



**REPORT ON SHARE EXCHANGE RATIO  
BETWEEN SHAREHOLDERS OF  
RDB REALTY & INFRASTRUCTURE LTD  
AND  
RDB REAL ESTATE CONSTRUCTIONS LTD  
PURSUANT TO SEPARATION OF REALTY DIVISION OF  
RDB REALTY AND INFRASTRUCTURE LTD  
U/S 230 TO 232 OF THE COMPANIES ACT, 2013**

**VIKASH GOEL  
REGISTERED VALUERS  
REGN NO. IBBI/RV/01/2018/10339**



## VIKASH GOEL

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Board of Directors

RDB Realty and Infrastructure Limited

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Kolkata 700001,

West Bengal, India

Sub: Report on number of equity shares to be issued for the proposed separation of Realty Division of RDB Realty and Infrastructure Limited (RRIL) and its merger with RDB Real Estate Construction Limited (RRECL)

We have been engaged by the management of RDB Realty and Infrastructure Limited ("the Company" or "RRIL") for the purpose of assessing the share exchange ratio between RRIL and RRECL.

Based on the information provided by the management, I, Vikash Goel, Registered Valuer (Regn no: IBBI/RV/01/2018/10339), hereby confirm that I have arrived at the "Fair Value" ("Valuation" or "Value") of the Company as at March 31, 2020.

Based on our assessment, the shareholders of RRIL should receive 27 (Twenty-seven) Equity Shares of INR 10/- each as fully paid up to be issued by RRECL for every 50 (Fifty) Equity Shares of INR 10/-each as fully paid up and held by the shareholders of RRIL.

The detailed valuation report including computation of fair value of the equity shares of the Company has been attached in subsequent pages.

Regards



Vikash Goel

(IBBI Regn. No.: IBBI/RV/01/2018/10339)

(FCA Membership No. 067151)

Date: 12-Oct-2020

Place: Kolkata

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## Purpose of the engagement

RDB Realty and Infrastructure Limited (RRIL) was incorporated on 23<sup>rd</sup> June 2006 under The Companies Act, 1956 and currently has two divisions, viz., Realty and Infrastructure.

Realty division is engaged in real estate development business and does real estate development projects for domestic markets. This division works generally for the non-government sector. The Realty division has been facing some headwinds due to the issues facing the Real Estate sector in India and the ongoing slowdown in economic condition. The management believes that the Realty division requires special attention to face the challenges and provide a new direction to the Real Estate business headed by a new management team.

On the other hand, Infrastructure division carries out infrastructure development projects for domestic markets. Infrastructure development carried out at Infrastructure Division is the core business of RRIL which needs special attention of the Management to seize the new opportunities which this segment offers. To be competitive and maintain its domestic market share, it is necessary to improve operational and administrative efficiency and create the requisite infrastructure for obtaining good business.

Accordingly, RRIL intends to restructure and develop its two businesses to achieve optimum growth and development of both the business separately and to have separate concentrated focus on both the Real Estate and Infrastructure activities. The management believes that the nature of risk and competition involved in both the divisions of RRIL are divergent and consequently each division is capable of attracting different sets of investors. The activities carried out by RRIL have potential for growth and development and require large infusion of funds and undivided care and management attention. Therefore, both the businesses need separate set of directions and investment for development, expansion and optimum growth of their respective businesses and maximization of shareholders' value.

RRECL was incorporated on 27<sup>th</sup> July 2018 under The Companies Act, 2013 with a main objective of carrying on the business of real estate development. RRIL and RRECL have common promoters.

Under the circumstances, it is considered desirable and expedient to reorganize and restructure the business of RRIL by separating its Realty division for merger with RRECL, subject to shareholders' consent, statutory and other approvals. This may lead to better and more efficient management of its core Infrastructure activity having better focus and undivided attention in the best interests of its stakeholders. The transaction is in the nature of a Spin-Off transaction where the Realty Division will be separated from RRIL and will be merged with RRECL at fair value on a going concern basis. The transaction will be concluded by way of offer of shares of RRECL to the shareholders of RRIL in the ratio of their present equity holdings. The management plans to list RRECL on the stock exchange after the transaction subject to regulatory clearances. For this purpose, an exercise has been undertaken to estimate the fair market value of the equity shares of RRIL and RRECL and to decide the number of shares to be issued by RRECL against merger of RRIL's Realty division.

## Appointing authority

I, Vikash Goel, Registered Valuer with IBBI (Regn Number IBBI/RV/01/2018/10339) have been appointed by the Board of Directors of RRIL to arrive at the share exchange ratio between RRIL and RRECL. This appointment is based under rules prescribed by The Companies Act, 2013.



## Key dates

**Appointment Date:** We have been appointed by the management vide letter dated 14-Sep-2020.

**Valuation date:** The valuation exercise has been performed based on the information available to us as of March 31st, 2020. The share exchange ratio based on fair value should be considered to the value as on this date.

**Date of report:** Our valuation report has been submitted as of 12-Oct-2020.

## About the valuer

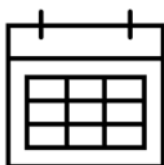
Vikash Goel (the "Valuer") is a Registered Valuer having Registration No. IBBI/RV/01/2018/10339. The Valuer is registered with the Insolvency and Bankruptcy Board of India to undertake the Valuation of Securities and Financial Assets of the Companies.

Vikash is a Chartered Accountant (Fellow member of ICAI – not in practice), CFA (ICFAI) and holds MS Finance and MBA in HR. He is also an alumnus of St Xavier's College, Kolkata and has studied from Indian Institute of Management Calcutta (IIM-C). Vikash has extensive experience of over 12 years spanning across Industry and Consulting. Vikash has significant experience in multiple areas including valuation of various types of assets. Vikash has conducted valuation across a variety of spectrum including but not limited to Insolvency, Issue of securities, Angel fund raising, Private equity exit, Private Placement, Valuation of shares under Income Tax, Investment advisory around valuation of shares, mutual funds, hedge funds and derivatives and is exposed to global valuation and business modelling practices for companies.

## Disclosure of valuer interest or conflict

We hereby confirm that the valuer is suitably qualified and authorized to practice as a valuer; does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the company (including the parties with whom the company is dealing, including the lender or selling agent, if any). The valuer accepts instructions only from the appointing authority or eligible instructing party with respect to the valuation engagement.

We have no present or planned future interest in the company or its group companies, if any and the fee payable for this valuation is not contingent upon the value reported herein.



## Background Information about the companies

### RDB Realty & Infrastructure Limited (RRIL)

RDB Realty and 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, Lal Bazar Street, 1st Floor, Room No-10, Kolkata 700001, West Bengal, India.
Listing status	Company listed by Shares [Shares are listed on Bombay Stock Exchange (BSE) and Calcutta Stock Exchange (CSE)]
Directors	1) Pradeep Kumar Pugalia [DIN: 00501351] 2) Ravi Prakash Pincha [DIN: 00094695] 3) Kusum Devi Dugar [DIN: 00559322] 4) Aditya Ravinder Kumar Mehra [DIN: 00984678] 5) Sharad Kumar Bachhawat [DIN: 05161130] 6) Sarthak Garg [DIN: 08284837]
Authorised Share Capital [31-03-20]	INR 23,00,00,000 [2,30,00,000 Equity shares of INR 10 each]
Paid up Share Capital [31-03-20]	INR 17,28,34,000 [1,72,83,400 Equity shares of INR 10 each fully paid up]

[Source: mca.gov.in]





## Financial Snapshot of RRIL (Extracts)

Particulars (INR Lakhs)	31-Mar-2020	31-Mar-2019	31-Mar-2018
Revenue from Operations	648.23	2,386.21	2,289.23
Total Income	652.54	2,570.26	2,357.19
Total Expenses	616.65	2,470.06	2,278.07
Profit Before Tax (PBT)	35.88	100.20	79.12
Profit After Tax (PAT)	39.03	83.49	82.94
Share Capital	1,728.34	1,728.34	1,728.34
Other Equity	8,019.57	7,901.83	7,809.19
Shareholders' Equity	9,747.91	9,630.17	9,537.53
Non-Current Liabilities	3,001.70	2,123.76	961.74
Net Working Capital	4,272.44	6,336.81	5,787.26

## Pattern of shareholding

The shareholding pattern of the company is as follows:

Sl. No.	Name of the shareholder	Promoter Y/N	No. of Shares 30-Sep-20
1.	Sunder Lal Dugar	Y	6,20,700
2.	Rekha Jhabak	Y	2,950
3.	Kusum Devi Dugar	Y	5,000
4.	Yashashwi Dugar	Y	55
5.	Ankur Constructions Pvt Ltd.	Y	3,75,000
6.	Loka Properties Pvt Limited	Y	3,77,100
7.	Khatod Investments & Finance Co Ltd	Y	29,60,625
8.	Sunder Lal Dugar- on behalf of Moti Lal Dugar HUF	Y	67,200
9.	NTC Industries Limited	Y	12,60,000
10.	YMS Finance Private Limited	Y	1,16,122
11.	Vinod Dugar- on behalf of Rekha Benefit Trust	Y	46,400
12.	BFM Industries Limited	Y	32,48,600
13.	Sheetal Dugar	Y	16,39,882
14.	Vinod Dugar	Y	20,71,523
	Total Promoters' holding		1,27,91,157
15.	3887 public shareholders	N	44,92,243
	Total holding of public shareholders		44,92,243
	TOTAL		1,72,83,400



## RDB Real Estate Constructions Limited (RRECL)

RDB Real Estate Constructions Ltd is a new 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.]

RDB Real Estate Constructions Limited's Annual General Meeting (AGM) was last held on 30 September 2019 and as per records from Ministry of Corporate Affairs (MCA), its balance sheet was last filed on 31 March 2019.

CIN	U70200WB2018PLC227169
Date of Incorporation	27/07/2018
Registered Address	Bikaner Building, 8/1 Lal Bazar Street, 1st Floor, Room No.-11, Kolkata-700001, West Bengal, India.
Directors	1) Ravi Prakash Pincha [DIN: 00094695] 2) Pradeep Kumar Pugalia [DIN: 00501351] 3) Kusum Devi Dugar [DIN: 00559322]
Listing status	Not Listed
Authorised Share Capital [31-03-20]	INR 3,25,00,000 [32,50,000 Equity Shares of INR 10/- each.]
Paid up Share Capital [31-03-20]	INR 1,01,00,000 [10,10,000 Equity Shares of INR 10/- each fully paid up]

[Source: mca.gov.in] [Dated: 30-Sep-2020]





## Financial Snapshot of RRECL (Extracts)

Particulars (Amount in INR)	31-Mar-2020	31-Mar-2019	31-Mar-2018
Total Income	1,50,000	-	N/A
Total Expenses	1,37,098	19,345	N/A
Profit Before Tax (PBT)	12,902	(19,345)	N/A
Profit After Tax (PAT)	10,502	(19,345)	N/A
Share Capital	1,01,00,000	1,00,000	N/A
Other Equity	(8,843)	(19,345)	N/A
Shareholders' Equity	1,00,91,157	80,655	N/A
Net Working Capital	98,10,357	80,655	N/A

The company was incorporated in July 2018 and hence Financial Statements for Year Ending March 2018 is not applicable.

## Pattern of shareholding

The shareholding pattern of the company is as follows:

Sl. No.	Name of Shareholder	Promoter Y/N	No. of shares 30-Sep-20
1.	Vinod Dugar	Y	2,02,500
2.	Sheetal Dugar	Y	4,52,500
3.	Yashashwi Dugar	Y	1,01,000
4.	Sunder Lal Dugar	Y	1,000
5.	Kusum Devi Dugar	Y	1,000
6.	Rekha Jhabak	Y	1,000
7.	YMS Finance Pvt Ltd	Y	1,000
8.	Veekay Apartments Pvt. Ltd	N	1,00,000
9.	Somani Estates Pvt Ltd	N	1,50,000
	TOTAL		10,10,000



## Inspections and investigations

The Valuation is being done as on the Valuation Date considering the information and documents produced before us for the purpose of ascertaining the share exchange ratio.

We have relied on accuracy and completeness of all the information and explanations provided by the management. We have not carried out any due diligence or independent verification or validation to establish its accuracy or sufficiency. We have received representations from the management and have accordingly assessed the fair value. We believe that given the nature of the valuation and the underlying reports made available to us, it is plausible to carry out such valuation.

## Sources of information

The Valuation is based on various documents, data and information furnished by the Demerged Company that have been reviewed by us and include, amongst others,

- Audited accounts of RRIL for the financial years 2016-17, 2017-18, 2018-19 and 2019-20
- Audited accounts of RRECL for the financial year 2018-19 & 2019-20.
- Details of Shareholdings of RRECL and RRIL as at 31-03-2020.
- Such other analysis, review and inquiries as we have considered necessary and long-term business plan of the Company.
- Other relevant details relating to the Company such as shareholding pattern and other data.
- Such other information and explanations as were required by us and were furnished by the management.
- Public documents as available from external sources such as MCA (mca.gov.in).
- Market / industry information.

We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or used by us; we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the Company. The valuation analysis and result are substantively based only on information contained in this report and are governed by concept of materiality.



## Caveats, limitations and disclaimers

1. **Restriction on use of Valuation Report:** This document has been prepared for the purposes stated herein and should not be relied upon for any other purpose. The managements of the Transferor companies and the Transferee Company are the only authorized user of this report and is restricted for the purpose indicated in the report. This restriction does not preclude the Appointing Authority from providing a copy of the report to its internal stakeholders on a need-to-know basis, auditors, regulators and third-party advisors whose review would be consistent with the intended use. Our report is subject to the scope and limitations detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made. We do not take any responsibility for the unauthorized use of this report.
2. **Purpose:** Our report is meant for the purpose mentioned above and should not be used for any purpose other than the purpose mentioned therein. The Report should not be copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.
3. **No advice towards investment or on transaction:** Our Valuation report should not be construed as advice for the transaction. Specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction. We express no opinion or recommendation, and the stakeholders are expected to exercise their own discretion. We would not be responsible for the decision taken by anybody based on this report.
4. **Responsibility of Registered Valuer:** We owe responsibility only to the appointing authority that has appointed us under the terms of the engagement. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions or advice given by any other person. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the client or companies, their directors, employees or agents. In any case, our liability to the management or any third party is limited to be not more than 50% of the amount of the fee received by us for this engagement.
5. **Accuracy of Information:** While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the clients existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by the appointing authority/management. Accordingly, we express no audit opinion or any other form of assurance on this information.
6. **Achievability of the forecast results:** We do not provide assurance on the achievability of the results forecast by the management as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of management.
7. **Post Valuation Date Events:** An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in



effect on, and the information made available to us as of, the date hereof. The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the valuation date. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report. Due to possible changes in market forces and circumstances, this valuation report can only be regarded as relevant as at the Valuation Date.

8. **Range of Value Estimate:** The valuation of companies and assets is made based on the available facts and circumstances and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Although every scientific method has been employed in systematically arriving at the value, there is no indisputable single value and the estimate of the value is normally expressed as falling within a likely range. To comply with the engagement's requirements, we have provided a single value for the overall Fair Value of the assets of the Company, derived based on appropriate approaches. Whilst, we consider the valuation to be both reasonable and defensible based on the information available, others may place a different value.
9. **No Responsibility to the Actual Price of the subject asset:** The actual market price achieved may be higher or lower than our estimate of value/value range depending upon the circumstances of the transaction (for example the competitive bidding environment), the nature of the business (for example the purchaser's perception of potential synergies). The knowledge, negotiating ability and motivation of the buyers and sellers and the applicability of a discount or premium for control will also affect actual market price achieved. Accordingly, our valuation conclusion will not necessarily be the price at which actual transaction will take place. The final transaction price is something on which the parties themselves have to agree. We also emphasize that our opinion is not the only factor that should be considered by the parties in agreeing the transaction price or swap ratio.
10. **Reliance on the representations of the management and other third parties:** In the course of the valuation, we were provided with both written and verbal information. We have however, evaluated the information provided to us by the Company through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the assumptions, forecasts and other information given by/on behalf of the Company. The management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the management and other third parties concerning the financial data, operational data except as specifically stated to the contrary in the report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.
11. **No procedure performed to corroborate information taken from reliable external Sources:** We have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.



12. **Compliance with relevant laws:** The report assumes that the company/business/asset complies fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that the companies/business/assets will be managed in a competent and responsible manner. This Report does not look into the business/commercial reasons behind the transaction nor the likely benefits arising out of the same. In addition, we express no opinion or recommendation, and the stakeholders are expected to exercise their own discretion. Further, unless specifically stated to the contrary, this report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/reflected in the balance sheet/fixed assets register provided to us.
13. **Multiple factors affecting the Valuation Report:** The valuation report is tempered by the exercise of judicious discretion by us, taking into account the relevant factors. There will always be several factors, e.g. management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the Balance Sheet but could strongly influence the value.
14. **Questions, Appearances or Testimony in courts/ tribunals/ authorities:** Our engagement is limited to preparing the report to be submitted to the management. We shall not be liable to provide any evidence for any matters stated in the report nor shall we be liable or responsible to provide any explanation or written statement for any assumption, information, methodology or any other matter pertaining to the report. However, in case we are required to appear before any regulatory authority as per law, the party seeking our evidence in the proceedings shall bear the cost/professional fee of attending court / judicial proceedings and our tendering evidence before such authority shall be under the applicable laws.
15. **Fees and Independence:** We are independent of the client/company and have no current or expected interest in the Company or its assets. The fee paid/to be paid for our services in no way influenced the results of our analysis.



## Valuation

The valuation exercise is aimed at the assessment of the Fair Value of the company. We are required to arrive at the above valuations based on internationally accepted valuation practices.

As per RICS appraisal Manual, the Fair Value (FV) is defined as *'The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.'*

Ind AS (113) as well as IFRS 13 defines fair value as *"the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."*

### Valuation bases and premise

ICAI valuation Standards 102 prescribes three bases of value viz;

**Fair Value:** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.

**Participant Specific Value:** Participant specific value is the estimated value of an asset or liability considering specific advantages or disadvantages of either of the owner or identified acquirer or identified participants

**Liquidation Value:** Liquidation value is the amount that will be realised on sale of an asset or a group of assets when an actual/hypothetical termination of the business is contemplated / assumed. It may be orderly liquidation or forced sale.

The Valuation base is Fair Value and is conducted on the premise of Going concern i.e. the company is expected to operate in the long run for an indefinite period.

### Approach and methodology:

Valuation is not an exact science and is dependent on various factors such as specific nature of business, economic life cycle in which the industry and company is operating, past financial performance of the business, future growth potential of the business, business model, management of the company, relevance of technology in the business model, liquidity of equity and much more. The results of the valuation exercise may vary significantly depending on the basis used, the specific circumstances and the judgement of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue.

It is understood that RRECL will acquire the Realty Division and accordingly, the shareholders of RRIL will get shares of RRECL that would correspond to the value of the Realty Division being separated.

There are several internationally accepted and commonly used pricing methodologies for determining the fair value of the shares of a company, whose shares are not listed on a stock exchange such as:





1. Cost Approach
2. Market Approach
3. Income Approach

#### Market Approach

Stock exchange quotations reflect the value of shares or the value of investment in a quoted stock. Value of equity shares under this method is computed based on historical average of market price quotations of company's shares on stock exchanges. RRIL is a public company listed in BSE and CSE. However, RRECL is a closely held company and its shares are not listed on any stock exchange. Also, given the current state of affairs, it is not plausible to obtain the comparable companies for RRECL and accordingly, comparable companies method or relative valuation methods would not be appropriate. Therefore, this method cannot be used for both the companies.

#### Income Approach

Value of the business using income approach is estimated based on the earnings capacity of the entity or net present value of cash flows earned from the business. Profit Earnings Capacity Value (PECV) Method or Discounted Cash Flow (DCF) Method is used to estimate the value of the entity using Income Approach.

Whereas DCF Method estimates the value of business by the cash flows which are forecasted to be earned in future, PECV method capitalizes future maintainable profits (based on past trends and expected change in business activities) to estimate the value of the business.

As stated earlier both the companies are yet to utilize their full potential and are in the process of exploring various options for strengthening their operations. Past working results do not indicate true potential of these companies. Financial forecasts for a longer term also cannot be reliably drawn at this stage of business restructuring for these companies. In absence of reliable financial projections for future years and marginal operation in the past two three years, in particular, we have not used Income Approach of valuation.

#### Cost Approach

The Cost Approach is based on the value per share of the underlying net assets and liabilities of the Company, either on a book value basis or replacement cost basis. This valuation approach is used in cases where the asset base dominates earnings capacity. We have obtained the financial position of the respective entities as on valuation date. Further RRIL and RRECL belong to the same promoter group and the shareholders of RRIL will be entitled to the shares of RRECL pursuant to the transaction. Thus, transfer of Realty Division of RRIL to RRECL may be viewed as an internal arrangement within the group.

We have assessed the value of the assets belonging to the Realty division that will be separated using the book value approach for estimating the number of shares to be issued by RRECL.

The underlying basis of replacement value or realizable value method is determining a hypothetical liquidation value of the assets. We have not used the replacement value or realizable value as there is neither any major threat to the business of the companies nor they are under liquidation. The separation of Realty division of RRIL and its transfer to RRECL is proposed for internal restructuring of both the companies and bringing two different lines of activities under separate administrative control of the independent companies having focused attention for the respective business.



## Valuation results

### Value of the Realty division of RDB Realty & Infrastructure Limited:

Particulars	Total	Infrastructure	Realty
<b><u>Assets</u></b>			
Non-current assets			
Property, Plant and Equipment	24,87,542	14,68,907	10,18,635
Right of Use	49,98,347	-	49,98,347
Intangibles	20,933	20,933	-
Investment	81,10,16,077	10,20,224	80,99,95,853
Other financial assets	70,45,525	15,03,427	55,42,098
Deferred tax assets (Net)	25,61,937	25,61,937	-
Other non-current assets	1,95,86,631	-	1,95,86,631
Total Non - Current Assets	84,77,16,992	65,75,428	84,11,41,565
Current assets			
Inventories	1,14,65,54,512	83,51,06,342	31,14,48,170
Trade receivables	10,55,97,816	9,27,29,294	1,28,68,522
Cash and cash equivalents	3,49,25,462	3,29,32,017	19,93,445
Other financial assets	11,06,64,176	1,39,47,060	9,67,17,116
Current Tax Assets	3,76,93,201	15,47,373	3,61,45,828
Other current assets	4,91,46,378	4,16,54,768	74,91,610
Total Current Assets	1,48,45,81,546	1,01,79,16,854	46,66,64,692
Total Assets	2,33,22,98,538	1,02,44,92,282	1,30,78,06,256
<b><u>Equity and Liabilities</u></b>			
Equity Share capital	17,28,34,000	17,28,34,000	-
Other Equity	80,19,56,970	(5,88,64,928)	86,08,21,898
Total equity	97,47,90,970	11,39,69,072	86,08,21,898
Non-current liabilities			
Borrowings	28,43,11,300	28,43,11,300	-
Other financial liabilities	1,51,41,589	74,20,000	77,21,589
Provisions	7,17,143	7,17,143	-
Total non-current liabilities	30,01,70,032	29,24,48,443	77,21,589
Current liabilities			
Borrowings	26,18,12,421	21,14,93,981	5,03,18,440
Trade and other payables	7,83,03,614	4,67,19,206	3,15,84,408
Other financial liabilities	3,65,39,220	2,93,90,431	71,48,789
Other current liabilities	67,29,41,859	41,58,01,293	25,71,40,566
Provisions	77,40,422	77,40,422	-
Total Current Liabilities	1,05,73,37,536	71,11,45,334	34,61,92,202
Total liabilities	1,35,75,07,568	1,00,35,93,777	35,39,13,791
Total Equity & Liabilities	2,33,22,98,538	1,11,75,62,849	1,21,47,35,689
Net = Asset - Liabilities		(9,30,70,567)	9,30,70,567

The Assets of Realty division is in excess of Infrastructure division by INR 9,30,70,567 being considered as the value of the Realty Division.



## Value of equity shares of RDB Real Estate Constructions Limited as at 31-03-2020

Particulars	Amount (INR)
Share Capital	101,00,000
Add: Reserves & Surplus	(8,843)
Net worth	1,00,91,157
No. of shares	10,10,000
Book Value of Equity Shares of INR 10/- each	Rs. 9.99

Value of Equity Shares of RRECL as at 31-03-2020 thus works out to INR 10.00/- each as fresh shares cannot be issued at discount as per the provisions of section 53 of the Companies Act 2013.

## Conclusion on Share Exchange Ratio

The assets pertaining to Realty division of RRIL are being transferred to RRECL with the object of having independent and optimum growth and development of the Realty division under different umbrella of management with greater focus and attention. Both RRIL and RRECL have common promoters and the shareholders of RRIL will have the same shareholders as RRECL. Thus, the transfer of the Realty division of RRIL to RRECL may be viewed as an internal arrangement within the group to unlock the fair value of both the Infrastructure and Realty division without affecting any outside party.

The transfer of assets from RRIL to RRECL at book value along with proportionate reserves and surplus is a practical approach as ascertainment of market prices of such assets would be only a theoretical exercise taking into cognizance of unrealized gain on such assets. These assets have been acquired over number of years after incorporation of RRIL.

In the light of the foregoing, it is recommended that RRECL may discharge its obligation by issue of Equity Shares of requisite value in exchange of the book value of net assets being transferred (after deduction of proportionate reserves and surplus to be transferred along with the investments) to RRECL.

Calculation of the no. of shares to be issued to the Equity Shareholders of RRIL is given below:

Particulars	Amount (INR)
Net Consideration for transfer of Realty division of RRIL	9,30,70,567
Number of shares to be issued by RRECL (9,30,70,567 / 10)	93,07,057
No. of equity shares of RRIL	1,72,83,400
Ratio of shares of RRECL vs RRIL [93,07,057/17,283,400] i.e. 0.54	27/ 50

Therefore, shareholders of RRIL shall be entitled to 27 (Twenty-seven) Equity Shares of INR 10/- each of RRECL credited as fully paid up for every 50 (Fifty) Equity Shares of INR 10/- each credited as fully paid up and held by them in RRIL. RRECL shall be entitled to discharge the consideration in respect of entitlement of Equity Shareholders of RRIL in cash to the extent of fractional entitlements of Equity Shares at book value.

----- End of the Report -----

