



16th September 2019

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 Share Exchange Ratio 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 Construction Limited (hereinafter referred to as the "RRECL"), as on 31st March'2019 (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 ("Registered Valuer") vide their valuation report dated September 16th, 2019.

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



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FINSHORE MANAGEMENT SERVICES LIMITED

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

Regd. Office : "Anandlok" 2nd Floor, Block-A, Room No. 207, 227, A. J. C. Bose Road, Kolkata-700 020 West Bengal, India Ph. : 033 2289 5101

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1. **Background of companies:**

1.1. **RDB Realty & Infrastructure Limited**

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	1) Pradeep Kumar Pugalia- <u>00501351</u> (DIN) 2) Ravi Prakash Pincha- <u>00094695</u> (DIN) 3) Kusum Devi Dugar- <u>00559322</u> (DIN) 4) Aditya Ravinder Kumar Mehra- <u>00984678</u> (DIN) 5) Sharad Kumar Bachhawat- <u>05161130</u> (DIN)
Authorised Share Capital [31-03-19]	INR 23,00,00,000 [2,30,00,000 Equity Shares of INR 10 each].
Paid up Share Capital [31-03-19]	INR 17,28,34,000 [1,72,83,400 Equity shares of INR 10 each fully paid up].

RDB Realty & Infrastructure Limited (the Demerged Company) was issued Certificate of Incorporation on 23.06.2006 under the Companies Act, 1956. RRIL is having two divisions, viz., Realty division and Infrastructure division. 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. 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.

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)

The shareholding pattern of the company as at 31.03.2019 is as follows:



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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.	4169 public shareholders	44,92,243	25.99
	Total holding of public shareholders	44,92,243	25.99
	TOTAL	1,72,83,400	100%

- 1.2. **RDB Real Estate Constructions Limited** was incorporated on 27/07/2018 under the Companies Act, 2013 with a main objective of carrying on the business of real estate development. RRIL and RRECL have common promoters. RRECL is now looking for suitable opportunities for expansion of its business operations and contemplating an entry into the business of investment.





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- <u>00501351 (DIN)</u> 2) Ravi Prakash Pincha- <u>00094695 (DIN)</u> 3) Kusum Devi Dugar- <u>00559322 (DIN)</u>
Authorised Share Capital [31-03-19]	10,000 Equity Shares of Rs.10/- each.
Paid up Share Capital [31-03-19]	10,000 Equity Shares of Rs.10/- each fully paid up.

The authorised share capital of RRECL subsequently increased to 30,00,000 equity shares of INR 10/- each on 6th September 2019.

Pattern of shareholding:

Sl. No.	Name of Shareholder	No. of equity shares held	% of holding
1.	Sunder Lal Dugar	1000	10.00
2.	Kusum Devi Dugar	1000	10.00
3.	Vinod Dugar	2500	25.00
4.	Sheetal Dugar	2500	25.00
5.	Rekha Jhabak	1000	10.00
6.	Yashashvi Dugar	1000	10.00
7.	YMS Finance Private Limited	1000	10.00
	TOTAL	10,000	100.00

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



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2. SCOPE AND PURPOSE OF THE REPORT

- 2.1. 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 (the transaction is in the nature of Spin-Off transaction) pursuant to the provisions of Sections 230 to 232 and other applicable provisions, if any, of the Companies Act, 2013.
- 2.2. Subject to necessary approvals, Realty division of RRIL would demerge and merge with RRECL, with effect from April 01, 2019, or such other date that may be fixed or approved by the appropriate authority.
- 2.3. 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 terms and conditions of the proposed demerger are more fully set in the draft scheme of arrangement shared with us, the final version of which will be filed by the companies with the appropriate authorities.
- 2.4. 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 the Valuation Report issued by the Registered Valuer and the Scheme of Demerger. Our scope of work includes commenting only on the fairness of the Share Exchange Ratio.
- 2.5. 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 report 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.

3. 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 and 2018-19.
- Audited accounts of RRIL and RRECL for the financial year 2018-19.
- Details of Shareholdings of RRECL and RRIL as at 31-03-2019.
- 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.



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4. Registered Valuer's approach to Valuation

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

3 (Three) Equity Shares of Rs.10/- each credited as fully paid up to be issued by RRECL for every 25 (Twenty-five) 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 such that the total consideration paid is atleast INR 20,817,678.

5. Conclusion and Our Opinion

- 5.1. With reference to above and based on information provided by Management and after discussions with the Registered Valuer, we understand that the Proposed Scheme has been structured to segregate the business of the Companies.
- 5.2. With reference to the valuation of the Companies, we are of opinion that the Registered valuer to arrive at the fair valuation has rightly opted the valuation methodologies considering the facts and circumstances of each company.
- 5.3. *"Considering above and subject to our caveats as provided in annexure, we as a Merchant Banker hereby certify that we have reviewed the valuation report recommending the swap ratio for the proposed scheme of merger of Demerged Division with RRECL and are of the opinion that following share exchange ratio" –*

3 (Three) Equity Shares of Rs.10/- each credited as fully paid up to be issued by RRECL for every 25 (Twenty-five) 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 such that the total consideration paid is atleast INR 20,817,678.

as fair and reasonable to the equity shareholders of the companies."

For Finshore Management Services Limited

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


S. Ramakrishna Iyengar
Director



Date: 16th Sept' 2019

Place: Kolkata



Caveats

1. Our opinion and analysis is limited to the extent of review of documents as provided to us by the Management of RDB Realty & Infrastructure Limited including the Valuation Report containing the Division-wise value and the share exchange ratio prepared by Mr. Vikash Goel (Registered Valuer) and draft Proposed Scheme. We have relied on accuracy and completeness of all the information and explanations provided by the Management and the Registered Valuer. We have not carried out any due diligence or independent verification or validation to establish its accuracy or sufficiency. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of demerged company/ resulting companies or their subsidiaries, if any.
2. The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.
3. We have no present or planned future interest in RRIL / 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.
4. Our fairness opinion is not intended to and does not constitute a recommendation to any shareholders as to how such holder should vote or act in connection with the Proposed Scheme or any matter related thereto.
5. 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 KMP's of RDB Realty & Infrastructure Limited 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.
6. Our report should not be construed as an opinion or certificate certifying the compliance of the Proposed Scheme of amalgamation 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 amalgamation.
7. Finshore Management Services Limited (FMSL) maximum liability relating to this valuation report shall be limited to 50% of the fees paid to FMSL for rendering the service. This provision shall survive the completion of this engagement.

