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RDB REALTY & INFRASTRUCTURE LIMITED

BIKANER BUILDING, 8/1, LAL BAZAR STREET, 1ST FLOOR, KOLKATA - 700 001 • CIN No : L15003WB2006PLC110039
PHONE : +91 33 4450 0500 • FAX : +91 33 2242 0588 • E-MAIL : secretarial@rdbindia.com • Web : www.rdbindia.com

REPORT OF THE AUDIT COMMITTEE OF RDB REALTY & INFRSTRUCTURE LIMITED("DEMERGED COMPANY") RECOMMENDING THE DRAFT SCHEME OFARRANGEMENTBETWEEN RDB REALTY & INFRASTRUCTURE LIMITED ("RRIL") AND RDB REAL ESTATE CONSTRUCTIONS LIMITED ("RRECL") AND THEIR RESPECTIVE SHAREHOLDERSAT ITS MEETING HELD ON AT BIKANER BUILDING 8/1, LALBAZAR STREET 1ST FLOOR ROOM NO-10, KOLKATA-700001.

Members of the Audit Committee of the Board of Directors of RDB REALTY & INFRSTRUCTURE LIMITED ("Company or "RRIL") present in the meeting of the said Committee held on 17th Day of December, 2022:

Present Members

1. Mr. Sharad Kumar Bachhawat
2. Mr. Ravi Prakash Pincha
3. Mr. Pradeep Kumar Pugalia

In attendance:

1. Mr. Ritesh Kumar Jha, Company Secretary

Invitee:

1. Mr. Anil Kumar Apat, Chief Financial Officer
2. Mrs. Neera Chakravarty, Whole time Director

A. BACKGROUND:

1. A meeting of the Audit Committee of RDB Realty & Infrastructure Limited("Company or "RRIL") was held on 17th Day of December, 2022to consider and recommend the proposed Scheme ofArrangementBetween RDB Realty & Infrastructure Limited ("RRIL") and RDB Real Estate Constructions Limited ("RRECL") and their respective shareholders ("Scheme")whereby the 'Realty

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Business Undertaking' of RDB Realty & Infrastructure Limited ("Company or "RRIL")will be demerged to RDB Real Estate Constructions Limited ("RRECL") under Section 230 to 232 andother applicable provisions of the Companies Act, 2013.

2. In terms of circular no. CFD/DIL3/CIR/2017 /21 dated March 10, 2017 issued by the Securities and Exchange Board of India ("SEBI Circular"), a report from the AuditCommittee is required to be furnished to the Company's Board of Directors,recommending the draft Scheme under the Companies Act, 2013, taking intoconsideration, inter alia, the Valuation Report. This report of the Audit Committee ismade in order to comply with the requirements of the SEBI Circular.

3. This report is being furnished by the Audit Committee to the Board after perusing interalia the following necessary documents:

(i) Valuation Report dated 17th Day of December, 2022issued by the Registered Valuer namely Mr.Vikash Goel, Chartered Accountants;

(ii) Fairness Opinion dated 17th Day of December, 2022prepared by Finshore Management Services Limited , SEBI Regd. Category-I Merchant Banker(Regn No.-INM000012185), providing the fairness opinion on the share exchange ratio recommended in the Valuation Report;

(iii) Thedraft Scheme of Arrangement of the Company.

4. The equity shares of the Company are listed on BSE Limited (BSE) and CSE Limited (CSE). The Company will be filing theScheme along with the necessary information/documents with the BSE("Stock Exchange")and CSE Limited (CSE).

THE SALIENT FEATURES OF THE PROPOSED SCHEME ARE AS UNDER:

1. "Appointed Date for Demerger" means 1st October 2022;

2. Issue of Shares by the Resulting Company (clause 16 of Part B of the Scheme)

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Pursuant to the terms of the Scheme, the Resulting Company shall, without further application, issue and allot as given below equity shares in the Resulting Company to the equity shareholders of the Demerged Company whose names appear in the Register of Members of the Demerged Company on the Record Date:

- 1(One) equity shareof Rs. 10/- fully paid up in the Resulting Company for every 1 (One) equity shares of Rs. 10/- each fully paid up held by such Equity Shareholder in the Demerged Company.

3. Transfer and vesting of the undertakings and business (clause 5 of Part B of the Scheme)

Upon this Scheme becoming effective and with effect from the Appointed Date and pursuant to Sections 230 to 232 and other applicable provisions, if any, of the Act and pursuant to the Orders of the Hon'ble NCLT or other Appropriate Authority or forum, if any, sanctioning the Scheme, without any further act, instruments, deed, matter or thing, the Demerged Undertaking shall stand demerged and transferred and be vested in the Resulting Company as a going concern, together with all its properties, assets, liabilities, obligations, rights, titles, benefits and interests therein.

7. Need for the Demerger/Arrangement and Rationale of the Scheme(clause C of Preamble of the scheme)

The Audit Committee discussed and noted the rationale and benefits of the proposed Scheme as set out below:

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.

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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;

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.

8. **Synergies of business of the companies involved in the Scheme:**

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.

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.

9. **Impact of the Scheme on the Employees of the Demerged Company (clause 10 of Part B of Scheme):**

On the Scheme of Arrangement taking effect as aforesaid, all officers and employees of the Demerged Company, engaged in the Demerged Undertaking, as identified by the Demerged Company and in employment on the Effective Date, shall become the officers and employees of the Resulting Company on such date as if they were in continuous service without any break or interruption in service and on same terms and conditions as to remuneration, subsisting with reference to the Demerged Company, as on the said date. All funds and benefits accumulated in respect of the above officers and employees shall also be transferred to the Resulting Company.

10. **Impact of the Scheme on the Shareholders**:

The proposed Scheme will be beneficial, advantageous and not prejudicial to the interestsof 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.

10. Approval of the Scheme and Listing of Shares (clause 16 of Part B of the Scheme):

The Scheme will become effective on obtaining all approvals and upon filing of the certified copy of the Order of the Hon'ble NCLT with the Registrar of Companies, as mentioned in the draft Scheme.

The equity shares to be issued by the Resulting Company to the shareholders of the Demerged Company pursuant to the Scheme are proposed to be listed onthe Stock Exchange in terms of the Scheme and the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665, dated 23rd November, 2021, as amended from time to time.

11. **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.

RECOMMENDATION OF THE AUDIT COMMITTEE

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(i) The Audit Committee having considered the aforesaid documents, its observationsand discussion, is of the opinion that the share exchange ratio contained in the Valuation Report is fair and reasonable.

(ii) Accordingly, the Audit Committee do hereby unanimously recommend the draft Schemefor favourable consideration and approval by the Board of Directors of the Company, BSE, CSE, SEBI, NCLT and other appropriate authorities.

By Order of the Audit Committee
For RDB REALTY & INFRSTRUCTURE LIMITED

Sharad

Date: 17.12.2022
Place: Kolkata

SHARAD KUMAR BACHHAWAT
CHAIRPERSON OF THE AUDIT COMMITTEE