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RDB REALTY & INFRASTRUCTURE LIMITED

BIKANER BUILDING, 8/1, LAL BAZAR STREET, 1ST FLOOR, KOLKATA - 700 001 • CIN No : L16003WB2006PLC110039
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REPORT OF THE MEETING OF COMMITTEE OF INDEPENDENT DIRECTORS OF RDB REALTY & INFRASTRUCTURE LIMITED RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT OFRDB REAL ESTATE CONSTRUCTIONS LIMITED ANDRDB REALTY & INFRASTRUCTURE LIMITED AND THEIR RESPECTIVE SHAREHOLDERS AT ITS MEETING HELD ON SATURDAY, 17TH DAY OF DECEMBER, 2022 AT BIKANER BUILDING 8/1, LAL BAZAR STREET 1ST FLOOR ROOM NO – 10, KOLKATA - 700001

Present Members

1. Mr. Sharad Kumar Bachhawat

2. Mr. Ravi Prakash Pincha

3. Mr. Abhay Doshi

In Attendance

1. Mr. Ritesh Kumar Jha, Company Secretary
2. Mr. Pradeep Kumar Pugalia, Whole time Director

Invitee

1. Mr. Anil Kumar Apat, Chief Financial Officer

Background

1.1 A meeting of the Committee of Independent Directors of RDB REALTY & INFRASTRUCTURE LIMITED (**"Company"** or **"Demerged Company" or "RRIL"**) was held on Saturday, 17th Day Of December, 2022 to inter alia consider and recommend the proposed Draft Scheme of Arrangement between RDB Real Estate Constructions Limited ("Resulting Company" or "RRECL")and RDB Realty & Infrastructure Limited ("Demerged Company" or "RRIL") and their respective shareholders ("Scheme") whereby the "Realty Business Undertaking" of RDB Realty & Infrastructure Limited ("RRIL")will be demerged and vested into RDB Real Estate Constructions Limited ("RRECL")under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 **("Act")**.

1.2. The Demerged Company is a public company incorporated under the provisions of the Companies Act, 1956. The equity shares of the Company are listed on BSE Limited and the Calcutta Stock Exchange Limited.

1.3. The Resulting Company is an unlisted public company incorporated under the provisions of the Companies Act, 2013.

1.4. This report of the Committee of Independent Directors is made to comply with the requirements of the Securities and Exchange Board of India **("SEBI")** (Listing Obligations and

Disclosure Requirements) Regulations 2015 **("Listing Regulations")** and Clause 2 (i) of Para A of Part 1 of the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23 November 2021 **("SEBI Master Circular")** and as amended from time to time.

1.5. The following documents, duly initialed by the Mr. Pradeep Kumar Pugalia Whole Time Director of the Demerged Company for the purpose of identification, were placed before and noted by the Committee of Independent Directors:

(a) Draft Scheme of Arrangement;

(b) Share Entitlement Ratio Report dated Saturday, 17th Day Of December, 2022issued by Mr. Vikash Goel (IBBI/RV/01/2018/10339), Registered Valuer **("Share Entitlement Ratio Report"),** describing the methodology adopted by them in arriving at the share entitlement ratio;

(c)Fairness Opinion Report dated Saturday, 17th Day of December, 2022issued by Finshore Management Services Limited (Registration No. INM000012185), an independent SEBI registered Merchant Banker **("Fairness Opinion")**, providing its opinion on the share entitlement ratio specified in the revised Share Entitlement Ratio Report;

(d) Certificate dated Saturday, 17th Day Of December, 2022, issued by L B Jha & Co, Chartered Accountants (ICAI Firm Registration No. 301088E), the Statutory Auditors of the Demerged Company, confirming the accounting treatment prescribed in the Scheme.

(e) Audited Financial Statements of RDB Realty & Infrastructure Limited for the period ended 30th September 2022 and year ended March 31, 2020; March 31,2021 and March 31,2022.

(f) Audited Financial Statements of RDB Real Estate Constructions Limited for the year ended March 31, 2020; March 31, 2021 and March 31, 2022.

2. **Proposed Scheme**

2.1. **<u>Need for the Demerger/Arrangement and Rationale of the Scheme(Clause C of Preamble of the scheme)</u>**

1. 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.

2. The demerger would result in achieving efficiency in operational processes by designing and implementing independent strategies specifically designed for the two

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businesses and in optimizing profitability. This would in turn enhance the shareholders' wealth.

3. 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.

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 dynamic.

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.

2.2. SYNERGIES OF BUSINESS OF THE COMPANIES INVOLVED IN THE SCHEME

1. 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.

2. 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.

3. 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.

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.

2.3. IMPACT OF THE SCHEME ON THE COMPANY AND ITS SHAREHOLDERS

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The proposed Scheme will be beneficial, advantageous and not prejudicial to the interests of the shareholders, creditors and other stakeholders of the Company. 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 dynamic.

2.4. COST BENEFIT ANALYSIS OF THE SCHEME

Although the Scheme would lead to incurring of some costs towards its implementation, it is expected to provide an opportunity to improve the economic scenario for the Companies and their stakeholders on account of benefits and synergies as mentioned earlier. Therefore, the benefits of the Scheme over a longer period would far outweigh such costs for the stakeholders of the Company.

3. Recommendation of the Committee of Independent Directors:

The Committee of Independent Directors, after due deliberations and detailed discussions, and inter alia taking into consideration the draft Scheme, Share Entitlement Ratio Report, Fairness Opinion and certificate(s) issued by Statutory Auditors of the Company, have noted the rationale, benefits and the impact of the Scheme on shareholders and other concerned. Based on the foregoing, the Committee of independent Directors are of the unanimous opinion that the Scheme is not detrimental to the stakeholders of the Company, and hereby recommends the draft Scheme to the Board of Directors of the Company for their consideration and approval.

By Order of the Committee of Independent Directors

RDB REALTY & INFRASTRUCTURE LTD.

Director

Sharad Kumar Bachhawat
Chairman of the Meeting
DIN: 05161130
Date: 17/12/2022.
Place: Kolkata