PUBLIC ANNOUNCEMENT TO THE SHAREHOLDERS OF RDB INDUSTRIES LIMITED

This Public Announcement is being issued by Microsec Capital Limited ("Manager to the Offer" or "MCL"), on behalf of Mr. Vinod Dugar and Mrs.Sheetal Dugar, promoters of RDB Industries Ltd ("Acquirers") pursuant to Regulations 11 and 12 of, and in compliance with, the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto ("SEBI (SAST) Regulations").

I. BACKGROUND TO THE OFFER

a) The Acquirers have entered into a Subscription Agreement with RDB Industries Limited ("RDB" or "Company"), on April 28, 2006 with respect to subscription and allotment on a preferential basis of an aggregate of 30,00,000 equity shares constituting 30% of Post Issue Equity Capital of the Company at a price of Rs.70/- (Rupees Seventy only) per share ("Issue" or "Preferential Issue"). The Issue is subject to various conditions precedent being fulfilled, including approval of shareholders, receipt of in-principle approval from both the Bombay Stock Exchange Ltd "BSE") and the Calcutta Stock Exchange Association Limited ("CSE").

b) The acquirers have acquired 26% issued and paid up share capital in Ankur Constructions Pvt. Ltd and Loka Properties Pvt. Ltd on April 28, 2006, which hold 375,000 equity shares and 377,100 equity shares aggregating to 5.906% and 5.939% respectively of the paid up capital of RDB. Pursuant to this acquisition, Regulations 11 and 12 are triggered for indirect increasing of holding of the acquirers in RDB.

c) On April 28, 2006 ("Board Meeting Date"), the Board of Directors of RDB approved the Issue and, in terms of Section 81(1A) of the Companies Act, 1956, called for an Extraordinary General Meeting on May 26, 2006 to obtain approval of shareholders and to authorize the Board to allot the shares as required under Regulations 23(1)(b) of SEBI (SAST) Regulations and also to issue and allot 650,000 equity shares representing 6.5% of the post issue paid up equity shares on a preferential basis to outside entities. On completion of the Issue, the voting equity share capital will comprise 10,000,000 equity shares ("Post Issue Equity Capital").

d) The acquirers belong to the Promoter Group of the Target Company which in aggregate along with PACs owns 17,10,353 equity shares aggregating 26.93% of the shares and voting rights of the Target Company. After the promoters have acquired a minimum of 26% equity shares in the companies Ankur Constructions Pvt Ltd and Loka Properties Pvt Ltd respectively the promoters and PACs now in aggregate own 24,62,453 equity shares aggregating 38.78% of the existing shares and voting rights of the Target Company. As a result of the above preferential issue and indirect acquisition of holding as mentioned in Clause 1(b) supra, the acquirers could acquire up to a maximum of 30,00,000 equity shares and the total voting rights of the promoter could stand increased up to a maximum of 54.62% if the entire shares proposed to be made to the acquirers is subscribed by them. The voting rights before and after preferential allotment (on a fully diluted basis) is given below:

Category	Voting Rights (%) before preferential allotment	Voting Rights (%) after preferential allotment
Promoters	38.78	54.62
Others	61.22	45.38
Total	**100.00**	**100.00**

II. THE OFFER

a) The Acquirers Mr. Vinod Dugar and Mrs. Sheetal Dugar are making an offer to the public shareholders of RDB to acquire up to 20,00,000 Fully Paid-Up Equity Shares ("share(s)") of Rs. 10/- each, representing in the aggregate 20% of the voting Post Issue Equity Capital of RDB at a price of Rs. 70 (Rupees Seventy only) per share ("Offer Price"), payable in cash and subject to the terms and conditions mentioned hereinafter ("Offer").

b) No other person is acting in concert with the Acquirers for the purpose of this Offer.

c) The Acquirers hold 1,88,078 equity shares (including shares of minor daughter) representing 2.96% shares in RDB as of the date of this Public Announcement. Mrs. Sheetal Dugar is not holding any shares of the Target Company as on date. The shareholding of Mr. Vinod Dugar would be 21,88,078 shares representing 21.88% and Mrs Sheetal Dugar would be 10,00,000 shares representing 10.00% of the post preferential paid up capital of the company on fully diluted basis assuming the full subscription on preferential allotment.

d) The Acquirers will acquire all the shares tendered and accepted under the Offer, subject to certain conditions and other terms and conditions set out in this Public Announcement and the Letter of Offer to be sent to the shareholders.

e) The Offer is not subject to any minimum level of acceptance.

f) The acquirers have not acquired or have been allotted any shares of the target company in the last twelve months prior to the date of the public announcement except the shares already held by them.

g) The target company will convene an extraordinary General Meeting of its shareholders and the Preferential issue will need to be passed by way of special resolution under section 81(1A) of the Companies Act,1956 and other applicable provisions.

h) The Manager to the Offer does not hold any equity shares in the Target Company, as of the date of this Public Announcement. They declare and undertake that they shall not deal in the shares of the RDB during the period commencing from the date of appointment as Manager to the Offer till the expiry of fifteen days from the date of closure of the offer.

i) The acquirers are permitted to revise this offer upward up to seven working days prior to the date of closure of the offer. In the event of such revision, an announcement will be made in the same newspapers where the PA has appeared and the revised offer price would be paid for all the equity shares tendered anytime during the offer.

j) This is not a competitive bid.

k) The Promoter holding in the Target Company as on May 4, 2006 is as below:

Name of the Shareholder	No. of Shares	%
Promoters		
Sunder Lal Dugar	551800	8.69%
Vinod Dugar	68023	1.07%
Yashashwi Dugar (Minor)	120055	1.89%
Rekha Benefit Trust	46300	0.73%
Rekha Jhabak	2950	0.05%
Khatod Investment & Finance Co. Ltd.	921225	14.51%
Loka Properties Pvt Ltd	375000	5.91%
Ankur Constructions Pvt Ltd	377100	5.94%
Total	**2462453**	**38.78%**

l) This public announcement is being published in all editions of Financial Express and Jansatta and also in Dainik Statesman (Kolkata).

m) The shares of RDB are listed on the BSE and CSE. Based on the information available, the shares of RDB are frequently traded on BSE (Source: BSE website) within the meaning of explanation i) to Regulation 20 (5) of the SEBI (SAST) Regulations. The Offer Price of Rs. 70 per share is justified in terms of Regulations 20 (4) of the SEBI (SAST) Regulations in view of the following:

- The Acquirers have entered into an Agreement with RDB on April 28, 2006 to subscribe to an aggregate of 30,00,000 equity shares at Rs. 70 per share through preferential allotment. Except for this, the Acquirers have not acquired any shares of RDB including through allotment in a public, rights or preferential issue during the 12 month period prior to the date of this Public Announcement.
- The share price data of RDB on BSE preceding the Board Meeting Date (April 28, 2006), where it is most frequently traded, is as under:

a)	The average of the weekly high and low of the closing prices of the shares of RDB during the 26-week period preceding the Board Meeting Date is Rs.	30.31
b)	The average of the daily high and low of the shares of RDB during the 2-week period preceding the Board Meeting Date Rs.	65.27

III. INFORMATION ON THE ACQUIRERS

Mr. Vinod Dugar

Mr. Vinod Dugar, son of Mr. Sundar Lal Dugar residing at 63, Park Street Kolkata-700 016 is actively involved in business of real estate and other ventures. He has gained experience in finance and real estate activities. He has keen interest in the automobile industry and is solely responsible for the successful running of dealership of passenger cars of Tata Motors.

Mrs Sheetal Dugar

Mrs Sheetal Dugar wife of Mr. Vinod Dugar residing at 63, Park Street Kolkata- 700 016 is a graduate by qualification. She is engaged in making strategic investments in real estate and securities.

Mr. Pawan Agarwal, partner of M/s Agarwal Shankar & Associates Chartered Accountants, having office at 7A, Bentinck Street, Kolkata – 700 001 (membership no 63196) has certified vide certificate dated 04.05.2006 that the acquirers have sufficient means to fulfill the obligations under the Offer and the net worth of the acquirers as on 28.02.2006 is as follows:

Name	Net worth (Rs in Lacs)
Mr. Vinod Dugar	205.33
Mrs. Sheetal Dugar	331.90

Further, the auditors have certified that the acquirers have made firm financial arrangements for implementing the open offer.

IV. INFORMATION ABOUT TARGET COMPANY

RDB Industries Limited ("RDB")

a) RDB is a public limited company with its registered office located at Bikaner Building 1st Floor, 8/1, Lal Bazaar Street, Kolkata-700 001.

b) RDB changed its name from R.D. Builders & Developers Limited to RDB Industries Limited on November 15, 1991.

c) RDB is primarily engaged in the business of cigarette manufacturing and real estate development.

d) The shares of RDB are listed on the BSE and CSE. As on April 27, 2006, the closing price of the shares of RDB was Rs. 84.25.

e) Based on the latest audited Annual Accounts of RDB, the Total Income as on March 31, 2005 was Rs. 1106.20 lacs as compared to Rs. 870.16 lacs as on March 31, 2004.

f) Profits/(Loss) after Tax for the year ended March 31, 2005 was Rs. 166.49 lacs as compared to Rs. 2.22 lacs as on March 31, 2004.

g) The paid up Equity Share Capital for the year ended March 31, 2005 and the year ended 31 March 2004 was Rs. 635.00 lacs. Reserves & Surplus for the year ended March 31, 2005 was Rs. 760.93 lacs as compared to Rs. 649.40 lacs on March 31, 2004. RDB had no Revaluation Reserve as on March 31, 2005.

h) Total Paid-up Equity Share Capital of RDB, as on the date of this Public Announcement is Rs. 635.00 lacs, divided into 63,50,000 fully paid-up shares of Rs. 10/- each. There are neither partly paid-up shares nor outstanding convertible instruments as on the date of this Public Announcement.

V. REASONS FOR THE OFFER AND FUTURE PLANS

a) In order to part finance the future growth plans of the company, the company intends to raise capital by issue of further equity shares on a preferential basis. Since, the promoter group intends to take 30,00,000 equity shares which is more than 5% of the voting capital of the company and further indirect acquisition of shares by acquiring 26.30% holding in Ankur Constructions Pvt. Ltd and 27.26% holding in Loka Properties Pvt. Ltd which in turn held 5.91% and 5.94% respectively in the target company and the provisions of Regulations 11 and 12 of the SEBI (SAST) Regulations became applicable. Hence, this offer of 20% of the fully expanded voting capital i.e 1,00,00,000 equity shares is made in terms of Regulations 11 and 12 of the SEBI (SAST) Regulations 1997.

b) Presently, RDB is engaged in cigarette manufacturing and real estate development. The management is of the opinion that taking up of large scale real estate development offer sustainable business opportunity. The company has acquired and is in the process of acquiring land for various projects and requires funds for investment in real estate ventures/companies, acquisition of companies in real estate development. The company has taken steps for taking approval of the shareholders in this regard.

c) The Acquirers do not have any plans to dispose of or otherwise encumber any assets of RDB for next 2 (two) years, except in the ordinary course of business of RDB and except to the extent required for the purpose of restructuring and/or rationalization of assets, investments, liabilities or otherwise of RDB.

d) Other than in the ordinary course of business, the Acquirers undertake that it shall not sell, dispose of or otherwise encumber any substantial asset of RDB except with the prior approval of shareholders of RDB.

VI. STATUTORY APPROVALS REQUIRED FOR THE OFFER

a) The Offer is subject to the receipt of approval for acquisition of Issue and shares from the shareholders of the Company. Besides this, as on the date of this Public Announcement, no other statutory approval is required to acquire the shares tendered pursuant to this Offer. The Acquirer will not proceed with the Offer in the event that any statutory approval indicated above is not obtained in terms of Regulation 27 of the SEBI (SAST) Regulations.

b) In case of delay in receipt of any statutory approval(s), SEBI has a power to grant an extension of time to the Acquirers for payment of consideration to shareholders, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also be applicable.

VII. OPTION IN TERMS OF REGULATION 21(3)

Assuming full acceptance of offer, the post offer voting capital with the public in target company would not be less than 25% of the voting capital of the company.

VIII. FINANCIAL ARRANGEMENTS

a) The total funding requirement for the acquisition of up to 20,00,000 shares held by shareholders in RDB at Rs. 70 per share is Rs. 14,00,00,000 (Rs. Fourteen crores only), M/s Agarwal Shankar & Associates, auditors of acquirers, having their office at 7A, Bentinck Street, Kolkata-700 001 have vide their letter dated May 04, 2006 certified that the acquirers have sufficient means to meet its obligations under Regulation 29 of the SEBI (SAST) Regulations. The acquirers have agreed to contribute cash in order to fulfill its obligations under Regulation 29 of the SEBI (SAST) Regulations. The Manager to the Offer is satisfied about the ability of the Acquirer to implement the Offer in accordance with the SEBI (SAST) Regulations as firm financial arrangements are in place to fulfil the obligations under the SEBI (SAST) Regulations.

b) Further, the acquirers have made a cash deposit of Rs.350,00,000 being 25% of the amount required under Regulation 28(2) of the SEBI (SAST) Regulations in a bank account with Standard Chartered Bank, N.S. Road, Kolkata- 700 001. MCL has been authorized to realize the value of the aforesaid bank account.

IX. OTHER TERMS OF THE OFFER

a) The Letter of Offer together with the Form of Acceptance Cum Acknowledgement will be mailed to the shareholders of RDB (except the Promoters and the Acquirers), whose names appear on the Register of Members of RDB and to the beneficial owners of the shares of RDB, whose names appear as beneficiaries on the records of the respective Depositories, at the close of business on June 02, 2006 ("Specified Date").

b) Shareholders who wish to tender their shares will be required to send the Form of Acceptance Cum Acknowledgement, original share certificate(s) and transfer deed(s) duly signed to the Registrar to the Offer – Niche Technologies Pvt. Limited, 71, B.R. B.B Road , D-511, Bagree Market, Kolkata- 700 001; Telephone number: (033) 2235-7271; Fax number: (033) 2215 6823 either by hand delivery on weekdays or by Registered Post, on or before the Close of the Offer, i.e. no later than July 17, 2006, in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance Cum Acknowledgement.

c) The Registrar to the Offer, M/s Niche Technologies Pvt. Limited has opened a special depository account with Shilpa Stock Broker Pvt Limited at the Central Depository Services (India) Ltd. (CDSL) called, "Niche Technologies Pvt. Ltd – RDBI- Open Offer Escrow Account". The DPID is IN 12025700 and Client ID is 00013142. Shareholders having their beneficiary account in NSDL have to use the inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the special depository account with CDSL.

d) Beneficial owners (holders of shares in dematerialized form) who wish to tender their shares will be required to send their Form of Acceptance Cum Acknowledgement along with the photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instructions in "Off market" mode, duly acknowledged by the Depository Participant ("DP"), in favour of the special depository account to the Registrar to the Offer – Niche Technologies Pvt. Limited, 71, B.R. B.B Road, D-511, Bagree Market, Kolkata- 700 001; Telephone number: (033) 2235-7271; Fax number: (033) 2215 6823, either by hand delivery on weekdays or by Registered Post, on or before the Close of the Offer, i.e., no later than July 17, 2006, in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance Cum Acknowledgement. The credit for the delivered shares should be received in the special depository account on or before close of the Offer, i.e., no later than July 17, 2006.

e) All owners (registered or unregistered) of shares of RDB except the Acquirer and parties to the Agreements are eligible to participate in the Offer anytime before the closure of the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating the Name, Address, number of shares held, number of shares offered, Distinctive numbers, Folio number, together with the original share certificate(s), valid transfer deeds and the original contract notes issued by the broker through whom they acquired their shares. No indemnity is required from the unregistered owners.

f) In case of non-receipt of the Letter of Offer, the eligible persons may send their consent to the Registrar to the Offer, on a plain paper stating the Name, Address, number of shares held, Distinctive numbers, Folio number, number of shares offered along with documents as mentioned above so as to reach the Registrar to the Offer on or before the Close of the Offer, i.e. no later than July 17, 2006, or in case of beneficial owners, they may send the application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the special depository account, so as to reach the Registrar to the Offer, on or before the close of the Offer, i.e. no later than July 17, 2006.

g) In terms of Regulation 22 (5A) of the SEBI (SAST) Regulations, equity shareholders desirous of withdrawing the acceptance tendered by them in the Offer may do so up to three (3) working days prior to the date of closure of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer as per the mode of delivery indicated therein on or before July 12, 2006.

- The withdrawal option can be exercised by submitting the Form of Withdrawal, enclosed with the Letter of Offer.
- In case of non-receipt of Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application along with the following details:
- In case of physical shares: Name, Address, Distinctive numbers, Folio number, number of shares tendered; and
- In case of dematerialised shares: Name, Address, number of shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the special depository account.

h) The Registrars to the Offer will hold in trust the shares/share certificates, shares lying in credit of the special depository account, Form of Acceptance Cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders of RDB who have accepted the Offer, till the cheques/drafts for the consideration and/ or the unaccepted shares/share certificates are dispatched/returned.

i) If the aggregate of the valid responses to the Offer exceeds the Offer size of 20,00,000 fully paid-up equity shares of RDB (representing 20% of the Post Issue Equity Capital of RDB), then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations. The shares of RDB are compulsorily traded in dematerialized form; hence minimum acceptance will be one share.

j) Unaccepted share certificates, transfer forms and other documents, if any, will be returned by registered post at the shareholders'/unregistered owners' sole risk to the sole/first shareholder. Unaccepted shares held in demat form will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance Cum Acknowledgement.

k) Shareholders who have sent their shares for dematerialization need to ensure that the process of getting their shares dematerialized is completed well in time so that the credit in the special depository account is received on or before the date of Closure of the Offer, i.e., not later than July 17, 2006, else their application will be rejected.

l) While tendering the shares under the Offer, NRIs/OCBs/ foreign shareholders will be required to submit the previous RBI approvals (specific or general) that they would have obtained for acquiring the shares of RDB. **In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such shares tendered.**

m) A schedule of the activities pertaining to the Offer is given below: -

Activity Day & Date

SL. No	Particulars	Day and Date
a)	Specified Date *	Friday, June 02,2006
b)	Last date for a competitive bid	Friday, May 26,2006
c)	Date by which Letter of Offer to be dispatched to shareholders	Monday, June 19, 2006
d)	Date of opening of the Offer	Wednesday, June 28, 2006
e)	Last date for revising the Offer Price	Thursday, July 06,2006
f)	Last date for withdrawing acceptance from the Offer	Wednesday, July 12, 2006
g)	Last date of closing of the Offer	Monday, July 17, 2006
h)	Last date of communicating rejection/ acceptance and payment of consideration for accepted tenders	Tuesday, August 01, 2006

* Specified date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer would be sent and all owners (registered or unregistered) of the shares of RDB (except the Acquirer and parties to Agreements) are eligible to participate in the Offer anytime before the closure of the Offer.

X. GENERAL

a) **Shareholders who have accepted the Offer by tendering the requisite documents, in terms of this Public Announcement and the Letter of Offer shall have the option to withdraw acceptance tendered by them up to three (3) working days prior to the date of closure of the Offer, in terms of Regulations 22 (5A) of the SEBI (SAST) Regulations.**

b) If there is any upward revision in the Offer Price by the Acquirers till the last date of revision viz. July 06, 2006, or withdrawal of the Offer, the same will be informed by way of a public announcement in the same newspapers in which this Public Announcement has appeared. The Acquirers would pay such revised price for all the shares validly tendered any time during the Offer and accepted under the Offer.

c) **If there is a competitive bid:**

- **The public offers under all the subsisting bids shall close on the same date.**
- **As the Offer Price can not be revised during the seven (7) working day period prior to the Closing date of the Offers / bids, it would, therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**

d) The Acquirers have not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the SEBI Act.

e) Pursuant to Regulation 13 of the SEBI (SAST) Regulations, the Acquirers have appointed Microsec Capital Limited as Manager to the Offer and Niche Technologies Pvt Ltd as Registrar to the Offer as per detail given below.

f) The Acquirers accepts responsibility for the information contained in this Public Announcement. The Acquirers are responsible for each of its obligations in terms of the SEBI (SAST) Regulations.

This Public Announcement will also be available on the SEBI's website (www.sebi.gov.in). Eligible persons to the Offer may also download a copy of the Form of Acceptance Cum Acknowledgement, which will be available on SEBI's website at (www.sebi.gov.in) from the Offer Opening Date, i.e. June 28, 2006.

Registrar to the Offer

Niche Technologies Pvt. Ltd.
D-511, Bagree Market
71, B R B Basu Road
Kolkata - 700001
Ph - 033-22357270/7271
Fax - 033-22156823
Contact Person:
Ms. Seema Bhuwalka
E- Mail: seema@nichetechpl.com

Issued by Manager to the Offer on behalf of the Acquirers

MICROSEC

Microsec Capital Limited
Azimganj House, 2nd Floor
7, Camac Street, Kolkata 700 017
Tel.: (033) 2282 9330 (5 Lines)
Fax: (033) 2282 9335
SEBI Regd No. INM 000010791
Contact Person:
Mr. Kamlesh Agarwal
E-mail: kagarwal@microsec.co.in
Website: www.microsec.co.in

Place: Kolkata
Date: May 04, 2006

Sobhagya/014/06-07