



October 15,2020

To,
The Board of Directors
RDB Realty and Infrastructure Limited
Bikaner Building 8/1,
Lalbazar Street
1st Floor Room No-10
Kolkata Wb 700001 IN

Re: Fairness opinion on the Valuation Report for proposed demerger of Realty Division of RDB Realty and Infrastructure Limited (RRIL) and its merger with RDB Real Estate Construction Limited (RRECL).

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 demerger of its Realty Division and its merger with RDB Real Estate Constructions Limited (hereinafter referred to as the "RRECL"), as on 31st March'2020 (hereinafter referred to as the "Valuation Date") under the Scheme of Demerger (hereinafter referred to as "Scheme" or "Scheme of Demerger")

The share exchange ratio for the Proposed Scheme for Demerger has been determined by Mr. Vikash Goel Independent Chartered Accountant and Registered Valuer vide his valuation report dated October 12 ,2020

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. Purpose of the engagement

RDB Realty and Infrastructure Limited (RRIL) was incorporated on 23rd 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.

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.



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(CIN : U74900WB2011PLC169377) • Website : www.finshoregroup.com

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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 27th 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 promoter.

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 involves separation of Realty Division from RRIL and merger 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.

(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 23rd 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 | Pradeep Kumar Pugalia- 00501351 (DIN) Ravi Prakash Pincha- 00094695 (DIN) Kusum Devi Dugar- 00559322 (DIN) Aditya Ravinder Kumar Mehra- 00984678 (DIN) |





| | |
|-------------------------------------|---|
| | Sharad Kumar Bachhawat- 05161130 (DIN) Sarathak Garg- 08284837](DIN) |
| 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]. |

Pattern of shareholding as on Sept 30,2020 as follows:

| Sl. No. | Name of the shareholder | No. of Shares held | % holding |
|---------|--|--------------------|--------------|
| 1. | Sunder Lal Dugar | 6,20,700 | 3.59 |
| 2. | Rekha Jhabak | 2,950 | 0.02 |
| 3 | Kusum Devi Dugar | 5,000 | 0.03 |
| 4 | Yashashwi Dugar | 55 | 0.00 |
| 5. | Ankur Constructions Pvt Ltd. | 3,75,000 | 2.17 |
| 6. | Loka Properties Pvt Limited | 3,77,100 | 2.18 |
| 7. | Khatod Investments and Finance Company Limited | 29,60,625 | 17.13 |
| 8. | Sunder Lal Dugar on behalf of Moti Lal Dugar HUF | 67,200 | 0.39 |
| 9. | NTC Industries Limited | 12,60,000 | 7.29 |
| 10. | YMS Finance Private Limited | 1,16,122 | 0.67 |
| 11. | Vinod Dugar on behalf of Rekha Benefit Trust | 46,400 | 0.27 |
| 12. | BFM Industries Limited | 32,48,600 | 18.80 |
| 13. | Sheetal Dugar | 16,39,882 | 9.49 |
| 14. | Vinod Dugar | 20,71,523 | 11.98 |
| | Total Promoters' holding | 1,27,91,157 | 74.01 |
| 15. | 3892 public shareholders | 44,92,243 | 25.99 |
| | Total holding of public shareholders | 44,92,243 | 25.99 |
| | TOTAL | 1,72,83,400 | 100% |

2.2. 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)

| | |
|-----------------------|---|
| 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 [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]. |

Pattern of shareholding as on Sept 30,2020 as follows:

| Sl. No. | Name of Shareholder | No. of equity shares held | % of holding |
|---------|---------------------------------|---------------------------|--------------|
| 1 | Vinod Dugar | 202500 | 20% |
| 2 | Sheetal Dugar | 452500 | 45% |
| 3 | Yashashvi Dugar | 101000 | 10% |
| 4 | Sunder Lal Dugar | 1,000 | 0.1% |
| 5 | Kusum Devi Dugar | 1,000 | 0.1% |
| 6 | Rekha Jhabak | 1,000 | 0.1% |
| 7 | YMS Finance Private Limited | 1,000 | 0.1% |
| | Total Promoter's Holding | 7,60,000 | 75% |
| 8 | Veekay Apartments Pvt. Ltd | 1,00,000 | 10% |
| 9 | Somani Estates Pvt Ltd | 1,50,000 | 15% |
| | Total Public Holding | 2,50,000 | 25% |
| | TOTAL | 10,10,000 | 100% |

Shares of RRECL are closely held and are not listed on any Stock Exchange.

(Source: Information as provided by RRIL)

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 separating its Realty division for merger with 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 and merge with RRECL, with effect from April 01, 2020, 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 Exchange Ratio recommended in



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the Valuation Report issued by the Registered Valuer. Our scope of work includes commenting only on the fairness of the Share Exchange 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.

4. Sources of Information

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

- Audited accounts of RRIL for the financial years 2018-19 and 2019-2020
- Audited accounts of RRECL for the financial year 2018-19 & 2019-20
- Details of Shareholdings of RRECL and RRIL as at 31-03-2020 and 30-9-2020
- Valuation Report by Mr. Vikash Goel Independent Chartered Accountant and Registered Valuer vide their valuation report dated October 12, 2020.
- 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 Company obtaining the observation letter from the designated Stock Exchange for the implementation of the Scheme.
- B. The Scheme being agreed to by the respective requisite majorities of members of the Company as required under the Act.
- C. The requisite sanctions and approvals under the applicable law including but not limited to approvals, sanctions required under the SEBI Circular (CFD/DII3/CIR/2017/21) dated March 10, 2017 issued by the SEBI read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and as may be required by law in respect of this Scheme being obtained.
- D. The Scheme being approved by the National Company Law Tribunal under applicable provisions of Companies Act, 2013, read with all other applicable provisions if any, of the Act or of such other authority having jurisdiction under applicable law, being obtained.
- E. The certified copy of the above order of the NCLT sanctioning this Scheme being filed with the Registrar of Companies



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6. Scope And Limitations/Caveats

- a. Our opinion and analysis is limited to the extent of review of documents as provided to us by the demerger company in respect of the Valuation report containing the share exchange ratio prepared by Mr. Vikash Goel Independent Chartered Accountant and Registered Valuer dated 12th October, 2020. 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 conducted any independent valuation or appraisal of any of the assets or liabilities of the demerger company, if any
- b. In rendering our opinion, we have assumed that the Scheme of Demerger 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 Demerger, 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 Demerger 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 Demerger 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 Demerger 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 Demerger, if required or any matter related thereto.
- h. Reproduction, Copying or otherwise quoting of our Report or any parts thereof, other than in connection with the scheme of Demerger, 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 Demerger 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 Scheme.
- j. Our opinion is restricted to the Fairness opinion on the valuation of Shares done by the Independent Chartered Accountant as required under Circular No CFD/DIL3/CIR/2017/21 dated 10th March, 2017 of SEBI
- 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 opinion for events and circumstances occurring after the date of this opinion.
- n. This Fairness opinion 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 opinion has been issued only for the purpose of the facilitating the Scheme and should not be used for any other purpose.

7. Registered Valuer's approach to Valuation

Mr. Vikash Goel, in his valuation report has recommend the swap ratio for the proposed Scheme of Demerger wherein RRECL shall issue equity shares to the shareholders of the Demerged Company as under:

27 (Twenty-Seven) Equity Shares of Rs.10/- each credited as fully paid up to be issued by RRECL for every 50 (Fifty) Equity Shares of Rs. 10/- each credited as fully paid up and held by the shareholders of 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.

8. Conclusion and Our Opinion

- 8.1. With reference to above and based on information provided by Management and after discussions with the Valuer, we understand that the Proposed Scheme has been structured to demerge the business of RRIL pertaining to Reality Division and Merger with RRECL. The proposed Demerger is driven by motive to achieve synergies through focused business segments and leverage on its operations for future growth.





8.2. "Subject to the caveats as detailed herein, based on our review as above and the information and explanation furnished to us, we as a Merchant Banker hereby certify that we have reviewed the valuation report recommending the swap ratio for the proposed scheme of Demerger and are of the opinion that following share exchange ratio

"27 (Twenty Seven) Equity Shares of Rs.10/- each credited as fully paid up to be issued by RRECL for every 50 (Fifty) Equity Shares of Rs. 10/- each credited as fully paid up and held by the shareholders of RRIL and in case of fractional entitlements of equity shares, the consideration shall be paid in cash.

is fair and reasonable to the equity shareholders of RRIL."

For Finshore Management Services Limited

SEBI Regd. CAT-I Merchant Banker, Regn No. INM000012185


S. Ramakrishna Iyengar
Director



Date: October 15, 2020
Place: Kolkata