

SCHEME OF AMALGAMATION OF
PHOENIX HOSPITALITY COMPANY PRIVATE LIMITED
WITH
THE PHOENIX MILLS LIMITED
AND THEIR RESPECTIVE SHAREHOLDERS

(Under Sections 230 to 232 and other applicable provisions of the Companies
Act, 2013)

PREAMBLE

This Scheme of Amalgamation provides for the amalgamation of Phoenix Hospitality Company Private Limited (**PHCPL**), a company incorporated under the provisions of the Companies Act, 1956 having its registered office at Phoenix Mills Premises, 462, Senapati Bapat Marg, Lower Parel- West, Mumbai – 400013 with The Phoenix Mills Limited (**PML**), a company registered under Act No. VI of 1882 of the Legislative Council of India with the Registrar of Joint Stock Companies, Bombay deemed to be registered under the provisions of the Companies Act, 1956 having its registered office at 462 Senapati Bapat Marg, Lower Parel- West, Mumbai – 400013, pursuant to Sections 230 to 232 and other relevant provisions of the Companies Act, 2013. The Equity shares of PML are listed on the BSE Limited and the National Stock Exchange of India Limited.



(A) Phoenix Hospitality Company Private Limited (**PHCPL**) was originally incorporated on 10th April 2006 under the name of Atlas Hospitality Company Private Limited. The said name was changed to Phoenix Hospitality Company Private Limited, and a fresh certificate of Incorporation consequent upon change of name was issued by the Registrar of Companies, Maharashtra, Mumbai to PHCPL on 4th March 2008. PHCPL has its registered office at Phoenix Mills Premises, 462, Senapati Bapat Marg, Lower Parel- West, Mumbai – 400013. The Corporate Identification Number of PHCPL is U55209MH2006PTC161066. The PAN of PHCPL is AAFCA8863K. The email address of PHCPL is secretarial@phoenixmarketcity.in.

The main object of PHCPL as specified under the heading A- Main Object of the Company to be pursued by the Company on its incorporation under Clause III of the Memorandum of Association of the Company is as under:

1. To own, manage, operate and carry on the business in India or elsewhere of restaurants, cafes, refreshment, rooms, clubs, casinos, resorts, hotels, motels, inns, restaurants, cafes, taverns, bars, refreshment rooms, boarding and lodging, of every sort and kind, to establish shops, canteens, kitchens and any other establishments, for this purpose and for the sale of food and drink of every sort and kind and to arrange for the provide all manner of entertainments, amusements and recreation for the public, to set up



amusement parks cum tourist complexes in india and abroad and for this purpose to import, purchase, acquire, export, take on lease or on hire purchase, or let on hire, or contract necessary land, buildings, ropeways, sports, equipments, bowling, alleys equipments, entertaining equipments, lakes, zoo, museum, gardens, games and other related equipments, cinema theatres, hotel and restaurants, shopping centres, stadiums, video-parlors.

PHCPL at present carries on the business of real estate development activities.

The Authorised, Issued, Subscribed and Paid-up Share Capital of PHCPL as on the Appointed Date (as defined hereinafter) was as under:

Authorised Share Capital:

40,00,000 Equity Shares of Rs. 10 each	Rs. 4,00,00,000/-
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Issued, Subscribed and Paid-up Share Capital:

23,21,400 Equity Shares of Rs. 10 each	Rs. 2,32,14,000/-
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There is no change in the Issued, Subscribed and Paid-up Share Capital of PHCPL after the Appointed Date.

13,21,400 equity shares of PHCPL are held by The Phoenix Mills Limited (PML), the Transferee Company herein and the balance 10,00,000 equity shares are held by Ruia International Holding Company Private Limited, a Promoter Group Company of PML.



Following are the Directors of PHCPL as on the Appointed Date:

Sr. No.	Name of the Director	DIN	Address
1.	Atul Ruia	00087396	Ruia House, 19 Bhau Sahib Hire Marg, Malabar Hill, Mumbai - 400006
2.	Shishir Shrivastava	01266095	1/1, Prakash C.H.S., Relief Road, Santacruz (West), Mumbai - 400054
3.	Sharmila Dalmia	00266624	Dalmia House 20F, Prithviraj Road, New Delhi - 110011
4.	Ajay Kumar Kejriwal	00348494	33A, Atlas Apartments, 11 Harkness Road, Malabar Hill, Mumbai - 400006

(B) The Phoenix Mills Limited (PML), is a company registered under Act No. VI of 1882 of the Legislative Council of India with the Registrar of Joint Stock Companies, Bombay on 27th January 1905 deemed to be registered under the provisions of the Companies Act, 1956 having its registered office at 462 Senapati Bapat Marg, Lower Parel- West, Mumbai – 400013, The Corporate Identification Number of PML is L17100MH1905PLC000200. The PAN of PML is AAACP3325J. The email address of PML is corpaffairs@highstreetphoenix.com.

PML vide a Special Resolution passed on 10th October 2005 altered the provisions of its Memorandum of Association with respect to its objects.



Some of the objects of PML on its incorporation under Clause III of the Memorandum of Association of the Company are as under:

- (a) To acquire and work the Mills and business lately purchased from the Britannia Mills Limited, and its Liquidators, and with a view there to enter into a certain Agreement in the terms of the draft agreement set forth in Schedule A to the Articles of Association which accompany these presents and to carry the same into effect with or without modification.
- (b) To carry on all or any one or more of the business following, that is to say, to purchase, comb, prepare, spin dye, bleach and deal in cotton, wool, jute, silk, flax, hemp and other fibrous substances and to weave or otherwise manufacture, buy and sell and deal in yarn, linen cloth and other goods and fabrics whether textile, frebled, melted or looped.
- (c) To acquire by purchase, lease, exchange or otherwise any land, building, easements, rights, privileges, machinery, plant and stock-in-trade.
- (d) To sell, improve, manage, develop, exchange lease, mortgage, dispose of, turn to account, or otherwise deal with, all or any part of the property and rights of the Company.
- (da) To carry on the business and to own, acquire, construct, erect, renovate, maintain, run, take on lease, give on lease, let out, operate and manage shopping centers, malls, shopping arcades, theatres, auditoriums, stadiums, clubs, spas, resorts, holiday homes, sports, amusement and family entertainment centers or parks of all nature and kinds and types



and to carry on the business of setting up of national and international sports and amusement parks in India or elsewhere and to purchase and/or otherwise acquire and equip any other sports or amusement center, public or private parks.

- (db) To carry on the business of developing, buying, selling and otherwise dealing in land properties (leasehold or freehold) and to erect, construct, maintain, alter and extend on the land or ground of the Company buildings, houses, offices, shops, garages, residential, commercial, industrial premises, godowns, sheds, warehouses, furnished or unfurnished, in India or abroad, including international educational institutions, boarding schools, old age homes, cinematic purposes, health farms, spas, meditation centers.
- (dc) to own, manage, operate, carry on, acquire and sell the business in India or elsewhere of indoor sports including setting up of bowling alleys, entertainment arcades, video parlors, pool tables, rides, darts, simulated games, gymnasiums, health and fitness centers, billiard and snooker tables, badminton courts, squash courts, swimming pools, sauna baths, Jacuzzi centers, amusement parks, cinema theatres, family entertainment centers, hotels, clubs, restaurants and cafes, shopping arcades, fast food outlets, pubs, caters and ice cream parlors.
- (e) To erect, purchase or take on lease or otherwise acquire any mills, or works machinery and any other real and personal property appertaining to



the goodwill of and any interest in the business of spinning or manufacturing cotton or other fibrous substances.

- (f) To carry on any other business whether manufacturing or otherwise which may seem in the opinion of the Directors capable or being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.
- (g) To acquire and undertake the whole or part of the business property and liabilities of any person or Company carrying on any business which the Company is authorized to carry on or possessed of property suitable for the purpose of this Company.

PML at present is engaged in mixed use retail-led real estate development activities on a Pan-India basis. The Authorised, Issued, Subscribed and Paid-up Share Capital of PML as on the Appointed Date was as under:

Authorised Share Capital:

22,50,00,000 Equity Shares of Rs. 2/- each	Rs. 45,00,00,000/-
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Issued, Subscribed and Paid-up Share Capital:

15,32,89,801 Equity Shares of Rs. 2/- each	Rs. 30,65,79,602/-
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There is no change in the Issued, Subscribed and Paid-up Share Capital of PML during the period commencing from the Appointed Date and until the date of approval of the Scheme by the PML's Board of Directors, except for



the 53,889 Equity Shares allotted to employees pursuant to their exercise of Stock Options granted to them by PML. The total number of options outstanding as on the date of approval of the Scheme by the PML's Board of Directors, i.e. options granted but either not vested or vested but not exercised, is 8,54,718 options.

Following are the Directors of PML as on the Appointed Date:

Sr. No.	Name of the Director	DIN	Address
1.	Mr. Atul Ruia	00087396	Ruia House, 19 Bhau Sahib Hire Marg, Malabar Hill, Mumbai - 400006
2.	Mr. Shishir Shrivastava	01266095	1/1, Prakash C.H.S., Relief Road, Santacruz (West), Mumbai - 400054
3.	Mr. Pradumna Kanodia	01602690	1003, 10 th Floor, B Wing, Phoenix Tower, 462, Senapati Bapat Marg, Lower Parel, Delisle Road, Mumbai - 400013
4.	Mr. Rajendra S. Kalkar	03269314	803 B, Phoenix Tower, Senapati Bapat Marg, Lower Parel, Delisle Road, Mumbai - 400013
5.	Mr. Amit Dabriwala	00164763	43A, Anita, Mount Pleasant Road, Malabar Hill, Mumbai - 400006
6.	Mr. Amit Dalal	00297603	81, Shereman, 22, Narayanan Dabholkar Road, Walkeshwar, Mumbai - 400006
7.	Mr. Sivaramakrishnan Iyer	005033487	Flat 1901, Floor 19, Wing B, Runwal Pride CHSL, L.B.S. Marg,



			Behind R Mall, Mulund (West), Mumbai - 400080
8.	Ms. Shweta Vyas	06996110	02, Soudamini Apartments, Kanakapura Main Road, Udaypura A Block, Bangalore, South Udaypura Bengaluru - 560082

BACKGROUND AND RATIONALE FOR THE SCHEME

The background and circumstances which justify the proposed Amalgamation Scheme are, inter-alia, as follows:-

The proposed Amalgamation will lead to a simplified corporate structure since it will result in the combined businesses of PHCPL and PML being carried on more economically, efficiently and beneficially and the arrangement would be in the interest of both the Companies and their shareholders as the businesses carried on by both the Companies are under common management/shareholders. The proposed amalgamation would strengthen the Management of PML effectively because of avoidance and elimination of unnecessary duplication of time, costs and expenses, incurred for administration and operations of both the Companies separately and would result in better utilization of resources and assets and synergies of operations with integration of management and other expertise. The proposed amalgamation will also lead to reduction in compliance requirement and reduction in the intermediate holding structure in accordance with Section 2(87) of Companies Act, 2013 thereby providing greater operation flexibility



in future. Further, even the creditors of PML will not be affected by the Scheme since PHCPL does not have any external liabilities, and post the amalgamation, the assets of the PML would continue to be more than its liabilities.

In view of the aforesaid, the Board of Directors of PHCPL and PML at their respective meetings held on August 7, 2019 have considered and approved unanimously, the Scheme of Amalgamation of PHCPL and PML subject to necessary statutory approvals. Accordingly, the Board of Directors of both the Companies have formulated this Scheme of Amalgamation for the transfer to and vesting of the undertakings and business of PHCPL into PML pursuant to the provisions of Sections 230 to 232 and other relevant provisions of the Companies Act, 2013 as applicable and in force.

DETAILS OF VOTING PATTERN BY THE BOARD OF DIRECTORS OF PHOENIX HOSPITALITY COMPANY PRIVATE LIMITED AND THE PHOENIX MILLS LIMITED IN RESPECT OF THE RESOLUTION FOR APPROVING THE SCHEME OF AMALGAMATION.

Directors of PHCPL

Names of Directors who voted in favour of the resolution

Sr. No.	Name of the Director	Voted For	Voted against
1	Atul Ashokkumar Ruia	√	-
2	Sharmila Dalmia	Leave of Absence	of Leave of Absence
3	Ajaykumar Parmanand Kejriwal	√	-
4	Shishir Ashok Shrivastava	√	-



Directors of PML

Names of Directors who voted in favour of the resolution

Sr. No.	Name of the Director	Voted For	Voted against
1	Atul Ashokkumar Ruia	√	-
2	Amit Dabriwala	√	-
3	Amit Dalal	√	-
4	Shishir Ashok Shrivastava	√	-
5	Sivaramakrishnan Srinivasan Iyer	√	-
6	Pradumna Kanodia	√	-
7	Rajendra S Kalkar	√	-
8	Shweta Pradeep Vyas	√	-

AMOUNT DUE TO CREDITORS

- (a) As on 31st March 2019, PHCPL has an outstanding secured and unsecured creditors amounting to Rs. 4,87,21,826.
- (b) As on 31st March 2019 PML has an outstanding secured and unsecured creditors amounting to Rs. 801,29,55,034.

1. DEFINITIONS

In this Scheme, unless repugnant to or inconsistent with the meaning or context thereof, the following expressions shall have the following meanings:

- 1.1. “Act” or “the Act” means the Companies Act, 2013 including any statutory modification or re-enactment thereof for the time being in force;



1.2. **“Appointed Date”** means the date from which the provisions of the Scheme shall become operational, i.e. opening of business hours on 1st April 2019 or such other date as may be mutually agreed upon by the respective Board of Directors of PHCPL and PML with the approval of the NCLT or such other date as may be fixed by the NCLT while sanctioning the Scheme;

1.3. **“Companies”** shall mean the Transferor Company and the Transferee Company.

1.4. **“Effective Date”** or **“upon the Scheme becoming effective”** or **“upon coming into effect of this Scheme”** means the last date on which the certified true copies of the Orders of the NCLT sanctioning this Scheme are filed by PHCPL and PML with the Registrar of Companies, Maharashtra, Mumbai.

1.5. **“Government Authority”** or **“Appropriate Authority”** means the central government, any applicable state or local government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, stock exchanges, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction.

1.6. **“NCLT”** means the National Company Law Tribunal Mumbai Bench having jurisdiction over the Companies.



1.7. **“PHCPL”** or **“Transferor Company”** means Phoenix Hospitality Company Private Limited.

1.8. **“PML”** or **“Transferee Company”** means The Phoenix Mills Limited.

1.9. **“Record Date”** means the date to be fixed by the Board of Directors of PML, for the purpose of issue of Equity Shares of PML to the equity shareholders of PHCPL other than PML as contemplated under this Scheme.

1.10. **“SEBI”** means Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992.

1.11. **“SEBI Circular”** means circular no CFD/DIL3/CIR/2017/21 issued on March 10, 2017, as amended in accordance with any subsequent circulars and amendments, if any, that may be issued by SEBI from time to time;

1.12. **“Scheme”** or **“the Scheme”** or **“this Scheme”** or **“Amalgamation Scheme”** means this Scheme of Amalgamation in its present form or with any modification(s) made under Clause 17.2 of this Scheme or any modifications approved or directed by the NCLT.



1.13. “**Stock Exchanges**” means BSE Limited and the National Stock Exchange of India Limited where the equity shares of PML are listed.

All terms and words not defined shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning as ascribed to them under the Act and other applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment from time to time.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE:

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT, shall be operative from the Appointed Date but shall be come into force from the Effective Date.

3. VESTING OF ASSETS:

3.1 With effect from the Appointed Date, the entire business and undertaking of PHCPL including all its properties and assets (whether movable or immovable, tangible or intangible) of whatsoever nature, such as licenses, lease, tenancy rights, if any, and all other rights, title, interest, contracts, powers or benefits of every kind, nature and descriptions whatsoever, shall under the provisions of Sections 230 to



232 of the Act and pursuant to the orders of the NCLT sanctioning this Scheme and without further act, instrument or deed, but subject to the securities, mortgages, charges, encumbrances or liens, if any, existing as on the Effective Date, be transferred and / or deemed to be transferred to and vested in PML so as to become the business and undertaking of PML.

- 3.2 However, in respect of such of the assets of PHCPL as are movable in nature or are otherwise capable of transfer by manual delivery, they shall be physically handed over by manual delivery or endorsement and delivery. The same may be so transferred by PHCPL without requiring any deed or instrument or conveyance for the same and shall become the property of PML to the end and intent that the ownership and property therein passes to PML on such handing over, which would take place on the Effective Date or thereafter on any date as may be decided by the Board of Directors of PML.

4. TRANSFER OF LIABILITIES

- 4.1 With effect from the Appointed Date, all debts, liabilities, duties and obligations of PHCPL as on the close of business on the date immediately preceding the Appointed Date, whether or not provided for in the books of PHCPL and all other liabilities of PHCPL which may arise or accrue on or after the Appointed Date upto the Effective Date, but which relate to the period on or upto the Appointed Date



shall under the provisions of sections 230 to 232 of the Act and pursuant to the Orders of the NCLT sanctioning this Scheme and without any further act or deed, be transferred or deemed to be transferred to and vested in and be assumed by PML, so as to become as from the Appointed Date, the debts, liabilities, duties and obligations of PML on the same terms and conditions as were applicable to PHCPL, Provided however that any charges, mortgages and/or encumbrances shall be confined only to the relative assets of PHCPL or part thereof on or over which they are subsisting on transfer to and vesting of such assets in PML and no such charges, mortgages, and/or encumbrances shall be enlarged or extend over or apply to any other asset(s) of PML. Any reference in any security documents or arrangements (where PHCPL is a party) to any assets of PHCPL shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of PHCPL and/or PML shall not be obliged to create any further or additional security.

- 4.2 For the removal of doubt, it is clarified that to the extent that there are deposits, obligations, balances or other outstanding as between PHCPL and PML, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of PML for the reduction of such assets or liabilities, as the case may be, and there would be no



accrual of interest or any other charges in respect of such deposits or balances, with effect from the Appointed Date.

5. LEGAL PROCEEDINGS

- 5.1 If any suits, actions and proceedings of whatsoever nature (hereinafter referred to as the “**Proceedings**”) by or against PHCPL are pending on the Effective Date, the same shall not abate or be discontinued nor in any way be prejudicially affected by reason of the amalgamation of PHCPL with PML or anything contained in the Scheme, but the Proceedings may be continued and enforced by or against PML as effectually and in the same manner and to the same extent as the same would or might have continued and enforced by or against PHCPL, in the absence of the Scheme.

6. CONTRACTS AND DEEDS

- 6.1 All contracts, deeds, bonds, agreements, arrangements, incentives, licences, engagements, registrations, transactions, actions, authorizations and other instruments of whatsoever nature to which PHCPL is a party or to the benefit of which PHCPL may be eligible or undertakings issued by PHCPL, and which have not lapsed and are subsisting on the Effective Date, shall remain in full force and effect against or in favour of PML, as the case may be, and may be enforced by or against PML as fully and effectually as if, instead of PHCPL, PML had been a party or beneficiary thereto.



6.2 PML shall, if and to the extent required by law, enter into and/or issue and/or execute deeds, writings or confirmations, to give formal effect to the provisions of this Clause and to the extent that PHCPL is required prior to the Effective Date to join in such deeds, writings or confirmations, PML shall be entitled to act for and on behalf of and in the name of PHCPL.

7. SAVING OF CONCLUDED TRANSACTIONS

7.1 The transfer of the assets and liabilities of PHCPL under Clauses 3 & 4 above, the continuance of Proceedings under Clause 5 above and the effectiveness of contracts and deeds under Clause 6 above, shall not affect any transaction or Proceedings already concluded by PHCPL on or before the Effective Date, to the end and intent that PML accepts and adopts all acts, deeds and things done and executed by PHCPL in respect thereto, as if done and executed on its behalf.

8. EMPLOYEES

8.1 All the employees of PHCPL in service on the Effective Date shall, on and from the Effective Date, become the employees of PML without any break or interruptions in their service and upon the terms and conditions not less favourable than those on which they were engaged on the Effective Date.



8.2 With regard to provident fund and gratuity fund or any other special funds or schemes created or existing for the benefit of such employees (hereinafter referred to as the “**said Funds**”) of PHCPL, upon the Scheme becoming effective, PML shall stand substituted for PHCPL for all purposes whatsoever relating to the administration or operation of such schemes or funds in relation to the obligations to make contributions to the said Funds in accordance with the provisions of such schemes or funds in the respective Trust Deeds or other documents.

9. CONDUCT OF BUSINESS TILL EFFECTIVE DATE

With effect from the Appointed Date and upto and including the Effective Date:

9.1 PHCPL shall be deemed to have been carrying on and shall carry on its business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all of its assets for and on account of, and in trust for PML and all profits or dividends or other rights accruing to PHCPL and all taxes thereof, or losses arising or incurred by it, relating to such investments, shall, for all intent and purpose, be treated as the profits, dividends, taxes or losses, as the case maybe, of PML.

9.2 PHCPL shall carry on its business and activities with reasonable diligence, business prudence and shall not (without the prior written



consent of PML) alienate, charge, mortgage, encumber or otherwise deal with or dispose of its undertaking or any part thereof, except in the ordinary course of business.

9.3 All the profits or income, taxes (including advance tax and tax deducted at source) or any costs, charges, expenditure accruing to PHCPL or expenditure or losses arising or incurred or suffered by PHCPL shall for all purposes be treated and be deemed to be and accrue as the profits, taxes, incomes, costs, charges, expenditure or losses of PML, as the case may be.

9.4 PHCPL shall not vary the terms and conditions of service of its employees except in the ordinary course of business.

9.5 On and after the Appointed Date and until the Effective Date, PHCPL shall not without the prior written approval of the Board of Directors of PML:

- (i) except as contemplated under this Scheme, issue or allot any further securities, either by way of rights or bonus or otherwise; or
- (ii) utilize, subject to Clause 10.1 below, the profits, if any, for any purpose including of declaring or paying any dividend.

9.6 It is clarified that all taxes payable by PHCPL, relating to the transferred undertaking, from the Appointed Date onwards including all or any



refunds and claims shall, for all purposes, be treated as the tax liabilities or refunds and claims of PML.

9.7 This Scheme has been drawn up to comply with and fall within the definition and conditions relating to “Amalgamation” as specified under Section 2(1B) and other applicable provisions of the Income Tax Act, 1961, as amended. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Sections of the Income Tax Act, 1961, at a later date, including resulting from amendment of law or for any other reason whatsoever, the Scheme shall stand modified / amended / altered to the extent determined necessary to comply with and fall within the definition and conditions relating to “Amalgamation” as specified in the Income Tax Act, 1961. In such an event, the Clauses which are inconsistent shall be read down or if the need arises be deemed to be deleted and such modification/reading down or deemed deletion shall however not affect the other parts of the Scheme.

9.8 Upon the Scheme becoming effective, PML is expressly permitted and shall be entitled to revise its financial Statements and Returns along with prescribed Forms and annexures under the Income Tax Act, 1961, as amended, (including for minimum alternate tax purposes and tax benefits,) Goods & Services Tax and other tax laws, and to claim refunds and/or credits for taxes paid (including minimum alternate tax),



and to claim tax benefits under the Income Tax, 1961 etc. and for matters incidental thereto, if required to give effect to the provisions of this Scheme.

9.9 PHCPL, shall preserve and carry on its business and activities with reasonable diligence and business prudence and shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts, nor incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comforts or commitments for themselves or any third party or sell, transfer, alienate, charge, mortgage or encumber or deal with the undertaking or any part thereof save and except in each case in the following circumstances:

- (a) If the same is in its ordinary course of business as carried on as on the date of filing this Scheme with the NCLT; or
- (b) If the same is permitted by this Scheme; or
- (c) If the same is permitted by a written consent of the Board of Directors of PML.
- (d) If the same is pursuant to any pre-existing obligation undertaken by PHCPL.

9.10 PHCPL shall not, without prior written consent of PML, undertake any new Business and/or investments.



9.11 PHCPL shall not, without prior written consent of PML, take any major policy decision in respect of the management of PHCPL and for the business of the Company and shall not change its present capital structure.

9.12 PHCPL shall co-operate with PML for smooth transfer of the business and undertaking from PHCPL to PML and any of the Directors of PHCPL and any of the Directors of PML shall be empowered to give effect to the Scheme in all aspects as may be necessary or expedient including settling any question or difficulties arising in relation to the Scheme in such manner as they deem fit to attain the objective of this Scheme and their decision in this regard shall be final and binding.

10. DIVIDENDS

10.1 PHCPL and PML shall be entitled to declare and pay dividends, whether interim or final, to their shareholders in respect of the accounting period prior to the Appointed Date. For the period commencing from the Appointed Date until the Effective Date, PHCPL shall declare dividend, only with the prior written consent of the Board of Directors of PML, as mentioned in Clause 9.5 above. However, during this said period, PML shall be entitled to declare dividend without any restriction.

10.2 Subject to the provisions of the Scheme, the profits of PHCPL, for the period beginning from the Appointed Date, shall belong to and be the



profits of PML and will be available to PML for being disposed of in any manner as it thinks fit.

- 10.3 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of PHCPL and/or PML to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the Board of Directors of PML, subject to such approval of the shareholders, as may be required.

11. SUMMARY OF VALUATION REPORT OF M/S. BANSI S. MEHTA & CO. AND M/S. BSR & ASSOCIATES LLP

The Share Exchange Ratio has been arrived at based on the joint valuation report prepared by Independent Valuers namely M/s. Banshi S. Mehta & Co., Chartered Accountants and M/s. BSR & Associates LLP, Chartered Accountants, an extract of the said valuation report is given in Annexure A. Further, Kotak Mahindra Capital Company Limited, Independent Category-I Merchant Banker have provided fairness report to PML on the fairness of the Share Exchange Ratio determined for the amalgamation of PHCPL with PML.

12. CONSIDERATION:

- 12.1. Upon this Scheme finally coming into effect and in consideration of the transfer of all the assets and liabilities of PHCPL to PML in terms of this Scheme:-



- a. 13,21,400 Equity Shares of PHCPL held by PML shall stand automatically cancelled and there will not be any issue and allotment of shares to PML.
- b. PML shall issue and allot to the shareholders of PHCPL save and except PML, 627 fully paid-up equity shares of face value of Rs. 2 each for every 100 fully paid-up equity shares of face value of Rs. 10 each held by other shareholder i.e. Ruia International Holding Company Private Limited ('RIHCPL') in PHCPL on the Record Date ("**Share Exchange Ratio**"). Any fractional shares arising out of such allotment shall be rounded off to the nearest integer.
- c. The Equity Shares to be issued pursuant to clause 12.1 (b) shall be issued in dematerialized form.
- d. The Equity Shares to be issued shall be listed and admitted to trading on the Stock Exchanges. PML shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the Stock Exchanges with respect to the issue of equity shares under this Scheme. On such formalities being fulfilled, the Stock Exchanges shall list and/or admit such equity shares issued pursuant to this Scheme, for the purpose of trading.



12.2. On the approval of the Scheme by the members of PML pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, if any it shall be deemed that the said members of PML have also resolved and accorded all relevant consents under Sections 42 and 62 of the Act or any other provisions of the said Act, Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement), 2015 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and all other relevant Rules, Regulations, and Laws for the time being in force. It is clarified that there will be no need to pass a separate shareholders' resolution as required under Sections 42 and 62 of the Act or any other provisions of the said Act, if any, as may be applicable.

12.3. The new shares in PML to be issued to the shareholders of PHCPL save and except PML, shall be subject to the Memorandum and Articles of Association of PML and the Equity Shares shall rank for dividend, voting rights and in all other respects pari passu with the existing Equity Shares of PML.

12.4. The new shares to be issued by PML to the shareholders of PHCPL save and except PML, shall be subject to all the consents, approvals and permissions, as may be necessary, from the concerned statutory authorities as the case may be. Further necessary compliances, if any, as may be required under the applicable laws if any, required arising out of the above amalgamation will be made.



13. DISSOLUTION OF PHCPL

On the Scheme becoming effective, PHCPL shall stand dissolved without being wound up without any further act, instrument or deed by the parties.

14. FINANCIAL STATEMENT AND LIST OF SHAREHOLDERS OF PHCPL AND PML AS ON 31ST MARCH, 2019 IS AS UNDER:

14.1 Balance Sheet (Standalone) of PHCPL as on 31st March 2019 is as under:

Particulars	As At
(Amount in Rs.)	March 31, 2019
ASSETS	
(1) Non-Current Assets	
(a) Property, Plant & Equipment	5,265
(b) Financial Asset	
(i) Investments	1,84,28,54,959
(c) Other Non-Current Asset	95,000
(2) Current assets	
(a) Financial Asset	
(i) Trade receivables	11,90,000
(ii) Cash and Cash Equivalents	1,90,182
(iii) Short-Term Loans and Advances	21,25,000
(b) Current Tax Assets (Net)	4,00,454
(c) Other Current Assets	56,589
Total	1,84,69,17,448
EQUITY AND LIABILITIES	
EQUITY	
(a) Equity Share Capital	2,32,14,000
(b) Other Equity	1,77,47,02,039



LIABILITIES	
(1) Current Liabilities	
(a) Financial Liability	
(i) Borrowings	4,87,21,826
(ii) Trade Payables	
Dues to micro and small enterprises	-
Dues to others	2,23,950
(iii) Other Financial Liabilities	-
(b) Other Current Liabilities	55,633
Total	1,84,69,17,448

Following are the Shareholders of PHCPL as on 31st March 2019:

	Names of shareholders	Address	Number of shares	Nominal Value per share (₹)	Amount in ₹	Percentage of holding (%)
1.	The Phoenix Mills Limited	462 Senapati Bapat Marg, Lower Parel- West, Mumbai – 400013	13,21,400	10	1,32,14,000	56.92%
2.	Ruia International Holding Company Private Limited	C/o Market City Resources Pvt. Ltd, Ground Floor, R.R. Hosiery Bldg, Shree Luxmi Woollen Mills Estate Mahalaxmi Mumbai- 400011	9,99,900	10	99,99,000	43.07%
3.	Ruia International Holding Company Private Limited jointly with Mr. Atul Ruia	C/o Market City Resources Pvt. Ltd, Ground Floor, R.R. Hosiery Bldg, Shree Luxmi Woollen Mills Estate	100	10	1,000	0.05%



		Mahalaxmi Mumbai- 400011				
	TOTAL		23,21,400	10	2,32,14,000	100%

14.2 Balance Sheet (Standalone) of PML as on 31st March 2019 is as under

Statement of Assets & Liabilities		
	Rs. in Lakhs	
Particulars		As at 31st March 2019
		Audited
ASSETS		
1 Non-current assets		
a) Property, plant and equipment		63,486.38
b) Capital work-in-progress		10,664.47
c) Other intangible assets		18.24
d) Financial assets		
i) Investments		2,61,373.09
ii) Loans		12,630.25
iii) Other Financial assets		4,414.01
e) Deferred tax assets (net)		1,751.71
f) Other non-current assets		1,471.36
(A)		3,55,809.51
2 Current assets		
a) Financial assets		
i) Trade receivables		2,199.98
ii) Cash and cash equivalents		716.90
iii) Bank Balance other than above		14.84
iv) Loans		7,087.67
v) Other Financial assets		7,852.02
b) Current Tax Assets (net)		2,887.69
c) Other current assets		248.79
(B)		21,007.89
TOTAL ASSETS (A + B)		3,76,817.40
EQUITY AND LIABILITIES		



1	Equity	
	a) Equity share capital	3,065.80
	b) Other equity	2,71,393.86
	(A)	2,74,459.66
	Liabilities	
2	Non-current liabilities	
	a) Financial liabilities	
	i) Borrowings	66,306.18
	ii) Other financial liabilities	7,394.59
	b) Provisions	147.11
	(B)	
		73,847.88
3	Current liabilities	
	a) Financial liabilities	
	i) Borrowings	1,872.04
	ii) Trade Payables	1,327.98
	iii) Other financial liabilities	21,696.16
	b) Provisions	10.69
	c) Other current liabilities	3,602.99
	(C)	28,509.86
	TOTAL EQUITY AND LIABILITIES (A+B+C)	3,76,817.40

Following are the Shareholders of PML as on 31st March 2019:

Category of the Shareholder	No. of Equity Shares held	% of Shareholding
Promoters	45,32,005	2.95
Promoter Group	9,16,78,877	59.81
Promoter & Promoter Group	9,62,10,882	62.76
Public		
Foreign Portfolio Investor	3,86,88,275	25.24
Foreign Institutional Investors	1691,482	1.10
Mutual Funds	75,81,605	4.95



Public	42,95,997	2.80
Bodies Corporate	22,98,397	1.50
Non Resident Indians- Non-Repatriable	152,268	0.10
Alternate Investment Funds	1144331	0.75
Non Resident Indians-Repatriable	142,986	0.09
Non-Promoter Directors and Relatives	88,700	0.06
HUF	71,988	0.05
Clearing Members	34,241	0.02
Financial Institutions & Banks	13,505	0.01
Trusts	12,604	0.01
IEPF	8,05,587	0.53
Foreign Companies	50,000	0.03
Central Government	6,953	0.00
Sub-Total	5,70,78,919	37.24
Grand Total	15,32,89,801	100.00

15. ACCOUNTING TREATMENT

Upon the Scheme becoming effective, PML shall account for the amalgamation as under:

- 15.1 PML shall account for the amalgamation of PHCPL as per Ind- AS 103 – Business Combinations (pooling of interest method) for the entities under common control and other applicable Indian Accounting Standards issued by the Institute of Chartered Accountants of India and as referred to in section 133 of the Companies Act, 2013, subject to the following:-



- A) Upon this Scheme becoming effective and with effect from the Appointed Date, all the assets, liabilities, reserves and credit balance of profit and loss account, if any, of PHCPL shall be recorded in the books of PML, under the respective heads of assets & liabilities, subject to such correction and adjustments, if any, as may in the opinion of the Board of Directors of PML be necessary or required and to the extent permissible in law.
- B) The balance, if any, in the Reserves account or credit or debit balance of profit and loss account of PHCPL, as the case may be, as on the Appointed Date, shall be transferred to and aggregated with the corresponding reserves in the books of PML.
- 15.2 PML shall record all the assets and liabilities including reserves and accumulated losses of PHCPL transferred to and vested in PML pursuant to this Scheme, at their respective book values as appearing in the books of PHCPL.
- 15.3 PML shall credit to its share capital account, the aggregate face value of the Equity Shares issued by it pursuant to this Scheme.
- 15.4 The book value of investments, if any, held by PML in PHCPL shall stand cancelled.
- 15.5 The excess or deficit between the net assets and reserves taken over as stated in (15.2) above, share capital issued as stated in (15.3) above and cancellation of investment as stated in (15.4) above shall be



credited / debited to Reserve Account as the case may be in the books of PML.

- 15.6 Upon coming into effect of this Scheme, to the extent that there are inter-corporate loans/advances or balances between PHCPL and PML, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of PHCPL and PML for the reduction of any assets or liabilities, as the case may be.

- 15.7 Adjustment for differences in accounting policies

In case of any differences in the accounting policy between PHCPL and PML, the impact of the same till the amalgamation will be quantified and adjusted in Statement of Profit and Loss of PML to ensure that the financial statements of PML reflects the financial position on the basis of consistent accounting policy.

- 15.8 The provisions of Income Tax has been duly complied.

- 15.9 The difference between the amounts recorded as Share Capital issued and the amount of Share Capital of PHCPL shall be adjusted in Reserves.

16. CHANGE IN THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF PML:

The Memorandum & Articles of Association of PML shall without any act, instrument or deed be and shall stand altered, modified and amended pursuant to section 13, 14, 61 of the Companies Act, 2013 and other applicable provisions of the Act.



Upon the Scheme becoming effective, the authorized share capital of the PHCPL shall stand combined with and be deemed to be added to the authorized share capital of the PML. Filing fees and stamp duty, if any, paid by PHCPL on its authorized share capital, as applicable, shall be deemed to have been so paid by the PML on the combined authorized share capital and accordingly, the PML shall not be required to pay any fee/stamp duty for its increased authorized share capital

Consequently, existing clause 5 of the Memorandum of Association of the PML shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 61 to 64 and other applicable provisions of the Companies Act, 2013 by substituting the existing Clause with the following

“the Authorised Share Capital of the Company is Rs.49,00,00,000/- (Rupees Forty Five Crores Only) divided into 24,50,00,000 (Twenty Four Crores Fifty Lakh) Equity Shares of Rs.2/- (Rupees Two only) each with all the rights, privileges and conditions attached thereto as are provided by the Articles of Association of the Company for the time being, with power to increase, decrease or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such.”

17. GENERAL:

- 17.1 On the Scheme being agreed to and approved by the respective requisite majorities of members of PHCPL and PML at their meetings held in accordance with the directions of the jurisdictional NCLT(s) on



the Companies' applications, both the Companies shall with reasonable dispatch, file their respective petitions with the NCLT for sanctioning this Scheme of Amalgamation under Section 230 to 232 of the Act and for an order or orders for carrying this Scheme into effect.

17.2 Subject to the approval of the NCLT, PHCPL and PML through their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, are hereby empowered and authorized to assent from time to time to any modifications or amendments or conditions or limitation which the NCLT or any other Government Authority may deem fit to approve, impose and to settle all doubts or difficulties that may arise for carrying out the Scheme and to do and execute all acts, deeds, matters and things as may be necessary for putting the Scheme into effect. The power of the Board of Directors of PHCPL and PML shall be subject to the final approval of the NCLT.

17.3 If the enterprise value of PHCPL exceeds 10% of the consolidated turnover of PML, the Scheme of Amalgamation between PML and PHCPL shall be a material related party transaction. The approval of the Scheme by the shareholders shall also be deemed an approval for material related party transaction in compliance with Regulation 23 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement), 2015.



17.4 The Scheme is conditional upon and subject to:

- (a) The Scheme being agreed to by the respective requisite majorities of the members as are referred to in clause 17.1 hereof on behalf of PHCPL and PML and requisite Order or Orders referred to in clause 17.1 being obtained.
- (b) Such other sanctions and approvals as may be required by law in respect of the Scheme being obtained.
- (c) The Scheme being approved by the majority of public shareholders of the Transferee Company (by way of e-voting) as required under the SEBI Circular. The Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the Scheme are more than the number of votes cast by the public shareholders, against it as required under the SEBI Circular. The term 'public shareholder' shall carry the same meaning as defined under Rule 2 of the Securities Contracts (Regulations) Rules, 1957"

17.5 After the sanction of the Scheme and in spite of dissolution of PHCPL, PML shall for a period of one year from the date of sanction of the Scheme, be also entitled to continue to operate existing Bank account (s) of PHCPL for the purpose of depositing cheques, drafts, pay orders and or payment advances issued to or to be issued in favor of PHCPL



and for the purpose of transferring such deposits in such accounts of PHCPL to the account of PML.

17.6 Disclosure about the effect of aforesaid Amalgamation on:

Particulars	Transferor Company	Transferee Company
Key Managerial personnel (KMP)	Will cease to be KMP	No effect
Directors	Will cease to be Directors	No effect
Promoters	Will be allotted equity shares as per the Scheme in the Transferee Company	Change in the shareholding the Promoter
Non-Promoter members	Not Applicable	Dilution in percentage stake
Depositors	Not Applicable	Not Applicable
Creditors	Will become Creditors of Transferee Company	Not Effect
Debenture holders	Transferee Company being the Debenture holder, their holding will get cancelled	Not Effect
Deposit Trustee and Debenture trustee	Not Applicable	No effect
Employees	Will become employees of Transferee Company	No effect

Except as stated in this Scheme, there will not be any effect on material interests of Directors, Key Managerial Personnel and Debenture Trustee, as the case may be. There are no investigations, proceedings instituted or pending against PHCPL and PML under the provisions of the Companies Act, 2013.



17.7 The person may vote in the meeting either in person or by proxies as specifically provided in the notice convening meeting of the shareholders of the Company wherever required.

17.8 The details of the following documents for obtaining extract from or for making copies or for inspection by the members and creditors would also be available at the registered office of PHCPL and PML

- Latest audited financial statements of PML including consolidated financial statements for the year ended March 31, 2019.
- Latest audited financial statements of PHCPL for the year ended March 31, 2019.
- Copy of the Scheme
- The certificate issued by the Statutory Auditors of PML and PHCPL to the effect that the accounting treatment, if any, proposed in the Amalgamation Scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013;

17.9 This Scheme will be forwarded / filed with all required regulatory or any other government authorities to seek their approval / no objection / sanctions, if any, as may be required.

17.10 Interse relationship between Directors of PHCPL and PML

The common directors of PHCPL and PML are as under;



Particulars	PHCPL	PML
Name of	Shishir Shrivastava	Shishir Shrivastava
Directors	Atul Ruia	Atul Ruia

17.11 Details of relationship between PHCPL and PML

PHCPL is a subsidiary of PML and 13,21,400 equity shares of PHCPL are held by PML and the 10,00,000 balance shares are held by the Ruia International Holding Company Private Limited, a Promoter Group Company, of PML.

18. REVOCATION OF THE SCHEME:

18.1 In the event of any of the said sanctions and approvals referred to in Clause 17.1 above, not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the NCLT and/or order or orders not being passed as aforesaid before 31st March, 2021 or such other date as may be mutually agreed upon by the respective Board of Directors of PHCPL and PML who are hereby empowered and authorized to agree to and extend the aforesaid period from time to time without any limitations in exercise of their powers through and by their respective delegate(s), this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred inter se PHCPL and PML or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated



hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, each company shall bear its own costs unless otherwise mutually agreed. Further, the Board of Directors of PHCPL and PML with the approval of the NCLT shall be entitled to revoke, cancel and declare the Scheme of no effect, if such Boards are of view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the drawn up orders of NCLT with any authority or due to change in applicable laws could have adverse implication on either/both of the companies.

19. COST

- 19.1 All costs, charges and expenses including stamp duty and registration fee of any deed, document, instrument or Tribunal's order of PHCPL and PML respectively in relation to or in connection with negotiations leading upto the scheme and of carrying out and implementing the terms and provisions of this Scheme and incidental to the completion of arrangement of the said Scheme and in pursuance of this Scheme shall be borne and paid by PML exclusively.



BSR & Associates LLP
Chartered Accountants
 Lodha Excellus, 1st Floor,
 Apollo Mills Compound, N.M. Joshi Marg,
 Mahalakshmi, Mumbai 400 011, India

Bansi S. Mehta & Co.
Chartered Accountants
 Metro House, 3rd Floor,
 Dhobi Talao, M. G. Road,
 Mumbai - 400 020, Maharashtra, India

7 August 2019

The Board of Directors
The Phoenix Mills Limited
 Shree Laxmi Woolen Mills Estate
 Off. Dr. E. Moses Road, Mahalaxmi
 Mumbai, 400011

The Board of Directors
Phoenix Hospitality Company Private Limited
 Phoenix Mill Premises
 Senapati Bapat Marg, Lower Parel,
 Mumbai – 400013

Sub: Recommendation of equity share exchange ratio for the proposed amalgamation of Phoenix Hospitality Company Private Limited with The Phoenix Mills Limited

Dear Sirs,

We refer to our engagement letters whereby The Phoenix Mills Limited (“TPML”) and Phoenix Hospitality Company Private Limited (“PHCPL”) (together referred to as “Clients”, the “Companies”, “Businesses” or “You”) have jointly requested B S R & Associates LLP (“BSR”) and Bansi S. Mehta & Co. (“BSMC”) to recommend an equity share exchange ratio in connection with the proposed amalgamation of Phoenix Hospitality Company Private Limited with The Phoenix Mills Limited.

BSR and BSMC are hereinafter jointly referred to as “Valuers” or “we” or “us” and individually referred to as the “Valuer” in this Valuation Report.

SCOPE AND PURPOSE OF THE VALUATION REPORT

We understand that the management of the Companies (hereinafter referred to as “the Management”) are contemplating the amalgamation of PHCPL with TPML under a Scheme of Amalgamation under the provisions of Sections 230-232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013. Under the proposed Scheme of Amalgamation, as consideration for the amalgamation of PHCPL into TPML, the shareholders of PHCPL will be issued equity shares of TPML (“Transaction”).

BSR and BSMC have been requested by the Board of Directors/ Audit Committee of the Companies to submit a letter recommending an equity share exchange ratio, as on the date of this report, in connection with the Transaction. This valuation report (“Valuation Report”) may be placed before the audit committee, as per SEBI Circular CFD/DIL3/CIR/2017/21 dated 10 March 2017 and the circular no. CFD/DIL3/CIR/2017/26 dated 23 March 2017. We understand that this Valuation Report will be used by the Clients for the above mentioned purpose only and, to the extent mandatorily required under applicable laws of India, may be produced before judicial, regulatory or government authorities, in connection with the Transaction.

We understand that the appointed date for the amalgamation as per the draft scheme shall be 1 April 2019



Recommendation of share exchange ratio for the proposed amalgamation of PHCPL with TPML

The scope of our services is to conduct a relative valuation (and not absolute) of the equity shares of TPML and PHCPL to arrive at the equity share exchange ratio of TPML and PHCPL ("Equity Share Exchange Ratio") for the proposed amalgamation in accordance with generally accepted professional standards.

This Valuation Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such the Valuation Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

SOURCES OF INFORMATION

In connection with preparing this Valuation Report, we have received the following information from the management of the Companies ("Management"):

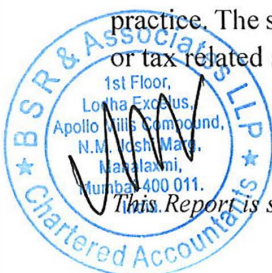
- Audited financial statements of the Companies for the historical period;
- Management business plan ("Management Business Plan") for TPML, PHCPL, their subsidiaries, joint ventures and special purpose vehicles (SPVs);
- Interviews and discussions with the Management to augment our knowledge of the operations of the Companies;
- Draft Scheme of Amalgamation dated 6 August 2019 ("Scheme");
- Other information, explanations and representations that were required and provided by the Management;
- For our analysis, we have relied on published and secondary sources of data, whether or not made available by the Client. We have not independently verified the accuracy or timeliness of the same; and
- Such other analysis, review and enquiries, as we considered necessary.

We have taken into consideration the current market parameters in our analysis and have made adjustments for additional facts made known to us till the date of our Valuation Report. Further, we have been informed that all material information impacting the Companies have been disclosed to us. The Management has further confirmed to us that there are no unusual/ abnormal events in the Companies since the last audited accounts till the Valuation Report date materially impacting their operating/ financial performance.

The Companies have been provided with the opportunity to review the draft Valuation Report (excluding the recommended Equity Share Exchange Ratio) as part of our standard practice to make sure that factual inaccuracies/ omissions are avoided in our final report.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The service does not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.



This Report is subject to the limitations mentioned herein under



Recommendation of share exchange ratio for the proposed amalgamation of PHCPL with TPML

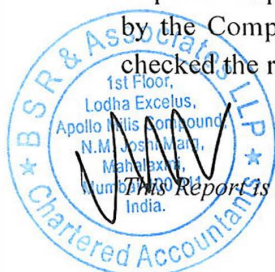
This Valuation Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; and (ii) the date of this Valuation Report and (iii) the latest available financial statements of the Companies and other information provided by the Management or taken from public sources till 7 August 2019.

A valuation of this nature is necessarily based on (a) prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on and (b) the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Valuation Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Valuation Report.

The ultimate analysis will have to be influenced by the exercise of judicious discretion by the Valuer and judgment taking into accounts all 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 are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions.

The recommendation(s) rendered in this Valuation Report only represent our recommendation(s) based upon information received by the Companies till 7 August 2019 and other sources and the said recommendation(s) shall be considered to be in the nature of non-binding advice (our recommendation will however not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). Further, the determination of Equity Share Exchange Ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single Equity Share Exchange Ratio. While we have provided our recommendation of the Equity Share Exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Equity Share Exchange Ratio of the equity shares of TPML and PHCPL. You acknowledge and agree that you have the final responsibility for the determination of the Equity Share Exchange Ratio at which the proposed amalgamation shall take place and factors other than our Valuation Report will need to be taken into account in determining the Equity Share Exchange Ratio; these will include your own assessment of the Transaction and may include the input of other professional advisors.

In the course of the valuation, we were provided with both written and verbal information, including market, technical, financial and operating data. In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of the information that was publicly available and formed a substantial basis for this Valuation Report and (ii) the accuracy of information made available to us by the Companies. We have not carried out a due diligence or audit of the Companies for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided. We are not legal or regulatory advisors with respect to legal and regulatory matters for the Transaction. We do not express any form of assurance that the financial information or other information as prepared and provided by the Companies is accurate. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case



Recommendation of share exchange ratio for the proposed amalgamation of PHCPL with TPML

of any doubt. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness.

Our conclusions are based on these assumptions and information given by/ on behalf of the Companies. The Management have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/ results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and its impact on the Valuation Report. Also, we assume no responsibility for technical information (if any) furnished by the Companies. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the Valuation Report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

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 Companies, their directors, employees or agents. In no circumstances shall the liability of a Valuer, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this Valuation Report shall exceed the amount paid to such Valuer in respect of the fees charged by it for these services.

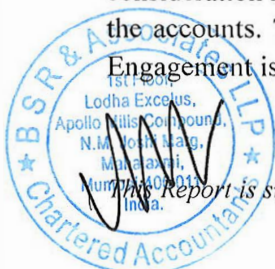
The Valuation Report assumes that the specified Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the specified Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Valuation Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in period balance sheet of the specified Companies. Our conclusion of value assumes that the assets and liabilities of the specified Companies, reflected in their respective latest balance sheets remain intact as of the Valuation Report date.

The financial forecasts used in the preparation of the Report reflects judgment of management of Companies, based on present circumstances prevailing around the Valuation Date, as to the most likely set of conditions and the course of action it is most likely to take. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period will almost always may differ from the forecasts and as such differences may be material.

This Valuation Report does not address the relative merits of the Transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

No investigation of the Companies' claim to title of assets has been made for the purpose of this Valuation Report and the Companies' claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature. The fee for the Engagement is not contingent upon the results of the Valuation Report.

This Report is subject to the limitations mentioned herein under



Recommendation of share exchange ratio for the proposed amalgamation of PHCPL with TPML

We owe responsibility to the Audit Committee of the Board of Directors of TPML and PHCPL which have retained us, and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of the other. We do not accept any liability to any third party in relation to the issue of this Valuation Report. This Valuation Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose. It is understood that this analysis does not represent a fairness opinion.

This Valuation Report is subject to the laws of India.

Neither the Valuation Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement. Further, it cannot be used for purpose other than in connection with the Transaction, without our prior consent. In addition, this Valuation Report does not in any manner address the prices at which equity shares will trade following consummation of the Transaction and we express no opinion or recommendation as to how the shareholders of either Company should vote at any shareholders' meeting(s) to be held in connection with the Transaction.

BACKGROUND OF THE COMPANIES

The Phoenix Mills Limited (TPML)

TPML, a company incorporated in 1905, is based in Mumbai, India. TPML is a leading retail mall developer and operator in India and is the pioneer of retail-led, mixed-use developments in India with completed development of over 17.5 million square feet spread across retail, hospitality, commercial, and residential asset classes. The company has an operational retail portfolio of approximately 6.0 million square feet spread across 8 operational malls in 6 gateway cities of India. The company is further developing 5 malls with over 4.9 million square feet of retail space in 5 gateway cities of India. Besides retail, the company plans to expand its commercial office portfolio from current gross leasable area (GLA) of 1.3 million square feet to 4 – 5 million square feet.

The issued and subscribed equity share capital of TPML as at 7 August 2019 is INR 306.69 million consisting of 153,343,690 equity shares of face value of INR 2 each. The shareholding pattern of TPML as on Valuation Report date is as follows:

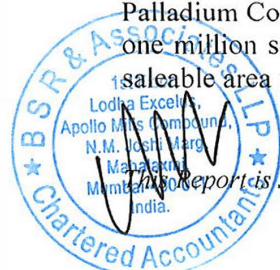
Category	No of Shares	% shareholding
Promoter & Promoter Group	96,215,882	62.75
Public	57,127,808	37.25
Total	153,343,690	100.0

Source: Management

Phoenix Hospitality Company Private Limited (PHCPL)

PHCPL is a holding company having investment in four SPVs engaged in the business of real estate development. PHCPL has ownership interests in Graceworks Realty and Leisure, Alliance Spaces, Palladium Constructions and Starboard Hotels. In together, the four SPVs have GLA of approximately one million square feet of leasable commercial and retail development, ~3.19 million square feet of saleable area under residential development and 193 key hotel.

This report is subject to the limitations mentioned herein under



Recommendation of share exchange ratio for the proposed amalgamation of PHCPL with TPML

The issued and subscribed equity share capital of PHCPL as at 7 August 2019 is INR 23.21 million consisting of 2,321,400 equity shares of face value of INR 10 each. The shareholding pattern of PHCPL as on Valuation Report date is as follows:

Category	No of Shares	% shareholding
The Phoenix Mills Limited	1,321,400	56.92
Promoters and Promoter Group	1,000,000	43.08
Total	2,321,400	100.0

Source: Management

APPROACH & METHODOLOGY - BASIS OF TRANSACTION

The Transaction contemplates amalgamation of PHCPL with TPML. Arriving at the Equity Share Exchange Ratio for the proposed amalgamation of the above mentioned companies would require determining the value of PHCPL in terms of the value of the equity shares of TPML. These values are to be determined independently but on a relative basis, and without considering the proposed Transaction.

There are several commonly used and accepted methods for determining the value of the equity shares of a company, which have been considered in the present case by Valuers independently, to the extent relevant and applicable, including:

1. Market Price method
2. Income Approach/ Earnings based Method
3. Net Asset Value method (NAV)

It should be understood that the valuation of any company or its assets is inherently imprecise and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Companies, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for a transaction of a similar nature, regulatory guidelines and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

The valuation methodologies used by BSR and BSMC to arrive at the value attributable to the equity shareholders of TPML and PHCPL are discussed in Annexure 1A and 1B respectively (*Annexure 1A and 1B together referred to as Annexures*):



This Report is subject to the limitations mentioned herein under

*Recommendation of share exchange ratio for the proposed amalgamation of PHCPL with TPML***BASIS OF EQUITY SHARE EXCHANGE RATIO**

The basis of amalgamation of PHCPL into TPML would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies, for the purposes of recommending an Equity Share Exchange Ratio of equity shares, it is necessary to arrive at a single value for the equity shares of TPML and PHCPL. It is however important to note that in doing so we are not attempting to arrive at the absolute equity values of the Companies but at their relative values to facilitate the determination of a fair Equity Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

The Equity Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of the Companies based on the various approaches/ methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Businesses, having regard to information base, key underlying assumptions and limitations.

As considered appropriate, we have independently applied methodologies discussed in the Annexures and arrived at the value per share of the Companies. To arrive at the consensus on the equity share exchange ratio for the proposed amalgamation, suitable minor adjustments/ rounding off have been done.

In view of the above, and on consideration of the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the Equity Share Exchange Ratio of equity shares for amalgamation of PHCPL into TPML at 627 (six hundred twenty seven) equity shares of TPML of INR 2 each fully paid up for every 100 (hundred) equity shares of PHCPL of INR 10 each fully paid up.


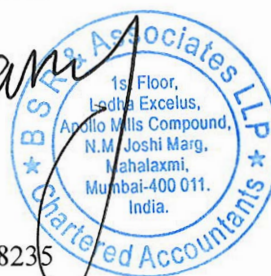
Our Valuation Report and Equity Share Exchange Ratio is based on the current equity share capital structure of TPML and PHCPL as mentioned earlier in this Report. Any variation in the equity capital of TPML and PHCPL may have material impact on the share exchange ratio.

Respectfully submitted.

For B S R & Associates LLP

Chartered Accountants

Firm Registration No: 116231W





Mahek Vikamsey
Partner
Membership No: 108235
UDIN: 19108235AAAAAH7405

Date: 7 August 2019

For Bansi S. Mehta & Co.

Chartered Accountants

Firm Registration No: 100991W



Drushti R. Desai
Partner
Membership No: 102062
UDIN: 19102062AAAAAH5733

Date: 7 August 2019

*Recommendation of share exchange ratio for the proposed amalgamation of PHCPL with TPML***Annexure 1A****APPROACH & METHODOLOGY - BASIS OF TRANSACTION – BSR**

The valuation methodologies used by BSR to arrive at the value attributable to the equity shareholders of PHCPL and TPML are discussed hereunder:

Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in. Further, in the case of a transaction, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

In the present case, the shares of TPML are listed on BSE and NSE and there are regular transactions in its equity shares with reasonable volume. In the circumstances, the share price of TPML has been considered as suggested in regulation 164 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. Accordingly, higher of the below two methods has been taken for determining the value of TPML under the market price methodology:

- Average of the weekly high and low of the volume weighted average price during the last twenty six weeks preceding the Valuation Report date; and
- Average of the weekly high and low of the volume weighted average price during the two weeks preceding the Valuation Report date.

Income Approach

The income approach used for the valuation of TPML and PHCPL includes combination of the rent capitalization method (“Rent Capitalization”) and the Discounted Cash Flow (“DCF”) method. The approach used by us has been summarized below:

- Residential assets – all are currently under construction and have been valued using DCF method
- Commercial/ retail leasable properties – assets which are fully operationalized (have stabilized Net operating Income (NoI)), have been valued using Rent Capitalization method.
- Under construction/ not fully operational Commercial/ retail leasable properties – assets which are either under construction or are yet to be fully operational (i.e., properties still getting leased out) have been valued using combination of both the methods. For the initial years where the NoI is yet to be stabilized, the cash flows generated have been valued using DCF method. Thereafter, the terminal value has been calculated using Rent Capitalization method to evaluate stabilized commercial operations. The sum of the two results to the value of the property.
- Finally, both TPML and PHCPL has been valued on Sum of the Parts (“SOTP”) approach.

The Rent Capitalization method estimates the value of an income generating property based on the level and quality of income the property generates. It capitalizes the stabilized NOI (current year/ one year forward) at a rate known as capitalization rate or cap rate. This cap rate is the rate that is used by the market in recent transactions to capitalize future income into a market value. NoI is a measure of income generated from property after deducting operating expenses and therefore, considered as unleveraged measure of income before tax.



This Report is subject to the limitations mentioned herein under

Recommendation of share exchange ratio for the proposed amalgamation of PHCPL with TPML

Under the DCF method, the future cash flows, including the capital expenditures, are projected over the forecast period and discounted to present at the weighted average cost of capital to arrive at the value of the property. This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and lenders), weighted by their relative contribution to the total capital of the company.

To arrive at the total value available to the equity shareholders, value arrived above under Income approach is adjusted, as appropriate, for cash and cash equivalent, borrowings, surplus assets, contingent liabilities, value of investments, proposed dividend (if any) and other matters. The total value is then divided by fully diluted equity shares (considering ESOPs) to arrive at the value per share.

For the purpose of DCF valuation, the free cash flow forecast of the properties/ assets is based on Management Business Plan provided by the Management. Similarly, the Management has also provided the one year forward market rent applicable for the fully operational properties.

We must emphasize that realizations of free cash flow forecast will be dependent on the continuing validity of assumptions on which they are based. Our analysis, therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences may be material. While carrying out this engagement, we have relied extensively on historical information made available to us by the Management and the Management Business Plan for future related information. We did not carry out any validation procedures or due diligence with respect to the information provided/ extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the Management Business Plan, save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of this engagement.

Net Asset Value (NAV) Method

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. The cost approach is based on the assumption that a prudent investor would pay no more for an entity than the amount for which he could replace or re-create it or an asset with similar utility.

Considering the nature and size of the business operations we have not used NAV method for the purpose of evaluating the value of TPML and PHCPL.

Computation of equity share Exchange ratio as per BSR Analysis

We have further independently assigned appropriate weightages to the value per equity share of TPML and PHCPL arrived using Market price method, Income approach and NAV method to arrive at the value per equity share of PHCPL and TPML.

Valuation Approach	PHCPL		TPML	
	Value per Share	Weightage	Value per Share	Weightage
Market Approach	NA	0%	661	50%
Income Approach	4,543	100%	789	50%
Asset Approach	1,300	0%	225	0%
Relative Value per share	4,543	100%	725	100%
Exchange Ratio (Rounded off)		6.27		



*Recommendation of share exchange ratio for the proposed amalgamation of PHCPL with TPML***Annexure 1B****APPROACH & METHODOLOGY - BASIS OF TRANSACTION – BSMC**

It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose.

For the purpose of arriving at valuation of the Valuation Subjects we have considered the valuation base as 'Fair Value'. Our valuation, and this report, is based on the premise of 'going concern value'. Any change in the valuation base, or the premise could have significant impact on our valuation exercise, and therefore, this Report.

It may be noted that the Institute of Chartered Accountants of India (ICAI) on June 10, 2018 has issued the ICAI Valuation Standards ("IVS") effective for all the valuation reports issued on or after July 1, 2018. The IVS shall be mandatory for the valuation done under the Companies Act, 2013, and recommendatory for valuation carried out under other statutes/ requirements. We have given due cognizance to the same in carrying out the valuation exercise.

IVS 301 on Business Valuations deals with valuation of a business or business ownership interest (i.e. it includes valuation of equity shares).

IVS 301 specifies that generally, the following three approaches for valuation of business/business ownership interest are used:

1. Market approach
2. Income approach
3. Cost approach

Each of the above approaches are discussed in the following paragraphs.

Market Price Method:

This method involves determining the market price of an entity based on its traded price on the stock exchange over a reasonable period of time. We have determined the market price of shares of TPML-based on weighted average price on NSE over a period of six months prior to the Valuation Date. Equity Shares of PHCPL are not listed on any stock exchange and therefore, the Market Price Method is not used to determine the value of the equity shares of PHCPL.

Earnings based Method:

Under the Earnings Approach we compute the fair value based on the earnings.

We have valued TPML and PHCPL based on Sum of the Parts (SOTP) basis wherein we have capitalized earnings of operational portfolios (including projects housed under Investee Companies) with reasonable level of occupancies. For valuing companies/ projects under construction with lower level of occupancies or new projects, we have used the Discounted Cash Flow Method ("DCF") of Valuation.

Under the DCF Method, the future cash flows are appropriately discounted to arrive at a value of the business on a going concern basis. This value would, primarily, be based on the present value of such future cash flows generated.



Recommendation of share exchange ratio for the proposed amalgamation of PHCPL with TPML

The value per share of TPML and PHCPL is based on the value of proportionate stake in the operational portfolios under them.

Cost approach:

Cost Approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

IVS 301 on Business Valuations and IVS 103 on Valuation Approaches and Methods specify that common methodologies for the Cost Approach are the Replacement Cost Method and the Reproduction Cost Method. These methods involve determining the value of the asset based on the cost that would have to be incurred to recreate/replicate the asset with substantially the same utility as that of the asset under valuation.

Value of residential projects would be the present value of the likely realisation, to assume value of such project based on the full market value without considering the time factor would not be reflective of the true value of such project. The value of commercial property held for letting and retail malls can be best valued only on the basis of rental streams. To assume value based on cost approach for such property would be inconsistent with the intent of the companies, and would also not be in line with the basis of valuation viz. going concern.

Fair Valuation:

We have arrived at the fair value of equity shares of TPML by applying equal weights to the value derived under the Earnings based Method and the Market Price Method.

The fair value of the equity shares of PHCPL is derived based on the Earnings.

Attention may also be drawn to Regulation 158 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("ICDR Regulation") which specifies that preferential issue of equity shares to shareholders of an unlisted entity pursuant to a National Company Law Tribunal approved scheme shall conform with the pricing provisions of preferential issue specified under Regulation 164 of the said regulations. Further, it may be noted that Regulation 164 specifies the base price for issue of shares on a preferential basis. In the Proposed Amalgamation, PHCPL, an unlisted entity is amalgamating with TPML, a listed entity. We have therefore, given due cognizance to the base price derived using the formula prescribed under ICDR Regulations after considering the fair value of TPML while determining the swap ratio.



*Recommendation of share exchange ratio for the proposed amalgamation of PHCPL with TPML***Computation of equity share Exchange ratio as per BSMC Analysis**

	PHCPL (A)		TPML (B)	
Valuation Approach	Value per Share	Weightage	Value per Share	Weightage
Market Price Method	-	0%*	633	50%
Earnings based Method	4,652	100%	852	50%
Net worth	1,300	0%**	225	0%**
Relative Value per share (a)	4,652	100%	742	100%
Value per Share based on ICDR Pricing (b)	NA		661	
Relative Value per Share for the purpose of Exchange Ratio (max(a) or (b))	4,652		742	
Exchange Ratio (A/B) (Rounded off)		6.27		

*as mentioned earlier, Market Price Method cannot be used to derive the value of PHCPL as the equity shares of PHCPL are not listed

**based on the reasons specified under Cost Approach earlier, we have not considered it appropriate to use the cost based approach for valuation of equity shares of TPML and PHCPL. Further, it may be noted that the net worth is significantly lower than the value under other methods.

