

**REPORT OF THE AUDIT COMMITTEE OF THE PHOENIX MILLS LIMITED
RECOMMENDING THE SCHEME OF AMALGAMATION OF PHOENIX HOSPITALITY
COMPANY PRIVATE LIMITED ("PHCPL") WITH THE PHOENIX MILLS LIMITED
("PML") AND THEIR RESPECTIVE SHAREHOLDERS AT ITS MEETING HELD ON
AUGUST 7, 2019 AT MUMBAI**

Members Present

- | | |
|-----------------------|--|
| 1. Mr. Amit Dabriwala | Chairman (Independent Director) |
| 2. Mr. Atul Ruia | Member (Chairman and Managing Director of the Board) |
| 3. Ms. Shweta Vyas | Member (Independent Director) |

In Attendance

- | | |
|---------------------|-------------------|
| Mr. Gajendra Mewara | Company Secretary |
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Background

1. A meeting of the Audit Committee of The Phoenix Mills Limited ("Company or "PML") was held on August 7, 2019 to consider and recommend the proposed Scheme of Amalgamation of Phoenix Hospitality Company Private Limited with The Phoenix Mills Limited and their respective shareholders ("Scheme") under Section 230 to 232 and other 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 Audit Committee is required to be furnished to the Company's Board of Directors, recommending the draft Scheme under the Companies Act, 2013, taking into consideration, inter alia, the Valuation Report. This report of the Audit Committee is made 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 inter alia the following necessary documents:
 - (i) Joint Valuation Report dated August 7, 2019 issued by the Independent Valuers namely M/s. Bansi S Mehta and Co., Chartered Accountants and M/s. BSR and Associates, Chartered Accountants;
 - (ii) Fairness Opinion dated August 7, 2019 prepared by M/s. Kotak Mahindra Capital Company Limited, Independent Category-I Merchant Banker, providing the fairness opinion on the share exchange ratio recommended in the Valuation Report; and





**THE PHOENIX
MILLS LIMITED**

Corp. Office : Shree Laxmi Woolen Mills Estate, 2nd Floor,
R.R. Hosiery, Off Dr. E. Moses Rd. Mahalaxmi, Mumbai - 400 011
Tel : (022) 3001 6600 Fax : (022) 3001 6601
CIN No. : L17100MH1905PLC000200

(iii) The draft Scheme of Amalgamation of the Company.

The Salient features of the proposed Scheme are as under:

1. Appointed Date for the Scheme would be April 1, 2019.
2. Upon the Scheme becoming effective and upon the amalgamation of PHCPL with the Company, the shares held by the Company in PHCPL as on the record date shall stand cancelled and PHCPL shall cease to exist. Pursuant to the terms of the Scheme, Company will allot 627 (Six Hundred and Twenty-Seven) fully paid-up equity shares of the Company of face value of INR 2 each for every 100 (One Hundred) fully paid-up equity shares of face value of INR 10 each held by other shareholder, i.e. Ruia International Holding Company Private Limited ('RIHCPL') in PHCPL.
3. The transfer and vesting of the undertakings and business of PHCPL in Company will be effective from Appointed Date.

Rationale of the Scheme

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

The proposed amalgamation will lead to a simplified corporate amalgamation / merger structure since it will result in the combined businesses of PHCPL and Company 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 the Company 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 amalgamation will also result in significant reduction in the multiplicity of legal and regulatory compliances required at present to be carried out by PHCPL. In case of cash consideration - amount or otherwise share exchange ratio; Brief details of change in shareholding pattern (if any) of listed entity.

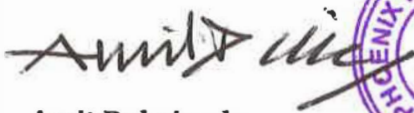
The proposed Scheme will be beneficial, advantageous and not prejudicial to the interests of the shareholders, creditors and other stakeholders of the Company.


Anil D. Kulkarni

Recommendation of the Audit Committee

- (i) The Audit Committee having considered the aforesaid documents, its observations and discussion, is of the opinion that the share exchange ratio contained in the Joint Valuation Report is fair and reasonable.
- (ii) Accordingly, the Audit Committee do hereby unanimously recommend the Scheme for favorable consideration by the Board of Directors of the Company.

**By order of the Audit Committee
For and on behalf of The Phoenix Mills Limited**


Amit Dabriwala
Chairman of the Audit Committee



Date: August 7, 2019
Place: Mumbai