



December 17, 2022

To,

The Board of Directors  
RDB Realty and Infrastructure Limited  
Bikaner Building 8/1,  
Lal Bazar Street, 1st Floor, Room No. 10  
Kolkata WB 700001 IN

The Board of Directors  
RDB Real Estate Constructions Limited  
Bikaner Building, 8/1  
Lal Bazar Street, 1st Floor, Room No. 11  
Kolkata WB 700001 India

**Re: Fairness opinion on the Valuation Report for the proposed Demerger of RDB Realty & Infrastructure Limited into RDB Real Estate Constructions Limited.**

**Dear Members of the Board:**

We understand that Board of Directors of RDB Realty and Infrastructure Limited (here in after referred as "Demerged Company" or "RRIL") is considering a scheme of Arrangement to demerge its Realty Division to RDB Real Estate Constructions Limited (hereinafter referred to as the "Resulting Company" or "RRECL") as on 30 September, 2022 (hereinafter referred to as the "Valuation Date") under the Scheme of Arrangement (hereinafter referred to as "Scheme" or "Scheme of Arrangement").

The Share Entitlement Ratio for the Proposed Scheme for Demerger of RDB Realty & Infrastructure Limited into RDB Real Estate Constructions Limited has been determined by Mr. Vikash Goel, Independent Chartered Accountant and Registered Valuer, vide his valuation report dated December 17, 2022.

With reference to above, we Finshore Management Services Limited, a SEBI Registered (Cat-I) Merchant Banker have been appointed by the Demerged Company to provide our Fairness Opinion on the Valuation Report. Brief Background of the Companies, our opinion and basis for forming an opinion and caveats is as hereunder –

**1. Engagement background**

- 1.1. As per our understanding, the Management of the Demerged Company is considering to reorganize and restructure the business of RRIL by transferring its Realty division to RRECL pursuant to the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013.
- 1.2. The Demerged Company is engaged in Realty and Infrastructure business and owns the following two business undertakings:
- Realty Business Undertaking
  - Infrastructure Business Undertaking



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The Demerged Company would demerge its Realty Business Undertaking thereafter referred to as (the 'Demerged Undertaking') to the Resulting Company and it would continue to run and operate the Infrastructure Business Undertaking (hereinafter referred to as the 'Remaining Undertaking'). The underlying business rationale and objectives are as follows:-

- a. The Demerged Undertaking and the Remaining Undertaking have their own set of strengths and dynamics in the form of nature of risks, competition, challenges, opportunities and business methods, leading to different growth potentials. Hence, segregation of the two undertakings would enable a focused management to explore the potential business opportunities effectively and efficiently.
  - b. The demerger would result in achieving efficiency in operational processes by designing and implementing independent strategies specifically designed for the two businesses and in optimizing profitability. This would in turn enhance the shareholders' wealth.
  - c. Targeting and attracting new investors with specific focus and expertise in the two businesses, thereby providing the necessary funding impetus to the long-term growth strategy of the two businesses.
- 1.3. Subject to necessary approvals, Realty division of RRIL would demerge into RRECL, with effect from October 01, 2022 (Appointed Date), or such other date that may be fixed or approved by the appropriate authority.
  - 1.4. In consideration of the transfer of Demerged Undertaking of the Demerged company as a going concern, the Shareholders of the Demerged Company will be issued equity shares of RRECL as consideration. The final version of the draft scheme will be filed by the companies with the appropriate authorities.
  - 1.5. In this connection, the management of RDB Realty and Infrastructure Limited has engaged Finshore Management Services Ltd. to submit a report on the fairness of the Share Entitlement Ratio recommended in the Valuation Report issued by the Registered Valuer. Our scope of work includes commenting only on the fairness of the Share Entitlement Ratio.
  - 1.6. This report is subject to the scope, limitations and disclaimers hereinafter. As such the report is to be read in totality, not in parts and in conjunction with the relevant documents referred to hereinafter. This Opinion has only been issued for the purpose of facilitating demerger of the Demerged Undertaking of Demerger Company to RRECL and should not be used for any other purpose.



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The equity shares of the Resulting Company shall be issued in such a manner that the percentage of shareholding of the equity shareholders of the Demerged Company in the Resulting Company, after giving effect to cancellation of equity shares of the Resulting Company held by the Demerged Company and its nominees, is exactly same or mirror their inter-se shareholding in the Demerged.

Pursuant to the Scheme, the equity shares issued by the Resulting Company would be listed on BSE & CSE. Therefore, the existing shareholders of the Demerged Company would hold the shares of two listed entities after the Scheme becoming effective. Such shareholders would then be able to choose whether they want to remain invested in either or both the businesses/operations of the Demerged Company, giving them flexibility in managing their investment in the two businesses having differential dynamics.

The Board of Directors of the Demerged Company and the Resulting Company believe that the Scheme is in the best interests of the respective entities and their respective stakeholders including its minority shareholders for the reasons aforesaid.

(Source: Information as provided by RRIL)

## 2. Background of companies:

### 2.1. RDB Realty & Infrastructure Limited (RRIL)

RDB Realty & Infrastructure Limited (RRIL) is a part of RDB Group and was incorporated on 23<sup>rd</sup> June, 2006 under the companies act, 1956. It currently has two divisions, viz. Realty and Infrastructure. The Company is registered in Kolkata and has projects spread across India.

RRIL went public in 2010 after acquiring the real estate arm of RDB Industries Ltd. The Company is listed on Calcutta Stock Exchange (Stock Code: 28393) and Bombay Stock Exchange (Stock Code: 533285)

CIN	L16003WB2006PLC110039
Date of Incorporation	23/06/2006
Registered Address	Bikaner Building 8/1, Lalbazar Street 1st Floor Room No-10 Kolkata Wb 700001 In
Listing status	Company listed by Shares. [Shares are listed on Bombay Stock Exchange (BSE) and Calcutta Stock Exchange].
Directors	Anil Kumar Apat [PAN: ADAPA1526G] Ravi Prakash Pincha [DIN: 00094695] Pradeep Kumar Pugalia [DIN: 00501351] Sharad Kumar Bachhawat [DIN: 05161130] Abhay Doshi [DIN: 06428170] Rajeev Kumar [DIN: 07003686] Neera Chakravarty [DIN: 09096844] Ashok Kumar Jain [DIN: 09560734] Ritesh Kumar Jha [PAN: AOCPJ3618P]
Authorised Share Capital	INR 23,00,00,000 [2,30,00,000 Equity Shares of INR 10 each].
Paid up Share Capital	INR 17,28,34,000 [1,72,83,400 Equity shares of INR 10 each fully paid up].

[Source: [www.mca.gov.in/](http://www.mca.gov.in/)]





**Shareholding Pattern as on September 30, 2022 as follows:**

The Authorized, Subscribed and Paid-up Share Capital of the Demerged Company as on September 30, 2022 was as under:

Particulars	Amount (in Rs.)
<b>Authorised Share Capital</b>	
2,30,00,000 Equity Shares of Rs. 10/- each	23,00,00,000/-
<b>Total</b>	23,00,00,000/-
<b>Issued, Subscribed and Paid-Up Share Capital</b>	
1,72,83,400 Equity Shares of Rs. 10/- each fully paid up	17,28,34,000/-
<b>Total</b>	17,28,34,000/-

**2.2. RDB Real Estate Constructions Limited (RRECL)**

RDB Real Estate Constructions Ltd is an entity formed as part of RDB Group and has just begun its operations. The Company is classified as Non-govt company and is registered at Registrar of Companies, Kolkata. RDB Real Estate Constructions Ltd is involved in Real estate activities on a fee or contract basis. (This class includes buying, selling, renting managing and appraising real estate on a fee or contract basis).

CIN	U70200WB2018PLC227169
Date of Incorporation	27-07-2018
Registered Address	Bikaner Building, 8/1 Lalbazar Street, 1st Floor, Room No.-10, Kolkata-700001, West Bengal.
Directors	1) Pradeep Kumar Pugalia- 00501351 (DIN) 2) Ravi Prakash Pincha- 00094695 (DIN) 3) Kusum Devi Dugar- 00559322 (DIN)
Authorised Share Capital	INR 3,25,00,000 [32,50,000 Equity Shares of INR 10 each].
Paid up Share Capital	INR 1,01,00,000 [10,10,000 Equity shares of INR 10 each fully paid up].

[Source: [www.mca.gov.in/](http://www.mca.gov.in/)]







**Shareholding Pattern as on September 30, 2022 as follows:**

The Authorized, Subscribed and Paid-Up Share Capital of the Resulting Company as on September 30, 2022 was as under:

Particulars	Amount (in Rs.)
<b>Authorised Share Capital</b>	
32,50,000 Equity Shares of Rs. 10/- each	3,25,00,000/-
<b>Total</b>	<b>3,25,00,000/-</b>
<b>Issued, Subscribed and Paid-Up Share Capital</b>	
10,10,000 Equity Shares of Rs. 10/- each fully paid up	1,01,00,000/-
<b>Total</b>	<b>1,01,00,000/-</b>

Shares of RRECL are closely held and are not listed on any Stock Exchange. RDB Real Estate Constructions Limited is a wholly owned subsidiary of RDB Realty & Infra Structure Limited.

(Source: Information as provided by RRIL)



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### 3. SCOPE AND PURPOSE OF THE REPORT

- 3.1. As per our understanding, the Management of the Demerged Company is considering to reorganize and restructure the business of RRIL by transferring its Realty division to RRECL pursuant to the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013.
- 3.2. Subject to necessary approvals, Realty division of RRIL would demerge into RRECL, with effect from October 01, 2022 (Appointed Date), or such other date that may be fixed or approved by the appropriate authority.
- 3.3. In consideration of the transfer of Demerged Undertaking of the Demerged company as a going concern, the shareholders of the Demerged Company will be issued equity shares of RRECL as consideration. The final version of the draft scheme will be filed by the companies with the appropriate authorities.
- 3.4. In this connection, the management of RDB Realty and Infrastructure Limited has engaged Finshore Management Services Ltd. to submit a report on the fairness of the Share Entitlement Ratio recommended in the Valuation Report issued by the Registered Valuer. Our scope of work includes commenting only on the fairness of the Share Entitlement Ratio.
- 3.5. This report is subject to the scope, limitations and disclaimers hereinafter. As such the report is to be read in totality, not in parts and in conjunction with the relevant documents referred to hereinafter. This Opinion has only been issued for the purpose of facilitating demerger of the Demerged Undertaking of Demerger Company to RRECL and should not be used for any other purpose.

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#### 4. Sources of Information

We have relied on the following information for forming our opinion in the fairness of the Share Exchange Ratio:

- Brief received from the management about the company's background.
- Audited financial statement of RRIL for the period ended 30-9-2022.
- Audited accounts of RRECL for the period ended 30-9-2022.
- Details of Shareholdings of RRECL and RRIL as at 30-9-2022.
- Valuation Report by Mr. Vikash Goel Independent Chartered Accountant and Registered Valuer vide their valuation report dated December 17, 2022.
- Draft scheme of Arrangement as received from the management detailing the purpose and terms.
- Such other analysis, review and inquiries as we have considered necessary and long-term business plan of the Company.
- Such other information and explanations as were required by us and were furnished by the management.

#### 5. The Scheme Is Conditional Upon and Subject To

- a) The Scheme being approved by the respective requisite majorities in value of such class of person including members and/or Creditors, of the Demerged Company and the Resulting Company and requisite Order or Orders being obtained.
- b) Receipt of no-objection letter by the Demerged Company from the Stock Exchange and comments letter from SEBI in accordance with the SEBI Circular and LODR Regulations in respect of the Scheme (prior to filing the Scheme with the NCLT), which shall be in form and substance acceptable to the Demerged Company, acting reasonably and in good faith; The sanctions of the Hon'ble NCLT being obtained, under Sections 230 to 232 of the Act and other applicable provisions, if any, of the Act in favour of Demerged Company and Resulting Company and certified true copies of the Order sanctioning the Scheme passed by the Hon'ble NCLT under section 232 being filed with the Registrar of Companies, West Bengal and all other sanctions and approvals as may be required by law in respect of this Scheme being obtained.
- c) In the event of this Scheme failing to take effect finally, this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter se by the parties or their shareholders of creditors or employees or any other person. In such case each Company shall bear its own cost or as may be mutually agreed.

(Source: Draft Scheme of Arrangement)







#### 6. Scope And Limitations/Caveats

- a. Our opinion and analysis is limited to the extent of review of documents as provided to us by Demerged and Resulting Company including the Valuation report by the Registered Valuer Mr. Vikash Goel dated December 17, 2022. We have relied upon the accuracy and completeness of all information and documents provided to us, without carrying out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not reviewed any financial statement relating to these Companies. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Demerged and Resulting Company, if any.
- b. In rendering our opinion, we have assumed that the Scheme of Arrangement will be implemented on the terms described therein without any waiver or modification of any material terms or conditions and that in the course of obtaining the necessary regulatory approvals to the Scheme of Arrangement, no delay, limitation, restriction or conditions will be imposed that would have an adverse effect on the Scheme.
- c. We do not express an opinion as to any tax or other consequences that might arise from the Scheme of Arrangement nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the Companies have obtained such advice as it deemed necessary from qualified professionals.
- d. We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof. Our opinion is specific to the arrangement as contemplated in the Scheme of Arrangement provided to us and is not valid for any other purpose.
- e. Our engagement and opinion expressed herein are for the use of Board of Directors of the Companies in connection with the Scheme of Arrangement and for no other purpose. Neither we nor any of our affiliates, partners, directors, shareholders, managers, employees or agents or any of them make any representation or warranty, express or implied, as to the information and documents provided to us, based on which the opinion has been issued. All such parties and entities expressly disclaim any and all liability for or based on or relating to any such information contained therein.
- f. No decision should be taken based on this Report by any person intending to provide finance or invest in shares of the Companies and shall do so after seeking their own professional advice and carrying out their own due diligence to ensure that they are making an informed decision.
- g. Our opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme of Arrangement, if required or any matter related thereto.



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- h. Reproduction, Copying or otherwise quoting of our Report or any parts thereof, other than in connection with the scheme of Arrangement, can be done only with our prior consent in writing.
- i. Our report should not be construed as an opinion or certificate certifying the compliance of the Proposed Scheme of Arrangement with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implication or issues arising from proposed Arrangement.
- j. Our opinion is restricted to the Fairness opinion on the valuation report given by the Registered Valuer as required under Circular No CFD/DIL3/CIR/2017/21 dated 10th March, 2017 amended by Circular No. CFD/DIL3/CIR/2018/2 dated January 3, 2018 issued by the SEBI, further by Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/215 Dated November 3, 2020 "Schemes of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957" (and as amended from time to time).
- k. The fairness opinion is based on and is subject to the condition's precedent mentioned under Point 5 "The Scheme is conditional upon and subject to".
- l. We have no present or planned future interest in RRIL and RRECL and the fee payable for this opinion is not contingent upon the opinion reported herein. The company has been provided with an opportunity to review the draft opinion as a part of our standard practice to make sure that factual accuracy / omissions are avoided in our final opinion.
- m. The Opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Report. This opinion is issued on the understanding that the Management has drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of signature. We have no responsibility to update this report for events and circumstances occurring after the date of this Report.
- n. This Fairness opinion report is subject to the scope and limitations detailed herein. As such the report is to be read in totality, and not in parts and in conjunction with the relevant documents referred to in this report. This report has been issued only for the purpose of the facilitating the Scheme and should not be used for any other purpose.





## 7. Conclusion and Our Opinion

7.1. With reference to above and based on information provided by Management and after discussions with the Valuer, we understand that:

7.1.1. The management of the listed Demerged Company is contemplating to demerge Realty Business Undertaking Division and is proposed to be demerged from RRIL and transferred into RRECL.

7.1.2. Demerged Company has identified all the assets and liabilities which are to be taken over by and transferred to Resulting Company pursuant to Demerger.

7.1.3. The equity shares of the Resulting Company shall be issued in such a manner that the percentage of shareholding of the equity shareholders of the Demerged Company in the Resulting Company, after giving effect to cancellation of equity shares of the Resulting Company held by the Demerged Company and its nominees, is exactly same or mirror their inter-se shareholding in the Demerged.

7.1.4. Upon coming into effect of the Scheme and in consideration of the transfer and vesting of Demerged Undertaking into Resulting Company, Resulting Company shall issue equity shares to the equity shareholders of Demerged Company i.e., based on the Share Entitlement Ratio proposed by the Management.

7.1.5. It has also been represented by the management that the Pre and Post Demerger shareholding pattern of the Demerged Company will remain same.

With reference to above and based on information provided by Management of the Company, we understand that since Resulting Company is a wholly owned subsidiary of the Demerged Company, the set of shareholders and holding proportion being proposed for the Resulting Company is identical to the Demerged Company, the beneficial economic interest of the Shareholders of the Demerged Company will remain identical/same in the Resulting Company, at the time of Demerger.

Also, as stated by the Valuer and as per SEBI Circular- SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated March 10, 2017 *no valuation report is required in this Demerger. Further as per Circular No. CFD/DIL3/CIR/2018/2 dated January 3, 2018 Amendment to Para 7 SEBI Circular (CFD/DIL3/CIR/2017/21) dated March 10, 2017 issued by the SEBI states as follows:*

*"The Provisions of this circular shall not apply to schemes which solely provides for merger of a wholly owned subsidiary or its division with the parent company. However, such draft schemes shall be filed with the Stock Exchanges for the purpose of disclosures and the Stock Exchanges shall disseminate the scheme documents on their website"*



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Hence, this demerger being value neutral to the shareholders of the Demerged Company, the Valuer has recommended the Share Entitlement Ratio as under:

*"1 (One) Equity Share of Rs.10/- each in The Resulting Company credited as fully paid up for every 1 (One) Equity Share of Rs.10/- each fully paid up held by them in The Demerged Company"*

To the best of our knowledge and belief, the Entitlement ratio arrived by the Valuer under the Draft Scheme of Arrangement, *in our opinion, is fair considering that there is no change in shareholding pattern as every shareholder in Resulting Company holds Equity Shares in the same proportion as held in Demerged Company before the demerger.*

**For Finshore Management Services Limited**  
**SEBI Regd. CAT-I Merchant Banker, Regn No. INM000012185**

  
**S. Ramakrishna Iyengar**  
Director



**Date: 17 December 2022**  
**Place: Kolkata**