provisions of Section 224 (1B) of the Companies Act, 1956. The Board of Directors upon the recommendation of the Audit Committee proposes the reappointment of M/s S.M. Daga & Co., Chartered Accountants, as Statutory Auditors of the Company.

Auditors' Observations

There are no reservations, qualifications or adverse remarks contained in the Auditors' report attached to the Balance Sheet as at 31st March 2012.

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 58A of the Companies Act, 1956, read with Companies (Acceptance of Deposit) Rules, 1975.

Particulars of Employees

None of the employees of the Company are drawing remuneration exceeding the limits specified under Section 227(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Directors' Responsibility Statement

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

- i. that in the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- ii. 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;
- iii. 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;
- iv. that the Directors have prepared the annual accounts on a going concern basis.

Investor Relations

Investor relations have been cordial during the year. As a part of compliance, the Company has a Shareholder's/ Investor's Grievance Committee to redress the issues

relating to investors. It consists of three members namely Mr. Shanti Lal Baid, Managing Director, Mr. Sandeep Baid, Whole-Time Director and Mr. Prabir Kumar Sarkar, Independent Director of the Company. Mr. Prabir Kumar Sarkar, Independent Director is the Chairman of the Investor Grievance Committee. The details of this Committee are provided in the Corporate Governance Report forming part of the Annual Report.

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo

Particulars of conservation of energy, technology absorption and foreign exchange earning and outgo as required under section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the annexure attached hereto and forms part of this Report.

Acknowledgements

Your Directors would like to place on record their sincere gratitude to the shareholders, bankers, business associates, retailers, suppliers, customers, government and other regulatory agencies for their continued support and faith in the Company. Your Directors are also happy to place on record their appreciation for the whole-hearted co-operation, commitment and contribution made by all the employees and look forward to their continued support.

For and on behalf of the Board
For RDB Rasayans Limited

Place: Kolkata
Date: 28th May 2012

Shanti Lal Baid
Chairman & M.D.

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.

Form A: - Conservation of energy (power and fuel consumption)

A - Conservation of energy (power and fuel consumption)

a) Energy conservation measures taken	It is always endeavour of the Company to maintain the consumption of electric power and its own generators at the lowest possible level and optimise the use of energy through improved operational methods.
b) Additional Investments and proposals, being implemented for reduction of consumption of energy	
c) Impact of the measures at (a) or (b) above for reduction of energy consumption and consequent impact on the cost of production	

d) Total energy consumption and energy consumption per unit of production

Electricity	2011-12	2010-11
Purchased Unit	4,170,538.00	4,254,210.00
Total Amount (₹)	27,740,771.00	27,643,129.00
Rate/Unit (₹)	6.65	6.50
Own Generation		
Through Generator (₹)	899,307.10	583,735.51
Units Per Ltr. of Diesel/Oil Cost/Units (₹)	40.96	38.11
Cost/Units (₹)	13.32	10.30

Form B: Disclosure of particulars with respect to absorption

Research & Development (R & D)

Specific areas in which R & D carried out by the Company	The Company has carried out R & D in multiple products, processes and technologies. However there is no separate cost unit for carrying out R&D activities and the same is being carried out along with normal business activity of the Company only. Hence, no separate cost allocation is possible in this respect.
Benefits derived as a result of the above R&D	Product improved in quality and quantity, cost reduction is the outcome of such efforts made by the Company.
Future plan of action	Steps would be initiated for innovation and renovation of products including new market development and enhancement of product quality, to offer better products at relatively affordable prices.

Sr. No.	Particulars	2011-12 (₹)	2010-11 (₹)
	Expenditure on R & D		
1	Capital Expenditure	Expenses incurred are charged to respective heads and not allocated separately.	
2.	Recurring Expenditure		
	Total		
	Total R & D expenditure as a percentage of total turnover	Not determinable.	

Technology, absorption, adaptation and innovation

Efforts, in brief, made towards technology absorption, adaptation and innovation	There is no change in technology used by the Company
Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc	
In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished: (a) Technology imported. (b) Year of import. (c) Has technology been fully absorbed? (d) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action	Not Applicable

C - Foreign Exchange Earning and Outgo

1. Activities relating to exports	The Company is at present exporting its products to Europe, Asia Pacific, Middle East, Australia, etc. The Company is continuously exploring possibilities of exporting more of its products to different markets.		
2. Initiatives taken to increase exports			
3. Development of new export markets for products and services			
4. Export plans			
5. Total Foreign Exchange earned and used		(₹)	
		2011-12	2010-11
a)	Foreign Exchange earned	82,837,065.52	42,673,621.58
b)	Foreign exchange used	3,072,571.50	63,607,422.78

For and on behalf of the Board
For RDB Rasayans Limited

Place: Kolkata
Date: 28th May 2012

Shanti Lal Baid
Chairman & M.D.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure & Development

World demand for bulk packaging is projected to rise 5.8% per year to USD 56.0 billion in 2015. Advances will be driven by growth in manufacturing activity, especially in key end-use industries such as chemicals and pharmaceuticals, and food and beverages. China and the US, the two largest markets, will account for close to one-half of value gains in bulk packaging demand between 2010 and 2015. The Indian packaging industry is growing at a fast pace of 11% annually and is estimated to cross the ₹95,000 crore mark by 2015. Flexible bulk packaging industry that includes woven sacks, leno bags, wrapping fabric, and Flexible Intermediate Bulk Container (FIBC) is growing at over 20% with FIBC containers expected to grow three fold in the next 5 years riding an increased industrial production and a shift toward higher-value containers offering enhanced performance and supply chain efficiency.

Opportunities & Threats

Presently polymer based bags are considered to be an effective packaging system for packaging of food grains, sugar, tea, transport of vegetables and other horticulture produce in international market. With changing packaging need, optimisation of packaging role of Flexible Intermediate Bulk Container (FIBC) has been considered as future trend. PP Woven sacks are worldwide material of choice for bulk packaging of edible commodities for domestic use and exports. The Indian FIBC is competitive in price compared to other developed countries.

The per capita consumption of plastics in India is far lower compared to the worldwide figure. The Government regulatory prohibits the use of polymer based bags for certain edible products like food grain, vegetable which has so far limited its use. This was mainly done to provide protection to jute made bags. The important challenge for the Company is to remain competitive.

Segmentwise Performance

Downward movement of GDP growth in India affected the whole manufacturing industry this year and the polymer based company was no exception to it. Despite this, your Company maintained its top line growth. The profitability could have been better but for the facts of non availability of raw material and its fluctuating price which could not be passed on to the end user, and labour unrest, which lead to lower production.

Industry Outlook

As mentioned elsewhere in this report outlook on Indian packaging industry appears prospective and is expected to grow about 10-11%. As the industry is considerably labour oriented, overseas users find it competitive to source their supply from developing countries since the labour cost is low and prices are attractive.

Risk and Concern

- 1. Limited Customers and Suppliers** – The Company is largely dependent on few customers and supplier base. The loss of one or more clients or suppliers may have an adverse effect on results of operation.
- 2. High competition** – The packaging market in India is highly competitive with a large number of players. There are many companies in India, which are present across the value chain and hold a commanding position in the industry; such companies pose a threat to your Company.
- 3. Economic Downturn** – An economic down turn may negatively impact the operating results of the Company.
- 4 Labour Intensive Industry** – Any sort of labour unrest or non availability of sufficient skill and non skill labour at any point of time could hamper the Company's normal operation which may adversely affect the sales & profitability of the Company.

Internal Control Systems and their Adequacy

Your Company believes in continuous improvement and constantly strives to optimise the control and monitoring systems. The Control and Monitoring Systems in place ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, and all transactions are authorised, recorded and reported correctly. Periodic review of the Control Systems by the Internal auditors M/s. J.B.S. & Company, Chartered Accountants, Kolkata ensures their adequacy and effectiveness.

Financial Analysis

The operational performance for the year 2011-12 was adversely affected largely due to

1. Recession in Global & Domestic market.
2. Labour unrest.
3. Highly volatile crude based raw material prices & availability.
4. High competition.

Persistent recession in global & domestic market made a dramatic reduction in demand of packaging material. Stiff business competition causes the reduction of price of finished products. Labour unrest is a problem across the country and Company is initiating several HR measures to retain and attract people. The Company is trying to tie up with other raw material supplier for consistent availability of the raw material but sudden fluctuation in prices makes it difficult to pass on the entire increase to customers.

Material Developments in Human Resources/ Industrial Relations Front

Haldia, West Bengal's biggest industrial hub, has started feeling the heat of the political crossfire in the state. The Company has faced labour-related issues during the year under review. The Company is negotiating long term wage agreement with its employees and contract labours which is expected to conclude soon. Otherwise, relations between the Management and the Labour were cordial, throughout the year under review.

REPORT ON CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement entered into with stock exchange, the Directors present the Company's Report on Corporate Governance for the year ended 31st March 2012

1. Company's philosophy

The Company firmly believes that Corporate Governance is about commitment to values and ethical business conduct. Your Company has a strong legacy of fair, transparent and ethical governance practices and endeavours to improve upon these aspects on an ongoing basis and adopts innovative approaches. The Board of Directors are responsible for and committed to sound principles of Corporate Governance in the Company. It has been enduring in its philosophy to enhance stakeholders' value and customers' satisfaction by consistently endeavouring to follow the best Corporate Governance practices. The Board plays a critical role in overseeing how the management serves the short and long-term interests of shareholders and other stakeholders. This belief is reflected in our governance practices, under which we strive to maintain an effective, informed and independent Board. The Board updates its policies and guidelines from time to time to address the changing need of the environment in which it operates and to effectively achieve the stated objective of the Company.

2. Board of Directors

In terms of the 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. The Board of Directors ('the Board') is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with the requisite powers, authorities and duties.

Composition

The composition of the Board of Directors of the Company is in conformity with the Code of Corporate Governance as per the Listing Agreement with the stock exchange. The Company has an optimum combination of Executive and Non-Executive Directors. There is one Managing Director, one Whole time 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 activities.

The following is the composition of the Board as on 31st March 2012:

Name of the Director	Designation	Category	No. of other Directorship(s)	*Membership(s)/ Chairmanship(s) of Board Committees of other companies*
Mr. Shanti Lal Baid	Managing Director	Executive Director	2	2 (including 1 as Chairman)
Mr. Sandeep Baid	Whole time Director	Executive Director	–	–
Mr. Mahendra Pratap Singh	Director	Independent Director	2	6 (including 2 as Chairman)
Mr. Sachin Shridhar	Director	Independent Director	3	–
Mr. Prabir Kumar Sarkar	Director	Independent Director	2	–
Mr. Sunder Lal Dugar**	Director	Non-Executive Director	N.A.	N.A.

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

** Ceased to be the director with effect from 17th October 2011.

Notes:

- 1 The Directorship/Committee membership is based on the Disclosures received from the Directors as on 31st March 2012. None of the Directors hold Directorships in more than 15 companies pursuant to Section 275 read with Section 278 of the Companies Act, 1956.
2. None of the Directors hold Membership and/or Chairmanship of any Committee exceeding 10 companies and/or five companies respectively as per Clause 49 of the Listing Agreement.
3. Mr. Shanti Lal Baid is the father of Mr. Sandeep Baid. Other than this, there is no relationship, in terms of the Companies Act, 1956, between any of the Directors of the Company.

Board meetings:

The Board meets at regular intervals to discuss and decide on Company/business policy and strategy apart from other Board business. The Board/Committee meetings are pre-scheduled and a tentative date of Board and Committee meetings is circulated to the Directors well in advance to facilitate them to plan their schedules. The Chairman of the Board and the Company Secretary, draft the agenda for each meeting, along with the agenda, notes and explanatory statements are distributed in advance to the Directors to ensure meaningful participation in the meetings. 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 2012, sixteen meetings of the Board were held as follows:

Sl. No.	Date of the Meeting	Board Strength	No. of Directors present
1	4th May 2011	6	5
2	20th May 2011	6	6
3	24th May 2011	6	6
4	5th August 2011	6	6
5	12th September 2011	6	5
6	13th September 2011	6	5
7	26th September 2011	6	5
8	30th September 2011	6	4
9	7th October 2011	6	4
10	17th October 2011	6	5
11	1st November 2011	5	5
12	12th December 2011	5	4
13	4th January 2012	5	3
14	14th February 2012	5	4
15	29th February 2012	5	4
16	20th March 2012	5	3

Attendance of Directors at Board Meetings and Annual General Meeting:

Director	No. of Board Meetings		Attendance at last AGM (28.09.2011)
	Held	Attended	
Mr. Sunder Lal Dugar (upto 16th October 2011)	10	4	No
Mr. Shanti Lal Baid	16	15	Yes
Mr. Sandeep Baid	16	16	Yes
Mr. Mahendra Pratap Singh	16	14	No
Mr. Sachin Sridhar	16	9	No
Mr. Prabir Kumar Sarkar	16	16	Yes

3. Re-appointment of Directors

As required under Clause 49 (IV) (G) of the Listing Agreement the brief resume of Directors retiring by rotation and seeking reappointment is appended in the notice for convening the Annual General Meeting (AGM).

4. Committees of the Board

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas/activities which concern the Company and need a closer review. The Board Committees are set up under the formal approval of the Board, to carry out clearly defined roles. The Board supervises the execution of its responsibilities by the Committees and is responsible for their action. The Minutes of the meetings of all the Committees are placed before the Board for review.

The Board has established the following Committees:-

a. 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 matter within its terms of reference or in relation to the compliance with the provisions of the Companies Act, 1956 or referred to it by the Board.
- 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/reappointment and removal of statutory auditors, internal auditors and fixation of their remuneration.
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- d) 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.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
- e) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- f) Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the

utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.

- g) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- h) Reviewing reports of internal audit and discussion with internal auditors on any significant finding and follow-up thereon.
- i) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- j) 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.
- k) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- l) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- m) To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- n) Approval of appointment of CFO (i.e., the Whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- o) Considering such other matters as may be required by the Board.

Composition of the Audit Committee

The Audit Committee comprises three 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 3rd February 2012 due to induction of Mr. Prabir Kumar Sarkar in the Committee.

Details of members and their attendance at the meetings:

Name	Position	No. of Committee Meetings	
		Held	Attended
Mr. Sachin Sridhar	Chairman	9	6
Mr. Mahendra Pratap Singh	Member	9	9
Mr. Sandeep Baid	Member	9	9
Mr. Prabir Kumar Sarkar (from 3rd February 2012)	Member	2	2

Details of Audit Committee Meetings and attendances:

During the financial year ended 31st March 2012, nine meetings of the Audit Committee were held as follows:

Sl. No.	Date of the meeting	Attendance
1	4th May 2011	3
2	20th May 2011	3
3	24th May 2011	3
4	20th June 2011	3
5	30th September 2011	3
6	7th October 2011	2
7	17th October 2011	3
8	14th February 2012	3
9	29th February 2012	3

b. 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 Remuneration committee comprises of three Non-Executive Independent Directors. The committee was reconstituted on 12th December 2011 by induction of Mr. Prabir Kumar Sarkar in the committee due to the separation of Mr. Sunder Lal Dugar from the Board.

During the financial year ended 31st March 2012, one meeting of the Remuneration Committee was held on 14th February 2012.

Details of members and their attendance at the meetings are as follows:

Name	Position	No. of Committee Meetings	
		Held	Attended
Mr. Mahendra Pratap Singh	Chairman	1	1
Mr. Prabir Kumar Sarkar	Member	1	1
Mr. Sachin Sridhar	Member	1	0

Remuneration Policy

RDB Rasayans's remuneration strategy aims at attracting and retaining high-calibre talent. The remuneration policy, therefore, is market-led and takes into account respective job profile vis-à-vis the responsibility profile of individuals to attract and retain quality talent and leverage performance significantly.

Details of Remuneration of the Directors for the financial year ended 31st March 2012

(Figures in ₹)

Director	Consolidated Salary	Perquisites and other Benefits	Sitting Fees	Total
Mr. Shanti Lal Baid	720,000/-	129,600/-	Nil	849,600/-
Mr. Sandeep Baid	1,440,000/-	14,400/-	Nil	1,454,400/-

No remuneration (including sitting fee) has been paid to the Non-Executive Directors in the financial year 2011-12. The Non-Executive Directors do not hold any shares and/or convertible instruments in the Company and also they do not have any pecuniary relationship or transaction with the Company. The Company has not granted any stock options to its Directors.

c. Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee of the Company oversees the performance of the share transfer agents and recommends measures to improve shareholders/investors service. The committee specifically looks into redressal of shareholders and investor grievances, and approves the sub-division, transfer/transmission of shares, issue of duplicate share certificates, etc. The

committee also meets as and when required for approving share transfers. The processing activities with respect to requests received for share transfer are normally completed within 30 working days from the date of receipt of request.

Composition

The Shareholders'/Investors' Grievance Committee comprises three members, two of them being Executive Directors and one Non-Executive (Independent) Director. The committee was reconstituted on 12th December 2011 by induction of Mr. Prabir Kumar Sarkar in the committee due to the separation of Mr. Sunder Lal Dugar from the Board.

During the financial year ended 31st March 2012, one meeting of the Committee was held on 14th February 2012.

Details of members and their attendance at the meetings are as follows:

Name	Position	No. of Committee Meetings	
		Held	Attended
Mr. Prabir Kumar Sarkar	Chairman	1	1
Mr. Shanti Lal Baid	Member	1	1
Mr. Sandeep Baid	Member	1	1

Ms. Sweta Punjabi, Company Secretary, is the Compliance

Officer of the Company. The shareholders may send their complaints at investor.rasayans@rdbindia.com.

Details of shareholders' complaints

(a) Number of shareholders' complaints received during the year	: Nil
(b) Number of shareholders' complaints resolved during the year	: N.A.
(c) Number of complaints not solved to the satisfaction of shareholders	: N.A.
(d) Number of complaints pending	: N.A.

5. Details of General Body Meetings

a) Details of Annual General Meeting

The date, time, venue and the special resolutions passed in the last three Annual General Meetings are as under:-

Financial Year ended	Meeting	Date	Time	Location	Special Resolutions, if any, passed
2010-11	16th AGM	Wednesday 28th September 2011	11.00 a.m	No. 1 Ramesh Mitra Road, Kolkata- 700 025	Alteration of Articles of Association of the Company u/s 31 of the Companies Act, 1956
2009-10	15th AGM	Wednesday 29th September 2010	11.00 a.m.	Bikaner Building, 8/1, Lal Bazar Street, 1st Floor, Kolkata – 700 001	–
2008-09	14th AGM	Tuesday 29th September 2009	11.00 a.m.	Bikaner Building, 8/1, Lal Bazar Street, 1st Floor, Kolkata – 700 001	–

b) Details of Extra-Ordinary General Meeting

The date, time, venue and the special resolutions passed in the Extra-Ordinary General Meeting in the preceding three years are as under:-

Financial Year ended	Meeting	Date	Time	Location	Special Resolutions, if any, passed
2011-12	Extra-Ordinary General Meeting	Wednesday 28th September 2011	12.30 p.m.	No. 1 Ramesh Mitra Road, Kolkata- 700 025	Increase in the Limit for Inter Corporate Loans, Investments and Guarantees u/s 372A of the Companies Act, 1956

Financial Year ended	Meeting	Date	Time	Location	Special Resolutions, if any, passed
2010-11	Extra-Ordinary General Meeting	Monday 5th July 2010	11.00 a.m.	Bikaner Building, 8/1, Lal Bazar Street, 1st Floor, Kolkata – 700 001	–
2009-10	Extra-Ordinary General Meeting	Monday 26th October 2009	11.30 a.m.	Bikaner Building, 8/1, Lal Bazar Street, 1st Floor, Kolkata – 700 001	Approval for offer/issue of securities u/s 81 and 81 (1A) of the Companies Act, 1956
2009-10	Extra-Ordinary General Meeting	Monday 21st September 2009	11.30 a.m.	Bikaner Building, 8/1, Lal Bazar Street, 1st Floor, Kolkata – 700 001	1. Appointment of Managing Director pursuant to Section 198, 269, 309, 314, 316 of the Companies Act, 1956 2. Issue of Bonus shares 3. Adoption of new set of Articles of Association under section 31 of the Companies Act, 1956
2009-10	Extra-Ordinary General Meeting	Monday 7th September 2009	11.30 a.m.	Bikaner Building, 8/1, Lal Bazar Street, 1st Floor, Kolkata – 700 001	Increase of Authorised share capital from ₹3.5 crores to ₹18 crores under section 94 of the Companies Act, 1956

c) Postal Ballot

- No special resolution was passed last year through postal ballot.
- No special resolution requiring a postal ballot is being proposed at the ensuing AGM.

6. Disclosures

a) Materially Significant related party transaction

There is no materially significant related party transactions entered i.e. any transaction of material nature, with its promoters, directors or the management or relatives, etc. that may have potential conflict with the interest of the Company at large, other than in the normal course of business. The transactions with related parties have been

disclosed in Note No 2.32 in Notes to the Accounts forming part of the accounts for the year ended 31st March 2012.

b) Statutory Compliances

The Company is regular in complying with the requirements of the regulatory authorities on the matters relating to the capital market and no penalties/strictures have been imposed on the Company by the stock exchanges or SEBI or any statutory authority, since the Company got listed on 7th October 2011 except as stated below.

The Company has received ad-interim, ex-parte order dated 28th December 2011, from Securities and Exchange Board of India (SEBI) under Section 11(1), 11(4), 11A and 11B of the SEBI Act, 1992 with respect to the Initial Public Offering made by the Company. The order has:

1. Prohibited the Company from raising further capital from the Securities Market in any manner whatsoever, till further directions;
 2. Prohibited the Company, all its Directors and Company Secretary from buying, selling or dealing in securities in any manner whatsoever, till further directions; and
 3. Directed the Company to call back IPO Proceeds to the tune of ₹31.60 crores from RDB Realty & Infrastructure Ltd. (RDBRIL) which has been given as Inter-Corporate Loan and to deposit the said amount in an interest bearing Escrow Account with a Scheduled Commercial Bank. A Confirmation on Compliance of this direction to be sent to BSE, within 7 days from the date of this order.
- In deference to SEBI's order the Company deposited ₹31.60 crore in the escrow account in a scheduled commercial bank but being aggrieved with the order, filed a Writ petition in the High Court of Calcutta challenging the validity of SEBI ad-interim ex-parte order. The matter is sub judice now.

c) Compliance with mandatory requirements and adoption of non-mandatory requirements

The Company duly complied with all the mandatory requirements of Clause 49 of the Listing Agreement with the stock exchange.

The Company has complied with the non-mandatory requirement of Clause 49 with regard to the constitution of Remuneration Committee. Further, Independent Directors are rotational Directors whose maximum tenure has not been specifically determined.

The Company does not have a Whistle Blower Policy. However, no personnel of the Company have been denied access to the Audit committee.

d) Disclosure of Accounting Treatment

In preparation of Financial Statements, the Company has followed the Accounting Standards issued by The Institute of Chartered Accountants of India. The significant

Accounting Standards have been set out in the notes to Accounts of Audited Accounts.

e) Management Discussion and Analysis Report (MDA)

MDA forms part of the Directors' Report and the same is attached separately in this Annual Report.

f) Initial Public Offerings (IPO)

During the year the Company has raised funds through Initial Public offering (IPO). The Company has complied with the requirements of Clause 49 (IV) (D) of the Listing Agreement. The details of IPO proceeds and its utilisation have been disclosed in Note No.2.1 (h) in Notes to the Accounts forming part of the accounts for the year ended 31st March 2012.

g) Declaration-Code of Conduct

The Company is consistently endeavouring to conduct its business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations.

The Company believes that a good corporate governance structure would not only encourage value creation but also provide accountability and control systems commensurate with the risks involved.

The Board of Directors have adopted the Code of Conduct for the Directors and Senior Management ("the Code"). A copy of the Code has been put on the Company's website www.rdbgroup.in.

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Managing Director is given below:

"I hereby confirm that the Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of period starting from 12.12.2011 to 31.03.2012."

7. Means of communication(*)

- The quarterly financial results are normally published in Business Standard in English and Duranta Barta in Bengali.
- The quarterly financial results and annual audited financial results of the Company are sent to the BSE Ltd.
- The Company's financial results are also displayed in its website, www.rdbgroup.in.
- The Company's website does not display any official news releases.
- The Company has designated the following e-mail-id exclusively for investor services:
investor.rasayans@rdbindia.com
- No presentation was made to the institutional investors or to the analysts during the year under review.
- Annual Report containing, inter alia, Directors' Report, Auditors' Report, Audited Annual Accounts and other important information is circulated to members and others entitled thereto.

*The shares of the Company got listed on 7th October, 2011 on BSE Ltd, the Company has been complying with the listing agreement since then.

8. Compliance certificate by the auditors

The statutory auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the stock exchange and the same is annexed.

9. Reconciliation of Share Capital

As per SEBI (Depositories & Participants) Regulation, 2003, certificate of Reconciliation of Share Capital Audit issued by a Practicing Company Secretary, confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL, is placed before the Board on a quarterly basis and also submitted to the stock exchange.

10. General shareholder information

Details of Annual General Meeting for F. Y. 2011-12

Date	: Wednesday, 8th August 2012
Venue	: Gyan Manch 11, Pretoria Street, Kolkata- 700 071
Time	: 10.00 A.M.
Book closure date	: From Wednesday, 1st August 2012 to Wednesday, 8th August 2012 (both days inclusive)
Payment of Dividend	: Dividend for the F.Y. 2011-12 will be paid/dispatched between 10th August 2012 to 6th September 2012

Financial Calendar

Financial year : 1st April to 31st March

The Company got listed on Bombay Stock Exchange on 7th October 2011, so for the year ended 31st March 2012, results were adopted on:

- First quarter (Un-audited) : N.A.
- Second quarter (Un-audited) : N.A.
- Third quarter (Un-audited) : 14th February 2012
- Annual (Audited) : 28th May 2012

For the year ending 31st March 2013, the results are likely to be adopted:

- on or before 14th August 2012 : First quarter
(Un-audited)
- on or before 14th November 2012 : Second quarter
(Un-audited)
- on or before 14th February 2013 : Third quarter
(Un-audited)
- on or before 30th May 2013 : Annual (Audited)

Listing on stock exchange

The shares of the Company are listed on the BSE Limited.

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001
Website: www.bseindia.com

The listing fees for the financial year 2012-13 have been paid to the above stock exchange.

Stock Code
BSE Limited : 533608

Depositories

Name of the Depository	Address of the Depository	Website
National Securities Depository Limited	Trade World, Kamala Mills Compound, Lower Parel, Mumbai – 400013	www.nsdl.co.in
Central Depository Services (India) Limited	P J Towers, 17th Floor, Dalal Street, Fort Mumbai – 400001	www.cdslindia.com

The International Securities Identification Number (ISIN) allotted to Company's securities under the Depository system is: INE123M01017

The fees to the depositories for the financial year 2012-13 have been paid.

Market price data

As the Company got listed with Bombay Stock Exchange on 7th October 2011, the monthly high and low share price data at the BSE Limited for the period October, 2011 to March, 2012:

Month	Share Price (High) ₹	Share Price (Low) ₹	BSE Sensex (High)	BSE Sensex (Low)
Oct-11	93.15	12.10	17908.13	15745.43
Nov-11	12.50	7.65	17702.26	15478.69
Dec-11	10.74	6.70	17003.71	15135.86
Jan-12	8.80	7.45	17258.97	15358.02
Feb-12	9.75	7.50	18523.78	17061.55
Mar-12	11.19	7.00	18040.69	16920.61

Registrar & Share Transfer Agents

Main Office

M/s Link Intime India Private Limited
C-13 Pannalal Silk Mills Compound,
L B S Marg, Bhandup (W), Mumbai- 400 078
Phone No. 022-2596 0320 • Fax No. 022- 2594 6969
e-mail: mumbai@linkintime.co.in

Branch Office

M/s Link Intime India Private Limited
59C, Chowringhee Road, 3rd Floor, Kolkata – 700 020
Phone No. 033-2289 0540, 2290-9469
Fax No. 033-2289-0539,
e-mail: kolkata@linkintime.co.in
Contact Person – Mr. S.P Guha (Head-Kolkata Operation)

Share Transfer System –

The RTA, which is a category-I Registrar and share transfer agent performs all share transfer activities. Therefore, all correspondence should be mailed to the address mentioned above. Shareholders holding shares in the electronic form should address their correspondence to their respective depository participants.

Distribution of Shareholding as on 31st March 2012

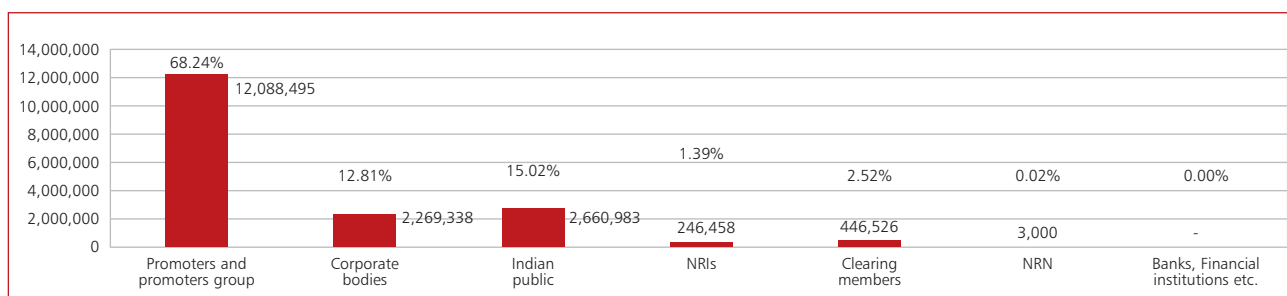
• By size

Range of Shares	Number of Shareholders	% of Shareholders	No. of Shares	% of Shares
Up to 500	3026	76.94	514,967	2.91
501 – 1000	442	11.24	380,524	2.15
1001 – 2000	218	5.54	347,531	1.96
2001 – 3000	79	2.01	209,296	1.18
3001 – 4000	38	0.97	141,477	0.80
4001 – 5000	33	0.84	155,646	0.88
5001 – 10000	45	1.14	354,857	2.00
10001 – above	52	1.32	15,610,502	88.12
Total	3933	100.00	17,714,800	100.00

• By category

Category	Number of Shares	% to Total
Promoters and Promoter Group	12,088,495	68.24
Banks, Financial institutions etc.	–	–
Corporate bodies	2,269,338	12.81
Indian Public	2,660,983	15.02
NRIs	246,458	1.39
Clearing Members	446,526	2.52
NRN	3,000	0.02
Total	17,714,800	100.00

Share holding category as 31st March 2012



List of Top Ten Shareholders as on 31st March 2012

Name of the Shareholder	No. of Shares held	% of Shareholding
Mrs. Sheetal Dugar	3,585,800	20.24
M/s. Pyramid Sales Pvt. Ltd.	3,513,800	19.84
Mr. Vinod Dugar	3,434,800	19.39
M/s. Growth Techno Projects Ltd	1,640,000	9.26
Mr. Sandeep Baid	893,695	5.04
Mr. Shanti Lal Baid	380,000	2.15
Mrs. Usha Jajodia	248,817	1.40
Mr. Moizbhai Hakimuddin Boriawala, Mrs. Mehjabeen Moiz Boriawala	183,257	1.03
Mr. Aditya Jajodia	157,857	0.89
M/s. Shanti Lal Baid (HUF)	140,000	0.79

Details of shares held by Directors as on 31st March 2012

Name of Director	No. of Equity Shares	% of Total holding
Mr. Shanti Lal Baid	520,000*	2.94
Mr. Sandeep Baid	893,695	5.04
Mr. Sachin Shridhar	Nil	Nil
Mr. Mahendra Pratap Singh	Nil	Nil
Mr. Prabir Kumar Sarkar	Nil	Nil
Total	1,413,695	7.98

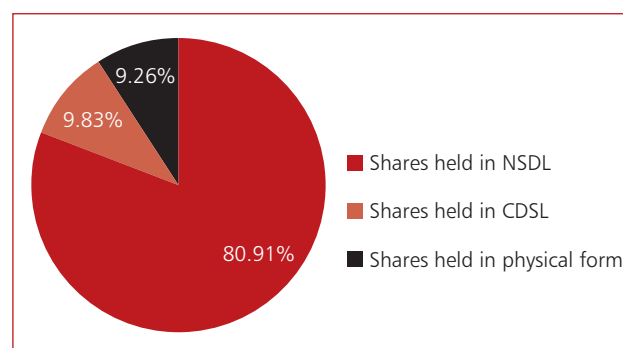
*includes 140,000 shares as Shanti Lal Baid (HUF)

Dematerialisation of shares and liquidity

Shares held in dematerialised and physical form as on 31st March 2012

Status of Dematerialisation	No. of Shares	% of Total Shares
Shares held in NSDL	14,332,884	80.91
Shares held in CDSL	1,741,896	9.83
Shares held in physical form	1,640,020	9.26

Demat status as on 31st March 2012



Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on Equity

Not applicable, as the Company has not made any such issue.

Plant Location:

RDB Rasayans Limited
126 Basudevapur, Haldia -721 602,
Dist. Purba Medinipur, West Bengal.

Address for correspondence:

Registered Office
RDB Rasayans Limited
Bikaner Building, 8/1 Lal Bazar Street,
3rd Floor, Kolkata-700001
Website: www.rdbgroup.in

CERTIFICATE OF CORPORATE GOVERNANCE



To,
The Members,
RDB Rasayans Limited

We have reviewed the compliance of conditions of Corporate Governance by RDB Rasayans Limited (the Company) for the year ended 31st March 2012, as stipulated in revised Clause 49 of the Listing Agreement of the said Company with the stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the aforementioned Listing Agreement.

On the basis of records maintained by the Company, we state that as on 31st March 2012, there were no investor grievances remaining pending for a period exceeding one month against the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company, nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **S. M. DAGA & CO.**
Chartered Accountants

(**Megh Raj Daga**)
Partner

Place: Kolkata
Date: 28th May 2012

Membership No. 013625

CEO/CFO CERTIFICATION

To,
The Board of Directors,
RDB Rasayans Limited

We, Shanti Lal Baid, Managing Director and Chief Executive Officer, appointed in terms of the Companies Act, 1956 and Bidhan Neogi, 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 2012 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 2012 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 year except as stated in notes to accounts relating to employee benefits, refer note no. 2.30 and
 - iii. 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.

For RDB Rasayans Limited

For RDB Rasayans Limited

Place: Kolkata
Date : 28th May 2012

Shanti Lal Baid
Managing Director & C.E.O

Bidhan Neogi
Chief Financial Officer

AUDITORS' REPORT



To
The Members of
RDB Rasayans Limited

We have audited the attached Balance Sheet of RDB Rasayans Limited as at 31st March 2012, the related Statement of Profit & Loss and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that -

- a) We have obtained all the informations and explanations, which to the best to our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of these books.
- c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by these report comply with the Accounting Standards referred to in sub section (3C) of Section 211 to Companies Act, 1956.
- e) On the basis of written representations received from the directors as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of Companies Act, 1956.

In our opinion and based on the informations and according to the explanations given to us, the said accounts read together with the significant accounting policies and other notes thereon annexed thereto give the informations required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- 1) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
- 2) In the case of the Statement of Profit & Loss, of the profit for the year ended on that date; and
- 3) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub section (4A) of Section 227 of Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the informations and explanations given to us, the matters specified in the said order are given hereunder to the extent they are applicable.

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) In our opinion and as explained to us, the fixed assets have been physically verified by the management at reasonable intervals. No material discrepancies were noticed on such verification.
- (c) In our opinion and according to the informations and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) The inventory (excluding stock lying with third parties) has been physically verified by the management at regular intervals. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our

opinion, the frequencies of verifications are reasonable.

- (b) In our opinion and according to the informations and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examinations of records of the inventory, in our opinion, the Company is maintaining proper records of inventory except in respect of work-in-progress. As in earlier years, work-in-progress has been determined by the management on the basis of physical verification. The discrepancies ascertained on physical verification between the physical stock and the book records of inventory were not material in relation to the operations of the Company.
- (iii) (a) The Company has granted secured loans, to one company covered in Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹40 crores and the year end balance of loan granted to such party was ₹ Nil.
- (b) In our opinion and according to the informations and explanations given to us, the rate of interest and other terms and conditions on which loans have been granted to such company are not, prima facie prejudicial to the interest of the Company.
- (c) The parties have repaid the principal amount and interest as stipulated.
- (d) The Company has not taken any loan during the year from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of sub clauses (e) (f) and (g) of clause (iii) of paragraph 4 of the order are not applicable.
- (iv) In our opinion and according to the informations and explanations given to us, there are adequate internal

control systems commensurate with the size of the Company and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company and according to the informations and explanations given to us, no major weakness in internal have been noticed or reported.

- (v) (a) In our opinion and according to the informations and explanations given to us, the particulars of contracts or arrangements that need to be entered into register maintained under Section 301 of Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the informations and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at relevant time.
- (vi) In our opinion and according to the informations and explanations given to us, the Company has not accepted any deposits from the public. Therefore the provisions of clause (vi) are not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the informations and explanations given to us and records of the Company examined by us, in our opinion, no undisputed amounts payable

in respect of provident fund, employees state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) According to the informations and explanations given to us and the record examined by us, there are no dues in respect of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company does not have accumulated losses. Further, neither there was any cash loss in the current financial year nor in the immediately preceding financial year.
- (xi) As per the books and records examined by us and according to the informations and explanations given to us, in our opinion, the Company has not defaulted in repayment of dues to financial institutions or banks.
- (xii) According to the informations and explanations given to us and based on the documents and records examined by us, in our opinion, the Company has not granted any loans & advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statue applicable to chit fund/ nidhi / mutual benefit fund / societies are not applicable to the Company.
- (xiv) In our opinion and according to the informations and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- (xv) The Company has given corporate guarantee to bank for loans taken by the group companies from banks or financial institutions. According to the informations and explanations given to us, we are of the opinion that the terms and conditions, on which the Company has given guarantees for such loans, are not prima facie, prejudicial to the interest of the Company.
- (xvi) In our opinion, and according to the informations and explanations given to us, the term loan have been applied,

on an overall basis, for the purpose for which they were obtained.

- (xvii) Based on the informations and explanations given to us and an on overall examination of the balance sheet of the Company, in our opinion, no fund raised on short term basis have been used for long term investment and vice versa.
- (xviii) Based on the informations and explanations given to us, in our opinion, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- (xix) The Company does not have any debentures outstanding at any time during the year under audit and hence question of creating security in respect thereof does not arise.
- (xx) The Company has raised ₹35.55 crore by way of public issue during the year under review, however the fund raised could not be utilised for the purpose it was raised, due to restrictions imposed by SEBI (refer note no. 2.1.h and 2.35).
- (xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the informations and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the management.

For S. M. DAGA & CO.
Chartered Accountants
Firm Registration No. 303119E

11, Clive Row,
Kolkata - 700 001
28th May 2012

Megh Raj Daga
(Partner)
Membership No. 013625

BALANCE SHEET as at 31st March 2012

(Amount in ₹)

Sr. No.	Particulars	Note	As at 31st March 2012		As at 31st March 2011	
I.	EQUITY AND LIABILITIES					
	1. Shareholders' funds					
	(a) Share capital	2.1	177,148,000		132,148,000	
	(b) Reserves and surplus	2.2	357,533,507	534,681,507	46,625,154	178,773,154
	2. Non-current liabilities					
	(a) Long-term borrowings	2.3	30,906,649		34,314,654	
	(b) Deferred tax liabilities (net)	2.4	10,910,892		12,273,441	
	(c) Long-term provisions	2.5	618,799	42,436,340	826,850	47,414,945
	3. Current liabilities					
	(a) Short-term borrowings	2.6	78,853,214		87,071,520	
	(b) Trade payables		22,535,910		22,377,684	
	(c) Other current liabilities	2.7	5,705,034		6,214,191	
	(d) Short-term provisions	2.8	24,601,438	131,695,596	6,610,000	122,273,395
	Total			708,813,443		348,461,494
II.	ASSETS					
	1. Non-current assets					
	(a) Fixed assets	2.9				
	(i) Tangible assets		131,056,204		143,949,819	
	(ii) Capital work-in-progress		-		155,000	
			131,056,204		144,104,819	
	(b) Long-term loans and advances	2.10	95,000,000		27,800,000	
	(c) Other non-current assets	2.11	16,536,147	242,592,351	-	171,904,819
	2. Current assets					
	(a) Inventories	2.12	82,259,816		95,301,461	
	(b) Trade receivables	2.13	46,844,734		49,847,122	
	(c) Cash and bank balances	2.14	319,050,446		8,110,287	
	(d) Short-term loans and advances	2.15	18,066,096	466,221,092	23,297,805	176,556,675
	Total			708,813,443		348,461,494
	Significant accounting policies and notes to accounts	1 & 2				

This is the Balance Sheet referred to in our report of even date.

For and on behalf of the Board

For S. M. DAGA & CO.

Chartered Accountants

Firm Regd. No. 303119E

Megh Raj Daga

Partner

Membership No. 013625

Place: Kolkata

Date: 28th May 2012

Shanti Lal Baid

Managing Director

Sandeep Baid

Whole time Director

Sweta Punjabi

Company Secretary

STATEMENT OF PROFIT AND LOSS for the year ended 31st March 2012

(Amount in ₹)

Sr. No.	Particulars	Note	For the year ended 31st March 2012	For the year ended 31st March 2011
I.	REVENUE			
	Revenue from operations :	2.16		
	(a) Sales and services		493,819,684	461,304,485
	(b) Less : Excise duty		36,533,834	37,068,070
	Other income	2.17	31,738,392	1,310,764
	Total revenue		489,024,242	425,547,179
II.	EXPENSES			
	Cost of materials consumed and manufacturing expenses	2.18	372,335,635	337,830,468
	Changes in inventories of finished goods and work-in-progress	2.19	(15,737,131)	(29,930,713)
	Employee benefits expenses	2.20	25,818,011	25,616,774
	Finance cost	2.21	17,084,507	11,601,126
	Depreciation	2.22	15,947,043	15,085,306
	Other expenses	2.23	50,183,636	39,680,577
	Total expenses		465,631,701	399,883,538
III.	Profit before exceptional items and extraordinary items and tax (I-II)		23,392,541	25,663,641
IV.	Exceptional items		-	-
V.	Profit before extraordinary items (III-IV)		23,392,541	25,663,641
VI.	Extraordinary items		-	-
VII.	Profit before tax (PBT) (V-VI)		23,392,541	25,663,641
VIII.	Tax expenses of continuing operation :			
	(a) Current tax		9,160,000	6,610,000
	(b) Tax adjustments for earlier year		(17,827)	181,440
	(c) Deferred tax		(1,362,549)	841,294
IX.	Profit/ (loss) for the period after tax (PAT) (VII-VIII)		15,612,917	18,030,907
X.	Earning per equity share:		1.01	1.36
	No. of shares used in computing earnings per shares Basic and Diluted (refer note no 2.28)		15,464,800	13,214,800
	Significant accounting policies and notes to accounts	1 & 2		

This is the Statement of Profit & Loss referred to in our report of even date.

For and on behalf of the Board

For S. M. DAGA & CO.
Chartered Accountants
Firm Regd. No. 303119E

Megh Raj Daga
Partner
Membership No. 013625

Place: Kolkata
Date: 28th May 2012

Shanti Lal Baid
Managing Director

Sandeep Baid
Whole time Director

Sweta Punjabi
Company Secretary

CASH FLOW STATEMENT for the year ended 31st March 2012

(Amount in ₹)

Sr. No.	Particulars	For the year ended 31st March 2012		For the year ended 31st March 2011	
A.	CASH FLOW FROM OPERATING ACTIVITIES :				
	Net profit before tax as per Statement of Profit & Loss		23,392,541		25,663,641
	Adjustments for :				
	Depreciation	15,947,043		15,085,306	
	Bad Debts expenses written off	303,286		331,209	
	(Profit) / Loss on sale of fixed assets	62,668		(10,498)	
	Foreign Exchange (gain) / loss on trade receivable	(2,229,838)		50,509	
	Interest paid	15,837,845		10,306,780	
	Sundry balances / (liabilities) written back	256,199		(488,550)	
	Interest received	(29,249,509)		(484,062)	
	Share Issue expenses written off	4,134,037		-	
	Provision for employees benefits	90,485	5,152,216	44,443	24,835,137
	Operating profit before working capital changes		28,544,757		50,498,778
	(Increase) / Decrease in inventories	13,041,645		(60,033,986)	
	(Increase) / Decrease in trade and other receivables	10,253,680		(6,092,494)	
	Increase / (Decrease) in trade payables	(404,715)	22,890,610	(1,050,106)	(67,176,586)
	Cash generated from operations		51,435,367		(16,677,808)
	Less: Direct taxes paid/(refunds) including interest (net)		8,861,479		2,197,528
	Cash Flow before exceptional items		42,573,888		(18,875,336)
	Exceptional items		-		-
	Net cash generated/(used) from operating activities		42,573,888		(18,875,336)
B.	CASH FLOW FROM INVESTING ACTIVITIES :				
	Purchase of fixed assets	(3,071,096)		(7,809,729)	
	Proceed from sale of fixed assets	110,000		161,123	
	(Payment) / refund for purchase of capital goods	(67,200,000)		20,200,000	
	Investment in Fixed deposits	(315,925,875)		5,737,509	
	Interest received	29,249,509		484,062	
	Net cash from investing activities		(356,837,462)		18,772,965

CASH FLOW STATEMENT (Contd.) for the year ended 31st March 2012

(Amount in ₹)

Sr. No.	Particulars	For the year ended 31st March 2012		For the year ended 31st March 2011	
C.	CASH FLOW FROM FINANCING ACTIVITIES :				
	Proceeds from issue of equity shares	355,500,000		-	
	Payment towards share issue expenses	(18,750,108)		-	
	Proceeds / (repayment) of long-term borrowings	(3,408,005)		(12,545,869)	
	Proceeds / (repayment) of short-term borrowings	(8,218,306)		28,071,566	
	Interest paid	(15,845,723)		(10,380,373)	
	Net cash generated/(used) in financing activities		309,277,858		5,145,324
	Net increase/(decrease) in cash and cash equivalents (A+B+C)		(4,985,716)		5,042,953
	Cash and cash equivalents - Opening balance		5,107,552		64,599
			121,836		5,107,552
	Cash and cash equivalents - Closing balance		121,836		5,107,552
	Cash and cash equivalents comprise:				
	Cash on hand		47,756		23,124
	Balances with bank		74,080		5,084,428
			121,836		5,107,552

This is the Cash Flow Statement referred to in our report of even date.

For and on behalf of the Board

For S. M. DAGA & CO.
 Chartered Accountants
 Firm Regd. No. 303119E

Megh Raj Daga
 Partner
 Membership No. 013625

Place: Kolkata
 Date: 28th May 2012

Shanti Lal Baid
 Managing Director

Sandeep Baid
 Whole time Director

Sweta Punjabi
 Company Secretary

SIGNIFICANT ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

These financial statements are prepared under historical cost convention on accrual basis as a going concern and in accordance with the Generally Accepted Accounting Principles (GAAP), Companies Act, 1956 and in compliance with Companies (Accounting Standard) Rules, 2006 as notified u/s 211(3C) of Companies Act, 1956 except those with significant uncertainty. Accounting policies not stated explicitly otherwise are consistent with Generally Accepted Accounting Principles.

1.2 Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of balances of assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statement. Actual results could differ from those estimated. Such differences are recognised in the period in which they are known or materialised.

1.3 Revenue recognition

- a) Revenue from sale of goods is recognised on transfer of all significant risks and rewards of ownership to the buyer which generally coincides with dispatch of goods from factory.
- b) All other Income are accounted on accrual basis except otherwise stated.
- c) Claims and refunds due from Government Authorities are recognised in the accounts on receipt basis due to significant uncertainty regarding their realisations.

1.4 Fixed assets-tangible assets and capital work-in-progress

- a) Leasehold lands are stated at cost including cost incurred for its development.
- b) Fixed Assets except leasehold land are stated at cost of acquisition inclusive of freight incurred, non-refundable duties or taxes and incidental expenses less accumulated depreciation.
- c) Capital work-in-progress comprises of the cost of fixed assets, that are not yet ready for their intended use at the reporting date.

1.5 Depreciation

Depreciation on fixed assets except leasehold lands has been provided on straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. No depreciation has been provided on Leasehold lands.

1.6 Impairment of assets

An asset is treated as impaired when the carrying cost of the same exceeds its recoverable amount. Such impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of the recoverable amount.

1.7 Inventories

- a) Raw Materials are valued at lower of cost determined on FIFO basis or net realisable value. Cost comprises all cost of purchases, including duties and taxes (other than those subsequently recoverable from the revenue authorities), freight inwards and other expenditure directly attributable to the purchases.
- b) Work-in-progress are valued at cost computed on the basis of cost of raw material, appropriated share of employment cost and related factory overheads.
- c) Finished goods are valued at lower of, cost determined on the basis of absorption costing method or net realisable value inclusive of Excise duty.
- d) Packing & printing materials, stores & spares are valued at lower of cost determined on weighted average basis or net realisable value.
- e) Wastage is valued at estimated realisable value.

1.8 Sales

Sales represent invoice value of finished goods sold inclusive of Excise duty, VAT/CST and cost of transportation, if any, net of sales return.

1.9 Excise duty

Excise duty is accounted on the basis of both, payments made in respect of goods cleared and also provision made for goods lying in stock at factory.

SIGNIFICANT ACCOUNTING POLICIES

1.10 Value Added Tax and Central Sales Tax

VAT and CST paid are charged to the Statement of Profit and Loss.

1.11 Foreign currency transaction

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction. Monetary items denominated in foreign currencies at the year end are reported at year end rates. Any income or expenses on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.

1.12 Claims / Refunds

Claims or refunds are accounted for on the basis of settlement.

1.13 Export benefits

Excise duty on goods cleared for exports from factory are claimed as refund.

1.14 Employees benefits

i) Short term employee benefits

Short term employee benefits including bonus are recognised as an expense in the Statement of Profit and Loss of the year in which the related services are rendered.

ii) Post-employment benefits

a) **Defined contribution plan:** Employee benefits in the form of Employees State Insurance Corporation, Provident Fund etc are considered as defined contribution plan and the same are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

b) **Defined benefit plan:** Employee benefits in the form of Gratuity, Leave encashment are considered as defined benefit plan and are provided for on the basis of an independent actuarial valuation, using projected unit credit method, as at the Balance Sheet date as per requirements of Accounting Standard-15 (Revised 2005) on "Employee Benefits" notified by Central Government in exercise of powers conferred u/s 211(3C) of Companies Act, 1956. Actuarial gains/losses, if any, are immediately recognised in the Statement of Profit and Loss.

1.15 Taxes on income

a) **Current tax:** Current tax is determined as the amount of tax payable in respect of taxable income for the year determined in accordance with the provisions of the Income Tax Act, 1961. Minimum Alternative Tax credit available if any under section 115JB of the Income Tax Act, 1961 is accounted in the year in which the credit is claimed.

b) **Deferred tax:** Deferred tax is recognised subject to consideration of prudence on the basis of timing difference being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods using the tax rates and laws that have been enacted or substantially enacted as on the balance sheet date. Deferred Tax Asset is recognised and carried forward only to the extent that there is reasonable certainty that the asset will be realised in future.

1.16 Provision / Contingencies

A provision is recognised for a present obligation as a result of past events if it is probable that outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined based on best estimate of the amount required to settle the obligation as at the Balance Sheet date. In case actual outcome differs from that estimated, the difference is accounted for at the time the result are known / materialised.

Liabilities which are material and whose future outcome can not be ascertained with reasonable certainty are treated as contingent and are disclosed by way of notes to the accounts.

1.17 Prior period adjustments

Adjustment of identifiable items of income and expenditure pertaining to prior period are accounted for as prior period adjustments.

1.18 Share issue expenses

Such expenditures incurred are capitalised and written off on straight line basis over a period of five years.

NOTES TO ACCOUNTS for the year ended 31st March 2012

Note 2- Amounts in the financial statements are presented in Rupees and rounded off to the nearest decimals thereof. The previous year figures have been regrouped / reclassified, wherever necessary to conform to the current period presentation.

(Amount in ₹)

Particulars	As at 31st March 2012	As at 31st March 2011
Note 2.1- Share capital		
a. Authorised share capital :		
18,000,000 (Previous year 18,000,000) equity shares of ₹10/- each	180,000,000	180,000,000
Issued, subscribed and paid-up share capital :		
17,714,800 (Previous year 13,214,800) equity shares of ₹10/- each fully paid-up (Of the above equity shares, 4,500,000 shares have been allotted during the year for cash pursuant to public issue)	177,148,000	132,148,000
Total	177,148,000	132,148,000

b. Rights, preferences and restriction attaching to various classes of shares including restriction on distribution of dividends and repayment of capital.

The Company has only one class of shares which does not enjoy any preferential right or bear any restriction with regard to distribution of dividend or repayment of capital. Each holder of equity shares is entitled to one vote per share.

c. Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

Particulars	31.03.2012 Nos	31.03.2011 Nos
Shares outstanding as at the beginning of the year	13,214,800	13,214,800
Add : Shares allotted for cash pursuant to public issue during the year	4,500,000	-
Shares outstanding as at the end of the year	17,714,800	13,214,800

d. Details of shares held by each shareholder holding more than 5% shares

Name of shareholders holding equity shares more than 5% shares	31.03.2012 % holding / No. of shares	31.03.2011 % holding / No. of shares
1. Mrs. Sheetal Dugar	20.24% 3,585,800	27.13% 3,585,800
2. M/s. Pyramid Sales Private Limited	19.84% 3,513,800	26.59% 3,513,800
3. Mr. Vinod Dugar	19.39% 3,434,800	25.99% 3,434,800
4. M/s. Growth Techno Projects Limited	9.26% 1,640,000	12.41% 1,640,000
5. Mr. Sandeep Baid	5.04% 893,695	2.88% 380,000
Total	73.77% 13,068,095	95.00% 12,554,400

(Amount in ₹)

Particulars	As at 31st March 2012	As at 31st March 2011
e. Share reserved for issue under options and contracts	-	-
f. Commitments for sale of shares / disinvestment	-	-

g. Details of allotment of bonus shares during the period of five years

Particulars	(Amount in ₹)
9,911,100 equity shares of ₹10/- each allotted during F.Y. 2009-10	99,111,000

NOTES TO ACCOUNTS (Contd.) for the year ended 31st March 2012

h. Utilisation of proceeds of initial public issue as per clause 43A & 49 of the Listing Agreement is as under

(Amount in ₹)

Particulars	As per prospectus net amount to be deployed from issue proceeds	Incurred upto 31.03.2012
a. To finance the capital expenditure to enhance the manufacturing capacity :		
Civil works	-	-
Plant and machinery	239,127,000	396,730
Pre-operative expenses	7,000,000	-
Provision for contingencies	11,956,000	-
Security for WBSEDCL	20,000,000	-
Sub_total (a)	278,083,000	396,730
b. General corporate purpose	50,129,000	320,768
c. Issue expenses	27,288,000	19,210,714
Total (a+b+c)	355,500,000	19,928,212
Balance amount to be utilised out of IPO proceeds		335,571,788
Interim utilisation of balance IPO proceeds :		
Deposited in Escrow account		316,000,000
Used for working capital requirement		19,571,788
Total		335,571,788

Particulars	As at 31st March 2012	As at 31st March 2011
Note 2.2- Reserves and surplus		
a. Capital reserve	7,695,000	7,695,000
b. Securities premium account	-	-
Add: Additions during the year	310,500,000	-
Sub_total (b)	310,500,000	-
c. Surplus - brought forward from last year	38,930,154	20,899,247
Add: Adjustment for transitional provision of AS-15 (Refer note no. 2.30 of notes to accounts)	236,874	-
Add: Profit for the year	15,612,917	18,030,907
Less: Proposed equity dividend	13,286,100	-
Dividend distribution tax	2,155,338	-
Sub_total (c) - Surplus as at end of the period	39,338,507	38,930,154
Total (a+b+c)	357,533,507	46,625,154
Note 2.3- Long-term borrowings		
(Secured)		
Term loan from bank :		
(Repayable in 116 monthly installments of ₹6,30,980, starting from 20.07.2009 and last installment will be falling due on 20.02.2019. The applicable rate of interest is base rate plus 2.75%.)	27,911,966	30,988,770
(Repayable in 110 monthly installments of ₹60,690, starting from 21.01.2010 and last installment will be falling due on 20.02.2019. The applicable rate of interest is base rate plus 2.75%.)	2,994,683	3,325,884
(Above loans are secured against first charge by way of equitable mortgage of leasehold lands of the Company and the personal guarantee of Directors.)		
Total	30,906,649	34,314,654

NOTES TO ACCOUNTS (Contd.) for the year ended 31st March 2012

(Amount in ₹)

Particulars	As at 31st March 2012	As at 31st March 2011
Note 2.4- Deferred tax liability (net)		
a. Deferred tax assets :		
Provision for bonus	105,652	91,011
Provision for leave salary	43,849	57,432
Provision for gratuity	156,920	217,227
Sub_total (a)	306,421	365,670
b. Deferred tax liability :		
Depreciation allowance on fixed assets	11,217,313	12,639,111
Total (b-a)	10,910,892	12,273,441
Note 2.5- Long-term provisions		
Gratuity	483,650	653,953
Leave encashment	135,149	172,897
Total	618,799	826,850
Note 2.6- Short-term borrowing		
(Secured, repayable on demand)		
Cash credit from bank :	78,853,214	87,071,520
(Above loan is secured against first charge by way of hypothecation of raw materials, stocks, book-debts, stores & spares and all other current assets of the Company both present and future, equitable mortgage of leasehold lands, hypothecation of all the movable fixed assets of the Company, both present and future along with personal guarantee of directors and corporate guarantee of companies under same management. The applicable rate of interest is base rate plus 2.5%.)		
Total	78,853,214	87,071,520
Note 2.7- Other current liabilities		
a. Current maturities of long-term debt	3,415,883	3,666,447
(Above amount is repayable within a year)		
b. Interest accrued but not due on borrowings	143,967	151,845
c. Statutory liabilities :		
Professional tax	4,825	3,955
Provident fund	116,724	105,251
Employees' State Insurance	38,884	34,472
Central Sales tax	-	46,460
Excise duty	438,976	151,625
Tax deduct at source / Tax collection at source	369,131	1,119,334
Sub_total (c)	968,540	1,461,097
d. Other payables :		
Advance received from customers	50,819	33,885
Salary, wages, bonus & other benefits	1,125,825	900,917
Sub_total (d)	1,176,644	934,802
Total (a+b+c+d)	5,705,034	6,214,191
Note 2.8- Short-term provisions		
Income tax	9,160,000	6,610,000
Proposed equity dividend (refer note below)	13,286,100	-
Dividend distribution tax	2,155,338	-
Total	24,601,438	6,610,000

Note: The Board of Directors has recommended dividend @ ₹0.75 per equity shares of ₹10/- each on 17,714,800 equity shares for the year ended 31.03.2012 (Previous year: ₹ Nil).

NOTES TO ACCOUNTS (Contd.) for the year ended 31st March 2012

Note 2.9- Fixed assets- Tangible assets and capital work-in-progress

(i) Tangible assets

(Amount in ₹)

Sl No	Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2011	Additions during the year	Deductions during the year	As at 31.03.2012	Up to 31.03.2011	For the year	Deductions during the year	Up to 31.03.2012	As at 31.03.2012	As at 31.03.2011
1	Leasehold Lands	13,012,792	-	-	13,012,792	-	-	-	-	13,012,792	13,012,792
2	Factory buildings	56,529,491	-	-	56,529,491	8,205,018	1,888,085	-	10,093,103	46,436,388	48,324,472
3	Air condition machines	925,843	27,300	-	953,143	458,913	44,556	-	503,469	449,674	466,930
4	Plant & machineries	120,353,919	1,826,973	-	122,180,892	48,217,739	12,761,538	-	60,979,277	61,201,615	72,136,180
5	Electric installations	7,062,420	-	-	7,062,420	3,058,948	335,465	-	3,394,413	3,668,007	4,003,472
6	Furniture & fixtures	3,221,280	112,404	-	3,333,684	786,342	213,527	-	999,869	2,333,815	2,434,938
7	Vehicles	3,922,741	1,213,932	449,911	4,686,762	1,053,927	441,416	277,243	1,218,100	3,468,662	2,868,814
8	Office equipments	515,239	24,046	-	539,285	257,389	43,242	-	300,631	238,654	157,850
9	Computers	1,340,794	21,440	-	1,362,234	896,423	219,214	-	1,115,637	246,597	444,371
	Total	206,884,519	3,226,095	449,911	209,660,703	62,934,699	15,947,043	277,243	78,604,499	131,056,204	143,849,819
	Previous year	199,390,912	7,654,729	161,123	206,884,519	47,859,891	15,085,306	10,498	62,934,699	143,949,819	-

(ii) Capital work-in-progress

Sl No	Particulars	As at 01.04.2011	Addition	Transfer *	As at 31.03.2012
10	Capital work-in-progress	155,000	18,897	173,897	-

*Note: The entire capital work-in-progress has been transferred to the block of plant & machineries.

Particulars	As at 31st March 2012	As at 31st March 2011
Note 2.10- Long-term loans and advances		
(Unsecured, considered good)		
Capital advances :		
a. Related party	55,000,000	27,800,000
b. Other	40,000,000	-
Total (a+b)	95,000,000	27,800,000
Note 2.11- Other non-current assets		
Share issue expenses	16,536,147	-
(To the extent not written off or adjusted)		
Total	16,536,147	-
Note 2.12- Inventories		
(As taken, valued and certified by the Management)		
Raw materials	8,353,924	37,569,636
Work-in-progress	61,856,490	48,486,212
Finished goods	3,990,564	1,623,711
Packing and printing materials	840,269	561,360
Stores and spares	4,996,396	4,155,692
Raw materials, store and spares in transit	2,222,173	2,904,850
Total	82,259,816	95,301,461
Note 2.13- Trade receivables		
(Unsecured, considered good)		
Outstanding for more than six months	4,195,036	478,144
Others	42,649,698	49,368,978
Total	46,844,734	49,847,122

NOTES TO ACCOUNTS (Contd.) for the year ended 31st March 2012

(Amount in ₹)

Particulars	As at 31st March 2012	As at 31st March 2011
Note 2.14- Cash and bank balances		
a. Cash and cash equivalents :		
Cash on hand (As certified by the Management)	47,756	23,124
Balances with bank	74,080	5,084,428
Sub_total (a)	121,836	5,107,552
b. Other bank balances :		
Fixed Deposits :		
Pledged against bank guarantees /letter of credit	2,928,610	3,002,735
IPO proceeds deposited in Escrow Account (refer note no. 2.35)	316,000,000	-
Sub_total (b)	318,928,610	3,002,735
Total (a+b)	319,050,446	8,110,287
Note 2.15- Short-term loans and advances		
(Unsecured, considered good)		
a. Advances to related parties -		
To Director	-	11,299
Sub total (a)	-	11,299
b. Others (recoverable in cash or in kind or for value to be received) :		
Advance to suppliers	8,062,346	17,602,036
Balances with excise authorities	3,947,625	3,583,866
Balances with state sales tax authorities	579,577	303,176
Security deposits	1,867,216	182,795
Advance income tax and tax deducted at source	3,447,573	1,178,267
Prepaid expenses	161,759	198,792
Subsidy receivable	-	237,574
Sub_total (b)	18,066,096	23,286,506
Total (a+b)	18,066,096	23,297,805
Note 2.16- Revenue from operations		
a. Sales :		
Domestic	403,386,229	404,915,379
Export	89,277,276	54,418,112
Sub_total (a)	492,663,505	459,333,491
b. Service :		
Job work charges	1,156,179	1,970,994
Sub_total (b)	1,156,179	1,970,994
Total (a+b)	493,819,684	461,304,485
Note 2.17- Other income		
Interest received	29,249,509	484,062
Sundry balances / liabilities written back (net)	-	488,550
Foreign currency fluctuation gain	2,229,838	-
Other receipts	259,045	338,152
Total	31,738,392	1,310,764

NOTES TO ACCOUNTS (Contd.) for the year ended 31st March 2012

(Amount in ₹)

Particulars	For the year ended 31st March 2012	For the year ended 31st March 2011
Note 2.18(a)- Cost of material consumed & manufacturing expenses		
a. Cost of material consumed :		
Raw materials -		
Poly Granules	285,325,382	251,311,982
Others	33,329,661	32,286,798
Printing and packing materials	3,108,188	3,028,660
Stores and spares	4,996,324	6,180,309
Sub_total (a)	326,759,555	292,807,749
b. Manufacturing expenses :		
Power and Fuel	28,608,801	28,329,061
Machine repairs	734,173	871,122
Building repairs	4,327,768	552,045
Inward freight, coolie, cartage and other expenses	4,098,151	11,763,395
Job work charges	7,732,820	3,364,201
Other manufacturing expenses	74,367	142,895
Sub_total (b)	45,576,080	45,022,719
Total (a+b)	372,335,635	337,830,468

Particulars	31.03.2012	31.03.2011
	% consumption / value-consumption	% consumption / value-consumption
Note 2.18(b) Particulars of material consumed (% and value)		
Imported	1.99%	20.83%
	6,328,003	59,078,076
Indigenous	98.01%	79.17%
	312,327,040	224,520,704

(Amount in ₹)

Particulars	For the year ended 31st March 2012	For the year ended 31st March 2011
Note 2.19- Change in inventories of finished goods, works-in-progress		
a. Opening Stock :		
Work-in-progress	48,486,212	15,132,637
Finished goods	1,623,711	5,046,573
Sub_total (a)	50,109,923	20,179,210
b. Closing Stock :		
Work-in-progress	61,856,490	48,486,212
Finished goods	3,990,564	1,623,711
Sub_total (b)	65,847,054	50,109,923
Change in inventories (a-b)	(15,737,131)	(29,930,713)
Note 2.20- Employee benefits expenses		
Salaries and wages, bonus and allowances	22,080,347	21,878,329
Directors' remuneration	2,160,000	2,160,000
Contribution to employees provident fund and ESIC	1,005,696	975,364
Staff welfare expenses	550,420	524,548
Gratuity	21,548	78,533
Total	25,818,011	25,616,774

NOTES TO ACCOUNTS (Contd.) for the year ended 31st March 2012

(Amount in ₹)

Particulars	For the year ended 31st March 2012	For the year ended 31st March 2011
Note 2.21- Finance costs		
a. Interest paid :		
On term loan	4,634,108	4,763,401
On cash credit	11,198,841	5,446,375
On others	4,896	97,004
Sub_total (a)	15,837,845	10,306,780
b. Finance charges	1,246,662	1,294,346
Total (a+b)	17,084,507	11,601,126
Note 2.22- Depreciation		
Depreciation	15,947,043	15,085,306
Total	15,947,043	15,085,306
Note 2.23- Other expenses		
a. Administration expenses :		
Rent	232,440	221,068
Rates and taxes	517,588	459,953
Repair and maintenance	1,118,444	232,248
Vehicle maintenance expenses	416,703	393,836
Insurance	289,531	275,029
Travelling and conveyance	265,895	429,855
Postage, telegraph and telephones	378,808	309,671
Printing and stationery	227,058	208,936
Legal and consultancy charges	2,662,001	454,013
Bad debts	303,286	331,209
Foreign currency fluctuation loss	-	595,599
Compensation paid	-	1,404,000
Prior period expenses (net)	-	163,649
Share issue expenses written off	4,134,037	-
Loss on sale of fixed assets	62,665	-
Sundry balances written off (net)	256,199	-
Miscellaneous expenses	973,437	1,270,844
Auditors' remuneration -		
Audit fee	40,000	15,000
Tax audit fee	10,000	2,500
Sub_total (a)	11,888,092	6,767,410
b. Selling and distribution expenses :		
Advertisement and publicity expenses	37,700	42,566
Sales tax and Value added tax	13,046,913	14,036,892
Freight and forwarding charges	9,503,307	7,939,037
Brokerage, commission and discounts	14,829,056	10,478,837
Sales promotion expenses	324,831	126,171
ECGC premium charges	291,985	155,514
Application and membership fees	33,655	32,215
Export inspection charges	10,000	2,000
Detention charges	136,897	71,335
Fumigation charges	81,200	28,600
Sub_total (b)	38,295,544	32,913,167
Total (a+b)	50,183,636	39,680,577

NOTES TO ACCOUNTS (Contd.) for the year ended 31st March 2012

- 2.24** In accordance with the West Bengal Incentive Scheme 2000, announced by the Govt. of West Bengal, the Company has approved an action plan for availing the subsidy benefits based on the eligibility certificate issued by the West Bengal Industrial Development Corporation Ltd. In view of the reasonable uncertainty and the method of calculation of subsidies, such subsidies are accounted for as and when the disbursements will be received.
- 2.25** In the opinion of the Board the Current Assets, Loans and Advances are not less than the stated value if realised in ordinary course of business. The provision for all known liabilities is adequate. There is no contingent liabilities except stated, as informed by the Management.
- 2.26** The Business of the Company falls under a single segment i.e. Manufacturing of PP Woven Sacks / Fabric / Liner. In view of the general classification notified by Central Government in exercise of powers conferred u/s 211(3C) of Companies Act, 1956 for Companies operating in single segment, the disclosure requirement as per Accounting Standard-17 on "Segment Reporting" is not applicable to the Company. The Company's business is mainly concentrated in similar geographical, political and economical conditions; hence disclosure for geographical segment is also not required.
- 2.27** The Company is in communication with its suppliers to ascertain the applicability of "The Micro Small and Medium Enterprises Development Act, 2006". As on the date of this Balance Sheet the Company has not received any communication from any of its suppliers regarding the applicability of this Act to them. This has been relied upon by the Auditors.

2.28 Earnings per share in accordance with AS-20:

Earnings per share is computed as under		2011-12	2010-11
Profit after taxation available for equity shareholders	(A) (₹)	15,612,917	18,030,907
Weighted average number of equity shares outstanding (B) *		15,464,800	13,214,800
Earnings per share (Face value of ₹10/- per share)			
Basic & Diluted	(A/B) (₹)	1.01	1.36

*Calculation of weighted average number of equity shares outstanding

Particulars	31.03.2012			31.03.2011		
	Shares	Months	Weighted Average	Shares	Months	Weighted Average
Opening balance of shares issued	13,214,800	12	13,214,800	13,214,800	12	13,214,800
Add: Issue of shares as on 30.09.11	4,500,000	6	2,250,000	-	-	-
	17,714,800		15,464,800	13,214,800		13,214,800

- 2.29** Prior period adjustment amounting ₹ Nil (Previous year ₹163, 649) debited to the Statement of Profit and Loss comprises of following income / expenses :

Particulars	2011-12	2010-11
Income		
Other Income	-	-
Expenses		
Other Expenses	-	163,649
Prior period adjustment (net)	-	163,649

2.30 Changes in Accounting Policy:

During the year, the Company has made provision for employee benefits in accordance with Accounting Standard-15 (Revised 2005) on "Employee Benefits". Consequent to this change, the employee cost for the current year is lower by ₹314,896. Further in accordance with the transitional provisions of AS-15, the excess provision towards Employee Benefits as on 01.04.2011 amounting to ₹236,874 has been credited to the Statement of Profit and Loss.

2.31 Post employment benefits:

- a) **Defined contribution plans:** The Company has recognised an expense of ₹1,005,696 (Previous year ₹975,364) towards the defined contribution plans.

NOTES TO ACCOUNTS (Contd.) for the year ended 31st March 2012

- b) **Defined benefit plans:** As per actuarial valuation as on 31st March 2012 and recognised in the financial statements in respect of Employee Benefit Schemes: (Amount in ₹)

Particulars	2011-12	2011-12
	Gratuity	Leave
I Components of employer expense		
1 Current service cost	146,292	21,343
2 Interest cost	39,738	8,613
3 Expected return on plan assets	—	—
4 Curtailment cost/ (credit)	—	—
5 Settlement cost/ (credit)	—	—
6 Past service cost	—	—
7 Actuarial losses/ (gains)	(164,482)	38,981
8 Total employer expense recognised in the Statement of Profit & Loss	21,548	68,937
Gratuity expense is recognised in Gratuity and Leave encashment in "Employee benefit expenses" under note 2.20		
II Net Asset/ (Liability) recognised in Balance Sheet		
1 Present value of defined benefit obligation	483,650	135,149
2 Fair value of plan assets	—	—
3 Funded status [surplus/ (deficit)]	(483,650)	(135,149)
4 Unrecognised past service costs	—	—
5 Net asset/ (liability) recognised in Balance Sheet	(483,650)	(135,149)
III Change in defined benefit obligation (DBO)		
1 Present value of DBO at the beginning of period	509,808	80,168
2 Current service cost	146,292	21,343
3 Interest cost	39,738	8,613
4 Curtailment cost/ (credit)	—	—
5 Settlement cost/ (credit)	—	—
6 Plan amendments	—	—
7 Acquisitions	—	—
8 Actuarial losses/ (gains)	(164,482)	38,981
9 Benefit payments	(47,706)	(13,956)
10 Present value of DBO at the end of period	483,650	135,149
IV Change in fair value of assets		
1 Plan assets at the beginning of period	—	—
2 Acquisition adjustment	—	—
3 Expected return on plan assets	—	—
4 Actual company contributions	47,706	13,956
5 Actuarial gain/ (loss)	—	—
6 Benefit payments	(47,706)	(13,956)
7 Plan assets at the end of period	—	—
V Actuarial assumptions		
1 Discount rate	8.00%	8.00%
2 Expected return on assets	N.A	N.A
3 Salary escalation	5.00%	5.00%
4 Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
5 The estimates of future salary increases, considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in employment market.		
6 Discount rate is based upon the market yields available on Government Bonds at the accounting date with a term that matches with that of liabilities.		

NOTES TO ACCOUNTS (Contd.) for the year ended 31st March 2012

2.32 Related party disclosures in accordance with AS-18:

a) Other related parties to whom the Company had transactions:

i. Key management personnel and their relatives :

Sl. No.	Name	Designation / Relationship
1.	Mr. Shanti Lal Baid	Managing Director
2.	Mr. Sandeep Baid	Whole time Director
3.	Mr. Vinod Dugar	Son-in-law of Managing Director

ii. Enterprises over which Key management personnel / major shareholders/their relatives have significant influence :

Sl. No.	Name of enterprise	Relationship with enterprise
1.	M/s. Ajanta Trading Company	Director's brother & son are partner
2.	M/s. R D Motors Private Ltd	Common director
3.	M/s. NTC Industries Ltd.	Entity under significant influence of KMP / relative of KMP
4.	M/s. RDB Realty & Infrastructure Ltd	
5.	M/s. Infra Vision Developers P Ltd	
6.	M/s. Prashant Commodities P Ltd	

b) Disclosure of transactions between the related parties and the status of outstanding balances as on 31.03.2012

Transaction with Key management personnel & their relatives

(Amount in ₹)

Nature of transaction	Name of related party	Key management personnel & their relatives	
		2011-2012	2010-11
Remuneration	Mr. Shanti Lal Baid	720,000	720,000
	Mr. Sandeep Baid	1,440,000	1,440,000
Balance payable at year end	Mr. Shanti Lal Baid	50,812	-
	Mr. Sandeep Baid	97,147	-
Balance receivable at year end	Mr. Shanti Lal Baid	-	2,500
	Mr. Sandeep Baid	-	8,799

Enterprises over which KMP & their relatives have significant influence

(Amount in ₹)

Nature of transaction	Name of related party	Enterprises over which KMP & their relatives have significant influence	
		2011-2012	2010-11
Rent paid	Mr. Vinod Dugar	60,000	-
	M/s. Prashant Commodities P Ltd	53,273	-
Purchase of store, spares & repair & maintenance Item	M/s. Ajanta Trading Company	460,798	645,345
Repair service availed, sale & purchase of car	M/s. R D Motors P Ltd	-	788,144
Sale of woven sacks	M/s. NTC Industries Ltd	285,966	-
Sale of pre-used car	M/s. NTC Industries Ltd	112,200	-
Compensation paid	M/s. NTC Industries Ltd	-	1,404,000
Advance given	M/s. Infra Vision Developer P Ltd	41,700,000	-
Advance refunded	M/s. Infra Vision Developer P Ltd	14,500,000	20,200,000
Loan given including net Interest	M/s. RDB Realty & Infrastructure Ltd	484,487,397	-
Loan refunded including net Interest	M/s. RDB Realty & Infrastructure Ltd	484,487,397	-
Balance payable at year end	M/s. Ajanta Trading Company	16,254	11,689
Balance receivable at year end	M/s. Infra Vision Developer P Ltd	55,000,000	27,800,000
	M/s. R D Motors P Ltd	-	1,999
	M/s. NTC Industries Ltd	82,967	-

Note: Related party relationships and transactions are identified by the Company on the basis of available information.

NOTES TO ACCOUNTS (Contd.) for the year ended 31st March 2012

2.33 Contingent liabilities:

- a) Estimated amount of contract remaining ₹ Nil (Previous year ₹50,000) is to be executed on capital account and not provided for.
- b) Unexpired bank guarantee is given by the Company against EPGC scheme and Public issue for ₹1,948,431 (Previous year ₹193,431).
- c) Outstanding liability on account of letter of credit is given by the Company against electricity security deposit for ₹2,910,000 (Previous year ₹2,910,000).
- d) On account of corporate guarantee given to bank for secured loan taken by group companies, ₹ 99,472,250 (Previous year ₹99,472,250)

2.34 C.I.F. value of imports, expenditure and earning in foreign currencies

(Amount in ₹)

Description	2011-12	2010-11
C.I.F. value of imports :		
- Raw materials	3,072,572	63,607,423
Earnings in foreign currency :		
- Export on F.O.B basis	82,837,066	42,673,622

2.35 The Company is under process of investigation as per SEBI ad interim exparte order WTM/PS/45/ID9/DEC/2011 dated 28.12.2011 in exercise of the powers conferred upon SEBI under section 11(1), 11(4), 11A and 11B of the said act and issued certain directions for the Company to comply with. Accordingly the Company recalled the secured loan from its group company and deposited the same in Escrow account.

2.36 The Company filed a WRIT petition (1971(W) of 2012) dated 04.02.2012 in Calcutta High Court challenging validity of SEBI's direction under Article 226. On 08.02.2012, the Company received an interim order from Court allowing SEBI to continue further investigation but restrained them to pass further order.

2.37 As a matter of prudence, interest accrued on Escrow Account of ₹2,553,937 and TDS there on of ₹255,394 for the year ended 31.03.2012 has not been accounted for in the Books of Accounts as the matter is sub judice, the recognition of interest has been postponed in accordance with AS-9 "Revenue recognition".

2.38 Note No 1 to 2.38 forms an integral part of financial statement.

For and on behalf of the Board

For S. M. DAGA & CO.
Chartered Accountants
Firm Regd. No. 303119E

Megh Raj Daga
Partner
Membership No. 013625

Place: Kolkata
Date: 28th May 2012

Shanti Lal Baid
Managing Director

Sandeep Baid
Whole time Director

Sweta Punjabi
Company Secretary



View of factory shed

DISCLAIMER

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We have tried wherever possible to identify such statements by using words such as ‘anticipates’, ‘estimates’, ‘expects’, ‘projects’, ‘intends’, ‘plans’, ‘believes’ and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



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